

CHAPTER NO. 73

HOUSE BILL NO. 2420

By Representative Crider

Substituted for: Senate Bill No. 2405

By Senator McLeary

AN ACT to amend Chapter 62 of the Private Acts of 1981; and any other acts amendatory thereto, to authorize and empower the Gibson County School District to issue and sell school bonds in an aggregate principal amount of not to exceed three million dollars (\$3,000,000); to provide the form and terms of the bonds; to authorize the refinancing of the bonds; to establish and provide for the payment of the bonds; to provide for the issuance, sale and payment of the bonds and the use and disposition of proceeds from the sale thereof; to provide for the pledge, levy and collection of taxes to pay principal of, premium, if any, and interest on the bonds; to change the tax rate applicable to real and personal property located within the Gibson County School District; and to authorize the issuance of notes in anticipation of the issuance and sale of the bonds.

WHEREAS, it is the desire of the Board of Trustees of the Gibson County School District to provide adequate facilities and equipment to meet the standards of the Tennessee department of education and improve the educational programs for children residing in the District; and

WHEREAS, the K-8 student population in the Medina area has grown from 609 in 1997-98 to 849 in 2004-05, and is projected to grow to over 1,035 by 2006-07, thereby creating a serious need for additional school facilities; and

WHEREAS, the situation has reached a point at which the District cannot delay any further the commencement of the process whereby an addition to Medina Middle School can be put in service and the overcrowding alleviated; and

WHEREAS, interest rates for borrowing capital funds for governmental entities are near twenty-year lows, thereby providing for lower annual payments to meet these requirements and needs; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The Gibson County School District, located in Gibson County, Tennessee (the "District"), created by Chapter 62 of the Private Acts of 1981, as amended by Chapter 181 of the Private Acts of 1981, Chapter 342 of the Private Acts of 1982, Chapter 241 of the Private Acts of 1984, Chapter 152 of the Private Acts of 1986, Chapter 178 of the Private Acts of 1986, Chapter 62 of the Private Acts of 1987, Chapter 107 of the Private Acts of 1987, Chapter 113 of the Private Acts of 1989, Chapter 79 of the Private Acts of 1993, Chapter 155 of the Private Acts of 1994, Chapter 52 of the Private Acts of 1995, Chapter 63 of the Private Acts of 1995, Chapter 79 of the Private Acts of 1995, Chapter 196 of the Private Acts of 1996, Chapter 55 of the Private Acts of 1999 and all other acts amendatory thereto, if any, (the "Act of Incorporation") is hereby authorized and empowered to issue and sell, by resolution of the Board of Trustees of the District, bonds in the aggregate principal amount of not to exceed three million dollars (\$3,000,000) for the purpose of providing funds (i) for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school buildings and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interests therein, necessary in connection with the work, and the purchase of school buses and school transportation equipment, (ii) for the funding of all accounts and funds, including a debt service reserve fund, necessary and proper in connection with the issuance and sale of the bonds as the Board of Trustees of the District shall determine, (iii) for the payment of interest on the bonds during the period of construction and for six (6) months thereafter, and (iv) for the payment of all legal, fiscal, administrative, architectural, engineering, accounting and similar professional and other costs incident thereto and to the issuance and sale of the bonds.

SECTION 2. The bonds may be sold in one (1) or more series, may bear such date or dates, shall mature at such time or times, not exceeding thirty (30) years from their respective dated dates, may bear interest at a zero (0) rate or at such other rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium and may provide for the replacement of mutilated, destroyed or lost bonds, all as may be provided by resolution of the District's Board of Trustees. The bonds shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the District's Board of Trustees, but in no event shall the bonds be sold for less than ninety-eight percent (98%) of par plus accrued interest (or, if all or any part of such bonds is to be sold at a zero (0) rate of interest or at an original issue discount, such bonds may be sold at not less than ninety-eight percent (98%) of the original reoffering price of such bonds, plus accrued interest). In connection with the issuance of the bonds, the District

may authorize and enter into interest rate swap or exchange agreements, agreements establishing interest rate floors or ceilings or both, and other interest rate hedging agreements under such terms and conditions as the Board of Trustees may determine, including, without limitation, provisions permitting the District to pay to or receive from any person or entity any loss of benefits under any such agreement upon early termination thereof or default thereunder. The Board of Trustees of the District is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the bonds and delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board of Trustees shall deem necessary or desirable.

