

§ 116-198.36. Proceeds of bonds are deemed trust funds.

In the discretion of the Board and subject to the approval of the Director of the Budget, any revenue bonds issued under this Article may be secured by a trust agreement by and between the Board and a corporate trustee (or trustees) which may be any trust company or bank having the powers of a trust company within or without the State. Such trust agreement or the resolution providing for the issuance of such bonds may pledge or assign the revenues to be received but shall not convey or mortgage any project or projects or any existing facilities or any part thereof. Such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the holders of such bonds as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Board in relation to the acquisition, construction, or provision of any project or projects, the maintenance, repair, operation, and insurance of any project or projects and any existing facilities, student fees and admission fees and charges, and other fees, rents, and charges to be fixed and collected, and the custody, safeguarding, and application of all moneys. It shall be lawful for any bank or trust company incorporated under the laws of the State which may act as depository of the proceeds of bonds or revenues to furnish such indemnifying bonds or to pledge such securities as may be required by the Board. Any such trust agreement or resolution may set forth the rights and remedies of the holders of the bonds and the rights, remedies, and immunities of the trustee or trustees, if any, and may restrict the individual right of action by such holders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the Board may deem reasonable and proper for the security of such holders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the project or projects for which such bonds are issued or as an expense of operation of such project or projects, as the case may be.

The proceeds of all bonds issued and all revenues and other moneys received pursuant to the authority of this Article shall be deemed to be trust funds, to be held and applied solely as provided in this Article. The Board may provide for the payment of the proceeds of the sale of the bonds and the revenues, or part thereof, to such officer, board, or depository as it may designate for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. Any officer with whom, or any bank, trust company, or fiscal agent with which, such moneys shall be deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such requirements as are provided in this Article and in the resolution or trust agreement authorizing or securing such bonds.

Notwithstanding the provisions of any other law, the Board may carry insurance on any project or projects and any existing facilities in such amounts and covering such risks as it may deem advisable.

Any holder of bonds issued under this Article or of any of the coupons appertaining thereto, and the trustee or trustees under any trust agreement, except to the extent the rights herein given may be restricted by such trust agreement or the resolution authorizing the issuance of such bonds, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of the State or granted hereunder or under such trust agreement or resolution, and may enforce and compel the performance of all duties required by this Article or by such trust agreement or resolution to be performed by the Board or by any officer thereof, including the fixing, charging, and collecting of fees, rents, and charges. (1987, c. 336.)