

PRIVATE CHAPTER NO. 68**HOUSE BILL NO. 3991****By Representative Halford**

Substituted for: Senate Bill No. 3948

By Senator Finney

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 Special School District (the "District") to issue and sell school bonds or notes, to enter into loan agreements with the State of Tennessee or to participate in federal or state matching grants or loans (the "District's Obligations") in an aggregate principal amount of not to exceed \$3,200,000; to provide the form and terms of the District's Obligations; to provide for the payment of the District's Obligations and the use and disposition of proceeds from the sale of the District's Obligations; to provide for the pledge, levy and collection of taxes to pay principal of, premium, if any, and interest on the District's Obligations; to establish reserve funds as required for the District's Obligations; to increase the property tax rate applicable to property located within the Gibson County Special School District at a rate of an additional forty cents (\$.40) per one hundred dollars (\$100) of assessed value for the payment of the debt retirement requirements and for the operations of the District; and to provide for the issuance from time to time of tax or grant anticipation notes by the District.

WHEREAS, it is the desire of the Board of Trustees of the Gibson County Special 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 student population in grades kindergarten through eight (K- 8) at the southern end of the school district has grown from nine hundred (900) students in 2005-06 to one thousand three hundred fifty (1,350) students in 2009-10, and is projected to grow to over one thousand five hundred fifty (1,550) students by 2011-12, thereby creating a serious need for additional school facilities; and

WHEREAS, the population is increasing rapidly in the southern end of the school district with over five hundred (500) new houses being built within the area within the last four (4) years; and

WHEREAS, the situation has reached a point at which the District cannot delay any further the addition of classrooms to alleviate the overcrowding of the schools in the southern end of the district; and

WHEREAS, the district has other critical capital and operating needs; and

WHEREAS, interest rates for borrowing capital funds for governmental entities are low compared to the last thirty-five (35) years, thereby providing for lower annual payments to meet these requirements and needs; and

WHEREAS, the school district's per pupil expenditure is the lowest in the state, and test scores are well above the state average, and to continue producing above average test scores and improve the educational programs for the school district, additional funding for operation of the schools is needed; now, therefore,

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

SECTION 1. The 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, and all other Acts amendatory thereto, if any, is hereby authorized and empowered to issue and sell, by resolution of the Board of Trustees of the District, bonds or notes, to enter into loan agreements with the State of Tennessee, federal government, or to provide for the matching portion any grants of the state or federal government (the "District's Obligations") in the aggregate principal amount of not to exceed three million two hundred thousand dollars (\$3,200,000) for the purpose of providing funds to: (A) pay, or reimburse the District for the prior payment of (i) the construction costs of school buildings and facilities located in the District, including all related improvements, furnishings, fixtures and equipment and including the purchase of all property, real and personal, or interests therein, necessary in connection with the work and additions thereto, (ii) the costs of purchasing computers and related software for use throughout the District, (iii) the costs of purchasing and installing fire alarm systems, (iv) the costs of other capital improvements throughout the District, (v) interest on the bonds during the period of construction and for six (6) months thereafter, and (vi) 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 (B) fund all accounts and funds, including a debt service reserve fund, necessary and proper in connection with the issuance and sale of the bonds, notes, loan agreements or matching grants, all as the Board of Trustees of the District shall determine.

SECTION 2. The District's Obligations may be issued in tax-exempt or taxable form as provided by federal law, 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), not to exceed the maximum rate as permitted by state law, 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 District's Obligations 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. 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 District's Obligations (including without limitation agreements with any provider of municipal bond insurance for the bonds and agreements with the State of Tennessee or its agencies for credit enhancement) 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 District's Obligations, if issued as bonds or notes, 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 District's Obligations.

SECTION 4. The Board of Trustees is hereby authorized to pledge such existing taxes as are currently 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 District's Obligations and on any other indebtedness of the District. 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 District's Obligations herein authorized and on 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 (\$0.40) on every one hundred dollars (\$100) of taxable property located within the District, such tax rate to be levied effective in the 2011 tax year and each year thereafter. This rate is established to provide tax revenues sufficient to pay principal of and interest on the District's Obligations as they come due and for the District's school operations. 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 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 said 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 District's Obligations authorized herein and any other indebtedness of the District as they become due and to maintain debt service fund balances and to pay for the District's school operations. The Board of Trustees is hereby authorized to pledge such tax to pay the principal of and interest and any redemption premiums on the District's Obligations 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, to fund capital improvements for the District or school operating costs.

SECTION 6. The District's Board of Trustees is further authorized to pledge to the payment of the District's Obligations, and any other indebtedness of the District, 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 District's Obligations, 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 debt obligations for the purpose of refunding the obligations 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 other obligations 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 five (5) 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. The District is further authorized, by resolution of the Board of Trustees, to issue and sell from time to time:

(a) 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 the 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 in one (1) or more series, may bear such date or dates, shall mature at such time or times but not later than the ninetieth day following the fiscal year in which such notes are issued, 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 payable from, but not secured by, all property taxes imposed by the District and all other revenues collected by the District, 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.

(b) 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 in one (1) or more series, may bear such date or dates, shall mature at such time or times but not later than three (3) years following the date of issuance, 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 payable from, but not secured by, grant proceeds and all property taxes imposed by the District and all other revenues collected by the District, 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 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 other obligations 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 other obligations, and the outstanding bonds and other obligations 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 other obligations by the Gibson County Special School District Board of Education until such bonds and other obligations 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 said bonds and other obligations, or other funds are available to pay said principal, premium and interest, the tax herein levied may be reduced by the Board of Trustees to an amount which, together with said other taxes and funds is sufficient to pay said principal, premium and interest.

SECTION 12. If required in connection with the issuance of the District's Obligations, the District may enter into an agreement with the State of Tennessee, permitting it to intercept and retain funds of the District in order to pay and further secure the payment of the District's Obligations; provided, that any such agreement shall not impair the rights of any of the holders of any of the District's existing indebtedness.

SECTION 13. 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 District's Obligations during the twelve-month period beginning on the date of such projection, the Board of Trustees shall certify such projections to the comptroller of the treasury. The comptroller shall verify whether and to what extent a deficiency exists and shall notify the Board of Trustees accordingly. If a deficiency exists, the comptroller shall advise the Board of Trustees to file a request with the General Assembly to increase the tax levy of the District to an amount sufficient to provide for the payment of debt service on the District's Obligations.

SECTION 14. 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 15. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: April 29, 2010



KENT WILLIAMS, SPEAKER
HOUSE OF REPRESENTATIVES



RON RAMSEY
SPEAKER OF THE SENATE

APPROVED this 10th day of May 2010



PHIL BREDESEN, GOVERNOR