

The Senate State and Local Governmental Operations Committee offered the following substitute to HB 754:

A BILL TO BE ENTITLED  
AN ACT

1 To create and establish the Gilmer County Building Authority, a body corporate and politic  
2 and an instrumentality of the State of Georgia; to authorize the authority to acquire,  
3 construct, equip, maintain, and operate certain projects, including buildings and facilities for  
4 use by Gilmer County for its governmental, proprietary, and administrative functions; to  
5 provide for members of the authority and their terms, organization, and reimbursement; to  
6 provide for vacancies; to define certain terms and words; to confer powers and impose duties  
7 on the authority; to grant limitations to the authority; to authorize the authority to enter into  
8 contracts and leases pertaining to uses of such facilities, which contracts and leases may  
9 obligate the lessees to make payment for the use of the facilities for the term thereof and to  
10 pledge for that purpose money derived from taxation; to provide that no debt of Gilmer  
11 County or the State of Georgia shall be incurred by the exercise of any of the powers granted;  
12 to authorize the issuance of revenue bonds of the authority payable from the revenues, rents,  
13 and earnings and other functions of the authority to pay the costs of such projects; to  
14 authorize the collecting and pledging of such revenues, rents, and earnings for the payment  
15 of such bonds; to authorize the adoption of resolutions and the execution of trust indentures  
16 to secure the payment of such bonds and to define the rights of the holders of such bonds; to  
17 provide for a sinking fund; to make the bonds of the authority exempt from taxation; to  
18 provide the right and power for the authority to condemn property of every kind and  
19 character; to authorize the issuance of refunding bonds; to provide for the validation of such  
20 bonds and to fix the venue for jurisdiction of actions relating to any provision of this Act; to  
21 exempt the property and income of the authority from taxation; to provide for immunity and  
22 exemption from liability for torts and negligence; to provide that the property of the authority  
23 shall not be subject to levy and sale; to provide that certain moneys are trust funds; to provide  
24 that this Act shall be liberally construed; to define the scope of the authority's operation; to  
25 provide for disposition of property upon authority dissolution; to provide for severability; to  
26 provide an effective date; to repeal conflicting laws; and for other purposes.

1 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

2 **SECTION 1.**

3 Gilmer County Building Authority created.

4 There is created a public body corporate and politic to be known as the Gilmer County  
 5 Building Authority, herein called "the authority," which shall be an instrumentality and a  
 6 public corporation of the State of Georgia, the purpose of which shall be to acquire,  
 7 construct, equip, maintain, and operate certain projects for use by Gilmer County for its  
 8 governmental, proprietary, public, and administrative functions. The authority shall not be  
 9 a state institution, nor a department or agency of the state, but shall be an instrumentality of  
 10 the state, a mere creation of the state, being a distinct corporate entity and being exempt from  
 11 the provisions of Article 2 of Chapter 17 of Title 50 of the O.C.G.A., the "Georgia State  
 12 Financing and Investment Commission Act." The authority shall have its principal office in  
 13 Gilmer County, and its legal situs or residence for the purposes of this chapter shall be  
 14 Gilmer County.

15 **SECTION 2.**

16 Membership.

17 The authority shall consist of three members who shall be eligible to succeed themselves and  
 18 who shall be elected by the Board of Commissioners of Gilmer County. No more than one  
 19 member of the authority may be a member of said board of commissioners. Any member  
 20 of the authority who is a member of said board of commissioners shall serve for a term of  
 21 office concurrent with such person's term of office as a member of said board of  
 22 commissioners. Each member of the authority who is not a member of said board of  
 23 commissioners shall serve for a term of office of three years, except that the initial terms of  
 24 office of those members first appointed to the authority shall be specified at the time of  
 25 appointment to be one, two, and, if no such member is a member of the board of  
 26 commissioners, three years. After such initial terms, those members who are not members  
 27 of said board of commissioners shall serve for terms of office of three years each. Members  
 28 of the authority shall serve for the terms of office so specified and until the appointment and  
 29 qualification of their respective successors. Vacancies on the authority shall be filled by said  
 30 board of commissioners for the remainder of the unexpired term and until the appointment  
 31 and qualification of a successor. Immediately after their election, the members of the  
 32 authority shall enter upon their duties. The authority shall elect one of its members as  
 33 chairperson and one as vice chairperson. The secretary-treasurer of the authority shall be  
 34 appointed by the authority and need not be a member of the authority. Two members of the  
 35 authority shall constitute a quorum and no vacancy on the authority shall impair the right of

