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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.

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# Chapter III - Bond Issues

## Issuance of Negotiable Bonds

### Private Acts of 1941 Chapter 157

**SECTION 1.** That the County of Dyer, in the State of Tennessee, through its Quarterly County Court, in regular, adjourned or special session assembled, a quorum being present and a majority of all the justices composing the said Court voting therefor [sic], is authorized and fully empowered to provide by resolution for the issuance of negotiable bonds of said County, at one time or from time to time, for the following purposes:

(a) Funding any or all warrants, notes or other indebtedness not evidenced by bonds, now outstanding, and interest accrued thereon.

(b) Refunding any or all bonds of the County, now outstanding including bonds not matured if the unmatured bonds be then redeemable or if the holders thereof be willing to surrender the same for retirement.

(c) To pay any redemption premium upon bonds so refunded and also such expenses as the Quarterly County Court may deem reasonable and proper for carrying out the provisions of this Act.

**SECTION 2.** That bonds authorized pursuant to the provisions of this Act may be issued as a whole, or in series, at one time, or from time to time. The designation of said bonds, the date or dates and the denominations thereof, the rate or rates of interest said bonds shall bear (in no instance, however, to exceed four and one eighth per centum (4 1/8) per annum, payable semi-annually), the maturity or maturities of the bonds, which shall be at a time or times not exceeding fifty (50) years from the date of the bonds, the place or places of payment of principal and interest, the form of said bonds, and all other details thereof shall be determined and fixed by the Quarterly County Court of Dyer County, subject only to the limitations herein imposed, in the resolution providing for the issuance of said bonds. Any and all bonds issued pursuant to the provisions of this Act shall be signed by the County Judge or Chairman of the County Court of Dyer County, countersigned by the County Court Clerk, and shall have the seal of Dyer County impressed on each, and the interest coupons annexed thereto may be executed by the facsimile signatures of said officials, either lithographed or printed thereon. In case either or both of the officers whose signatures appear on the bonds or coupons shall cease to be officers before the delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes, the same as if they had remained in office until such delivery.

**SECTION 3.** That the Quarterly County Court may sell any or all of the bonds authorized under the provisions of this act in such manner and for such price as it may determine to be for the best interest of the County, but no sale shall be made at a price so low as to require payment of interest on the money received therefor at more than four and one-eighth per centum (4 1/8%) per annum, computed with relation to the absolute maturity or the average maturity of the bonds in accordance with standard tables of bond values. Any or all of the bonds authorized under the provisions of this Act may be exchanged for the bonds to be refunded thereby, or the warrants, notes or other indebtedness to be funded thereby, including bonds not matured or redeemable if the holders thereof be willing to surrender the same for retirement. Additional bonds may be authorized, issued and sold under the provisions of subsection (c) of section 1 hereof in an amount sufficient to pay (1) any redemption premium on bonds refunded, and (2) if such funding or refunding bonds shall bear interest at less than four and one eighth (4 1/8%) per centum per annum, and shall be sold and delivered in exchange at a discount, the amount of such discounts; provided; however, that the aggregate amount of bonds which may be issued for all purposes pursuant to the provisions of this Act shall not exceed in face amount the sum of \$4, 000, 000.00.

**SECTION 4.** That all bonds issued under the provisions of this Act shall be direct and general obligations of Dyer County, Tennessee, for the payment of which the full faith, credit and resources of said County shall be irrevocably pledged. In each year while any funding or refunding bonds issued under the provisions of this Act shall be outstanding there shall be levied upon all taxable property in Dyer County an ad valorem tax sufficient to pay the interest thereon as it falls due, and the principal of such bonds as the same mature.

**SECTION 5.** That the authority conferred by this act upon Dyer County may be exercised at any time and from time to time, and the authorization of additional funding or refunding bonds by one resolution shall not prevent the authorization of additional funding or refunding bonds by subsequent resolution or resolutions, not to exceed the maximum amount herein authorized. One resolution providing for the

issuance of bonds authorized hereby may provide for the issuance of two or more separate series of such bonds, and each series or class may have different terms and provisions from the others, and the bonds of each series or class may bear interest at different rates.

