

1 AN ACT relating to transportation improvement districts.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
4 READ AS FOLLOWS:

5 *As used in Sections 1 to 20 of this Act:*

6 *(1) "Transportation improvement district" or "district" means a transportation*
7 *improvement district established pursuant to Section 2 of this Act;*

8 *(2) "Governmental agency" means a department, division, or other unit of state*
9 *government; a county, city, municipal corporation or other political subdivision;*
10 *a regional transit authority or regional transit commission created under KRS*
11 *Chapter 96A; a port authority created under KRS 65.510 to 65.650; and the*
12 *United States or any agency thereof;*

13 *(3) "Project" means*

14 *(a) A highway or parking facility;*

15 *(b) Freight rail tracks and necessarily related freight rail facilities; or*

16 *(c) Other transportation projects constructed or improved under Sections 1 to*
17 *20 of this Act and includes all bridges, tunnels, overpasses, underpasses,*
18 *interchanges, or approaches that are determined by the district to be*
19 *necessary for the safe merging of traffic between the project and those*
20 *highways;*

21 *(d) Service facilities, and administration, storage, and other buildings, property,*
22 *and facilities, that the district considers necessary for the operation of the*
23 *project; and*

24 *(e) All property and rights that must be acquired by the district for the*
25 *construction, maintenance, or operation of the project;*

26 *(4) "Cost" as applied to the construction of a project, includes:*

27 *(a) The cost of construction, including bridges over or under existing highways*

- 1 and railroads;
- 2 (b) Acquisition of all property acquired by the district for such construction;
- 3 (c) Demolishing or removing any buildings or structures on acquired land,
4 including the cost of acquiring any lands to which buildings or structures
5 may be moved, site clearance, improvement, and preparation;
- 6 (d) Diverting highways, interchanges with highways, and access roads to
7 private property, including the cost of necessary land or easements;
- 8 (e) All machinery, furnishings, and equipment, communications facilities,
9 financing expenses, and interest prior to and during construction and for
10 one (1) year after completion of construction;
- 11 (f) Traffic estimates, indemnity and surety bonds and premiums on insurance,
12 and guarantees, engineering, feasibility studies, and legal expenses, plans,
13 specifications, surveys, estimates of cost and revenues, and other expenses
14 necessary or incidental to determining the feasibility or practicability of
15 constructing a project;
- 16 (g) Other expense as may be necessary or incident to the construction of the
17 project and the financing of such construction; and
- 18 (h) Any obligation or expense incurred by any governmental agency or person
19 for surveys, borings, preparation of plans and specifications, and other
20 engineering services, or any other cost described in this subsection, in
21 connection with the construction of a project, which may be regarded as
22 part of the cost of the project and reimbursed from revenues, taxes, or the
23 proceeds of bonds as authorized by Sections 1 to 20 of this Act;
- 24 (5) "Owner" includes any person having any title or interest in any property
25 authorized to be acquired by a district under Sections 1 to 20 of this Act;
- 26 (6) "Revenues" means:
- 27 (a) All moneys received by a district with respect to the lease, sublease, or sale,

- 1 including installment sale, conditional sale, or sale under a lease-purchase
2 agreement, of a project;
- 3 (b) All moneys received by a district under an agreement pursuant to Section
4 20 of this Act;
- 5 (c) Any gift or grant received with respect to a project;
- 6 (d) Special assessments imposed by the district under Section 5 of this Act; and
7 (e) Proceeds of bonds to the extent the use thereof for payment of principal or
8 of premium, if any, or interest on the bonds is authorized by the district,
9 proceeds from any insurance, condemnation, or guaranty pertaining to a
10 project or property mortgaged to secure bonds or pertaining to the
11 financing of a project, and income and profit from the investment of the
12 proceeds of bonds or of any revenues;
- 13 (7) "Highway" has the same meaning as in KRS 189.010;
- 14 (8) "Financing expenses" means all costs and expenses relating to the authorization,
15 issuance, sale, delivery, authentication, deposit, custody, clearing, registration,
16 transfer, exchange, fractionalization, replacement, payment, and servicing of
17 bonds, including without limitation costs and expenses for or relating to
18 publication and printing, postage, delivery, preliminary and final official
19 statements, offering circulars, and informational statements, travel and
20 transportation, underwriters, placement agents, investment bankers, paying
21 agents, registrars, authenticating agents, remarketing agents, custodians,
22 clearing agencies or corporations, securities depositories, financial advisory
23 services, certifications, audits, federal or state regulatory agencies, accounting
24 and computation services, legal services and obtaining approving legal opinions
25 and other legal opinions, credit ratings, redemption premiums, and credit
26 enhancement facilities;
- 27 (9) "Bond proceedings" means the resolutions, trust agreements, certifications,

1 notices, sale proceedings, leases, lease-purchase agreements, assignments, credit
2 enhancement facility agreements, and other agreements, instruments, and
3 documents, as amended and supplemented, or any one (1) or more of a
4 combination thereof, authorizing, or authorizing or providing for the terms and
5 conditions applicable to, or providing for the security or sale or award or liquidity
6 of, bonds, and includes the provisions set forth or incorporated in those bonds
7 and bond proceedings;

8 (10) "Bond service charges" means principal, including any mandatory sinking fund
9 or mandatory redemption requirements for retirement of bonds, and interest and
10 any redemption premium payable on bonds, as those payments come due and are
11 payable to the bondholder or to a person making payment under a credit
12 enhancement facility of those bond service charges to a bondholder;

