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## Chapter III - Bond Issues

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

Sincerely,

The University of Tennessee  
County Technical Assistance Service  
226 Anne Dallas Dudley Boulevard, Suite 400  
Nashville, Tennessee 37219  
615.532.3555 phone  
615.532.3699 fax  
[www.ctas.tennessee.edu](http://www.ctas.tennessee.edu)

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# Chapter III - Bond Issues

## Bond Issues - Historical Notes

### **Agriculture Station**

1. Private Acts of 1917, Chapter 510, allowed the Quarterly County Court to purchase a farm, or farms, to be accepted by State Authorities as an agricultural experiment station for middle Tennessee in conjunction with the University of Tennessee. The court would appoint a committee of five to present the claim for the station and to investigate the cost thereof which was not to exceed \$15,000. Bonds could be issued at interest rates not to exceed 5% and the maturity schedule was not to go beyond twenty years. The proposal must be advertised for thirty days in the "Fayetteville Observer" and the "Lincoln County News". The burden of levying a tax every year until the bonds were repaid was placed upon the court. The committee would report back to the court at the proper time and the court would take such action on the report as they considered best.

### **Airport**

1. Private Acts of 1929, Chapter 759, authorized Lincoln County through its County Judge to issue up to \$25,000 in 6% bonds, and the city of Fayetteville was also authorized to issue a like amount under the same terms except that Fayetteville's bonds would mature in 25 years and the county's in five, with a tax levy being required in both issues. The proceeds would be used to purchase land, build and equip an airport, the expense of which would be shared equally by the county and Fayetteville. A referendum was required in Fayetteville before the bonds could be issued which would be general obligation bonds of both governments. A committee of five, two from the city, two from the county, and a fifth to be chosen by those four would supervise the work.

### **Debts**

1. Private Acts of 1921, Chapter 900, amended Private Acts of 1911, Chapter 298, Section One, by adding a provision that County Court of Lincoln County at any regular session was authorized to borrow money to liquidate, settle, and adjust any outstanding debt of the county, or any debts which may hereafter be created except that at no time shall the unpaid note, or notes, issued exceed \$50,000.
2. Private Acts of 1921, Chapter 933, authorized the Mayor and aldermen of Fayetteville to issue up to \$20,000 in bonds to pay the debts of the city at an interest rate of 6%, or less, and to mature in twenty years, or under.
3. Private Acts of 1933, Chapter 840, allowed the Quarterly Court of Lincoln County to issue up to \$75,000 at 6% interest, or less, and at maturity schedules to be determined by the court for the purpose of refunding, or retiring, the outstanding and unpaid bonds which had been previously authorized by Private Acts of 1927, Chapter 707, Private Acts of 1929, Chapter 289, Private Acts of 1929, Chapter 890, Private Acts of 1931, Chapter 142, Private Acts of 1919, Chapter 149, Private Acts of 1913, Chapter 126, Private Acts of 1919, Chapter 175, Private Acts of 1927, Chapter 74. These bonds would be payable semi-annually and records kept by the Trustee. All essential details were furnished and a tax levy required.
4. Private Acts of 1949, Chapter 462, authorized the Quarterly Court of Lincoln County to issue up to \$250,000 in bonds to pay the outstanding, unfunded, floating indebtedness of the county. The interest rate would not exceed 3%, nor the maturity period ten years. They are classified as general obligation bonds with all the essential details present and the tax levy required. Any defect in the issuing shall not affect the validity of the said bonds. The money would be paid to the Trustee who would handle the same and key records.

### **General**

1. Acts of 1853-54, Chapter 317, Section 5, provided that Lincoln County would have two directors in the Bank of Tennessee, at Shelbyville, one of whom shall reside in Fayetteville.
2. Private Acts of 1923, Chapter 187, prohibited the county court of Lincoln County from issuing bonds for any purpose without first submitting the question to the qualified voters in a referendum which would be held within 30 days after passage of the law, or bond issue, in every precinct under the general election laws of the State, and in no case shall bonds be used unless the majority vote is in the affirmative. This act was repealed by the one following.
3. Private Acts of 1923, Chapter 540, provided that the County Court of Lincoln County was

prohibited from issuing bonds of any kind for any purpose without first calling an election and submitting the question to the people. This act repeals Private Acts of 1923, Chapter 187, above.

