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Tri-County Railroad Authority

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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,

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Tri-County Railroad Authority

Public Acts of 1981 Chapter 542

SECTION 1. There is hereby created the Tri-County Railroad Authority in the counties of Coffee, Warren, and White. This authority is intended to secure economic benefits to the above counties and to the cities of Manchester, Doyle, McMinnville, Morrison, Tullahoma, and Sparta by providing for the continuation of railroad service in Coffee, Warren, and White Counties. Within the region of the authority, it may acquire, construct, operate, maintain, and dispose of railroad facilities, properties, and equipment, and may, in addition to continuing the above-mentioned railroad service, provide any other rail service in the region as it is needed and feasible.

SECTION 2. The acquisition, construction, operation and maintenance of such properties and facilities are hereby declared to be public and governmental functions. The powers herein granted, in connection therewith, are declared to be public and corporate purposes and matters of public necessity.

SECTION 3. The organization of the authority shall be as follows:

(a) The authority shall be governed by a board of directors.

(b) Membership of the board of directors shall consist of:

(1) The county judge or county executive of each county becoming a member of the authority, in accordance with Section 16 of this Act.

(2) The mayor of each city becoming a member of the authority, in accordance with Section 16 of this Act.

(3) One member to be selected by the governing body of each county and city becoming members of the authority.

(4) The term of each selected member shall be prescribed by the governing body making the selection.

(c) In the event of failure to elect a successor to any member of the board the members whose term has expired shall continue to serve until his successor has been duly elected as herein provided. In the event of the death or resignation of a member of the board, or his inability to serve prior to the expiration of his term, his successor shall be elected for the unexpired term by the remaining members of the board within thirty (30) days of the event. Any person at least twenty-five (25) years of age who has resided within the boundaries of the authority, for a period of at least one (1) year immediately preceding his election, shall be eligible to serve as a member of the board of directors of the authority. Any director who ceases to regularly reside within the boundaries of the authority shall automatically become ineligible to serve in said office.

(d) Before entering upon their duties, all directors shall take and subscribe to an oath of office, as provided by the constitution and law for county and city officers. Copies of the said oath of each director shall be filed with the clerk of the county court of the applicable county.

(e) A majority of the directors shall constitute a quorum and the directors shall act by vote of a majority present at any meeting attended by a quorum, and vacancies among the directors shall not affect their power and authority, so long as a quorum remains. Within thirty (30) days after their election as herein provided, the directors shall hold a meeting to elect a chairman. The directors shall hold meetings quarterly at such times and places as the directors may determine. Special meetings may be called and held upon such notice and in such manner as the board of directors may, by resolution, determine. Save as otherwise expressly provided, the board of directors shall establish their own rules of procedure. The directors shall designate a secretary and a treasurer, or one (1) person as secretary-treasurer, and such person need not be a director. The secretary shall attend all regular and special meetings and keep minutes thereof. The minutes of meetings shall be available for inspection by the public at the office of the authority, at all reasonable times. The board of directors, by resolution, shall require the treasurer or secretary treasurer, to execute a bond with an approved corporate surety, in such amount as the board may specify, for the faithful performance of his duties and the accounting of all monies and revenues that may come into his hands. Such bonds shall be filed with the Secretary of State. The board of directors, by resolution, may require all other subordinate officers, or employees, to execute such fidelity bonds for the faithful performance of their duties and the accounting of funds that may come to their hands, in such an amount, with such conditions and such sureties, as the board of directors may determine.

(f) All members of the board of directors shall serve without compensation, but may receive any per diem allowance which may be appropriated by the governing body of the county of city electing a

director, for such director. Reasonable expenses incurred by members of the board while engaged in the business of the authority are subject to reimbursement by the authority.

(g) The directors shall be indemnified by the authority for any liability they might incur while acting in such capacity other than for culpable negligence.

(h) Except as otherwise herein provided, the directors shall be removable only for good cause, and after preferment of charges, as provided by law for county officers.

