



## Public Building Authority

---

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee  
Municipal Technical Advisory Service  
1610 University Avenue  
Knoxville, TN 37921-6741  
865-974-0411 phone  
865-974-0423 fax  
[www.mtas.tennessee.edu](http://www.mtas.tennessee.edu)

# Table of Contents

Public Building Authority .....	3
---------------------------------	---

## Public Building Authority

**Reference Number:** MTAS-561

Any city and/or county may establish a public building authority (PBA). The authority is a public, non-profit corporation that can build and operate buildings used by one government, several governments, government organizations, and private businesses that lease space in such buildings. The authority's powers include any undertaking that can be financed by bonds, other municipal obligations, the state, or any agency that enters into an agreement with the authority. T.C.A. §§ 12-10-101, *et seq.*

The authority may issue revenue bonds to raise money to construct a building. Revenue from long-term leases of the space may pay the bonds. If the bonds or notes are issued in registered form, they must meet requirements established by the Tennessee Public Obligations Registration Act. T.C.A. §§ 9-19-101, *et seq.*

Any municipality may, by resolution, enter into leases, loan agreements, sales contracts, or operating agreements or contracts for financing certain projects. Such leases, loan agreements, sales contracts, or operating contracts with an authority are payable only from revenues from one or more city projects. After a city makes a commitment to lease space in an authority's building, it must make the necessary tax levies to meet the lease's payment terms, including the project's operating and maintenance expenses. Such a tax must be by resolution and is in addition to other taxes authorized by charter. Cities with taxing power that enter into any lease, loan agreement, or sales contract with a public building authority must comply with the same resolution, notice, and election provisions the municipality must comply with in issuing general obligation bonds unless the lease, loan agreement, or sales contract retires or refunds existing debt. T.C.A. §§ 12-10-101, *et seq.*

T.C.A. § 12-10-124(c) requires PBAs to advertise publicly and receive competitive bids for the construction of buildings or improvements costing more than \$10,000 but less than \$1 million. For buildings or improvements costing \$1 million or more, the authority must use public advertisement or competitive sealed bids, a request for proposals with minimum required qualifications, or a request for qualifications, including minimum qualification requirements, in which multiple proposers are selected and prequalified to submit bids.

Municipalities, counties, and metropolitan governments may invest loan proceeds from public building authorities in guaranteed investment contracts chosen or established by the authority under restrictions set out in T.C.A. § 12-10-111.

---

*DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.*

**Source URL (retrieved on 11/14/2019 - 9:12pm):** <https://www.mtas.tennessee.edu/reference/public-building-authority>



Municipal Technical Advisory Service  
INSTITUTE for PUBLIC SERVICE