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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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Bond Issues - Historical Notes

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authorized various bond issues for Rutherford County is included below for reference purposes, although these acts are no longer current.

Debts

1. Private Acts of 1921, Chapter 543, was the legislative authority for the Quarterly Court of Rutherford County to issue and sell up to \$165,000 in bonds, at an interest rate not to exceed 6%, and to mature within 20 years of their issuance, to pay the warrants heretofore issued to pay for certain turnpikes and other debts, any residue to be used for the repair and building of roads. All the details necessary for legitimate bond legislation were present including the mandatory tax levy for the sinking fund until the bonds and interest were paid in full.
2. Private Acts of 1921, Chapter 660, allowed the Quarterly Court of Rutherford County to issue up to \$165,000, under the same terms and conditions as Private Acts of 1921, Chapter 543.
3. Private Acts of 1929 (Ex. Sess.), Chapter 71, permitted the Quarterly Court to issue and sell up to \$200,000 in bonds, at an interest rate no greater than 6%, and to mature no longer than 20 years after issue, to pay off and liquidate floating debts of every nature and description as might be evidenced by an outstanding warrant. All the details of the form of the bonds and the manner of issue were required to be incorporated into a Resolution of the Court which would be put into the official Minutes, once adopted. The Trustee would handle the funds and keep the necessary records. A general tax levy for the sinking fund was required until the bonds were all paid in full.
4. Private Acts of 1933, Chapter 278, authorized the Quarterly County Court to borrow money to pay current expenses of any and all departments of the county under the restrictions specified in the Act.
5. Private Acts of 1939, Chapter 370, was the authority for the Rutherford County Quarterly Court to issue up to \$135,000 in 5%, 20 year, bonds, to pay, or to fund, the floating debts of the County, both general and special, and to erect or repair any school building. The Court could accomplish the above without any referendum being held and at any regular, or called, meeting. The Resolution could appoint a Committee of the County Judge, the County Court Clerk, and the County Trustee to supervise the project. The County Trustee must keep all records and was accountable for the money. All actions taken by the Court consistent with this Act were ratified and confirmed.
6. Private Acts of 1941, Chapter 320, stated that all the prior proceedings of the Rutherford County Quarterly Court taken in connection with the issuance and sale of \$52,000 in bonds, dated January 1, 1941, with interest at 1½%, payable from 1942 through 1951, were hereby validated, ratified, confirmed, legalized in the same way notwithstanding the lack of any statutory authority at the time the actions were taken. The bonds were made the legal and binding obligations of the county. The proceedings of the Court with respect to \$52,000 in 2½% notes due on or before February 15, 1941 were also ratified.

Jail

1. Acts of 1887, Chapter 124, was the legislative permission for the Quarterly Court of Rutherford County, a majority being present, to issue bonds up to \$20,000, at 6%, or less, interest, the proceeds of which would be applied to the erection of a Jail. No maturity period was mentioned but all the details of the issue and repayment of the bonds were listed in this law. The Quarterly Court must levy a special tax each year to amortize the bonds until all were paid.
2. Private Acts of 1951, Chapter 191, validated and confirmed the proceedings of the Quarterly Court in relation to the issuance of \$23,000 in jail improvement, and right of way bonds, dated January 1, 1951, issued at 2½% interest, and maturing in full on January 1, 1954. All essential details were present.

Roads

1. Private Acts of 1921, Chapter 543, was authority for the Quarterly Court of Rutherford County to use the remainder of a \$165,000 bond issue, mentioned under "Debts", for the building and repair of the roads in the County.
2. Private Acts of 1921, Chapter 660, had the same language as Private Acts of 1921, Chapter 543.
3. Private Acts of 1935 (Ex. Sess.), Chapter 91, allowed the Quarterly Court to issue bonds in

connection with the construction of roads and highways in the said county by the State or Federal Governments. All essential details of the issue were to be incorporated in a Resolution of the Court, subject to those particular restrictions expressed in the Act which included the requirement that a written proposal be received from the governmental agency interested prior to any bond issue. The bonds were to be general obligations bonds on which the interest rate would not exceed 6%.

4. Private Acts of 1937, Chapter 256, amended Private Acts of 1935 (Ex. Sess.), Chapter 91, to extend until January 1, 1940 the time in which Rutherford County could accept propositions from the State and Federal Government.
5. Private Acts of 1947, Chapter 811, permitted the Quarterly Court to issue bonds up to \$100,000 at an interest rate to be determined by the Court and for a maturity period no longer than 30 years, which would be tax exempt from other governments. The proceeds of the issue were to be used to purchase and pay for any and all rights of way which might be acquired by the county in the building programs for county roads.
6. Private Acts of 1953, Chapter 548, was the enabling legislation for Rutherford County through its Quarterly Court to issue up to \$175,000 in bonds, at an interest rate of 3%, or less, and to mature in 30 years, or sooner, after issue, which money would be used to purchase road machinery and equipment, to buy real estate for a centralized crushing plant and to erect the buildings to house the same. They would be general obligation bonds for which a tax levy was required.

Schools

1. Private Acts of 1939, Chapter 370, was the authority to issue up to \$135,000 in 5%, 20 year bonds, to pay outstanding debts and to erect or repair any school buildings. See also under Debts in this Section.

Water

1. Private Acts of 1957, Chapter 177, empowered the County Court to construct, acquire, extend, repair, and improve water mains and lines with all the necessary fixtures and appurtenances to furnish water facilities and fire protection to the County, or to cooperate with other water systems to accomplish the same. The County of Rutherford is further authorized to borrow money and issue bonds in the furtherance of this objective but the said bond issues would be limited to interest rates of 5%, or less, and to maturity schedules not in excess of thirty years from date of issue, and the total amount of bonds outstanding at any one time shall not be more than \$75,000. Before any bonds are issued the County Court must adopt a Resolution fixing all the essential details. The bonds were to be general obligation bonds, tax exempt from other governments, for which a tax levy must be made every year until amortized. The authority herein contained is in addition to any other existing authority and not to be considered as a substitute.

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