SECTION 4. The directors shall be authorized to employ and fix the compensation of architects, attorneys, engineers, superintendents, consultants, professional advisors, and other subordinate officers and employees, as may be necessary for the efficient management and operation of the authority and its facilities. Such persons shall continue in the employment of the authority at the will and pleasure of the board of directors. Such employment or contracts shall conform to the statutes, regulations and procedures to which counties must generally adhere in making such transactions.

SECTION 5. The directors shall have the following duties and powers, and, in exercising such duties and powers, shall abide by all statutes, regulations and procedures to which counties must generally adhere in making such transactions:

(a) To acquire, construct, purchase, operate, maintain, replace, repair, rebuild, extend, and improve within the boundaries of the authority the properties and facilities described in Section 1, and to make such properties and facilities available to any firm, person, public or private corporation, to any other shipper, consignee, or carrier, and to charge for their use and for any and all services performed by the authority.

(b) To accept donations to the authority of cash, lands or other property to be used in the furtherance of the purpose of this Act.

(c) To accept grants, loans, or other financial assistance from any federal, state, county or municipal agency, or other aid for the acquisition or improvement of any of the facilities of the authority.

(d) To purchase, rent, lease, or otherwise acquire any and all kinds of property, real, personal or mixed, tangible or intangible, whether or not subject to mortgages, liens, charges, or other encumbrances, for the authority, which, in the judgment of the authority directors, is necessary or convenient to carry out the purpose of the authority. In exercising the powers granted in this subsection, the directors shall abide by all statutes, regulations and procedures to which counties must conform in such matters.

(e) To acquire property which is suitable for use by industries requiring access to any railroad track owned, operated, or subsidized by the authority.

(f) To make contracts and execute instruments containing such covenants, terms, and conditions as, in the judgment of the directors, may be necessary, proper, or advisable for the purpose of obtaining grants, loans, or other financial assistance from any federal or state agency for or in the aid of the acquisition or improvement of the facilities herein provided; to make all other contracts and execute all other instruments including, without limitation, licenses, long or short term leases, mortgages, and deeds of trust, and other agreements relating to property and facilities under its jurisdiction, and the construction, operation, maintenance, repair, and improvement thereof, as in the judgment of the board of directors may be necessary, proper, or advisable for the furtherance of the purpose of this act, and the full exercise of the powers herein granted; and to carry out and perform the covenants, terms, and conditions of all such contracts or instruments. In exercising the powers granted in this subsection, the directors shall abide by all statutes, regulations and procedures to which counties must conform in such matters.

(g) To establish schedules of tolls, fees, rates, charges, and rentals for the use of the properties and facilities under its jurisdiction, and for services which it may render.

(h) To enter upon any lands and premises for the purpose of making surveys, soundings, and examination in connection with the acquisition, improvement, operation, or maintenance of any of the facilities of the authority.

(i) To promulgate and enforce such rules and regulations as the board of directors may deem proper for the orderly administration of the authority and the efficient operation of its facilities. In exercising the powers granted in this subsection, the directors shall abide by all statutes, regulations and procedures to which counties must conform in such matters.

(j) To do all acts and things necessary or deemed necessary or convenient, to carry out the powers expressly given in this Act. This subsection shall not be construed to authorize the directors, in doing all things necessary and convenient, to conduct the administrative and business affairs of the Authority in a manner inconsistent with the statutes, regulations and procedures governing such matters in county government.

SECTION 6. Except as otherwise expressly provided in this Act, the directors shall have full and exclusive

control of and responsibility for the administration of properties and facilities constructed or acquired pursuant to this act; provided, however, that the authority may lease or license lands or facilities under its jurisdiction for operation by private persons or corporations; provided further, however, that this subsection shall not be construed to authorize the directors to exercise such authority in a manner inconsistent with the statutes, regulations and procedures governing such matters in county government.

