



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

Railroads

Private Acts of 1901 Chapter 430

SECTION 1. That the County of Cannon may become a stockholder in any railroad company or railroad companies organized under the general laws of this State, which shall build a railroad or railroads connecting points within said county with any railroad or railroads connecting points within said county with any railroad or railroads now or hereafter built into the city of Nashville, Tennessee, or having railroad connection with said city, in an amount or amounts not exceeding in the aggregate an amount equal to one-tenth of the taxable value of the property within said county, by complying with the terms and requirements of this Act.

SECTION 2. That before any such subscription or subscriptions shall be made under the provisions of this Act, the application therefor shall be made and an election held in all respects in compliance with the provisions of Sections 3 to 9, both inclusive, of "An Act to enable counties and incorporated cities and towns to subscribe to the capital stock of any railroad company incorporated under the general laws of this State, in the mode prescribed therein, and to provide for the payment of such subscriptions," passed February 17, 1887 by the forty-fifth General Assembly of the State of Tennessee, except that the application shall state that it is made under the provisions of this Act. and that the proposed road will be constructed through or terminate in said county.

As amended by: Private Acts of 1919, Chapter 572

SECTION 3. That should said county fail to vote a subscription under the provisions of this Act at any election held for that purpose, another election may at any time, after thirty days, be ordered.

COMPILER'S NOTE: The original Section 4 was deleted and the subsequent sections renumbered by the Private Acts of 1919, Chapter 572.

SECTION 4. That any subscription made under the provisions of this Act shall become due and payable in such installments and at such times as may have been prescribed and stipulated in the application which shall have been made to the County Court as hereinbefore provided.

SECTION 5. That when any subscription or subscriptions made under the provisions of this Act shall become due and payable as provided in Section 4 of this Act, said county shall make and deliver its coupon bonds for the amount of such subscription or subscriptions, payable not more than fifty years after date, and bearing interest at such rate as may be agreed upon, not exceeding five per cent per annum, payable semi-annually, and deliver the same to the railroad company or railroad companies to whose capital stock such subscription or subscriptions shall have been made.

SECTION 6. That when such subscriptions or subscriptions shall become due or payable, as provided by this Act, it shall be the duty of the County Court of said county on the receipt of the certificates of stock, as hereinafter provided, to levy, annually, such tax on the taxable property and privileges of said county as will be sufficient and necessary to meet the maturing interest on the bonds issued under the provisions of this Act. And at the expiration of ten years from the issuance of said bonds, and annually thereafter, said County Court shall levy an additional tax on the taxable property and privileges of the county for the purpose of providing a sinking fund sufficient to pay the principal of said bonds at maturity.

SECTION 7. That the taxes required by this Act to be levied shall be levied, collected, and paid into the treasury of the county as are other county taxes, and the County Trustee shall receive the same compensation for collecting and paying out the same as is allowed by law for the same services rendered with respect to other county taxes. But no taxes collected under the provisions of this Act shall, in any event, be used for any purpose or purposes other than as provided by this Act.

SECTION 8. That the railroad company or railroad companies to whose capital stock such subscriptions shall be made shall, when such subscription or subscriptions shall become due and payable as herein provided, issue and deliver to said county, certificates of its capital stock, equal in amount to the subscription or subscriptions, and said certificates shall be held, owned, and voted by said county, and said certificates of stock, and dividends and profits thereon, and the public benefit derived from the construction and operation of the railroad, shall be in full consideration of such subscription, and the benefits derived therefrom by the railroad company or companies.

SECTION 9. That this Act is not intended to impair in any way the right of said county to subscribe to the capital stock of a railroad company under the provisions of any statutes now in effect, but only to provide an additional method by which such subscriptions may be made by said county.

SECTION 10. That this Act take effect from and after its passage, the general welfare requiring it.

Passed: April 3, 1901.

Bond Issues - Historical Notes

A listing of the acts which authorized various bond issues for Cannon 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.

