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## Chapter III - Bond Issues

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# Chapter III - Bond Issues

## Bond Issues - Historical Notes

A listing of the acts which authorized various bond issues for Rhea County is included below for reference purposes, although these acts are no longer current.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 1935, Chapter 635, was the legal authorization for the Quarterly Court of Rhea County, and Meigs County, to issue up to \$125,000 in bonds at an interest rate not to exceed 5%, and to mature in 20 years, or less, to build a bridge across the Tennessee River between the towns of Decatur and Dayton on or near the present state Highway #30. All the details of a valid bond issue were present in the Act which had to be approved by a referendum vote before becoming effective. The work would be under the State Department of Public Works. Since the bonds would be repaid out of State Gasoline Tax money, no tax was required.

### **Courthouse**

1. Acts of 1889, Chapter 237, allowed the Rhea County Quarterly Court to issue up to \$50,000 in bonds whose interest rate could not exceed 6%, and which would mature as the Court should decide to build a courthouse and a jail. All the essential details were included among which was the mandatory special tax levy for the sinking fund. All of the above was again subject to approval by the people in a special referendum.
2. Acts of 1891, Chapter 133, allowed the Quarterly Court of Rhea County to issue \$30,000 in 6%, 20 year, bonds, to erect a Courthouse and for Courthouse improvements. Details of the issue are contained in the Act plus the mandatory requirement that a special property tax be levied to pay principal and interest as long as these bonds are outstanding.

### **Debts**

1. Acts of 1899, Chapter 348, permitted the Quarterly Court of Rhea County to borrow money at an interest rate not to exceed 5% and to mature no later than ten years from the date of issue, in an amount sufficient to pay the debts of the County which are evidenced by warrants issued before April 1, 1899, which are yet unpaid, plus any judgments due, and the interest on all of them. All the details of valid bond legislation were present.
2. Private Acts of 1921, Chapter 574, authorized and empowered the County Court of Rhea County in regular sessions assembled to issue and sell its interest bearing negotiable notes up to \$20,000 in any one year to pay the warrants drawn against the General Fund in the payment of the current expenses of the country. Interest rates could not exceed 6%, and all notes were to be paid by April 1 of the year following the issue. Taxes were required to be levied in an amount sufficient to repay the bonds and notes issued hereunder on or before the due date. This Act was repealed in Item 10, below.
3. Private Acts of 1921, Chapter 817, was the enabling legislation for the County Court of Rhea County to issue up to \$150,000 in interest bearing notes which would mature within five years or less, which money would be used to pay and satisfy the outstanding indebtedness of the County. The interest rate was fixed at 6%, or less, and the details were allowed to be incorporated into a Resolution of the Court. These notes, or bonds, were exempted from taxation by other governmental entities and would be supported by an annual special tax levy so long as they remained unpaid.
4. Private Acts of 1925, Chapter 341, allowed the Rhea County Quarterly Court to issue the bonds of the County in an amount not to exceed \$177,000, at an interest rate of 5%, or less, and to mature no later than 30 years from issue, to pay off its existing debts represented by outstanding warrants, and judgments, except school warrants. All these things were subject to prior approval by referendum vote of the people, the results of the election being certified to the Court by the Election Commissioners. A tax levy was required and all the essential details were provided.
5. Private Acts of 1925, Chapter 474, was an enabling Act for the Quarterly Court of Rhea County to issue up to \$100,000 in 5%, 30 year bonds to pay off the debts for the elementary schools which were evidenced by outstanding warrants issued by the County Board of Education for Teachers' salaries, incidental expenses, school buildings, and school grounds. From the proceeds there shall be paid to the Treasurer of the City of Dayton that proportion of the bond issue which the assessed value of the property in that city bears to the whole assessed value of property in the

County, these funds being ordered to be kept in a separate account. All the essential details of good bond laws were present in the Act.

