

441.635 Leases between authority and local governments authorized -- Contents.

The authority and any local government are authorized and empowered to enter into a lease with respect to any project according to any agreement or agreements made pursuant to KRS 441.630. Any lease may contain, in substance, any of the following provisions and such other provisions not inconsistent herewith as the authority and local government may deem appropriate and desirable:

- (1) That the lease is for the remainder of the fiscal period in which it is dated and executed, and is automatically renewable for the succeeding fiscal period, one (1) at a time, until the final maturity date of the bond issue to which the lease is related, or until the local government notifies the authority in writing within sixty (60) days before the expiration of the lease that the local government will not renew said lease;
- (2) That with respect to the fiscal period in which the lease is dated and executed, the local government shall otherwise be firmly bound only (a) to contribute to the authority such portions, if any, of the cost of the project as the agreement prescribes shall be paid by the local government; and (b) to pay the authority the rental prescribed for such fiscal period;
- (3) That if the local government shall fully perform all such obligations during such initial term of the lease, it shall have an exclusive option to automatically renew the lease at the time and in the manner prescribed for the ensuing fiscal period, effective on the first day thereof; no local government shall be or become in any way obligated to pay the rental stipulated for such fiscal year unless the lease be so automatically renewed; and that the local government shall, upon any such renewal, be firmly bound to pay to the authority the rental stipulated for such fiscal period as a general obligation of the local government to be paid from any funds available to the local government required by law or by previous binding contract to be devoted to some other purpose;
- (4) In like manner and subject to the same conditions and provisions as are set forth in subsection (3) of this section, if the local government shall in the first ensuing fiscal year fully perform its obligations and pay to the authority the rental stipulated for such fiscal period, the local government shall have another exclusive option to automatically renew such lease for another fiscal year, and so on for successive fiscal periods until the final fiscal period for which the lease may be renewed;
- (5) That so long as the lease is renewed from time to time and the local government fully performs all its obligations as lessee, including payment of the rental stipulated in the lease,
 - (a) The revenues of the project shall be collected, segregated, distributed, deposited, secured, disbursed and accounted for in strict conformity with the proceedings and trust indenture of the authority, and the aggregate of such revenues properly accounted for and deposited pursuant to said proceedings and trust indenture shall, to the extent provided in the lease, be a credit against the local government's rental or other obligations for the current fiscal period under the term of the lease, and

- (b) Any revenues collected pursuant to KRS 441.685, or other funds as may be provided and made available to the authority by the Commonwealth or other sources, and set aside pursuant to an agreement, shall be applied as provided in said proceedings and trust indenture and shall, to the extent provided in the lease, be a credit against the local government's rental or other obligations for the then current fiscal period under the lease.

Effective: July 15, 1982

History: Created 1982 Ky. Acts ch. 235, sec. 7, effective July 15, 1982.

2014-2016 Budget Reference. See State/Executive Branch Budget, 2014 Ky. Acts ch. 117, Pt. I, H, 5, c, (2) at 651.