



County Technical Assistance Service
INSTITUTE *for* PUBLIC SERVICE

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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,

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Chapter III - Bond Issues

Bond Issues - Historical Notes

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authorized various bond issues for Hawkins County is included below for reference purposes, although these acts are no longer current.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

Bridges

1. Private Acts of 1915, Chapter 402, authorized Hawkins County to issue negotiable bonds, to an amount not exceeding \$25,000, for the purpose of building a bridge across the Holston River, at or near Chisolm's Ford.
2. Private Acts of 1917, Chapter 570, was the authority for the quarterly court of Hawkins County to issue up to \$10,000 in interest bearing coupon bonds, at an interest rate of 6%, or less, and which bonds matured according to a schedule fixed in the act which funds would be used to build a bridge across the Holston River at or near Crockett's Ferry, which amount is one-half of the cost thereof, the other half to be supplied by Hamblen County. All the essential details are supplied and the mandatory tax levy is included.
3. Private Acts of 1937, Chapter 709, stated that, subject to the successful outcome of a referendum held for that purpose, the quarterly court of Hawkins County could issue up to \$60,000 in bonds, at a 3% or less interest rate, to mature as the court should determine, to build a bridge across the Holston River at Surgoinesville, and the approaches at each end at or near Bright's Ferry, a road connecting Christian's Bend and Long's Bend roads along the Holston River, and a high school building in Clinch Valley, at or near Shiloh. All the pertinent details were included and a tax levy required for the sinking fund as long as the bonds were outstanding.

Debts

1. Public Acts of 1866-67, Chapter 41, authorized the county court of Hawkins County to issue coupon bonds to produce the funds to pay off county debts, however, debts which were the result of aiding the Confederacy during the Civil War were not allowed to be paid off with these bonds.
2. Private Acts of 1933, Chapter 470, authorized Hawkins County to refund a part of its maturing bonded indebtedness by the issuance and sale or exchange of the negotiable bonds of the county in the aggregate principal amount of \$190,000. Private Acts of 1935, Chapter 46, amended Chapter 470 by changing a sentence to read that the bonds would be numbered consecutively and the same shall mature, regardless of the date of issue, and be payable in such yearly sums, beginning in 1948, as the quarterly court may designate in the order of issuance from time to time as the bonds are sold. Private Acts of 1935, Chapter 190, also amended Chapter 470, in the caption so that the caption corresponded with the body of the bill, and by adding to Section 6 a provision that the word "bonds" shall also include the negotiable notes, which have been issued and sold from time to time pursuant to the authority granted in several private acts.
3. Private Acts of 1935, Chapter 290, validated, legalized, and confirmed the prior actions of the Hawkins County Quarterly Court had in connection with their issuance of \$23,000 in refunding bonds at an interest rate of 4½%, notwithstanding any defects or omissions which may have occurred, or that a portion of the original debts to be refunded consisted of negotiable notes of the county instead of bonds as were authorized to be refunded by Private Acts of 1933, Chapter 470. These bonds were declared to be the general and incontestable obligation of the county.
4. Private Acts of 1941, Chapter 283, allowed the Hawkins County Quarterly Court to issue interest bearing coupon bonds up to \$65,000 to fund and pay off a like amount of outstanding debts represented by outstanding warrants which were unpaid and collectable. The interest rate could not exceed 4%, nor the maturity period twenty years. All the essential details, including the mandatory tax levy were contained in the act. The quarterly court could issue blocks of bonds as they saw fit but the total amount could not be more than \$65,000.
5. Private Acts of 1943, Chapter 344, authorized the quarterly court of Hawkins County to issue up to \$51,500 in negotiable interest bearing bonds to be used in funding and paying off a like amount of the outstanding and unpaid debts of the county which were represented by warrants and unpaid accounts. These bonds were limited to 3% interest rates and a 20 year maturity period.