4. Private Acts of 1931, Chapter 143, allowed the Quarterly Court of Lincoln County to borrow up to \$50,000 and issue its short term notes in anticipation of the revenues to be collected which money shall be used for the purposes for which the tax money might be used but the amount to be borrowed could not exceed 80% of the anticipated revenues. The interest rate was limited to 6%, and the maturity schedule to six months. The county court shall set aside out of the money first received as taxes an amount sufficient to repay these notes, plus interest.
5. Private Acts of 1931, Chapter 559, amended Private Acts of 1931, Chapter 143, above, by raising the limitation on the amount which could be borrowed in anticipation of revenues to \$100,000 and extended the maturity schedule from six to twelve months.
6. Private Acts of 1935, Chapter 791, made it unlawful for the Quarterly Court of Lincoln County to issue any bonds until the issue had been approved by the people in a referendum vote. Notice must be given in a newspaper of the proposed amount of bonds and the purpose for which they are being issued. This act was repealed by the one following.
7. Private Acts of 1939, Chapter 7, expressly repealed Private Acts of 1935, Chapter 791, above, in its entirety.

### **Hospital**

1. Private Acts of 1931, Chapter 267, permitted the county court of Lincoln County to provide a suitable lot and to erect a hospital building thereon in or near the city of Fayetteville to be used as a Central Hospital for the county. The court could issue up to \$100,000 in 6%, 20 year bonds, with the essential details furnished and a tax levy required. A committee would be appointed of two physicians, two members of the county court, and the County Judge to supervise and coordinate the work. When the building was completed, another committee would be appointed of one member of the county court, the County Health Officer, the County Judge, and two physicians which would operate and manage the facility but, if the best interests of the people demanded it, the hospital could be leased to another organization.
2. Private Acts of 1949, Chapter 270, allowed the Quarterly Court of Lincoln County to issue \$204,000 in bonds, at 2½% interest, of less, and to mature according to a schedule to be devised by the court, for the purpose of providing the county's contribution to the construction and furnishing of a hospital in Lincoln County. The essential details and the imposition of a tax levy to amortize the bonds are included in the legislation. The county has a "Lincoln County Savings Fund" and the court is authorized to appropriate the same to the payments of obligations incurred hereunder, and insofar as Private Acts of 1939, Chapter 240, conflict with this act, that law is repealed. The Quarterly Court is allowed also to appoint a five member committee to supervise and coordinate the work.

### **Jail**

1. Private Acts of 1937, Chapter 790, permitted the issuance of \$25,000 in bonds by the Quarterly Court of Lincoln County in order to erect, equip, repair, improve, and maintain a jail for the county. The County Judge, and the County Court Clerk may sell the issue in negotiable coupon bonds. The interest rate was not to exceed 4½% and the proposed sale was required to be advertised in a Nashville newspaper. See Private Acts of 1919, Chapter 754, below.

### **Market House**

1. Private Acts of 1937, Chapter 36, validated and confirmed all the prior actions of the Mayor and Aldermen of the city of Petersburg held in connection with the issuance of \$15,000 for the purpose of constructing a Market House.

### **Poor House**

1. Private Acts of 1919, Chapter 754, allowed the Lincoln County Quarterly Court to issue up to \$100,000 in 6%, 20 year bonds, one-half of which would be used to build and equip a county home for the poor and indigent of the county and the other one-half would be devoted to the building of a jail to house county prisoners. All details were present including the mandatory tax levy. The entire act was predicated upon the approval of the people in a referendum held for that purpose.

### **Public Square**

1. Private Acts of 1917, Chapter 383, was the authority for the County Court of Lincoln County to borrow in the county's name up to \$15,000, and to issue interest bearing coupon bonds for the same, at 6% interest, or less, to be used solely for the purpose of improving the paving the public

square surrounding the Court House in Fayetteville. The bonds could not mature later than ten years from the issuing date. The details and the tax levy were contained in the law.

### **Railroad**

1. Private Acts of 1909, Chapter 270, allowed Lincoln County, identified by the use of the 1900 Federal Census figures, to subscribe to the stock of any railroad running through the county and to issue up to \$200,000 in bonds to pay for the stock. The President of the railroad must make application to the court giving the details of the proposed railroad and accompany the application with a petition signed by at least 500 qualified voters requesting the same help as the application. The County Judge, or Chairman, would then order referendum election to be held on the question under the general election laws of the State, wherein the question must be approved by a three-fourths vote of the people to be certified to the court by the Election Commission. The stock issue may then still be conditioned upon the railroad completing their work and delivering proper stock certificates before the money is turned over to them. The interest rate was fixed at 4%, or less, and the maturity schedule at thirty years.
2. Private Acts of 1915, Chapter 602, amended Private Acts of 1909, Chapter 270, Section 8, above by lowering the plurality of the referendum vote to issue bonds to buy stock in railroads from a three-fourths vote to a two-third vote, and by raising the maximum allowable interest rate from 4% to 5%.

