



County Technical Assistance Service
INSTITUTE *for* PUBLIC SERVICE

November 23, 2024

Notes & Bonds

Dear Reader:

The following document was created from the CTAS website (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,

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Notes & Bonds

Private Acts of 1963 Chapter 220

SECTION 1. That the McKenzie High School District in Carroll County, Tennessee, as created by and under Chapter 533 of the Private Acts of Tennessee for 1917, is hereby authorized to borrow money and issue its negotiable coupon bonds therefor in the aggregate principal amount of not exceeding Two Hundred Fifty Thousand (\$250,000) Dollars for the purpose of constructing, improving and equipping school buildings and school grounds, in and for said School District, together with the purchase of necessary sites in connection therewith. Said bonds shall bear interest at a rate of not exceeding six per cent (6%) per annum, payable semiannually, and shall mature serially or otherwise in not exceeding thirty (30) years from the date thereof, and may be subject to such terms of redemption with or without premium, all as may be provided by resolution of the Board of Education of said School District. Said bonds shall be in such form and of such denominations and may be sold in whole or in part from time to time in such manner as the Board of Education of said School District may provide by resolution but in no event shall such bonds be sold for less than the par value thereof. Said Board of Education is authorized and empowered to do and perform all acts which may be necessary or desirable in connection with the issuance and sale of said bonds.

SECTION 2. That said bonds shall be signed by the President of the Board of Education of said District and countersigned by the Secretary of said Board and the coupons attached to said bonds shall be executed by the facsimile signatures of said officials. The proceeds derived from the sale of said bonds shall be turned over to the Treasurer of said School District and placed in a separate fund and shall be used only for the purposes as hereinbefore recited. The purchaser of said bonds shall not be required to look to the proper application of said proceeds.

SECTION 3. That for the purpose of paying the principal of and the interest on the bonds herein authorized, there is hereby levied a continuing annual tax of eighty cents (80¢) on each One Hundred (\$100.00) Dollars of taxable property in The McKenzie High School District, beginning with the year 1963 and continuing until said bonds have been paid in full as to both principal and interest. Said taxes shall be annually extended and collected by the County [sic] officials of Carroll County in the manner provided by the General Law for the extension and collection of county taxes and shall constitute a lien on the property against which they are levied with like force and effect as do county taxes. The proceeds of said taxes, as collected, shall be placed in a separate and special fund and shall be used solely for the purpose of paying principal of, interest on and redemption premiums on the school bonds herein authorized.

SECTION 4. That the bonds herein authorized and the interest thereon shall be exempt from all state, county and municipal taxation in the State of Tennessee except inheritance, transfer and estate taxes.

SECTION 5. That the bonds herein authorized shall not be issued until the issuance thereof has been ordered by a majority of the qualified voters of said district voting in an election called for such purpose by the election commissioners of Carroll County pursuant to the request of the Board of Education of said District. Such election shall be held in the same manner and by the same officials as general elections are required to be held in Carroll County and notice thereof shall be given at least twenty (20) days prior to the date of said election by publication of an appropriate notice not less than one time in a newspaper of general circulation in such District. At such election the ballot shall state briefly the maximum amount of bonds to be authorized and the purpose for which such bonds are to be authorized and shall contain the words "for the issuance of bonds" and "against the issuance of bonds". The election commissioners of Carroll County shall canvass the returns of such election and determine and declare in writing the results thereof. Such declaration shall constitute conclusive evidence of the results of said election.

SECTION 6. That the powers conferred by this Act shall be in addition and supplementary to the powers conferred by any other law and are not in substitution for the powers conferred by any other law. Bonds may be issued hereunder notwithstanding that any other law may provide for the issuance of bonds for like purposes and without regard to the requirements, restrictions or procedural provisions contained in any other law.

SECTION 7. That this Act shall take effect from and after its passage, the public welfare requiring it.

Passed: March 14, 1963.

Private Acts of 1970 Chapter 231

SECTION 1. The McKenzie High School District in Carroll County created by Chapter 533 of the Private

Acts of 1917, is authorized to borrow from time to time, not exceeding Seventy-Five Thousand Dollars (\$75,000), for the purpose of operating its school system and which funds may also be used for the purpose of constructing, improving and equipping school buildings and school grounds, including the purchase of lands, and issue its interest bearing notes as evidence of said debt.