Buildings

1. Private Acts of 1945, Chapter 224, authorized the Quarterly Court of Cannon County, by a two-thirds vote, to issue \$50,000 in bonds in cooperation with the city of Woodbury, which would be used to erect joint city-county buildings. The City of Woodbury was also authorized to issue the same amount of bonds. The interest rate on the bonds could not exceed 5%, nor the maturity period go beyond thirty years. All the principle details of both issues were contained in the Act and both legislative bodies were required to levy taxes to amortize the bonds. A Building Committee would be formed consisting of three members from the County and two members from the City, or five from either one if the project was undertaken independently. The buildings would be used for such public purposes as the county and city authorities may direct.
2. Private Acts of 1949, Chapter 116, was the authority for the Quarterly Court of Cannon County to sell interest bearing coupon bonds in an amount up to \$25,000 to erect public county buildings, provided that two-thirds of the Court agree. The minimum interest rate was 5% and the maturity period was fixed at no longer than 30 years. The bonds would be in such form as the Court might decide, would be exempt from taxation by other governments, and would be part of the general obligations of the County. The Trustee would handle all the proceeds and keep proper records. The County Court would appoint a committee of five members to come up with a cost estimate to be approved by the Court and to supervise the work once it was under way. The buildings would be used for whatever public purpose the county officials decided.
3. Private Acts of 1951, Chapter 211, validated, ratified, and confirmed all the prior proceedings of the Quarterly Court of Cannon County which occurred at its regular October, 1950, term in connection with the issuance of \$30,000 in Cannon County Improvement Bonds, and in connection with a note, dated January 22, 1951, for \$25,000 at 3% interest, and due in five years, all of which had been duly executed by the County Chairman and the Clerk of the County Court, as fully as if all authority had been given in the beginning. A separate section made a tax levy for the sinking fund mandatory.
4. Private Acts of 1953, Chapter 37, declared that the Resolution of the Quarterly Court of Cannon County, dated October 6, 1952, providing for the borrowing of not more than \$22,500 in short term notes which would be used for the repair and improvement of a county building whose interest rate was 3%, or less, and which would mature as stated in the Resolution, is hereby validated, confirmed, and legalized despite any lack of statutory authority, and despite any defect, omission, or error in relation thereto. If the rents of this building are not sufficient to repay this note, then the County shall repay.
5. Private Acts of 1953, Chapter 38, also validated, confirmed, and ratified a Resolution of the Quarterly Court, dated October 11, 1952, providing for the borrowing of up to \$40,000 in short-term notes for the purpose of repairing, reconditioning, and constructing an annex to a public building, which note would bear interest at a rate of 3%, or less, and mature as the Resolution directed.
6. Private Acts of 1955, Chapter 7, validated a Quarterly Court Resolution, dated October 4, 1954, providing for the borrowing of \$50,000, or less, in short term notes, to repair, recondition, and construct an annex to a county building, payable in stipulated amounts for ten years at an interest rate not to exceed 3%. These notes were stated to be the incontestable obligations of Cannon County, despite any flaw in the proceedings and, should the rents prove insufficient to repay, the county will do so.

Courthouse

1. Private Acts of 1935, Chapter 212, was the authority for the Quarterly Court of Cannon County to issue up to \$30,000 in 5%, 20 year bonds, to erect and furnish a Courthouse in Woodbury. The Act named B. B. Parker, W. G. Hollandsworth, Walter Hancock, Bob Gilley, E. E. Todd, J. B. Creson, G. A. Davenport, L. L. Yeargin, and W. B. Rogers as a committee to serve without pay to supervise the project, employ an architect, approve plans, and give the County Court their best

estimate of the cost. The Court would then decide upon the bond issue. The Trustee would keep all records and be paid 1% of the money handled.

2. Private Acts of 1935, Chapter 391, amended Chapter 212, above, by removing the requirements that the bonds be advertised for sale in New York City; by adding a provision that some suitable person be employed at \$2 per day to check the progress of the work daily to see that the plans and specifications were being met; and by providing that the remaining members of the Building Committee shall fill any vacancy on the Committee.
3. Private Acts of 1945, Chapter 472, allowed Cannon County, acting through its Quarterly Court, to transfer from the fund accumulated for the retirement of its Courthouse bonds, 1935 Series, any excess funds over and above the unpaid, unretired, and outstanding principal and interest thereon calculated to the first day of the second succeeding March, and to place such excess funds in any other appropriate account and use them for any other proper and public purpose.

