



March 29, 2025

---

# Utility District

---

Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://ctas.tennessee.edu)). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

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,

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)

Table of Contents

<b>Utility District .....</b>	<b>3</b>
<b>Private Acts of 1998 Chapter 129 .....</b>	<b>3</b>

# Utility District

## Private Acts of 1998 Chapter 129

**SECTION 1.** (a) For the purpose of providing funds to construct and operate a waste water treatment plant and water and sewage lines to service residential and commercial development in northern Bedford County, including the new State Fire Code Enforcement School, the Bedford County Utility District of Bedford County, Tennessee, in addition to the powers otherwise granted by law, shall have the power and is hereby authorized in accordance with Tennessee Code Annotated, Section 7-82-501 et seq., to issue revenue bonds and bond anticipation notes in the maximum principal amount outstanding at any time of not more than two million seven hundred thousand dollars (\$2,700,000) to be payable from the revenues generated by the operation of such facility. The proceeds of such bonds and notes shall be applied by the utility district as it deems necessary, to provide sufficient funds to carry out the purposes of this act, to provide for the payment of interest on the bonds and notes for a reasonable time after issuance, to establish reserves to secure bonds and notes, and to provide for the payment of costs of issuance of such bond and notes. The utility district shall proceed with preparation of the necessary documents pertaining to the issuance and sale of such debt. In connection with the issuance of debt, the State Funding Board shall be empowered to secure professionals such as bond counsel, underwriter, and trustee. The bonds and notes shall be in one (1) or more series, shall bear such date or dates, and shall mature at such time or times not exceeding forty (40) years from the date of issue of such original note.

Resolutions authorizing such bonds and notes shall specify interest rates; denominations; registration, if required; terms of registration, if appropriate; manner of execution; medium and place for payment; terms of redemption, if authorized; and such other terms and provisions as determined to be deemed necessary and appropriate. The utility district shall sell the debt at either public or private sale, at such price as it determines.

(b) The utility district shall have power, and is hereby authorized in accordance with Tennessee Code Annotated, Section 7-82-501 et seq., to issue from time to time renewal notes, and bonds to pay notes issued in anticipation of such bonds, and whenever it deems refunding expedient, to refund any bonds by the issuance of refunding bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any other authorized purpose. Such refunding bonds and renewal notes may be issued without further authorization. The refunding bonds shall be sold and the proceeds applied to the purchase, redemption or payment of the bonds to be refunded.

(c) No person executing the bonds or notes of the utility district shall be liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof.

(d) Any pledge by the utility district made pursuant to this act shall be valid and binding from the time when the pledge is made, the moneys or property so pledged and subsequently received by the utility district shall immediately be subject to the lien or such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the utility district, irrespective of whether such parties have notice thereof. No recordation is required of either the resolution or any other instrument by which such pledge is created.

(e) The bonds and notes of the utility district shall not be invalid due to any irregularity or defect in the proceedings for the issuance or sale thereof. Such bonds and notes shall recite that they have been authorized pursuant to the laws of the state, including particularly this act, which recital shall be conclusive evidence of their validity and the regularity of their issuance.

(f) Bonds and notes of the utility district shall not constitute a general obligation debt or a pledge of the faith and credit of the utility district and the bonds and notes shall be payable solely from the revenues and moneys pledged for their payment. All such bonds and notes shall contain a statement to the effect that they are not a general obligation bond or debt of the utility district, but are payable solely from the revenue and moneys pledged to the payment thereof.

(g) The utility district does hereby covenant and agree with the holders of any bonds or notes of the utility district that it will not limit or alter the rights hereby vested to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of such holders until such bonds or notes, together with interest thereon, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

(h) Whether or not the bonds and notes issued under this act are of such form and character as to be negotiable instruments under the provisions of the negotiable instruments law, such bonds or notes shall

be and hereby are made negotiable instruments within the meaning of and for all purposes of the negotiable instruments law, subject only to the provisions of the bonds or notes for registration.

(i) The utility district with the holders of the bonds and notes, in consideration of the acceptance of and payment therefor, the bonds and notes and the income therefrom and all moneys received or to be received by the state and pledged to pay or to secure the payment of such bonds and notes shall at all times be free from taxation by the state or any local governmental unit or other political corporations or subdivisions thereof, except for inheritance, transfer and estate taxes.

(j) Bonds and notes issued pursuant to this act shall be and are hereby declared to be legal and authorized investments for banks, savings bonds, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, guardians and all public funds, or security for deposit of such funds, of the state, local government unit or other political corporations or subdivisions of the state.

(k) Pending application of the proceeds of bonds or notes to fund construction costs of the project authorized herein, such proceeds shall be held in trust for the benefit of the holders of such bonds or notes, as the case may be. The utility district is authorized to establish a special trust fund for each issue of bonds or notes sold under the authority of this act. The utility district hereby covenants and agrees that from and after the issuance of bonds or notes under this act, moneys derived by the utility district from revenues generated by the projects funded with the proceeds of the bonds and notes are pledged to the payment of such bonds or notes. The proceeds shall be paid into the particular fund established for the issuance of bonds or notes to which such moneys are pledged, and such moneys shall be accounted for separately from all other moneys and shall be applied by the utility district solely for the purpose of paying principal of and interest and premium, if any, on such issue of bonds and notes issued and paying all other costs incidental to the issuance of such bonds and notes.

**SECTION 2.** The proceeds of any and all issues of bonds herein authorized shall be allocated to the Bedford County Utility District of Bedford County, Tennessee, to be allocated and expended for the purpose of building and operating a waste water treatment plant and water and sewer lines to service residential and commercial development in northern Bedford County including the new State Fire Enforcement Code School.

**SECTION 3.** The proper authorities heretofore enumerated and charged with the duty of expending such funds shall have authority to proceed with the projects authorized herein. No contract, including a contract for architectural services involving a project authorized by this act which is subject to the approval of the State Building Commission shall be entered into unless the contract is approved by the State Building Commission.

**SECTION 4.** If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

**SECTION 5.** This act shall take effect upon becoming a law, the public welfare requiring it.

Passed: March 12, 1998.

---

**Source URL:** <https://www.ctas.tennessee.edu/private-acts/utility-district>