Railroads

1. Public Acts of 1899, Chapter 418, amended Public Acts of 1887, Chapter 3, which was a general

act allowing counties and cities to subscribe to the stock of railroads chartered under Tennessee law, and to issue bonds to pay for the stock, so that the maximum maturity period authorized was extended from twenty to forty years by the amendment to be effective only in Hawkins, Sullivan, and Grainger counties. Acts of 1903, Chapter 438, amended Chapter 418, so that Hawkins and Grainger counties could issue bonds under the twelfth section of that act which would be payable not more than forty years later and to the effect that electric railways and railroads be included with the purview of the purposes for which the bond money could be spent.

Roads

1. Private Acts of 1901, Chapter 390, provided that a referendum be held to decide whether or not the people were in favor of issuing up to \$100,000 in coupon bonds for the purpose of building or buying turnpikes and improving the public roads in general in Hawkins County. The bonds were to be in denominations of \$1,000 and were to be paid off at the rate of three a year at an interest not to exceed 5%. The details of the form of the bonds and the manner in which they would be issued were included in the act. A tax levy was required to produce an amount sufficient to pay off the bonds at the maturity rate specified for as long as any were outstanding. If the people approved the issue, three turnpike commissioners were to be elected to supervise these projects. The commissioners were to be sworn and bonded and would report quarterly to the county court.
2. Acts of 1903, Chapter 178, authorized Hawkins County to issue interest bearing coupon bonds in an amount not exceeding \$160,000, the proceeds of which were expended in locating and building public roads and bridges in said county, and submitted the question of the issuance of said bonds to a vote of the people of the county and provided for a board of commissioners to maintain said roads after completion by pike commissioners which were selected.
3. Acts of 1907, Chapter 518, permitted the quarterly court of Hawkins County to issue up to \$200,000 in negotiable coupon bonds to build roads and bridges and for no other purpose, which bonds could be issued in blocks of no less than \$40,000 and at different interest rates but none to go over 5%. The bonds would mature at \$10,000 in five years and \$3,000 a year afterwards until paid. A tax levy called a "pike tax" was to be made until the bonds were paid off by the trustee, named disbursing agent. Seven roads were listed to be built or improved, and \$30,000 to \$40,000 was designated for the construction of a county bridge across the Holston River at a place to be selected by the county court. A board of commissioners to supervise the program was authorized, who were compensated as the county court directed but no less than 2% of the money bonded. A referendum was required to be held and voter approval obtained before any of the above could be implemented.
4. Private Acts of 1911, Chapter 657, authorized Hawkins County to issue \$200,000 in interest bearing coupon bonds for the purpose of building, grading, macadamizing and otherwise improving public roads in said county, provided the manner in which the money derived from the sale thereof shall be expended, and made it a felony, and provided for punishment thereof for any commissioner or person employed by them or any member of the county court, or other county official, to become interested in any contract made under the provisions of this act.
5. Private Acts of 1915, Chapter 481, authorized Hawkins County to issue \$450,000 of interest bearing coupon bonds for the purpose of improving, building, constructing and macadamizing certain roads in said county, and to erect and construct necessary bridges and culverts over streams and to construct ditches along said roadsides; provided for the drainage of surface water and running streams; provided for the payment of the interest thereon and the redemption of the bonds, and further provided for the expenditure of the funds, arising from the sale of said bonds and fixed a punishment for persons violating the provisions of this act, and if the sum of \$450,000 was not enough to complete the roads laid out in this act, the county court was authorized and empowered at any quarterly term to issue and sell fifty thousand more. This act was amended by Private Acts of 1917, Chapter 52, which designated the line of the Stage Road called for in said act and fixed and determined the line of said Stage Road. Private Acts of 1917, Chapter 175, also amended Chapter 481 by making it mandatory that the board of road commissioners complete the grading of, and the macadamizing of the road known as the Stage Road, extending from the Sullivan County line to the Grainger County line, and to do this work first, regardless of the completion or construction of any other roads in said county, and made it the duty of said board of road commissioners to reserve out of the proceeds of the sale of the bonds authorized by Chapter 481, funds sufficient to complete the work of grading and macadamizing said road. Private Acts of 1917, Chapter 235, amended Chapter 481 by setting aside 15% of the bond money to be used for cutting down the worst grades on the county roads and to improve the branch roads leading to and from the main thoroughfares. The act directed further that 4½% of the bond money be paid over to Rogersville to improve their roads. Section

