SENATE BILL NO. 2345

AN ACT TO ESTABLISH A RURAL HOSPITAL CAPITAL IMPROVEMENTS REVOLVING LOAN PROGRAM FOR THE PURPOSE OF ASSISTING RURAL HOSPITALS IN CONSTRUCTING NEW FACILITIES AND RENOVATING AND EQUIPPING NEW FACILITIES; TO CREATE A SPECIAL FUND IN THE STATE TREASURY, DESIGNATED AS THE "RURAL HOSPITAL CAPITAL IMPROVEMENTS REVOLVING LOAN FUND," TO PRESCRIBE THE MANNER IN WHICH FUNDS MAY BE LOANED UNDER THIS ACT TO RURAL HOSPITALS; TO PRESCRIBE THE POWERS AND DUTIES OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT UNDER THE PROVISIONS OF THIS ACT; TO PROVIDE FOR THE ISSUANCE OF NOT MORE THAN $75,000,000.00 TO FUND THE RURAL HOSPITAL CAPITAL IMPROVEMENTS REVOLVING LOAN FUND; AND FOR RELATED PURPOSES.

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

SECTION 1. (1) There is established a Rural Hospital Capital Improvements Revolving Loan Program to be administered by the Department of Economic and Community Development for the purpose of providing loans for the construction and equipping of rural hospital facilities and for the renovation and equipping of existing rural hospital facilities.

(2) As used in this act "rural hospital" means any hospital located outside of a standard statistical metropolitan area that is owned and operated separately or jointly by one or more counties, cities, towns, supervisors districts or election districts or combinations thereof, including hospitals established under the authority of Sections 41-13-1 through 41-13-9, as now or hereafter amended.

SECTION 2. (1) There is created a special fund in the State Treasury to be designated as the "Rural Hospital Capital Improvements Revolving Loan Fund," which fund shall consist of such monies as provided in this act. The fund shall be maintained in perpetuity for the purposes established in this act.

Unexpended amounts remaining in the fund at the end of a fiscal
year shall not lapse into the State General Fund, and any interest earned on amounts in the fund shall be deposited to the credit of the fund. Monies in the fund may not be used or expended for any purpose except as authorized under this act.

(2) The governing body of a rural hospital may apply to the Department of Economic and Community Development for a loan under the rural hospital capital improvements revolving loan program established under this act.

(3) The Department of Economic and Community Development shall establish a loan program by which loans, at a rate of interest equal to the true interest cost on the most recent issue of twenty-year state general obligation bonds occurring prior to the date such loan is made, may be made available to rural hospitals in making capital improvements authorized under this act. Loans from the revolving fund may be made to rural hospitals as set forth in a loan agreement in amounts not to exceed one hundred percent (100%) of eligible project costs as established by the Department of Economic and Community Development. The Department of Economic and Community Development may require funding from other sources, or otherwise limit the percentage of costs covered by loans from the revolving fund. The maximum amount for any loan may be set by the Department of Economic and Community Development in order to provide for broad and equitable participation in the program; provided, however, that a loan for the construction and equipping of a new rural hospital facility shall not exceed Fifteen Million Dollars ($15,000,000.00), and a loan for renovation or equipping existing rural hospital facilities shall not exceed Three Million Dollars ($3,000,000.00).

(4) In any calendar year, the Department of Economic and Community Development shall not provide more than three (3) loans for the construction and equipping of new rural hospital facilities and shall not provide more than ten (10) loans for renovating or equipping rural hospital facilities.
(5) The Department of Economic and Community Development shall require such security for each loan as it considers necessary. Each loan agreement shall provide for (i) monthly payments, (ii) semiannual payments, or (iii) other periodic payments, the annual total of which shall not exceed the annual total for any other year of the loan by more than fifteen percent (15%). The loan agreement shall provide for the repayment of all funds received within not more than twenty (20) years from the date of project completion.

(6) The State Auditor, upon request of the Department of Economic and Community Development, shall audit a rural hospital whose loan payments appear to be in arrears, and if he finds that the rural hospital is in arrears in such payments, he shall immediately notify the Executive Director of the Department of Economic and Community Development.