**SECTION 6.** That this Act take effect from and after its passage, the public welfare requiring it.

Passed: February 7, 1941.

## Bond Issues - Historical Notes

A listing of the acts which authorized various bond issues for Dyer 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.

### Courthouse

1. Private Acts of 1903, Chapter 37, authorized the Quarterly Court of Dyer County to issue time warrants not to exceed \$50,000 in amount, at an interest rate of 6%, or less, and for a maturity period no longer than 15 years. These bonds would be sold by a committee elected by the County Court and the proceeds would be used to construct a Court House at Dyersburg. All the essential details of valid bond legislation were present in the Act and a mandatory tax levy not to exceed 15 cents per \$100 was established to be levied as long as any of the warrants were due and unpaid.
2. Private Acts of 1911, Chapter 404, recited in the preamble that Private Acts of 1903, Chapter 37, above, was the legal authority to issue up to \$50,000 in time warrants at 5% interest, and covering a maturity period of fifteen years, with which to build a Court House, and that the warrants and bonds so authorized were duly issued and sold, but some question has arisen concerning the validity of the time warrants, therefore, this act ratifies, confirms, and validates all prior actions had in connection with that project and allowed refunds to be made on the warrants and bonds to be issued in their room and stead under the same limitations. These bonds were to be executed in the name of Dyer County and would possess and assume the same credibility as other bonds.

### Debts

1. Acts of 1866-67, Chapter 41, granted the privilege to Hawkins County acting through its Quarterly Court by a two-thirds vote of its members, to issue coupon bonds for the amount of the indebtedness of the County, but no debt was to be paid with these funds which was incurred in aid to the recent rebellion. Section 6 made this Act effective in Greene, Monroe, White, Franklin, Dyer, and Smith Counties.
2. Acts of 1891, Chapter 12, constituted the authority for the Quarterly Court of Dyer County to issue up to \$25,000 in bonds at an interest rate not to exceed 6%, and for a maturity period no longer than ten years, but the bonds could be called in after three years. The money would be used to pay the outstanding obligations of the County. The bonds would have interest coupons attached, would be free from taxation when owned by a citizen of the County, and must meet all the needs of local bond issues required by law.
3. Private Acts of 1913, Chapter 160, permitted the Dyer County Quarterly Court to issue up to \$75,000 in bonds at an interest rate not to exceed 5%, payable in 1933 with the right reserved to call in and pay \$5,000 per year after five years. The proceeds would go to liquidate debts and outstanding warrants of the County. All the essential details of the bond issue were incorporated including the mandatory tax levy. The County Chairman must keep proper records and the Trustee would handle the funds.
4. Private Acts of 1917, Chapter 306, enabled the Quarterly Court of Dyer County to issue and sell up to \$150,000 in bonds at an interest rate of 5%, or less, which bonds would mature over a period of 15 years according to the schedule contained in the Act. The bond purpose was to pay off the outstanding debts of the County evidenced by judgments and unpaid warrants. All necessary detail was included within this Act which obligated the County Judge to keep all proper records.
5. Private Acts of 1929, Chapter 813, ratified, confirmed, and validated all the prior proceedings of the Quarterly Court of Dyer County held in connection with the issue and sale of \$200,000 in funding bonds, dated April 1, 1929, bearing an interest rate of 5½%, and maturing in annual \$10,000 increments, starting in 1940. These bonds were made the general obligations of the county government for which a special tax levy must be made as long as any remained due and unpaid.
6. Private Acts of 1931, Chapter 124, was the enabling legislation for the Dyer County Quarterly

Court at any regular, or called, session to issue short term notes up to \$325,000 in anticipation of taxes levied but not collected. These notes could not be issued except as they were needed to pay the interest falling due on County bonds. The interest rate to be paid was not to exceed 6%. The principal of these notes, plus interest, would be paid out of the regular county funds produced by the tax levy.

