

By: Senator(s) Moffatt, Robertson, Hewes,
Gollott

To: Finance

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2886

1 AN ACT TO AUTHORIZE THE ISSUANCE OF \$48,000,000.00 IN STATE
2 GENERAL OBLIGATION BONDS TO PROVIDE FUNDS FOR CAPITAL IMPROVEMENTS
3 AT THE STATE-OWNED SHIPYARD LOCATED IN JACKSON COUNTY,
4 MISSISSIPPI; TO PROVIDE THAT THE ISSUANCE OF SUCH BONDS SHALL BE
5 CONDITIONED ON THE LESSEE INCURRING A CERTAIN AMOUNT OF DEBT FOR
6 CAPITAL IMPROVEMENTS, CAPITAL INVESTMENTS OR CAPITAL UPGRADES TO
7 SHIPYARDS IN MISSISSIPPI OWNED OR LEASED BY SUCH LESSEE; AND FOR
8 RELATED PURPOSES.

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

10 **SECTION 1.** As used in this act, the following words shall
11 have the meanings ascribed herein unless the context clearly
12 requires otherwise:

13 (a) "Accreted value" of any bond means, as of any date
14 of computation, an amount equal to the sum of (i) the stated
15 initial value of such bond, plus (ii) the interest accrued thereon
16 from the issue date to the date of computation at the rate,
17 compounded semiannually, that is necessary to produce the
18 approximate yield to maturity shown for bonds of the same
19 maturity.

20 (b) "Commission" means the State Bond Commission.

21 (c) "State shipyard" means the shipyard property owned
22 by the state and located in Jackson County, Mississippi.

23 (d) "State" means the State of Mississippi.

24 (e) "Authority" means the Mississippi Development
25 Authority.

26 **SECTION 2.** The authority may use the proceeds from general
27 obligation bonds issued under this act for the purpose of such
28 capital improvements at the state shipyard as it considers
29 necessary to modernize the facility and keep it competitive with
30 other shipyards.



31 **SECTION 3.** (1) (a) A special fund, to be designated as the
32 "2003 State Shipyard Improvement Fund," is created within the
33 State Treasury. The fund shall be maintained by the State
34 Treasurer as a separate and special fund, separate and apart from
35 the General Fund of the state. Unexpended amounts remaining in
36 the fund at the end of a fiscal year shall not lapse into the
37 State General Fund, and any interest earned or investment earnings
38 on amounts in the fund shall be deposited into such fund.

39 (b) Monies deposited into the fund shall be disbursed,
40 in the discretion of the authority, to pay the costs incurred by
41 the authority in making capital improvements to the state
42 shipyard.

43 (2) Amounts deposited into such special fund shall be
44 disbursed to pay the costs of the project described in subsection
45 (1) of this section. If any monies in the special fund are not
46 used within four (4) years after the date the proceeds of the
47 bonds authorized under this act are deposited into such fund, then
48 the authority shall provide an accounting of such unused monies to
49 the commission. Promptly after the commission has certified, by
50 resolution duly adopted, that the project described in subsection
51 (1) shall have been completed, abandoned, or cannot be completed
52 in a timely fashion, any amounts remaining in such special fund
53 shall be applied to pay debt service on the bonds issued under
54 this act, in accordance with the proceedings authorizing the
55 issuance of such bonds and as directed by the commission.

56 **SECTION 4.** (1) The commission, at one time, or from time to
57 time, may declare by resolution the necessity for issuance of
58 general obligation bonds of the State of Mississippi to provide
59 funds for all costs incurred or to be incurred for the purposes
60 described in Section 3 of this act. No bonds shall be issued
61 under this act until the authority is provided proof that the
62 lessee of the shipyard has incurred debt or has otherwise
63 irrevocably dedicated funds or a combination of debt and funds in