### **Roads**

1. Private Acts of 1869-70, Chapter 54, Section 2, allowed Lincoln County's Quarterly Court to purchase, or construct, any number of turnpikes in the county. Any turnpike so bought, or built, would be under the special supervision of the court and entitled to all the rights and privileges and be subject to the same restrictions as the Fayetteville and Lynchburg Turnpike. The court had the authority also to issue county bonds to effectuate the above purposes at interest rates not to exceed 6%, and on maturity schedules of 30 years or less. The court was permitted to levy a tax to repay the bonds or to adopt any other plan of payment which seemed reasonable to them. Private Citizens could file a petition describing proposed roads and the court could appoint three citizens as an investigating committee. If desired, the court could pay for half of roads built by private citizens if they were five miles, or longer, provided the court supervised the construction. All the above was subject to an affirmative referendum vote.
2. Private Acts of 1901, Chapter 448, allowed Davidson, Lincoln, Giles, Maury and Williamson counties to buy any turnpike in their counties on such terms as they see fit whereupon they would become free public roads. The county could provide any or all of the necessary funds and for that purpose might issue up to \$250,000 in 6%, or less, bonds at maturity schedules ranging from five to thirty years which money could be used for no other purpose than that stated herein.
3. Private Acts of 1915, Chapter 511, provided that the Quarterly Court of Lincoln County, subject to the successful outcome of a referendum, could issue up to \$200,000 in 5½% bonds, due in five, ten, and twenty years, to acquire turnpikes and to build other public roads. The details were fixed and the tax levy required. With the courts approval, the County Judge would appoint four citizens to the "Board of Pike Commissioners" of which he would be the Chairman. The Commissioners would be sworn and bonded, would serve without any compensation, would select a Secretary whose duties, and the chairman's, were enunciated in the act. Nine roads are specified in the law to be purchased and three are mentioned to be condemned under eminent domain procedures, all of which would, when acquired become free public roads.
4. Private Acts of 1917, Chapter 284, was the authority for Lincoln County to borrow to provide funds for purchasing turnpikes or for constructing roads as free highways across the county, of such character, width, grade, and paving as the county court may decide. The court could borrow up to \$90,000 for a road from the Bedford-Macon county line to Fayetteville as their portion of the Alabama- Jackson Highway. The court must adopt a resolution in regular fashion which would contain the details of the transaction which was limited to the maximum interest rate of 6%. Any notes, or bonds, issued pursuant hereto would be the general and binding obligations of the county to be repaid in accordance with the agreements made in reference to them.
5. Private Acts of 1917, Chapter 361, allowed a majority of the Lincoln County Quarterly Court to issue up to \$90,000 in 6%, 30 year bonds, to purchase any turnpike, or other rights of way along the route, and for constructing, improving, and maintaining free highways across the county from the Bedford County line to Fayetteville, the details and description being set out in the law. The court would appoint three commissioners who were not members of the court, or related to any to be the "Alabama-Jackson Highway Commissioners", who would be sworn and bonded. These funds could not be used for any other purpose, and a special tax be levied for the sinking fund to

amortize the bonds to be issued hereunder.