SECTION 3. In administering the provisions of this act, the Department of Economic and Community Development shall have the following powers and duties:

(a) To supervise the use of all funds made available under this act for rural hospital capital improvements;

(b) To review and certify all projects for which funds are authorized to be made available under this act for rural hospital capital improvements;

(c) To requisition monies in the Rural Hospital Capital Improvements Revolving Loan Fund and distribute those monies on a project-by-project basis in accordance with the provisions of this act;

(d) To maintain an accurate record of all rural hospital capital improvements funds made available to rural hospitals and the costs for each project.

(e) To adopt and promulgate such rules and regulations as may be necessary or desirable for the purpose of implementing the provisions of this act; and
(f) To file annually with the Legislature a report detailing how monies in the Rural Hospital Capital Improvements Revolving Loan Fund were spent during the preceding fiscal year, the number of projects approved and constructed, and the cost of each project.

SECTION 4. (1) The State Bond Commission, at one time, or from time to time, may declare by resolution the necessity for issuance of general obligation bonds of the State of Mississippi to provide funds for all costs incurred or to be incurred for the purposes described in Section 2 of this act. Upon the adoption of a resolution by the Department of Economic and Community Development, declaring the necessity for the issuance of any part or all of the general obligation bonds authorized by this section, the Department of Economic and Community Development shall deliver a certified copy of its resolution or resolutions to the State Bond Commission. Upon receipt of such resolution, the State Bond Commission, in its discretion, may act as the issuing agent, prescribe the form of the bonds, advertise for and accept bids, issue and sell the bonds so authorized to be sold and do any and all other things necessary and advisable in connection with the issuance and sale of such bonds. The total amount of bonds issued under this act shall not exceed Seventy-five Million Dollars ($75,000,000.00).

(2) Proceeds from the sale of bonds shall be deposited in the special fund created in Section 2 of this act. Any investment earnings on amounts deposited into the special fund created in Section 2 of this act shall be used to pay debt service on bonds issued under this act, in accordance with the proceedings authorizing issuance of such bonds.

SECTION 5. The principal of and interest on the bonds authorized under this act shall be payable in the manner provided in this section. Such bonds shall bear such date or dates, be in such denomination or denominations, bear interest at such rate or
rates (not to exceed the limits set forth in Section 75-17-101, Mississippi Code of 1972), be payable at such place or places within or without the State of Mississippi, shall mature absolutely at such time or times not to exceed twenty-five (25) years from date of issue, be redeemable before maturity at such time or times and upon such terms, with or without premium, shall bear such registration privileges, and shall be substantially in such form, all as shall be determined by resolution of the commission.

SECTION 6. The bonds authorized by this act shall be signed by the chairman of the commission, or by his facsimile signature, and the official seal of the commission shall be affixed thereto, attested by the secretary of the commission. The interest coupons, if any, to be attached to such bonds may be executed by the facsimile signatures of such officers. Whenever any such bonds shall have been signed by the officials designated to sign the bonds who were in office at the time of such signing but who may have ceased to be such officers before the sale and delivery of such bonds, or who may not have been in office on the date such bonds may bear, the signatures of such officers upon such bonds and coupons shall nevertheless be valid and sufficient for all purposes and have the same effect as if the person so officially signing such bonds had remained in office until their delivery to the purchaser, or had been in office on the date such bonds may bear. However, notwithstanding anything herein to the contrary, such bonds may be issued as provided in the Registered Bond Act of the State of Mississippi.

SECTION 7. All bonds and interest coupons issued under the provisions of this act have all the qualities and incidents of negotiable instruments under the provisions of the Uniform Commercial Code, and in exercising the powers granted by this act, the commission shall not be required to and need not comply with the provisions of the Uniform Commercial Code.
SECTION 8. The commission shall act as the issuing agent for the bonds authorized under this act, prescribe the form of the bonds, advertise for and accept bids, issue and sell the bonds so authorized to be sold, pay all fees and costs incurred in such issuance and sale, and do any and all other things necessary and advisable in connection with the issuance and sale of such bonds. The commission is authorized and empowered to pay the costs that are incident to the sale, issuance and delivery of the bonds authorized under this act from the proceeds derived from the sale of such bonds. The commission shall sell such bonds on sealed bids at public sale, and for such price as it may determine to be for the best interest of the State of Mississippi, but no such sale shall be made at a price less than par plus accrued interest to the date of delivery of the bonds to the purchaser. All interest accruing on such bonds so issued shall be payable semiannually or annually; however, the first interest payment may be for any period of not more than one (1) year.