Debts

1. Private Acts of 1929 (Ex. Sess.), Chapter 15, allowed the Quarterly Court of Cannon County, to issue up to \$20,000 in 6%, 20 year bonds, to provide funds with which to pay off and discharge the outstanding and unpaid bonds, known as the Cannon County Highway Bonds, which were issued to construct a portion of State Highway #1 for which Cannon County was obligated. All essential details of a valid bond issue were present and a tax levy was required.
2. Private Acts of 1933, Chapter 96, permitted the Cannon County Quarterly Court to issue up to \$12,000 in interest bearing bonds to pay off and retire outstanding bonds, previously issued to construct roads. The interest rate could not exceed 6%, and the bonds would mature as the Court should direct, but would not be longer than twenty years. All essential details were contained in the Bill along with a proviso that any surplus in this issue could be used to retire bonds other than the ones mentioned.
3. Private Acts of 1935, Chapter 234, was the authority for the Quarterly Court of Cannon County to issue up to \$12,000 in bonds, at interest rates up to 6%, and to mature in 20 years, or less, to provide funds to pay off and retire the outstanding bonds issued to construct roads and to pay those coming due in 1935 and 1936. All these bonds were exempted from taxation.
4. Private Acts of 1937, Chapter 166, ratified, validated, and legalized all the prior proceedings of the Quarterly Court of Cannon County held in connection with the authorization and issuance of \$60,000 in Funding Bonds (Series 1937), dated January 1, 1937, and maturing at the rate of \$3,000 per year from 1939, through 1956, at 3% interest. These bonds were declared to be the general obligations of the County.
5. Private Acts of 1937, Chapter 312, also validated and confirmed all the prior proceedings of the Cannon County Quarterly Court in the issuance of \$60,000 in Refunding Bonds (Series 1937) dated March 1, 1937 at 3% interest, and maturing in twenty years. With the exception of the date, this Act and the one above are similar.
6. Private Acts of 1967, Chapter 286, authorized the Quarterly Court of Cannon County to issue interest bearing notes in an amount not to exceed \$18,000, upon the adoption of a proper Resolution therefor, pledging the full faith and credit of the county for the purpose of paying the existing debts of the county. These notes shall not exceed a three year term and shall be repaid at the rate of \$6,000 per year at interest of 4%, or less. This Act was properly ratified by the Quarterly Court.

General

1. Private Acts of 1921, Chapter 170, declared that it would be unlawful in Cannon County, identified by the 1920 population figures, to authorize the issuance of bonds for any purpose whatsoever without first submitting the proposal to a vote of the people in a referendum. A majority of the votes cast in such an election would carry the issue either way. The names of 100 freeholders on a petition for that purpose will be sufficient to hold the election.
2. Private Acts of 1953, Chapter 255, expressly and entirely repealed Chapter 170, Private Acts of 1921, above, thus making a referendum vote in a bond issue no longer necessary.

Roads

1. Private Acts of 1909, Chapter 396, provided that, subject to the successful outcome of a referendum which would be held under the general election laws of the State, the results to be certified to the Chairman of the delegation representing Cannon County in the General Assembly, the Quarterly Court could issue up to \$75,000 in 5% bonds, or less, payable in stipulated amounts over a 35 year period from issuance to provide funds with which to build turnpikes and to improve

the road system generally. \$10,000 was specified to be spent on the other roads in the county which would be a feeder system. The Court would appoint three citizens as a Board of Turnpike Commissioners, who would be sworn and bonded, who could employ an engineer, and who would follow the procedures mentioned in the Act for building the roads, or exercising the right of eminent domain and for contracting for the work.

2. Private Acts of 1931, Chapter 71, allowed the Cannon County Quarterly Court issue and sell its coupon bonds up to \$15,000 at 6% interest or less, and to mature no later than 15 years from issuance date, to provide funds with which to obtain rights of ways and borrow pits and to construct a road across the county from the Coffee Countyline on south to DeKalb County and on north to county line by way of Mooretown, Woodbury, and Gassoway. The essential details and the mandatory tax levy were contained in the Act.

Schools

1. Private Acts of 1923, Chapter 158, was the authority for the Cannon County Quarterly Court, at any of its regular, or called, sessions, to borrow up to \$50,000 to redeem outstanding school warrants heretofore issued to the county which represented debts incurred prior to July, 1922, with interest at 6%, or less, and to mature from one to five years. All essential details were present and the Act specified that no one connected with this purpose would be compensated out of this bond money.
2. Private Acts of 1945, Chapter 225, recited in the preamble that the Hollow Springs public school was destroyed by fire in 1944, and \$2,500 was collected from insurance policies; that the County Court has decided to replace the said school at a cost of \$10,000, using the \$2,500 insurance money, and by issuing \$7,500 in bonds to secure the balance of the needed capital. This building is nearing completion and the honor and integrity of the county has been pledged to this undertaking. Some doubt has arisen as to the validity of the proceedings of the County Court with reference thereto, and this Act is for the purpose of ratifying, validating, and confirming those actions of the County Court incidental hereto, and authorizes the issuance of the bonds mentioned previously at an interest rate of 3%.

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