6. Private Acts of 1917, Chapter 395, allowed the Lincoln County Quarterly Court, identified by the use of the 1910 Federal Census figures, to purchase by the adoption of a Resolution any turnpike road in the county with all the rights, privileges, and obligations incidental thereto, at such price as may be mutually agreed upon, for which bonds might be issued at an interest rate of 6%, or less and to mature in 10 years, or less, provided that all roads acquired in whatever manner would become full public highways. If the price cannot be agreed upon, the court may appoint a committee of three disinterested, impartial citizens to seek a compromise. If roads were in more than one county, all counties involved are authorized.
7. Private Acts of 1929, Chapter 890, allowed the county court to issue up to \$50,000 in 6%, 10 year bonds with which to pay off and liquidate the floating and outstanding debts incurred by the county in the acquisition of rights of way in the past, and in the future, and to defray the cost of building bridges. The bonds would be general obligation bonds and the County Judge would keep records.
8. Private Acts of 1935 (Ex. Sess.), Chapter 88, was the authority for the county court to issue up to \$15,000 in general obligation bonds, at an interest rate limited to 5½%, to be repaid over a maximum ten year period, all essential details being spelled out in the legislation, to purchase rights of way for State Highway #50 running through the county. If any of the funds are left after the rights of way have been secured, the same shall revert to the general funds of the county.
9. Private Acts of 1935 (Ex. Sess.), Chapter 164, was the enabling legislation for the county court of Lincoln County to issue up to \$25,000 in General Obligation bonds at a maximum 5½% interest rate, and to mature no later than ten years after issuance, to be in such form as the court may direct, to purchase rights of way for the county highway program, any surplus after the completion thereof, to go into the general county treasury.
10. Private Acts of 1937, Chapter 43, ratified and confirmed all the prior proceedings of the Lincoln County Quarterly Court had in connection with the issuance of \$25,000 in Highway Improvement Bonds dated October 1, 1935, issued at 4% interest and to mature according to the schedule of years and amount incorporated into the law. All errors and defects, if any, are hereby cured and corrected notwithstanding the lack of any statutory authority, or otherwise, at the date of issuance thereof.

### **Schools**

1. Private Acts of 1909, Chapter 497, allowed the Lincoln County Court to levy a 25 cent per \$100 property valuation tax to raise funds to purchase a site for and to build a State Normal School at Fayetteville, or to issue up to \$50,000 in 5%, 30 year bonds, in conformity with the details specified in the law but this shall not be done unless the State Board of Education decides to locate the Normal School for Middle Tennessee in Fayetteville. If the Board decides to do so, the money to be raised, or borrowed, hereunder shall be paid over to the State Board of Education.
2. Private Acts of 1927, Chapter 707, authorized both Lincoln County and the city of Fayetteville to issue \$50,000 in 6% bonds, to mature as scheduled in this act generally at \$5,000 per year for both county and city to build a central high school in Fayetteville, all of which is conditioned upon the affirmative vote of a majority in a referendum election. All essential requirements of valid bond legislation are observed. A committee of five would be appointed to supervise the project, two by the county court, two by the Mayor and Aldermen of Fayetteville, and the fifth by those four, but general supervision would be under the County Board of Education.
3. Private Acts of 1929, Chapter 289, allowed the Quarterly Court of Lincoln County to issue up to \$12,500 in 6%, or less, interest bearing coupon notes, to mature not later than five years from issuance in order to complete the building of the central high school in the county. These funds would be used to pay Lincoln County's half of the still unpaid debts connected with the construction of the school.
4. Private Acts of 1929, Chapter 734, authorized Lincoln County to issue interest bearing coupon bonds up to \$200,000 at a maximum interest rate of 6%, and a maturity schedule of thirty years, to furnish the University of Tennessee with funds with which to build the Tennessee Junior College at Fayetteville.
5. Private Acts of 1945, Chapter 342, allowed the Lincoln County Quarterly Court to issue up to \$100,000 in 4%, or less, bonds, to be repaid according to maturity schedules determined by the court with which to buy school buses. The bonds were declared to be exempt from taxation of any sort, and substantial compliance with the terms of this act would be sufficient to be legal.
6. Private Acts of 1947, Chapter 427, was the authority for the court to issue up to \$200,000 in 4%,

15 year bonds, by the adoption of suitable resolutions therefor, to acquire land, to build or rebuild, to equip and furnish, or to add to buildings in the public school system. All the essential requirements of a valid bond law were observed. The bonds were declared non-taxable and the County Judge was required to keep accurate records of all transactions in connection with this program. This act also contained the alternate authority to issue negotiable notes at a maximum interest rate of 3½%.

7. Private Acts of 1951, Chapter 29, recited that Morgan School located in Lincoln and Marshall Counties, a well known prep school, had been sold at public auction, one-half to Marshall County, and one-half to W. W. Gill with an option to buy from him granted to Lincoln County. The closing of this school leaves a considerable area in Marshall and Lincoln Counties with no school, a situation which would be very expensive for each county to remedy. This act allows Lincoln County to purchase the one-half undivided interest in the school from Gill for \$20,000 and to make further expenditures to ready such school for use and occupancy, all of which was not to exceed \$30,000. The Boards of Education of the two counties would proceed to manage and operate the school as part of the public school system.

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