

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

To: Finance

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 IMPROVEMENTS TO SHIPYARDS IN MISSISSIPPI OWNED OR LEASED BY SUCH
7 LESSEE; AND FOR RELATED PURPOSES.

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

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

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

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

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

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

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

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



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

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

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

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



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

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

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



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

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

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



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

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

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

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

159 **SECTION 10.** Upon the issuance and sale of bonds under the
160 provisions of this act, the commission shall transfer the proceeds
161 of any such sale or sales to the special fund created in Section 3



162 of this act. The proceeds of such bonds shall be disbursed solely
163 upon the order of the authority under such restrictions, if any,
164 as may be contained in the resolution providing for the issuance
165 of the bonds.

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

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

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

191 **SECTION 14.** All bonds issued under the provisions of this
192 act shall be legal investments for trustees and other fiduciaries,
193 and for savings banks, trust companies and insurance companies
194 organized under the laws of the State of Mississippi, and such



195 bonds shall be legal securities which may be deposited with and
196 shall be received by all public officers and bodies of this state
197 and all municipalities and political subdivisions for the purpose
198 of securing the deposit of public funds.

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

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

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

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

221 **SECTION 19.** This act shall be deemed to be full and complete
222 authority for the exercise of the powers herein granted, but this
223 act shall not be deemed to repeal or to be in derogation of any
224 existing law of this state.

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