13 (11) "Bond service fund" means the applicable fund created by the bond proceedings
14 for and pledged to the payment of bond service charges on bonds provided for by
15 those proceedings, including all moneys and investments, and earnings from
16 investments, credited and to be credited to that fund as provided in the bond
17 proceedings;

18 (12) "Bonds" means bonds, notes, including notes anticipating bonds or other notes,
19 commercial paper, certificates of participation, or other evidences of obligation,
20 including any interest coupons pertaining thereto, issued pursuant to Sections 1
21 to 20 of this Act;

22 (13) "Net revenues" means revenues lawfully available to pay both current operating
23 expenses of a district and bond service charges in any fiscal year or other
24 specified period, less current operating expenses of the district and any amount
25 necessary to maintain a working capital reserve for that period;

26 (14) "Pledged revenues" means net revenues, moneys and investments, and earnings
27 on those investments, in the applicable bond service fund and any other special

1 funds, and the proceeds of any bonds issued for the purpose of refunding prior
2 bonds, all as lawfully available and by resolution of the district committed for
3 application as pledged revenues to the payment of bond service charges on
4 particular issues of bonds;

5 (15) "Special funds" means the applicable bond service fund and any accounts and
6 subaccounts in that fund, any other funds or accounts permitted by and
7 established under, and identified as a special fund or special account in, the bond
8 proceedings, including any special fund or account established for purposes of
9 rebate or other requirements under federal income tax laws;

10 (16) "Credit enhancement facilities" means letters of credit, lines of credit, standby,
11 contingent, or firm securities purchase agreements, insurance, or surety
12 arrangements, guarantees, and other arrangements that provide for direct or
13 contingent payment of bond service charges, for security or additional security in
14 the event of nonpayment or default in respect of bonds, or for making payment of
15 bond service charges and at the option and on demand of bondholders or at the
16 option of the district or upon certain conditions occurring under put or similar
17 arrangements, or for otherwise supporting the credit or liquidity of the bonds,
18 and includes credit, reimbursement, marketing, remarketing, indexing, carrying,
19 interest rate hedge, and subrogation agreements, and other agreements and
20 arrangements for payment and reimbursement of the person providing the credit
21 enhancement facility and the security for that payment and reimbursement;

22 (17) "Refund" means to fund and retire outstanding bonds, including advance
23 refunding with or without payment or redemption prior to stated maturity;

24 (18) "Property" includes interests in property;

25 (19) "Administrative agent" means a bank, trust company, or other person which has
26 responsibility for authenticating, delivering, or redeeming commercial paper on
27 behalf of the issuer;

1 (20) "Agent" means, as applicable, one (1) or more of the persons who are
2 administrative agents, indexing agents, remarketing agents, or other persons
3 having responsibility for performing functions with respect to floating rate
4 interest structures or put arrangements;

5 (21) "Commercial paper" means bonds with one (1) or more maturities of three
6 hundred sixty-five (365) days or less which, under the bond proceedings, are
7 expected to be funded by the issuance of additional bonds with maturities of three
8 hundred sixty-five days (365) or less, whether or not ultimately to be funded with
9 long term bonds;

10 (22) "Floating rate interest structure" means provisions in the bond proceedings
11 whereby the interest rate or rates payable on the bonds, or upon successive series
12 of commercial paper, vary from time-to-time pursuant to or in relation to an
13 index provided by an indexing agent or otherwise established, a formula, base,
14 publicly announced rate, yields on other obligations, determinations of an agent,
15 or any one (1) or combination of the foregoing, with or without approval or
16 consent of the absolute obligor or issuer as provided in the bond proceedings;

17 (23) "Indexing agent" means a person with responsibility for establishing, adjusting,
18 and maintaining an index of interest rates or yields for purposes of a floating rate
19 interest structure;

20 (24) "Interest rate hedge" means any arrangement:

21 (a) By which either:

22 1. The different interest costs or receipts at, between, or among fixed or
23 floating interest rates, including at different floating interest rates, are
24 exchanged on stated amounts of bonds or investments, or on notional
25 amounts; or

26 2. A party will pay interest costs in excess of an agreed limitation; and

27 (b) Which also may include a requirement for the issuer to issue bonds at a

1 future date. This requirement shall be deemed to be part of the bond
2 proceedings at the time the interest rate hedge is entered into. Issuance of
3 bonds at a future date shall not require further legislative action, but shall
4 be a ministerial act;

5 (25) "Interest rate period" means that period of time during which an interest rate or
6 rates established under a floating rate interest structure will pertain, which
7 periods may be altered or become fixed pursuant to the bond proceedings upon
8 stated occurrences or upon determination of the absolute obligor or issuer;

9 (26) "Put arrangement" means provisions in the bond proceedings under which
10 holders of the applicable bonds may exercise an option, or are required, to
11 surrender the bonds or their ownership for an amount of payment previously
12 established in or pursuant to the bond proceedings, at times, which may, but need
13 not be, consistent with the ends of interest rate periods and which may be altered
14 with or without the approval or consent, or upon the direction of, the absolute
15 obligor or the issuer, as provided for in the bond proceedings;

16 (27) "Remarketing agent" means the person having responsibility for marketing or
17 remarketing commercial paper or bonds with put arrangements, which may
18 include responsibility for making recommendations or determinations as to prices
19 or interest rates;

20 (28) "Outstanding" as applied to bonds, means outstanding in accordance with the
21 terms of the bonds and the applicable bond proceedings; and

22 (29) "Interstate system" means that portion of the interstate highway system, or the
23 national highway system, located within the Commonwealth.