1 the quorum to exercise all the rights and perform all the duties of the authority and, in every  
2 instance, a majority vote of a quorum shall authorize any legal act of the authority, including  
3 all things necessary to authorize and issue revenue bonds. The members of the authority  
4 shall receive no compensation for their services but may be reimbursed by the authority for  
5 their actual expenses properly incurred in the performance of their duties. The authority shall  
6 make rules and regulations for its own government and shall have perpetual existence.

### 7 **SECTION 3.**

#### 8 Definitions.

9 As used herein, the following words and terms shall have the following meanings unless a  
10 different meaning clearly appears from the context:

11 (1) The word "authority" shall mean the Gilmer County Building Authority created by  
12 this Act.

13 (2) The word "project" shall mean and include real and personal property acquired or  
14 held by the authority, including all land, buildings, structures, sanitary and surface water  
15 sewers, and other public property determined by the authority to be desirable for the  
16 efficient operation of any department, board, office, commission, or agency of Gilmer  
17 County, or of the State of Georgia, in the performance of its governmental, proprietary,  
18 and administrative functions.

19 (3) The term "cost of project" shall include the cost of lands, buildings, improvements,  
20 machinery, equipment, property, easements, rights, franchises, material, labor, services  
21 acquired or contracted for, plans and specification, financing charges, construction costs,  
22 interest prior to and during construction; architectural, accounting, engineering,  
23 inspection, administrative, fiscal, and legal expenses; expenses incident to determining  
24 the feasibility or practicability of the project; and expenses incident to the acquiring,  
25 constructing, equipping, and operating of any project or any part thereof, and to the  
26 placing of the same in operation and to the condemnation of any property incident to such  
27 construction and operation.

28 (4) The term "revenue bonds" shall mean revenue bonds issued under the provisions of  
29 Article 3 of Chapter 82 of Title 36 of the O.C.G.A., the Revenue Bond Law, and under  
30 the provisions of this Act. The obligations authorized under this Act may be issued by  
31 the authority in the manner authorized under the Revenue Bond Law.

**SECTION 4.****Powers.**

The authority shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this Act including, but without limiting the generality of the foregoing, the power:

- (1) To sue and be sued;
- (2) To adopt and alter a corporate seal;
- (3) To make and execute with public and private persons and corporations contracts, trusts, leases, rental agreements, and other instruments relating to its projects and in furtherance of the purposes of the authority, including contracts for constructing, renting, and leasing of its projects for the use of any county or municipality in this state;
- (4) To acquire in its own name by purchase on such terms and conditions and in such manner as it may deem proper or by condemnation in accordance with the provisions of any and all existing laws of the State of Georgia applicable to the condemnation of property for public use, including the power to proceed as a condemning body under the provisions of Article 2 of Chapter 2 of Title 22 of the O.C.G.A., relating to proceedings before a special master, or by gift, grant, lease, or otherwise, real property, or rights and easements therein and franchises and personal property necessary or convenient for its corporate purposes and to use the same so long as its corporate existence shall continue and to lease or make contracts with respect to the use of or disposition of the same in any manner it deems to the best advantage of the authority. Title to any such property shall be held by the authority exclusively for the benefit of the public. The authority shall be under no obligation to accept and pay for any property condemned as provided herein except from the funds provided therefor and, in proceedings to condemn, such orders may be made by the court having jurisdiction of the suit, action, or proceedings as may be just to the authority and to the owners of the property to be condemned; and no property shall be acquired as provided herein upon which any lien or other encumbrance exists, unless at the time such property is so acquired a sufficient sum of money shall be deposited in trust to pay and redeem the amount of such lien or encumbrance;
- (5) To improve, extend, add to, reconstruct, renovate, or remodel any project or part thereof already acquired;
- (6) To pledge or assign any revenues, income, rent, charges, and fees received by the authority;
- (7) To appoint and select agents, engineers, architects, attorneys, fiscal agents, accountants, and employees and to provide for their compensation and duties;