SECTION 7. The authority is hereby authorized and empowered to condemn, in the name of the authority, any land, easements, or rights of way in the boundaries of the authority that, in the opinion of the board of directors, are necessary or convenient to carry out the purposes of this Act as set forth in Section 1. Title to property so condemned shall be taken by and in the name of the authority, and the property shall thereafter be entrusted to the authority for the purposes of this Act. Such condemnation proceedings shall be in accordance with Chapters 16 and 17 of Title 29, Tennessee Code Annotated. Provided, however, that where title to any property sought to be condemned is defective, it shall be passed by the judgment or decree of the court. Provided, further, that where condemnation proceedings become necessary, the court in which any such proceedings are filed shall, upon application by the authority, and upon posting of a bond with the clerk of the court in such amount as the court may deem commensurate with the value of the property, order that a writ of possession shall issue immediately, or as soon and upon such terms as the court, in its discretion, may deem proper and just.

SECTION 8. The authority shall have the powers with respect to finance as follows, and, in exercising such powers, shall abide by all statutes, regulations and procedures to which counties must generally adhere in such matters.

(a) To borrow money for any of its corporate purposes and issue its bonds therefor, including refunding bonds, in such form and upon such terms as it may determine, payable out of any revenues of the authority, including grants or contributions from the federal government or other sources, which bonds may be sold at public sale. Revenue bonds may be issued for the above purposes and the authority may pledge as security for such bonds all or any portion of the tolls, fees, rents, charges, or any other revenues derived from the operation of the railroad and related uses of the properties. Provided, that any such fees, rents, or charges so pledged that are fixed and established pursuant to the provisions of a lease or contract, shall not be subject to revision or change except in such manner as is provided in such lease or contract. Any bonds issued pursuant to this Act shall state on their face that they are payable as to principal and interest, solely from revenues of the authority and shall not constitute a debt of the state or any political subdivision thereof other than the authority, and shall not constitute any indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither a director of the authority nor any person executing such bonds shall be liable personally thereon by reason of the issuance thereof. In case any of the directors or officers of the authority whose signatures appear on any bonds or coupons cease to be directors or officers after authorization but before delivery of the bonds, their signatures shall be valid and sufficient for all purposes. Any provision of the law to the contrary notwithstanding, any bonds issued pursuant to this Act shall be fully negotiable. Any bond reciting in substance that it has been issued by the authority pursuant to this Act and for a purpose of purposes authorized by this Act shall be conclusively deemed, in any suit, action, or proceeding involving the validity or enforceability of the bond or the security therefor, to have been issued pursuant to such provisions and for such purpose or purposes. Bonds issued by the authority pursuant to the provisions of this Act are declared to be issued for an essential public and governmental purpose, and together with interest thereon, and income therefrom, shall be exempt from all taxes. With respect to refunding bonds, the provisions of Section 5-11-103 (14), when pertinent, and Section 9-12-103, Tennessee Code Annotated, shall apply, with respect to funding bonds, the provisions of Section 9-11-108, Tennessee Code Annotated, shall apply.

SECTION 9. The board of directors of the authority shall report annually to the governing bodies of the various counties and cities within the boundaries of the authority. Such reports shall include statements of financial receipts and expenditures and a summary of activities and accomplishments for the period and proposed plans for the next year and for subsequent years. The board of directors annually shall require an audit to be performed of the authority's operations. Such audits shall meet the requirements placed on county offices by Section 4-3-304(5), Tennessee Code Annotated; when applicable, the cost of such audits shall be borne in the same manner and paid at the same rates established for county government in Section 9-3-110, Tennessee Code Annotated.

SECTION 10. The revenues derived from the operation of the properties and facilities authorized, and the proceeds derived from the sale, transfer, lease or other disposition of any land or other facilities, shall be applied and used as provided in this section: provided, however, that nothing in this section shall be construed to authorize the authority to administer these provisions in manner inconsistent with statutes, regulations or procedures governing such transactions and activities carried out by county governments, and the authority shall assure that procedures and practices covered by this section conform with

statutes, regulations and procedures to which county governments must adhere. All revenues shall be received, deposited and accounted for and all financial transactions shall be handled consistent with the requirements of statutes, regulations and procedures affecting county government.

