

### **103.220 Interest on bonds -- Terms -- Approval -- Marketing -- Refunding.**

- (1) The bonds may be issued to bear interest at any rate or rates, either fixed or variable, in accordance with such method as shall be set by the governing body of the issuer, payable either annually or at shorter intervals, may be of such terms and maturities, may bear such conversion privileges, may be executed by the manual or facsimile signatures of such officers of the issuer and shall be executed in such manner and at such time or times or from time to time and be payable at such times not exceeding thirty (30) years from the date thereof, or if commercial paper, from the date of issuance thereof, and at such place or places as the governing body of the issuer determines.
- (2) The bonds may provide that they or any of them may be called for redemption prior to maturity under conditions set by the governing body of the issuer before issuing the bonds.
- (3)
  - (a) Any bonds issued and outstanding hereunder may, at any time on or after the earliest redemption date provided therefor at the time of their issuance, be refunded by the issuer or any other city, county or authority, with the consent of the lessee, industrial concern or utility company, in such amount as the governing body may deem necessary to refund the principal of the bonds to be refunded, together with any unpaid interest thereon, to create any necessary debt service reserve fund, and to pay the costs of any improvements or additions to the project, and of any premiums, expenses and commissions required to be paid in connection therewith. Any refunding bonds issued under the authority of this section shall be payable from the revenues out of which the bonds to be refunded were payable.
  - (b) At the time of the initial issuance of the bonds, the issuer may designate individual officials of its governing body as agent for purposes of approving the principal amount, the interest rate, the discount, if any, and the maturity date of bonds being issued later to refund the maturing bonds; provided, however, that, at the time of the initial issuance of such bonds, the governing body of the issuer shall set the maximum principal amount, the maximum interest rate, and the maximum discount, if any, of the refunding bonds plus the final maturity date of the last issue of such refunding bonds; and provided further that the issuer shall retain the right to revoke any such agent's authority at any time and for any reason whatsoever. Individual issues of commercial paper, issued as part of a continuing financing program, may be refunded by the approvals of such agent of the issuer and separate proceedings of the issuer pursuant to KRS 103.210(1) shall not be required.
  - (c) At the time of issuance of bonds which bear interest at a variable rate or rates, the governing body of the issuer may designate individuals or institutions who in the sole judgment of such governing body have financial market expertise to serve as agent for the issuer for establishing and changing from time to time while such bonds remain outstanding the rate of interest to be borne by and the price to be paid for the bonds; provided, however, that the rate-setting procedures and authority of each such agent shall be set forth in writing, and

may include a formula or an index or indices based upon market factors, and shall be established by the issuer at the time of issuance of such bonds; and provided further that at the time of the issuance of the bonds, the governing body of the issuer shall establish the maximum interest rate to be borne by the bonds; and provided further that the issuer shall retain the right to remove or replace any such agent at any time and for any reason whatsoever.

- (4) Any bonds issued and outstanding hereunder and the coupons appertaining to such bonds shall prior to the maturity or redemption date thereof be deemed to have been paid to the same extent as if they had actually been paid in cash and retired, if:
  - (a) In case any of such bonds are to be redeemed on any date prior to their maturity, the issuer of such bonds shall have given a trustee appointed for the holders of such bonds in connection with their issuance, in form satisfactory to such trustee and in conformity with the requirements of the ordinance or resolution authorizing their issuance, irrevocable instructions to give notice of redemption of such bonds to the holders thereof by publication or by other method which is satisfactory to such trustee;
  - (b) There shall have been deposited with the trustee either money in an amount which shall be sufficient, or direct obligations of or obligations guaranteed by the United States of America, the principal of and the interest on which, when due, will provide money which, together with the money, if any, deposited with the trustee at the same time, shall be sufficient to pay when due the principal and the interest due and to become due on such bonds on and prior to redemption date or maturity date thereof, as the case may be; and
  - (c) In the event that such bonds are not to be redeemed within the next succeeding sixty (60) days, the issuer shall have given the trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable, in a manner satisfactory to it, a notice to the holders of such bonds and coupons that the deposit required by paragraph (b) of this subsection has been made with the trustee, that such bonds and coupons are deemed to have been paid in accordance with the provisions hereof and stating such maturity or redemption date upon which money is to be available for the payment of the principal of and interest on such bonds. Any deposits made under paragraph (b) of this subsection, to the extent not secured by the Federal Deposit Insurance Corporation, shall be secured by the pledging of direct obligations of or obligations guaranteed by the United States of America.
- (5) It is hereby declared and determined that the issuance of any and all refunding bonds as provided herein will be for a public purpose if the legislative body of the issuer authorizing such bonds so declares in the proceedings authorizing same, it being hereby declared and determined that the ability of any domestic or foreign corporation renting or leasing any facilities financed by the bonds to cause refunding bonds to be issued will be an inducement for such domestic or foreign corporation to establish in Kentucky the facilities provided for in KRS 103.210 and will tend to further the purposes of KRS 103.210 through 103.280.

- (6) No bonds shall be issued hereunder in violation of federal statutes or regulations prohibiting arbitrage profits.

**Effective:** July 15, 1986

**History:** Amended 1986 Ky. Acts ch. 248, sec. 2, effective July 15, 1986. -- Amended 1984 Ky. Acts ch. 122, sec. 3, effective July 13, 1984. -- Amended 1978 Ky. Acts ch. 95, sec. 3, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 214, sec. 3. -- Amended 1970 Ky. Acts ch. 64, sec. 3. -- Amended 1968 Ky. Acts ch. 39, sec. 1. -- Amended 1962 Ky. Acts ch. 268, sec. 3. -- Created 1946 Ky. Acts ch. 58, sec. 3.