

Amendment No. 1 to HB0193

Todd  
Signature of Sponsor

**AMEND Senate Bill No. 131**

**House Bill No. 193\***

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 7, is amended by adding the following language as a new, appropriately designated chapter.

**§ 7-90-101.** This chapter shall be known and may be cited as the "Medical School Authorities Act of 2010."

**§ 7-90-102.**

(a) It is hereby found and determined that:

(1) There is and is expected to be in the future a shortage of physicians, particularly primary care physicians in the State and the existing medical schools in the State are not presently able to graduate a sufficient number of physicians to avoid this shortage;

(2) The creation of additional medical school facilities in the State will help mitigate the existing and expected shortage of physicians in this State;

(3) The existence of a medical school facility within or adjacent to a municipality helps promote the quality of health care in that municipality and is a significant contributor to the economic growth of such municipalities;

(4) It is in the best interests of the State to permit municipalities, as defined herein, to facilitate the creation of medical schools within their jurisdiction or within jurisdictions adjacent to their jurisdiction; and

(5) It is in the best interests of the State to permit the creation of medical school authorities, created by one (1) or more municipalities, to promote the creation of medical schools within their jurisdiction.

(b) It is the purpose of this chapter to address these findings by providing for the establishment of authorities to plan, finance, construct, acquire, renovate, equip and enlarge educational facilities to be used for education of physicians, including educational buildings and all facilities related thereto. The primary purpose of any and all such facilities shall be the education of physicians.

(c) This chapter shall be liberally construed in conformity with its purpose.

**§ 7-90-103.** As used in this chapter, unless the context otherwise requires:

(1) “Authority” or “medical school authority” means any public corporation organized pursuant to the provisions of this chapter;

(2) “Bio-medical research facility” means a facility that engages in the study of biological processes and diseases with the ultimate goal of developing effective treatments and cures;

(3) “Bonds” or “revenue bonds” means bonds, notes, interim certificates or other obligations of an authority issued pursuant to this chapter, or pursuant to any other law, as supplemented by, or in conjunction with, this chapter;

(4) “Cost”, as applied to any project, means and includes the cost of acquisition or construction, the cost of labor, materials, and equipment, the cost of all lands, property rights, easements and franchises required; financing charges, interest and debt service prior to and during construction and up to one (1) year thereafter; costs of plans and specifications, services and estimates of costs and of revenues; costs of engineering and legal services; all expenses necessary or incident to determining the feasibility or practicability of such acquisitions or constructions; and administrative, legal and engineering expenses and such other expenses as may be necessary or incident to the acquisition or construction or the financing authorized in this chapter;

(5) “Dental school” means an educational facility created and operated as part of a program that grants the degree of doctor of dental surgery or doctor of dental medicine to the graduates of such educational facility;

(6) "Governing body" means the body in which the general legislative powers of a municipality are vested, and in the case of counties means the legislative body of any county;

(7) "Graduate medical education" means the period of didactic and clinical education in a medical specialty or subspecialty which follows the completion of a recognized undergraduate medical education and which prepares physicians for the independent practice of medicine in that specialty or subspecialty, also referred to as residency education;

(8) "Medical school" means an educational facility created and operated as part of a program that grants the degree of doctor of medicine to the graduates of such educational facility or provides graduate medical education;

(9) "Municipality" means any county, metropolitan government or incorporated city or town in this state located in a county having a population of not less than one-hundred fifty thousand (150,000) according to the 2000 federal census or any subsequent federal census and which, at time of the creation of the authority, does not have a medical school granting the degree of doctor of medicine within the county;

(10) "Project" means any facilities or group of facilities to be used for a medical school, dental school, and biomedical research facility; or to offer nursing degree programs or allied health profession degree programs; and also includes, but is not limited to, roads, streets, utility services, such as water, sanitary sewer, electricity, gas and natural gas, and telecommunications that are constructed, leased, equipped, renovated or acquired as a supporting system or facility for any of the purposes set forth in this chapter; provided, that any such supporting system or facility is dedicated for public use;

(11) "Revenues" of a project means all revenues derived from and on account of a project, directly or indirectly, and any revenues paid, contributed or pledged to an authority by the state or a municipality pursuant to law, agreement or otherwise; and

(12) "State" means the State of Tennessee and, unless otherwise indicated by the context, any agency, authority, branch, bureau, commission, corporation, department or instrumentality of the state, now or hereafter existing.

