

76.259 Financing methods temporarily inadequate, procedure -- Contracts.

- (1) If the district finds as a fact that the methods of financing sewer facilities within a construction subdistrict provided for in KRS 76.005 to 76.295 will be inadequate, uneconomic, or unduly burdensome to the residents to be initially served, the district may contract with one or more persons to construct or cause to be constructed a sewer system within the construction subdistrict or to advance or loan money to the district for the construction of a sewer system within the construction subdistrict. The sewer system constructed must either be conveyed to the district, acting for the construction subdistrict, and be a subdistrict facility, or provisions for the eventual conveyance of the system to the district, acting for the subdistrict, must be included in the contract. When the district finds that one or more financing methods for construction subdistricts established by KRS 76.005 to 76.295, excluding this section, have become feasible, the district may adopt such method or methods to raise the money to pay for the construction of sewer facilities within the construction subdistrict or to pay the loan.
- (2) The contract may be made prior to the making of an order establishing the construction subdistrict. The contract may require that one (1) or more persons agree to buy construction subdistrict bonds to be issued pursuant to KRS 76.254 in an amount specified, which shall be sufficient to finance the construction of the sewer system. The maximum price and yield of the bonds shall be stated in the contract. Such contract shall not prevent the district from selling the bonds to a lower bidder.
- (3) All contracts made pursuant to this section shall be in writing and shall contain a covenant that this section shall prevail over any contrary feature of the contract.
- (4) The General Assembly declares that the public policy of the Commonwealth will not be offended merely because a contract or loan made pursuant to this section is privately negotiated or because it is made without competitive bidding.
- (5) Bonds sold to one (1) or more contracting parties pursuant to subsection (2) shall be indorsed to disclose the nature of the sale. Such bonds, no matter who the holder or owner, shall never be eligible to have any payment made on their account pursuant to subsection (6) of KRS 76.262.

Effective: July 15, 1980

History: Amended 1980 Ky. Acts ch. 188, sec. 59, effective July 15, 1980. -- Amended 1968 Ky. Acts ch. 156, sec. 8. -- Created 1964 Ky. Acts ch. 33, sec. 37.