

164A.608 Interception of appropriated funds when institution is unable to make bond payments -- Action by governing board to generate additional revenues.

If the governing board is unable to pay the required principal and interest payments due on agency bonds issued by the postsecondary institution from system revenues or from other available agency revenues and the governing board fails to transmit to the paying agent bank or trustee the debt service and administrative payments when due as required by the bond issuance resolution, the paying agent bank or trustee shall notify the secretary of the Finance and Administration Cabinet in writing and request that the cabinet withhold or intercept from the governing board a sufficient portion of any appropriated state funds not yet disbursed to the institution to satisfy the required payment on the bonds. If the secretary determines that the institution is in risk of defaulting on the payment of the bonds or has defaulted, the secretary shall notify the governing board and within five (5) days remit payment to the paying agent bank or trustee such funds as are required from the appropriation to the institution. Thereafter, the governing board shall, to the extent it is otherwise legally permitted, take action within sixty (60) days to adopt a resolution to generate additional revenues, such as increasing the minimum rents, tolls, fees, and other charges, in order to positively adjust remittances to the funds accounts. Nothing in this section shall be construed to create any obligation on the part of the Commonwealth to make any payment on behalf of the defaulting institution other than from funds previously appropriated to the governing board of that institution.

Effective: July 13, 2004

History: Created 2004 Ky. Acts ch. 111, sec. 10, effective July 13, 2004.