

By: Representative Williams

To: Public Health and
Welfare

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1435

1 AN ACT TO AMEND SECTION 27-105-365, MISSISSIPPI CODE OF 1972,
2 TO REVISE AND EXPAND THE AUTHORIZED INVESTMENTS FOR FUNDS OF
3 COMMUNITY HOSPITALS; AND FOR RELATED PURPOSES.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

5 SECTION 1. Section 27-105-365, Mississippi Code of 1972, is
6 amended as follows:

7 27-105-365. (1) The commissioners or board of trustees of
8 any hospital owned and operated separately or jointly by one or
9 more counties, cities, towns, supervisors districts, or election
10 districts or combinations thereof, including hospitals established
11 under the authority of Sections 41-13-1 through 41-13-9, as now or
12 hereafter amended, are hereby authorized and empowered to deposit
13 the funds of such hospital in one or more financial institutions
14 whose accounts are insured by the Federal Deposit Insurance
15 Corporation, selected by the board of trustees in the same manner
16 as county depositories are selected by boards of supervisors
17 pursuant to Section 27-105-305, located in its county or counties,
18 except as otherwise provided in the following paragraphs.

19 At the regular December meeting of the board of trustees in
20 1995, or at any regular December meeting of the board thereafter,
21 the board may, in its discretion, give notice by publication to
22 all financial institutions in its county or counties whose
23 accounts are insured by the Federal Deposit Insurance
24 Corporation * * *, that bids will be received from financial
25 institutions at the following January meeting, or some subsequent
26 meeting, for the privilege of keeping the hospital funds or any

27 part thereof for a period of three (3) years, subject to earlier
28 termination as authorized in this paragraph. Such bids shall be
29 submitted and accepted in the same manner as provided in Section
30 27-105-305. After the board has selected a depository or
31 depositories as provided in this paragraph, the board may, at any
32 regular December meeting during the three-year period, give notice
33 to and receive bids from financial institutions in the manner
34 provided in this paragraph, for the privilege of keeping the
35 hospital funds or any part thereof for a period of three (3)
36 years, subject to earlier termination as authorized in this
37 paragraph; and after receiving such bids, the board may reject all
38 bids and elect to keep the funds in the current depository or
39 depositories for the remainder of the three-year period under the
40 terms originally agreed to with the depository or depositories, or
41 if the board determines it to be in the best interests of the
42 hospital, it may terminate the agreement with the current
43 depository or depositories and select a new depository or
44 depositories or the same depository or depositories from the bids
45 received, choosing the bid or bids proposing the best terms for
46 the hospital.

47 Such hospital funds, when so deposited, shall have the same
48 security and protection as required for county funds in Section
49 27-105-315. When more than one (1) depository of whatever type is
50 authorized, the * * * commissioners or board of trustees may
51 select one or more of such depositories and may apportion such
52 deposits, at their or its discretion, if more than one (1)
53 depository is selected. If there is no financial institution
54 located within such county or counties, the commissioners or board
55 of trustees of such hospital may select, in their or its
56 discretion, a depository located outside of such county or
57 counties.

58 The commissioners or boards of trustees of such community
59 hospitals shall deposit the funds of such hospital into the
60 depository selected under this section on the day when they are
61 received or collected, or on the next business day thereafter.

62 (2) The commissioners or board of trustees of any such
63 hospital may, in their or its discretion, maintain one or more

64 special funds for the purpose of making necessary repairs,
65 necessary purchases of equipment, meeting operational and
66 maintenance expenses, allowing for depreciation, providing
67 contingent funds for emergencies, funding hospital improvements,
68 or providing for other special needs, and may deposit any part of
69 such special fund in accordance with the provisions contained in
70 subsection (1) of this section for the deposit of other funds of
71 such hospital. The commissioners or board of trustees may also
72 invest any part of such special fund in any bonds or other direct
73 obligations of the United States of America or the State of
74 Mississippi, or of any county, school district or municipality of
75 this state, which such county, school district or municipal bonds
76 have been approved by a reputable bond attorney or have been
77 validated by decree of the chancery court, or in obligations
78 issued or guaranteed in full as to principal and interest by the
79 United States of America which are subject to a repurchase
80 agreement with a financial institution certified as a qualified
81 depository. In any event, the bonds or obligations in which such
82 funds are invested shall mature or be redeemable prior to the time
83 the funds so invested will be needed for expenditures. When bonds
84 or other obligations have been so purchased, the same may be sold
85 or surrendered for redemption at any time by order or resolution
86 of the commissioners or board of trustees of any such hospital,
87 and the president or vice president, when authorized by such order
88 or resolution, shall have the power and authority to execute all
89 instruments and take such other action as may be necessary to
90 effectuate the sale or redemption thereof. In addition, the
91 commissioners or board of trustees of any such hospital may
92 likewise invest such special funds in an account or accounts in
93 one or more financial institutions located in this state, and such
94 funds when so invested shall have the same security and protection
95 as required in Section 27-105-315. Or the commissioners or board
96 of trustees in any such hospital may likewise invest such special