1 (8) To construct, reconstruct, acquire, own, alter, repair, remodel, maintain, extend,  
2 improve, operate, manage, and equip projects located on land owned or leased by the  
3 authority;

4 (9) To receive, accept, and use any contributions, loans, or grants by persons, firms, or  
5 corporations, including the State of Georgia and the United States of America, and any  
6 other contributions;

7 (10) To pay all or part of the costs of any project from the proceeds of revenue bonds of  
8 the authority or from other lawful sources available to it;

9 (11) To prescribe rules and regulations for the operation of and to exercise police powers  
10 over the projects managed or operated by the authority;

11 (12) To accept, receive, and administer gifts, grants, loans and devises of money,  
12 material, and property of any kind, including loans and grants from the State of Georgia  
13 or the United States of America or any agency or instrumentality thereof, upon such  
14 terms and conditions as the State of Georgia or the United States of America or such  
15 agency or instrumentality may impose;

16 (13) To sell, lease, exchange, transfer, assign, pledge, mortgage, dispose of, grant in  
17 trust, or grant options for any real or personal property or interest therein in furtherance  
18 of the purposes of the authority;

19 (14) As security for repayment of authority obligations, to pledge, mortgage, convey,  
20 assign, hypothecate, or otherwise encumber any property, real or personal, of such  
21 authority and to execute any trust agreement, indenture, or security agreement containing  
22 any provisions not in conflict with law, which trust agreement, indenture, or security  
23 agreement may provide for foreclosure or forced sale of any property of the authority  
24 upon default, on such obligations, either in payment of principal or interest or in the  
25 performance of any term or condition, as are contained in such agreement or indenture;

26 (15) To borrow money for any of its corporate purposes, to issue revenue bonds payable  
27 solely from funds pledged for that purpose, and to provide for the payment of the same  
28 and for the rights of the holders thereof;

29 (16) To exercise all powers usually possessed by private corporations performing similar  
30 functions which are not in conflict with the Constitution and laws of this state; and

31 (17) Pursuant to proper resolution of the authority, to issue revenue bonds payable from  
32 the rents and revenues of the authority and its projects, which bonds may be issued in  
33 either fully negotiable coupon form, in which event they shall have all the qualities and  
34 incidents of negotiable instruments under the law of Georgia, or they may be issued in  
35 whole or in part in nonnegotiable fully registered form without coupons, payable to a  
36 designated payee or to the registered assigns of the payee with such conversion privileges  
37 as the authority may provide, for the purpose of paying all or any part of the cost

1 associated with the projects authorized by the authority, including the cost of  
2 constructing, reconstructing, equipping, extending, adding to, or improving such projects,  
3 or for the purpose of refunding, as herein provided, any such bonds of the authority  
4 theretofore issued. If the proceeds of the bonds of any issue shall exceed the amount  
5 required for the purpose for which such bonds were issued, the surplus shall be paid into  
6 the fund provided for the payment of principal and interest on such bonds. All such  
7 revenue bonds shall be issued and validated under and in accordance with the procedure  
8 of Article 3 of Chapter 82 of Title 36 of the O.C.G.A., the Revenue Bond Law, and in  
9 accordance with all terms and provisions thereof not in conflict herewith and in  
10 accordance with Code Section 50-17-1 of the O.C.G.A., relating to use of facsimile  
11 signatures on public securities, and, as security for the payment of any revenue bonds so  
12 authorized, any rents and revenue of the authority may be pledged and assigned. Such  
13 bonds are declared to be issued for an essential public and governmental purpose, and  
14 such bonds and all income therefrom shall be exempt from all taxation within the State  
15 of Georgia. For the purpose of the exemption from taxation of such bonds and the  
16 income therefrom, the authority shall be deemed to be a political subdivision of the State  
17 of Georgia.

