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## Chapter III - Bond Issues

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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

### **Bridges**

1. Acts of 1903, Chapter 305, allowed the Quarterly Court of Smith County to appropriate the sum of \$60,000, or less, for the purpose of building bridges in the County, provided a majority of the Justices agreed to do so. Bonds would be issued in the amount of the appropriation to bear an interest rate not to exceed six percent and to have a maturity schedule of no longer than twenty years.
2. Private Acts of 1911, Chapter 589, allowed the County Courts of Putnam, DeKalb, and Smith Counties, respectively, to issue bonds in an amount not to exceed \$6,000, at an interest rate of four and one-half percent or less, and for maturity periods not in excess of thirty years, for the purpose of building a bridge across the Caney Fork River at a point just above the place where the bridge of the Tennessee Central Railroad crossed the river near the Putnam and DeKalb County lines. The bridge would be the joint property of all three counties.
3. Private Acts of 1927, Chapter 537, stated that the Quarterly Court of Smith County had authorized the issuance of Highway Bridge Bonds in the amount of \$20,000 for the purpose of cooperating with the State Department of Public Works, which bonds were to bear interest at a rate not in excess of five percent and were to mature no later than the year 1944. The bonds had been sold but not delivered, and some question had arisen regarding the authority of the Quarterly Court to issue them. The County desired to deliver the bonds and proceed with the work on the bridges located in the County. The act validated, confirmed, and legalized all the prior proceedings of the Smith County Quarterly Court taken in connection with the bond issue.

### **Debts**

1. Public Acts of 1866-67, Chapter 41, was the authority for the Quarterly Court of Hawkins County, by a two-thirds vote of its members, to issue interest bearing bonds in an amount equal to the County's outstanding debts, but no debt incurred in aid of the recent rebellion was to be paid with the proceeds of the bond issue. Section 6 extended the privileges, terms, and conditions of the act to Greene, Monroe, White, Franklin, Dyer, and Smith Counties.
2. Private Acts of 1929, Chapter 251, recited that the County was obligated in an amount of about \$80,000 in outstanding debts, notes, and warrants, that there existed about \$120,000 in outstanding claims against the Elementary School Fund, and that the debts and claims were due and unpaid. It declared that the Quarterly Court had authorized the issuance of bonds in the amount of \$200,000 at a lower rate of interest than the six percent rate then accruing on the debts, resulting in substantial savings to the people of the County. The act validated, ratified, and confirmed all the previous actions of the Quarterly Court in connection with that bond issue and made the payment of the bonds the binding, general, and incontestable obligations of the County, notwithstanding any contention to the contrary.
3. Private Acts of 1935, Chapter 80, recited that there existed \$45,000 in valid, binding, just, and unpaid debts owing by Smith County, that no funds were available to pay the debts, and that it appeared to the Quarterly Court that tax anticipation notes should be issued to create a fund to pay these obligations. The Quarterly Court had authorized the County Judge and County Court Clerk to sell such notes at the earliest possible date at four and one-half percent interest or less, which action would save the County from paying one and one-half percent interest on the debts. The outstanding debts were payable with six percent interest. All prior actions were validated and legalized and the bonds were declared to be the general and incontestable obligations of the County, which was obligated to levy a special additional tax to establish a sinking fund for the purpose of paying the indebtedness created by the bond issue.

### **Roads**

1. Acts of 1907, Chapter 172, permitted the Quarterly Court of Smith County to issue bonds in an amount up to \$100,000 with an interest rate of five percent or less, maturing from fifteen to fifty years, as the Court determined. The proceeds of the bond issue would be used to build and improve public roads, culverts, bridges, piping, and drainage. The Quarterly Court would appoint three Commissioners to sell the bonds and supervise the work. They could not be members of the Court. One member would act as secretary. They could employ an engineer to assist them, they were to make periodic reports to the Court, and they were to have no personal interest in the

programs at any time.

2. Private Acts of 1911, Chapter 610, provided that the Quarterly Court of Smith County would issue bonds in an amount up to \$300,000. The bonds were to bear interest at the rate of five percent, and were to mature within fifteen to fifty years, as the Court decided. The money from the proceeds would be used to buy and build roads in the County. The act provided details of the bond issue and established a system of road districts to be supervised by a road commission.
3. Private Acts of 1917, Chapter 21, repealed Private Acts of 1911, Chapter 610, above.

### **Schools**

1. Acts of 1813, Chapter 20, authorized, as Trustees of the Geneva Academy, Nathaniel W. Williams, Robert Allen, Archibald W. Overton, Charles Boulton, Arthur S. Hogan, John Gordon, and Lee Sullivan, to conduct a lottery for the benefit of the Academy. The Trustees were to draft a scheme to raise up to \$4,000 for the school. They were required to enter into a bond in an amount twice the lottery limit before putting the plan into operation so that prizes would be guaranteed and all expenses paid.

### **Schools - Gordonsville Special School District**

1. Private Acts of 1927, Chapter 774, amended Private Acts of 1915, Chapter 684, above, which created the Gordonsville Special School District, by granting authority to the Board of Trustees of the school district to issue bonds in a cumulative amount of up to \$5,000, to bear interest at six percent or less, and to mature semi-annually. The proceeds would be used to liquidate the outstanding indebtedness of the District.

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