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POLICY: Policy regarding Payoffs, Defeasances, Refundings & Reimbursable Costs
DATE: December 26, 2018

Policy (changes in bold italics):

Payoff Costs Policy

Effective January 1, 2019, pursuant to I.C. 5-1.5-3-1(8), for all qualified entities (“QE”) seeking to payoff, defease or refund bonds currently issued through the IBB, QE will be required to reimburse IBB:

- (a) all IBB invoiced costs required to execute the transaction; ***and***
- (b) ***\$750 redemption fee.***

Upon QE request, IBB shall provide QE its invoices for costs ***set forth in subsection (a).***

Background

The Indiana Bond Bank (“IBB”) accommodates requests from qualified entities (“QE”) seeking to payoff, defease or refund bonds originally issued through the IBB. IBB wants the most favorable outcome for QE, and if paying off, defeasing or refunding outstanding bond issues creates that outcome, IBB supports that. IBB will engage its resources to assist the QE with accomplishing that transaction.

In doing so, IBB incurs certain costs and expenses. It has been the IBB’s policy and practice to require QE to reimburse the IBB for its actual out-of-pocket costs and expenses, such as municipal advisory fees, legal fees and/or escrow agent fees. This policy is a matter of equity, as IBB only incurs such costs as a result of QE’s request that IBB to undertake the transaction for the QE’s benefit.

IBB also incurs internal administrative costs in accommodating such transactions. This includes staff time and resources. Under previous policy and practice, IBB has not passed these costs on to QE. IBB has estimated these costs to average \$750 per transaction. IBB would otherwise be dedicating the value of these resources to executing IBB’s strategic initiatives but for the QE request that IBB undertake the transaction. IBB has determined as a matter of policy that it is important to recognize these costs.

Therefore effective January 1, 2019, the above-referenced amended Payoff Costs Policy shall take effect. The amended policy shall remain in force and effect unless and until further amended or terminated.

/s/ mjw