SECTION 2. The note or notes evidencing the debt herein authorized, may be negotiated by the McKenzie High School District at such time or times and in such manner or manners as may be determined by the governing body of the District. However, the notes shall not be discounted and shall not bear interest exceeding the current prime rate of the Chase Manhattan Bank in New York City, New York.

SECTION 3. Any note or notes issued hereunder may be issued by resolution of the McKenzie High School District Board of Education, a majority voting in favor thereof, in a special or regular meeting, and any resolutions authorizing the borrowing of money and the issuing of a note or notes under this Act shall provide that such note or notes shall contain a recital that the funds are borrowed and notes are issued pursuant to this Act, which recitals shall be conclusive evidence of their validity and the legality of their issuance.

SECTION 4. The note or notes herein authorized shall be signed on behalf of the McKenzie High School District, by its Chairman and Secretary.

SECTION 5. The note or notes issued pursuant to the provisions of this Act shall not be subject to taxation by the State or any political subdivision thereof.

SECTION 6. The McKenzie High School District shall set apart in a separate fund so much as necessary of the One Dollar and Thirty Cents (\$1.30) tax on every One Hundred Dollars (\$100) worth of taxable property, both real and personal, situated within the McKenzie High School District, authorized by Chapter 533 of the Private Acts of 1917, as amended by Chapter 264 of the Private Acts of 1967, to pay principal and interest while the indebtedness herein authorized or any part thereof, is outstanding.

SECTION 7. The McKenzie High School District is authorized to use any surpluses existing or hereafter accruing by virtue of the levy authorized by Chapter 195 of the Private Acts of 1953 and the levy authorized by Chapter 220 of the Private Acts of 1963 in the retirement of any indebtedness created under this Act.

SECTION 8. The provisions of this Act are hereby declared to be severable. If any of its sections, provisions, exceptions, sentences, clauses, phrases or parts be held unconstitutional or void, the remainder of this Act shall continue in full force and effect, it being the legislative intent now hereby declared, that this Act would have been adopted even if such unconstitutional or void matter had not been included therein.

SECTION 9. This Act shall take effect on becoming a law, the public welfare requiring it.

Passed: February 10, 1970.

Private Acts of 1973 Chapter 107

SECTION 1. McKenzie High School District in Carroll County, Tennessee, created by Chapter 533 of the 1917 Private Acts of Tennessee, is hereby authorized to borrow money and to issue its negotiable bonds therefor in the aggregate principal amount of not exceeding \$1,500,000 for the purpose of constructing, improving and equipping school buildings and additions thereto for said school district, together with the purchase of necessary sites in connection therewith. Said bonds shall bear interest at a rate or rates not exceeding the legal rate of interest for written contracts, payable annually or semiannually, and shall mature serially or otherwise in not exceeding 30 years after date thereof as may be provided by resolution of the Board of Education of said school district. Said bonds shall be in such form and of such denominations, may be made subject to redemption prior to maturity with or without premium, and shall be sold as a whole or in part from time to time in such manner as the Board of Education may provide by resolution, but in no event shall such bonds be sold for less than par value, plus accrued interest. The Board of Education is authorized and empowered to do and perform all acts which may be necessary or desirable in connection with the issuance and sale of said bonds. Said bonds shall be signed by the President of the Board of Education and attested by the Secretary of said board, and the coupons attached thereto shall be signed with the facsimile signatures of said officials.

SECTION 2. The bonds herein authorized shall not be issued until the issuance thereof has been approved by a majority of the qualified voters of said district voting in an election called for such purpose by the election commissioners of Carroll County pursuant to the request of the Board of Education of said district. Such election shall be held in the same manner and by the same officials as general elections are

required to be held in Carroll County and notice thereof shall be given at least 20 days prior to the date of said election by publication of an appropriate notice one time in a newspaper of general circulation in said district. At such election the ballot shall state briefly the maximum amount of bonds to be issued and the purpose for which such bonds are to be issued and shall contain the words "for the issuance of bonds" and "against the issuance of bonds". The election commissioners of Carroll County shall canvass the returns of such election and determine and declare in writing the results thereof. Such declaration shall constitute conclusive evidence of the results of said election.

