

32-857. Revenue bonds; authority to issue. (a) The secretary shall have power and is hereby authorized to issue negotiable bonds of the department, from time to time, in anticipation of the collection of revenues of a specific project or a dedicated revenue source, for the purpose of constructing, acquiring, reconstructing, improving, bettering or extending any properties which the secretary is authorized to acquire, maintain or operate hereunder and may pledge to the payment of the interest on and principal of such bonds all income received from operation of the specific project or from the dedicated revenue source. There may be included, in the cost for which bonds are to be issued, reasonable allowances for legal, engineering and fiscal services, interest during construction and for six months after the estimated date of completion of construction and other incidental expenses. Such bonds shall be authorized by resolution of the secretary and may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding 40 years from their respective dates, may bear interest at such rate or rates not exceeding the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto, may be in such form either coupon or registered, may be executed in such manner, may be payable in such medium of payment, at such place or places, and be subject to such terms of redemption, with or without premium, and may contain such terms, covenants and conditions as such resolution or subsequent resolution may provide. Such bonds may be issued for money or property and may be sold in such manner and upon such terms as the secretary determines, except that the interest cost to maturity of the bonds shall not exceed the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto, payable semiannually. Pending all preparations of the definitive bonds, interim receipts or certificates in such form and with such provisions as the secretary determines may be issued to the purchaser or purchasers of bonds sold pursuant to K.S.A. 32-857 through 32-864. Such bonds and interim receipts and certificates shall be fully negotiable within the meaning of and for all purposes of the uniform negotiable instruments law of this state.

(b) Any resolution authorizing the issuance of bonds under this section may contain covenants, including but not limited to: (1) The purpose or purposes to which the proceeds of the sale of bonds may be applied, and the deposit, use and disposition thereof; (2) the use, deposit, securing of deposits and disposition of the revenues of the department in connection with a project, including the creation and maintenance of reserves; (3) the issuance of additional bonds payable from the revenues of the same project of the department or specified revenue source dedicated by the secretary; (4) the operation and maintenance of the project under the jurisdiction and control of the secretary; (5) the insurance to be carried thereon, and the use, deposit and disposition of insurance moneys; (6) books of account and the inspection and audit thereof and the accounting methods of the department; (7) the nonrendering of any free service by the department; and (8) the preservation of the properties of the department, so long as any of the bonds remain outstanding, from any mortgage, sale, lease or other encumbrance not specifically permitted by the terms of the resolution.

(c) In the discretion of the secretary, any bonds issued under the provisions of this section may be secured by a trust indenture by and between the secretary and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the state. Any such trust indenture may pledge or assign the revenues from the operation of a specific project of the department or specified revenue source dedicated by the secretary for which bonds are issued, but shall not convey or mortgage any properties except such revenues. Any such trust indenture or any resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the department in relation to the acquisition of property; the construction, improvement, maintenance, repair, operation and insurance of the improvements in connection with which such bonds have been authorized; the custody, safeguarding and application of all moneys; and provisions for the employment of consulting engineers in connection with the construction or operation of such improvements. It shall be lawful for any bank or trust company incorporated under the laws of the state, which may act as depository of the proceeds of bonds or of revenues, to furnish such indemnifying bonds or to pledge such securities as may be required by the secretary. Any such trust indenture may set forth the rights and remedies of the bondholders and of the trustee and may restrict the individual right of action by bondholders as is customary in trust agreement or trust indentures securing bonds and debentures of corporations. In addition to the foregoing, any such trust indenture may contain such other provisions as the secretary may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of any such trust indenture may be treated as a part of the cost of operation of the improvements for which the bonds are authorized.

(d) Moneys received pursuant to the authority of this section, whether as proceeds from the sale of bonds, as revenues from the operations of the properties or as specified revenue sources dedicated by the secretary, shall be deemed to be trust funds, to be held and applied solely as provided in K.S.A. 32-857 through 32-864. The resolution authorizing the issuance of bonds of any issue, or the trust indenture securing such bonds, shall provide that any officer to whom, or any bank or trust company to which, such moneys shall be paid shall act as trustee of such moneys and shall hold and apply the same for the purpose hereof, subject to such regulations as K.S.A. 32-857 through 32-864 and such resolution or trust indenture may provide. The secretary is authorized to issue bonds only in connection with a specific project and, unless otherwise provided by law, authorized to pledge for the payment of such bonds and interest thereon only the revenues derived from the operation of the specific project for which the bonds are issued or specific revenues pledged in the resolution issued by the secretary for the payment of such bonds and interest thereon for the specific project for which the bonds were issued.

(e) Bonds may be issued under the provisions of K.S.A. 32-857 through 32-864 without obtaining the consent of any department, division, commission, board, bureau or agency of the state and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by K.S.A. 32-857 through 32-864.

History: L. 1955, ch. 355, § 18; L. 1963, ch. 409, § 8; L. 1970, ch. 64, § 87; L. 1989, ch. 118, § 24; July 1.