IC 5-13
ARTICLE 13. INVESTMENT OF PUBLIC FUNDS

IC 5-13-1
Repealed
(Repealed by P.L.19-1987, SEC.60.)
IC 5-13-2
Repealed
(Repealed by P.L.19-1987, SEC.60.)
IC 5-13-3
Repealed
(Repealed by P.L.19-1987, SEC.60.)
IC 5-13-4
Chapter 4. Definitions

IC 5-13-4-1
Application
Sec. 1. The definitions in this chapter apply throughout this article.

IC 5-13-4-2
"Board for depositories"
Sec. 2. "Board for depositories" refers to the board established under IC 5-13-12.

IC 5-13-4-3
Repealed
(Repealed by P.L.18-1996, SEC.33.)

IC 5-13-4-4
"Closed depository"
Sec. 4. "Closed depository" includes:
   (1) a financial institution the business and property of which the department of financial institutions has taken possession of under IC 28-1-3.1 for the purpose of liquidation;
   (2) a financial institution the business and property of which the department of financial institutions has authorized the institution to liquidate under IC 28-1-9 and IC 28-7-1-27.1; and
   (3) any national banking association, federal savings association, or federally chartered savings bank for the business and property of which a receiver has been appointed.

IC 5-13-4-5
"Credit enhancement"
Sec. 5. "Credit enhancement" means any letter of credit, insurance, guarantee, or other credit enhancement issued by an issuer approved by the board for depositories, which is used to secure debt or leasehold financing for an industrial development obligation.

IC 5-13-4-6
"Credit enhancement obligation"
Sec. 6. "Credit enhancement obligation" means the obligation of the developers of an industrial development project under the documents related to the credit enhancement.

IC 5-13-4-7
"Deposit accounts"
Sec. 7. Except as provided in IC 5-13-9-5.3, "deposit accounts" means any of the following:
   (1) Any account subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number, and without penalty, including NOW accounts.
   (2) Passbook savings accounts.
   (3) Certificates of deposit.
   (4) Money market deposit accounts.
   (5) Any interest bearing account that is authorized to be set up and offered by a financial institution in the course of its respective business.


IC 5-13-4-8
"Depository"
   Sec. 8. "Depository" refers to a financial institution designated as a depository of public funds under this article.


IC 5-13-4-9
"Electronic funds transfer"
   Sec. 9. "Electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, computer, or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account.


IC 5-13-4-10
"Financial institution"
   Sec. 10. "Financial institution" means any of the following:
   (1) A bank, trust company, or mutual savings bank that:
      (A) was incorporated under the law of Indiana or any other state; and
      (B) has its principal office or a branch in Indiana.
   (2) A national banking association with its principal office or a branch in Indiana.
   (3) A savings association operating as a deposit association incorporated under Indiana law.
   (4) A federally chartered savings association with its principal office or a branch in Indiana.
   (5) A federally chartered savings bank with its principal office or a branch in Indiana.
   (6) A state chartered credit union in Indiana that is federally insured or privately insured and that has assets of three million dollars ($3,000,000) or more.

IC 5-13-4-11
"Fiscal body"
Sec. 11. "Fiscal body" has the meaning set forth in IC 36-1-2-6.

IC 5-13-4-12
"Fiscal officer"
Sec. 12. "Fiscal officer" has the meaning set forth in IC 36-1-2-7.

IC 5-13-4-13
"Industrial development obligation"
Sec. 13. "Industrial development obligation" means any loan or lease by a lender or lessor approved by the board for depositories as responsible and able to service the loan or lease properly, which is used to finance all or any portion of the cost of an industrial development project.

IC 5-13-4-14
"Industrial development project"
Sec. 14. "Industrial development project" has the meaning set forth in IC 4-4-10.9-11 and includes mining operations, agricultural operations that involve the processing of agricultural products, and any other type of business project for which the Indiana finance authority may make a loan or lease guarantee.

IC 5-13-4-15
"Insurance fund"
Sec. 15. "Insurance fund" refers to the public deposits insurance fund created by IC 5-13-12.

IC 5-13-4-16
"Investing officer"
Sec. 16. "Investing officer" means the person having authority by law to invest for the political subdivision, or, if there is no law, the person designated by resolution of the fiscal body.

IC 5-13-4-17
"Investment cash management system"
Sec. 17. "Investment cash management system" means a system in which a depository manages the investment practices of a political subdivision.
"Local board of finance"
Sec. 18. "Local board of finance" refers to a board of finance established under IC 5-13-7.

IC 5-13-4-19
"Political subdivision"
Sec. 19. (a) Except as provided in subsections (b) and (c), "political subdivision" has the meaning set forth in IC 36-1-2-13.
(b) A hospital organized or operated under IC 16-22-1 through IC 16-22-5 or IC 16-23-1 is considered a political subdivision only for purposes of IC 5-13-12 and IC 5-13-13.
(c) For purposes of IC 5-13-7 and IC 5-13-8, the term does not include a city or a town.

IC 5-13-4-20
"Public funds"
Sec. 20. "Public funds" means all fees and funds of whatever kind or character coming into the possession of any public officer by virtue of that office. The term does not include:
(1) support payments made to the clerk of a circuit court under IC 31-16-9 (or IC 31-1-11.5-13 before its repeal); or
(2) proceeds of bonds payable exclusively by a private entity.

IC 5-13-4-21
"Public officer"
Sec. 21. "Public officer" means any person elected or appointed to any office of the state or any political subdivision. "Public officer" includes an officer of all boards, commissions, departments, institutions, and other bodies established by law to function as a part of the government of the state or political subdivision that are supported wholly or partly by appropriations of money made from the treasury of the state or political subdivision or that are supported wholly or partly by taxes or fees. "Public officer" does not include an officer of an independent body politic and corporate set up as an instrumentality of the state but not constituting a political subdivision.

IC 5-13-4-21.3
"Public servant"
Sec. 21.3. "Public servant" has the meaning set forth in IC 35-31.5-2-261.
IC 5-13-4-21.5
"Repurchase agreement"
   Sec. 21.5. "Repurchase agreement" has the meaning set forth in IC 5-13-9-3.

IC 5-13-4-22
"State board of finance"
   Sec. 22. "State board of finance" refers to the board established by IC 4-9.1.

IC 5-13-4-23
"Statement of condition"
   Sec. 23. "Statement of condition" means the statement filed by each financial institution with its governmental supervisory body.

IC 5-13-4-24
"Transaction account"
   Sec. 24. "Transaction account" means any deposit account other than a certificate of deposit.
IC 5-13-5
Chapter 5. General Provisions

IC 5-13-5-0.3
P.L.19-1987 restatement of law affecting public deposit insurance fund and the board for depositories
Sec. 0.3. (a) P.L.19-1987 is intended to restate the law affecting the public deposit insurance fund and the board for depositories. The substantive operation of the public deposit insurance fund and the board for depositories, established under IC 5-12-1-19.1 (before its repeal) continues uninterrupted under IC 5-13-12, as added by P.L.19-1987.
(b) P.L.19-1987 does not affect rights or liabilities of the public deposit insurance fund and board for depositories accrued before May 6, 1987.
As added by P.L.220-2011, SEC.92.

IC 5-13-5-1
Cashbook; duties of public officers; public inspection
Sec. 1. (a) Every public officer who receives or distributes public funds shall:
(1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
(2) balance the cashbook daily to show funds on hand at the close of each day.
(b) The cashbook is a public record and is open to public inspection in accordance with IC 5-14-3.
(c) A person who violates this section is subject to criminal prosecution under IC 35-44.2-2-2.

IC 5-13-5-2
Application of section to public funds other than state funds; warrants for payment of public funds; copy of warrant; disposition of warrant
Sec. 2. (a) This section applies to public funds other than state funds. In all political subdivisions where the fiscal officer and investing officer are two (2) separate individuals by law, all warrants for the payment of public funds shall be drawn by the proper public officer upon the proper treasurer. In all political subdivisions where the fiscal officer and investing officer are the same individual by law, all warrants shall be drawn by the fiscal officer directly against a depository. A copy of the warrant shall be attached to each warrant when drawn. The copy of the warrant shall be readily detachable and shall show the following information:
(1) The number of the warrant.
(2) The date and amount of the warrant.
(3) The name of the payee.
(4) The purpose of the warrant.
(5) The name and office of the drawer.
(6) The fund and the appropriation upon which the warrant is drawn.

(b) In all political subdivisions where the fiscal officer and investing officer are two (2) separate individuals by law, warrants shall be presented by the proper public officer to the proper treasurer, who shall detach and retain the copy of the warrant, countersign the original, and stamp upon the original the name of the depository by which it is payable. A warrant is effective only if it is stamped and countersigned as provided in this subsection. After countersignature and stamping, all warrants shall be returned to the proper public officer for distribution. The proper treasurer, when any warrant is presented for payment by any person other than a depository, may, for convenience of the persons presenting the warrant, pay the amount of the warrant to the holder, take an assignment by endorsement of the warrant, and deposit the warrant in the proper depository in lieu of the cash paid out to the holder of the warrant.  

IC 5-13-5-3
Drawing warrant

Sec. 3. All warrants for the payment of public funds of the state shall be drawn by the auditor of state on the treasurer of state.  

IC 5-13-5-4
Signature of authorized public officers on check or negotiable order of withdrawal; purposes

Sec. 4. (a) All checks or negotiable orders of withdrawal drawn upon depositories shall be signed by public officers authorized to sign the check or negotiable order of withdrawal in the officer's official capacity. All funds paid out of the state treasury must be by check or negotiable order of withdrawal of the state treasurer upon the warrant of the auditor of state.

(b) A public officer may draw a check or negotiable order of withdrawal upon a depository only for the following purposes:

(1) The payment of a warrant drawn by the auditor of state.
(2) The payment of a warrant drawn by the fiscal officer of a political subdivision, where the fiscal officer and investing officer are two (2) separate individuals by law.
(3) The payment of a legal claim against a political subdivision where the fiscal officer and investing officer are the same individual by law.
(4) An investment authorized under this article.
(5) The transfer of funds between depositories.


IC 5-13-5-5
Transacting business with financial institution or public retirement fund through use of electronic funds transfer; ordinance or
Sec. 5. (a) The fiscal body of any political subdivision may by ordinance or resolution authorize the proper legal officers of the political subdivision to transact the political subdivision's business with a financial institution or a public pension or retirement fund administered by the Indiana public retirement system through the use of electronic funds transfer.

(b) The ordinance or resolution must:

(1) specify the types of transactions that may be conducted by electronic funds transfer; and

(2) require the proper officers to maintain adequate documentation of the transactions so that they may be audited as provided by law.


IC 5-13-5-6
Financial institution continuation qualification as depository

Sec. 6. (a) A financial institution that is a depository for the state on March 21, 1996, and any successor financial institution, continues to be a depository for the state after March 21, 1996, without reapplying under IC 5-13-10.5, until the earliest of the following occurs:

(1) The board of depositories revokes the status of the financial institution as a depository.

(2) The financial institution notifies the state board of finance that the financial institution is resigning as a depository for the state.

(3) Another law terminates the depository status of the financial institution.

A financial institution that qualifies under this subsection as a depository for the state after March 21, 1996, shall be treated after March 21, 1996, as if the financial institution were designated as a depository under IC 5-13-10.5.

(b) A financial institution that is a depository for a political subdivision on March 21, 1996, and any successor financial institution continues to be a depository for the political subdivision after March 21, 1996, without reapplying under IC 5-13-10.5 or IC 5-13-8-1, until the earliest of the following occurs:

(1) The state board of finance revokes the status of the financial institution as a depository.

(2) The financial institution notifies the state board of finance or the local board of finance for the political subdivision that the financial institution is resigning as a depository for the political subdivision.

(3) Another law terminates the depository status of the financial institution.

A financial institution that qualifies under this subsection as a depository for a political subdivision after March 21, 1996, shall be treated after March 21, 1996, as if the financial institution were
designated as a depository under IC 5-13-8.

(c) Subject to IC 5-13-8-9, a financial institution that is a depository for the state on March 21, 1996, and any successor financial institution is eligible after March 21, 1996, to become a depository for any political subdivision for which the financial institution is not already a depository without reapplying under IC 5-13-10.5 or IC 5-13-8-1. A financial institution that qualifies under this subsection as a depository for a political subdivision after March 21, 1996, shall be treated after March 21, 1996, as if the financial institution were designated as a depository under IC 5-13-8.

(d) The treasurer of state shall add any financial institution that qualifies as a depository for political subdivisions under subsection (b) or (c) to the list of depositories eligible to receive the public funds of political subdivisions under IC 5-13-8-1.

As added by P.L.16-2009, SEC.12.
IC 5-13-6
Chapter 6. Deposit of Public Funds

IC 5-13-6-1
Procedure for deposit of public funds

Sec. 1. (a) All public funds paid into the treasury of the state or the treasuries of the respective political subdivisions shall be deposited not later than the business day following the receipt of funds on business days of the depository in one (1) or more depositories in the name of the state or political subdivision by the officer having control of the funds.

(b) Except as provided in subsections (d), (f), and (g), all public funds collected by state officers, other than the treasurer of state, shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds. The treasurer of state shall deposit daily on business days of the depository all public funds deposited with the treasurer of state. Deposits do not relieve any state officer from the duty of maintaining a cashbook under IC 5-13-5-1.

(c) Except as provided in subsection (d), all local officers, except township trustees, who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. Public funds deposited under this subsection shall be deposited in the same form in which they were received.

(d) A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

(1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
(2) approved as depositories of state funds.

(e) All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories.

(f) An office of:

(1) the department of natural resources; or
(2) the department of state revenue;
that is detached from the main office of the department is not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars ($500). However, the office must deposit the funds on hand not later than the business day following the day that the funds exceed five hundred dollars ($500).

(g) An office of the legislative branch of state government is not required to deposit funds on the business day following receipt if the
funds on hand do not exceed one hundred dollars ($100). However, the office must deposit the funds on hand not later than the business day following the day that the funds exceed one hundred dollars ($100).


IC 5-13-6-2
Fees collected for services rendered
Sec. 2. In all cases where law provides that any state officer collects any fee for any service rendered or examination made, and the fee collected is appropriated to pay the salary, per diem, or the expenses of any state officer for rendering the service or making the examination, the state officer shall deposit the fees, under section 1 of this chapter, and the salary, per diem, and expenses on account of the services shall be paid out of the state treasury upon an account filed and approved as provided by law. The salary, per diem, and expenses must not exceed the fees collected and paid into the state treasury unless otherwise provided by law.
As added by P.L.19-1987, SEC.8.

