

82.145 Special fund to repay revenue bonds -- Pledge by city to segregate and protect revenues.

Prior to the issuance of the bonds, provision shall be made by ordinance for the creation of a separate and special fund or account of the city, identified as constituting the source of payment of principal and interest, and by covenant to be continued so long as any of the bonds shall remain outstanding and unpaid. By the provisions of such ordinance the city may pledge and covenant that it will cause to be set aside and deposited in such separate and special fund, from time to time, moneys received from any or all of the following sources, subject to the following conditions and limitations:

- (1) In the event that the contract of inducement with the governmental agency is upon such terms as will cause the governmental project to produce direct revenues in the form of rents, royalties, fees, rates or charges of any character, including any payments to the city in lieu of property taxes, but not property taxes themselves, all or any portion thereof may be so pledged; but it shall not be a condition or requirement in the issuance of revenue bonds that such revenues be anticipated at all, nor that they be sufficient in themselves to provide for the payment of principal and interest when scheduled to become due.
- (2) In the event that the contract of inducement with the governmental agency is upon such terms as in the opinion of the governing body of the city will cause the project to produce no direct revenues, or to produce direct revenues insufficient to give acceptable assurance of payment of principal and interest when scheduled to become due, then:
 - (a) The city may pledge and covenant that it will cause to be deposited in said special fund the revenues which it may derive from any municipally owned and operated water, electric, gas, sewer or other utility systems, or from any combination thereof, to the extent such revenues at the time may be or become surplus to the necessary costs of operating and maintaining such utility system or systems and surplus to any existing contractual commitments of the city to the holder or holders of outstanding revenue bonds payable from such revenues; and
 - (b) If the governing body of the city shall make a legislative finding of fact, as recited in the body of the ordinance authorizing issuance of the bonds, that the governmental project is of such nature as to provide increased revenues to the city by reason of increased employment and resulting increased receipts from occupational license fees or occupational license taxes, then the city may pledge and covenant that it will cause to be deposited in said separate and special fund the receipts which may be definitely identified as accruing from such occupational license fees or taxes by reason of employment in or directly related to the governmental project, less a proportionate part of the costs of collecting such fees or taxes.
- (3) In the case of revenues originating from any of the sources and in the respective manners set forth in the paragraphs (a) and (b) of subsection (2) of this section, the city may covenant and pledge (i) that such revenues, or a stipulated amount thereof, will be set aside and deposited in the special fund

when, as and if received; (ii) that as to any city-owned utility system the rate or schedule of rates prevailing at the time revenue bonds are issued will not be reduced so long as any of the bonds remain outstanding and unpaid, and (iii) in the case of a pledge of revenues of a city-owned utility system or combination of utility systems, that the city will not sell or otherwise dispose thereof without making provision for payment of the revenue bonds from the proceeds of such sale or other disposition, due regard being given to the priority of any previously issued bonds which are payable from such revenues; but a city may not additionally pledge that it will raise or adjust the rate or rates of any utility system, or of any combination of utility systems, or of any occupational license fee or occupational license tax solely for the purpose of assuring revenues from such sources adequate to provide for payment of revenue bonds issued under KRS 82.140 to 82.165.

History: Created 1962 Ky. Acts ch. 178, sec. 5(2).