



Indiana Bond Bank
Frequently Asked Questions (FAQ)
Indiana Bond Bank – Midyear Program
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317-233-0091

Q1. What is the Indiana Bond Bank?

A1. The Indiana Bond Bank is a quasi-state agency created by the General Assembly (IC 5-1.5) to assist local government with the process of issuing debt. More information can be found about the Bond Bank at <https://inbondbank.com/>.

Q2. What is the advantage of using the Indiana Bond Bank to issue tax anticipation warrants?

A2. The Indiana Bond Bank has over 30 years of experience of issuing tax anticipation warrants through its Advance Funding and Midyear programs. The Bond Bank will pool your warrants with other governmental units so your entity will realize savings through economies of scale. Finally, the Bond Bank exempts the need to bid the financing (IC 5-1.5-8-3c).

Q3. Why can't my entity open a line of credit at my local bank to cover any cash flow deficit?

A3. Taxing units that need to borrow in anticipation of tax property tax collections are required to adopt an ordinance or resolution authorizing any such borrowing through the issuance of temporary loan tax anticipation warrants. In addition, most units of local government are required to sell such warrants through a public, competitive bidding process.

Q4. If my entity completes the Midyear participation survey, is my unit of government committed to participate in the Bond Bank program?

A4. No, the Bond Bank will allow your entity to withdraw up to signing the final borrowing (sizing). Your entity may withdraw any time up to your final commitment with an email to midyear@inbondbank.com (any time before signing the final confirmation).

Q5. What are the steps needed to participate?

A5. Your entity will need to complete a credit application and a cash flow projection worksheet for each participating fund. After completing, you can submit the items electronically to the Bond Bank for review. The Bond Bank will provide legal counsel as part of the program to navigate through the legal process of issuing notes through the Indiana Bond Bank. If you are



unsure that your entity needs to borrow, the Bond Bank would suggest completing a 2020 cash flow projection by fund first.

Q6. Does my entity do cash flow projections for every fund?

A6. Your entity only needs to complete cash flow projections for the funds from which you intend to borrow. Please note that projections will need historical information for 2018 and 2019. Your entity will need to complete historical information through February 29, 2020 and project the rest of 2020.

Q7. Can my entity borrow from a source of revenue other property taxes?

A7. Schools may borrow from tuition support (Education Fund).

Q8. What if my entity receives unanticipated revenue or expenses after our entity submitted cash flows?

A8. Your entity may amend your cash flows and resubmit to the Bond Bank.

Q9. What if our entity is uncertain of the amount of the distribution or property taxes from the county?

A9. Please assume the worst-case scenario in terms of the amount of the distribution from the county. Your entity may amend your cash flow as more information is available in terms of the amount of distribution or draws.

Q10. Our entity is a school corporation borrowing from the Operations Fund. How does our school corporation do the historical cash flow for 2018 for this fund?

A10. For 2018 Operation historical cash flow, please combine Capital Projects, Bus Replacement and Transportation Operating into one fund.

Q11. How much is my entity eligible to borrow?

A11. Your entity may borrow the lesser of your largest projected cash deficit (in the next 6 months) or 80% of your anticipated revenues (in that fund).

Q12. How does my entity know the amount eligible to borrow?

A12. The Bond Bank will provide your entity a preliminary sizing analysis with a breakdown by fund. The preliminary sizing is an estimate of the amount you are eligible to borrow. Prior to the Bond Bank note issuance, the Bond Bank will send you a final sizing analysis to review and sign. Your entity is committed to participating in the Midyear program when you return and sign the final sizing analysis (and your local body has adopted the legal documents provided by Midyear program bond counsel).



Q13. Is there interest on the notes and what is the interest rate?

A13. Yes, there will be interest due on the notes and the Bond Bank will notify you of the interest rate before the closing of the notes.

Q14. How will my entity receive their funds?

A14. The Bond Bank trustee, US Bank, will wire funds to your bank. There is a separate document that your entity will provide to the Bond Bank with your bank wiring instructions. Please provide your wire instructions to the Bond Bank in a secure email to midyear@inbondbank.com or fax to 317-233-0894.

Q15. When does my entity need to pay back my tax anticipation warrants?

A15. The Bond Bank is working on flexible payment options but your tax anticipation warrants (both principal and interest) will need to be repaid no later than December 31, 2020.

Q16. How do I pay back the notes? Can my entity write a check?

A16. The Bond Bank will provide an invoice with wiring instructions. You may also pay by ACH. The Bond Bank uses a trustee, US Bank. Your entity may wire the funds by noon on the due date. ACH payments need to be initiated the day before the due date. Please note that the Bond Bank does not accept checks for the Midyear program.

Q17. What is the process for receiving advance draws from the county?

A17. Governmental units are permitted to request an advance draw of 95% of their property tax distribution. Statute requires requests be made to the County Treasurer. The process for advance draws is outlined in IC 5-13-6-3. The link to that code site is <http://www.iga.in.gov/legislative/laws/2019/ic/titles/005/#5-13-6-3>. The Bond Bank is working on a streamlined process to assist with your entity receiving advance draws.

Q18. What if I get an advance draw from the county?

A18. Please submit your Form 22 (or breakdown by fund) of your draw to the Bond Bank at midyear@inbondbank.com or fax to 317-233-0894.

Q19. Can I borrow against my TIF (Tax Increment Financing)?

A.19 Funds eligible to participate must have an existing 2020 property tax levy certified by the DLGF. This could apply to Redevelopment Districts that levy a special benefits taxes to fund debt service payments. (The Program would not be eligible for debt payments paid solely by TIF revenues.)

Q20. Are there other Bond Bank programs?



A20. Yes, more information on the Bond Bank’s other programs are on our website under services. The link to the Bond Bank website is <https://inbondbank.com/>.

Q21. Is there an application fee to participate in the Midyear Advance Funding program?

A.21 No, there is no application fee for the program.