7. Private Acts of 1931, Chapter 283, was the legal authority for the Quarterly Court of Dyer County at any regular, or called, session to issue interest bearing warrants, or notes, to raise funds to pay current expenses in anticipation of taxes levied but not collected. The warrants could not be issued except on approval by two-thirds of the Court members. The amount in the aggregate could not exceed 5% of the assessed value of property in the County. The interest rate could not top 6%, nor the maturity period exceed 30 years. Details to be observed at all issues were incorporated. The debts which were to be paid had to be entered in the minute book at the time of issue and a proper tax had to be levied to amortize these warrants over the specified maturity period.
8. Private Acts of 1935, Chapter 788, granted to the Dyer County Quarterly Court the authority to issue bonds, and to borrow money, by Resolution whenever it became necessary to adjust or liquidate the outstanding obligations of the County. The bonds could not exceed that amount of the unpaid debts of the County, nor the interest rate exceed 6%, nor the maturity schedule be more than 50 years. All the details of the issue could be included in the Resolutions for these general obligation bonds which required a special tax levy to be made to repay them as long as any were out. This authority could further be used to refund other bond issues especially in the area of roads and highways. The Court was given the added authority to resort to the Federal Bankruptcy Act if the Court should so decide. See State v. Fumbanks, 177 Tenn. 455, 151 S.W.2d 148, a Dyer County case involving this Act.
9. Private Acts of 1937, Chapter 129, validated all the prior proceedings of the Quarterly Court of Dyer County, especially the adoption of a Resolution on January 4, 1937, in connection with the issue and sale of \$94,500 in bonds at 3½% interest until January 1, 1940, and thereafter at 3 3/4%, graduated in increments up to 4 3/4% to fund certain debts due and owing on December 31, 1936. These bonds would mature January 1, 1965. A special tax levy must be made to amortize them so long as any were due and unpaid.
10. Private Acts of 1937, Chapter 530, validated all the prior proceedings, orders, and agreements by the Dyer County Quarterly Court relating to the readjustment of the indebtedness of the County, and to the issuance and sale of \$4,715,788 in funding, or refunding, bonds, designated as alphabetical series "A" through "M". The authority was conferred upon the officials of the County and State Highway Departments to proceed whenever necessary. The County Trustee was obligated to handle the money and to keep all essential records.
11. Private Acts of 1941, Chapter 157, was the authority for a bond issue in Dyer County which is still outstanding. For these reasons the Act has been published herein in full on the preceding pages.

### **Railroads**

1. Acts of 1869-70, Chapter 55, gave the County Court of Dyer County the authority to raise up to \$400,000 to be expended in Dyer County for railroad purposes by issuing bonds up to that amount, for a maturity period which could not exceed 20 years, and at a lawful rate of interest. The bonds would be secured by stock in the Railroad Company. All the details of the issue, including a mandatory tax levy to amortize the bonds, were included in the Bill. The authority was limited to railroads which crossed the County.

### **Roads**

1. Private Acts of 1907, Chapter 58, gave the right to the Quarterly Court of Dyer County to issue and sell up to \$150,000 in bonds, at an interest rate of no more than 5%, and to mature over a 30 year period, callable after 15 years, which bonds would be tax exempt and used to build good roads in Dyer County. All was conditioned upon approval by the people in a referendum. The Act named R. M. Hall, J. N. Parker, John M. Tarrant, and N. W. Calcutt, all bankers, as the "Trustees of the Good Road Fund," who would supervise the sale of the bonds and the administration of the program, together with a Committee of Five to be selected by the Court from among their own members. The authority was granted to employ an engineer, if desired, and needed. This Act levied a "road bond interest tax."
2. Private Acts of 1909, Chapter 118, also enabled the Quarterly Court, subject to the outcome of a referendum held for that purpose, to issue up to \$150,000 in 5%, 30 year, bonds, callable after five years, to build good roads in Dyer County. The Court would appoint 4 citizens as "Trustees of Good Road Funds" to supervise the bond sale and the overall program. Each Civil District would

