

SENATE BILL 988

By McNally

AN ACT to authorize the state of Tennessee, acting by resolution of its funding board, to issue and to sell its bonds and bond anticipation notes for the purpose of providing funds to the Department of Finance and Administration to be allocated and expended for the purpose of capital outlay and maintenance for institutions of higher education and to provide for necessary repairs, replacements, additions, and betterments of buildings and facilities, expressly including the acquisition of real estate, site work, facility development, and other development costs, including equipment of facilities, for higher education purposes; and to provide for the expenditure of said funds; to issue its debt in excess of previously stated amount to provide funds for capital outlay, and to fund discount and costs of issuance; to provide for the expenditure of said funds; and to amend certain public acts authorizing the issuance of general obligation bonds and bond anticipation notes. This act makes appropriations for an indefinite period of time for the purpose of allocating the proceeds of the bonds and notes authorized by this act.

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

SECTION 1. The state of Tennessee, acting by resolutions of its funding board, is hereby authorized and empowered to issue and sell direct general obligation interest-bearing bonds of the state of Tennessee in amounts not to exceed fifty million dollars (\$50,000,000) to effectuate the purposes specified in Section 4 of this act. Further, the funding board is authorized to sell bonds in amounts not to exceed two and one half percent (2.5%) of the amounts specified above and authorized in Section 4 for the purpose of funding discount and costs of issuance. Such bonds may be issued and sold in one (1) block or in several installments and separately or together with other general obligation bonds of the state of Tennessee as the board may determine after advertisement as provided by law.

SECTION 2. The bonds and the interest-bearing coupons attached thereto, if any, shall be in such form, mature at such time or times within twenty (20) years from the date of their issuance, be executed in such manner, be payable at such place or places both as to principal and interest, and be in such denomination and bear such rate of interest, payable in such manner as the funding board shall by resolution direct; provided, however, that the maximum rate determined by the funding board in no instance shall exceed the legal rate as provided in § 47-14-103. The bonds shall be sold by the funding board after advertisement as provided by law, together with the accrued interest thereon, and, when they have been sold, the proceeds derived from the sale thereof shall be paid to the state treasurer to be disbursed by the treasurer and other fiscal officers and agencies of the state as provided by the general law and this act. The bonds and interest payable thereon shall be exempt from taxation by the state of Tennessee or by any county, municipality, or taxing district of the state except inheritance, transfer and estate taxes.

SECTION 3. When the bonds are so issued and sold, they shall be direct general obligations of the state of Tennessee for the payment of which well and truly to be made according to the tenor, effect, and terms thereof the full faith and credit of the state, together with its taxing power shall irrevocably be pledged; and the bonds as authorized herein shall be issued agreeable to the terms of title 9, chapter 9; and they shall be financed, retired, and paid both as to principal and interest as provided in that chapter and shall be subject to the terms and conditions therein and herein contained. When the bonds are sold and proceeds paid over to the state treasurer, the funds shall be paid out by the treasurer and the proper fiscal officers of the state, as provided by general law, but only on order of the proper administrative authorities of the agency or department herein named for the benefit of which such bonds have been authorized and only to the extent such bonds have in fact been issued for the benefit of such agency or department.

SECTION 4. The proceeds of any and all issues of bonds herein authorized shall be allocated to the department of finance and administration to be allocated and expended for the purpose of capital outlay and maintenance for institutions of higher education.

SECTION 5. The proper authorities heretofore enumerated and charged with the duty of expending the funds shall have authority to proceed with the projects authorized herein and for that purpose may hire an architect or architects, advertise for low bids, and award contracts to low bidders, all within the provisions of the general law, expressly including the provisions of title 4, chapter 15, and in agreement with the terms of this act. No contract, including a contract for architectural services, involving a project authorized by this act which is subject to the approval of the state building commission shall be entered into unless and until that contract shall have been approved by the building commission.

SECTION 6. Pending the issuance of the definite bonds authorized by this act, the state of Tennessee, acting by resolutions of its funding board, is hereby authorized and empowered to issue and sell, either at public or private sale, together with accrued interest thereon, its interest-bearing bond anticipation note or notes. Such note or notes shall be authorized by resolution of the funding board and shall bear such date or dates as such resolution or resolutions provide. The note or notes shall bear interest at such rate or rates, be in such denominations, be in such form, be executed in such manner, be payable in such medium of payment, at such place or places and mature on such date or dates, subject to such terms and conditions as such resolution or resolutions may provide. In its discretion the funding board may provide that a bond anticipation note or any renewal of such note may mature more than five (5) years from the date of issue of the original note; provided, that an amortization schedule of repayment of principal is established for the project funded by the note, and provisions are made such that any note or renewal note or bond refunding such note attributed to the financing of such project shall be redeemed or retired either twenty-five (25) years from the date of issue

of such original note or twenty (20) years from the date the project is completed and placed in full service, whichever is earlier. Provisions of general law with respect to authentication, execution, and registration of general obligation bonds of the state of Tennessee shall also apply to the notes to the extent applicable. The note or notes and the interest payable thereon shall be exempt from taxation by the state of Tennessee or by any county, municipality, or taxing district of the state except inheritance, transfer and estate taxes. Any resolution or resolutions of the funding board authorizing the issuance of such bond anticipation note or notes shall provide that the same are issued in anticipation of the bonds authorized hereunder and shall further provide that the full faith and credit of the state of Tennessee are pledged to the payment thereof.

SECTION 7. No bonds shall be issued under the authority of this act until such time as the general assembly has appropriated sufficient funds to pay the first year's obligation of principal and interest on the amount of bonds to be issued, and the state funding board has determined that such funds are available.

SECTION 8. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 9. This act shall take effect upon becoming a law, the public welfare requiring it.