24 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
25 READ AS FOLLOWS:

26 (1) A transportation improvement district may be created by the legislative body of a
27 county, or by a group of up to three (3) contiguous counties. A transportation

1 improvement district shall be governed by a board of trustees appointed as
2 outlined in either subsection (3), (4), or (5) of this section

3 (2) A transportation improvement district shall be considered:

4 (a) A body both corporate and politic, and the exercise by it of the powers
5 conferred by Sections 1 to 20 of this Act in the financing, construction,
6 maintenance, repair, and operation of a project are and shall be held to be
7 essential governmental functions; and

8 (b) A special purpose governmental entity as defined in KRS 65A.010 and
9 subject to the requirements and limitations in KRS Chapter 65A.

10 (3) A transportation improvement district established by a single county shall be
11 governed by a board of trustees consisting of the following members:

12 (a) Five (5) voting members appointed by the legislative body of the county;

13 (b) One (1) nonvoting member appointed by the legislative body of the largest
14 city in the county; and

15 (c) One (1) nonvoting member appointed by the regional planning commission
16 for the county.

17 All members appointed under this subsection shall be residents of the county
18 establishing the district. Two (2) of the voting members shall be members of a
19 chamber of commerce in the county.

20 (4) A transportation improvement district established by two (2) counties shall be
21 governed by a board of trustees consisting of the following members:

22 (a) Six (6) voting members, three (3) of whom shall be appointed by the
23 legislative body of each county;

24 (b) One (1) voting member appointed by the board of trustees of the district;

25 (c) Two (2) nonvoting members, one (1) of whom shall be appointed by the
26 legislative body of the largest city in each county; and

27 (d) One (1) nonvoting member appointed by the regional planning commission

1 for the counties making up the district.

2 All members appointed under this subsection shall be residents of one (1) of the
3 counties establishing the district. One (1) of the voting members appointed by
4 each county shall be members of a chamber of commerce located within that
5 county.

6 (5) A transportation improvement district established by three (3) counties shall be
7 governed by a board of trustees consisting of the following members:

8 (a) Nine (9) voting members, three (3) of whom shall be appointed by the
9 legislative body of each county;

10 (b) Three (3) nonvoting members, one (1) of whom shall be appointed by the
11 legislative body of the largest city in each county; and

12 (c) One (1) nonvoting member appointed by the regional planning commission
13 for the counties making up the district.

14 All members appointed under this subsection shall be residents of one (1) of the
15 counties establishing the district. One (1) of the voting members appointed by
16 each county shall be members of a chamber of commerce located within that
17 county.

18 (6) Except for initial appointments by the legislative bodies of counties, each
19 appointed member of the board shall hold office for a term of four (4) years but
20 be subject to removal at the pleasure of the authority that appointed the member.

21 Initial appointments to the board by the legislative body of a county shall be
22 staggered so that no more than two (2) terms expire in any one (1) year. Except as
23 otherwise provided in this section, any vacancy on the board shall be filled in the
24 same manner as the original appointment.

25 (7) The voting members of the board shall elect from the entire board membership a
26 chairperson, vice-chairperson, and secretary-treasurer. A majority of the
27 statutory number of voting members of the board constitutes a quorum, the

1 affirmative vote of which is necessary for any action of the district. A vacancy in
2 the membership of the board shall not impair the right of a quorum to exercise
3 all the rights and perform all duties of the district.

4 (8) Members of the board shall serve without pay, but shall be reimbursed for
5 reasonable expenses from the district's budget.

6 (8) A county, or a city that is part of the district, may make appropriations from
7 moneys available to them and not otherwise appropriated, to pay costs incurred
8 by the district in the exercise of its functions under Sections 1 to 20 of this Act.

9 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
10 READ AS FOLLOWS:

11 A transportation improvement district may:

12 (1) Adopt bylaws for the regulation of its affairs and the conduct of its business;

13 (2) Adopt an official seal;

14 (3) Sue and be sued in its own name, plead and be impleaded, provided any actions
15 against the district shall be brought in the court of common pleas of the county in
16 which the principal office of the district is located, or in the court of common
17 pleas of the county in which the cause of action arose, and all summonses,
18 exceptions, and notices of every kind shall be served on the district by leaving a
19 copy thereof at its principal office with the secretary-treasurer;

20 (4) Purchase, construct, maintain, repair, sell, exchange, police, operate, or lease
21 projects;

22 (5) Issue transportation improvement district revenue bonds for the purpose of
23 providing funds to pay the costs of any project or part thereof;

24 (6) Maintain such funds as it considers necessary;

25 (7) Direct its agents or employees, when properly identified in writing and after at
26 least five (5) days' written notice, to enter upon lands within its jurisdiction to
27 make surveys and examinations preliminary to the location and construction of

1 projects for the district, without liability of the district or its agents or employees
2 except for actual damage done;

3 (8) Make and enter into all contracts and agreements necessary or incidental to the
4 performance of its functions and the execution of its powers under Sections 1 to
5 20 of this Act;

