

**PUBLIC CHAPTER NO. 1109****SENATE BILL NO. 3916****By Kyle, Henry**

Substituted for: House Bill No. 3925

By Fitzhugh

AN ACT to authorize the State of Tennessee, acting by resolution of its funding board, to issue and sell its interest-bearing bonds and bond anticipation notes in amounts not to exceed two hundred seventy-one million eight hundred thousand dollars (\$271,800,000) for the purpose of providing funds to the Department of Finance and Administration and the Department of Transportation; to provide for acquisition of equipment, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments, and extraordinary repairs to existing structures, for construction of highways, and repair, replacement or rehabilitation of bridges, and for grants to any county, metropolitan government, incorporated town, city, special district of the state, or any governmental agency or instrumentality of any of them; to provide funds for the state office buildings and support facilities revolving fund, and to provide funds for the acquisition and implementation of a radio system and a driver license issuance system software and equipment, and to provide for the expenditure of said funds; to issue its debt in excess of the previously stated amount to fund discount and costs of issuance; and to provide for the expenditure of said funds. 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. This act cancels a portion of the amount of bonds authorized by Chapter 958, Public Acts of 2004.

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 one hundred ninety-four million one hundred thousand dollars (\$194,100,000) 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 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, either at public or private sale 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 (subject to Section 7 of this act) or, in the case of a financed radio system and driver license issuance system software and equipment, within ten (10) years after the date such radio system and computer software and equipment is placed

in service, be executed in such manner, be payable at such place or places both as to principal and interest, and be in such denominations and bear such rate or rates 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 Section 47-14-103 of the Tennessee Code Annotated. The proceeds derived from the sale of the bonds 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 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, Tennessee Code Annotated; 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 (except for accrued interest paid as part of the purchase price) 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 following departments:

(1) Department of Finance and Administration in the amount of thirteen million two hundred thousand dollars (\$13,200,000) and expended for the purposes of acquisition of equipment, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments and extraordinary repairs to existing structures, and for the purpose of making grants to any county, metropolitan government, incorporated town, city, special district of the state, or any governmental agency or instrumentality of any of them, if such project grant is approved by the State Building Commission. Such grants so identified and approved are determined to be for a public purpose.

(2) Department of Finance and Administration in the amount of sixteen million four hundred thousand dollars (\$16,400,000) to provide funds for the state office buildings and support facilities revolving fund to be allocated and expended for the purpose of acquisition of equipment, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments and extraordinary repairs to existing structures, and for the purpose of making grants to any county, metropolitan government, incorporated town, city, special district of the state, or any governmental agency or instrumentality of any of them, if such project grant is approved by the State Building Commission. Such grants so identified and approved are determined to be for a public purpose.

(3) Department of Transportation in the amount of seventy-seven million dollars (\$77,000,000) and expended for the construction of highways and for the purpose of acquisition of equipment, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments and extraordinary repairs to existing structures.

(4) Department of Transportation in the amount of eighty-seven million five hundred thousand dollars (\$87,500,000) in fiscal year 2010-2011 for implementation of Phase II of the Tennessee transportation infrastructure improvement bond program described in Section 11 of Chapter 552, Public Acts of 2009, and expended for the construction of bridges and highways and for the purpose of acquisition of equipment, and erection, construction and equipment of sites and buildings, expressly including the acquisition of existing structures for expansion, improvements, betterments and extraordinary repairs to existing structures. Federal highway trust funds currently are intended to provide approximately eighty percent (80%) of the cost of interest and repayment of principal on bond anticipation note or notes and general obligation bonds issued pursuant to this allocation.

In its discretion the funding board is authorized to issue bonds in amounts not to exceed 2.5% of the amounts specified above, the proceeds of which are to be allocated to the funding board and expended for the purpose of funding discount and the costs of issuance.

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, Tennessee Code Annotated, 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 State Building Commission.

SECTION 6. The appropriation made to each agency or department as provided in Section 4 may be applied as determined by the funding board to bear its appropriate portion of discount and costs of issuance.

SECTION 7. 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, 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(s), 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 no later than 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; or, in the case of a financed radio system and driver license issuance system software and equipment, within ten (10) years after the date such radio system and computer software and equipment is placed in service. 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 8. 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 9. Notwithstanding any other provision of this act to the contrary, the bonds and bond anticipation notes authorized by this act may be designated "college savings bonds" and be issued pursuant to the provisions of the Baccalaureate Education Savings for Tennessee Act, Chapter 190, Public Acts of 1989.

SECTION 10. The amount of one million three hundred fifty-eight thousand eight hundred sixty dollars and thirty-four cents (\$1,358,860.34) authorized by Chapter 958, Public Acts of 2004, the proceeds of which were allocated to the Department of Finance and Administration to provide funds for the equipment revolving fund for the purpose of acquisition of equipment, is hereby repealed.

SECTION 11. Section 11 of Chapter 552, Public Acts of 2009, known as the "Tennessee transportation infrastructure improvement bond program of 2009", is incorporated herein by reference and the legislative intent expressed therein is reaffirmed.

SECTION 12. 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 13. No expenditure of public funds pursuant to this act shall be made in violation of the provisions of Title VI of the Civil Rights Act of 1964, as codified in 42 United States Code 2000(d).

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

**PASSED: June 4, 2010**



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RON RAMSEY  
SPEAKER OF THE SENATE



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KENT WILLIAMS, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 25th day of June 2010



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PHIL BREDESEN, GOVERNOR