**§ 7-90-104.** Any number of natural persons, not fewer than three (3), each of whom are duly qualified voters of the municipality, may file with the governing body of the municipality an application in writing seeking permission to apply for the incorporation of a medical school authority of such municipality. If the governing body, by appropriate resolution duly adopted, finds and determines that it is wise, expedient, necessary or advisable that the authority be formed, authorizes the persons making such application to proceed to form such authority and approves the form of corporate charter proposed to be used in organizing the authority, then the persons making such application shall execute, acknowledge and file a charter for the authority as provided in § 7-90-106. No authority may be formed unless such application has first been filed with the governing body of the municipality and the governing body has adopted a resolution as provided in this section.

**§ 7-90-105.**

(a) The charter shall set forth:

(1) The names and residences of the applicants, together with a recital that each of them is a voter in the municipality;

(2) The name of the authority, which shall contain the words "medical school authority";

(3) A recital that permission to organize the authority has been granted by resolution duly adopted by the governing body of the municipality and the date of the adoption of such resolution;

(4) The location of the principal office of the authority;

(5) The purposes for which the authority is proposed to be organized;

(6) The number of directors of the authority;

(7) The period, which may be perpetual, for the duration of the authority;

(8) A provision addressing conflicts of interest of members of the boards of directors of the medical school authority; and

(9) Any other matter that the applicants may choose to insert in the charter that is not inconsistent with this chapter or with the laws of the state.

(b) The charter shall be subscribed and acknowledged by each of the applicants.

**§ 7-90-106.** When executed and acknowledged in conformity with § 7-90-105, the charter shall be filed with the secretary of state. The secretary of state shall examine the charter and, if the secretary of state finds that the recitals contained in the charter are correct, that the requirements of § 7-90-104 have been complied with, and that the name is not identical with or so nearly similar to that of another authority already in existence in this state as to lead to confusion and uncertainty, the secretary of state shall approve the charter and accept it for filing. When such charter has been so made, filed and approved, the authority shall constitute a public corporation under the name set out in the charter.

**§ 7-90-107.** The charter may, at any time and from time to time, be amended in a manner not inconsistent with § 7-90-105. Any such amendment shall be adopted in the following manner: the board of directors of the authority shall file with the governing body of the municipality with which the application for the creation of the authority was filed an application in writing seeking permission to amend the charter, setting forth the proposed amendment to be made. If that sovereign body, by appropriate resolution, finds and determines that it is wise, expedient, necessary or advisable that the proposed amendment be made and authorizes the amendment to be made, approving the form of the proposed amendment, then the chair of the board of directors of the authority shall execute an instrument embodying the amendment, and shall file the amendment with the secretary of state. The secretary of state shall examine the proposed amendment and, if the secretary of state finds that the requirements of this section have been complied with, the secretary of state shall approve the amendment and accept it for filing in an appropriate book in the office of the secretary of state. When such amendment has been so made, filed and approved, it shall become effective.

**§ 7-90-108.**

(a)

(1) The authority shall have a board of directors in which all corporate powers of the authority shall be vested. The board shall consist of no fewer than seven (7) directors, all of whom shall be duly qualified voters of the municipality. A director shall serve without compensation, except that the authority may reimburse a director for actual expenses incurred in the performance of a director's duties. A director may not be an elected official or employee of the municipality. The directors shall have staggered terms.

(2) The initial board of directors shall be divided into three (3) groups containing substantially equal numbers. The initial term of the directors included in the first group shall be two (2) years; the initial term of the directors included in the second group shall be four (4) years; the initial term of the directors included in the third group shall be six (6) years. All subsequent terms of directors shall be six (6) years; provided, that if at the expiration of any term of office of any director a successor has not been appointed, the director whose term of office has expired shall continue to hold office until the director's successor is appointed.

(3) In the case of authorities created pursuant to the approval of two (2) or more municipalities acting jointly, as provided in § 7-90-120, the number of directors appointed by the governing body of each municipality shall be as nearly equal as practicable, and members appointed by one (1) municipality need not be approved by the other creating municipalities unless the charter of the authority provides otherwise.