IC 5-13-6-3
Taxes collected by county treasurer; deposit; advance by county auditor to political subdivisions; semiannual distribution
Sec. 3. (a) All taxes collected by the county treasurer shall be deposited as one (1) fund in the several depositories selected for the deposit of county funds and, except as provided in subsection (b), remain in the depositories until distributed at the following semiannual distribution made by the county auditor.

(b) Every county treasurer who, by virtue of the treasurer's office, is the collector of any taxes for any political subdivision wholly or partly within the county shall, not later than thirty (30) days after receipt of a written request for funds filed with the treasurer by a proper officer of any political subdivision within the county, provide to the county auditor the amount available for distribution, as certified for each semiannual distribution under IC 6-1.1-27-2. The county auditor shall advance to that political subdivision a portion of the taxes collected before the semiannual distribution. The amount advanced may not exceed the lesser of:

(1) ninety-five percent (95%) of the total amount collected at the time of the advance; or
(2) ninety-five percent (95%) of the amount to be distributed at the semiannual distribution.

(c) Upon notice from the county treasurer of the amount to be advanced, the county auditor shall draw a warrant upon the county treasurer for the amount. The amount of the advance must be available immediately for the use of the political subdivision.

(d) At the semiannual distribution all the advances made to any
political subdivision under subsection (b) shall be deducted from the total amount due any political subdivision as shown by the distribution.

(e) If a county auditor fails to make a distribution of tax collections by the deadline for distribution under subsection (b), a political subdivision that was to receive a distribution may recover interest on the undistributed tax collections under IC 6-1.1-27-1.


IC 5-13-6-4
Support payments; clerk of circuit court may elect not to follow accounting and depository procedure prescribed; prenumbered receipts and support cashbook

Sec. 4. (a) Notwithstanding section 1 of this chapter, the clerk of a circuit court, in accounting for and disbursing support payments made through the clerk in accordance with IC 31-16-9 (or IC 31-1-11.5-13, IC 31-6-6.1-16, or IC 31-14-11-11, before their repeal) may elect not to follow the accounting and depository procedures required by this chapter.

(b) If the clerk of a circuit court elects under subsection (a) not to follow the accounting and depository procedures required by this chapter, the clerk shall issue prenumbered receipts and keep a support cashbook for daily entry, by item, of all receipts and disbursements of support payments made through the clerk. The support receipts and cashbook are public records to be kept on forms prescribed by the state board of accounts, and shall be balanced daily.

IC 5-13-7
Chapter 7. Local Boards of Finance

IC 5-13-7-1
County board of finance; membership; duties
Sec. 1. Except as provided in section 2 of this chapter, the board of commissioners and the county treasurer in each county together constitute the county board of finance. The board has supervision of the revocation of public depositories for all public funds of the county.

IC 5-13-7-2
County having consolidated city; composition; duties; secretary
Sec. 2. (a) In a county having a consolidated city, the county board of finance is composed of:
   (1) the county treasurer;
   (2) the county auditor;
   (3) the county assessor;
   (4) the mayor of the consolidated city;
   (5) the controller of the consolidated city; and
   (6) the president of the board of school commissioners of the school city described by IC 20-25-3-1.
   (b) The board has supervision of the revocation of public depositories for all public funds of the following:
      (1) The county.
      (2) The consolidated city.
      (3) The school city.
      (4) Any other political subdivision in the county whose local board of finance designates the county board of finance for those purposes.

IC 5-13-7-3
County board of finance; compensation
Sec. 3. The members of a county board of finance serve without compensation other than the members' salaries as officers of the members' respective political subdivisions.

IC 5-13-7-4
Repealed
(Repealed by P.L.10-1997, SEC.37.)

IC 5-13-7-5
Boards of finance of other political subdivisions; duties; compensation
Sec. 5. (a) The fiscal body of each political subdivision not
governed by sections 1 through 3 of this chapter constitutes a board of finance for that political subdivision.

(b) Each board of finance has supervision of the revocation of public depositories for the respective political subdivisions for which they act.

(c) The members of the boards serve without compensation other than the members' salaries allowed by law for the members' services as officers of the members' respective political subdivisions.


IC 5-13-7-6
Meetings; election of officers; term; quorum; open meetings; nature of board
Sec. 6. (a) Each local board of finance shall meet annually after the first Monday and on or before the last day of January. At the annual meeting the board of finance shall do the following:

(1) Elect from the board's membership:
   (A) a president; and
   (B) a secretary.

The officers elected hold office until the officers' successors are elected and qualified.

(2) Receive and review the report required by section 7 of this chapter.

(b) A majority of the members of each board of finance constitutes a quorum for the transaction of business. Each board of finance shall hold additional sessions whenever necessary to discharge its duties and to accomplish the purposes of this chapter. The president of each board shall convene the board whenever requested to do so by one (1) of the members, or whenever necessary to the performance of the duties imposed by this chapter.

(c) All meetings of the boards of finance must be open to the public, and the records of the boards shall be subject to public inspection in accordance with IC 5-14-3 and IC 5-15-2, respectively. The secretary of each board shall keep a record of the proceedings, which shall be approved and signed by the president of the board and attested by the secretary.

(d) A local board of finance shall be known by the name "The Board of Finance of ______", inserting the name of the proper political subdivision, and may sue and be sued in the board's name in any action and in any court of competent jurisdiction.


IC 5-13-7-7
Investment report
Sec. 7. (a) During the annual meeting required by section 6 of this chapter, the investment officer shall make a written report to the investing officer's local board of finance summarizing the political
subdivision's investments during the previous calendar year. The report must contain the name of each financial institution, government agency or instrumentality, or other person with whom the political subdivision invested money during the previous calendar year.

(b) The local board of finance shall do the following at the meeting:

(1) Review the report.
(2) Review the overall investment policy of the political subdivision.

As added by P.L.72-1995, SEC.3.
IC 5-13-8
Chapter 8. Designation of Depositories

IC 5-13-8-1
Deposit of public funds; prerequisites
Sec. 1. (a) A political subdivision may deposit public funds in a financial institution only if the financial institution:
(1) is a depository eligible to receive state funds; and
(2) has a principal office or branch that qualifies under section 9 of this chapter to receive public funds of the political subdivision.
(b) The state board of finance shall make available information concerning financial institutions eligible to receive state funds as may be requested by a local board of finance. A local board of finance may rely on certificates described in IC 5-13-9.5-1(d) in determining to deposit public funds or reinvest public funds in the financial institution.


IC 5-13-8-2
Repealed
(Repealed by P.L.18-1996, SEC.33.)

IC 5-13-8-3
Repealed
(Repealed by P.L.18-1996, SEC.33.)

IC 5-13-8-4
Repealed
(Repealed by P.L.18-1996, SEC.33.)

IC 5-13-8-5
Repealed
(Repealed by P.L.18-1996, SEC.33.)

IC 5-13-8-6
Forms; filing copy of institution's statement of condition
Sec. 6. (a) The state board of accounts shall prepare and consolidate the forms that are required under this chapter or IC 5-13-9.5, or both, to eliminate unnecessary paperwork.
(b) These forms must be used by the state board of finance and the several local boards of finance and depositories in the performance of the duties imposed under this chapter. The rights of political subdivisions and designated depositories must be subject to modification by any statute and by all rules adopted by the department of financial institutions respecting withdrawal of funds in times of emergency.
(c) A financial institution designated as a depository under this
chapter shall, upon request of the appropriate investing officer, file with the investing officer a copy of the institution's most recent statement of condition filed with the institution's governmental supervisory body under the regulatory accounting principles as prescribed by the supervisory body.


IC 5-13-8-7
Revocation of commission of depository to do business with Indiana resident

Sec. 7. (a) As used in this section, "Indiana resident" means any of the following:

1. An individual who is a resident of Indiana.
2. A political subdivision (as defined in IC 36-1-2-13) in Indiana.
3. A corporation, a limited liability company, a partnership, a limited partnership, a trust, an estate, or other legal entity that:
   A. is established under Indiana law; or
   B. maintains its principal office in Indiana.
4. A corporation, a limited liability company, a partnership, a limited partnership, a trust, an estate, or other legal entity that:
   A. is established under the law of a state other than Indiana; and
   B. carries out substantial business activities in Indiana, including the employment of individuals who reside in Indiana.

(b) As used in this section, "investment in an Indiana resident" means an investment in an interest-bearing obligation of a political subdivision (as defined in IC 36-1-2-13) in Indiana.

(c) The local board of finance under which any depository operates may at any time revoke the commission of any depository at a meeting called for the purpose of revoking a commission, of which the depository shall have been notified by advance written notice sent by first class or registered mail not less than twenty (20) days before the meeting and at which the depository has the right to be heard. Not later than thirty (30) days after a local board of finance revokes the commission of a depository, the local board of finance shall give written notice of the action to the board of depositories.

(d) The local board of finance may revoke the commission of any depository to do business with the political subdivision:

1. if the depository is unwilling or unable to perform banking services reasonably required by the local board of finance, considering the volume of transactions, that are:
   A. related to the public funds deposited in a deposit account described in IC 5-13-9-4(a); and
   B. required by the political subdivision served by the local board of finance to carry out the responsibilities of the political subdivision, as determined by the local board of finance;
(2) if the depository is unwilling or unable to comply with a state or federal statute, rule, or other regulation that governs the records or handling of public funds of the political subdivision served by the local board of finance, as determined by the local board of finance;
(3) if the depository ceases to qualify as a depository under this chapter, as determined by the local board of finance;
(4) if the depository fails to conduct lending activities in Indiana to such an extent that, at the end of each quarter, pursuant to the depository's certification, the sum of:
   (A) the total principal amount of outstanding loans to Indiana residents; plus
   (B) the total value of investments in Indiana residents;
will at least equal the total amount of the public funds of the state and political subdivisions of the state that are on deposit in the financial institution; or
(5) for any cause that is adopted in the written rules of the local board of finance and that is directly related to the safe handling of public funds.

c) Upon revocation, the depository shall immediately render an accounting and make settlement for all public funds deposited with the depository.


IC 5-13-8-8
Repealed
(Repealed by P.L.46-1997, SEC.18.)

IC 5-13-8-9
Deposit of funds in depositories within respective territorial limits of political subdivisions; exceptions

Sec. 9. (a) All public funds of all political subdivisions shall be deposited in the designated depositories located in the respective territorial limits of the political subdivisions, except as provided in this section.

(b) Each board of finance of a political subdivision:
   (1) that is not a city, town, or school corporation; and
   (2) whose jurisdiction crosses one (1) or more county lines; may limit its boundaries for the purpose of this section to that portion of the political subdivision within the county where its principal office is located.

(c) If there is no principal office or branch of a financial institution located in the county or political subdivision, or if no financial institution with a principal office or branch in the county or political subdivision will accept public funds under this chapter, the board of finance of the county and the boards of finance of the political subdivisions in the county shall designate one (1) or more financial institutions with a principal office or branch outside of the county or political subdivision, and in the state, as a depository or
depositories.

(d) The board of trustees for a hospital organized or operated under IC 16-22-1 through IC 16-22-5 or IC 16-23-1 may invest any money in the hospital fund anywhere in the state with any financial institution designated by the state board of finance as depositories for state deposits.

(e) If only one (1) financial institution that has a branch or principal office in a county or political subdivision is willing to accept public funds, the board of finance for the county or political subdivision may:

(1) treat the financial institution that is located within the county or political subdivision as if the financial institution were not located within the county or political subdivision; and

(2) designate one (1) or more financial institutions to receive public funds under the requirements of subsection (c).

(f) The investing officer shall maintain the deposits as follows:

(1) In one (1) or more depositories designated for the political subdivision, if the sum of the monthly average balances of all the transaction accounts for the political subdivision does not exceed one hundred thousand dollars ($100,000).

(2) In each depository designated for the political subdivision, if subdivision (1) does not apply and fewer than three (3) financial institutions are designated by the local board of finance as a depository.

(3) In at least two (2) depositories designated for the political subdivision, if subdivision (1) does not apply and at least three (3) financial institutions are designated by the local board of finance as a depository.


IC 5-13-8-10
Repealed
(Repealed by P.L.18-1996, SEC.33.)

IC 5-13-8-11
Repealed
(Repealed by P.L.18-1996, SEC.33.)

IC 5-13-8-12
Repealed
(Repealed by P.L.44-1990, SEC.8.)

IC 5-13-8-13
Resignation as depository
Sec. 13. Any depository designated under this chapter may resign as a depository and relinquish all public funds on deposit with the depository. The resignation is effective after thirty (30) days notice in writing to the state board of finance and after settlement with the
proper board of finance for all public funds on deposit with the depository.


**IC 5-13-8-14**  
Prohibition of designation of depository for disqualification under IC 5-22-16.5

Sec. 14. A financial institution may not be designated as a depository under this chapter if the financial institution would be disqualified from being awarded a contract under IC 5-22-16.5.

*As added by P.L.21-2012, SEC.2.*
IC 5-13-9
Chapter 9. Deposit and Investment Powers

IC 5-13-9-0.3
Legalization of investment in certain public funds
Sec. 0.3. An investment in public funds (as defined in IC 5-13-4-20):

(1) made or entered into before March 21, 1996; and
(2) that:
   (A) would have been in compliance with this chapter, as amended by P.L.18-1996, if this chapter, as amended by P.L.18-1996, had been in effect at the time the investment was made or agreement entered into;
   (B) is no longer in effect on March 21, 1996; or
   (C) is brought into compliance with this chapter, as amended by P.L.18-1996, not later than June 19, 1996;

is legalized and validated.
As added by P.L.220-2011, SEC.93.

IC 5-13-9-0.4
Legalization of certain investment of public funds
Sec. 0.4. An investment of public funds (as defined in IC 5-13-4-20, as in effect before February 27, 1996):

(1) made under a repurchase or resale agreement, including a standing repurchase or resale agreement, that was entered into before February 27, 1996; and
(2) that:
   (A) would have been in compliance with section 3 of this chapter, as amended by P.L.41-1996, if section 3 of this chapter, as amended by P.L.41-1996, had been in effect at the time the repurchase or resale agreement, including a standing repurchase or resale agreement, was entered into;
   (B) is no longer in effect on February 27, 1996; or
   (C) is brought into compliance with section 3 of this chapter, as amended by P.L.41-1996, not later than May 27, 1996;

is legalized and validated.
As added by P.L.220-2011, SEC.94.

IC 5-13-9-1
Investment powers; funds that may be invested
Sec. 1. (a) Except as provided in subsection (b), in addition to any other statutory power to make investments, each county treasurer and each fiscal officer of any political subdivision other than a county, under the guidelines established, respectively, by the board of county commissioners of each county and the fiscal body of any other subdivision, and any other officer of a local government entity authorized by statute or court order to make investments, may invest any funds held by each in accordance with this chapter.