97 funds in an insured account or accounts in one or more financial
98 institution in this state whose accounts are insured by the
99 Federal Deposit Insurance Corporation * * *; provided that the
100 amount in any single account shall not exceed the amount which at
101 any one (1) time is insured by the Federal Deposit Insurance
102 Corporation. Furthermore, the commissioners or board of trustees
103 of any such hospital may, in their or its discretion, invest such
104 special funds in any open-end or closed-end management type
105 investment company or investment trust registered under the
106 provisions of 15 USCS Section 80(a)-1 et seq., provided that the
107 portfolio of the investment company or investment trust is limited
108 to direct obligations issued by the United States of America,
109 United States Government agencies, United States Government
110 instrumentalities or United States Government sponsored
111 enterprises, and to repurchase agreements fully collateralized by
112 direct obligations of the United States of America, United States
113 Government agencies, United States Government instrumentalities or
114 United States Government sponsored enterprises, and the investment
115 company or investment trust takes delivery of the collateral for
116 the repurchase agreement, either directly or through an authorized
117 custodian.

118 When any such special fund is maintained for a purpose that
119 requires contract letting or other action by the governing
120 authority or authorities of the counties, cities, towns,
121 supervisors districts or election districts, separately or jointly
122 owning and operating such hospital, the commissioners or board of
123 trustees of the hospital may transfer the whole or any part of any
124 such special fund to the governing authority or authorities * * *
125 on condition that the same be used for such purpose or returned to
126 the transferring commissioners or board of trustees within the
127 time designated in the conditions.

128 (3) In addition to an investment otherwise authorized in
129 this section or by law, the commissioners or board of trustees of

130 any such hospital may, in their or its discretion, invest and
131 reinvest any funds received by the hospital through its own
132 activities and operations (including borrowed funds) and not
133 received from its owner or owners, in any of the investments
134 authorized for the Mississippi Prepaid Affordable College Tuition
135 Program under Section 37-155-9.

136 (4) All funds which shall be derived from any tax levied for
137 the support and maintenance of any such hospital, and all other
138 funds which may be made available for the support and maintenance
139 of any such hospital by the state or any county or municipality,
140 and all fees and other moneys which may be collected or received
141 by or for such hospital shall be placed in a special fund to the
142 credit of such hospital within sixty (60) days after collection,
143 and all such funds shall be expended and paid out upon the
144 allowance of the board of trustees or commissioners of the
145 hospital, as the case may be, and disbursed by checks signed by
146 such person, officer or officers, as may be designated by such
147 board of trustees or commissioners. Any officer or person who
148 shall be designated by such board of trustees or commissioners to
149 execute such checks shall furnish to such board of trustees or
150 commissioners a good and sufficient surety bond in such amount as
151 such board of trustees may fix, conditioned upon the faithful
152 discharge of his duties, and the premium on such bond shall be
153 paid from the funds available for the support and maintenance of
154 such hospital. No funds shall be disbursed by any such hospital
155 until the board of trustees or the commissioners thereof shall
156 have adopted an annual budget and submitted same to the respective
157 governing authority or authorities of the counties, cities, towns,
158 supervisors districts, or election districts, separately or
159 jointly owning and operating such hospital, and until such budget
160 shall have been approved by the * * * governing authority or
161 authorities, as the case may be, which approval shall be evidenced
162 by a proper order recorded upon the minutes of each such

163 authority. The accounts and records of any such hospital shall be
164 audited by the State Department of Audit at the same time and in
165 the same manner as the accounts and financial records of the
166 county are audited, and for such purpose shall be considered in
167 all respects as county accounts and records; * * * however, * * *
168 this provision with regard to such audits shall be applicable only
169 to hospitals owned wholly or in part by a county.

170 (5) The provisions of this section shall not apply to
171 hospitals owned jointly by a city and county and operated by lease
172 agreement or contract with a nonprofit hospital corporation.

173 SECTION 2. This act shall take effect and be in force from
174 and after July 1, 1999.