- 8 was amended by adding four new roads to the list to be improved and Section 13 by requiring the engineer to be paid out of funds coming into the hands of the commissioners, and that 10% of all the contract money be retained until all the work under that contract was completed and accepted. Private Acts of 1917, Chapter 532, also amended Chapter 481 in Section 8 by extending the portions of two of the roads mentioned therein to the points described in the act, and by putting the section of road described in Subsection 9 of Section 8, originally to extend to the Virginia line, within the discretion of the commissioners as to how far in that direction the road was to be improved. Private Acts of 1917, Chapter 770, amended Chapter 481 by improving the description of that part of the Mooresburg Road which was scheduled to be paved, being much more specific about where the paving would start and end, and by inserting a provision which required the work on this road to begin immediately after the Stage Road was finished. Private Acts of 1917, Chapter 796, amended Section 8 by adding a road. Those listed to be improved would begin at the residence of Dr. Pennington at Bulls' Gap, thence by or near the residences of Newton Long and S.S. Walker; thence to E.J. Moore; thence to connect with the St. Clair road at Bulls' Gap Road, which road was to be completed by August 1, 1917, and also added a new road to the list of crossroads to be paved. Private Acts of 1919, Chapter 254, amended Section 9 of Chapter 481 by granting the board of road commissioners the authority to make agreements, contracts, and to do other acts to cooperate with the state department of highways in regard to the Stage Road running from Sullivan to Grainger County, which would include, but not be limited to, the setting aside of matching funds for the improvement of this road. Private Acts of 1919, Chapter 713, amended Section 6 of Chapter 481 by adding a provision earmarking \$10,000 of the bond funds for the construction of a bridge with the necessary culverts and approaches which could cross White Horn Creek; the court could issue additional bonds, if necessary, for this purpose at 5% or less interest. An additional sum of \$5,000 was set aside for Beech Creek Road. Private Acts of 1919, Chapter 816, amended Chapter 481 so as to provide that \$1,500 of the fund known as the "cross roads fund" due the third district shall be spent on grading the road from Rogersville and Kile's Ford Road, beginning at the residence of E.J. Lee, the distance involved not exceeding three miles. Private Acts of 1921, Chapter 372, amended Chapter 481 and Private Acts of 1919, Chapter 254, by providing that Fred Beal and W.C. Davis serve as commissioners until all the funds provided for in Chapter 481, except those allocated to the Stage Road, were spent. Beal would be chairman at \$75 a month and Davis would be secretary at \$25 a month until the funds were exhausted but in no case would they serve longer than November 1, 1921. They had to cooperate with the state until the Stage Road was completed and share $\frac{1}{3}$ of one percent of the funds set aside to complete the road. Private Acts of 1923, Chapter 546 amended Chapter 481 by adding a new Subsection 2 of Section 1 which provided that the road commissioners named in that act continue joint supervision with the state highway department of the expenditures of funds on the state highways in Hawkins County and be paid $\frac{1}{3}$ of one percent of the funds spent as long as the fund is not exhausted.
6. Private Acts of 1921, Chapter 201, authorized Hawkins County, upon a majority vote of the county court, to issue and sell \$375,000 of non-taxable interest bearing coupon bonds for the purpose of improving, grading and macadamizing certain roads, to construct necessary bridges and culverts on said roads and provided for drainage for said roads and provided for a tax levy for the payment of the interest on said bonds and fixed the rate of interest that said bonds bore, and provided for the payment and redemption of said bonds and provided for the expenditure of the funds arising from the sale of said bonds, created a board of pike commissioners to carry out the provisions of the act, and prescribed their duties and salaries and provided for the cooperation of the said pike road commission with the state or federal authorities in the procurement of state and federal aid, and prescribed their duties in case state or federal aid was obtained for any road or parts of the roads described and regulated the vote and action of the county court as to the issuance of said bonds. Private Acts of 1921, Chapter 312, amended Chapter 201, by raising the amount of bonds to be amortized after five years from \$58,000 to \$65,000. Private Acts of 1921, Chapter 456, amended Chapter 201, by increasing the amount of bonds authorized from \$375,000 to \$384,000, and increasing the amount to be paid at the end of five years from \$58,000 to \$74,000. Two more roads were added to the list to be improved and \$9,000 appropriated for that purpose.
 7. Private Acts of 1927, Chapter 534, authorized Hawkins County to issue up to \$40,000 in short term notes which would be verified by the chairman of the county court and the county court clerk, at interest rates to be set by the court, and to mature according to the court's direction. The proceeds would be used to construct or repair four roads, named therein, at \$10,000 to be spent on each. A tax would be levied to pay the notes as long as they remained unpaid.
 8. Private Acts of 1929, Chapter 21, allowed the quarterly court of Hawkins County to issue up to