(b) The treasurer of state may invest funds under sections 2(a)(3) and 2.5 of this chapter.
(c) The funds that may be invested under this chapter include money raised by bonds issued for a future specific purpose, sinking funds, depreciation reserve funds, gift, bequest or endowment, and any other funds available for investment.


IC 5-13-9-2
Investment of funds held in securities; cost in excess of par; protecting interest in funds invested; legal custodians; safekeeping receipts

Sec. 2. (a) Each officer designated in section 1 of this chapter may invest or reinvest any funds that are held by the officer and available for investment in any of the following:

1) Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:
   (A) The United States Treasury.
   (B) A federal agency.
   (C) A federal instrumentality.
   (D) A federal government sponsored enterprise.

2) Securities fully guaranteed and issued by any of the following:
   (A) A federal agency.
   (B) A federal instrumentality.
   (C) A federal government sponsored enterprise.

3) Municipal securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of the purchase. A security purchased by the treasurer of state under this subdivision must have a stated final maturity of not more than five (5) years after the date of purchase.

(b) If an investment under subsection (a) is made at a cost in excess of the par value of the securities purchased, any premium paid for the securities shall be deducted from the first interest received and returned to the fund from which the investment was purchased, and only the net amount is considered interest income.

(c) The officer making the investment may sell any securities acquired and may do anything necessary to protect the interests of the funds invested, including the exercise of exchange privileges which may be granted with respect to maturing securities in cases where the new securities offered in exchange meet the requirements for initial investment.

(d) The investing officers of the political subdivisions are the legal custodians of securities under this chapter. They shall accept safekeeping receipts or other reporting for securities from:
(1) a duly designated depository as prescribed in this article; or
(2) a financial institution located either in or out of Indiana having custody of securities with a combined capital and surplus of at least ten million dollars ($10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body.

e) The state board of accounts may rely on safekeeping receipts or other reporting from any depository or financial institution.

f) In addition to any other investments allowed under this chapter, an officer of a conservancy district located in a city having a population of more than five thousand (5,000) but less than five thousand one hundred (5,100) may also invest in:

   (1) municipal securities; and
   (2) equity securities;

having a stated final maturity of any number of years or having no stated final maturity. The total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the officer of a conservancy district. However, an investment that complies with this subsection when the investment is made remains legal even if a subsequent decrease in the total portfolio invested by the officer of a conservancy district causes the percentage of investments outstanding under this subsection to exceed twenty-five percent (25%).

g) In addition to any other investments allowed under this chapter, a clerk-treasurer of a town with a population of more than five thousand (5,000) but less than ten thousand (10,000) located in a county having a population of more than one hundred forty thousand (140,000) but less than one hundred fifty thousand (150,000) may also invest money in a host community agreement future fund established by ordinance of the town in:

   (1) municipal securities; and
   (2) equity securities;

having a stated final maturity of any number of years or having no stated final maturity. The total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the clerk-treasurer of a town. However, an investment that complies with this subsection when the investment is made remains legal even if a subsequent decrease in the total portfolio invested by the clerk-treasurer of a town causes the percentage of investments outstanding under this subsection to exceed twenty-five percent (25%).


IC 5-13-9-2.4
Repealed
(Repealed by P.L.220-2003, SEC.6.)
Permitted investments; limitations

Sec. 2.5. (a) An officer designated in section 1 of this chapter may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).

(b) The investments described in subsection (a) shall be made through depositories designated by the state board of finance as depositories for state deposits under IC 5-13-9.5.

(c) The portfolio of an investment company or investment trust described in subsection (a) must be limited to the following:
   (1) Direct obligations of the United States.
   (2) Obligations issued by any of the following:
       (A) A federal agency.
       (B) A federal instrumentality.
       (C) A federal government sponsored enterprise.
   (3) Repurchase agreements fully collateralized by obligations described in subdivision (1) or (2).

(d) The form of securities of or interests in an investment company or investment trust described in subsection (a) must be rated as one (1) of the following:
   (1) AAAm, or its equivalent, by Standard and Poor's Corporation or its successor.
   (2) Aaa, or its equivalent, by Moody's Investors Service, Inc. or its successor.

(e) The form of securities in an investment company or investment trust described in subsection (a) is considered to have a stated final maturity of one (1) day.

(f) The state board of accounts may rely on transaction confirmations evidencing ownership of the form of securities of or interests in an investment company or investment trust described in subsection (a).


Repurchase agreements; funds held by officer and available for investment; obligations held as collateral

Sec. 3. (a) As used in this section, "repurchase agreement" means an agreement:
   (1) involving the purchase and guaranteed resale of securities between two (2) parties; and
   (2) that may be entered into for a fixed term or arranged on an open or a continuing basis as a continuing contract that:
       (A) operates like a series of overnight repurchase agreements;
(B) is renewed each day with the repurchase rate and the 
amount of funds invested determined daily; and 
(C) for purposes of this article, is considered to have a stated 
final maturity of one (1) day.

(b) Each officer designated in section 1 of this chapter may enter 
into, with any funds that are held by the officer and available for 
investment, repurchase agreements:

1. with depositories designated by the state board of finance as 
depositories for state deposits under IC 5-13-9.5; and 
2. involving the political subdivision's purchase and 
guaranteed resale of any interest-bearing obligations:
   A) issued; or
   B) fully insured or guaranteed;
   by the United States, a United States government agency, an 
instrumentality of the United States, or a federal government 
sponsored enterprise.

The depository shall determine daily that the amount of money in 
this type of agreement must be fully collateralized by interest-bearing 
obligations as determined by their current market value. The 
collateral for this type of agreement is not subject to the provisions 
of section 2(c) of this chapter.

(c) If the market value of the obligations being held as collateral 
falls below the level required under subsection (b) or a higher level 
established by agreement, the depository shall deliver additional 
securities to the political subdivision to make the agreement 
collateralized to the applicable level. The collateral involved in a 
repurchase agreement entered into under this section is not subject 
to the maturity limitation provided in section 5.6 of this chapter.

(d) A political subdivision may invest in repurchase agreements 
without entering into a contract under IC 5-13-11 for an investment 
cash management system.


IC 5-13-9-3.3
Investment of funds in obligations issued, assumed, or guaranteed 
by International Bank for Reconstruction and Redevelopment or 
African Development Bank

Sec. 3.3. Each officer designated in section 1 of this chapter may 
invest or reinvest any funds that are held by the officer and available 
for investment in obligations issued, assumed, or guaranteed by the 
International Bank for Reconstruction and Redevelopment or the 
African Development Bank.


IC 5-13-9-3.5
Investment and reinvestment of funds; participation in loans; 
lending securities

Sec. 3.5. (a) The fiscal officer of a political subdivision or county
treasurer that is located in a county containing a consolidated city may invest or reinvest any funds that are held by the fiscal officer or the county treasurer and that are available for investment in participations in loans. However, funds may be invested or reinvested in a participation in loans under this subsection only under the following conditions:

(1) The principal of the participation in loans must be guaranteed by an agency or instrumentality of the United States government.

(2) The participation in loans must be represented by a certificate issued by a bank that is:

(A) incorporated under the laws of Indiana, another state, or the United States; and

(B) insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation.

(b) Funds may be invested or reinvested in a participation in loans under subsection (a) even though the certificate representing the participation in loans is not insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation.

(c) A fiscal officer or county treasurer described in subsection (a) may lend any securities acquired under this section or section 2 of this chapter. However, securities may be lent under this subsection only if the agreement under which the securities are lent is collateralized by:

(1) cash; or

(2) interest bearing obligations that are issued by, fully insured by, or guaranteed by the United States, an agency of the United States government, a federal instrumentality, or a federal government sponsored enterprise in excess of the total market value of the loaned securities.


IC 5-13-9-4
Deposit, investment, or reinvestment of funds in transaction accounts; certificates of deposit; deposit accounts

Sec. 4. (a) Each officer designated in section 1 of this chapter may deposit, invest, or reinvest any funds that are held by the officer and available for investment in transaction accounts issued or offered by a designated depository of a political subdivision for the rates and terms agreed upon periodically by the officer making the investment and the designated depository.

(b) The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. If the deposit is not placed in the
designated depository quoting the highest rate of interest, the investing officer shall:

(1) place the deposit in the depository quoting the second or third highest rate of interest; and
(2) note the reason for placing the deposit on the memorandum of quotes.

(c) If all of the designated depositories of a political subdivision decline to issue or receive any deposit account, or to issue or receive the deposit account at a rate of interest equal to the highest rate being offered other investors, investments may be made in the deposit accounts of any financial institution designated for state deposits as a depository by the state board of finance under IC 5-13-9.5.


IC 5-13-9-5
Authorization to invest in certificates of deposit; quotes from depositories

Sec. 5. (a) The board of county commissioners of each county, and the fiscal body of each political subdivision other than a county, may by ordinance or resolution authorize the investing officer of each, respectively, to invest in certificates of deposit of depositories that have not been designated by the local board of finance of either but have been designated by the state board of finance as a depository for state deposits under IC 5-13-9.5. An ordinance or a resolution adopted under this subsection must provide that the authority granted in the ordinance or resolution expires on a date that is not later than two (2) years after the date the ordinance or resolution is adopted.

(b) With respect to any money to be invested in a deposit account under subsection (a), the investing officer shall solicit quotes for the certificates of deposit from at least three (3) depositories. If only one (1) depository has been designated for the political subdivision by its local board of finance, a quote must be solicited from that depository. If two (2) or more depositories have been designated for the political subdivision by its local board of finance, at least two (2) quotes must be solicited from the depositories thus designated. The quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3.

(c) If a deposit is not placed in the designated depository quoting the highest rate of interest, the investing officer shall follow the procedures and priority for placing deposits that are set forth in section 4 of this chapter and note the reason for placing the deposit on the memorandum of quotes.

IC 5-13-9-5.3
Authorization to invest in interest bearing deposit accounts; conditions; exemption from security or pledging requirements

Sec. 5.3. (a) For purposes of this section, "deposit account" does not include a deposit account described in IC 5-13-4-7(5).

(b) In addition to the authority to invest in certificates of deposit under section 5 of this chapter and in transaction accounts under section 4 of this chapter, and notwithstanding any other law, the board of county commissioners of each county, and the fiscal body of each political subdivision other than a county, may by ordinance or resolution authorize the investing officer of each, respectively, to invest public funds in interest bearing deposit accounts in accordance with the following conditions:

1. The funds are initially invested through a depository that is selected by the investing officer.
2. The selected depository arranges for the deposit of the funds in interest bearing deposit accounts in one or more federally insured banks or savings and loan associations, wherever located, for the account of the county or political subdivision.
3. The full amount of the principal and any accrued interest of each deposit are covered by insurance of any federal deposit insurance agency.
4. The selected depository acts as a custodian for the county or political subdivision with respect to the deposits.
5. On the same date that the county's or political subdivision's funds are deposited, the selected depository receives an amount of deposits covered by insurance of any federal deposit insurance agency from customers of other institutions, wherever located, at least equal to the amount of the funds invested by the county or political subdivision through the selected depository.

(c) Public funds invested in accordance with subsection (b) are not subject to any security or pledging requirements that may otherwise be applicable to the deposit or investment of public funds.

As added by P.L.115-2010, SEC.10. Amended by P.L.31-2012, SEC.2.

IC 5-13-9-5.6
Final maturity; investment policy

Revisor's Note: See IC 1-1-3.5-8 concerning the effective date of this section as amended by P.L.119-2012, SEC.1.

Sec. 5.6. Except for investments allowed under section 2(f) or 2(g) of this chapter, investments made under this chapter must have a stated final maturity of not more than:

1. five (5) years after the date of purchase or entry into a repurchase agreement for a conservancy district located in a city having a population of more than five thousand (5,000) but less than five thousand one hundred (5,100);
2. five (5) years after the date of purchase or entry into a repurchase agreement for investments made from a host community agreement future fund established by ordinance of
a town with a population of more than five thousand (5,000) but less than ten thousand (10,000) located in a county having a population of more than one hundred forty thousand (140,000) but less than one hundred fifty thousand (150,000); or
(3) two (2) years after the date of purchase or entry into a repurchase agreement for:
   (A) a fund not described in subdivision (1) or (2); or
   (B) a political subdivision that:
      (i) is not described in subdivision (1) or (2); and
      (ii) does not have in effect an investment policy and ordinance under section 5.7 of this chapter.


IC 5-13-9-5.7 Political subdivision investment policy
Sec. 5.7. (a) The fiscal body of a political subdivision may adopt an investment policy authorizing the investment of public funds of the political subdivision for more than two (2) years and not more than five (5) years. The policy must:
(1) be in writing;
(2) be adopted at a public meeting;
(3) provide for the investment of public funds with the approval of the investing officer;
(4) provide that the investments must be made in accordance with this article;
(5) limit the total investments outstanding under this section to not more than twenty-five percent (25%) of the total portfolio of public funds invested by the political subdivision, including balances in transaction accounts; and
(6) state a date on which the policy expires, which may not be more than four (4) years after the date on which the policy takes effect.

(b) A policy adopted by a fiscal body under subsection (a) remains in effect only through the date of expiration established in the policy, which may not be more than four (4) years after the date on which the policy takes effect.

(c) A fiscal body that has adopted a written investment policy under subsection (a) may adopt an ordinance authorizing its investing officer to make investments having a stated final maturity that is:
(1) more than two (2) years; but
(2) not more than five (5) years;
after the date of purchase or entry into a repurchase agreement.

(d) An ordinance adopted by a fiscal body under subsection (c) and the power to make an investment described in subsection (c) expire on the date on which the policy expires, which may not be more than four (4) years after the date on which the policy takes effect.

(e) After an investment of public funds of a political subdivision is made by the investing officer under this section, the total
investments of the political subdivision outstanding under this section may not exceed twenty-five percent (25%) of the total portfolio of public funds invested by the political subdivision, including balances in transaction accounts. However, an investment that complies with this section when the investment is made remains legal even if:

1. the investment policy has expired; or
2. a subsequent decrease in the total portfolio of public funds invested by the political subdivision, including balances in transaction accounts, causes the percentage of investments outstanding under this section to exceed twenty-five percent (25%) of the total portfolio of public funds invested by the political subdivision.

(f) An investing officer may contract with a federally regulated investment advisor or other institutional money manager to make investments under this section.


IC 5-13-9-6
Interest received from investment; deposit; receipt; reinvestment; disposition

Sec. 6. (a) All interest derived from an investment by a political subdivision or by any other local public officer under the authority granted by section 3 of this chapter shall be deposited, except as otherwise provided by law, in the general fund of the investment authority or in any other fund its governing body designates specifically or by rule, subject to the modifications and limitations in this section.

(b) Interest from the following investments shall be receipted as follows:
1. Interest from investments of funds of a political subdivision that are traceable to United States government funds must be receipted to the fund of which they are a part, if required by federal law or regulation.
2. Interest from investments of funds controlled by court orders must be receipted to that fund unless otherwise designated by the court order.