Notice of the sale of any such bond shall be published at least one (1) time, not less than ten (10) days before the date of sale, and shall be so published in one or more newspapers published or having a general circulation in the City of Jackson, Mississippi, and in one or more other newspapers or financial journals with a national circulation, to be selected by the commission.

The commission, when issuing any bonds under the authority of this act, may provide that bonds, at the option of the state, may be called in for payment and redemption at the call price named therein and accrued interest on such date or dates named therein.

SECTION 9. The bonds issued under the provisions of this act are general obligations of the State of Mississippi, and for the payment thereof the full faith and credit of the State of Mississippi is irrevocably pledged. If the funds appropriated by the Legislature are insufficient to pay the principal of and the
interest on such bonds as they become due, then the deficiency shall be paid by the State Treasurer from any funds in the State Treasury not otherwise appropriated. All such bonds shall contain recitals on their faces substantially covering the provisions of this section.

SECTION 10. Upon the issuance and sale of bonds under the provisions of this act, the commission shall transfer the proceeds of any such sale or sales to the special fund created in Section 2 of this act. The proceeds of such bonds shall be disbursed solely upon the order of the Department of Economic and Community Development under such restrictions, if any, as may be contained in the resolution providing for the issuance of the bonds.

SECTION 11. The bonds authorized under this act may be issued without any other proceedings or the happening of any other conditions or things other than those proceedings, conditions and things which are specified or required by this act. Any resolution providing for the issuance of bonds under the provisions of this act shall become effective immediately upon its adoption by the commission, and any such resolution may be adopted at any regular or special meeting of the commission by a majority of its members.

SECTION 12. The bonds authorized under the authority of this act may be validated in the Chancery Court of the First Judicial District of Hinds County, Mississippi, in the manner and with the force and effect provided by Chapter 13, Title 31, Mississippi Code of 1972, for the validation of county, municipal, school district and other bonds. The notice to taxpayers required by such statutes shall be published in a newspaper published or having a general circulation in the City of Jackson, Mississippi.

SECTION 13. Any holder of bonds issued under the provisions of this act or of any of the interest coupons pertaining thereto may, either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights granted
under this act, or under such resolution, and may enforce and
compel performance of all duties required by this act to be
performed, in order to provide for the payment of bonds and
interest thereon.

SECTION 14. All bonds issued under the provisions of this
act shall be legal investments for trustees and other fiduciaries,
and for savings banks, trust companies and insurance companies
organized under the laws of the State of Mississippi, and such
bonds shall be legal securities which may be deposited with and
shall be received by all public officers and bodies of this state
and all municipalities and political subdivisions for the purpose
of securing the deposit of public funds.

SECTION 15. Bonds issued under the provisions of this act
and income therefrom shall be exempt from all taxation in the
State of Mississippi.

SECTION 16. The proceeds of the bonds issued under this act
shall be used solely for the purposes therein provided, including
the costs incident to the issuance and sale of such bonds.

SECTION 17. The State Treasurer is authorized, without
further process of law, to certify to the Department of Finance
and Administration the necessity for warrants, and the Department
of Finance and Administration is authorized and directed to issue
such warrants, in such amounts as may be necessary to pay when due
the principal of, premium, if any, and interest on, or the
accreted value of, all bonds issued under this act; and the State
Treasurer shall forward the necessary amount to the designated
place or places of payment of such bonds in ample time to
discharge such bonds, or the interest thereon, on the due dates
thereof.

SECTION 18. This act shall be deemed to be full and complete
authority for the exercise of the powers therein granted, but this
act shall not be deemed to repeal or to be in derogation of any
existing law of this state.
SECTION 19. This act shall take effect and be in force from and after July 1, 2001.