6 (9) Employ, retain, or contract for the services of consulting engineers,
7 superintendents, managers, and such other engineers, construction and
8 accounting experts, financial advisers, trustees, marketing, remarketing, and
9 administrative agents, attorneys, and other employees, independent contractors,
10 or agents as are necessary in its judgment and fix their compensation, provided
11 all such expenses shall be payable solely from the proceeds of bonds or from
12 revenues;

13 (10) Receive and accept from the federal or any state or local government, including
14 but not limited to any agency, entity, or instrumentality of any of the foregoing,
15 loans and grants for or in aid of the construction, maintenance, or repair of any
16 project, and receive and accept aid or contributions from any source or person of
17 money, property, labor, or other things of value, to be held, used, and applied
18 only for the purposes for which such loans, grants, and contributions are made.
19 Nothing in this subsection shall be construed as imposing any liability on this
20 state for any loan received by a transportation improvement district from a third
21 party unless this state has entered into an agreement to accept such liability;

22 (11) Acquire, hold, and dispose of property in the exercise of its powers and the
23 performance of its duties under Sections 1 to 20 of this Act;

24 (12) Impose and collect assessments as outlined in Sections 5 and 6 of this Act; and

25 (13) Do all acts necessary and proper to carry out the powers expressly granted in
26 Sections 1 to 20 of this Act.

27 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO

1 READ AS FOLLOWS:

- 2 (1) The board of trustees of a transportation improvement district may provide for
3 the construction, reconstruction, improvement, alteration, or repair of any road,
4 highway, public place, building, or other infrastructure and levy special
5 assessments in accordance with Section 5 of this Act, if the board determines that
6 the public improvement will benefit the area where it will be constructed,
7 reconstructed, improved, altered, or repaired.
- 8 (2) Contracts for the improvements made under this section may provide that the
9 improvement may be owned by the district, or by the person or corporation
10 supplying it to the district under a lease.
- 11 (3) If the board of trustees of a district proposes an improvement described in
12 subsection (1) of this section, the board shall conduct a hearing on the proposed
13 improvement. The board shall indicate the area by metes and bounds in which
14 the public improvement will be made and the area that will benefit from the
15 improvement.
- 16 (4) (a) The board of trustees shall fix a day for a hearing on the proposed
17 improvement. The secretary-treasurer of the board shall deliver, to each
18 owner of a parcel of land or a lot that the board identifies as benefiting
19 from the proposed improvement, a notice that sets forth the substance of the
20 proposed improvement and the time and place of the hearing on it.
- 21 (b) At least fifteen (15) days before the date set for the hearing, a copy of the
22 notice shall be served upon the owner or left at the owner's usual place of
23 residence, or, if the owner is a corporation, upon an officer or agent of the
24 corporation.
- 25 (c) On or before the day of the hearing, the person serving notice of the
26 hearing shall make return thereon, under oath, of the time and manner of
27 service, and shall file the notice with the secretary-treasurer of the board.

- 1 (d) At least fifteen (15) days before the day set for the hearing on the proposed
2 improvement, the secretary-treasurer shall give notice to each nonresident
3 owner of a lot or parcel of land in the area to be benefited by the
4 improvement, by publication once in a newspaper of general circulation in
5 any counties in which this area is located. The publication of the notice
6 shall be verified by affidavit of the printer or other person having
7 knowledge of the publication and shall be filed with the secretary-treasurer
8 of the district on or before the date of the hearing.
- 9 (5) (a) At the time and place specified in the notice for a hearing on the proposed
10 improvement, the board of trustees of the district shall meet and hear any
11 and all testimony provided by any of the parties affected by the proposed
12 improvement and by any other persons competent to testify.
- 13 (b) The board or its representatives shall inspect, by an actual viewing, the area
14 to be benefited by the proposed improvement. The board shall determine the
15 necessity of the proposed improvement and may find that the proposed
16 improvement will result in general as well as special benefits.
- 17 (6) (a) The board may award contracts or enter into a lease agreement for the
18 construction, reconstruction, improvement, alteration, or repair of any
19 improvement described in subsection (1) of this section and may issue notes,
20 bonds, revenue anticipatory instruments, or other obligations, as authorized
21 by Sections 1 to 20 of this Act, to finance the improvements.
- 22 (b) If the board finds that the improvement will result in general or special
23 benefits to the benefited area, it may levy special assessments in accordance
24 with Section 5 of this Act against the lots and parcels of land in the area to
25 be benefited by the improvement. Assessments levied under this section
26 shall be placed into a fund from which all or a part of the costs and
27 expenses of providing for the construction, reconstruction, improvement,

1 alteration, or repair of any improvement described in this section may be
2 paid. A special assessment shall not be levied more than one (1) time on the
3 same lot or parcel of land.

4 (c) Costs and expenses may also be paid from the treasury of the district or
5 from other available sources in amounts the board finds appropriate.

6 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
7 READ AS FOLLOWS:

8 (1) The board may levy special assessments at an amount not to exceed ten percent
9 (10%) of the assessable value of the lot or parcel of land being assessed. The
10 board shall determine the assessable value of a lot or parcel of land in the
11 following manner:

12 (a) The board shall first determine the fair market value of the lot or parcel
13 being assessed in the calendar year in which the area to be benefited by the
14 public improvement is first designated, then multiply this amount by the
15 average rate of appreciation in value of the lot or parcel since that calendar
16 year;

17 (b) The assessable value of the lot or parcel is the current fair market value of
18 the lot or parcel minus the amount calculated under paragraph (a) of this
19 subsection; and

20 (c) The board may adjust the assessable value of a lot or parcel of land to
21 reflect a sale of the lot or parcel that indicates an appreciation in its value
22 that exceeds its average rate of appreciation in value.