#### 18 **SECTION 5.**

19 Credit not pledged and debt not created by bonds.

20 Revenue bonds issued under the provisions of this Act shall not constitute a debt or a pledge  
21 of the faith and credit of the State of Georgia or Gilmer County; but such bonds shall be  
22 payable from the rentals, revenue, earnings, and funds of the authority as provided in the  
23 resolution, trust agreement, or indenture authorizing the issuance and securing the payment  
24 of such bonds; and the issuance of such bonds shall not directly, indirectly, or contingently  
25 obligate the state or said county to levy or pledge any form of taxation whatever for the  
26 payment thereof. No holder of any bond or receiver or trustee in connection therewith shall  
27 have the right to enforce the payment thereof against any property of the state or of said  
28 county, nor shall any such bond constitute a charge, lien, or encumbrance, legal or equitable,  
29 upon any such property. All such bonds shall contain on their face a recital setting forth  
30 substantially the foregoing provisions of this section.

#### 31 **SECTION 6.**

32 Trust agreement.

33 In the discretion of the authority, any issue of revenue bonds may be secured by an  
34 agreement or indenture made by the authority with a corporate trustee, which may be any  
35 trust company or bank having the powers of a trust company within or without the State of

1 Georgia. Such trust agreement or indenture may pledge and assign rents, fees, charges,  
2 revenues, and earnings to be received by the authority. The resolution providing for the  
3 issuance of revenue bonds and such trust agreements or indenture may contain provisions for  
4 protecting and enforcing the rights and remedies of the bondholders, including the right of  
5 appointment of a receiver upon default of the payment of any principal or interest obligation  
6 and the right of any receiver or trustee to enforce collection of any rents, fees, charges, or  
7 revenues for use of the project or projects necessary to pay all costs of operation and all  
8 reserves provided for, all principal and interest on all bonds of the issue, all costs of  
9 collection, and all other costs reasonably necessary to accomplish the collection of such sums  
10 in the event of any default of the authority. Such resolution and such trust agreement or  
11 indenture may include covenants setting forth the duties of the authority in relation to the  
12 acquisition of property for and construction of the project and to the custody, safeguarding,  
13 and application of all funds and covenants providing for the operation, maintenance, repair,  
14 and insurance of the project or projects and may contain provisions concerning the  
15 conditions, if any, upon which additional revenue bonds may be issued. Such trust  
16 agreement or indenture may set forth the rights and remedies of the bondholders and of the  
17 trustee and may restrict the individual right of action of bondholders as is customary in  
18 securing bonds and debentures of corporations and may contain such other provisions as the  
19 authority may deem reasonable and proper for the security of the bondholders. All expenses  
20 incurred in carrying out such trust may be treated as a part of the cost of maintenance,  
21 operation, and repair of the project affected by such trust.

## 22 **SECTION 7.**

### 23 Refunding bonds.

24 The authority is authorized to provide by resolution for the issuance of revenue bonds of the  
25 authority for the purpose of calling, refunding, or refinancing any revenue bonds issued  
26 under the provisions hereof and then outstanding and to include in the amount of such  
27 refunding bonds all interest and any call premiums that may be required for the redemption  
28 and refunding of such outstanding bonds.

## 29 **SECTION 8.**

### 30 Venue of actions, jurisdiction.

31 Any action to protect or enforce any rights under the provisions hereof or any action against  
32 the authority brought in the courts of the State of Georgia shall be brought in the Superior  
33 Court of Gilmer County, Georgia; and any action pertaining to validation of any bonds issued  
34 under the provisions hereof shall be brought in said court, which shall have exclusive,  
35 original jurisdiction of such actions.

**SECTION 9.**

## Revenue bond validation.

The petition for validation of all revenue bonds of the authority shall be brought against the authority, and any contracting party whose obligation is pledged as security for the payment of the bonds sought to be validated, as defendants, and the defendants shall be required to show cause, if any exists, why such contract or contracts and the terms and conditions thereof shall not be adjudicated to be in all respects valid and binding upon such contracting parties. It shall be incumbent upon such defendants to defend against adjudication of the validity and binding effect of such contract or contracts or be forever bound thereby. Notice of such proceedings shall be included in the notice of the validation hearing required to be issued and published by the clerk of the Superior Court of Gilmer County in which court such validation proceedings shall be initiated.