(a) The payment of all operating expenses of the authority, except that the proceeds derived from the sale, transfer, or other disposition of any land or other facilities shall not be used for this purpose.

(b) The establishment of necessary reserves for contingencies, depreciation, maintenance, replacement of properties and facilities, storage transfer facilities and any other facilities, or other purposes as may be required under any bond indenture or as the authority directors may deem necessary or desirable. This subsection shall not be construed to authorize the authority to exercise these provisions in a manner inconsistent with statutes, regulations or procedures governing such matters in county government.

(c) Any revenue or proceeds remaining after all the above items have been provided for shall be held and used for the further development of and for additions to the authority facilities and for the acquisition or construction of new facilities which may become necessary or desirable to further the purposes of this Act. None of such revenue shall go into the general funds of the participating counties, except as may be directed by the authority directors.

SECTION 11. All contracts of the authority shall be entered into and executed in such manner as may be prescribed by statutes, regulations and procedures governing contracting by county governments; but no contract or acquisition by purchase of equipment, apparatus, materials or supplies involving more than five hundred dollars (\$500), or for construction, installation, repair or improvement of the property of facilities involving more than five hundred dollars (\$500) shall be made except after such contract has been advertised for bids, provided that advertisement shall not be required when:

(a) An emergency arises and requires immediate delivery of the supplies or performance of the service.

(b) To receive funds from county or city governments for purposes of planning; the acquisition of properties and facilities; and the construction, operation, management, the maintenance of all properties and facilities, to which end such governments are authorized to provide funds for any of the aforesaid purposes, upon grant or loan and are empowered, but not required to, impose taxes to accomplish the purposes of this Act.

SECTION 12. The authority may use any property, right of way, easement or other similar property right necessary or convenient in connection with the acquisition, improvement, operation or maintenance of the facilities herein authorized, held by the state of Tennessee or any county or municipality in the state of Tennessee, provided such governmental agency shall consent to such use; provided, however, that all statutes, regulations and procedures regulating the use, management, and disposition of state property must be complied with.

SECTION 13. The powers, authority and rights conferred by this Act shall be in addition and supplemental to, and the limitations imposed by this Act shall not affect the powers conferred by any other general, special or local law.

SECTION 14. If any clause, sentence, paragraph, section or any part of this Act shall be held or declared to be unconstitutional or void, it shall not affect the remaining part or parts of this Act, it being hereby declared to be the legislative intent to have passed the remainder of this Act, notwithstanding the part held to be invalid, if any.

SECTION 15. This Act is remedial in nature and shall be liberally construed to effect its purposes of promoting the movement and transfer of people, goods and merchandise to, from and through the boundaries of the authority; encouraging utilization of the natural resources therein; and promoting the growth and development of commerce and industry in the counties and cities. Such liberal construction shall not work to override the application of the general statutes, regulations or procedures to the administrative or financial management practices of the authority in the same manner as they apply to county governments.

SECTION 16. This Act shall take effect when two (2) or more of the counties of Coffee, Warren, and White and the cities of Tullahoma, Manchester, McMinnville, Morrison, Doyle, and Sparta are authorized by a majority vote of their respective governing bodies to become members of the authority; evidence of such authorization is proclaimed and countersigned by the presiding officer of each ratifying county and city and certified by him to the Secretary of State; and the governing bodies of all governments voting to become members of the authority have indicated their willingness to appropriate sufficient funds to provide for the initial administration of the authority.

SECTION 17. For the purpose of approving or rejecting this Act as provided in Section 16, it shall take

effect upon becoming a law, the public welfare requiring it; but for all other purposes, it shall be effective upon being approved as provided in Section 16.

Passed: March 12, 1981.

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