\$160,000 in interest bearing coupon notes which was to be used to construct and repair a list of 26 roads specified in the law and to spend the amounts allocated in the act as provided. The notes were limited to 5% interest and a 20 year maturity period. A road commission was provided and George G. Campbell was named as Chairman, George A. Steele was designated as superintendent of the roads, and W.T. Testerman, W.W. Phillips, and Pleas Rogers were named as commissioners, who would serve two years under the supervision of the quarterly court.

9. Private Acts of 1929, Chapter 487, authorized Hawkins County to issue up to \$97,000 in interest bearing coupon notes to construct roads in the county. A list of 30 roads and the amount to be spent on each one was set out in the law. These notes could not have an interest rate of more than 5%, nor mature at dates longer than 20 years.
10. Private Acts of 1929, Chapter 599, authorized Hawkins County to issue \$20,000 for the purpose of constructing roads in said county, provided for the payment of principal and interest of said notes issued under the act, provided for the issuance and sale of said notes and provided for the expenditure of funds derived from the issuance and sale of said notes.
11. Private Acts of 1929 (Ex. Sess.), Chapter 67, permitted the quarterly court of Hawkins County to issue up to \$68,000 in coupon bonds at 5% or less interest rates, and for a maturity period not to exceed 20 years which would be used to improve the 26 roads listed in the act.
12. Private Acts of 1931, Chapter 121, authorized Hawkins County to borrow upon its negotiable interest bearing promissory note or notes the sum of \$15,000 in order to meet and discharge indebtedness created in the construction of roads, to be paid for by bond issues sold to Caldwell and Company of Nashville.
13. Private Acts of 1945, Chapter 322, authorized Hawkins County to participate in the construction of inter-county and farm to market roads and to accept county funds in supplement of funds provided by the federal and state governments. The quarterly court could issue up to \$300,000 in bonds for this purpose, at 4% maximum interest.

Schools

1. Private Acts of 1937, Chapter 165, allowed the Hawkins County Quarterly Court to issue and sell negotiable bonds up to \$22,000 at 3% or less interest, payable \$2,000 a year. The proceeds of bonds would be paid to the trustee who would pay off and discharge the outstanding unpaid and due debts of the school system which were incurred in excess of revenues by the school board in the years 1931, 1932, and 1933.
2. Private Acts of 1947, Chapter 402, authorized the quarterly court of Hawkins County to issue up to \$980,000 in school bonds to be used to construct, repair, and equip schools, all being subject to the outcome of a referendum whose vote would be certified by the election commission. The bonds would be sold as the court directed at an interest rate of 3% or less.

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