

224A.165 Reserve funds or replacement funds -- Maintaining required level -- Approval of General Assembly required for certain bond or note issuances.

- (1) The authority may, in connection with the issuance of its revenue bonds and notes for the accomplishment of its public purposes pursuant to this chapter, establish in respect of the revenue bonds and notes reserve funds or replacement funds required in the sound discretion of the board of the authority in order to enable the authority to effectuate its proper public purposes, and to issue revenue bonds and notes in the most advantageous manner. If any reserve fund or replacement fund created by the authority in connection with any revenue bond issue or note issue should, in violation of any contract made by the authority with any bond holder or note holder, be monetarily deficient in any respect as of any date of accounting stipulated by the authority, the authority shall immediately make formal request in writing to the secretary of the Finance and Administration Cabinet, and to the Governor of Kentucky, that sums adequate to restore the reserve fund or replacement fund to its contractually required level and to pay any overdue principal and interest on any outstanding revenue bonds and notes of the authority be included in the next succeeding executive budget, and that the budget request be presented to the General Assembly of Kentucky with recommendation for approval by the General Assembly for payment to the authority for the use and benefit of the reserve fund or replacement fund.
- (2) If the provisions of KRS 56.870(3) are determined to apply to a revenue bond or note, and if the proceeds of the bond or note are made available to a governmental agency or private entity, and if the debt is not fully guaranteed by the United States government or secured by a nationally recognized entity authorized to issue guarantees and rated in the highest rating category by at least one (1) of the nationally recognized rating services, the authority shall obtain approval from the General Assembly in accordance with the provisions of KRS 56.870(1) prior to the issuance of the bonds or notes. Notwithstanding the foregoing, no such approval shall be required for the following issues of bonds or notes:
 - (a) Refunding bonds or notes which are issued for the purpose of achieving debt service savings and which do not extend the term of the refunded bonds;
 - (b) Bonds or notes if the aggregate principal amount of the bonds or notes outstanding under any trust indenture or bond resolution does not exceed the sum of five hundred million dollars (\$500,000,000).

The incremental amount of principal debt incurred by issuing refunding bonds or notes which are issued for the purpose of achieving debt service savings and which do not extend the term of the refunded bond or note shall not be subject to the limits defined in paragraph (b).

Effective: June 24, 2003

History: Amended 2003 Ky. Acts ch. 38, sec. 3, effective June 24, 2003. -- Amended 1994 Ky. Acts ch. 53, sec. 5, effective July 15, 1994. -- Amended 1990 Ky. Acts ch. 477, sec. 8, effective July 13, 1990. -- Created 1974 Ky. Acts ch. 336, sec. 6.