

## REPORT OF CONFERENCE COMMITTEE

### MR. SPEAKER AND MR. PRESIDENT:

We, the undersigned conferees, have had under consideration the amendments to the following entitled BILL:

H.B. No. 1435: Community hospitals; revise and expand authorized investments for funds of.

We, therefore, respectfully submit the following report and recommendation:

1. That the Senate recede from its Amendment No. 1.
2. That the House and Senate adopt the following amendment:

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

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) for the deposit of other funds of such hospital.  
71 Said commissioners or board of trustees may also invest any part  
72 of such special fund, any funds derived from the sale of bonds, or  
73 any other funds in excess of the sums which will be required to  
74 meet the current needs and demands of no more than seven (7)  
75 business days in the following:

76 (i) In any bonds or other direct obligations of  
77 the United States of America or the State of Mississippi, or of  
78 any county, school district or municipality of this state, which  
79 such county, school district or municipal bonds have been approved  
80 by a reputable bond attorney or have been validated by decree of  
81 the chancery court;

82 (ii) In obligations issued or guaranteed in full  
83 as to principal and interest by the United States of America which  
84 are subject to a repurchase agreement with a financial institution  
85 certified as a qualified depository;

86 (iii) In United States government agency, United  
87 States government instrumentality, or United States government  
88 sponsored enterprise obligations, the principal and interest of  
89 which are fully guaranteed by the government of the United States,  
90 such as the Government National Mortgage Association; or United  
91 States government agency, United States government  
92 instrumentality, or United States government sponsored enterprise  
93 obligations, the principal and interest of which are guaranteed by  
94 any United States government agency, United States government  
95 instrumentality, or United States government sponsored enterprise.  
96 However, at no time shall the funds invested in United States  
97 government agency, United States government instrumentality, or

98 United States government sponsored enterprise obligations  
99 enumerated in the preceding sentence exceed fifty percent (50%) of  
100 all monies invested with maturities of thirty (30) days or longer.  
101 The limitation set forth in the preceding sentence shall be  
102 applicable only at the time of purchase and shall not require the  
103 liquidation of any investment at any time;

104 (iv) \* \* \* In an account or accounts in one or  
105 more financial institutions located in this state, and such funds  
106 when so invested shall have the same security and protection as  
107 required in Section 27-105-315;

108 (v) \* \* \* In an insured account or accounts in one  
109 or more financial institutions in this state \* \* \* whose accounts  
110 are insured by the Federal Deposit Insurance Corporation \* \* \*;  
111 provided that the amount in any single account shall not exceed  
112 the amount which at any one time is insured by the Federal Deposit  
113 Insurance Corporation \* \* \*;

114 (vi) In any open-end or closed-end management type  
115 investment company or investment trust registered under the  
116 provisions of 15 U.S.C. Section 80(a)-1 et seq., provided that the  
117 portfolio of such investment company or investment trust is  
118 limited to direct obligations issued by the United States of  
119 America, United States government agencies, United States  
120 government instrumentalities or United States government sponsored  
121 enterprises, and to repurchase agreements fully collateralized by  
122 direct obligations of the United States of America, United States  
123 government agencies, United States government instrumentalities or  
124 United States government sponsored enterprises, and the investment  
125 company or investment trust takes delivery of such collateral for  
126 the repurchase agreement, either directly or through an authorized  
127 custodian. The total dollar amount of funds invested in all  
128 open-end and closed-end management type investment companies and  
129 investment trusts at any one time shall not exceed twenty percent  
130 (20%) of the total dollar amount of funds invested under this  
131 subsection. The limitation set forth in the preceding sentence  
132 shall be applicable only at the time of purchase and shall not

133 require the liquidation of any investment at any time.

134 (vii) In an investment trust consisting of pooled  
135 or commingled funds of other hospitals, provided that (A) the  
136 portfolio of such investment trust is limited to investments  
137 authorized under this section, (B) such trust is managed by an  
138 entity with trust powers or by an investment advisor registered  
139 with the Securities and Exchange Commission and retained as an  
140 investment manager by the commissioners or the board of trustees,  
141 as the case may be, and (C) any investment manager approved by the  
142 commissioners or the board of trustees, as the case may be, shall  
143 invest such commingled funds as a fiduciary.

