

58.150 Revenue bond anticipation notes.

- (1) When the governing body of any county, city, or other municipal corporation, or agency thereof, shall make a determination that, in accordance with the provisions of any section of the statutes authorizing it to issue revenue bonds, assessment bonds, or mortgage bonds to finance any project, it will finance a project by the issuance of bonds, then in anticipation of financing, the governing body may provide for the interim financing of a project by the sale and issuance of revenue bond, assessment bond, or mortgage bond anticipation notes, as the case may be, bearing interest at a rate or rates not exceeding the maximum rate permitted for the issuance of the bonds so anticipated, and payable within a specified period of time only from the proceeds of the bonds, when issued, or from the revenues or income of the project as may be available prior to or at maturity of the notes; provided that the initial term of the notes shall not be in excess of five (5) years from the date of issuance. The term "revenue bond" means bonds, notes, or other obligations for the payment of money issued by the state, any county, municipality, or other public district or authority except a school district, or any corporation or other corporate body acting as an instrumentality of the unit, and payable from a special fund into which some or all of the revenues of a public project have been or will be paid. "Assessment bond" means bonds, notes, or other obligations for the payment of money issued by any one (1) or more of the same issuing authorities payable from a special fund into which assessments levied on properties for benefits conferred have been or will be paid in accordance with law. "Mortgage bond" means revenue bonds which are secured by a mortgage deed of trust. A school district shall not be excluded from these definitions if it is authorized by the Kentucky Board of Education, by general or special authorization, to proceed under the authority of this section or KRS 56.513 through the agency of the appropriate city or county.
- (2) The notes authorized herein shall be sold in the same manner as the bonds in anticipation of which they are issued, except that when the principal amount of the notes does not exceed one million dollars (\$1,000,000) the provisions of KRS 424.360 for advertisement of the notes in a publication having general circulation among bond buyers shall be inapplicable, and the other publications required by this section shall be deemed sufficient.
- (3) Each bond anticipation note may include prepayment provisions which will allow the issuing authority to prepay the note after giving reasonable notice to the holder; shall identify the bond issue from the proceeds of which the note or notes and any interest thereon are to be paid; and shall include a statement that the note is being issued in anticipation of the identified bond issue, and that neither the note, nor the interest, shall constitute or evidence an indebtedness of the issuing authority. Each note and the interest, to the extent not previously paid from other sources, shall be paid from the proceeds of the identified bond issue, when the proceeds have been received and are available; provided, however, that payment from the revenues of the project, for the financing of which the bonds will eventually be issued, shall be permitted, and provision shall be made for payment of that portion of the principal of any note issue which represents the principal of the proposed bonds scheduled to mature on or prior to the maturity of the notes.

- (4) The notes authorized herein may be issued in a principal amount sufficient to include all interest due on the notes at or prior to maturity, if the notes shall be issued for a term of three (3) years or less, and the notes may be sold at a discount representing the interest due to the purchaser during the term.
- (5) When, prior to the maturity of any notes issued under the authority of this section or KRS 56.513, the governing body of the issuing authority shall make a determination that by reason of construction delays, changes in plans, uncertainties in the bond market, or other causes justifying delay in the final offering of the bond issue, the bond issue should not immediately be offered, renewal notes may be issued subject to the same limitations contained in this section or KRS 56.513 relative to the original issue of notes, and the proceeds of the sale of the renewal notes shall be applied to the payment of the principal of the notes originally issued, or any prior issue of renewal notes, or to the payment of interest due or to become due on the notes or renewal notes; provided, however, that the interest, including discount, if any, payable from the proceeds of notes or renewal notes shall not exceed an amount equal to three (3) years' interest from the date of the original notes at the rate per annum established for the original notes.
- (6) Counties, cities, and other municipal corporations, or agencies, in the discretion of the governing body in each case, may, as an alternative to this section and for interim financing purposes, solicit proposals, issue bond anticipation notes, and make commitment agreements in the same manner as provided for the State Property and Buildings Commission by KRS 56.513; provided, however, that in the case of notes issued on behalf of a school district, general or special approval of the Kentucky Board of Education shall be required in substitution for the approval of the State Property and Buildings Commission; and provided further, that the approval of the State Property and Buildings Commission will not be required for any issue of a county, city, or other municipal corporation, or any agency, and references to the commission shall be interpreted to be references to the governing body of the issuing authority.
- (7) Nothing herein shall be deemed to invalidate any bond anticipation notes sold or issued under general statutes prior to the adoption of this section and KRS 56.513.
- (8) Each bond anticipation note issued according to this section or KRS 56.513, and the receipt of interest on the note, shall be exempt from all taxation by the Commonwealth and all of its subdivisions, municipalities, and taxing authorities; and this may be stated as a representation in the text of each bond anticipation note.

Effective: July 15, 1996

History: Amended 1996 Ky. Acts ch. 274, sec. 62, effective July 15, 1996; and ch. 362, sec. 6, effective July 15, 1996. -- Repealed and reenacted 1990 Ky. Acts ch. 476, Pt. V, sec. 290, effective July 13, 1990. -- Amended 1978 Ky. Acts ch. 155, sec. 82, effective June 17, 1978. -- Created 1970 Ky. Acts ch. 152, sec. 2.