(4) The governing body of the municipality shall appoint all directors. At the initial appointment, the governing body shall designate which directors serve an initial term of two (2), four (4) and six (6) years, respectively.

(5) If a vacancy occurs in the position of director, the vacancy shall be filled in the same manner as the original term for the remainder of the unexpired term.

(b) The directors shall meet and organize and shall elect one (1) of its members as chair, one (1) as vice chair, one (1) as secretary, and one (1) as treasurer, and such offices shall annually be filled in like manner. The duties of secretary and treasurer may be performed by the same director. In the event of the resignation or death of the chair, vice chair, secretary or treasurer, another member may be elected to fill the vacancy for the anticipated term of the chair, vice chair, secretary or treasurer.

(c) Any meeting of the board of directors for any purpose whatsoever shall be open to the public. Any action taken by the directors under the provisions of this chapter may be authorized by resolution at any regular or special meeting. A majority of the board shall constitute a quorum for the transaction of business. The concurring vote of a majority of the directors voting at a meeting at which a quorum is present shall be necessary for the exercise of any of the powers granted by this chapter.

**§ 7-90-109.** Each medical school authority created pursuant to this chapter shall be a public nonprofit corporation and a public instrumentality of the municipality with respect to which the authority is organized. The authority shall have the following powers, together with all powers incidental to the following powers or necessary for the performance of those powers, to:

(1) Have succession by its corporate name for the period specified in the charter, unless sooner dissolved as provided in § 7-90-119;

(2) Sue and be sued and to prosecute and defend, at law or in equity, in any court having jurisdiction of the subject matter and of the parties;

(3) Have and use a corporate seal and alter the seal at pleasure;

(4) Acquire, whether by purchase, construction, exchange, gift, lease, or otherwise, and design, plan, site, improve, repair, extend, equip, furnish, operate and maintain one (1) or more projects, which projects shall be within at least one (1) of the municipalities with respect to which the authority shall have been created, including all

real and personal properties that the board of directors of the authority may deem necessary in connection with the projects and regardless of whether or not any such projects shall then be in existence, and including the power to demolish such existing structures as may be on sites acquired when such structures are not needed for the project;

(5) To appoint officers, agents and employees, describe their qualifications and fix their compensation;

(6) Operate, maintain, manage, and enter into contracts for the operation, maintenance and management of any project undertaken, and to make rules and regulations with regard to such operation, maintenance and management. Without limiting the forgoing, any authority may enter into a contract for the management of any project upon the same terms as a municipality would be permitted to enter into an operating agreement under Title 6 for a public works project, provided, however, that in no event shall any of the net earnings from a project inure to the benefit of a private entity and provided further that such manager is a non-profit educational institution. The forgoing sentence shall not be construed to prevent an authority from awarding a bonus to a manager of a project under the terms of a management contract based upon the quality of the manager's services;

(7) To enter into contracts for the operation, maintenance and management of any project undertaken, and to make rules and regulations with regard to such operation, maintenance and management upon the same terms as a municipality would be permitted to enter into an operating agreement under Title 6 for a public works project, provided, however, that in no event shall any of the net earnings from a project inure to the benefit of a private entity and provided further that such manager is a non-profit educational institution. The forgoing sentence shall not be construed to prevent an authority from awarding a bonus to a manager of a project under the terms of a management contract based upon the quality of the manager's services;

(8) Employ, contract with, fix the compensation of, and discharge engineering, architectural, legal, financial and other professional experts, consultants, agents and employees as may be necessary to carry out the purposes of this chapter and to provide for the proper construction, operation and maintenance of any project;

(9) Lease, rent and contract for the operation of all or any part of any project, and charge and collect rent for the project and terminate any such lease upon the failure of the lessee to comply with any of the obligations of the lease; and include in or exclude from any such lease provisions that the lessee shall have the option to renew the term of the lease for such period or periods and at such rent as shall be determined by the board of directors;

(10) Lease such space in a project as from time to time may not be needed for related purposes to any other person, corporation, partnership or association for such purposes as the board of directors may determine are in the best interest of the authority or will help facilitate the purposes for which the authority was created, and upon such terms and in such manner as the board may determine;