(c) Each county treasurer, if authorized by the board of county commissioners, may invest tax collections under this chapter pending distribution of the collections to political subdivisions. These investments may not:
1. exceed the amount available after giving consideration to taxes which may need to be advanced to any political subdivision; or
2. be made in deposit accounts or repurchase agreements, the maturity dates of which are later than the time when the tax collections are required by law to be distributed to political subdivisions.

(d) The interest received on the investments made under subsection (c) shall be receipted to the county general fund or any
other fund from which expenses incurred in the maintenance of county highways may be paid. The county fiscal body (as defined in IC 36-1-2-6) shall determine the allocation of this interest among the general fund and the various highway funds into which the interest may be deposited.

(e) Any political subdivision may apply the interest derived from the investment of the proceeds from bonded indebtedness or local tax levies to the appropriate redemption bond interest or sinking fund for the bonded indebtedness.

(f) If meter deposits of a municipally owned utility are invested, the interest earned on the investment may be applied to and used in the operation or depreciation fund of the municipally owned utility as determined by its governing body.

(g) Interest from the investment of the public funds of a political subdivision may not be paid personally or for the benefit of any public officer.


IC 5-13-9-7
Repealed

(Repealed by P.L.18-1996, SEC.33.)

IC 5-13-9-8
Service charge to a depository; consideration in computing interest rate; payment by direct charge or from interest earned

Sec. 8. Any investing officer of a political subdivision that makes a deposit in any deposit or other account may be required to pay a service charge to the depository in which the funds are deposited, if the depository requires all customers to pay the charge for providing that service. However, the service charge imposed must be considered in the computation of the interest rate for determining which depositories are entitled to investments as prescribed by sections 4 and 5 of this chapter. If the total service charge cannot be computed before the investment, the investing officer shall estimate the service charge and adjust the interest rate based on this estimate. The service charge may be paid:

(1) by direct charge to the deposit or other account; or
(2) in a manner that subtracts the service charge from interest earned on the funds in the deposit or other account.


IC 5-13-9-8.5
Designation as public funds

Sec. 8.5. Funds deposited in deposit accounts in accordance with this chapter and interest earned or accrued on the funds are public funds and are covered by the insurance fund.

IC 5-13-9-9
Prohibited acts
Sec. 9. An officer designated in section 1 of this chapter may not do the following:
(1) Purchase securities on margin.
(2) Open a securities margin account for the investment of public funds.
As added by P.L.72-1995, SEC.5.

IC 5-13-9-10
County joint investment fund; participating political subdivisions; written master agreement; administration of board; interest payments
Sec. 10. (a) The investing officers of two (2) or more political subdivisions located within a county may establish a joint investment fund by entering into a written master agreement that defines the rights and obligations of the participating political subdivisions.
(b) An investing officer of a political subdivision that enters into a written master agreement under subsection (a) may pay funds that are held by the investing officer and that are available for investment into the joint investment fund.
(c) The fund shall be administered by a board, which must be comprised of the investing officer of each of the participating political subdivisions and which must be an instrumentality of the participating political subdivisions. Each officer of a political subdivision located within the county who is designated in section 1 of this chapter may pay funds that are held by the officer and available for investment into a joint fund known as a joint investment fund. The fund is administered by a board comprised of the investing officer of each of the participating political subdivisions and is an instrumentality of the participating political subdivisions.
(d) A joint investment fund must be invested and reinvested as a separate and individual fund. A joint investment fund may be invested or reinvested only in investments that are permitted for political subdivisions by this chapter.
(e) A written master agreement under subsection (a) must provide the following:
(1) A political subdivision may participate in a joint investment fund only with the written authorization of its local board of finance.
(2) A political subdivision may participate in a joint investment fund only if its legislative body approves the written master agreement.
(3) Subject to subsection (d), the board of a joint investment fund shall establish written policies for the investment and reinvestment of joint investment funds in the manner provided by IC 30-4-3-3.
(4) A fund shall be invested and reinvested as prescribed in subdivision (3).
(5) A custodian bank or trust company located in Indiana must:
(A) be selected and contracted by the board of a joint investment fund to hold the securities and other investments of the joint investment fund;  
(B) collect the income and other receipts from the securities and other investments; and  
(C) provide any other services appropriate and customary for a custodian;  
subject to the direction of the board of a joint investment fund.  

(6) The board of a joint investment fund may select and contract with a fund administrator to provide investment advice to the board and any other services determined by the board to be appropriate and necessary for the efficient administration and accounting of the joint investment fund. The fund administrator shall agree to recommend only securities and other investments as prescribed in the written policies established by the board in rendering investment advice to the board and shall agree to be responsible, accountable, and liable for any breach of this provision. The fund administrator must have experience in the investment of public funds for governmental entities and must be either of the following:  
(A) A financial institution located in Indiana.  
(B) Registered as an investment adviser with the United States Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended (15 U.S.C. 80a-9 et seq.), with public funds under management in the amount of at least one hundred million dollars ($100,000,000).  

(7) A joint investment fund must be audited at least annually by an independent auditing firm, with a copy of the audit provided to each participating political subdivision.  

(8) The administrative expenses of a joint investment fund, including fees for the fund administrator, custodian, auditor, and other professional services, must be paid from the fund's interest earnings.  

(9) The interest earnings that exceed the administrative expenses of a joint investment fund must be credited to each political subdivision participating in the joint investment fund in a manner that equitably reflects the differing amounts and terms of the political subdivision's investment in the joint investment fund.  

(10) Each participating political subdivision shall receive reports, including a daily transaction confirmation reflecting any activity in the political subdivision's account and monthly reports reflecting its investment activity in the joint investment fund and the performance and composition of the joint investment fund itself.  

(11) The board of a joint investment fund shall meet at least annually to review the operation and performance of the joint investment fund, the custodian, the fund administrator, the auditor, and any other professional retained by the board.
The board of a joint investment fund shall provide for any other policies that are necessary for the efficient administration and accounting of the joint investment fund and are consistent with the law governing the investment, management, deposit, and safekeeping of public funds of political subdivisions.


IC 5-13-9-11
Local government investment pool
Sec. 11. (a) As used in this section, "investment pool" means the local government investment pool established by subsection (b).
(b) The local government investment pool is established within the office and custody of the treasurer of state.
(c) An officer designated in section 1 of this chapter may pay any funds held by the officer into the investment pool for the purpose of deposit, investment, and reinvestment of the funds by the treasurer of state on behalf of the unit of government paying the funds into the investment pool.
(d) The treasurer of state may pay state funds into the investment pool for the purpose of deposit, investment, and reinvestment of the state funds.
(e) The treasurer of state shall invest the funds in the investment pool in the same manner, in the same type of instruments, and subject to the same limitations provided for the deposit and investment of state funds by the treasurer of state under IC 5-13-10.5.
(f) The treasurer of state:
   (1) shall administer the investment pool; and
   (2) may contract with accountants, attorneys, regulated investment advisors, money managers, and other finance and investment professionals to make investments and provide for the public accounting and legal compliance necessary to ensure and maintain the safety, liquidity, and yield of the investment pool.
(g) The treasurer of state shall establish and make public the policies that the treasurer of state will follow to ensure the efficient administration of and accounting for the investment pool. The policies must provide the following:
   (1) There is not a minimum time for which funds paid into the investment pool must be retained by the investment pool.
   (2) The administrative expenses of the investment pool shall be accounted for by the treasurer of state and shall be paid from the earnings of the investment pool.
   (3) The earnings of the investment pool in excess of the administrative expenses of the investment pool shall be credited to the state and each unit of government participating in the investment pool in a manner that equitably reflects the different amounts and terms of the state's investment and each unit's investment in the investment pool.
   (4) There is not a limit on the number of accounts that the state
or a unit of government participating in the investment pool may establish within the investment pool.

(5) The state and each unit of government participating in the investment pool shall receive electronic or paper reports, including:

(A) a daily transaction confirmation, reflecting any activity in the state's or unit's account; and

(B) a monthly report showing:

(i) the state's or unit's investment activity in the investment pool; and

(ii) the performance and composition of the investment pool.

(6) The investment pool shall be audited at least annually by an independent auditing firm, with an electronic or a paper copy of the audit provided to the state and each unit of government participating in the pool.

(7) No less than fifty percent (50%) of funds available for investment shall be deposited in banks qualified to hold deposits of participating local government entities.

(h) A unit of government participating in the investment pool may elect to have any funds due from the state wired directly to the custodian bank of the investment pool for credit to the unit's investment pool account by submitting in writing a request to the auditor of state to wire the funds as directed. An election made by a unit of government under this subsection may be revoked at any time by the unit by submitting in writing a request to the auditor of state to cease wiring the funds as previously directed by the unit.

IC 5-13-9.1
Repealed
(Repealed by P.L.1-2002, SEC.172.)
IC 5-13-9.5
Chapter 9.5. Designation of State Depositories

IC 5-13-9.5-1
Application by financial institution to be state depository; ineligibility; certificate

Sec. 1. (a) A financial institution may at any time file an application to become a depository and receive public funds of the state on deposit. Except as provided in IC 5-13-8-1 and IC 5-13-8-7, designation of a depository to receive public funds of the state qualifies a depository to receive public funds of a political subdivision. Applications for the state board of finance must be filed with the treasurer of state. The treasurer shall submit each application to the board.

(b) An application must:
(1) be made in writing on forms prescribed under section 8 of this chapter;
(2) contain terms and conditions as required and authorized by this chapter; and
(3) offer to:
   (A) receive public funds of the state on deposit; and
   (B) provide the security required by IC 5-13-13-7 for the safekeeping and prompt payment of the deposited funds.

(c) A financial institution is ineligible to become a depository and receive public funds of the state if either of the following applies:
(1) The institution fails to maintain a capital ratio in excess of the minimum required by the governmental supervisory body of the institution. However, the requirement set forth in this subdivision does not apply if the institution has fully collateralized the institution's public funds on deposit by pledging and delivering acceptable collateral to the board for depositories, or to the board's agent, in accordance with IC 5-13-13 and with any applicable rules of the board.
(2) The institution has been found by the department of financial institutions under IC 28-1-2-40, or the financial institution's primary federal regulator, to not be in substantial compliance with the federal Credit Card Accountability Responsibility and Disclosure Act of 2009 as it applies to Indiana borrowers.

If the financial institution is already a depository, the institution may continue to hold the public funds until maturity to avoid the imposition of a penalty upon the depositor, although the financial institution may not accept the public funds for reinvestment and may not accept additional public funds. If necessary, a determination of the ratio described in subdivision (1) must be based on the institution's most recent periodic statement of condition filed with the institution's governmental supervisory body under the regulatory accounting principles as prescribed by the supervisory body.

(d) A financial institution shall furnish to the board a certificate executed by an officer of the institution signifying that the institution
satisfies:
   (1) the requirements of subsection (c); and
   (2) the requirement in section 6(b) of this chapter that the sum of:
       (A) the total principal amount of the depository's outstanding
           loans to Indiana residents; plus
       (B) the total value of the depository's investments in Indiana
           residents;
       is at least equal to the total amount of public funds of the state
       and political subdivisions of the state that are on deposit in the
       depository.

The board may rely on a certificate furnished under this subsection
in determining whether to deposit public funds or reinvest public
funds in the institution.

As added by P.L.18-1996, SEC.22. Amended by P.L.46-1997,
SEC.14; P.L.115-2010, SEC.12; P.L.147-2011, SEC.2;

IC 5-13-9.5-2
Consideration of applications
   Sec. 2. The state board of finance shall consider all applications
of financial institutions filed with the state board of finance.
   As added by P.L.18-1996, SEC.22.

IC 5-13-9.5-3
Designation of qualified financial institutions as depositories
   Sec. 3. (a) The state board of finance shall designate as a
depository for public funds of the state any financial institution
qualified under section 1 of this chapter that:
   (1) properly files an application to receive a deposit of public
funds of the state and to provide the security required by
IC 5-13-13-7; and
   (2) is suitably located with reference to the convenience of the
officers and state institutions using that financial institution.
   (b) The state board of finance may invite and act upon
applications and designate depositories at any time when additional
depositories may be available or are required for the state or a
political subdivision.
   As added by P.L.18-1996, SEC.22.

IC 5-13-9.5-4
Expiration of designation as depository
   Sec. 4. When the state board of finance has designated a
depository for public funds, the treasurer of state shall accept the
application of the financial institution to act as a depository for
public funds. A designation under this section expires only under the
following conditions:
   (1) The board of depositories revokes the status of the financial
institution as a depository under section 6 of this chapter.
   (2) The financial institution resigns as a depository under
section 7 of this chapter.
(3) Another law terminates the depository status of the financial institution.
As added by P.L.18-1996, SEC.22.

IC 5-13-9.5-5
Filing copy of institution's statement of condition
Sec. 5. A financial institution designated as a depository under this chapter shall, upon request of the treasurer of state, file a copy of the institution's most recent statement of condition.
As added by P.L.18-1996, SEC.22.

IC 5-13-9.5-6
Revocation of commission of depository; causes
Sec. 6. (a) The board for depositories regarding depositories of public funds of the state may revoke the commission of any depository at any time for any cause considered sufficient by the board for depositories.
(b) The causes for which the board for depositories may revoke the commission of a depository under subsection (a) include the failure of the depository to conduct lending activities in Indiana to such an extent that, at the end of each quarter, pursuant to the depository's certification, the sum of:
(1) the total principal amount of the depository's outstanding loans to Indiana residents (as defined in IC 5-13-8-7); plus
(2) the total value of the depository's investments in Indiana residents (as defined in IC 5-13-8-7);
is at least equal to the total amount of public funds of the state and political subdivisions of the state that are on deposit in the depository.
(c) Upon revocation, the depository shall immediately render an accounting and make settlement for all public funds deposited with the depository.
As added by P.L.18-1996, SEC.22.

IC 5-13-9.5-7
Resignation of depository
Sec. 7. Any depository designated under this chapter may resign as a depository and relinquish all public funds on deposit with the depository. The resignation is effective:
(1) thirty (30) days after written notice is given to the state board of finance; and
(2) after settlement with the state board of finance for all public funds on deposit with the depository.
As added by P.L.18-1996, SEC.22.

IC 5-13-9.5-8
Forms
Sec. 8. (a) The state board of accounts, with the approval of the attorney general, shall prepare and prescribe:
(1) a form of agreement to receive public funds on deposit that may be accepted and executed, as provided in this chapter; and
(2) any other forms necessary to carry out this chapter.

(b) These forms must be used by the state board of finance and depositories in the performance of the duties imposed upon the state board of finance by this chapter. All agreements and the rights of the parties must be subject to modification by any statute and by all rules adopted by the department of financial institutions concerning withdrawal of funds in times of emergency.

