

151.658 Bonding authority and procedures.

- (1) The authority may issue its bonds from time to time for the purpose of paying in whole or in part the cost of acquiring lands and interests therein and of constructing facilities and improvements subject to the limitations and conditions provided in KRS 151.650 to 151.664. Any resolution of the board authorizing the sale of bonds shall be submitted to the state funding board established by Tennessee statute and shall become effective only upon approval by that board. If the board refuses approval, it shall state in writing the reasons for the action.
- (2) Except as otherwise expressly provided in this section, all bonds issued by the authority shall be payable solely out of the revenues and receipts derived from the authority's projects or of any as may be designated in the proceeding of the board under which the bonds are authorized to be issued, including debt obligations of the lessee or contracting party obtained from or in connection with the financing of a project. Notes issued in anticipation of the issuance of bonds may be retired out of the proceeds of the bonds. The bonds may be executed and delivered by the authority at any time and from time to time, may be in the form and denominations and of the terms and maturities, may be in registered or bearer form either as to principal or interest or both, may be payable in the installments and at the time or times not exceeding forty (40) years from the date thereof, may be payable at the place or places whether within or without the state, may bear interest at the rate or rates payable at the time or times and at the place or places and evidenced in the manner, may be executed by the officers of the authority, and may contain the provisions not inconsistent herewith, as shall be provided in the proceedings of the board under which the bonds are authorized to be issued. If deemed advisable by the board, there may be retained in the proceedings under which any bonds of the authority are authorized to be issued an option to redeem all or any part thereof as specified in the proceedings, at the price or prices and after the notice or notices and on the terms and conditions as set forth in the proceedings, and as briefly recited on the face of the bonds, but nothing herein contained shall be construed to confer on the authority any right or option to redeem any bonds except as provided in the proceedings under which they are issued. Any bonds of the authority may be sold at public or private sale in the manner, at the price, and from time to time, as determined by the board to be most advantageous, and the authority may pay all expenses, premiums, and commissions which its board deems necessary or advantageous in connection with the issuance thereof. Issuance by the board of one (1) or more series of bonds for one (1) or more purposes shall not preclude it from issuing other bonds in connection with the same project or any other project, but the proceedings under which any subsequent bonds may be issued shall recognize and protect any prior pledge or mortgage made for any prior issue of bonds. Proceeds of bonds issued by the authority may be used for the purpose of constructing, acquiring, reconstructing, improving, equipping, furnishing, bettering, or extending any project or projects as authorized by KRS 151.650 to 151.664, including the payment of interest on the bonds during construction of any project and for two (2) years after the estimated date of completion, and payment of engineering, fiscal, architectural, and legal expenses incurred in connection with the project and the

issuance of the bonds and the establishment of a reasonable reserve fund for the payment of principal of and interest on the bonds in the event of a deficiency in the revenues and receipts available for the payment.

- (3) Any bonds or notes of the authority at any time outstanding may at any time and from time to time be refunded by the authority by the issuance of its refunding bonds in the amount the board deems necessary, but not exceeding the sum of the following:
 - (a) The principal amount of the obligations being refinanced;
 - (b) Applicable redemption premiums thereon;
 - (c) Unpaid interest on the obligations to the date of delivery or exchange of the refunding bonds.

If the proceeds from the sale of the refunding bonds are to be deposited in trust, interest shall accrue on obligations from the date of delivery to the first or any subsequent available redemption date or dates selected, in its discretion, by the board or to the date or dates of maturity, whichever shall be determined by the board to be most advantageous or necessary to the authority;