SECTION 3. The bonds shall be issued in fully registered form and shall be signed and sealed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the District's Board of Trustees authorizing the bonds.

SECTION 4. The Board of Trustees is hereby authorized to pledge such taxes levied on taxable property located within the boundaries of the District as necessary to pay the principal of and interest and any redemption premiums on the bonds and any other indebtedness of the District, being a portion of the existing taxes, and not an increase therein. The taxes shall be annually extended and collected by the county trustee of Gibson County, Tennessee, in the manner provided by general law for the extension and collection of county taxes and shall constitute a lien on the property against which they are levied with the like force and effect as do county taxes.

SECTION 5. For the purpose of paying principal of and interest and any redemption premiums on the bonds herein authorized and any other indebtedness of the District, there is hereby levied, in addition to any tax currently being levied within the boundaries of the District for the benefit of the District, a property tax of fourteen cents (14¢) on every one hundred dollars (\$100) of real and personal property located within the District, such tax to take effect January 1 of the tax year immediately following the issuance of the bonds and each tax year thereafter. This rate is established to provide tax revenues sufficient to pay principal of and interest on the bonds as they come due, assuming current interest rates and approximately equal annual debt service requirements over the term of the bonds. If the annual debt service requirements on the bonds should be less than anticipated by the establishment of the tax rate herein, either because the District issues fewer than all the bonds authorized herein or the interest rates on the bonds are materially different from currently applicable rates, or both, the tax rate hereinabove established shall be reduced to a rate which will produce tax revenues in an amount sufficient to pay debt service on the bonds. The rate hereinabove established may be adjusted from time to time in accordance with the procedure set forth in Tennessee Code Annotated, Section 67-5-1704, relating to county-wide reappraisal. In addition, in the event the total assessed value of all property subject to the tax hereinabove described declines by more than ten percent (10%) from January 1 of any year to January 1 of the next succeeding year or declines by more than fifteen (15%) from January 1 of any year to January 1 of the second succeeding year thereafter, at the request of the Board of Trustees, the county assessor of property shall certify to the county trustee and the Board of Trustees the total assessed value of taxable property within the District and furnish the county trustee and the Board of Trustees an estimate of the total assessed value of all new construction and improvements not included on the assessment roll of the base year and all deletions from the assessment roll of the base year. Upon receipt of the information and certifications, the county trustee shall adjust the tax rate established herein to an adjusted rate which is estimated to provide to the District the same tax revenue as was provided by the tax in the base year, exclusive of such new construction, improvements and deletions, in accordance with policies established by the state board of equalization pursuant to Tennessee Code Annotated, Section 67-5-1701(b), or any successor thereto. The taxes shall be used exclusively to pay principal and interest and any redemption premium on the bonds authorized herein and any other indebtedness of the District as they become due and to maintain debt service fund balances. The Board of Trustees is hereby authorized to pledge such tax to pay the principal of and interest and any redemption premiums on the bonds and any other indebtedness of the District. The taxes shall be annually extended and collected by the county trustee of Gibson County in the manner provided by general law for the extension and collection of county taxes and shall constitute a lien on the property against which they are levied with the like force and effect as do county taxes. In the event the property taxes and such other funds as shall be pledged to the payment of the indebtedness of the District are not sufficient to pay principal thereof and interest thereon when due, the District shall apply funds from operations or other available funds of the District to the payment thereof. So much of the surplus arising from the tax hereinabove described and not required for the payment of debt service on outstanding obligations of the District shall first be used to fund any debt service reserve fund established by the Board of Trustees, and may thereafter be used, at the discretion of the Board of Trustees of the District, for the construction, improvement, renovation, expansion, furnishing, fixturing and equipping of school building and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interests therein, necessary in connection with the work, and the purchase of school buses and school transportation equipment, and all other operations and maintenance of schools in the District.