(11) Fix and collect fees and charges for the use of any and all of the projects of the authority;

(12) To make contracts, including without limitation contracts with facility users and service providers;

(13) Sell, exchange, donate, and convey any or all of its properties, whenever the board of directors shall find any such action to be in furtherance of the purposes for which the authority was organized;

(14) Procure and enter into contracts for any type of insurance or indemnity against loss or damage to property from any cause, including loss of use and occupancy, against death or injury of any person, against employer's liability, against any act of any member, officer or employee of the authority in the performance of the duties of such person's office or employment or any other insurable risk, as the board of directors, in its discretion, may deem necessary;

(15) Accept donations, contributions, revenues, capital grants or gifts from any individuals, associations, public or private corporations, and municipalities, the state or the United States, or any agency or instrumentality of the state or the United States, for or in aid of any of the purposes of this chapter and enter into agreements in connection with the donations, contributions, revenues, capital grants or gifts;

(16) Obtain such licenses, permits, approvals and accreditations as the authority deems necessary in connection with any project;

(17) Borrow money from time to time and, in evidence of any obligation incurred, issue and sell its bonds in accordance with the provisions of this chapter, in such form and upon such terms as its board of directors may determine and as approved by the governing body of the creating municipality, payable out of any revenues of the authority, including grants or contributions or other revenues specifically provided to the authority or as is otherwise provided for herein with respect to a guaranty from a municipality, for the purpose of financing the cost of any project; refund and refinance, from time to time, bonds so issued and sold, as often as may be deemed to be advantageous by the board of directors; and, pending the issuance of its bonds for the purposes in this chapter authorized, issue its interim certificates or notes or other temporary obligations;

(18) Mortgage and pledge as security for the payment of the principal of and interest on any bonds so issued and any agreements made in connection with the bonds, any or all of the projects or any part or parts of the projects, whether then owned or thereafter acquired; and

(19) Exercise all powers expressly given in its charter and establish bylaws and make all rules and regulations not inconsistent with the charter or the provisions of this chapter, deemed expedient for the management of the affairs of the authority.

**§ 7-90-110.**

(a) The board of directors of each authority shall cause an annual audit to be made of the books and records of its authority. The comptroller of the treasury, through the department of audit shall be responsible for determining that such audits are

prepared in accordance with generally accepted governmental auditing standards and that such audits meet the minimum standards prescribed by the comptroller of the treasury.

(b) Such audits shall be prepared by certified public accountants or by the department of audit. In the event the governing body of the authority shall fail or refuse to have the audit prepared, then the comptroller of the treasury may appoint a certified public accountant, or direct the department of audit, to prepare the audit, the cost of such audit to be paid by the authority.

(c) Each authority shall prepare an annual report of its business affairs and transactions. A copy of such report shall be filed with the municipality granting permission to the authority to organize.

**§ 7-90-111.**

(a) For the purpose of aiding and cooperating with an authority, the municipality authorizing such authority may assign or loan any of its employees, including its engineering staff and facilities, and may provide necessary office space, equipment, and other facilities for the use of such authority, as the governing body of such municipality shall approve.

(b) The governing body of such municipality may make donations of property, real or personal, or cash grants to the authority, in such amount or amounts as it may deem proper and appropriate in aiding the authority to accomplish its purpose.

(c) Any municipality creating an authority may convey real property or personal property to the authority and may include a provision in such conveyance for the reversion of such property to the transferor at such time as all revenue bonds or other obligations of the authority incident to the real property so conveyed shall have been paid in full, and any authority created pursuant to this chapter is authorized to accept such a conveyance.

**§ 7-90-112.**

(a) The authority shall have power and is authorized to issue its bonds in order to finance:

(1) The costs of any project;

(2) The payment of the costs of issuance of such bonds, including underwriter's discount, financial advisory fee, preparation of the definitive bonds, preparation of all public offering and marketing materials, advertising, credit enhancement, and legal, accounting, fiscal and other similar expenses;

(3) Reimbursement of the authority for moneys previously spent by the authority for any of the foregoing purposes; and

(4) The establishment of reasonable reserves for the payment of debt service on such bonds, for repair and replacement of any project, or for such other purposes as the board shall deem necessary and proper in connection with the issuance of any bonds and operation of any project for the benefit of which the financing is being undertaken.

