

**91A.180 Sale or lease of property -- Private improvements of governmentally owned realty under a conveyance and leaseback agreement.**

- (1) The legislative body of any city or urban-county government may sell or lease property, including any interest in real property, of the city or urban-county government which is not needed or has become unsuitable for public use by the city or urban-county government, or which property would be more suitably consistent with the public interest for some other use of a public nature.
- (2) When the legislative body of a city or urban-county government finds that the purposes of one (1) or more of its departments and the public purposes of the Commonwealth would be promoted by the construction of buildings and improvements on land owned by the city or urban-county government, it may authorize the construction of such buildings and improvements by private entrepreneurs with private capital under a conveyance and leaseback agreement authorized by subsection (3) of this section.
- (3) The legislative body of a city or urban-county government may, subsequent to a finding made pursuant to subsection (2) of this section, convey the fee interest in the particular real property to a private individual, corporation or partnership, subject to a written agreement by such private entrepreneur to construct such buildings and improvements on the fee simple holding and then subsequently, after placing a mortgage necessary to fund the capital improvements on the fee interest by the private entrepreneur, reconvey the fee title back to the city or urban-county government. The city or urban-county government shall in turn execute a long term lease on the real property back to the private entrepreneur. Under such conveyances the mortgage shall not constitute a general obligation or debt of the city or urban-county government. The city or urban-county government may, in event of default, redeem the mortgage if it so elects. In such a leaseback arrangement, with suitable rentals, the actual operation of such constructed facilities shall be conducted solely by the entrepreneur or his agent, but the operation will be considered a public purpose and public use of the property. However, the city or urban-county government and the lessee shall agree that, and with adequate insurance, the city or urban-county government shall be held harmless in connection with property loss and general liability for injuries or death suffered on the property. Under the leaseback agreements the facility will not be considered a governmental facility or function of the city or urban-county government.

**Effective:** January 1, 2015

**History:** Amended 2014 Ky. Acts ch. 92, sec. 89, effective January 1, 2015. -- Created 1982 Ky. Acts ch. 96, sec. 1, effective July 15, 1982.