144 In addition, the commissioners or the board of trustees, in  
145 their or its discretion, may invest such funds as permitted by  
146 Section 19-9-29, 21-33-323, 27-105-33 or 37-59-43, as the same may  
147 be amended from time to time.

148 In any event, the bonds or obligations described in  
149 subparagraph (i), (ii) or (iii) in which such funds are invested  
150 shall mature or be redeemable prior to the time the funds so  
151 invested will be needed for expenditures. When bonds or other  
152 obligations have been so purchased, the same may be sold or  
153 surrendered for redemption at any time by order or resolution of  
154 the commissioners or board of trustees of any such hospital, and  
155 the president or vice-president, when authorized by such order or  
156 resolution, shall have the power and authority to execute all  
157 instruments and take such other action as may be necessary to  
158 effectuate the sale or redemption thereof.

159 When any such special fund is maintained for a purpose that  
160 requires contract letting or other action by the governing  
161 authority or authorities of the counties, cities, towns,  
162 supervisors districts or election districts, separately or jointly  
163 owning and operating such hospital, the commissioners or board of  
164 trustees of the hospital may transfer the whole or any part of any  
165 such special fund to the governing authority or authorities  
166 aforesaid on condition that the same be used for such purpose or  
167 returned to the transferring commissioners or board of trustees

168 within the time designated in the conditions.

169       (3) All funds which shall be derived from any tax levied for  
170 the support and maintenance of any such hospital, and all other  
171 funds which may be made available for the support and maintenance  
172 of any such hospital by the state or any county or municipality,  
173 and all fees and other monies which may be collected or received  
174 by or for such hospital shall be placed in a special fund to the  
175 credit of such hospital within sixty (60) days after collection,  
176 and all such funds shall be expended and paid out upon the  
177 allowance of the board of trustees or commissioners of the  
178 hospital, as the case may be, and disbursed by checks signed by  
179 such person, officer or officers, as may be designated by such  
180 board of trustees or commissioners. Any officer or person who  
181 shall be designated by such board of trustees or commissioners to  
182 execute such checks shall furnish to such board of trustees or  
183 commissioners a good and sufficient surety bond in such amount as  
184 such board of trustees may fix, conditioned upon the faithful  
185 discharge of his duties, and the premium on such bond shall be  
186 paid from the funds available for the support and maintenance of  
187 such hospital. No funds shall be disbursed by any such hospital  
188 until the board of trustees or the commissioners thereof shall  
189 have adopted an annual budget and submitted same to the respective  
190 governing authority or authorities of the counties, cities, towns,  
191 supervisors districts, or election districts, separately or  
192 jointly owning and operating such hospital, and until such budget  
193 shall have been approved by the \* \* \* governing authority or  
194 authorities, as the case may be, which approval shall be evidenced  
195 by a proper order recorded upon the minutes of each such  
196 authority. The accounts and records of any such hospital shall be  
197 audited by the State Department of Audit at the same time and in  
198 the same manner as the accounts and financial records of the  
199 county are audited, and for such purpose shall be considered in  
200 all respects as county accounts and records; \* \* \* however, \* \* \*  
201 this provision with regard to such audits shall be applicable only  
202 to hospitals owned wholly or in part by a county.

203       (4) The provisions of this section shall not apply to  
204 hospitals owned jointly by a city and county and operated by lease  
205 agreement or contract with a nonprofit hospital corporation.

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

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

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.

CONFEREES FOR THE HOUSE:

CONFEREES FOR THE SENATE:

**X** \_\_\_\_\_  
Bobby Moody

**X** \_\_\_\_\_  
Hob Bryan

**X** \_\_\_\_\_  
Jim Ellington

**X** \_\_\_\_\_  
Travis L. Little

**X** \_\_\_\_\_  
Billy Broomfield

**X** \_\_\_\_\_  
Jim Bean