23 (2) Special assessments levied by the board may be:

24 (a) Paid in full in a lump sum; or

25 (b) Collected in equal semiannual installments, equal in number to:

26 1. Twice the number of years for which the lease of the improvement is
27 made; or

1 2. Twice the number of years that the note, bond, instrument, or
2 obligation that the assessments are pledged to pay requires.

3 (3) Assessments shall be paid and collected in the same manner and at the same time
4 as real property taxes are paid and collected, and assessments in the amount of
5 fifty dollars (\$50) or less shall be paid in full, and not in installments, at the time
6 the first or next installment would otherwise become due and payable.

7 (4) Complaints regarding assessments may be made to the property valuation
8 administrator in the same manner as complaints relating to the valuation and
9 assessment of real property.

10 (5) Credits against assessments shall be granted equal to the value of any
11 construction, reconstruction, improvement, alteration, or repair that an owner of
12 a parcel of land or lot makes to an improvement pursuant to an agreement
13 between the owner and the district.

14 (6) After the levy of a special assessment, the board, at any time during any year in
15 which an installment of the assessment becomes due, may pay out of other
16 available funds of the district, including any state or federal funds available to
17 the district, the full amount of the price of the contract that the special
18 assessments are pledged to pay for that year or any other portion of the
19 remaining obligation. The board shall be the sole determiner of the definition,
20 extent, and allocation of the benefit resulting from an improvement that the
21 board authorizes under this section.

22 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
23 READ AS FOLLOWS:

24 (1) The board shall certify to the appropriate property valuation administrator the
25 boundaries of the area that is benefited by any public improvement the board
26 authorizes under this section and, when the board so requests, the property
27 valuation administrator shall apportion the valuation of any lot or parcel of land

1 lying partly within and partly outside the area so benefited.

2 (2) The board by resolution shall assess against the lots and parcels of land located
3 in the area that is benefited by a public improvement such portion of the costs of
4 completing the public improvement as the board determines, for the period that
5 may be necessary to pay the note, bond, instrument, or obligation issued to pay
6 for the improvement and the proceedings in relation to it, and shall certify these
7 costs to the appropriate property valuation administrator .

8 (3) Except for assessments that have been paid in full in a lump sum, the property
9 valuation administrator shall annually place upon the tax duplicate, for
10 collection in semiannual installments, the two (2) installments of the assessment
11 for that year, which shall be paid and collected at the same time and in the same
12 manner as real property taxes. The collected assessments shall be paid to the
13 treasury of the district and the board of the district shall use the assessments for
14 any purpose authorized by Sections 1 to 20 of this Act.

15 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
16 READ AS FOLLOWS:

17 (1) A transportation improvement district may acquire by purchase, lease, lease-
18 purchase, lease with option to purchase, appropriation, or otherwise and in such
19 manner and for such consideration as it considers proper, any public or private
20 property necessary, convenient, or proper for the construction, maintenance,
21 repair, or operation of a project. The district may pledge net revenues, to the
22 extent permitted by Sections 1 to 20 of this Act with respect to bonds, to secure
23 payments to be paid by the district under such a lease, lease-purchase agreement,
24 or lease with option to purchase. Title to real and personal property shall be held
25 in the name of the district. In any proceedings for appropriation under this
26 section, the procedure to be followed shall be in accordance with that provided in
27 KRS 416.540 to 416.670. Except as otherwise agreed to by the owner, full

1 compensation shall be paid for public property so taken.

2 (2) This section does not authorize a district to take or disturb property or facilities
 3 belonging to any public utility or to a common carrier engaged in interstate
 4 commerce, when the property or facilities are required for the proper and
 5 convenient operation of the public utility or common carrier, unless provision is
 6 made for the restoration, relocation, replication, or duplication of the property or
 7 facilities elsewhere at the sole cost of the district.

8 (3) Except as otherwise provided in Sections 1 to 20 of this Act, disposition of real
 9 property shall be by sale, lease-purchase agreement, lease with option to
 10 purchase, or otherwise in such manner and for such consideration as the district
 11 determines if to a governmental agency, and otherwise in the manner provided in
 12 this section. Disposition of personal property shall be in such manner and for
 13 such consideration as the district determines.

14 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
 15 READ AS FOLLOWS:

16 The board of trustees of a district may:

17 (1) Acquire, by any method other than condemnation, real property in fee simple in
 18 the name of the district in connection with, but in excess of that needed for, a
 19 project;

20 (2) Hold the property for such period of time as the board determines; and

21 (3) Sell at public auction or otherwise, all right, title, and interest of the district in the
 22 property, as the board considers in the best interests of the district; but in no
 23 event shall the property be sold for less than two-thirds (2/3) of its appraised
 24 value. Sale at public auction shall be undertaken only after the board advertises
 25 the sale in a newspaper of general circulation in the district for two (2) weeks
 26 prior to the date set for the sale or as provided in KRS 424.130.

