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Bond Issues - Historical Notes

Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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A listing of the acts which authorized various bond issues for Grundy County is included below for reference purposes, although these acts are no longer current. Also referenced below are acts which repeal prior law without providing new substantive provisions.

Bridge

1. Private Acts of 1929, Chapter 277, was the authority for the Quarterly County Court of Grundy County, to issue interest bearing coupon bonds, or warrants, at an interest rate not to exceed 5%, and up to \$25,000 for any one year for the purpose of building a bridge over the Cumberland River at Hart's Ferry. Such warrants, plus interest, would become due at such times as the Court designates. If issued, the Court was required to levy a tax to amortize the same every year as long as they remained unpaid.

Courthouse

1. Acts of 1885, Chapter 148, permitted the Quarterly Court of Grundy County to issue up to \$20,000 in bonds, at 6%, or less, interest, for the purpose of erecting a courthouse, coupons to be attached and all details as specified in the enabling Act must be observed. The Court was required to levy a tax to place into the sinking fund to repay the bonds and interest.

Debts

1. Private Acts of 1927, Chapter 483, state that Grundy County was heavily in debt because of having to acquire rights of way for the highway program, and of having to rebuild the Courthouse at Altamont and Tracy City, and, further, has a floating debt of some \$6,000 which was all legally incurred under the County Court, and that there are no funds with which to pay these debts. The Quarterly Court was given the authority to issue interest bearing bonds, or warrants, with interest rates up to 6% to defray and pay said debts for which a special tax must be levied in addition to all other taxes, the proceeds of which would be used to repay warrants and bonds issued hereunder.
2. Private Acts of 1931, Chapter 53, allowed the Grundy County Quarterly Court to issue up to \$30,000 in bonds for the purpose of paying its floating indebtedness as evidenced by outstanding warrants, at an interest rate not to exceed 6%, and for a maturity period not to exceed 25 years. All details essential to a valid bond issue were present in the Act and the mandatory tax levy was required. It was declared unlawful for any county official to issue warrants in excess of 90% of the tax aggregate for which fines could be administered from \$50 to \$100.
3. Private Acts of 1935, Chapter 484, ratified and confirmed all the prior proceedings held by the Quarterly Court of Grundy County in connection with the authorization and issuance of \$65,000 in 6%, 35 year bonds, same to be legalized as fully as if they were issued with full statutory authority, to pay the outstanding warrants and debts which were also declared to be the legal, valid, and binding debts of the county in order to facilitate issuance.
4. Private Acts of 1941, Chapter 268, declared that all the prior actions of the Grundy County Quarterly Court had in connection with the issuance of \$50,000 in bonds, dated February 3, 1941, which authorized the issue, confirmed the sale thereof and fixed the details, providing for the payment thereof, are hereby confirmed, ratified, and legalized and are declared to be the legal and binding obligations of the County. County officials are authorized to do and accomplish all necessary things to complete the issue notwithstanding the lack of any authority to do so, or the existence of any prior defect.

Jail

1. Acts of 1899, Chapter 160, allowed the Quarterly Court of Grundy County to issue and sell bonds up to \$4,000, at an interest rate of 6%, or less, and for a maturity period under twenty years for the erection of a county jail at Altamont, all the necessary details of the issue being enunciated in the law. The Judge, or Chairman, shall keep accurate records of all the transactions connected therewith, and the Court must levy the tax.

Roads

1. Acts of 1907, Chapter 412, stated that, upon the petition of five voters, a referendum could be held in Grundy County to ascertain the will of the people on whether, or not, to issue up to \$200,000 in bonds to build and improve the public roads. If the referendum passed, the Court was to issue the bonds but the interest rate could not exceed 5%, nor the maturity period exceed 30 years. A five member Commission would be appointed for staggered terms up to three years,

