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Chapter III - Bond Issues

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,

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

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Bond Issues - Historical Notes

A listing of the acts which authorized various bond issues for Cumberland County is included below for reference purposes, although these acts are no longer current.

Agricultural Experiment Station

1. Private Acts of 1943, Chapter 465, permitted the Quarterly County Court of Cumberland County to issue and sell their interest bearing bonds in the amount of \$15,000 at a maximum interest rate of 4%, not to exceed 20 years to maturity, to purchase a site which would be deeded to the University of Tennessee upon which would be erected an agricultural experiment station. These were general obligation bonds and the court was obligated to levy a tax with which they would be redeemed.
2. Private Acts of 1943, Chapter 466, ratified, confirmed, and legalized all prior proceedings and actions which the County Court may have had in connection with the bond issue of \$15,000 to purchase a site for an agricultural experiment station.

Courthouse

1. Acts of 1905, Chapter 510, allowed the Quarterly County Court to issue \$25,000 in 5% bonds with a redeemable date between July, 1915 and July 1, 1925. They would be used to construct a courthouse in Crossville and the County Court could levy a tax to create a sinking fund or to redeem the bonds as provided in the Act.

Debts

1. Private Acts of 1931, Chapter 79, validated and confirmed all prior action taken by the Cumberland Quarterly Court in connection with the issuance of \$85,000 in funding bonds at a maximum 6% interest rate and payable semi-annually at the rate of \$5,000 per year through 1960. The Court could levy a tax sufficient to pay the principal and interest on such bonds.
2. Private Acts of 1931 (2nd Ex. Sess.), Chapter 78, authorized the County Trustee to set apart one-fourth of the funds received by the county from the two cent gasoline tax, known as State aid funds for county highways, to be used solely for retirement of the county's bonded indebtedness.
3. Private Acts of 1939, Chapter 109, validated the actions of the County Court in its issuance to C. H. Little and Company of Knoxville and to Clark and Company of Nashville, of the funding bonds of said county in the amount of \$100,000 which was to be used to pay off and retire the outstanding floating indebtedness of the county. The interest rate was set at 4% and the maturity schedule was to be as established in the Act. The tax levy authorization was included.
4. Private Acts of 1941, Chapter 139, validated, confirmed, and legalized all prior actions taken in connection with the issuance of \$11,000 in refunding bonds dated December 1, 1940 at 3½% interest, and maturing from December 1, 1952, to December 1, 1956. Provision for an annual tax levy to cover these bonds was included.
5. Private Acts of 1941, Chapter 151, validated the proceedings of the Quarterly County Court in connection with the issuance of \$50,000.00 in funding bonds which were dated January 1, 1941. The bonds would mature serially between April 1, 1949 and April 1, 1958 and bear interest at the rate of 3½% per annum. The County would levy a property tax sufficient to pay the principal and interest on said bonds.

Hospital

1. Private Acts of 1945, Chapter 248, validated the prior proceedings of the County Court in the issuance of \$60,000 in 6% bonds whose proceeds would be turned over to the properly constituted authorities of Uplands Sanitarium, a Public Welfare Corporation to aid in the erection of a hospital in the vicinity of Crossville. These were made the general obligation bonds of the county, and the essential details and tax levy placed into the laws.
2. Private Acts of 1947, Chapter 83, validated the proceedings of the Quarterly County Court in its issuance of \$60,000 in hospital bonds to be used in aid of the construction of a public hospital to be owned by the Town of Crossville but available for use by citizens of Cumberland County which was officially declared to be a proper public purpose and benefit to residents of the county. This Act was upheld by the Supreme Court in Stone v. Crossville, 187 Tenn. 19, 212 S.W.2d 678 (1948).

3. Private Acts of 1947, Chapter 106, authorized the County Court to issue their general obligation bonds without limiting the amount for the purpose of aiding the Town of Crossville in financing the construction, acquisition, improvement or extension of a public hospital to be owned by and located in Crossville but available to residents of the County. The interest rate was pegged at 5% and the maturity period at 40 years. A committee composed of the County Judge, the County Court Clerk, and the County Trustee would supervise the selling of the bonds. Authority for a tax levy was included.