As added by P.L.18-1996, SEC.22.
IC 5-13-10
Chapter 10. Funds Invested by the Treasurer of State

IC 5-13-10-1
Excess funds; deposit in deposit accounts
Sec. 1. Upon determination by the treasurer of state that cash of the state on deposit is in excess of its anticipated daily cash requirements, the treasurer of state may deposit the excess funds in deposit accounts of designated depositories.
As added by P.L.19-1987, SEC.12.

IC 5-13-10-2
Deposit accounts; interest rate requirement
Sec. 2. Deposit accounts must bear interest at rates of interest not less than the rates of interest paid from time to time by each financial institution to all its depositors making comparable investments.
As added by P.L.19-1987, SEC.12.

IC 5-13-10-3
Deposit accounts; limitations on deposit; depository to file periodic statement of condition; increase of maximum percentage in depository on finding of excess cash
Sec. 3. The treasurer of state may not deposit aggregate funds in deposit accounts in any one (1) designated depository in an amount aggregating at any one (1) time more than fifty percent (50%) of the combined capital, surplus, and undivided profits of that depository as determined by its last published statement of condition filed with the treasurer of state. Each depository shall file with the treasurer of state each periodic statement of condition required to be filed by it with its governmental supervisory body. If the state board for depositories finds that excess cash of the state is substantially more than that which had been anticipated, it may increase that maximum percentage in any depository, and the treasurer of the state may invest the additional funds in deposit accounts distributed among the depositories substantially in proportion to their respective capital, surplus, and undivided profits.
As added by P.L.19-1987, SEC.12.

IC 5-13-10-4
Publication of average daily balance of funds; audit of records
Sec. 4. Within thirty (30) days following the end of each semiannual fiscal period of the state, the treasurer of state shall publish, in two (2) newspapers of general circulation in Indiana, the average daily balance of the funds maintained by the treasurer in each of the depositories in the fiscal period listing separately funds in accounts subject to withdrawal on demand or by negotiable orders of withdrawal and funds evidenced by all other depository accounts. The accuracy of the computation of the balances shall be verified by the state board of accounts in the audit of the records of the treasurer of state.
IC 5-13-10-5  
**Interest to be receipted to general fund**  
Sec. 5. All interest derived from investments under this chapter shall be receipted to the general fund, except as otherwise provided by law.  
*As added by P.L.19-1987, SEC.12.*

IC 5-13-10-6  
**Payment of interest accruing on state held school funds to school corporations**  
Sec. 6. All interest accrued or accruing on the sinking fund or any other fund held by the state for the benefit of common schools is set apart for distribution as other revenues are distributed for the support of the common schools.  
*As added by P.L.2-2006, SEC.29.*
IC 5-13-10.5
Chapter 10.5. State Investments

IC 5-13-10.5-0.3
Legalization of certain actions
Sec. 0.3. Actions taken after June 30, 2007, and before March 24, 2008, that would have been valid under section 3 of this chapter, as amended by P.L.115-2008, are legalized and validated.
As added by P.L.220-2011, SEC.95.

IC 5-13-10.5-1
Applicability of chapter
Sec. 1. This chapter applies to the following funds:
(1) Funds raised by bonds issued for a future specific purpose.
(2) Sinking funds.
(3) Depreciation reserve funds.
(4) Gifts.
(5) Bequests or endowments.
(6) Any other funds available for investment.
As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-2
Authorization for investment and reinvestment of funds
Sec. 2. In addition to any other statutory power to make investments under any other law:
(1) the treasurer of state, under the guidelines established by the state board of finance; and
(2) any other public officer of the state authorized by statute or court order to make investments;
may invest or reinvest funds held by the treasurer of state or other public officer in any combination of the investments authorized under this chapter. In making the investment, the public official shall comply with the requirements in this chapter that apply to the investment.
As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-3
Final maturity; percentage of investments outstanding; investment advisers and money managers; investment of money from transportation corridor fund
Sec. 3. (a) Except as provided in subsection (b), investments under this chapter may be made only in securities having a stated final maturity of two (2) years or less from the date of purchase.
(b) The treasurer of state may make investments in securities having a final maturity or redemption date that is more than two (2) years and not more than five (5) years after the date of purchase or subscription. After an investment is made under this subsection, the total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the treasurer of state. However, an investment that complies with this
subsection when the investment is made remains legal even if a subsequent decrease in the total portfolio invested by the treasurer of state causes the percentage of investments outstanding under this subsection to exceed twenty-five percent (25%). The treasurer of state may contract with federally regulated investment advisers and other institutional money managers to make investments under this section.

(c) Unless prohibited under federal law, the treasurer of state shall invest under subsection (b) the funds of the transportation corridor fund established by IC 8-4.5-3-7. The treasurer of state may invest other funds held by the state in compliance with subsection (b).


IC 5-13-10.5-4
Protection of interests of funds

Sec. 4. A public officer making an investment under this chapter may sell any securities acquired and may take any action necessary to protect the interests of the funds invested, including the exercise of exchange privileges that may be granted with respect to maturing securities if the new securities offered in exchange meet the requirements for initial investment.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-5
Legal custodian; safekeeping receipts

Sec. 5. (a) The treasurer of state is the legal custodian of securities under this chapter. The treasurer of state shall accept safekeeping receipts or other reporting for securities from:

(1) a duly designated depository as prescribed in this article; or
(2) a financial institution located either in or out of Indiana having physical custody of securities with a combined capital and surplus of at least ten million dollars ($10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body.

(b) The state board of accounts may rely on safekeeping receipts or other reporting from any depository or financial institution.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-6
Restrictions on public officers

Sec. 6. A public officer of the state may not do the following:

(1) Purchase securities on margin.
(2) Open a securities margin account for the investment of public funds.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-7
Investment in securities; cost in excess of par

Sec. 7. (a) A public officer of the state may invest or reinvest
funds held by the officer and available for investment in securities that are:

1. backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States; and
2. issued by any of the following:
   A. The United States Treasury.
   B. A federal agency.
   C. A federal instrumentality.
   D. A federal government sponsored enterprise.

(b) If an investment under subsection (a) is made at a cost in excess of the par value of the securities purchased, any premium paid for the securities shall be deducted from the first interest received and returned to the fund from which the investment was purchased, and only the net amount is considered interest income.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-8
Investment in deposit accounts

Sec. 8. (a) A public officer of the state may invest or reinvest funds held by the officer and available for investment in deposit accounts issued or offered by a designated depository. Investments under this subdivision by the treasurer of state are governed by IC 5-13-10.

(b) Investments in deposit accounts under subsection (a) must be in the amounts, and for the rates and terms, as are agreed upon from time to time by the officer making the investment and the designated depository.

(c) Investments made in accordance with subsection (a) and the interest earned or accrued on them are public funds and are covered by the insurance fund.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-9
Investment in repurchase or resale agreements; collateral

Sec. 9. (a) A public officer of the state may invest any funds held by the officer and available for investment into agreements, commonly known as repurchase or resale agreements with depositories designated by the state board of finance as depositories for state deposits, involving the purchase and guaranteed resale of any interest-bearing obligations that are:

1. issued; or
2. fully insured or guaranteed;

by the United States, any United States government agency, any instrumentality of the United States government, or any federal government sponsored enterprise. The amount of money in this type of agreement must be fully collateralized by interest-bearing obligations as determined by the current market value computed on the day on which a transaction is effective.

(b) The collateral for the type of agreement described in subsection (a) is not subject to the maturity limitation in section 3 of
IC 5-13-10.5-10
Investment in obligations issued; assumed or guaranteed by supranational issuers
Sec. 10. A public officer of the state may invest or reinvest funds that are held by the public officer and available for investment in United States dollar denominated obligations issued, assumed, or guaranteed as to the payment of principal and interest by:
(1) supranational issuers having the highest investment credit rating by at least two (2) nationally recognized credit rating agencies; or
(2) the State of Israel.

IC 5-13-10.5-11
Investment in other obligations
Sec. 11. The treasurer of state may invest or reinvest funds that are held by the treasurer and that are available for investment in obligations issued by any of the following:
(1) Agencies or instrumentalities of the United States government.
(2) Federal government sponsored enterprises.
(3) The Indiana bond bank, if the obligations are secured by tax anticipation time warrants or notes that:
(A) are issued by a political subdivision (as defined in IC 36-1-2-13); and
(B) have a maturity date not later than the end of the calendar year following the year of issuance.

IC 5-13-10.5-11.5
Treasurer of state may invest
Sec. 11.5. The treasurer of state may invest or reinvest funds that are held by the treasurer and available for investment in commercial paper rated in the highest rating category by one (1) nationally recognized rating service and with a stated final maturity of two hundred seventy (270) days or less from the date of purchase.

IC 5-13-10.5-12
Investment in participations in loans
Sec. 12. (a) The treasurer of state may invest or reinvest any funds that are held by the treasurer and available for investment, in participations in loans. However, funds may be invested or reinvested in a participation in loans under this subsection only under
the following conditions:

(1) The principal of the participation in loans must be
    guaranteed by an agency or instrumentality of the United States
government.
(2) The participation in loans must be represented by a
certificate issued by a bank that is:
    (A) incorporated under the laws of Indiana, another state, or
    the United States; and
    (B) insured by the Bank Insurance Fund of the Federal
Deposit Insurance Corporation.
(b) Funds may be invested or reinvested in a participation in loans
under subsection (a) even if the certificate representing the
participation in loans is not insured by the Bank Insurance Fund of
the Federal Deposit Insurance Corporation.

As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-13
Lending securities
Sec. 13. The treasurer of state may lend any securities acquired
under section 7 or 11 of this chapter. However, securities may be lent
under this section only if the agreement under which the securities
are lent is collateralized by:
(1) cash; or
(2) non-cash collateral if the state is indemnified by the
    custodian holding the non-cash collateral;
in excess of the total market value of the loaned securities.
As added by P.L.18-1996, SEC.23. Amended by P.L.102-2014,
SEC.4.

IC 5-13-10.5-14
Designation of fund
Sec. 14. The board of trustees of a state university may designate
the fund to which the interest of its investments shall be receipted.
As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-15
Public depository insurance assessment
Sec. 15. Any public depository insurance assessment paid by a
depository on any deposit account of the state under IC 5-13-12-5
shall be deducted from the interest otherwise payable on that
account.
As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-16
Interest from investments
Sec. 16. Interest from the investment of the public funds of the
state may not be paid personally or for the benefit of any public
officer.
As added by P.L.18-1996, SEC.23.
IC 5-13-10.5-17
Service charge
Sec. 17. Any public officer of the state that makes a deposit in any
deposit or other account may be required to pay a service charge to
the depository in which the funds are deposited, if the depository
requires all customers to pay the charge for providing that service. If
the total service charge cannot be computed before the investment,
the investing officer of the state shall estimate the service charge and
adjust the interest rate based on this estimate. The service charge
may be paid by direct charge to the deposit or other account or in any
other manner mutually agreed upon by the investing officer and the
depository.
As added by P.L.18-1996, SEC.23.

IC 5-13-10.5-18
Investment in capital improvement board; application; terms of
investment
Sec. 18. (a) As used in this section, "capital improvement board"
refers to a capital improvement board established under IC 36-10-9.
(b) To qualify for an investment under this section, the capital
improvement board must apply to the treasurer of state in the form
and manner required by the treasurer. As part of the application, the
capital improvement board shall submit a plan for its use of the
investment proceeds and for the repayment of the capital
improvement board's obligation to the treasurer. Within sixty (60)
days after receipt of each application, the treasurer shall consider the
application and review its accuracy and completeness.
(c) If the capital improvement board makes an application under
subsection (b) and the treasurer approves the accuracy and
completeness of the application and determines that there is an
adequate method of payment for the capital improvement board's
obligations, the treasurer of state shall invest or reinvest funds that
are held by the treasurer and that are available for investment in
obligations issued by the capital improvement board for the purposes
of the capital improvement board in calendar years 2009, 2010, and
2011. The investment may not exceed nine million dollars
($9,000,000) per calendar year for 2009, 2010, and 2011.
(d) The treasurer of state shall determine the terms of each
investment and the capital improvement board's obligation, which
must include the following:
(1) The duration of the capital improvement board's obligation,
which must be for a term of ten (10) years with an option for the
capital improvement board to pay its obligation to the treasurer
early without penalty.
(2) The repayment schedule of the capital improvement board's
obligation, which must provide that no payments are due before
January 1, 2013.
(3) A rate of interest to be determined by the treasurer.
(4) The amount of each investment, which may not exceed the
maximum amounts established for the capital improvement
board by this section.

(5) Any other conditions specified by the treasurer.

e) The capital improvement board may issue obligations under this section by adoption of a resolution and, as set forth in IC 5-1-14, may use any source of revenue to satisfy the obligation to the treasurer of state under this section. This section constitutes complete authority for the capital improvement board to issue obligations to the treasurer. If the capital improvement board fails to make any payments on the capital improvement board's obligation to the treasurer, the amount payable shall be withheld by the auditor of state from any other money payable to the capital improvement board. The amount withheld shall be transferred to the treasurer to the credit of the capital improvement board.

As added by P.L.182-2009(ss), SEC.78.
IC 5-13-11
Chapter 11. Investment Cash Management System

IC 5-13-11-1
Contract with depository
Sec. 1. The county board of finance for a county described in IC 5-13-7-1 or the fiscal body for any other political subdivision and the investing officer of a political subdivision may contract with a depository for the operation of an investment cash management system.

IC 5-13-11-2
Requirements of investment contracts; awarding of contracts
Sec. 2. (a) The contract must:
(1) be in writing;
(2) provide for the investment of funds by the depository with the approval of the investing officer;
(3) provide that the depository keep those records concerning the investment cash management system that the political subdivision would maintain for audits by the state board of accounts;
(4) provide that investments will be made in accordance with this article;
(5) provide that the depository may invest funds in the same investments and for the same terms as the treasurer of state may invest funds of the state under this article;
(6) not have a term of more than two (2) years; and
(7) be awarded under the bidding provisions of IC 5-22.
(b) If no designated depository whose principal office or branch is located within the political subdivision will provide an investment cash management service permitted in this chapter, then the contract for an investment cash management service must be awarded as provided in IC 5-13-8-9(c). If the investment cash management service contract is awarded to a financial institution whose principal office or branch is located outside the political subdivision, then the recipient of the contract does not constitute a designated depository of the political subdivision for purposes of investment under IC 5-13-9-3 unless it meets the limitations of IC 5-13-9-4 or IC 5-13-9-5, but does constitute a depository under this article for all other purposes.

