



January 31, 2017

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## SENATE BILL No. 262

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DIGEST OF SB 262 (Updated January 26, 2017 10:03 am - DI 73)

**Citations Affected:** IC 5-10.3; IC 5-10.4; IC 8-14.5.

**Synopsis:** Bonding for transportation projects. Provides that the Indiana finance authority (authority) may issue bonds or notes after April 30, 2017, for the construction of transportation projects. Provides that the total amount of all such bonds and notes issued by the authority after April 30, 2017, may not exceed \$500,000,000. Specifies the maximum maturity of the bonds or notes. Provides that: (1) all or a part of the bonds or notes sold by the authority must first be offered to a pension fund administered by the board of trustees of the Indiana public retirement system, and the authority may sell the bonds or notes to such a pension fund at a negotiated sale; and (2) to the extent a pension fund administered by the board of trustees of the Indiana public retirement system does not purchase all or a part of the bonds or notes, the authority may sell the bonds or notes at a public sale. Authorizes the board of trustees of the Indiana public retirement system to invest in the bonds or notes.

**Effective:** Upon passage.

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**Tallian, Kenley, Charbonneau,  
Niezgodski**

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January 9, 2017, read first time and referred to Committee on Appropriations.  
January 30, 2017, amended, reported favorably — Do Pass.

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SB 262—LS 6905/DI 73





January 31, 2017

First Regular Session 120th General Assembly (2017)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2016 Regular Session of the General Assembly.

## SENATE BILL No. 262

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A BILL FOR AN ACT to amend the Indiana Code concerning transportation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 5-10.3-5-3 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The board  
3 shall invest its assets with the care, skill, prudence, and diligence that  
4 a prudent person acting in a like capacity and familiar with such  
5 matters would use in the conduct of an enterprise of a like character  
6 with like aims. The board shall also diversify such investments in  
7 accordance with prudent investment standards. ~~subject to the~~  
8 ~~limitations and restrictions set forth in IC 5-10.2-2-18.~~  
9 (b) The board may invest up to five percent (5%) of the excess of its  
10 cash working balance in debentures of the corporation for innovation  
11 development subject to IC 30-4-3-3.  
12 (c) **The board may invest in build Indiana roads bonds or notes**  
13 **issued by the Indiana finance authority under IC 8-14.5-6-1(b).**  
14 (d) The board is not subject to IC 4-13, IC 4-13.6, and IC 5-16  
15 when managing real property as an investment. Any management  
16 agreements entered into by the board must ensure that the management  
17 agent acts in a prudent manner with regard to the purchase of goods

SB 262—LS 6905/DI 73



1 and services. Contracts for the management of investment property  
 2 shall be submitted to the governor, the attorney general, and the budget  
 3 agency for approval. A contract for management of real property as an  
 4 investment:

5 (1) may not exceed a four (4) year term and must be based upon  
 6 guidelines established by the board;

7 (2) may provide that the property manager may collect rent and  
 8 make disbursements for routine operating expenses such as  
 9 utilities, cleaning, maintenance, and minor tenant finish needs;

10 (3) must establish, consistent with the board's duty under  
 11 IC 30-4-3-3(c), guidelines for the prudent management of  
 12 expenditures related to routine operation and capital  
 13 improvements; and

14 (4) may provide specific guidelines for the board to purchase new  
 15 properties, contract for the construction or repair of properties,  
 16 and lease or sell properties without individual transactions  
 17 requiring the approval of the governor, the attorney general, the  
 18 Indiana department of administration, and the budget agency.  
 19 However, each individual contract involving the purchase or sale  
 20 of real property is subject to review and approval by the attorney  
 21 general at the specific request of the attorney general.

22 ~~(d)~~ (e) Whenever the board takes bids in managing or selling real  
 23 property, the board shall require a bid submitted by a trust (as defined  
 24 in IC 30-4-1-1(a)) to identify all of the following:

25 (1) Each beneficiary of the trust.

26 (2) Each settlor empowered to revoke or modify the trust.

27 SECTION 2. IC 5-10.4-3-10, AS ADDED BY P.L.2-2006,  
 28 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 UPON PASSAGE]: Sec. 10. (a) The board shall invest its assets with  
 30 the care, skill, prudence, and diligence that a prudent person acting in  
 31 a like capacity and familiar with such matters would use in the conduct  
 32 of an enterprise of a like character with like aims. The board also shall  
 33 diversify investments in accordance with prudent investment standards,  
 34 subject to the limitations and restrictions set forth in IC 5-10.2-2-18.