- (d) A reasonable reserve for the payment of principal of and interest on the bonds and a renewal and replacement reserve;
 - (e) If the project to be constructed from the proceeds of the obligations being refinanced has not been completed, an amount sufficient to meet the interest charges on the refunding bonds during the construction of the project and for two (2) years after the estimated date of completion, but only to the extent that interest charges have not been capitalized from the proceeds of the obligations being refinanced; and
 - (f) Expenses, premiums, and commissions of the authority, including bond discounts, deemed by the board to be necessary for the issuance of the refunding bonds. A determination by the board that any refinancing is advantageous or necessary to the authority, that any of the amounts provided in the preceding sentence should be included in such refinancing, or that any of the obligations to be refinanced should be called for redemption on the first or any subsequent available redemption date permitted to remain outstanding until their respective dates of maturity, shall be conclusive.
- (4) Any refund may be made whether the obligations to be refunded shall have then matured or shall thereafter mature, either by the exchange of the refunding bonds for the obligations to be refunded thereby with the consent of the holders of the obligations so to be refunded, or by sale of the refunding bonds and the applications of the proceeds thereof to the payment of the obligations to be refunded thereby, and regardless of whether or not the obligations proposed to be refunded shall be payable on the same date or different dates or shall be due serially or otherwise.
- (5) Prior to issuance of the refunding bonds, the board shall cause notice of its intention to issue the refunding bonds, identifying the obligations proposed to be refunded and setting forth the estimated date of delivery of the refunding bonds, to be given to the holders of the refunding bonds, to be given to the holders of the outstanding

obligations by publication of an appropriate notice one (1) time each in a newspaper having general circulation in the area and in a financial newspaper published in New York, New York, and having national circulation. As soon as practicable after the delivery of the refunding bonds, and whether or not any of the obligations to be refunded are to be called for redemption, the board shall cause notice of the issuance of the refunding bonds to be given in the manner provided in the preceding sentence.

- (6) If any of the obligations to be refunded are to be called for redemption, the board shall cause notice of redemption to be given in the manner required by the proceedings authorizing the outstanding obligations.
- (7) The principal proceeds from the sale of any refunding bonds shall be applied only as follows:
 - (a) To the immediate payment and retirement of the obligations being refunded; or
 - (b) To the extent not required for the immediate payment of the obligations being refunded, the proceeds shall be deposited in trust to provide for the payment and retirement of the obligations being refunded, and to pay any expenses incurred in connection with the refunding, but provision may be made for the pledging and disposition of any surplus, including without limitation, provision for the pledging of any surplus to the payment of the principal of and interest on any issue or series of refunding bonds. Money in any trust fund may be invested in direct obligations of, or obligations the principal of and interest on which are guaranteed, by the United States government, or obligations of any agency or instrumentality of the United States government, or in certificates of deposit issued by a bank or trust company located in the State of Kentucky if the certificates shall be secured by a pledge of any obligations having any aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured. Nothing herein shall be construed as a limitation on the duration of any deposit in trust for the retirement of obligations being refunded which shall not have matured and which shall not be presently redeemable or, if presently redeemable, shall not have been called for redemption.
- (8) All bonds, refunding bonds, and the interest coupons applicable thereto shall be construed to be negotiable instruments.
- (9) The principal of and interest on any bonds issued by the authority may be secured by a pledge of the revenues and receipts out of which the same shall be made payable, and may be secured by a mortgage or deed of trust covering all or any part of the projects from which the revenues or receipts so pledged may be derived, including any enlargements of and additions to any projects thereafter made, or by an assignment and pledge of all or any part of the authority's interest in and rights under the leases, sale contracts, or loan agreements relating to the projects, or any thereof. The resolution under which the bonds are authorized to be issued and any mortgage or deed of trust may contain any agreements and provisions respecting the maintenance of the projects covered thereby, the fixing and collection of rents or

payments with respect to any projects or portions thereof covered by the resolution, mortgage, or deed of trust, the creation and maintenance of special funds from the revenues and from proceeds of the bonds, and the rights and remedies available in the event of default, as the board shall deem advisable and not in conflict with the provisions of KRS 151.650 to 151.664. Each pledge, agreement, mortgage, and deed of trust made for the benefit of security of any of the bonds of the authority shall continue effective until the principal of and interest on the bonds for the benefit of which the same were made shall have been fully paid.

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