27 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO

1 READ AS FOLLOWS:

2 (1) The board of trustees of a transportation improvement district may provide by
3 resolution for the issuance, at one (1) time or from time-to-time, of bonds of the
4 district for the purpose of paying all or any part of the cost of any one (1) or more
5 projects. The bond service charges shall be payable solely from pledged revenues
6 pledged for such payment pursuant to the applicable bond proceedings. The
7 bonds of each issue shall be dated, shall bear interest at a rate or rates or at
8 variable rates, and shall mature or be payable at such time or times, with a final
9 maturity not to exceed thirty (30) years from their date or dates, all as determined
10 by the board in the bond proceedings. The board shall determine the form of the
11 bonds, including any interest coupons to be attached thereto, and shall fix the
12 denomination or denominations of the bonds and the place or places of payment
13 of bond service charges.

14 (2) The bonds shall be signed by the chairperson or vice-chairperson of the board or
15 by the facsimile signature of that officer, the official seal of the district or a
16 facsimile thereof may be affixed thereto or printed thereon and attested by the
17 secretary-treasurer of the district, which may be by facsimile signature, and any
18 coupons attached thereto shall bear the facsimile signature of the chairperson or
19 vice-chairperson of the board. In case any officer whose signature, or a facsimile
20 of whose signature, appears on any bonds or coupons ceases to be such officer
21 before delivery of the bonds, such signature or facsimile shall nevertheless be
22 valid and sufficient for all purposes the same as if the officer had remained in
23 office until such delivery.

24 (3) Subject to the bond proceedings and provisions for registration, the bonds shall
25 have all the qualities and incidents of negotiable instruments. The bonds may be
26 issued in such form or forms as the board determines, including without
27 limitation coupon, book entry, and fully registered form, and provision may be

- 1 made for the registration of any coupon bonds as to principal alone and also as to
2 both principal and interest, and for the exchange of bonds between forms. The
3 board may sell such bonds by competitive bid on the best bid after advertisement
4 or request for bids or by private sale in the manner, and for the price, it
5 determines to be for the best interest of the district.
- 6 (4) The proceeds of the bonds of each issue shall be used solely for the payment of
7 the costs of the project or projects for which the bonds were issued, and shall be
8 disbursed in such manner and under such restrictions as the board provides in
9 the bond proceedings.
- 10 (5) Prior to the preparation of definitive bonds, the board may, under like
11 restrictions, issue interim receipts or temporary bonds or bond anticipation notes,
12 with or without coupons, exchangeable for definitive bonds when such bonds
13 have been executed and are available for delivery. The board may provide for the
14 replacement of any mutilated, stolen, destroyed, or lost bonds.
- 15 (6) The provisions of KRS 424.360 shall apply to the bonds issued under this section.
- 16 (7) The bond proceedings shall provide, subject to the provisions of any other
17 applicable bond proceedings, for the pledge to the payment of bond service
18 charges and of any costs of or relating to credit enhancement facilities of all, or
19 such part as the board may determine, of the pledged revenues and the applicable
20 special fund or funds, which pledges may be made to secure the bonds on a parity
21 with bonds theretofore or thereafter issued if and to the extent provided in the
22 bond proceedings. Every pledge, and every covenant and agreement with respect
23 thereto, made in the bond proceedings may in the bond proceedings be extended
24 to the benefit of the owners and holders of bonds and to any trustee and any
25 person providing a credit enhancement facility for those bonds, for the further
26 security for the payment of the bond service charges and credit enhancement
27 facility costs.

1 (8) The bond proceedings may contain additional provisions as to:

2 (a) The redemption of bonds prior to maturity at the option of the board or of
3 the bondholders or upon the occurrence of certain stated conditions, and at
4 such price or prices and under such terms and conditions as are provided in
5 the bond proceedings;

6 (b) Other terms of the bonds;

7 (c) Limitations on the issuance of additional bonds;

8 (d) The terms of any trust agreement securing the bonds or under which the
9 same may be issued;

10 (e) Any or every provision of the bond proceedings being binding upon the
11 board and state agencies, or other person as may from time to time have the
12 authority under law to take such actions as may be necessary to perform all
13 or any part of the duty required by such provision;

14 (f) Any provision that may be made in a trust agreement; or

15 (g) Any other or additional agreements with the holders of the bonds, or the
16 trustee therefor, relating to the bonds or the security for the bonds,
17 including agreements for credit enhancement facilities.

18 (9) Any holder of bonds or a trustee under the bond proceedings, except to the extent
19 that the holder's or trustee's rights are restricted by the bond proceedings, may by
20 any suitable form of legal proceedings, protect and enforce any rights under the
21 laws of this state or granted by the bond proceedings. Those rights include the
22 right to compel the performance of all duties of the board required by Sections 1
23 to 20 of this Act or the bond proceedings; to enjoin unlawful activities; and in the
24 event of default with respect to the payment of any bond service charges on any
25 bonds or in the performance of any covenant or agreement on the part of the
26 board contained in the bond proceedings, to apply to a court having jurisdiction
27 of the cause to appoint a receiver to receive and administer the revenues and the

1 pledged revenues which are pledged to the payment of the bond service charges
2 on such bonds or that are the subject of the covenant or agreement, with full
3 power to pay, and to provide for payment of, bond service charges on such bonds,
4 and with such powers, subject to the direction of the court, as are accorded
5 receivers in general equity cases, excluding any power to pledge additional
6 revenue or receipts or other income, funds, or moneys of the board to the
7 payment of such bond service charges and excluding the power to take possession
8 of, mortgage, or cause the sale or otherwise dispose of any project or other
9 property of the board.

