

42.454 Membership of Kentucky Coal Fields Endowment Authority -- Terms -- Disclosure of certain ownership interest -- Officers -- Investment options.

- (1) As used in this section:
 - (a) "Authority" means the Kentucky Coal Fields Endowment Authority;
 - (b) "Board" means the chair, vice chair, and secretary-treasurer of the authority;
 - (c) "Chair" means the chair of the Kentucky Coal Fields Endowment Authority;
 - (d) "Commissioner" means the commissioner of the Department for Local Government; and
 - (e) "Eligible counties" means counties of the Commonwealth of Kentucky participating in the local government economic development fund on June 29, 2017, and those that participated on January 1, 2016.
- (2) The authority shall consist of seven (7) persons, who shall be selected as follows:
 - (a) Two (2) persons, appointed by the Governor, from counties located within the Eastern Coal Field;
 - (b) Two (2) persons, appointed by the Governor, from counties located within the Western Coal Field;
 - (c) Two (2) persons, appointed by the Governor, possessing experience and expertise in finance and investment; and
 - (d) The commissioner or the commissioner's proxy.
- (3) Two (2) members initially appointed to the authority shall have a term of one (1) year each, two (2) members initially appointed to the authority shall have a term of two (2) years each, and two (2) members initially appointed to the authority shall have a term of three (3) years each, except that any person appointed to fill a vacancy shall serve only for the remainder of the unexpired term. All subsequent appointments shall be for a term of three (3) years.
- (4) The board members are hereby determined to be officers and agents of the Commonwealth of Kentucky and, as such, shall enjoy the same immunities from suit for the performance of their official acts as do other officers of the Commonwealth of Kentucky.
- (5) If any member or officer of the authority shall be interested in, either directly or indirectly, or shall be an officer of, employee of, or have an ownership interest in any firm or corporation interested directly or indirectly in any project funded by the authority, the interest shall be disclosed clearly in the application and shall be set forth in the minutes of the authority, and the member or officer having an interest therein shall not participate in the application process.
- (6) Any person appointed to the authority shall be eligible for reappointment.
- (7) The members of the authority shall elect biennially from the authority's membership the following offices: chair, vice chair, secretary-treasurer, and any assistant secretaries and assistant treasurers the authority deems necessary. The commissioner shall not be eligible to hold any of these offices.
- (8) A majority of the members of the authority, determined by excluding any existing

vacancies from the total number of members, shall constitute a quorum. A majority vote of the members present at a duly called meeting of the authority shall be required for the purposes of conducting its business and exercising its powers and for all other purposes.

- (9) The authority shall prepare bylaws and procedures applicable to the operation of the authority and submit them to the commissioner to be promulgated as administrative regulations in accordance with KRS Chapter 13A.
- (10) Members of the authority shall be entitled to reimbursement for all necessary expenses in connection with the performance of their duties.
- (11) The authority shall meet twice annually and at other times upon call of the chair or a majority of the board to discuss and vote on funding for projects in eligible counties permitted to receive moneys from the authority under KRS 42.453(2).
- (12) The authority may invest any and all of the assets of the fund in:
 - (a) Obligations and contracts for future delivery of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 1. United States Treasury;
 2. Export-Import Bank of the United States;
 3. Farmers Home Administration;
 4. Government National Mortgage Corporation; and
 5. Merchant Marine bonds;
 - (b) Obligations of any corporation of the United States government or government-sponsored enterprise, including but not limited to:
 1. Federal Home Loan Mortgage Corporation;
 2. Federal Farm Credit Banks:
 - a. Bank for Cooperatives;
 - b. Federal Intermediate Credit Banks; and
 - c. Federal Land Banks;
 3. Federal Home Loan Banks;
 4. Federal National Mortgage Association; and
 5. Tennessee Valley Authority obligations;
 - (c) Collateralized or uncollateralized certificates of deposit, issued by banks rated in one (1) of the three (3) highest categories by a nationally recognized statistical rating organization or other interest-bearing accounts in depository institutions chartered by this state or by the United States, except for shares in mutual savings banks;
 - (d) Bankers acceptances for banks rated in the highest short-term category by a nationally recognized statistical rating organization;
 - (e) Commercial paper rated in the highest short-term category by a nationally recognized statistical rating organization;

- (f) Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one (1) of the three (3) highest long-term categories by a nationally recognized statistical rating organization;
- (g) United States denominated corporate, Yankee, and Eurodollar securities, excluding corporate stocks, issued by foreign and domestic issuers, including sovereign and supranational governments, rated in one (1) of the three (3) highest long-term categories by a nationally recognized statistical rating organization;
- (h) Asset-backed securities rated in the highest category by a nationally recognized statistical rating organization;
- (i) Shares of mutual funds, each of which shall have the following characteristics:
 - 1. The mutual fund shall be an open-end diversified investment company registered under Federal Investment Company Act of 1940, as amended;
 - 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 - 3. The mutual fund shall be rated in the highest category by a nationally recognized statistical rating organization; and
- (j) State and local delinquent property tax claims which upon purchase shall become certificates of delinquency secured by interests in real property not to exceed twenty-five million dollars (\$25,000,000) in the aggregate. For any certificates of delinquency that have been exonerated pursuant to KRS 132.220(5), the Department of Revenue shall offset the loss suffered by the Finance and Administration Cabinet against subsequent local distributions to the affected taxing districts as shown on the certificate of delinquency.

Effective: June 29, 2017

History: Created 2017 Ky. Acts ch. 164, sec. 2, effective June 29, 2017.

2020-2022 Budget Reference. See State/Executive Branch Budget, 2020 Ky. Acts ch. 92, Pt. I, A, 12, (1) at 856.

2020-2022 Budget Reference. See State/Executive Branch Budget, 2020 Ky. Acts ch. 92, Pt. I, A, 12, (2) at 856.

2020-2022 Budget Reference. See State/Executive Branch Budget, 2020 Ky. Acts ch. 92, Pt. I, A, 12, (4) at 856.