64 the amount of not less than Ninety-six Million Dollars
65 (\$96,000,000.00) to be used by the lessee for capital
66 improvements, capital investments or capital upgrades at shipyards
67 in Mississippi owned or leased by the lessee. Upon the adoption
68 of a resolution by the authority, declaring that the lessee has
69 incurred the required amount of debt and/or irrevocable dedication
70 of funds and declaring the necessity for the issuance of any part
71 or all of the general obligation bonds authorized by this section,
72 the authority shall deliver a certified copy of its resolution or
73 resolutions to the commission. Upon receipt of such resolution,
74 the commission, in its discretion, may act as the issuing agent,
75 prescribe the form of the bonds, advertise for and accept bids,
76 issue and sell the bonds so authorized to be sold and do any and
77 all other things necessary and advisable in connection with the
78 issuance and sale of such bonds. The total amount of bonds issued
79 under this act shall not exceed Forty-eight Million Dollars
80 (\$48,000,000.00). No bonds shall be issued under this act after
81 July 1, 2006.

82 (2) Any investment earnings on amounts deposited into the
83 special fund created in Section 3 of this act shall be used to pay
84 debt service on bonds issued under this act, in accordance with
85 the proceedings authorizing issuance of such bonds.

86 **SECTION 5.** The principal of and interest on the bonds
87 authorized under this act shall be payable in the manner provided
88 in this section. Such bonds shall bear such date or dates, be in
89 such denomination or denominations, bear interest at such rate or
90 rates (not to exceed the limits set forth in Section 75-17-101,
91 Mississippi Code of 1972), be payable at such place or places
92 within or without the State of Mississippi, shall mature
93 absolutely at such time or times not to exceed twenty (20) years
94 from date of issue, be redeemable before maturity at such time or
95 times and upon such terms, with or without premium, shall bear



96 such registration privileges, and shall be substantially in such
97 form, all as shall be determined by resolution of the commission.

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

116 **SECTION 7.** All bonds and interest coupons issued under the
117 provisions of this act have all the qualities and incidents of
118 negotiable instruments under the provisions of the Uniform
119 Commercial Code, and in exercising the powers granted by this act,
120 the commission shall not be required to and need not comply with
121 the provisions of the Uniform Commercial Code.

122 **SECTION 8.** The commission shall act as the issuing agent for
123 the bonds authorized under this act, prescribe the form of the
124 bonds, advertise for and accept bids, issue and sell the bonds so
125 authorized to be sold, pay all fees and costs incurred in such
126 issuance and sale, and do any and all other things necessary and
127 advisable in connection with the issuance and sale of such bonds.
128 The commission is authorized and empowered to pay the costs that



129 are incident to the sale, issuance and delivery of the bonds
130 authorized under this act from the proceeds derived from the sale
131 of such bonds. The commission shall sell such bonds on sealed
132 bids at public sale, and for such price as it may determine to be
133 for the best interest of the State of Mississippi, but no such
134 sale shall be made at a price less than par plus accrued interest
135 to the date of delivery of the bonds to the purchaser. All
136 interest accruing on such bonds so issued shall be payable
137 semiannually or annually; however, the first interest payment may
138 be for any period of not more than one (1) year.

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

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

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



161 **SECTION 10.** Upon the issuance and sale of bonds under the
162 provisions of this act, the commission shall transfer the proceeds
163 of any such sale or sales to the special fund created in Section 3
164 of this act. The proceeds of such bonds shall be disbursed solely
165 upon the order of the authority under such restrictions, if any,
166 as may be contained in the resolution providing for the issuance
167 of the bonds.

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

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

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



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

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

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

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

219 **SECTION 18.** All improvements made to the state shipyard with
220 the proceeds of bonds issued pursuant to this act shall, as
221 state-owned property, be exempt from ad valorem taxation, except
222 ad valorem taxation for school district purposes.

223 **SECTION 19.** This act shall be deemed to be full and complete
224 authority for the exercise of the powers herein granted, but this



225 act shall not be deemed to repeal or to be in derogation of any
226 existing law of this state.

227 **SECTION 20.** This act shall take effect and be in force from
228 and after its passage.