IC 5-13-11-2.5
Contract renewal
Sec. 2.5. (a) A contract may be renewed under this chapter if the county board of finance for a county subject to IC 5-13-7-1 or the fiscal body of a political subdivision and the investing officer of the political subdivision agree with the depository to renew the contract
under the same terms or better terms as the original contract.

(b) The term of a renewed contract may not be longer than the
term of the original contract.

(c) A contract may be renewed any number of times.

IC 5-13-11-3
Service charge for management of system; payment by direct
charge or from interest earned

Sec. 3. The contract may provide for the depository to assess a
service charge for its management of the investment cash
management system. The service charge may be paid:

(1) by direct charge to the deposit or other account; or

(2) in a manner that subtracts the service charge from interest
earned on the funds in the deposit or other account.

IC 5-13-11-4
Monthly report of transactions

Sec. 4. The depository shall furnish the political subdivision with
at least one (1) report each month of transactions concerning the
investment cash management system.

IC 5-13-11-5
Interest or accretion

Sec. 5. The depository shall credit any interest or other accretion
from an investment to the investment account of the political
subdivision. The interest or accretion becomes a part of the principal
in that account.
IC 5-13-12
Chapter 12. Board for Depositories

IC 5-13-12-1
Creation; purpose; public deposit insurance fund; tax exemption

Sec. 1. (a) There is created an independent body politic and corporate, constituting an instrumentality of the state for the public purposes set out in this chapter, to be known as the board for depositaries. The board is separate from the state in its corporate and sovereign capacity. The purpose of the board is to insure the safekeeping and prompt payment of all public funds deposited in any depository, to the extent they are not covered by insurance of any federal deposit insurance agency, by maintaining and operating in its own name the public deposit insurance fund under this chapter.

(b) Every depository that has public funds shall pay into the public deposit insurance fund the assessments provided in this chapter and comply with all lawful requirements of the board for depositaries. The public deposit insurance fund shall be maintained by the assessments payable by the depositaries and by the collection of all claims created under IC 5-13-13 and by the receipt of all interest and other earnings of the insurance fund from any source.

(c) All property in the public deposit insurance fund, the interest or income derived from it or through its use, and all property otherwise held by the board for depositaries under this chapter is exempt from all taxes imposed by the state or any political subdivision.


IC 5-13-12-2
Membership; term; officers; quorum; conduct of meetings; notice; proceedings; executive sessions; records

Sec. 2. (a) The board for depositaries consists of the governor, the treasurer of state, the auditor of state, the chairperson of the department of financial institutions, the chief examiner of the state board of accounts, and four (4) appointed members. For appointments after June 30, 2010, one (1) member shall be appointed by the speaker of the house of representatives, one (1) member shall be appointed by the president pro tempore of the senate, and two (2) members shall be appointed by the governor. All appointed members must be residents of Indiana. The speaker of the house of representatives shall make the appointment to fill the first vacancy on the board, and the president pro tempore of the senate shall make the appointment to fill the second vacancy on the board that occurs after June 30, 2010. In making the governor's two (2) appointments, the governor shall assure that no more than two (2) of the four (4) appointees identify with the same political party. For appointments after June 30, 2010, all four (4) appointed members must be a chief executive officer or a chief financial officer of a depository at the time of the appointment if the depository is domiciled in Indiana. If the depository is not domiciled in Indiana, the appointee must be the
most senior corporate officer of the depository with management or operational responsibility, or both, or the person designated to manage public funds for the depository that is located in Indiana. In making the governor's appointments, the governor shall provide for geographic representation of all regions of Indiana, including both urban and rural communities. In addition, the appointees must, at the time of the appointment, be employed by the following depositories:

1. One (1) member appointed by the governor who must be the chief executive officer or the chief financial officer of a depository that is a state chartered credit union.

2. One (1) member appointed by the governor who must be employed by a depository that:
   (A) is not a state chartered credit union; and
   (B) has total deposits of less than two hundred fifty million dollars ($250,000,000).

3. The member appointed by the president pro tempore of the senate must be employed by a depository that:
   (A) is not a state chartered credit union; and
   (B) has total deposits of at least two hundred fifty million dollars ($250,000,000) but less than one billion dollars ($1,000,000,000).

4. The member appointed by the speaker of the house of representatives must be employed by a depository that:
   (A) is not a state chartered credit union; and
   (B) has total deposits of at least one billion dollars ($1,000,000,000).

Total deposits shall be determined using the depository's reported deposits based on the information contained in the most recent June 30th FDIC Summary of Deposits, Market Share Selection for Indiana. The term of an appointed member is four (4) years from the effective date of the member's appointment. Each appointed member holds office for the term of this appointment and serves after the expiration of that appointment until the member's successor is appointed and qualified. An appointed member may be reappointed if the individual satisfies the requirements of this subsection at the time of the reappointment. Any appointed member may be removed from office by, and at the pleasure of, the appointing authority.

(b) The officers of the board consist of a chairman, a secretary-investment manager, a vice chairman, and other officers the board determines to be necessary. The governor shall name a member of the board to serve as its chairman. The treasurer of state shall serve as the secretary-investment manager of the board. The board, by majority vote, shall elect the other officers. Officers, except the secretary-investment manager, shall be named or elected for one (1) year terms in January of each year. The members and officers of the board are not entitled to any compensation for their services but are entitled to reimbursement for actual and necessary expenses on the same basis as state employees.

(c) Five (5) members of the board constitute a quorum for the transaction of business, and all actions of the board must be approved
by at least a simple majority of those members voting on each individual business issue. The board may adopt, amend, or repeal bylaws and rules for the conduct of its meetings and the number and times of its meetings. The board shall hold a regular meeting at least once semiannually and may hold other regular and special meetings as prescribed in its rules. All meetings of the board are open to the public under IC 5-14-1.5. However, the board shall discuss the following in executive session:

1. The financial strength of a particular financial institution.
2. The collateral requirements of a particular financial institution.
3. Any other matters concerning a particular financial institution.

All records of the board are subject to public inspection under IC 5-14-3. However, records regarding matters that are discussed in executive session are confidential.

(d) Two (2) days notice of the time and place of all meetings to determine and fix the assessment rate to be paid by depositories on account of insurance on public funds or the establishment or redetermination of the reserve for losses of the insurance fund shall be given by one (1) publication in a newspaper of general circulation printed and published in the city of Indianapolis. The time, place, notice, and waiver requirements for the members of the board for all meetings shall be determined by its rules. The secretary-investment manager of the board shall enter the board's proceedings at length in a record provided for that purpose, and the records of the proceedings shall be approved and signed respectively by the chairman or vice chairman and attested by the secretary-investment manager.


IC 5-13-12-2.5
Repealed
(Repealed by P.L.134-2012, SEC.9.)

IC 5-13-12-3
Function, powers, and purpose
Sec. 3. (a) The board for depositories exercises essential public functions, and has a perpetual existence. The board has all powers necessary, convenient, or appropriate to carry out and effectuate its public and corporate purposes, including but not limited to the powers to do the following:

1. Adopt, amend, and repeal bylaws and rules consistent with this chapter to regulate its affairs and to effect the powers and purposes of the board, all without the necessity of adopting a rule under IC 4-22-2.
2. Adopt its budget on a calendar year or fiscal year as it shall determine.
3. Sue and be sued in its own name.
(4) Have an official seal and alter it at will.
(5) Maintain an office or offices at a place or places within Indiana as it may designate.
(6) Make and execute contracts and all other instruments with either public or private entities.
(7) Communicate with the employees of the Indiana finance authority to the extent reasonably desirable in working on a guarantee of an industrial development obligation or credit enhancement obligation.
(8) Deposit all uninvested funds of the public deposit insurance fund in a separate account or accounts in financial institutions that are designated as depositories to receive state funds under IC 5-13-9.5. The money in these accounts shall be paid out on checks signed by the chairman or other officers or employees of the board as it shall authorize.
(9) Take any other act necessary or convenient for the performance of its duties and the exercise of its powers and functions under this chapter.

(b) In enforcing any obligation of the borrower or any other person under the documents evidencing a guarantee, the board may renegotiate the guarantee, modify the rate of interest, term of the industrial development obligation or credit enhancement obligation, payment of any installment of principal or interest, or any other term of any documents, settle any obligation on the security or receipt of property or the other terms as in its discretion it deems advantageous to the public deposit insurance fund, and take any other action necessary or convenient to such enforcement.

c) The records of the board for depositories relating to negotiations between it and prospects for industrial development obligation or credit enhancement obligation guarantees are excepted from the provisions of IC 5-14-3-3.


IC 5-13-12-3.1
Repealed
(Repealed by P.L.177-2011, SEC.5.)

IC 5-13-12-4
Secretary-investment manager; powers and duties
Sec. 4. (a) The secretary-investment manager shall administer, manage, and direct the affairs and activities of the board under the policies and under the control and direction of the board. In carrying out these duties, the secretary-investment manager has the power to do the following:

(1) Approve all accounts for salaries and allowable expenses of the board, including, but not limited to:
(A) the employment of general or special attorneys, consultants, and employees and agents as may be necessary to assist the secretary-investment manager in carrying out
the duties of that office and to assist the board in its consideration of applications for a guarantee of an industrial development obligation or credit enhancement obligation guarantee; and
(B) the setting of compensation of persons employed under clause (A).
(2) Approve all expenses incidental to the operation of the public deposit insurance fund.
(3) Perform other duties and functions that may be delegated to the secretary-investment manager by the board or that are necessary to carry out the duties of the secretary-investment manager under this chapter.

(b) The secretary-investment manager shall keep a record of the proceedings of the board, and shall maintain and be custodian of all books, documents, and papers filed with the board, and its official seal. The secretary-investment manager may make copies of all minutes and other records and documents of the board, and may give certificates under seal of the board to the effect that the copies are true copies. All persons dealing with the board may rely upon the certificates.
(c) Before July 30, 2013, the auditor of state shall:
(1) make the second 2013 distribution from the pension distribution fund to the Indiana public retirement system for deposit in the pension relief fund as required by this section as it existed on June 30, 2013; and
(2) transfer all of the balance in the pension distribution fund remaining after the distribution under subdivision (1) to the public deposit insurance fund.


IC 5-13-12-5
Assessment rate; determination and fixing; assessment base; waiver or elimination of assessment rate
Sec. 5. (a) Subject to the limitations prescribed in this chapter, the board for depositories may fix the assessment rate to provide assets in the fund sufficient to equal the reserve for losses of the fund for the insurance of public funds on deposit in depositories. Effective on July 1, and January 1, of each year, and from time to time as the board determines necessary, the board shall determine and fix the fair and reasonable assessment rate for each classification of deposit, if any, to be used by depositories in determining the assessments. This determination shall be made by the board before or as soon as practicable after the applicable July 1, January 1, or other date established by the board. In fixing the rate, if any, the board shall consider the amount of public funds currently on deposit, the liabilities of the insurance fund, contingent and accrued, and the determination of the board on the amount of the reserve for losses of the insurance fund as set out in section 7(b) of this chapter. For any
period, the maximum assessment rate that may be fixed by the board is two percent (2%). The board may lower or waive the assessment on any or all classifications of deposit if in its discretion it determines that a lower rate or waiver will not prevent the fund from attaining sufficient assets to equal the reserve for losses. Subject to the board's power to implement an assessment at any time by action by the board, if no action has been taken by the board for depositaries fixing the assessment rate, if any, on public funds, the assessment rate is the same rate, if any. Whenever as of July 1, or January 1, or another date established by the board, the value of the assets in the fund equals or exceeds the reserve for losses, the board shall eliminate the assessment requirement for each classification of deposit.

(b) During any period when an assessment rate is in effect, the assessment base for each depository of public funds shall be determined monthly. The assessment base must be equal to the sum total of all the minimum balances of each classification of public funds on deposit in each and all accounts during the month, the minimum balance of each account being taken respectively as of the date on which it occurs. For purposes of this section, deposits that are federally insured are not considered public funds deposits in a depository. On or before the second day of each month in which an assessment rate is in effect, each depository shall compute the amount of the assessment due from it to the insurance fund on account of public funds on deposit with it during the preceding month. The amount of the monthly assessment, if any, is the product obtained by multiplying one-twelfth (1/12) times the assessment base for the month for which the assessment is being computed.

(c) During the time the assessment rate on public funds has been waived or eliminated by the board for depositaries, the respective depositaries are not obligated to pay any assessment but shall continue to prepare and file the reports that would otherwise be required to be prepared and filed under this chapter.


IC 5-13-12-6
Depositories; duty to file monthly report and pay assessment to insurance fund; failure to pay; forms

Sec. 6. (a) On or before the fifth day of each month, every depository that had public funds on deposit with it during the preceding month shall:

(1) file with the board for depositaries a certified report under oath showing for the preceding month the amount of the assessment base and the amount of the monthly assessment due the insurance fund, as determined under section 5 of this chapter; and

(2) pay the insurance fund the amount of the monthly assessment it is required to certify. The board for depositories may waive all or part of the reporting requirement under this


section during any period when the board does not levy an assessment.

(b) If any depository fails to pay the insurance fund on or before the fifth day of each one (1) month period the full assessment due from it for the preceding one (1) month period on account of public funds deposited with it, the depository is liable for double the assessment. This amount may be recovered in any court of competent jurisdiction in a civil action by the state on the relation of the board for depositories.

(c) The state board of accounts, with the approval of the attorney general, shall prepare and prescribe the forms of reports required by this section.


IC 5-13-12-7
Insurance fund; management and operation; transfer restrictions; establishment of reserve; determination of profit distribution; investment; limitations; immunity of members

Sec. 7. (a) The board for depositories shall manage and operate the insurance fund. All expenses incident to the administration of the fund shall be paid out of the money accumulated in it subject to the direction of the board for depositories. Money in the fund may not be expended, removed, or transferred from the fund for any purpose other than the following unless the expenditure, the removal, or transfer is first reviewed by the budget committee:

1. Paying expenses of administering the fund.
2. Investing, reinvesting, and exchanging investments as described in subsection (d).
4. Making payments required by contracts executed under section 3(a)(6) of this chapter.
5. Making deposits of uninvested funds under section 3(a)(8) of this chapter.
6. Paying allowable expenses as provided in section 4 of this chapter.

(b) Effective January 1 and July 1 in each year, the board shall before those dates redetermine the amount of the reserve to be maintained by the insurance fund. The establishment or any change in the reserve for losses shall be determined by the board based on information the board considers, including but not limited to capital adequacy, liquidity, and asset quality, and a study to be made or updated by actuaries, economists, or other consultants based on the history of losses, earnings on the funds, conditions of the depositories, economic conditions affecting particular depositories or depositories in general, and any other factors that the board considers relevant in making its determination. The reserve determined by the board must be sufficient to ensure the safekeeping and prompt payment of public funds to the extent they are not covered by insurance of any federal deposit insurance agency.