6. Private Acts of 1931, Chapter 469, was the legal authority for the Quarterly Court of Rhea County to borrow up to \$195,000 in money and issue bonds therefore at an interest rate not to exceed 5 1/2%, and to mature no later than 30 years from issue, to pay all the debts of the County evidenced by the outstanding and unpaid county warrants, except school warrants. A tax must be levied and the proceeds produced by it are to be paid on these bonds until they are amortized. The County Trustee will handle all the money and keep the records.
7. Private Acts of 1933, Chapter 613, amended Private Acts of 1931, Chapter 469, above, by putting the deadline of January 1, 1933 for the warrants which were to be paid off by that bond issue, by raising the limitation on the maximum interest rate from 5 1/2% to 6%, by giving the Quarterly Court the authority to set the maturity dates for the bonds, and by relieving the purchasers of the bonds of the obligation to follow the money, to see that the money is spent for the purposes expressed in the bond covenants. This Act was repealed by Item 8, below.
8. Private Acts of 1935, Chapter 364, amended Private Acts of 1931, Chapter 469, Item 6, above, by extending the cut-off date for the warrants to be paid to March 1, 1935, by increasing the limitation on the maximum interest rate from 5 1/2% to 6% by allowing the Quarterly Court to set up the maturity schedule for the bonds, by relieving the purchaser of the obligation to follow the money, and by repealing entirely Private Acts of 1933, Chapter 613, above.
9. Private Acts of 1941, Chapter 213, ratified, confirmed, and validated all the prior proceedings of the Rhea County Quarterly Court in connection with the issue of \$1,175,000, and another issue of \$75,000 in bonds, which also fixed all the details of the issue by Resolution. Officials could proceed with the sale of the bonds and all of the debts which were to be liquidated by the bonds were also confirmed and validated. The Court was permitted to seek assistance from any Federal laws and any lack of statutory authority which may have existed at the time of the issue is hereby cured and for nothing held.
10. Private Acts of 1949, Chapter 20, expressly repealed Private Acts of 1921, Chapter 574, Item 2, above, which was blanket authority granted to the Quarterly Court to borrow money under certain conditions.
11. Private Acts of 1949, Chapter 356, was the legislative authority for the Quarterly Court of Rhea County to borrow money at an interest rate limited to 6%, or less, for the purpose of meeting appropriations made for the current fiscal year in anticipation of the collection of taxes and revenues in the coming fiscal year. The amount could not exceed 90% of the appropriation. Negotiable notes would have to be issued by the County for the borrowed money which were

### **General**

1. Private Acts of 1931 (Ex. Sess.), Chapter 73, constituted the enabling law which permitted the County Judge and Trustee of Rhea County, to borrow up to \$9,000 for the use and benefit of Rhea County for a period not to exceed six months, but with the option and right to renew for like periods, to enable the County to pay the interest due on bonds which are due to be paid on January 1, 1932. They may execute a note in their official capacities for the amount borrowed and interest.

### **Roads**

1. Acts of 1905, Chapter 106, named W. C. Paine, W. D. Browder, E. T. Waterhouse, W. H. Rogers, and J. D. Ellis, as a Commission in Rhea County who would issue up to \$150,000 in 5%, 20 year, bonds, to lay out, construct, and build roads in the County as the Commission may determine and report to the Quarterly Court, provided, however, the people first approve the program in a referendum, which the Quarterly Court must request the Election Commissioners to hold. All the details were contained in the Act and the tax levy required.
2. Private Acts of 1913, Chapter 343, named M. S. Roddy, James T. Lentz, W. P. Darwin, J. F. Morgan, and W. H. Fox, as Commissioners, to issue bonds not to exceed the aggregate sum of \$250,000 to lay out, build, and construct public roads, provided the program has the prior approval of the people expressed in a referendum election held for that purpose. The interest rate could not exceed 5%, and the maturity schedule was limited to 20 years. The bonds would be sold by the Commissioners named who shall keep proper records and make periodic reports of their transactions. The Quarterly Court must levy a special annual tax to be collected by the Trustee and paid on these bonds as long as they were unpaid. The Commissioners would be paid up to \$2 a day for each day spent in the discharge of their obligations hereunder, plus their reasonable and approved expenses.

3. Private Acts of 1921, Chapter 722, allowed the Quarterly Court of Rhea County to issue bonds not to exceed \$300,000, or so much thereof as may be necessary, to pay the County's share of the cost of constructing a concrete road in said county, having accepted the proposal of the State and Federal Government to do so. The proposed road shall run north from Dayton to the Roane County line in the Tennessee Valley, and south from Dayton through Benson Gap and Mount View Valley and Graysville to connect with Dixie Highway. The interest rate to be paid could not exceed 6%, nor the maturity period exceed 30 years. The Chairman and the Vice Chairman of the County Court, and K. T. Benson, shall supervise the sale of the bonds and the construction of the road. The Trustee will account for the money produced by the mandatory tax levy.
4. Private Acts of 1921, Chapter 757, permitted the Rhea County Quarterly Court to issue up to \$300,000 in 6%, 30 year, bonds, to establish and build lateral pike roads which have been, or may hereafter be, located in Rhea County. All essential details were present in the law. The County Court shall fix the plans by Resolution and govern the application of the program. W. R. Spivey, Floyd Knight, and Carl F. McDonald are named as Lateral Pike Road Commissioners of the County, who shall supervise the sale of the bonds and the construction of the roads. The Commissioners may employ an Engineer, solicit bids and award contracts for the work if all conditions pertinent thereto are met, must keep records of all transactions, file and keep all warrants issued, and serve at the will and discretion of the Court.
5. Private Acts of 1937 (Ex. Sess.), Chapter 30, was the legislative authority for Rhea County, acting through the County Judge and the Road Supervisor to borrow up to \$3,500, or as much as may be necessary, to pay a debt to the J. D. Adams Company of Indianapolis, Indiana, and to execute short term notes for the same. The notes would be due and payable in one year, or less, and at 6% interest, or less. These officials may sell the note in the manner they deem best and all the full faith and credit of the County is pledged to its payment.