35 (b) The board may:

36 (1) make or have investigations made concerning investments;  
 37 and

38 (2) contract for and employ investment counsel to advise and  
 39 assist in the purchase and sale of securities.

40 **(c) The board may invest in build Indiana roads bonds or notes**  
 41 **issued by the Indiana finance authority under IC 8-14.5-6-1(b).**

42 ~~(e)~~ (d) The board is not subject to IC 4-13, IC 4-13.6, or IC 5-16



1 when managing real property as an investment. A management  
 2 agreement entered into by the board shall ensure that the management  
 3 agent acts in a prudent manner regarding the purchase of goods and  
 4 services. Contracts for the management of investment property shall be  
 5 submitted to the governor, the attorney general, and the budget agency  
 6 for approval. A contract for the management of real property as an  
 7 investment:

8 (1) may not exceed a four (4) year term and must be based upon  
 9 guidelines established by the board;

10 (2) may provide that the property manager may collect rent and  
 11 make disbursements for routine operating expenses such as  
 12 utilities, cleaning, maintenance, and minor tenant finish needs;

13 (3) shall establish, consistent with the board's duty under  
 14 IC 30-4-3-3(c), guidelines for the prudent management of  
 15 expenditures related to routine operation and capital  
 16 improvements; and

17 (4) may provide specific guidelines for the board to:

18 (A) purchase new properties;

19 (B) contract for the construction or repair of properties; and

20 (C) lease or sell properties;

21 without individual transactions requiring the approval of the  
 22 governor, the attorney general, the Indiana department of  
 23 administration, and the budget agency. However, each individual  
 24 contract involving the purchase or sale of real property is subject  
 25 to review and approval by the attorney general at the specific  
 26 request of the attorney general.

27 ~~(d)~~ (e) Whenever the board takes bids in managing or selling real  
 28 property, the board shall require a bid submitted by a trust (as defined  
 29 in IC 30-4-1-1(a)) to identify all the following:

30 (1) Each beneficiary of the trust.

31 (2) Each settlor empowered to revoke or modify the trust.

32 SECTION 3. IC 8-14.5-6-1 IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Except as  
 34 provided in sections 2 and 5 of this chapter, the authority may, by  
 35 resolution, issue and sell bonds or notes of the authority for the purpose  
 36 of providing funds to carry out the provisions of this article with  
 37 respect to the construction of a project or projects or the refunding of  
 38 any bonds or notes, together with any reasonable costs associated with  
 39 a refunding. However, **except as provided in subsection (b)**, the  
 40 authority may not issue any bonds or notes for the construction of a  
 41 project after July 1, 2007.

42 (b) **The authority may as provided in this subsection issue bonds**



1 or notes after April 30, 2017, and before January 1, 2020, for the  
2 construction of one (1) or more projects identified by the  
3 department under section 2(b) of this chapter. The issuance of  
4 bonds or notes under this subsection is subject to the following:

5 (1) The bonds or notes shall be referred to as build Indiana  
6 roads bonds and build Indiana roads notes.

7 (2) The total amount of all bonds and notes issued by the  
8 authority under this subsection after April 30, 2017, may not  
9 exceed five hundred million dollars (\$500,000,000).

10 (3) The bonds or notes must mature not more than twenty  
11 (20) years after the date the bonds or notes are issued.

12 (4) All or a part of the bonds or notes sold by the authority  
13 must first be offered to a pension fund administered by the  
14 board of trustees of the Indiana public retirement system. The  
15 authority may sell the bonds or notes to such a pension fund  
16 at a negotiated sale.

17 (5) To the extent a pension fund administered by the board of  
18 trustees of the Indiana public retirement system does not  
19 purchase all or a part of the bonds or notes, the authority may  
20 sell the bonds or notes at a public sale as provided in section  
21 8 of this chapter.

22 SECTION 4. An emergency is declared for this act.



## COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred Senate Bill No. 262, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 4, delete lines 12 through 34, begin a new line block indented and insert:

**"(4) All or a part of the bonds or notes sold by the authority must first be offered to a pension fund administered by the board of trustees of the Indiana public retirement system. The authority may sell the bonds or notes to such a pension fund at a negotiated sale.**

**(5) To the extent a pension fund administered by the board of trustees of the Indiana public retirement system does not purchase all or a part of the bonds or notes, the authority may sell the bonds or notes at a public sale as provided in section 8 of this chapter."**

and when so amended that said bill do pass.

(Reference is to SB 262 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 12, Nays 0.