(b) The authority shall have the power and is hereby authorized to issue its bonds to refund and refinance outstanding bonds of the authority heretofore or hereafter issued or lawfully assumed by the authority. The proceeds of the sale of the bonds may be applied to:

(1) The payment of the principal amount of the bonds being refunded and refinanced;

(2) The payment of the redemption or tender premium thereon, if any;

(3) The payment of unpaid interest on the bonds being refunded, including interest in arrears, for the payment of which sufficient funds are not available, to the date of delivery or exchange of the refunding bonds;

(4) The payment of fees or other charges incident to the termination of any interest rate hedging agreements, liquidity or credit facilities, or other agreements related to the bonds being refunded and refinanced;

(5) The payment of interest on the bonds being refunded and refinanced from the date of delivery of the refunding bonds to maturity or to, and including, the first or any subsequent available redemption date or dates on which the bonds being refunded may be called for redemption;

(6) The payment of the costs of issuance of the refunding bonds, including underwriter's discount, financial advisory fee, preparation of the definitive bonds, preparation of all public offering and marketing materials, advertising, credit enhancement, and legal, accounting, fiscal and other similar expenses, and the costs of refunding the outstanding bonds, including the costs of establishing an escrow for the retirement of the outstanding bonds, trustee and escrow agent fees in connection with any escrow, and accounting, legal and other professional fees in connection therewith; and

(7) The establishment of reserves for the purposes set forth in subdivision (a)(4) above.

Refunding bonds may be issued to refinance and refund more than one (1) issue of outstanding bonds, notwithstanding that such outstanding bonds may have been issued at different times. Refunding bonds may be issued jointly with other refunding bonds or other bonds of the authority. The principal proceeds from the sale of refunding bonds may be applied either to the immediate payment and retirement of the bonds being refunded or, to the extent not required for the immediate payment of the bonds being refunded, to the deposit in escrow with a bank or trust company to provide for the payment and retirement at a later date of the bonds being refunded.

(c) No bonds shall be issued hereunder unless authorized to be issued or assumed by resolution of the board of directors of the authority, and approved by resolution of the governing body of the municipality. Bonds authorized to be issued hereunder may be issued in one (1) or more series, may bear such date or dates, mature at such time or times, not exceeding forty (40) years from their respective dates,

bear interest at such rate or rates, payable at such time or times, be in such denominations, be in such form, either coupon or registered, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution or resolutions may provide. Bonds may be issued for money or property at competitive or negotiated sale for such price or prices as the board of directors, or its designee, shall determine. The authority may enter into such agreements in connection with the issuance of any bonds as its board of directors may approve, including without limitation agreements related to municipal bond insurance, credit or liquidity facility agreements, remarketing agreements and bond purchase agreements.

(d) Bonds may be repurchased by the authority out of any available funds at such price as the board of directors shall determine, and all bonds so repurchased shall be cancelled or held as an investment of the authority as the board may determine.

(e) Pending the preparation or execution of definitive bonds, interim receipts or certificates or temporary bonds may be delivered to the purchasers of bonds.

(f)

(1) With respect to all or any portion of any issue of bonds issued hereunder, at any time during the term of the bonds, and upon receipt of a report of the comptroller of the treasury or the comptroller's designee finding that the contracts and agreements authorized in this subsection are in compliance with the guidelines, rules or regulations adopted or promulgated by the state funding board, as set forth in § 9-21-130, the authority, by resolution of the board of directors, 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 directors may determine, including, without limitation, provisions permitting the authority to pay to, or receive from, any person or entity any loss of

benefits under such agreement upon early termination thereof or default under such agreement.

(2) The authority may enter into an agreement to sell bonds (other than its refunding bonds) under this act providing for delivery of its bonds on a date greater than ninety (90) days and not greater than five (5) years (or such greater period of time if approved by the comptroller of the treasury or the comptroller's designee), from the date of execution of such agreement or to sell its refunding bonds providing for delivery thereof on a date greater than ninety (90) days from the date of execution of the agreement and not greater than the first optional redemption date on which the bonds being refunded can be optionally redeemed resulting in cost savings or at par, whichever is earlier, only upon receipt of a report of the comptroller of the treasury or the comptroller's designee finding that the agreement or contract of the authority to sell its bonds as authorized in this subsection is in compliance with the guidelines, rules or regulations adopted or promulgated by the state funding board in accordance with the provisions of § 9-21-130. Agreements to sell bonds and refunding bonds for delivery ninety (90) days or less from the date of execution of the agreement do not require a report of the comptroller of the treasury or the comptroller's designee.