SECTION 3. For the purpose of paying the principal of and interest on the school bonds herein authorized there is hereby levied a continuing annual tax of \$1.50 on each \$100.00 worth of taxable property in said district, beginning with the year 1973 and continuing until said bonds shall have been paid in full as to both principal and interest. Said taxes shall be annually extended and collected by the county officials of Carroll County in the manner provided by the general law for the extension and collection of county taxes and shall constitute a lien on the property against which they are levied with like force and effect as county taxes. The proceeds of said taxes, as collected, shall be placed in a special fund and shall be used solely for the purpose of paying principal of and interest and redemption premiums on the school bonds herein authorized. The provisions of Section 49-721, Tennessee Code Annotated, shall be applicable to taxes levied pursuant to this Act.

SECTION 4. The bonds herein authorized shall be exempt from all state, county and municipal taxation in the State of Tennessee.

SECTION 5. If any or more provisions of this act or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid the remaining provisions hereof and the application thereof to persons or circumstances other than those to which it is held to be invalid shall not be affected thereby.

SECTION 6. All laws or parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this act shall take effect from and after its passage, the public welfare requiring it.

Passed: May 1, 1973.

Private Acts of 1996 Chapter 179

SECTION 1. The McKenzie High School District, located in Carroll County, Tennessee (the "District"), created by Chapter 533 of the Private Acts of 1917, as amended by Chapter 185 of the Private Acts of 1921, Chapter 576 of the Private Acts of 1921, Chapter 51 of the Private Acts of 1945, Chapter 568 of the Private Acts of 1947, Chapter 913 of the Private Acts of 1949, Chapter 165 of the Private Acts of 1951, Chapter 191 of the Private Acts of 1959, Chapter 220 of the Private Acts of 1963, Chapter 262 of the Private Acts of 1967, Chapter 264 of the Private Acts of 1967, Chapter 229 of the Private Acts of 1970, Chapter 231 of the Private Acts of 1970, Chapter 107 of the Private Acts of 1973, Chapter 166 of the Private Acts of 1975, Chapter 143 of the Private Acts of 1981, and Chapter 93 of the Private Acts of 1987, and all other Acts amendatory thereto, if any, (the "Act of Incorporation") is hereby authorized and empowered to issue and sell, by resolution of the Board of Education of the District, bonds in the aggregate principal amount of not to exceed ten million five hundred thousand dollars (\$10,500,000) for the purpose of providing funds (i) for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interests therein, necessary in connection with said work, (ii) for the funding of all accounts and funds necessary and proper in connection with the issuance and sale of the Bonds as the Board of Education of the District shall determine, (iii) for the payment of interest on the Bonds during the period of construction and for six (6) months thereafter and (iv) for the payment of all legal, fiscal, administrative, architectural, engineering, accounting and similar professional and other costs incident thereto and to the issuance and sale of the Bonds.

SECTION 2. The Bonds may be sold in one (1) or more series, may bear such date or dates, shall mature at such time or times, not exceeding thirty (30) years from their respective dated dates, may bear interest at a zero (0) rate or at such other rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium and may provide for the replacement of mutilated, destroyed or lost bonds, all as may be provided by resolution of the District's Board of Education. The Bonds shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the District's Board of Education, but in no event shall the Bonds be sold for less than ninety-eight percent (98%) of par plus accrued interest (or, if all or any part of such Bonds is to be sold at a zero (0) rate of interest or at an original issue discount, such Bonds may be sold at not less

than ninety-eight percent (98%) of the original reoffering price of such Bonds, plus accrued interest). The Board of Education of the District is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the Bonds and delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board of Education shall deem necessary or desirable.

SECTION 3. The Bonds shall be issued in fully registered form and shall be signed and sealed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the District's Board of Education authorizing the Bonds.