- select a committee in the District to handle the program in that area. An overall engineer could be hired or each District would be permitted to employ one. All the details and tax levy were incorporated into the law.
3. Private Acts of 1911, Chapter 375, was the authority to issue up to \$500,000 in bonds, at an interest rate of 5%, or less, and to cover a maturity period not to exceed 30 years, to construct a system of graveled, or rock, roads in Dyer County, conditioned upon prior approval by the people in a referendum. The essential elements of a bond issue were included. The Chairman of the County Court, the County Trustee, and the County Court Clerk were commissioned to handle the money according to the dictates of this statute. A list of fifteen different sections of roads was set up in the Act upon which the bond money would be expended.
  4. Private Acts of 1921, Chapter 482, allowed the Quarterly Court to issue up to \$500,000, in 6%, 40 year, bonds to build, construct, repair, and maintain certain hard surfaced roads. The form of the bond and the details to be observed were incorporated into the body of the bill. The program would be generally supervised by the Hard Road Commission, to which the Act named J. N. Parker, John M. Tarrant, J. H. Jones, and N. W. Calcutt, and who would select a Chairman, a Secretary, a Treasurer, and an attorney. Four Roads were listed upon which the work and funds authorized by this Act would be expended. This Act was repealed by Private Acts of 1947, Chapter 67, below.
  5. Private Acts of 1921, Chapter 483, allowed the issue in bonds up to \$670,000, at 6% interest, or less, for a 30 year maturity period, or more, to build, construct, improve, and repair certain hard surfaced roads in Dyer County. All essential details were observed, and the form of the bond and the interest coupon are depicted verbatim in the Act. The County Judge was directed to keep adequate records and the Trustee to handle the funds. J. N. Parker, N. W. Calcutt, and George E. Scott all of Dyersburg; N. L. Scobey, I. N. Williams, and Albert Harris, all of Newbern; were named as Pike Commissioners to supervise the program, award contracts under certain limitations, and to inspect and report on the progress of the work. Seven roads were specified in the Act as having priority for the benefits of this law. The Commission would not be paid in 1921 but the Quarterly Court could compensate them afterwards, if they so desired.
  6. Private Acts of 1921, Chapter 658, was the authority for a certain city in the State to issue bonds for road improvements under the terms and conditions stated therein. The margin said this Act applied to Dyer County but it applied only to the city of Dyersburg.
  7. Private Acts of 1921, Chapter 865, amended Private Acts of 1921, Chapter 482, Item 4, above, by adding at the end of Section 3 a provision that such bonds would not be issued until the County Hard Road Commission had requested in writing for the Quarterly Court at some regular term to vote the issuance of the same, and they only after a majority of the Justices had voted to do so. This Act was repealed by Private Acts of 1927, Chapter 68, below.
  8. Private Acts of 1925, Chapter 60, was the legislative authority to issue up to \$1,000,000 in 6%, 30 year, bonds to build, construct, repair, and improve certain hard surfaced roads in Dyer County. The details coincide with prior act mentioned above. J. N. Parker, John M. Tarrant, and John F. Thompson, were named as Pike Commissioners who had the authority to use the money according to the terms of this Act. They would serve regular six year terms, solicit bids when expedient, award contracts under conditions stipulated, and had the power to exercise eminent domain to secure rights of way. Fifteen roads were listed as having work priorities. All the terms of this Act were subject to approval by the voters in a referendum.
  9. Private Acts of 1925, Chapter 225, amended Private Acts of 1921, Chapter 482, above, by striking the names of those who were members of the Commission in that Act and substituting J. N. Parker, John M. Tarrant, and Dr. Joe Wynne, in their places. Section 12 was amended to extend the terms of the Commissioners to January 1, 1930. This Act named four roads to be considered in the overall program. This Act was repealed in Item 13, below.
  10. Private Acts of 1925, Chapter 328, recited that the people of Dyer County in a referendum on February 21, 1925 approved the issue of \$1,000,000 in bonds at an interest rate not to exceed 6%, and covering a maturity period no longer than 30 years, which amount would be expended on roads. The form of the bond and the interest coupon were set out verbatim in the Act. The Pike Commission, to which the Act named J. N. Parker, John M. Tarrant, and John F. Thompson, must keep adequate records, make periodic progress reports, and supervise the overall program. The Commissioners were granted general powers to accomplish the work required on the list of fifteen roads enumerated in the Act plus any others, if funds remained, selected by the Pike Commission.
  11. Private Acts of 1927, Chapter 67, amended Private Acts of 1921, Chapter 482, above, by inserting

a new Section 3 providing for the County to issue the amount of bonds requested by the Hard Road Commission in writing at interest not to exceed 6% until the full amount of \$500,000, as authorized, had been issued, to mature at five year intervals for 30 years from date of issue.