10 (10) Each duty of the board and the board's officers and employees, undertaken
11 pursuant to the bond proceedings, is hereby established as a duty of the board,
12 and of each such officer, member, or employee having authority to perform the
13 duty.

14 (11) The board's officers or employees are not liable in their personal capacities on
15 any bonds issued by the board or any agreements of or with the board relating to
16 those bonds.

17 (12) The bonds are lawful investments for banks, savings and loan associations, credit
18 union share guaranty corporations, trust companies, trustees, fiduciaries,
19 insurance companies, including domestic for life and domestic not for life,
20 trustees or other officers having charge of sinking and bond retirement or other
21 funds of the state or its political subdivisions and taxing districts, the
22 commissioners of the sinking fund of the state, the administrator of workers'
23 compensation, state-administered retirement systems as defined in KRS 7A.210,
24 and also are acceptable as security for the repayment of the deposit of public
25 moneys.

26 (13) Provision may be made in the applicable bond proceedings for the establishment
27 of separate accounts in the bond service fund and for the application of such

1 accounts only to the specified bond service charges pertinent to such accounts
 2 and bond service fund, and for other accounts therein within the general
 3 purposes of such fund.

4 (14) The board may pledge all, or such portion as it determines, of the pledged
 5 revenues to the payment of bond service charges, and for the establishment and
 6 maintenance of any reserves and special funds, as provided in the bond
 7 proceedings, and make other provisions therein with respect to pledged revenues,
 8 revenues, and net revenues as authorized by Sections 1 to 20 of this Act, which
 9 provisions shall be controlling notwithstanding any other provisions of law
 10 pertaining thereto.

11 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
 12 READ AS FOLLOWS:

13 The board of trustees of a transportation improvement district may provide by
 14 resolution for the issuance of bonds of the district, payable solely from pledged
 15 revenues, for the purpose of refunding any bonds then outstanding, including the
 16 payment of related financing expenses and, if considered advisable by the board, for
 17 the additional purpose of paying costs of improvements, extensions, renovations, or
 18 enlargements of any project. The issuance of refunding bonds, the maturities and other
 19 details thereof, the rights of the holders thereof, and the rights, duties, and obligations
 20 of the board in respect to such bonds shall be governed by the provisions of Sections 1
 21 to 20 of this Act insofar as they are applicable and by the applicable bond proceedings.

22 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
 23 READ AS FOLLOWS:

24 (1) Bonds issued by a district do not constitute a debt, or a pledge of the faith and
 25 credit, of the state or of any political subdivision of the state. Bond service
 26 charges on outstanding bonds are payable solely from the pledged revenues
 27 pledged for their payment as authorized by Sections 1 to 20 of this Act and as

1 provided in the bond proceedings. All bonds shall contain on their face a
2 statement to that effect.

3 (2) All expenses incurred in carrying out Sections 1 to 20 of this Act shall be payable
4 solely from revenues provided under Sections 1 to 20 of this Act. Sections 1 to 20
5 of this Act do not authorize the board of trustees of a district to incur
6 indebtedness or liability on behalf of or payable by the state or any political
7 subdivision of the state.

8 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
9 READ AS FOLLOWS:

10 (1) In the discretion of the board of trustees of a transportation improvement district
11 any bonds may be secured by a trust agreement between the board and a
12 corporate trustee, which may be any trust company or bank having the powers of
13 a trust company within or without the state but authorized to exercise trust
14 powers within this state.

15 (2) Any trust agreement may pledge or assign the revenues to be received, but shall
16 not convey or mortgage any project or any part thereof. Any such trust agreement
17 or other bond proceedings may contain such provisions for protecting and
18 enforcing the rights and remedies of the bondholders as are reasonable and
19 proper and not in violation of law, including covenants setting forth the duties of
20 the board in relation to the acquisition of property, and the construction,
21 maintenance, and repair of the project or projects in connection with which such
22 bonds are authorized and the custody, safeguarding, and application of all
23 moneys, and provisions for the employment or retention of the services of
24 consulting engineers in connection with the construction, maintenance, or repair
25 of the project or projects. Any bank or trust company incorporated under the laws
26 of this state which may act as depository of the proceeds of bonds or of revenues
27 may furnish such indemnifying bonds or may pledge such securities as are

1 required by the board. Any such trust agreement may set forth the rights and
2 remedies of the bondholders and of the trustee, may restrict the individual right
3 of action by bondholders as is customary in revenue bond trust agreements of
4 public bodies, and may contain such other provisions as the board considers
5 reasonable and proper for the security of the bondholders. All expenses incurred
6 in entering into or carrying out the provisions of any such trust agreement may
7 be treated as a part of the cost of the project or projects.