SECTION 4. So long as any of the Bonds shall remain outstanding and unpaid, the tax levied by authority of Chapter 107 of the Private Acts of 1973, as amended, shall continue to be levied at a rate which shall be hereby fixed at ninety-five cents (\$.95) per hundred dollars (\$100) of assessed value of real and personal property located within the District, effective as to said rate on January 1, 1996, for the 1996 tax year and each tax year thereafter. The rate hereinabove established may be adjusted from time to time in accordance with the procedure set forth in Section 67-5-1704, Tennessee Code Annotated, relating to county-wide reappraisal. In addition, in the event the total assessed value of all property subject to the tax hereinabove described declines by more than ten percent (10%) from January 1 of any year to January 1 of the next succeeding year or declines by more than fifteen percent (15%) from January 1 of any year to January 1 of the second succeeding year thereafter, at the request of the Board of Education, the county assessor of property shall certify to the county trustee and the Board of Education of the District the total assessed value of taxable property within the District and furnish the county trustee and the Board of Education an estimate of the total assessed value of all new construction and improvements not included on the assessment roll of the base year. Upon receipt of said information and certifications, the county trustee shall adjust the tax rate established herein to an adjusted rate which is estimated to provide to the District the same tax revenue as was provided by said tax in the base year, exclusive of such new construction, improvements and deletions, in accordance with policies established by the State Board of Equalization pursuant to Section 67-5-1701(b), Tennessee Code Annotated, or any successor thereto. Said taxes shall be used exclusively to pay principal of and interest on the Bonds authorized herein and any other indebtedness of the District as they come due and to maintain debt service fund balances. The Board of Education is hereby authorized to pledge such taxes to pay the principal of and interest and any redemption premiums on the Bonds and any other indebtedness of the District. The taxes shall be annually extended and collected by the County Trustee of Carroll County in the manner provided by general law for the extension and collection of County taxes and shall constitute a lien on the property against which they are levied with the like force and effect as do County taxes. The proceeds of said taxes, when collected, shall be deposited to a debt service fund to be established and maintained by the District. The debt service fund is established for the specific purpose of receiving the taxes authorized herein and any other funds which may from time to time be pledged to the payment of indebtedness of the District. The debt service fund and the funds therein shall be maintained and accounted for until payment in full of all outstanding obligations of the District and shall be used for the purpose of paying principal of and premium, if any, and interest on the Bonds and any other indebtedness of the District. In the event property taxes and such other funds as shall be pledged to the payment of the indebtedness of the District are not sufficient to pay principal thereof and interest thereon when due, the District shall apply funds from operations or other available funds of the District to the payment thereof. So much of the surplus arising from the tax hereinabove described and not required for the payment of debt service on outstanding obligations of the District may be used, at the discretion of the Board of Education of the District, for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interests therein, necessary in connection with said work.

SECTION 5. The Board of Education is authorized to pledge to the payment of the Bonds all or a portion of (a) any funds received by the District under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Section 49-3-351 et seq., Tennessee Code Annotated, and related sections, (b) its share of the Local Option Sales and Use Tax now or hereafter levied and collected in Carroll County, Tennessee, pursuant to Section 67-6-712, Tennessee Code Annotated, and (c) any other funds received from the State of Tennessee, or any of its authorities, agencies or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

SECTION 6. The Bonds, and all income therefrom, shall be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except as otherwise provided by applicable law.

SECTION 7. The District is further authorized, by resolution of the Board of Education, to borrow money and issue its bonds for the purpose of refunding the Bonds authorized herein, at or prior to maturity, in

whole or in part, at any time, in accordance with the terms hereof.

SECTION 8. The District is further authorized, by resolution of the Board of Education, to issue and sell notes of the District in anticipation of the issuance of the Bonds authorized herein. The notes may be sold in one (1) or more series, may bear such date or dates, shall mature at such time or times, not exceeding three (3) years from their respective dated dates, may bear interest of such rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium, and may provide for the replacement of mutilated, destroyed or lost notes, all as may be provided by resolution of the Board of Education. The notes shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the Board of Education. The Board of Education of the District is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the notes and delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board of Education shall deem necessary or desirable.

SECTION 9. If any provision(s) of this Act or the application thereof shall be held by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Act and the application of such provisions shall not be affected thereby, shall be enforced to the greatest extent permitted by law and are declared to be severable.

SECTION 10. This Act shall take effect upon becoming a law, the public welfare requiring it.

Passed: April 18, 1996.

Private Acts of 2022 Chapter 51

SECTION 1. The McKenzie Special School District (the "District"), created by Chapter 533 of the Private Acts of 1917, as amended (collectively with all amendatory acts, the "Act of Incorporation") is hereby authorized and empowered to issue and sell, by resolution of the Board of Education (the "Board") of the District, bonds and/or notes in the aggregate principal amount of not to exceed four million dollars (\$4,000,000) in the manner provided below:

(a) The District is hereby authorized and empowered to issue and sell, by resolution of its Board, school bonds and notes for the purpose of providing funds for (i) the acquisition of land and site preparation for and the construction, improvement, renovation, expansion, furnishing, and equipping of school buildings and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interests therein, necessary in connection therewith, (ii) the funding of all accounts and funds necessary and proper in connection with the issuance and sale of the bonds and notes as the Board shall determine, (iii) the payment of interest on the bonds and notes during the period of construction and for six (6) months thereafter, and (iv) the payment of all legal, fiscal, administrative, architectural, engineering, accounting, and similar professional and other costs incident thereto and to the issuance and sale of the bonds and notes. The maximum aggregate principal amount of school bonds authorized to be issued shall be limited to four million dollars (\$4,000,000). No public referendum or election of the voters of the District shall be necessary in order for the District to issue and sell the bonds and/or notes authorized pursuant to this subsection.