Section 4 was rewritten to give details of the bonds and specifying the form they would take.

These bonds were exempted from taxation. J. N. Parker, J. K. White, and Dr. Joe Wynne were named as Commissioners. Section 15 was rewritten to give additional duties to the Hard Road Commissioners and to add five roads to the list to be worked.

12. Private Acts of 1927, Chapter 68, expressly repealed Private Acts of 1925, Chapter 225, Item 7, above, in its entirety.
13. Private Acts of 1927, Chapter 70, specifically repealed Private Acts of 1925, Chapter 225, entirely as written.
14. Private Acts of 1927, Chapter 195, was the enabling legislation for the Dyer County Quarterly Court to issue up to \$100,000 in 6%, 30 year, bonds, as all or any part of which was requested by the Pike Commissioners, which money would be used to build, construct, repair, maintain, and improve certain hard surfaced roads. The form of the bond and the interest coupon to be attached and the essential details of valid bond laws were contained in the Act. The Pike Commissioners would supervise and administer the program with the Trustee handling the money. The Commissioners could not have any personal interest in any of the business of the program. J. N. Parker, J. K. White, and John F. Thompson were nominated as Pike Commissioners, who could employ an engineer, solicit bids, award contracts and do all essential tasks within the limitation stipulated in the Act. A list of roads to be built or repaired was included in the Act but the Commissioners had the authority to add others to it. The entire Act was subject to an affirmative referendum vote.
15. Private Acts of 1927, Chapter 550, amended Private Acts of 1927, Chapter 195, above, to provide that the Chairman of the County Court be substituted throughout the Act in place of the County Judge, that office having been abolished in Dyer County.
16. Private Acts of 1929, Chapter 264, allowed the Dyer County Quarterly Court, subject to approval by the people in a referendum, to issue up to One Million Dollars in bonds at 6%, or less, interest, and to mature no later than 30 years from issue, to build, construct, repair, and maintain hard surfaced roads which would be issued as the Pike Commission requested in writing. All essential details were provided. Gasoline tax money and license tax funds might be used to repay these bonds but a tax levy was also required. The County Chairman must keep records and the Trustee handle the money. The Pike Commission had the general oversight of the bond sale and administration of the program. J. N. Parker, J. K. White, and John F. Thompson were named as Pike Commissioners who could have no personal interest in any of the business of the program. The funds could not be used for the acquisition of rights of way. A list of 64 roads was contained in the Act upon which work would be scheduled to be performed.

### **Schools**

1. Private Acts of 1937, Chapter 139, was the authority for the Mayor and Aldermen of the city of Trimble in Dyer County to issue and sell \$20,000 in bonds to construct a school building to replace one recently destroyed by fire. All details were present, the interest rate was limited to 6%, and the maturity schedule to 20 years. Being general obligation bonds, the Mayor and Aldermen must impose a tax levy adequate to amortize the said bonds when due.
2. Private Acts of 1937 (Ex. Sess.), Chapter 20, was the authority for the Quarterly Court of Dyer County to issue on its own initiative up to \$150,000 in bonds, at a maximum interest rate of 6%, and with a maturity schedule not to exceed 25 years, to acquire property by purchase, or condemnation, to construct and equip a school thereon. All the necessary details were contained in the Act including a formula for the distribution of the funds. The Act was dependent upon the successful outcome of a referendum held for the purpose of approval or disapproval.
3. The Dyer County Audit Report for 1976 showed a special bond issue on Page 15 for schools, citing Private Acts of 1945, Chapter 184, as the authority for the \$227,000 issue on which \$80,000 was still outstanding. The Private Act cited as authority did not apply to Dyer County. It is the Compiler's judgment that Public Acts of 1945, Chapter 184, was the intended citation.