

By: Senator(s) Bryan

To: Public Health and  
Welfare

## SENATE BILL NO. 2917

1 AN ACT TO AMEND SECTION 27-105-365, MISSISSIPPI CODE OF 1972,  
2 TO GIVE COMMUNITY HOSPITALS MORE FLEXIBILITY IN REGARD TO WHERE  
3 THEY MAY INVEST THEIR FUNDS; TO AUTHORIZE COMMUNITY HOSPITALS TO  
4 INVEST SPECIAL FUNDS IN CERTAIN OPEN-END OR CLOSED-END MANAGEMENT  
5 TYPE INVESTMENT COMPANIES OR INVESTMENT TRUSTS; TO AUTHORIZE  
6 COMMUNITY HOSPITALS TO INVEST AND REINVEST ANY FUNDS RECEIVED BY  
7 SUCH HOSPITALS THROUGH ITS OWN ACTIVITIES AND OPERATIONS AND NOT  
8 RECEIVED FROM ITS OWNERS IN CERTAIN REAL OR PERSONAL PROPERTY AND  
9 IN CERTAIN POOLED OR COMMON FUNDS; AND FOR RELATED PURPOSES.

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

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

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

24 At the regular December meeting of the board of trustees in  
25 1995, or at any regular December meeting of the board thereafter,  
26 the board may, in its discretion, give notice to all financial  
27 institutions in its county or counties whose accounts are insured  
28 by the Federal Deposit Insurance Corporation by publication, that  
29 bids will be received from financial institutions at the following

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

51 Such hospital funds, when so deposited, shall have the same  
52 security and protection as required for county funds in Section  
53 27-105-315. When more than one (1) depository of whatever type is  
54 authorized, the said commissioners or board of trustees may select  
55 one or more of such depositories and may apportion such deposits,  
56 at their discretion, if more than one (1) depository is selected.

57 If there be no financial institution located within such county  
58 or counties, the commissioners or board of trustees of such  
59 hospital may select, in their discretion, a depository located  
60 outside of such county or counties.

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

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

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

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

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

131       (3) In addition to an investment otherwise authorized herein  
132 or by law, the commissioners or board of trustees of any such

133 hospital may, in their or its discretion, invest and reinvest any  
134 funds received by the hospital through its own activities and  
135 operations (including borrowed funds) and not received from its  
136 owner or owners (a) in any real or personal property deemed  
137 advisable by the commissioners or board of trustees, whether or  
138 not it produces a current return, including mortgages, stocks,  
139 bonds, debentures and other securities of profit or nonprofit  
140 corporations, shares in or obligations of associations,  
141 partnerships or individuals, and obligations of any government or  
142 subdivision or instrumentality thereof, (b) in any pooled or  
143 common fund sponsored by one or more hospitals located in the  
144 state, or (c) in any other pooled or common fund available for  
145 investment, including shares or interests in any open-end or  
146 closed-end management type investment company or investment trust  
147 registered under the provisions of 15 U.S.C. Section 80(a)-1 et  
148 seq.

149       (4) All funds which shall be derived from any tax levied for  
150 the support and maintenance of any such hospital, and all other  
151 funds which may be made available for the support and maintenance  
152 of any such hospital by the state or any county or municipality,  
153 and all fees and other monies which may be collected or received  
154 by or for such hospital shall be placed in a special fund to the  
155 credit of such hospital within sixty (60) days after collection,  
156 and all such funds shall be expended and paid out upon the  
157 allowance of the board of trustees or commissioners of said  
158 hospital, as the case may be, and disbursed by checks signed by  
159 such person, officer or officers, as may be designated by such  
160 board of trustees or commissioners. Any officer or person who  
161 shall be designated by such board of trustees or commissioners to  
162 execute such checks shall furnish to such board of trustees or  
163 commissioners a good and sufficient surety bond in such amount as  
164 such board of trustees may fix, conditioned upon the faithful  
165 discharge of his duties, and the premium on such bond shall be

166 paid from the funds available for the support and maintenance of  
167 such hospital. No funds shall be disbursed by any such hospital  
168 until the board of trustees or the commissioners thereof shall  
169 have adopted an annual budget and submitted same to the respective  
170 governing authority or authorities of the counties, cities, towns,  
171 supervisors districts, or election districts, separately or  
172 jointly owning and operating such hospital, and until such budget  
173 shall have been approved by the said governing authority or  
174 authorities, as the case may be, which approval shall be evidenced  
175 by a proper order recorded upon the minutes of each such  
176 authority. The accounts and records of any such hospital shall be  
177 audited by the State Department of Audit at the same time and in  
178 the same manner as the accounts and financial records of the  
179 county are audited, and for such purpose shall be considered in  
180 all respects as county accounts and records; provided, however,  
181 that this provision with regard to such audits shall be applicable  
182 only to hospitals owned wholly or in part by a county.

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

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