**SECTION 10.**

## Interest of bondholders protected.

While any of the bonds issued by the authority remain outstanding, the powers, duties, or existence of the authority or of its officers, employees, or agents shall not be diminished, impaired, or affected in any manner that will affect adversely the interest and rights of the holders of such bonds. The provisions hereof shall be for the benefit of the authority and the holders of any such bonds and, upon the issuance of bonds under the provisions hereof, shall constitute a contract with the holders of such bonds.

**SECTION 11.**

## Revenues, earnings, rents, and charges; use.

(a) For the purpose of earning sufficient revenue to make possible the financing of the construction of the project or projects of the authority with revenue bonds, the authority is authorized and empowered to fix, revise, and collect rents, fees, and charges on each project which it shall cause to be acquired or constructed. Such rents, fees, or charges to be paid for the use of such project or projects shall be so fixed and adjusted as to provide a fund sufficient with other revenue, if any, of such project or projects or of the authority:

(1) To pay the cost of operating, maintaining, and repairing the project or projects, including reserves for insurance and extraordinary repairs and other reserves required by the resolution or trust agreement or indenture pertaining to such bonds and the issuance thereof, unless such cost shall be otherwise provided for;

(2) To pay the principal of and interest on such revenue bonds as the same shall become due, including call premium, if any, the proceeds of which shall have been or will be used to pay the cost of such project or projects;

1 (3) To comply with any sinking fund requirements contained in the resolution or trust  
2 agreement or indenture pertaining to the issuance of and security for such bonds;

3 (4) To perform fully all provisions of such resolution and trust agreement or indenture  
4 relating to the issuance of or security for such bonds to the payment of which such rent  
5 is pledged;

6 (5) To accumulate any excess income which may be required by the purchasers of such  
7 bonds or may be dictated by the requirements of such resolution, trust agreement, or  
8 indenture, or of achieving ready marketability of and low interest rates on such bonds;  
9 and

10 (6) To pay any expenses in connection with such bond issue or of such project or  
11 projects, including but not limited to trustees', attorneys', and fiscal agents' fees.

12 (b) Such rent shall be payable at such intervals as may be agreed upon and set forth in the  
13 rental contract or lease providing therefor, and any such contract or lease may provide for the  
14 commencement of rent payments to the authority prior to the completion of the undertaking  
15 by the authority of any such project and may provide for the payment of rent during such  
16 times as such project or projects may be partially or wholly untenable.

17 (c) Such rental contract or lease may obligate the tenants or lessees to operate, maintain, and  
18 keep in good repair, including complete reconstruction, if necessary, the rented or leased  
19 premises and projects, regardless of the cause of the necessity of such maintenance, repair,  
20 or reconstruction.

21 (d) Such rental contract or lease may obligate the tenants or lessees to indemnify and save  
22 harmless the authority from any and all damage to persons and property occurring on or by  
23 reason of the leased property or improvements thereon and to undertake, at the expense of  
24 the tenants or lessees, the defense of any action brought against the authority by reason of  
25 injury or damages to persons or property occurring on or by reason of the leased premises.

26 (e) In the event of any failure or refusal on the part of the tenants or lessees to perform  
27 punctually any covenant or obligation contained in any such rental contract or lease, the  
28 authority may enforce performance by any legal or equitable process against the tenants or  
29 lessees.

30 (f) The authority shall be permitted to assign any rent payable to it, pursuant to such rental  
31 contract or lease, to a trustee or paying agent as may be required by the terms of the  
32 resolution or trust agreement or indenture relating to the issuance of and security for such  
33 bonds.

34 (g) The use and disposition of the authority's revenue shall be subject to the provisions of  
35 the resolution authorizing the issuance of such bonds or of the trust agreement or indenture,  
36 if any, securing the same.

