

56.868 Funding notes -- Purposes -- Sale and issuance -- Approval -- Status of notes with respect to the Commonwealth and its political subdivisions.

- (1) The commission may issue and sell funding notes for the purposes of funding judgments against the Commonwealth or any state agency and financing or refinancing obligations owed under KRS 161.550(2) or 161.553(2). Funding notes may be sold and issued in a manner and have terms relating to the payment of interest, principal, and premiums or discounts as market conditions warrant.
- (2) Appropriations requests for payment of principal and interest on funding notes shall be made by the state agency against which a judgment has been rendered or, in the case of financing or refinancing obligations owed under KRS 161.550(2) or 161.553(2), to the Kentucky Teachers' Retirement System. Funding notes, together with interest thereon, shall be repaid from payments received by the commission from the cabinet under a financing agreement.
- (3) Funding notes may be issued for the following purposes:
 - (a) To pay for judgments, which shall include legal settlements, court-ordered actions against the Commonwealth or any state agency, and any part of any expense or cost incidental to legal settlements or court-ordered actions against the Commonwealth or any state agency;
 - (b) To finance or refinance obligations owed under KRS 161.550(2) or 161.553(2); and
 - (c) To refund outstanding issues of funding notes.
- (4) The issuance of funding notes shall be subject to KRS 56.870, to approval by the State Property and Buildings Commission, and to review by the Capital Projects and Bond Oversight Committee pursuant to KRS 45.810.
- (5) The cabinet, in providing for the expenditure of funds for any of the purposes mentioned in this section, may provide by a financing agreement with the state agency so affected for the funding of the Commonwealth's or that state agency's judgment, and the state agency so affected is authorized to enter into a financing agreement with the cabinet for that purpose.
- (6) Funding notes shall not constitute a debt of the Commonwealth or any political subdivision thereof or a pledge of the faith and credit of the Commonwealth or any political subdivision, but the notes shall be payable solely from payments received under the financing agreement relating to the funding notes.

Effective: April 26, 2010

History: Amended 2010 Ky. Acts ch. 172, sec. 2, effective April 26, 2010. -- Created 1997 (1st Extra. Sess.) Ky. Acts ch. 4, sec. 10, effective May 30, 1997.