### **Schools**

1. Acts of 1893, Chapter 50, was the authority for the City of Dayton in Rhea County to issue up to \$20,000, in 6%, 10 year bonds, to purchase land and to erect and maintain schools. All the essential details and the tax levy were provided. All was subject to the successful outline of a referendum held for that purpose.
2. Private Acts of 1921, Chapter 546, allowed the County Court of Rhea County to issue up to \$75,000 in bonds, at an interest rate not to exceed 6%, and to be repaid within five years from issue, to pay off and to satisfy all the outstanding debts of the, Grammar and the High School systems. These bonds would be general obligation bonds for Rhea County and tax exempt.
3. Private Acts of 1925, Chapter 342, permitted the Rhea County Quarterly Court to issue up to \$35,000 in bonds, at an interest rate of 5%, or less, to mature no later than 30 years from issue to pay off the debts of the County Board of Education evidenced by warrants previously issued to teachers for incidental expenses, and for school buildings. A referendum was required for the approval of the voters prior to the issuance of the bonds and the results certified to the County Court.
4. Private Acts of 1927, Chapter 787, was enabling legislation for the Quarterly Court of Rhea County to issue up to \$50,000 in 5%, 30 year, bonds for the construction and equipment of a High School Building at Dayton. Upon passage of the Resolution incorporating the action of the Court, the Election Commission would hold a referendum for the approval of the people before the bond can be issued. All the details essential to valid bond laws were incorporated.
5. Private Acts of 1929 (Ex. Sess.), Chapter 3, allowed the Rhea County Quarterly Court to issue bonds up to \$150,000 to pay judgments rendered on the Elementary and High School warrants which are yet unpaid, but a proportion of the said bond issue shall be paid to the City of Dayton as the assessed value of the property in the city compared to the assessed value of property in the County. The bonds shall bear interest no higher than 5%, and a maturity date no longer than 30 years. The County Trustee was responsible for handling all the money and records.
6. Private Acts of 1931, Chapter 434, was the legal authority for the County Court of Rhea County to issue up to \$25,000 in bonds at 5% interest, or less, on a maturity schedule not to exceed 30 years, to pay off and satisfy the indebtedness of the County represented by the warrants issued by the Board of Education for teachers, incidental expenses, and school buildings.
7. Private Acts of 1931, Chapter 537, permitted the Rhea County Quarterly Court to issue up to \$55,000 in 5 1/2%, 30 year, bonds to pay off the existing indebtedness for elementary schools as are represented by warrants which are outstanding and unpaid.
8. Private Acts of 1933, Chapter 614, amended Private Acts of 1931, Chapter 537, above, by raising

the allowable interest rate from 5 1/2% to 6%, and by extending the same limitations modified in Private Acts of 1931, Chapter 469, by Private Acts of 1933, Chapter 613, which immediately preceded this Act. This Act was repealed in Item 10, below.

9. Private Acts of 1933, Chapter 615, amended Private Acts of 1931, Chapter 434, by adding to the debts to be paid under the bond issue the judgments rendered against the County, by setting January 1, 1933, as the date prior to which the warrants issued would be paid, by raising the lawful rate of interest from 5 1/2% to 6%, by giving the Quarterly Court the right to set maturity dates, and by relieving the purchaser of the bonds of the obligation of following the money to see that it is spent for the authorized purposes. This Act was repealed in Item 11, below.
10. Private Acts of 1935, Chapter 362, amended Acts of 1931, Chapter 537, by moving the cut-off date for the warrants eligible to be paid forward to March 1, 1934, by again raising the interest rate from 5 1/2% to 6%, and by giving the Quarterly Court the discretion to set the amount of each debt to be paid and the schedules at which the bonds issued would mature. This Act specifically repeals Private Acts of 1933, Chapter 614, Item 8, above.
11. Private Acts of 1935, Chapter 363, amended Private Acts of 1931, Chapter 434, Item 6, above, so as to include judgments rendered on any school warrant among the debts eligible for payment, by extending the time before which warrants must be issued to be eligible for payment to March 1, 1935, by putting the interest at 6%, and by granting the Quarterly Court the same range of discretion as was granted in prior instances in regard to the amount to be paid and the maturity schedules. This Act repeals Private Acts of 1933, Chapter 615.
12. Private Acts of 1949, Chapter 355, validates, confirms and legalized two notes made for loans in Rhea County. The first note was dated on March 19, 1949, in the amount of \$30,000, payable to the Dayton Bank and Trust Company, and the other was for \$20,000, same date, payable to the Bank of Spring City, both notes bearing 4% interest, which money obtained thereby was used to cover the deficit of the Public School Account in Rhea County.

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