SECTION 6. The Board of Trustees is authorized to pledge to the payment of the bonds all or a portion of (i) any funds received by the District under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Tennessee Code Annotated, Section 49-3-351 *et seq.*, and related sections, (ii) its share of the Local Option Sales and Use Tax now or hereafter levied and collected in Gibson County, Tennessee, pursuant to Tennessee Code Annotated, Section 67-6-712, and (iii) any other

funds received from the State of Tennessee, or any of its authorities, agencies or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

SECTION 7. The bonds, and all income therefrom, shall be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except as otherwise provided by applicable law.

SECTION 8. The District is further authorized, by resolution of the Board of Trustees, to borrow money and issue its bonds for the purpose of refunding the bonds authorized herein, at or prior to maturity, in whole or in part, at any time, in accordance with the terms hereof.

SECTION 9. The District is further authorized, by resolution of the Board of Trustees, to issue and sell notes of the District in anticipation of the issuance of the bonds authorized herein. The notes may be sold in one (1) or more series, may bear such date or dates, shall mature at such time or times, not exceeding three (3) years from their respective dated dates, may bear interest at such rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denominations, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption, with or without premium, and may provide for the replacement of mutilated, destroyed or lost notes, all as may be provided by resolution of the Board of Trustees. The notes shall be sold as a whole or in part from time to time in such manner as shall be provided by resolution of the Board of Trustees. The Board of Trustees of the District is authorized and empowered to do and perform all acts and enter into all agreements which may be necessary or desirable in connection with the issuance and sale of the notes and delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board of Trustees shall deem necessary or desirable.

SECTION 10. In the event that funds available to the District are at any time projected by the Board of Trustees of the District to be insufficient to pay debt service on the Bonds during the twelve-month period beginning on the date of such projection; then the Board of Trustees shall certify such projections to the Comptroller of the Treasury of the State of Tennessee, and the Comptroller shall notify the General Assembly of such deficiency, whereupon the General Assembly shall use its best efforts to cause the passage of legislation increasing the tax levy of the District to an amount sufficient to provide for the payment of debt service on the Bonds.

SECTION 11. In the event that the laws creating the District are repealed or the District is abolished, that portion of such laws levying a tax, the proceeds of which are pledged to the payment of outstanding bonds and indebtedness of the District, shall remain in full force and effect with respect to the real and personal property within the District to the extent necessary to satisfy the District's debt service requirements with respect to the bonds and indebtedness, and the outstanding bonds and indebtedness of the District shall remain binding and valid obligations of the District the same to be paid out of funds collected in respect of the tax hereby required to be continued to be levied. In such event, the remaining tax shall continue to be collected by the Gibson County trustee and funds collected in respect thereof shall be paid in respect of the District's outstanding bonds and indebtedness by the Gibson County Board of Education until such bonds and indebtedness have been paid in full; provided that, if a county-wide property tax is enacted for school purposes by the Gibson County Board of County Commissioners and the proceeds thereof are distributed in such a way as to be available to pay principal of and interest and redemption premiums on the bonds and other indebtedness, or other funds are available to pay the principal, premium and interest, the tax herein levied may be reduced by the Board of Trustees to an amount which, together with the other taxes and funds is sufficient to pay the principal, premium and interest.

SECTION 12. If any provision or provisions of this act or the application thereof shall be held by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this act and the application of such provisions shall not be affected thereby, shall be enforced to the greatest extent permitted by law and are declared to be severable.

SECTION 13. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 27, 2005


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 17th day of June 2005


PHIL BREDESEN, GOVERNOR