(c) At the end of each biennial period during which depositories
have had public funds on deposit under this chapter and paid the assessments levied by the board, the board shall compute its receipts from assessments and all other sources and its expenses and losses and determine the profit derived from the operation of the fund for the period. Until the amount of the reserve for losses has been accumulated, all assessments levied for a biennial period shall be retained by the fund. The amount of the assessments, if any, levied by the board shall, to the extent the fund exceeds the reserve for losses at the end of a biennial period commencing July 1 of each odd-numbered year, be distributed to the depositories that had public funds on deposit during the biennial period in which the assessments were paid. The distribution shall be made to the respective depositories in the proportion that the total assessments paid by each depository during that period bears to the total assessments then paid by all depositories. A distribution to which any closed depository would otherwise be entitled shall be set off against any claim that the insurance fund may have against the closed depository.

(d) The board may invest, reinvest, and exchange investments of the insurance fund in excess of the cash working balance in any of the following:

1. In bonds, notes, certificates, and other valid obligations of the United States, either directly or, subject to the limitations in subsection (e), in the form of securities of or other interests in an open-end no-load management-type investment company or investment trust registered under the provisions of the Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).
2. In bonds, notes, debentures, and other securities issued by a federal agency or a federal instrumentality and fully guaranteed by the United States either directly or, subject to the limitations in subsection (e), in the form of securities of or other interests in an open-end no-load management-type investment company or investment trust registered under the provisions of the Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).
3. In bonds, notes, certificates, and other valid obligations of a state or of an Indiana political subdivision that are issued under law, the issuers of which, for five (5) years before the date of the investment, have promptly paid the principal and interest on their bonds and other legal obligations.
4. In bonds or other obligations of the Indiana finance authority issued under IC 4-13.5.
5. In investments permitted the state under IC 5-13-10.5.
6. In guarantees of industrial development obligations or credit enhancement obligations, or both, for the purposes of retaining and increasing employment in enterprises in Indiana, subject to the limitations and conditions set out in this subdivision, subsection (e), and section 8 of this chapter. An individual guarantee of the board under this subdivision must not exceed eight million dollars ($8,000,000).
(7) In guarantees of bonds or notes issued under IC 5-1.5-4-1, subject to the limitations and conditions set out in subsection (e) and section 8 of this chapter.

(8) In bonds, notes, or other valid obligations of the Indiana finance authority that have been issued in conjunction with the authority's acquisition, development, or improvement of property or other interests for an industrial development project (as defined in IC 4-4-10.9-11) that the authority has undertaken for the purposes of retaining or increasing employment in existing or new enterprises in Indiana, subject to the limitations in subsection (e).

(9) In notes or other debt obligations of counties, cities, and towns that have been issued under IC 6-1.1-39 for borrowings from the industrial development fund under IC 5-28-9 for purposes of retaining or increasing employment in existing or new enterprises in Indiana, subject to the limitations in subsection (e).

(10) In bonds or other obligations of the Indiana housing and community development authority.

(e) The investment authority of the board under subsection (d) is subject to the following limitations:

(1) For investments under subsection (d)(1) and (d)(2), the portfolio of an open-end no-load management-type investment company or investment trust must be limited to:

   (A) direct obligations of the United States and obligations of a federal agency or a federal instrumentality that are fully guaranteed by the United States; and
   (B) repurchase agreements fully collateralized by obligations described in clause (A), of which the company or trust takes delivery either directly or through an authorized custodian.

(2) Total outstanding investments in guarantees of industrial development obligations and credit enhancement obligations under subsection (d)(6) must not exceed the greater of:

   (A) ten percent (10%) of the available balance of the insurance fund; or
   (B) fourteen million dollars ($14,000,000).

(3) Total outstanding investments in guarantees of bond bank obligations under subsection (d)(7) must not exceed the greater of:

   (A) twenty percent (20%) of the available balance of the insurance fund; or
   (B) twenty-four million dollars ($24,000,000).

(4) Total outstanding investments in bonds, notes, or other obligations of the Indiana finance authority under subsection (d)(8) may not exceed the greater of:

   (A) fifteen percent (15%) of the available balance of the insurance fund; or
   (B) twenty million dollars ($20,000,000).

However, after June 30, 1988, the board may not make any additional investment in bonds, notes, or other obligations of
the Indiana finance authority issued under IC 4-4-11, and the board may invest an amount equal to the remainder, if any, of:

(i) fifteen percent (15%) of the available balance of the insurance fund; minus

(ii) the board's total outstanding investments in bonds, notes, or other obligations of the Indiana finance authority issued under IC 4-4-11;

in guarantees of industrial development obligations or credit enhancement obligations, or both, as authorized by subsection (d)(6). In such a case, the outstanding investments, as authorized by subsection (d)(6) and (d)(8), may not exceed in total the greater of twenty-five percent (25%) of the available balance of the insurance fund or thirty-four million dollars ($34,000,000).

(5) Total outstanding investments in notes or other debt obligations of counties, cities, and towns under subsection (d)(9) may not exceed the greater of:

(A) ten percent (10%) of the available balance of the insurance fund; or

(B) twelve million dollars ($12,000,000).

(f) For purposes of subsection (e), the available balance of the insurance fund does not include the outstanding principal amount of any fund investment in a corporate note or obligation or the part of the fund that has been established as a reserve for losses.

(g) All interest and other income earned on investments of the insurance fund and all amounts collected by the board accrue to the fund.

(h) Members of the board and any officers or employees of the board are not subject to personal liability or accountability by reason of any investment in any of the obligations listed in subsection (d).


IC 5-13-12-8
Industrial development obligation or credit enhancement obligation guarantees; limitations; conditions; claims, losses, or debts

Sec. 8. (a) The board for depositories, in making the industrial development obligation or credit enhancement obligation guarantees authorized under section 7(d)(6) of this chapter, shall comply with the following limitations:

(1) A guarantee shall be made only of industrial development obligations or credit enhancement obligations for the purpose of retaining, retaining and expanding, or bringing significant employment into Indiana, as determined by the board under subdivision (3)(A).

(2) Each industrial development obligation or credit
enhancement obligation must be guaranteed not only by the board but also by the Indiana economic development corporation created by IC 5-28-3-1. Each guarantee must provide that in the event of a valid claim of loss by the lender, the lessor, or the issuer of the credit enhancement arising under the industrial development obligation or credit enhancement documents, the amount of the loss, up to two million dollars ($2,000,000), shall first be paid by the industrial development project guaranty fund created by IC 5-28-30-9, and only the remainder of the loss, if any, shall to the extent guaranteed be paid by the public deposit insurance fund. Neither fund is responsible for the amount due from the other under its guarantee.

(3) The guarantee of the industrial development obligation or credit enhancement obligation by the board for depositories must be recommended by the Indiana economic development corporation. Subject to that recommendation, the board for depositories may make the guarantee if it determines:

(A) that the guarantee creates a reasonable probability that loss in Indiana employment that would occur will be significantly reduced or that Indiana's employment will be significantly expanded;
(B) that the consequent reduction in employment loss or the expansion in employment will enhance the economic stability of the community or communities in the state where the borrower or lessee conducts its business;
(C) that there is reasonable probability that the industrial development obligation will be repaid or satisfied or that the credit enhancement will be satisfied; and
(D) that the industrial development obligation or credit enhancement obligation and guarantee are protected against loss and the borrower or lessee has agreed to pay the insurance fund a guarantee premium annually as provided in subdivision (6).

(4) Protection against loss on the industrial development obligation or credit enhancement obligation guaranteed will be provided:

(A) in loan transactions by:
   (i) a valid security agreement;
   (ii) mortgage;
   (iii) combination of (i) and (ii); or
   (iv) other document; and
(B) in lease transactions by the guaranteed party's rights as owner of the leased property.

(5) The term of the guarantee must not exceed twenty (20) years. The amount of the guarantee provided by the board, together with the corresponding guarantee to be provided by the industrial development project guaranty fund under subdivision (2), must not exceed:

(A) the lesser of:
(i) ninety percent (90%) of the unpaid balance of the obligation; or
(ii) ninety percent (90%) of the appraised fair market value of the real estate;

if the obligation is backed by real estate;

(B) the lesser of:
(i) seventy-five percent (75%) of the unpaid balance of the obligation; or
(ii) seventy-five percent (75%) of the appraised fair market value of the equipment;

if the obligation is backed by equipment; or

(C) a weighted average of the figures derived under clauses (A)(ii) and (B)(ii) if the obligation is backed by real estate and equipment.

(6) The guarantee premium to be received by the public deposit insurance fund for the guarantee must be at an annual percentage rate on the outstanding principal amount of the industrial development obligation or the credit enhancement obligation of not less, in the discretion of the board, than the market rate for guarantees, mortgage insurance rates, or letters of credit used for similar purposes at the time the guarantee is made. However, the annual percentage rate must not exceed two percent (2%) of the outstanding principal obligation.

(b) The following conditions apply to the making of bond bank obligation guarantees under section 7(d)(7) of this chapter:

(1) Each bond bank obligation guaranteed must be secured by a pledge of securities of a qualified entity (as defined in IC 5-1.5-1-8) under an indenture of trust requiring an adequate debt reserve fund.

(2) The board for depositories shall fix the one (1) time or annual charge to be paid by the bond bank for each guarantee in an amount considered by the board to be appropriate and consistent with the market rate for that guarantee, taking into consideration the terms of the indenture applicable to the bond bank obligation.

(3) The board for depositories may agree to other terms for each guarantee that the secretary-investment manager certifies as being commercially reasonable and that the board, in its judgment, determines to be proper.

(c) Any claim, loss, or debt arising out of any guarantee authorized by section 7(d)(6) or 7(d)(7) of this chapter is the obligation of the board for depositories payable out of the public deposit insurance fund only and does not constitute a debt, liability, or obligation of the state or a pledge of the faith and credit of the state. The document evidencing any guarantee must have on its face the words, "The obligations created by this guarantee (or other document as appropriate) do not constitute a debt, liability, or obligation of the state or a pledge of the faith and credit of the state but are obligations of the board for public depositories and are payable solely out of the public deposit insurance fund, and neither
the faith and credit nor the taxing power of the state is pledged to the payment of any obligation hereunder."
(d) Any claim of loss by a lender or lessor under a guarantee authorized by section 7(d)(6) or 7(d)(7) of this chapter, at the time it is made in writing to the board, has priority against the fund on all claims made after that time.

IC 5-13-12-8.5
Repealed
(Repealed by P.L.2-2005, SEC.131.)

IC 5-13-12-8.6
Validity of certain loan guaranties
Sec. 8.6. Notwithstanding the expiration of section 8.5 of this chapter on December 31, 2002, a loan guarantee made by the board for depositories under that section before December 31, 2002, remains a valid and binding obligation of the board for depositories after December 31, 2002, as if section 8.5 of this chapter had not expired.
As added by P.L.220-2011, SEC.96.

IC 5-13-12-9
Investment in instruments of indebtedness of credit corporation issued certificate of election by secretary of state
Sec. 9. In addition to the investments authorized in section 7(d) of this chapter, the board may invest, reinvest, and exchange investments of the insurance fund in excess of the cash working balance in instruments of indebtedness of a credit corporation to which the secretary of state has issued a certificate of election under IC 23-6-4-8.

IC 5-13-12-10
Subordination of valid security agreement, mortgage, combinations thereof, or other appropriate document securing direct obligations
Sec. 10. With regard to direct obligations of the Indiana finance authority that have been issued in conjunction with an industrial development project undertaken by the authority, including those obligations that are guaranteed by the board under this chapter or purchased by the board under section 7(d)(8) of this chapter, the board may upon the request of the authority permit a subordination of any valid security agreement, mortgage, combinations thereof, or other appropriate document securing the direct obligations, if the board in its discretion determines that the subordination is reasonably necessary to accomplish the objectives of the industrial development project.
IC 5-13-12-11
Loans to commuter transportation district

Sec. 11. (a) In addition to the authority given the board for depositories in section 7 of this chapter, the board may lend, from that part of the insurance fund reserved for economic development, to any commuter transportation district that is established under IC 8-5-15 an amount not to exceed two million six hundred thousand dollars ($2,600,000).

(b) The board of trustees of a district that receives a loan under this section shall do the following:

(1) Use the loan proceeds only for paying or reimbursing the following costs and expenses of the district:
   (A) Property and casualty insurance premiums.
   (B) Trackage lease payments.
   (C) Traction power expenses.
   (D) Conducting a study of commuter transportation within the district under P.L.48-1986.
   (E) Any expenses incurred by the district in the ordinary course of providing commuter rail service.

(2) Develop a financial plan for commuter rail service within the district for each year during the loan period. The financial plan must contain the elements prescribed in, and be subject to review and approval under, subsection (c).

(3) Repay the loan in eight (8) annual installments on dates determined by the board for depositories, subject to the following conditions:
   (A) The first payment must be made on July 1, 1988.
   (B) Each annual payment must equal one-eighth (1/8) of the principal of the loan plus interest at a rate determined by the board for depositories. The rate of interest must not be:
      (i) lower than the lowest interest rate set by the state board of finance for a loan under IC 4-4-8-8 (transferred to IC 5-28-9-15) before April 1, 1986; or
      (ii) greater than the average yield on investments made by the board in January, February, and March of 1986.

(4) As required by subsection (d), report annually to the board for depositories on compliance with the financial plan developed under subsection (c).

(5) Notwithstanding subdivision (3), pledge to repay the balance of the loan plus interest at a time and in a manner specified by the board for depositories whenever the board for depositories determines that one (1) of the following has occurred:
   (A) The board of trustees of the district has failed to develop a financial plan that substantially complies with subsection (c).
   (B) There has not been substantial compliance with a financial plan.
(C) The board of trustees of the district has failed to make a payment on the date established under subdivision (3). If repayment is required under this subdivision, the treasurer of state shall transfer the amount necessary to the insurance fund from the allocation to the district from the public mass transportation fund for the remainder of the state fiscal year in which the repayment is required. If the amount transferred from the allocation is insufficient, the balance shall be transferred from the commuter rail service fund until the repayment is complete.

(c) Before December 1 of each year, the board of trustees of a district receiving a loan under this section shall submit to the board for depositories, the Indiana department of transportation, and the budget committee a financial plan for the following calendar year. The plan must provide for an annual operating budget under which expenses do not exceed revenues from all sources. The financial plan may identify supplemental revenue sources from within the district that will be dedicated during the year to commuter rail service in the district. Within sixty (60) days after the plan is submitted, the board for depositories shall determine if the financial plan complies with this subsection. In making its determination, the board for depositories shall consider the recommendations of the budget committee, which shall base its recommendations on the department of transportation's evaluation of the financial plan.

