

SENATE BILL 2647

By Stevens

AN ACT to amend Chapter 62 of the Private Acts of 1981; and any other acts amendatory thereto, to authorize and empower Gibson County Special School District to issue up to \$18,500,000 of school bonds or notes, to provide for the issuance of bond, revenue, and grant anticipation notes, to provide for the pledge, levy, and collection of taxes to pay debt service on said bonds and notes, and to revise the tax rate in said District.

WHEREAS, it is the desire of the Board of Trustees (the "Board") of the Gibson County Special School District (the "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 District needs to construct additional school facilities to alleviate overcrowding that has occurred in the District as a result of significant growth in student population; and

WHEREAS, interest rates for borrowing capital funds for governmental entities are low compared to the last thirty-five years, 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. Gibson County Special 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, Chapter 73 of the Private Acts of 2005, Chapter 59 of the Private Acts of 2007, Chapter 60 of the Private Acts of 2007, Chapter 68 of the Private Acts of 2010, Chapter 5 of the Private Acts of 2013, Chapter 3 of the Private Acts of 2015, and any other amendatory acts thereto (the "Act of Incorporation"), is hereby authorized to borrow money by issuing its bonds and notes in the manner provided below:

(a) The District is hereby authorized and empowered to issue and sell, by resolution of its Board, school bonds and/or notes for the purpose of providing funds to pay or reimburse the District (i) for the acquisition of land and site preparation for and the construction, improvement, renovation, repair, 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 said work, (ii) for the purchase of computers and related software for use throughout the District, (iii) for the costs of other capital improvements throughout the District, (iv) for the funding of all accounts and funds necessary and proper in connection with the issuance and sale of the bonds and notes as the Board shall determine, (v) for the payment of interest on the bonds and notes during the period of construction and for six (6) months thereafter and (vi) 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 and notes. The maximum aggregate principal amount of school bonds and notes authorized to be issued pursuant to this subsection shall be limited to eighteen million five hundred thousand dollars (\$18,500,000). No public referendum or election of the voters of the District shall be necessary in order for the District to issue and sell the bonds and/or notes authorized pursuant to this Act.

(b) The bonds and notes may be sold at competitive or negotiated sale at such times, in such amounts and with such terms as may be approved by resolution of the Board; provided, that the maximum maturity of said bond or note issues shall not exceed

thirty-five (35) years from the issuance thereof and the rate or rates of the bonds and notes shall not exceed the maximum rate permitted by Tennessee law.

(c) The District is further authorized, by resolution of its Board, to issue and sell notes of the District in anticipation of the issuance of other obligations authorized herein. The notes shall mature at such time or times, not exceeding five (5) years from their respective dated dates, and shall be sold in such manner and upon such terms as shall be provided by resolution of the Board.

(d) The District is further authorized, by resolution of its Board, to borrow money and issue its bonds and/or notes for the purpose of refunding the bonds and notes authorized herein or that may have been previously issued by the District. The refunding bonds and/or notes shall be sold at such times, in such manner and upon such terms as shall be provided by resolution of the Board.

(e) The District is further authorized, by resolution of the Board, to issue and sell from time to time revenue anticipation notes of the District in anticipation of the collection or receipt of taxes or other revenues of any type. The aggregate par amount of said notes issued within any fiscal year may not exceed ten percent (10%) of the taxes, revenues and any other funds remitted to or collected by the District in the prior fiscal year. The notes may be sold at such times, in such manner and upon such terms as may be provided by resolution of the Board; provided, that any such notes shall mature not later than the ninetieth day following the conclusion of the fiscal year in which such notes are issued.

(f) The District is further authorized, by resolution of the Board, to issue and sell from time to time grant anticipation notes of the District in anticipation of the receipt of grant monies from the State of Tennessee or the United States government. The aggregate par amount of the notes issued at any time may not exceed the amount of grant proceeds committed to the District in writing. The notes may be sold at such times, in such manner and upon such terms as may be provided by resolution of the Board.

(g) The Board is authorized and empowered to do and perform all acts and enter into all agreements that may be necessary or desirable in connection with the issuance and sale of any bonds and notes authorized herein and to delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board shall deem necessary or desirable.

(h) The bonds and notes authorized hereunder shall be issued in fully registered form and shall be executed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the Board.

(i) Any bonds or notes issued hereunder shall be paid from the taxes levied by authority of the Act of Incorporation, including as amended herein. Notwithstanding any provision of the Act of Incorporation to the contrary, all taxes levied pursuant thereto and herein are specifically authorized to be used to pay the principal of and interest and premium on any bonds and/or notes issued pursuant to this Act. The Board is hereby authorized to pledge such taxes as necessary to pay the principal of and interest and premium on the bonds and notes authorized herein. The taxes shall constitute a lien on the property against which they are levied with the like force in effect as due county taxes. Grant anticipation notes shall also be payable from the proceeds of the anticipated grant. Taxes levied by the Act of Incorporation, as amended herein, at the rates set forth therein and herein, shall be pledged and applied first to pay principal of and interest and premium on the bonds, notes and other indebtedness issued by the District. Any amounts in excess thereof may be used, at the discretion of the Board, for any and all capital and/or operating expenses of the District. 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 and premium thereon when due, the District shall apply funds from operations or other available funds of the District to the payment thereof.

(j) For the purpose of paying principal of and interest and premium on the bonds and notes herein authorized and any other indebtedness of the District, and to provide for additional funding of District's school operations, 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 rate of forty cents (40¢) on every one hundred dollars (\$100) of taxable property located within the District, such tax rate to be levied effective in the 2016 tax year and each year thereafter. Said rate is established to provide tax revenues sufficient to pay principal of and interest and premium on indebtedness of the District as it becomes due and for any and all capital and/or operating expenses of the District. 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 percent (15%) from January 1 of any year to January 1 of the second succeeding year thereafter, at the request of the Board, the county assessor of property shall certify to the county trustee and the Board the total assessed value of taxable property within the District and furnish the county trustee and the Board 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 said information and certifications, the county trustee shall adjust the tax rate established herein to an adjusted rate that is estimated to provide to the District the same tax revenue as was provided by said 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.

(k) The Board is also authorized, but not required, to pledge to the payment of the bonds and notes 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, collected, and distributed 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.

(l) The bonds and notes 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 2. 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 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 said indebtedness, and the outstanding 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 herein authorized. In such event, the said remaining tax shall continue to be collected by the county trustee and funds collected in respect thereof shall be paid in respect of the District's outstanding indebtedness by the District until such indebtedness has been paid in full.

SECTION 3. 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 4. This act shall take effect upon becoming a law, the public welfare requiring it.