(3) Prior to the adoption by the board of a resolution authorizing a contract or agreement described in subdivision (1) or (2), a request shall be submitted to the comptroller of the treasury or the comptroller's designee for a report finding that such contract or agreement is in compliance with the guidelines, rules or regulations of the state funding board. Within fifteen (15) days of receipt of the request, the comptroller of the treasury or the comptroller's designee shall determine whether the contract or agreement substantially complies with the guidelines, rules or regulations and shall report thereon to the authority. If the report of the comptroller of the treasury or the comptroller's designee finds that the contract or agreement complies with the guidelines, rules

or regulations of the state funding board or the comptroller of the treasury shall fail to report within the fifteen-day period, then the authority may take such action with respect to the proposed contract or agreement as it deems advisable in accordance with the provisions of this section and the guidelines, rules or regulations of the state funding board. If the report of the comptroller of the treasury or the comptroller's designee finds that such contract or agreement is not in compliance with the guidelines, rules or regulations, then the authority is not authorized to enter into such contract or agreement. The guidelines, rules or regulations shall provide for an appeal process upon a determination of noncompliance.

(4) When entering into any contracts or agreements facilitating the issuance and sale of bonds, including contracts or agreements providing for liquidity and credit enhancement and reimbursement agreements relating thereto, interest rate swap or exchange agreements, agreements establishing interest rate floors or ceilings or both, other interest rate hedging agreements, and agreements with the purchaser of the bonds, evidencing a transaction bearing a reasonable relationship to this state and also to another state or nation, the authority may agree in the written contract or agreement that the rights and remedies of the parties thereto shall be governed by the laws of this state or the laws of such other state or nation; provided, that jurisdiction over the authority shall lie solely in the courts of the county in which the municipality forming the authority is located.

(g)

(1) All bonds issued by the authority shall be payable solely out of the revenue and receipts derived from any projects, or of any portion of projects owned, operated or leased to or from the authority, as may be designated by the board of directors of the authority, or from any revenues to be derived directly or indirectly by the authority from such projects or from any revenues derived

directly or indirectly by the authority from the allocation, transfer, contribution or pledge of tax revenues of any nature by the state or a municipality having taxing power or any other revenues or collections of the state or a municipality.

(2) The principal of and interest on any bonds issued by the authority shall be secured, as may be designated by the board of directors of the authority, by a pledge of revenues and receipts of the authority described in subdivision (g)(1), by a pledge of the authority's rights under agreements, leases and other contracts, or by a mortgage or deed of trust covering all or any part of the projects from which the revenues or receipts so pledged may be derived. The proceedings under which the bonds are authorized to be issued and any such pledge agreement or mortgage or deed of trust may contain any agreements and provisions respecting the maintenance of the projects covered by the bonds, the fixing and collection of rents for any portions of projects leased by the authority to others, the creation and maintenance of special funds from such revenues and the rights and remedies available in the event of default, all as the board of directors shall deem advisable and not in conflict with the provisions of this chapter. Each pledge, agreement, or mortgage or deed of trust made for the benefit or security of any of the bonds of the authority shall continue effective until the principal of and interest on the bonds for the benefit of which the pledge, agreement, or mortgage or deed of trust were made shall have been fully paid. In the event of default in such payment or in any agreement of the authority made as a part of the contract under which the bonds were issued, whether contained in the proceedings authorizing the bonds or in any mortgage or deed of trust executed as security for the bonds, such payment or agreement may be enforced by suit mandamus, the appointment of a receiver in equity or by foreclosure of any such mortgage or deed of trust, or any one (1) or more of such remedies.

(h) The authority may issue interim certificates, bond anticipation notes or other temporary obligations pending the issuance of its revenue bonds, which such temporary

obligations shall be payable out of revenues and receipts of the authority in like manner as such revenue bonds and shall be retired from the proceeds of such bonds upon the issuance of the revenue bonds, and shall be in such form and contain such terms, conditions and provisions consistent with the provisions of this chapter as the board of directors may determine.