(d) Before April 1 of the second calendar year after a loan under this section is made and before April 1 of each year thereafter, the board of trustees of a district receiving a loan shall submit to the board for depositories, the Indiana department of transportation, and the budget committee a report covering the preceding calendar year. The report must summarize the district's compliance with the financial plan submitted under subsection (c) and must contain other information as the board for depositories may require. Before July 1 of that year, the board for depositories shall determine if the district has substantially complied with the financial plan. In making its determination, the board for depositories shall consider the recommendations of the budget committee, which shall base its recommendations on the Indiana department of transportation's evaluation of the report.

(e) After January 1, 1988, the board for depositories and the board of trustees of a district receiving a loan under this section may agree to an early repayment of the loan. If an early repayment is agreed to, the board for depositories may guarantee a loan obtained by the board of trustees under conditions established by the board for depositories. These conditions may include the requirement that the district pledge to repay from its allocations from the public mass transportation fund and the commuter rail fund service any loss sustained by the insurance fund as a result of the guarantee.

IC 5-13-12-12
Board reports; presentment to budget committee

Sec. 12. (a) In June and December each year, the board shall prepare a written report generally summarizing the board's activities and the status of the public deposit insurance fund for the previous six (6) months. However, the report may not identify a particular financial institution notwithstanding the requirements of IC 5-14-3. The report shall be made available on the board's Internet web site.

(b) The chairperson of the board or the chairperson's designee shall present the semiannual report to the budget committee at a public hearing.

As added by P.L.115-2010, SEC.17.

IC 5-13-12-13
Loan to state general fund; repayment

Sec. 13. (a) The board for depositories shall hold until paid in accordance with its terms the instrument of indebtedness evidencing the obligation of the budget agency to repay the loan made from the public deposit insurance fund to the state general fund under P.L.224-2003, SECTION 116, as amended by P.L.229-2011, SECTION 277. The budget agency shall pay the loan in ten (10) equal annual installment payments made each July, beginning July 2013 and ending July 2022.

(b) There is annually appropriated to the budget agency from the state general fund five million dollars ($5,000,000) each July, beginning July 2013, and ending July 2022, to make the payments required by subsection (a).

(c) This section expires July 1, 2023.

As added by P.L.93-2013, SEC.4.
IC 5-13-13
Chapter 13. Payments From the Public Deposit Insurance Fund

IC 5-13-13-1
Closed depository; payments to public officers of public funds deposited; determination of sums; certification

Sec. 1. (a) Whenever any depository becomes a closed depository, the board shall, as soon as possible and upon the conditions prescribed in this section, make payment from the insurance fund to the proper public officers of all public funds that were deposited in the closed depository in the manner required by this article. These payments shall be made only to the extent the public funds are not covered by insurance of any federal deposit insurance agency.

(b) For the purpose of determining the sums to be paid on account of public funds in any closed depository, the department of financial institutions shall ascertain the amount of public funds on deposit in any closed depository as disclosed by the records, and certify the amounts to the attorney general, auditor of state, the several public officers who have public funds on deposit, and the board for depositories, which then constitutes a claim on the fund. The certification shall be made within twenty (20) days after its special representative has taken charge of the business and property of any closed depository, or the receiver of any national banking association or state chartered state banks within twenty (20) days after appointment.

(c) Within ten (10) days after the receipt of a certification under subsection (b), the several public officers who have public funds on deposit in the closed depository shall furnish to the attorney general and the auditor of state:

1. verified statements of the amount of the public funds on deposit in the closed depository, as disclosed by their records;
2. certified copies of the resolution or resolutions under which the deposits were made; and
3. any other information requested by the attorney general and the auditor of state.


IC 5-13-13-2
Amount of public funds in closed depository; determination procedure

Sec. 2. (a) After the receipt of the certificate and statements required by section 1 of this chapter, the attorney general and the auditor of state shall ascertain and fix the amount of public funds in the closed depository deposited in the manner required by this article. The amount of public funds deposited contrary to the requirements of this article are not insured by this article.

(b) The attorney general and the auditor of state shall, within sixty (60) days after the receipt of the certificate and statements, send a copy of their decision by registered mail to the several public officers.
who have filed statements and to the department of financial
institutions, or to the receiver if the closed depository is a national
banking association.

(c) The department of financial institutions or the receiver shall
cause notice of the decision to be published by one (1) publication in
a newspaper of general circulation in the county where the closed
depository is situated. This notice must be under the heading "Notice
to Depositors of ____________" (inserting the name of the closed
depository). The costs of the publication shall be charged to the
liquidation expense of the closed depository.

(d) Except as otherwise provided in this chapter, the decision of
the attorney general and the auditor of state, if they agree, is final,
and has the same force as a final judgment of a court. However, if
any depositor of the closed depository, within ten (10) days after the
publication of the notice required by this section, files objections to
that decision in writing in any court competent to determine matters
concerning the closed depository, the auditor of state shall withhold
payment of the claim until the objections are determined by the
court.

(e) If the attorney general and auditor of state do not send a copy
of their decision to the department of financial institutions or to the
receiver of the national banking association within the time required
by this section, or if objections in writing are made as provided in
this section, the department of financial institutions or any receiver
or any treasurer or other person having funds on deposit in the closed
depository may petition any court competent to hear and determine
matters pertaining to the liquidation of the closed depository and to
determine the amount of public funds deposited in the manner
required by this chapter. The court shall, without delay, hear and
determine the issues presented by the petition and enter judgment
accordingly.


IC 5-13-13-3
Payment of amount determined; subrogation of board; distribution
of assets of closed depository

Sec. 3. (a) Whenever the decision of the attorney general and
auditor of state has become final, or whenever a court of competent
jurisdiction as provided in section 2 of this chapter has determined
the amount payable from the insurance fund on account of public
funds deposited in the closed depository, the board for depositories
shall, subject to IC 5-13-12-8(c), cause the amount to be paid to the
treasurer or public officer out of the insurance fund.

(b) After payment is made under subsection (a), the board, on
behalf of the public deposit insurance fund, is then subrogated to all
of the right, title, and interest of the depositor of the public funds for
the amount of the depository's claim against any federal deposit
insurance agency and against the closed depository. The board is so
subrogated to the extent that the insurance fund has paid the loss not
reimbursed by the insurance. The board is entitled to share in the
distribution of the assets of the closed depository on the basis ratably with other depositories, but the insurance fund shall be paid in full before any distribution is made on account of public funds not insured under the terms of this chapter. The board shall pay any sum or sums received from any distribution into the insurance fund.

As added by P.L.19-1987, SEC.15.

IC 5-13-13-4
Anticipatory warrants; issuance; obligation of board; amounts, form, and rate of interest

Sec. 4. (a) Whenever the assets in the insurance fund are not sufficient to pay the claims of any kind that have been finally determined and have become payable, the board for depositories shall issue anticipatory warrants for the purpose of raising money for the immediate payment of the claims. The warrants outstanding and unpaid must not at any time exceed the sum of three hundred million dollars ($300,000,000). Interest may be paid upon the warrants from the date the rate was established by the board for depositories. Interest is payable at the end of each year or for a shorter period as the warrants remain unpaid.

(b) The warrants are the obligation of the board for depositories payable out of the public deposit insurance fund only and do not constitute a debt, liability, or obligation of the state or a pledge of the faith and credit of the state. Each warrant must have printed on its face the words, "This warrant is an obligation of the board for depositories payable solely out of the public deposits insurance fund, and neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal, the interest, or any other amount owed on the warrants."

(c) Subject to the limitations in subsections (a) through (b), the warrants shall be issued in the individual and gross amounts and in the form and at the rate of interest approved by the board for depositories.


IC 5-13-13-5
Anticipatory warrants; sale; proceeds; application for allotment of definite amount; record

Sec. 5. (a) The secretary-investment manager on behalf of the board for depositories has the powers and duties set out in this section and section 6 of this chapter and shall sell all anticipatory warrants issued under this chapter at a price not less than par plus accrued interest. The proceeds of the sale of the warrants shall be paid into the insurance fund and shall be applied exclusively to the payment of the claims on account of which the warrants were issued.

(b) Any person may file an application with the secretary-investment manager for an allotment of a definite amount of the warrants. The secretary-investment manager shall then apportion to the several applicants an amount of warrants as the
secretary-investment manager sees fit, but no allotments shall be made in an amount less than two thousand dollars ($2,000).

(c) The secretary-investment manager shall make and retain in the secretary-investment manager's office a complete record of all warrants sold to each purchaser and of the post office address of the purchaser. Purchasers of warrants may notify the secretary-investment manager of their post office addresses, or of any change in their addresses, and of the warrants owned or held by them, and the secretary-investment manager shall change the secretary-investment manager's sale record accordingly.

As added by P.L.19-1987, SEC.15.

IC 5-13-13-6
Anticipatory warrants; payment; unpaid warrants

Sec. 6. (a) All anticipatory warrants and all interest or the warrants shall be payable by the secretary-investment manager solely from the money paid into the insurance fund and the money is, except for the payment of expenses incident to the operation of the insurance fund, exclusively and irrevocably pledged to the payment of all warrants in the consecutive order in which they were issued. The warrants, as to interest as well as principal, shall be paid out of the money in the insurance fund before the payment of any claims that may arise and be finally determined subsequent to the issue and sale of any warrants or series of warrants.

(b) When any warrant or series of warrants is outstanding and unpaid, the secretary-investment manager shall, when the secretary-investment manager has money in the insurance fund sufficient to pay a reasonable amount of the outstanding and unpaid warrants, notify the persons who, according to the secretary-investment manager's record, hold the warrants or warrants then payable. The secretary-investment manager shall mail each notice to the post office address of the person as shown by the records of sale. The notice must state that the warrant or warrants will be paid on presentation, and that interest will cease after the expiration of ten (10) days from the mailing of the notice. At the expiration of the ten (10) day period, interest ceases on the warrant or warrants.

As added by P.L.19-1987, SEC.15.

IC 5-13-13-7
Shortage of assets in insurance fund; substitution of other security; pledge of other securities by depositories

Sec. 7. (a) At any time when the board for depositories determines that the assets of the insurance fund are insufficient to pay its liabilities, accrued or contingent, or determines that the assessments due or to become due will not be sufficient to maintain the insurance fund in a solvent condition and insure the safekeeping and prompt payment of public funds, the board may enter an order requiring any or all then constituted depositories to substitute other security, in the amount and type as determined by the board from time to time, to
secure the safekeeping and prompt payment of public funds. The collateral to be accepted by the board for depositories under this chapter may include, but is not limited to, the following:

1. United States Treasury securities.
2. Federal agency securities.
3. An irrevocable letter of credit issued by a Federal Home Loan Bank if:
   A. the federal home loan bank issuing the irrevocable letter of credit maintains a rating of at least the third highest level from at least one (1) of the nationally recognized rating agencies; and
   B. the irrevocable letter of credit provides that the board for depositories may draw on the letter when necessary to satisfy losses to the public deposit insurance fund under state law.

(b) The board may require any or all then constituted depositories to deliver and pledge to the proper local board of finance or to the state board of finance, under the conditions for joint control of the collateral by the depositories as may be approved by the board for depositories, bonds or other obligations that the board determines are acceptable collateral. The market value of these securities, at the time of delivery, must be an amount determined by the board, which may not exceed the amount of public funds then on deposit with the respective depositories. The board may require depositories to pledge acceptable securities to such an extent that the market value of the pledge will at all times be substantially equal to the amount of public funds on deposit in the respective depositories.

(c) Whenever an order is in force and the amount of public funds on deposit is at least ten percent (10%) less than the market value of securities pledged to secure the payment, as required by the board, the depository may withdraw the excess amount of pledged collateral.

(d) Any order of the board for depositories becomes effective within the time fixed by the board. However, the time of effectiveness must not be earlier than thirty (30) days from the date of entry of the order by the board. The order continues in force until rescinded by the board. Upon the entry of any order by the board for depositories, all then constituted depositories affected by the order shall comply with the order. Upon compliance, and full payment of all its liabilities by the insurance fund, depositories are not required to pay any further assessments for insurance under this chapter until the order requiring collateral has been revoked or rescinded and the collateral returned to the respective depositories.

(e) A depository may elect at any time to pledge and deliver collateral to the board in an amount equal to one hundred percent (100%) of the public funds the depository has on deposit. A depository that:
   1. elects this option;
   2. has pledged and delivered the collateral to the board; and
   3. has maintained a one hundred percent (100%) collateral
level continuously for the twelve (12) months immediately preceding an assessment; is exempt from paying any assessment authorized by this article while the collateral continues to be maintained with the board.

(f) If the fund balance is zero (0), each depository shall pledge and deliver collateral to the board equal to the depository's pro rata share of total deposit accounts of public funds based on an average of the depository's total deposit accounts of public funds for the previous four (4) quarters, as reported under this article, as determined by the board from time to time, with at least fifteen (15) days notice to the depository, to secure the safekeeping and prompt payment of public funds.


IC 5-13-13-8
Reopening or reorganization of closed depository

Sec. 8. (a) If in any closed depository there are public funds of the state or of any political subdivision, the treasurer of state may, with the consent of the state board of finance, if the public funds belong to the state, and the public officer who has charge of the public funds of any political subdivision, may, with the consent of the local board of finance of the political subdivision to which the public funds belong, join with other depositors of the closed depository in a plan for reopening or the reorganization of the closed depository.

(b) The treasurer of state may bind the state, or any proper local officer may bind the political subdivision, as the case may be, after being authorized, as provided in this chapter, in accordance with the terms of the plan for reopening or reorganization.

IC 5-13-14

IC 5-13-14-1
Loan for proper conduct of business of state or political subdivision; limitation; pledge of deposits in closed depository
   Sec. 1. (a) If the state or any political subdivision has public funds on deposit in a closed depository, the state or political subdivision may borrow an amount of money necessary for the proper conduct of the business of the state or political subdivision.
   (b) The amount of money borrowed under subsection (a) may not exceed the amount of money the state or political subdivision has on deposit and unpledged in the closed depository at the time the loan is made.
   (c) For the purpose of securing the payment of a loan made under this section, the state or any political subdivision, through the treasurer of state, county treasurer, or fiscal officer of any political subdivision other than a county, may pledge any or all of the deposits in the closed depository.
As added by P.L.19-1987, SEC.16.

IC 5-13-14-2
No liability for public servant for loss of funds in closed depository
   Sec. 2. A public servant is not liable for loss of public funds in any closed depository if the funds have been deposited in the manner required by this article.

IC 5-13-14-3
Criminal liability of public servant for failure to deposit; liability on bond
   Sec. 3. A public servant who violates the depository duties in this article is subject to criminal prosecution under IC 35-44.2-2-1. The public servant also is liable upon the public servant's official bond for any loss or damage that accrues.

IC 5-13-14-4
Repealed
   (Repealed by P.L.126-2012, SEC.23.)