8 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
9 READ AS FOLLOWS:

10 Revenues derived from each project of a transportation improvement district in
11 connection with which any bonds are outstanding shall be first applied to pay the cost
12 of the construction, maintenance, and repair of the project and to provide such
13 reserves therefor as are provided for in the bond proceedings authorizing the issuance
14 of those outstanding bonds, and otherwise as provided by the board of trustees of the
15 district, and the balance of the pledged revenues shall be set aside, at such regular
16 intervals as are provided in the bond proceedings in a bond service fund which is
17 hereby pledged to and charged with the payment of the bond service charges on any
18 such outstanding bonds as provided in the applicable bond proceedings. Such pledge
19 shall be valid and binding from the time the pledge is made; the revenues and the
20 pledged revenues thereafter received by the board shall immediately be subject to the
21 lien of such pledge without any physical delivery thereof or further act, and the lien of
22 such pledge shall be valid and binding as against all parties having claims of any kind
23 in tort, contract, or otherwise against the board, whether or not such parties have
24 notice thereof. The bond proceedings by which a pledge is created need not be filed or
25 recorded except in the records of the board. The use and disposition of moneys to the
26 credit of a bond service fund shall be subject to the applicable bond proceedings.
27 Except as is otherwise provided in such bond proceedings, such a bond service fund

1 shall be a fund for all such bonds, without distinction or priority of one (1) over
2 another.

3 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
4 READ AS FOLLOWS:

5 All moneys received by the board of trustees of a transportation improvement district
6 under Sections 1 to 20 of this Act, whether as proceeds from the sale of bonds, as
7 revenues, or otherwise are to be held and applied solely as provided in Sections 1 to 20
8 of this Act and in any applicable bond proceedings. The bond proceedings shall
9 provide that any officer to whom, or any bank or trust company to which, revenues or
10 pledged revenues are paid shall act as trustee of such moneys and hold and apply them
11 for the purposes thereof, subject to applicable provisions of Sections 1 to 20 of this Act
12 and the bond proceedings.

13 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
14 READ AS FOLLOWS:

15 Any holder of bonds issued and outstanding under Sections 1 to 20 of this Act, or any
16 of the coupons appertaining thereto, and the trustee under any trust agreement, except
17 to the extent the rights given by Sections 1 to 20 of this Act may be restricted or
18 modified by the bond proceedings, may by suit, action, mandamus, or other
19 proceedings, protect and enforce any rights under the laws of the state or granted
20 under Sections 1 to 20 of this Act or the bond proceedings, and may enforce and
21 compel the performance of all duties required by Sections 1 to 20 of this Act or the
22 bond proceedings, to be performed by the board of trustees of a transportation
23 improvement district or any officer of the board.

24 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
25 READ AS FOLLOWS:

26 The exercise of the powers granted by Sections 1 to 20 of this Act is in all respects for
27 the benefit of the people of the state, for the increase of their commerce and prosperity,

1 and for the improvement of their health and living conditions, and as the construction,
2 maintenance, and repair of projects by a transportation improvement district constitute
3 the performance of essential governmental functions, the district shall not be required
4 to pay any state or local taxes or assessments upon any project, or upon revenues or
5 any property acquired or used by the district under Sections 1 to 20 of this Act, or upon
6 the income therefrom. The bonds issued under Sections 1 to 20 of this Act, their
7 transfer, and the income therefrom, including any profit made on the sale thereof,
8 shall at all times be free from taxation within the state.

9 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
10 READ AS FOLLOWS:

11 The Transportation Cabinet may undertake a demonstration project to study, develop,
12 and demonstrate ways to facilitate public-private cooperation and flexibility in
13 financing, constructing, maintaining, or operating transportation projects. In so doing
14 it may take all steps necessary and appropriate to facilitate the efforts of a
15 transportation improvement district established in accordance with Sections 1 to 20 of
16 this Act. Such steps may include advising and providing technical assistance to the
17 district, and may also include designating Transportation Cabinet engineers to serve as
18 the cabinet's agent to review project designs and determine if they meet state and
19 federal specifications.

20 ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
21 READ AS FOLLOWS:

22 It is hereby found and determined that surface transportation projects undertaken
23 pursuant to Sections 1 to 20 of this Act are essential and will contribute to the
24 improvement of the prosperity, health, safety, and welfare of the people of a
25 transportation improvement district and to all of the state, and that it is in the public
26 interest and a proper public purpose for a transportation improvement district to
27 acquire, construct, enlarge, improve, equip, sell, lease, lease-purchase, exchange, or

1 otherwise dispose of property, structures, and other facilities for such transportation
2 projects. It is further found and determined that exercise of the authority granted by
3 Sections 1 to 20 of this Act is consistent with and will promote industry, commerce,
4 distribution, and research activity in the state. Sections 1 to 20 of this Act, being
5 necessary for the prosperity, health, safety, and welfare of the state and its people, shall
6 be liberally construed to effect their purposes.

7 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
8 READ AS FOLLOWS:

9 Notwithstanding any other statute to the contrary, the approval, consent, or
10 cooperation of a political subdivision is not required for a transportation improvement
11 district project that involves constructing or improving a highway that runs through
12 the territory of the political subdivision and connects to a highway that is part of the
13 interstate system.

14 ➔SECTION 20. A NEW SECTION OF KRS CHAPTER 184 IS CREATED TO
15 READ AS FOLLOWS:

16 (1) The legislative body of a county may enter into an agreement with a
17 transportation improvement district of a contiguous county for the district to
18 undertake a project that is located wholly or partially within that county, provided
19 that, the legislative body of the county that created the transportation
20 improvement district shall be required to enter into the agreement.

21 (2) No transportation improvement district shall undertake a project that is located
22 wholly or partially within a county that did not create the transportation
23 improvement district except pursuant to an agreement entered into in accordance
24 with this section, a project being undertaken by two (2) or more transportation
25 improvement districts, or as otherwise provided by law.