(i) Bonds and notes of the authority shall be executed in the name of the authority by such officers of the authority and in such manner as the board of directors may direct, and shall be sealed with the corporate seal of the authority. If so provided in the proceedings authorizing the bonds, the facsimile signature of any of the officers executing such bonds and a facsimile of the corporate seal of the authority may appear on the bonds in lieu of the manual signature of such officer and the manual impress of such seal.

(j) Any bonds and notes of the authority may be sold at public or private sale, for such price and in such manner and from time to time as may be determined by the board of directors of the authority to be most advantageous, and the authority may pay all expenses, premiums and commissions that its board of directors may deem necessary or advantageous in connection with the issuance of the bonds.

**§ 7-90-113.** The authority is hereby declared to be performing a public function in behalf of the municipality with respect to which it is organized and to be a public instrumentality of such municipality. Accordingly, the authority and all properties at any time owned by it and the income from the properties and all bonds issued by the authority and the income from the bonds, shall be exempt from all taxation in the state. Also, for purposes of the Tennessee Securities Act of 1980, compiled in Title 48, Chapter 2, Part 1, bonds issued by the authority shall be deemed to be securities issued by a public instrumentality or a political subdivision of the state.

**§ 7-90-114.**

(a) Except to the extent of any revenues that may be specifically allocated, transferred, contributed or pledged by a municipality in accordance with the provisions of

this chapter and except as provided in subsection (b), no municipality shall in any event be liable for the payment of the principal of or interest on any bonds of the authority or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever that may be undertaken by the authority, and none of the bonds of the authority or any of its agreements or obligations shall be construed to constitute an indebtedness of the municipality within the meaning of any constitutional or statutory provision whatsoever.

(b)

(1) The governing body of a municipality or municipalities with respect to which the authority has been created may, by resolution, pledge the full faith and credit and unlimited taxing power of the municipality as guarantor to the payment of the principal or premium, if any, and interest on bonds of an authority, the purchase price of any such bonds subject to optional or mandatory tender for purchase, or the reimbursement or repayment to any bank or financial institution under any agreement providing for any draw, borrowing, advance or payment to be made for the payment of such principal, premium, interest or purchase price or the payment of amounts payable under any interest rate exchange agreement.

(2) Prior to any meeting where such guarantee will be considered by the governing body of the municipality, a notice shall be published at least five (5) days in advance of such meeting in a newspaper of general circulation within the municipality, describing the matter to be considered and containing an estimate of the dollar amount of any contingent liability proposed to be undertaken by the municipality.

(3) In the event of any such pledge of the full faith and credit and unlimited taxing power of the municipality, any holder or holders of the bonds, including a trustee or trustees for holders of such bonds, any financial institution providing any agreement on the payment of principal, premium, interest, purchase price on such bonds or any party to any interest rate exchange

agreement with respect to such bonds shall have the right, in addition to all other rights, by mandamus or other suit, action, or proceeding in any court of competent jurisdiction, to enforce such person's rights against the municipality so pledging, and the governing body of such municipality and any officer, agent, or employee of such municipality, including, but not limited to, the right to require the municipality and governing body and any proper officer, agent, or employee of the municipality to assess, levy, and collect taxes and other revenues and charges adequate to carry out any agreement as to, or pledge of, such taxes, revenues, and charges. The taxes authorized to be pledged in this subdivision (b)(3) shall be levied without limit as to rate or amount upon all taxable property within the municipality, and all such taxes to be levied are hereby declared to have been levied for county and corporation purposes, respectively, within the meaning of Article II, Section 29 of the Constitution of Tennessee.

**§ 7-90-115.**

(a) Any municipality is authorized to aid or otherwise provide assistance to an authority created pursuant to the provisions of this chapter by such municipality, including entering into leases of projects, or parts of projects with an authority, for such term or terms and upon such conditions as may be determined by the governing body of such municipality, notwithstanding and without regard to the restrictions, prohibitions, or requirements of any other law, whether public or private, or granting, contributing or pledging revenues of the municipality to or for the benefit of the authority derived from any source.