**SECTION 12.**

## Sinking fund.

The revenue, rents, and earnings derived from any particular project or projects and any and all revenue, rents, and earnings received by the authority, regardless of whether such revenue, rents, and earnings were produced by a particular project for which bonds have been issued, unless otherwise pledged, may be pledged by the authority to payment of the principal of and interest on revenue bonds of the authority as may be provided in any resolution authorizing the issuance of such bonds or in any trust instrument pertaining to such bonds, and such funds so pledged, from whatever source received, may include funds received from one or more or all sources and may be set aside at regular intervals into sinking funds for which provision may be made in any such resolution or trust instrument and which may be pledged to and charged with the payment of (1) the interest upon such revenue bonds as such interest shall become due, (2) the principal of the bonds as the same shall mature, (3) the necessary charges of any trustee or paying agent for paying such principal and interest, and (4) any premium upon bonds retired by call or purchase; and the use and disposition of any sinking fund may be subject to such regulation as may be provided for in the resolution authorizing the issuance of the bonds or in the trust instrument securing the payment of the same.

**SECTION 13.**

## Exemption from taxation.

The exercise of the powers conferred upon the authority hereunder shall constitute an essential governmental function for a public purpose, and the authority shall be required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction, control, possession, or supervision or upon its activities in the operation and maintenance of property acquired by it or of buildings erected or acquired by it or any fees, rents, or other charges for the use of such property or buildings or other income received by the authority. The tax exemption herein provided shall not include an exemption from sales and use tax on property purchased by or for the use of the authority.

**SECTION 14.**

## Immunity from tort actions.

The authority shall have the same immunity and exemption from liability for torts and negligence as the State of Georgia; and the officers, agents, and employees of the authority, when in performance of work of the authority, shall have the same immunity and exemption from liability for torts and negligence as officers, agents, and employees of the State of

1 Georgia. The authority may be sued the same as private corporations on any contractual  
2 obligation of the authority.

3 **SECTION 15.**

4 Property not subject to levy and sale.

5 The property of the authority shall not be subject to levy and sale under legal process.

6 **SECTION 16.**

7 Trust funds.

8 All funds received pursuant to authority of Section 11 hereof, whether as proceeds from the  
9 sale of revenue bonds or as revenue, rents, fees, charges, or other earnings or as grants, gifts,  
10 or other contributions, shall be deemed to be trust funds to be held and applied by the  
11 authority, solely as provided herein; and the bondholders entitled to receive the benefits of  
12 such funds shall have a lien on all such funds until the same are applied as provided for in  
13 any such resolution or trust instrument of the authority.

14 **SECTION 17.**

15 Construction.

16 This Act and any other law enacted with reference to the authority shall be liberally  
17 construed for the accomplishment of its purposes.

18 **SECTION 18.**

19 Scope of operations.

20 The projects of the authority's operation shall be located in the territory embraced within the  
21 jurisdictional limits of Gilmer County as the same now or may hereafter exist.

22 **SECTION 19.**

23 Conveyance of property upon dissolution.

24 Should the authority for any reason be dissolved after full payment of all bonded  
25 indebtedness incurred hereunder, both as to principal and interest, title to all property of any  
26 kind and nature, real and personal, held by the authority at the time of such dissolution shall  
27 be conveyed to Gilmer County; or title to any such property may be conveyed prior to such  
28 dissolution in accordance with provisions which may be made therefor in any resolution or  
29 trust instrument relating to such property, subject to any liens, leases, or other encumbrances  
30 outstanding against or in respect to said property at the time of such conveyance.

**SECTION 20.**

Effect of partial invalidity of Act.

Should any sentence, clause, phrase, or part of this Act be declared for any reason to be unconstitutional or invalid, the same shall not affect such remainder of this Act or any part hereof, other than the part so held to be invalid, but the remaining provisions of this Act shall remain in full force and effect; and it is the express intention of this Act to enact each provision of this Act independently of any other provision hereof.

**SECTION 21.**

Effective date.

This Act shall become effective upon its approval by the Governor or upon its becoming law without such approval.

**SECTION 22.**

Repealer.

All laws and parts of laws in conflict with this Act are repealed.