May 19, 2024

Bond Sales

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

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,

The University of Tennessee
County Technical Assistance Service
226 Anne Dallas Dudley Boulevard, Suite 400
Nashville, Tennessee 37219
615.532.3555 phone
615.532.3699 fax
www.ctas.tennessee.edu
Bond Sales

Reference Number: CTAS-1790
If a county is having its debt issued by bonds, the county and its advisor can select to have a competitive, negotiated or private placement of the bonds. If a competitive sale is selected, then a financial advisor, issuer, or bond counsel will develop legal notices, bid forms, and various disclosures regarding the issue, along with a time and date to receive bids. The county should be aware that Federal law prohibits what is known as arbitrage - where a county receives tax exempt debt funds and re-invests those funds to generate earnings greater than the interest cost. Generally when the bonds are sold, all proceeds are then turned over to the county. A specific drawdown of the money on the capital project is planned and anticipated to prohibit an arbitrage issue.

Source URL: https://www.ctas.tennessee.edu/eli/bond-sales