(b) The governing body of any municipality, by resolution, may designate the authority to be the recipient of funds of the state or the municipality, when such funds are allocated or directed for use in connection with the construction, improvement, financing or operation of facilities. The municipality may take such actions as may be necessary to cause any such funds to be paid to the authority, and the municipality and the

authority may enter into any and all agreements as may be necessary to provide for the payment of the authority's bonds out of such funds, as described in § 7-90-112(g).

(c) The governing body of any municipality, by resolution, may cause any departments, instrumentalities or organizations formed by the municipality to be joined with and into the authority, and may take such steps as may be necessary to cause the assets, liabilities and operations of any such organizations to be transferred to the authority.

**§ 7-90-116.** Except as otherwise provided in this chapter, all leases, contracts, deeds of conveyance, or instruments in writing executed by the authority, shall be executed in the name of the authority by the chair or secretary of the authority, or by such other officers as the board of directors, by resolution, may direct, and the seal of the authority may be affixed to such instruments.

**§ 7-90-117.** The authority shall be a public nonprofit corporation and no part of its net earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm or corporation, except that in the event the board of directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds and other obligations of the authority, including reserves for the expenses, bonds and other obligations, any net earnings of the authority thereafter accruing may be used to provide a reserve for depreciation of any project or projects undertaken by such authority, in an amount determined by the board of directors to be necessary and reasonable, and net earnings available thereafter shall be paid to the municipality with respect to which the authority was organized; provided, that nothing contained in this section shall prevent the board of directors from transferring all or any part of its properties in accordance with the terms of any lease entered into by the authority.

**§ 7-90-118.** If the board of directors of an authority or the governing body of the creating municipality by resolution determines that the purposes for which the authority was formed have been substantially accomplished and all bonds theretofore issued and all obligations theretofore incurred by the authority have been fully paid, then the members of the board of directors or the executive officers of the municipality, as the case may be, shall thereupon execute and file for

record in the office of the secretary of state a certificate of dissolution, reciting such facts and declaring the authority to be dissolved. Such certificate of dissolution shall be executed under the seal of the authority. Upon the filing of such certificate of dissolution, the authority shall stand dissolved, the title to all funds and properties owned by it at the time of such dissolution shall vest in the municipality with respect to which the authority was organized, and possession of such funds and properties shall forthwith be delivered to such municipality.

**§ 7-90-119.**

(a) The powers conferred upon authorities created under this chapter may be exercised by two (2) or more such authorities acting jointly.

(b) Two (2) or more municipalities may, by acting jointly, incorporate a medical school authority to effectuate the purposes of this chapter. When two (2) or more municipalities incorporate such an authority, each and every requisite pertaining to the application for incorporation, qualification of applicants, charter and amendment of charter shall, as nearly as may be practicable, be incumbent in like manner upon each municipality joining in the creation of such authority.

**§ 7-90-120.** Any municipality may acquire a project site by gift, purchase or lease, or exercise of the power of eminent domain, and may transfer any project site to an authority by sale, lease or gift. Such transfer may be authorized by a resolution of the governing body of the municipality without submission of the question to the voters, and without regard to the requirements, restrictions, limitations or other provisions contained in any other general, special or local law.

**§ 7-90-121.** This chapter shall not be construed as a restriction or limitation upon any powers that an authority, as a public corporation, might otherwise have under any laws of this state, but shall be construed as cumulative of any such powers. No proceedings, notice or approval shall be required for the organization of the authority or the issuance of any bonds or any instrument as security for the bonds, except as provided in this chapter, any other law to the contrary notwithstanding; provided, that nothing in this chapter shall be construed to deprive the state and its governmental subdivisions of their respective police powers over properties of the

authority, or to impair any power over properties of the authority of any official or agency of the state and its governmental subdivisions that may be otherwise provided by law. Projects may be acquired, purchased, constructed, reconstructed, improved, bettered and extended, and bonds may be issued under this chapter for such purposes, notwithstanding that any other general, special or local law may provide for the acquisition, purchase, construction, reconstruction, improvement, betterment and extension of a like project, or the issuance of bonds for like purposes, and without regard to the requirements, restrictions, limitations or other provisions contained in any other general, special or local law.

SECTION 2. This act shall take effect upon becoming law, the public welfare requiring it.