

220.587 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 220.553 to 220.613 will be inadequate, uneconomic, or unduly burdensome to the residents to be initially served, the district may contract with one (1) 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 will be the property of the construction subdistrict and will be a construction subdistrict facility. When the district finds that one (1) or more financing methods for construction subdistricts established by KRS 220.553 to 220.613, 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 220.577 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 endorsed 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 KRS 220.593(6).

Effective: June 17, 1978

History: Amended 1978 Ky. Acts ch. 384, sec. 81, effective June 17, 1978. -- Created 1966 Ky. Acts ch. 92, sec. 18.