

**56.867 Project notes -- Sale and issuance -- Purposes -- Approval -- Status of notes with respect to the Commonwealth and its political subdivisions.**

- (1) The commission may issue and sell project notes for authorized projects upon request by the cabinet. Project notes may be sold and issued in a manner and have terms relating to the payment of interest, principal, and premiums or discounts as market conditions warrant.
- (2) Appropriations requests for payments under the financing agreements on project notes shall be made by the state agency requesting an authorized project unless the payments are to be payable from funds not subject to appropriation. Project notes, together with interest thereon, shall be repaid from payments received by the commission from the cabinet under a financing agreement. The cabinet shall enter into financing agreements with the commission for the issuance of project notes. State agencies requesting funding for an authorized project shall enter into an agreement with the cabinet for the issuance of project notes by the commission for that state agency. Agreements authorized by this section shall be either financing agreements, or alternative agreements which specify that any payments shall be made from funds that are not subject to appropriation by the General Assembly.
- (3) Project notes may be issued for the following purposes:
  - (a) To pay any or all the costs of an authorized project for any state agency; and
  - (b) To refund outstanding project notes or other obligations of any state agency.
- (4) Project notes shall have a maximum maturity not to exceed one hundred twenty percent (120%) of the expected useful economic life of the project as estimated by the commission, and if more than one (1) project is being financed by the project notes, then the weighted average of the expected useful economic lives shall be used.
- (5) The issuance of project notes shall be subject to KRS 56.870, to approval by the State Property and Buildings Commission, and to review by the Capital Projects and Bond Oversight Committee pursuant to KRS 45.810.
- (6) Project notes may be refunded, in whole or in part, from the proceeds of bonds or other obligations issued by any state agency authorized to issue bonds or other obligations.
- (7) Project notes shall not constitute a debt of the Commonwealth or any political subdivision thereof or a pledge of the faith and credit of the Commonwealth or any political subdivision.

**Effective:** May 30, 1997

**History:** Created 1997 (1st Extra. Sess.) Ky. Acts ch. 4, sec. 9, effective May 30, 1997.