

175.605 Refunding bonds -- Purposes -- Factors to be taken into account -- Investment of proceeds -- Agreements and leases -- Securing bonds.

- (1) The authority is hereby authorized to provide for the issuance of its turnpike revenue refunding bonds for any combination of the following purposes:
 - (a) The refunding of any bonds then outstanding, whether an entire issue or series, or one or more issues or series, or any portions or parts of any issue or series, which shall have been issued under the provisions of this chapter;
 - (b) For such refunding and for the additional purpose of financing, in whole or in part, improvements, extensions, enlargements or completion of any turnpike project or projects in connection with which the bonds to be refunded shall have been issued;
 - (c) For such refunding and to pay all or any part of the costs of any new or additional turnpike project or projects.
- (2) In determining the principal amount of any such turnpike revenue refunding bonds to be issued for the purpose of refunding any bonds outstanding pursuant to the provisions of this chapter, the authority may take into account the following factors:
 - (a) The principal amount of all outstanding bonds to be redeemed and refunded, as of the established date of redemption thereof;
 - (b) The total amount of any redemption premium incident to redemption of such outstanding bonds to be refunded;
 - (c) The total amount of any interest accrued or to accrue to the date or dates of redemption of such outstanding bonds to be refunded;
 - (d) Any and all costs or expenses incident to such refunding;
 - (e) Such amount, if any, as may be anticipated with certainty to be realized upon the investment of the bond proceeds of turnpike revenue refunding bonds from the date of such refunding bonds to the date or dates of redemption of outstanding bonds to be refunded; and
 - (f) Any amount or amounts which may have been accrued or accumulated as a reserve or reserves with reference to the outstanding bonds to be refunded, and any earnings realized, or anticipated with certainty to be realized therefrom, to the extent that such reserve or reserves may be so applied as provided by the proceedings authorizing the outstanding bonds to be refunded.
- (3) The issuance of such turnpike revenue refunding bonds, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties and obligations of the authority in respect of the same, shall be governed by the provisions of this chapter, insofar as the same may be applicable, and may in harmony therewith be adjusted and modified to conform to the facts and circumstances prevailing in each instance of issuance of such turnpike revenue refunding bonds.
- (4) With reference to the investment of the proceeds of any such turnpike revenue refunding bonds, the authority shall not authorize or anticipate investment earnings exceeding such as are authorized or permitted under prevailing

- federal laws, regulations and administrative rulings relating to arbitrage bonds.
- (5) Pending application of the proceeds of such turnpike revenue refunding bonds (together with any other funds available for application to refunding purposes, if so provided or permitted in the resolution authorizing the issuance of such turnpike revenue refunding bonds, or in the trust indenture securing the same), to the purposes hereinabove authorized and permitted, such refunding bond proceeds and such other available funds, if any, may be invested in direct obligation of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America, or in United States government agency obligations, which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective date or dates when such proceeds, together with the interest accruing thereon, will be required for the refunding purposes intended and authorized; or, in lieu of such investments, all or any part of such refunding bond proceeds may be placed in interest-bearing time deposits, or other similar arrangements may be made with regard thereto which will assure that such refunding bond proceeds, together with the interest accruing thereon, will be available when required for the refunding purposes intended and authorized; provided, however, that such time deposits shall be made in a bank or banks possessing capital and surplus, in each case, of not less than one hundred million dollars (\$100,000,000), or, if any such deposit be made in any bank having a combined capital and surplus of less than said amount, the deposit shall be secured by obligations such as those permitted herein for investment for all amounts in excess of twenty-five percent (25%) of the combined capital and surplus of such bank.
 - (6) In connection with or incident to the issuance of the authority's turnpike revenue refunding bonds for any of the purposes authorized in this section, the authority and the department are authorized to make one or more written agreements or supplemental agreements with regard to any one or more of the matters and things set forth in KRS 175.460, and pursuant thereto the authority and the department are authorized and empowered to enter into one or more leases, or supplemental leases, pursuant thereto; and any such leases or supplemental leases may contain, in substance, any of the provisions set forth in KRS 175.470, with modifications conforming to the provisions of such agreements or supplemental agreements, and with such other provisions not inconsistent with KRS 175.470 as the authority and the department may deem appropriate and desirable. Provided, however, that such agreements may, by their terms provide that any such leases, or supplemental leases, and the rental schedule or schedules with reference thereto, shall be and become effective only upon the redemption of the outstanding bonds for the refunding of which such turnpike revenue refunding bonds are issued.
 - (7) Any such turnpike revenue refunding bonds issued by the authority may be secured, until the date or dates established for the redemption of the outstanding bonds being refunded, solely, as to both principal and interest, by a pledge of and lien upon the obligations acquired by the application of the proceeds of such turnpike revenue refunding bonds, and the income thereon, and in such case shall not be secured by any trust indenture, lease agreement, resolution, or other contractual arrangement securing the outstanding bonds to

be refunded by such turnpike revenue refunding bonds; provided, however, that any authorizing proceedings incident to such turnpike revenue refunding bonds may provide that as of the effective date of such refunding, the refunding bonds shall be substituted for the outstanding bonds being refunded, and shall be secured as to payment of principal and interest identically as in the case of the outstanding bonds being refunded, subject to the provisions, requirements and conditions precedent established by the authority incident to the issuance of the outstanding bonds being refunded.

History: Amended 1974 Ky. Acts ch. 74, Art. IV, sec. 20(1). -- Created 1972 Ky. Acts ch. 371, sec. 1.