- who would be sworn and bonded, and who would supervise the program. The Commission could employ an engineer to detail each proposed road project as to cost and other factors affecting cost such as damage to properties. The Commission would be paid as the Quarterly Court directs, and be known as the "County Board of Highway Commissioners." All essential elements of good enabling legislation for bond issues were present.
2. Private Acts of 1919, Chapter 622, allowed the Quarterly Court of Grundy County to issue up to \$200,000 in 6%, 40 year bonds, to improve generally the road system of the County. All details of the issue and proper records are to be kept as specified in the Act. Three Commissioners were to be elected by the people as the Grundy County Highway Commission, all vacancies being filled by the remaining members of the Board until the next general election. A referendum would be held and the Commissioners elected at the same time who would have both the authority and the responsibilities spelled out in the law. They would be sworn and bonded, hold regular meetings, elect a Chairman, and Secretary, from their own number who would discharge the duties mentioned in the Act. The Chairman would be paid \$1,400, the Secretary, \$600, and the Commissioner, \$500 per year. The Commission was to seek aid from the State and Federal governments, had the authority to employ engineers, and to exercise the right of eminent domain. They would serve a four year term unless the work were completed sooner. Conflicts of interest were prohibited, and guidelines were furnished for the letting of contracts. Some specification for roads which were to be built under this Act were included.
 3. Private Acts of 1921, Chapter 26, amended Chapter 622, Private Acts of 1919, above, by adding a provision requiring expenditures made under that Act to be checked by the Financial Committee of the County; by adding a provision which established salaries of \$700 per year for the Chairman, \$300 per year for the Secretary, and \$250 per year for the Commissioners until the actual construction of the roads began and then their pay would double in each respect; by deleting Section 10 entirely which set the former compensations of the Commissioners; by changing the percentages in Section 14 to state that no more than 80% of these funds shall be expended for actual construction on contractors estimates, and no more than 20% of said fund shall be expended for expenses; the Trustees compensation was changed to that allowed to employ legal counsel, if needed. This Act was repealed by Chapter 686, Private Acts of 1923.
 4. Private Acts of 1923, Chapter 513, amended Chapter 622, Private Acts of 1919, Item 2, above, all being subject to the successful outcome of a referendum held for that purpose, by adding a section between Sections 11 and 12 which permitted the Grundy County Highway Commission to enter into a contract with the State Highway Department to begin forthwith the construction of the road at Monteagle and build the same as it was designated through Tracy City, Coalmont, Gruetli, Altamont, Beersheba Springs, and on to the Warren County line near Wannamaker's Branch, until State and Federal funds should become available. If no funds should become available from those sources, the county would build the road alone under an Advisory Board composed of Samuel Warner, W. W. Jones, M. W. Sanders, Peter Conry, and James H. Northcut, all of whom would serve with no pay but could be paid actual expenses. If done by the County, the width and the surfacing material of the road would be decided by the Advisory Committee.
 5. Private Acts of 1923, Chapter 686, expressly repealed Chapter 26, Private Acts of 1921, Item 3, above, in its entirety.
 6. Private Acts of 1925, Chapter 581, amended Section 38, Chapter 622, Private Acts of 1919, Item 2, above, by striking that Section and adding a new one which authorized the Grundy County Board of Highway Commissioners to enter into contracts with the State Highway Department for the maintenance and upkeep of the roads mentioned in the original bill, and all the monies collected for this purpose will be turned over to the State Highway people. In the event of the County Court cannot function, the County Judge may carry out the provisions of this Act and, if no agreement can be reached with the State, then the County Judge may expend said funds as he deems in the best interests of the people.
 7. Private Acts of 1929, Chapter 666, stated that in counties, which included Grundy County, which have heretofore issued and sold bonds for the construction of highways and the money has not been spent, or used in that program, the State is authorized and directed to assume and pay such bonds, with interest, out of the funds received by the State for that purpose, provided said funds are spent on the road work of the counties. The Chairman of the County Highway Commission was allowed to enter into a contract for that purpose. This Act applies only to Grundy County.

Schools

1. Private Acts of 1927, Chapter 698, authorized the Board of Education in Grundy County, when the Board considered it necessary, to borrow in excess of the budget, or legitimate school income for

High School purposes, or to liquidate debts for high school purposes. The Board could issue interest bearing warrants, or notes, up to \$8,000, at selected maturity and interest schedules, which would be binding and legal obligations of the county, and which would be exempt from taxation by other levels of governments.

2. Private Acts of 1927, Chapter 751, validated all prior proceedings held in connection with the issuance of \$13,000 in bonds on October 1, 1926, which was to be used to build a public school building in Grundy County. The form of the bond was contained in the Act, the essential details were given, the tax levy for the sinking fund was required. The interest rate was limited to 5½%, and the maturity schedule to five years.
3. Private Acts of 1935, Chapter 482, allowed the Quarterly Court of Grundy County to issue up to \$50,000 in 6%, 20 year bonds, to build and equip a High School to be located at Tracy City. All details were set up, the tax levy required, and the Trustees given the responsibility of handling the money.
4. Private Acts of 1935 (Ex. Sess.), Chapter 50, permitted the Grundy County Quarterly Court to issue \$150,000 in 6%, 40 year bonds, to repair and construct school buildings, to acquire sites, and to equip the same, the Court being mandated to cooperate with the Federal Government in any plan or device connected therewith. Contracts were allowed to be made, as needed, and the Trustee would handle the funds and keep records. The Court could act by Resolution, if desired.

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