Jail

1. Private Acts of 1937, Chapter 133, permitted the County Court to issue time warrants in order to borrow \$22,000 at 4½% interest, signed by the county judge or chairman, and attested by the county court clerk, to be used to defray the expenses and costs incidental to erecting a new jail building. The warrants would be repaid out of funds raised by a special tax levy.

Roads

1. Private Acts of 1911, Chapter 608, allowed the County Court to issue \$100,000 in 5%, 20 year bonds, to locate, grade, construct, macadamize, with crushed limestone, or otherwise upgrade the turnpike roads of the county, \$40,000 to be used on a turnpike from west to east through the county seat as a part of the Memphis to Bristol Highway. The program would be supervised by five Commissioners whose powers and duties were specified and who would make reports to the County Court periodically. They were also instructed and permitted to withhold 10% on each contractor's payment each time until the work he was performing was completed and accepted.
2. Private Acts of 1915, Chapter 362, allowed a bond issue of \$200,000, in 5%, 40 year bonds of which \$125,000 was allocated to a road running north and south through the county seat; \$20,000 to the east-west Memphis-Bristol Highway, and \$55,000 to those roads which intersected these two. James W. Dorton, C. G. Black, and J. A. Kimbrough were named to the first Board of Highway Commissioners to oversee the program. Their salary would be fixed by the County Court who would also pay them their actual expenses. No conflict of interest or nepotism was permitted. They could, among other things, advertise for bids, award contracts, employ an engineer, a bookkeeper, and necessary clerks, render reports to the county court and exercise the power of eminent domain when essential to changing roads.
3. Private Acts of 1917, Chapter 309, amended Private Acts of 1915, Chapter 362, by revising the allocation of the \$125,000 allocated to the north-south road by allotting \$20,000 of that sum to the work on the Memphis-Bristol Highway, and by placing \$20,000 towards work on the Monterey Road. The remainder of the \$125,000 not used on the north-south road would be placed in a Road Maintenance Fund. All the provisions relating to the Board of Highway Commissioners were retained.
4. Private Acts of 1917, Chapter 591, amended Private Acts of 1915, Chapter 362, by placing \$50,000 of that bond issue, when all the work was completed into interest bearing bonds of the government, or loaned to some National Bank at no less than 4% interest, which interest would be used as a permanent road maintenance fund and the corpus would not be allowed to fall under \$50,000. J. W. Dorton, C. G. Black, and J. A. Kemmer were appointed as a committee to oversee the workings of this fund, no portion of which would be used on ungraded roads.
5. Private Acts of 1923, Chapter 482, amended Private Acts of 1915, Chapter 362, and Private Acts of 1917, Chapter 309, by requiring the Board of Highway Commissioners created therein, to pay all unexpended funds within their control to the Trustee of Cumberland County who shall put them in the road account. All further responsibility except a final report to the county court on the part of this Board was terminated. The act also amended Private Acts of 1921, the road law at that time, giving those commissioners the authority to expend these funds to upgrade the roads leading from the county seat towards the county lines as far as they would go excepting State and Federal Highways.
6. Private Acts of 1923, Chapter 674, amended Private Acts of 1917, Chapter 591, so as to make the Road Maintenance Fund and the accumulated interest thereon as the same was created by law, available to the Road Commission for expenditure on surfacing roads with macadam, chert, slag, or other materials. The act directs the Road Commission formed in the 1917 Act to pay over to the Road Commission created in the then existing Road Law, Private Acts of 1921, Chapter 849, all their funds and be relieved of all liability.

Schools

1. Private Acts of 1929, Chapter 140, validated, confirmed, and legalized all the proceedings of the Quarterly County Court of Cumberland County had in construction with the issuance of \$75,000 in

5% school bonds, payable from 1935 to 1949. All things were made as legitimate and binding as though the authority existed prior to the issuance.

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