

**224A.120 Authority may issue revenue bonds.**

- (1) The authority may provide, at one (1) time or from time to time, for the issuance of its Kentucky Infrastructure Authority revenue bonds, for the purpose of providing funds and moneys to the authority to enable it to enter into assistance agreements with governmental agencies, acquire and lease infrastructure projects, to governmental agencies, purchase or refinance obligations of governmental agencies issued for infrastructure projects and make loans or grants for infrastructure projects, and to enable the authority generally to carry out and effectuate its proper corporate purposes. In anticipation of the issuance of the revenue bonds, the authority may provide for the issuance at one (1) time, or from time to time, of revenue bond anticipation notes pursuant to the general laws of the state. The principal of and the interest on the revenue bonds or notes shall be payable solely from authority revenues. Any such notes may be made payable from the proceeds of bonds or renewal notes, or in the event bond or renewal note proceeds are not available, or should the authority deem it financially practicable to pay the notes directly from authority revenues, the notes may be paid from any available authority revenues. Prior to the issuance of the bonds or notes, the authority shall submit any proposed issue to the Capital Projects and Bond Oversight Committee for its review and determination in accordance with the provisions of KRS 45.810.
- (2) The revenue bonds or notes of the authority shall be dated and may be redeemable prior to maturity at the option of the authority at prices and under terms and conditions determined by the authority. Any bonds or notes shall bear interest at the rate or rates, shall be payable annually or at shorter intervals, and may bear conversion privileges determined by the authority. Notes shall mature at the time or times not exceeding five (5) years from their date or dates, and revenue bonds shall mature at the time or times not exceeding forty (40) years from their date or dates as may be determined by the authority. The authority shall determine the form and manner of execution of the bonds or notes, and shall fix the denomination or denominations and the place or places of payment of principal and interest, which may be any bank or trust company within or without the state. In case any officer of the authority whose signature or facsimile of whose signature shall appear on any revenue bonds or notes, shall cease to be such officer before the delivery thereof, the signature or the facsimile shall be valid and sufficient for all purposes, the same as if the officer had remained in office until the delivery. At the time of issuance of variable rate revenue bonds, the authority may designate individuals or institutions which, in the sole judgment of the authority, have financial market expertise to serve as agent for the authority for establishing and changing from time to time, while the variable rate revenue bonds remain outstanding, the rate of interest to be borne by and the price to be paid for the revenue bonds. The rate-setting procedures and authority of each 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 authority at the time of issuance of the revenue bonds. At the time of the issuance of the revenue bonds, the authority shall establish the maximum interest rate to be borne by the revenue bonds. The authority shall retain the right to remove or replace any agent at any time and for any reason. The authority may provide that said bonds

or notes may be executed only with the facsimile signatures of its officers, but said bonds or notes shall be executed with the manual signature of a bank or trust company designated by the authority as registrar and paying agent.

- (3) All revenue bonds or notes issued under the provisions of this chapter shall have and are hereby declared to possess all of the qualities and incidents of negotiable instruments under the laws of the state. The authority may sell the revenue bonds or notes in the manner, either at public or private negotiated sale, and for the price, as it may determine will best effect the purpose of this chapter. If revenue bonds are sold at public, competitive sale, the revenue bonds shall be sold after newspaper advertising conforming to the requirements of KRS Chapter 424 and competitive bids for the sale of the revenue bonds shall be opened and read publicly by the authority at a designated place, day and hour, all of which shall be announced in the advertising made relative thereto.
- (4) In its proceedings authorizing the issuance of revenue bonds or notes, the authority shall fix and determine contractual provisions with the bondholders relating to the receipt, allocation, pledging, and disbursement of authority revenues, and may enact and determine terms, conditions, and restrictions pursuant to which additional revenue bonds of the authority may be authorized and issued from time to time. The proceedings, determinations and enactments of the authority shall specify that the payment of principal of and interest on such authority revenue bonds and notes shall constitute a first charge and lien against some or all authority revenues before any authority revenues are used, applied, and disbursed for any other valid purposes of the authority, including the payment of operation and maintenance costs incident to the operation of the authority.
- (5) The proceeds of all revenue bonds or notes shall be used solely for the purpose of enabling the authority to enter into assistance agreements with governmental agencies, to acquire and lease infrastructure projects to governmental agencies, to purchase or refinance obligations of governmental agencies issued for infrastructure projects, to make loans or grants to the governmental agencies for infrastructure projects, or for any purpose authorized in this chapter. Interest coming due on the revenue bonds or notes, for not to exceed three (3) years, together with a debt service reserve equal to two (2) times the maximum principal and interest requirements to come due during any fiscal year ending June 30, in connection with the revenue bonds or notes, may be capitalized from bond proceeds, it being determined and recognized that infrastructure projects, for which loans or grants are made, may in some cases not become fully revenue-producing for a period of time coincident with the construction period of the infrastructure projects. Revenue bond or note proceeds may also be utilized, used and applied for the payment of ordinary and necessary expenses in connection with issuance of the revenue bonds or notes, including, but not by way of limitation, a sum equal to any discount in the sale of revenue bonds or notes, if discount bids are authorized and permitted by the authority; administrative expenses, including the preparation of revenue bonds or notes, publication of notices, printing, and other costs; attorneys' fees; and other ordinary and necessary costs of financing, including the payment of fees to fiscal

agents for advice and assistance in the preparation and marketing of revenue bonds or notes.

- (6) Prior to the preparation of definitive revenue bonds or notes, the authority may, under like restrictions, issue interim receipts or temporary bonds, exchangeable for definitive revenue bonds or notes when the revenue bonds or notes shall have been executed, and are available for delivery. The authority may also provide for the replacement of any revenue bonds or notes that shall have become mutilated or shall have been destroyed or lost. Revenue bonds or notes may be issued under the provisions of this chapter directly by the authority without obtaining the consent or acquiescence of any cabinet, division, commission, board, department, or agency of the state other than the Finance and Administration Cabinet, and without any other proceedings or the happening of any other conditions or things except as specifically required by this chapter and the provisions of the resolution or resolutions of the authority authorizing the issuance of the revenue bonds or notes.

**Effective:** July 15, 1994

**History:** Amended 1994 Ky. Acts ch. 373, sec. 10, effective July 15, 1994. -- Amended 1990 Ky. Acts ch. 477, sec. 6, effective July 13, 1990. -- Amended 1988 Ky. Acts ch. 124, sec. 13, effective March 31, 1988. -- Amended 1984 Ky. Acts ch. 216, sec. 15, effective July 13, 1984. -- Created 1972 Ky. Acts ch. 329, sec. 12.