(b) The bonds and notes may be sold at competitive or negotiated sale at such times, in such amounts and with such terms as may be approved by resolution of the Board; provided that the maximum maturity of any bond or note issued shall not exceed twenty-five (25) years from issuance and the rate or rates of the bonds and notes shall not exceed the maximum rate permitted by Tennessee law. The Board of the District is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the bonds and notes and to delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board shall deem necessary or desirable.

(c) The District is further authorized, by resolution of its Board, to issue and sell notes of the District in anticipation of the issuance of the bonds authorized herein. The notes shall mature at such time or times, not exceeding five (5) years from their respective dated dates, and shall be sold in such manner and upon such terms as shall be provided by resolution of the Board. Bond anticipation notes shall also be payable from and secured by the proceeds of the bonds in anticipation of which they are issued. Notwithstanding anything herein to the contrary, bond anticipation notes may be issued in an amount not to exceed four million dollars (\$4,000,000) in addition to the issuance of not to exceed four million dollars (\$4,000,000) of school bonds, provided that such notes are to be retired by the bonds.

(d) The District is further authorized, by resolution of its Board, to borrow money and issue its bonds for the purpose of refunding the bonds and notes authorized herein or that may have been previously issued by the District. The refunding bonds shall be sold at such times, in such manner and upon such terms as shall be provided by resolution of the Board, and notwithstanding anything herein to the contrary, shall be in an amount necessary to refund such bonds or notes.

(e) The Board of the District is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the bonds and notes authorized herein and to delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board shall deem necessary or desirable.

(f) The bonds and notes authorized hereunder shall be issued in fully registered form and shall be executed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the Board.

(g) Any bonds or notes issued hereunder shall be paid from the taxes levied by authority of the Act of Incorporation. Notwithstanding any provision of the Act of Incorporation to the contrary, all taxes levied pursuant thereto are specifically authorized to be used to pay the principal of and interest on any bonds and notes issued pursuant to this subsection. The Board of the District is hereby authorized to pledge such taxes as necessary to pay the principal of and interest on the bonds and notes authorized herein. The taxes shall constitute a lien on the property against which they are levied with the like force and effect as due county taxes.

(h) The Board is also authorized, but not required, to pledge to the payment of the bonds and notes all or a portion of (i) any funds received by the District under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Section 49-3-351 et seq., Tennessee Code Annotated, and related sections, (ii) its share of the Local Option Sales and Use Tax now or hereafter levied and collected in Carroll County, Tennessee, pursuant to Section 67-6-712, Tennessee Code Annotated, and (iii) any other funds received from the State of Tennessee, or any of its authorities, agencies, or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

(i) The bonds and notes and all income therefrom, shall be exempt from all state, county and municipal taxation in the State of Tennessee, except excise and franchise taxes and except as otherwise provided by applicable law.

SECTION 2. In the event that the laws creating the District are repealed or the District is abolished, that portion of such laws levying a tax, the proceeds of which are pledged to the payment of outstanding bonds and indebtedness of the District, shall remain in full force and effect with respect to the real and personal property within the District to the extent necessary to satisfy the District's debt service requirements with respect to said bonds and indebtedness, and the outstanding bonds and indebtedness of the District shall remain binding and valid obligations of the District the same to be paid out of funds collected in respect of the tax herein authorized. In such event, the said remaining tax shall continue to be collected by the county trustee and funds collected in respect thereof shall be paid in respect of the District's outstanding bonds and indebtedness by the District until such bonds and indebtedness have been paid in full.

SECTION 3. The provisions of this Act are intended to supersede any contrary provisions of the Act of Incorporation heretofore adopted.

SECTION 4. If any provision(s) of this Act or the application thereof shall be held by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Act and the application of such provisions shall not be affected thereby, shall be enforced to the greatest extent permitted by law and are declared to be severable.

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

Passed: April 28, 2022

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