

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

To: Finance

SENATE BILL NO. 2886  
(As Sent to Governor)

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



31 (2) The authority, in its discretion, may set aside for  
32 minority businesses not more than twenty percent (20%) of its  
33 contracts for making such capital improvements at the state  
34 shipyard. For the purposes of this subsection (2), the term  
35 "minority business" means a business which is owned by a majority  
36 of persons who are United States citizens or permanent resident  
37 aliens (as defined by the Immigration and Naturalization Service)  
38 of the United States, and who are Asian, Black, Hispanic or Native  
39 American, according to the following definitions:

40 (a) "Asian" means persons having origins in any of  
41 the original people of the Far East, Southeast Asia, the Indian  
42 subcontinent, or the Pacific Islands.

43 (b) "Black" means persons having origins in any  
44 black racial group of Africa.

45 (c) "Hispanic" means persons of Spanish or  
46 Portuguese culture with origins in Mexico, South or Central  
47 America, or the Caribbean Islands, regardless of race.

48 (d) "Native American" means persons having origins  
49 in any of the original people of North America, including American  
50 Indians, Eskimos and Aleuts.

51 **SECTION 3.** (1) (a) A special fund, to be designated as the  
52 "2003 State Shipyard Improvement Fund," is created within the  
53 State Treasury. The fund shall be maintained by the State  
54 Treasurer as a separate and special fund, separate and apart from  
55 the General Fund of the state. Unexpended amounts remaining in  
56 the fund at the end of a fiscal year shall not lapse into the  
57 State General Fund, and any interest earned or investment earnings  
58 on amounts in the fund shall be deposited into such fund.

59 (b) Monies deposited into the fund shall be disbursed,  
60 in the discretion of the authority, to pay the costs incurred by  
61 the authority in making capital improvements to the state  
62 shipyard.



63 (c) Monies in the special fund may be used to reimburse  
64 reasonable, actual and necessary costs incurred by the authority  
65 in providing assistance related to a project for which funding is  
66 provided under this act. The authority shall maintain an  
67 accounting of actual costs incurred for each project for which  
68 reimbursements are sought. Reimbursements under this paragraph  
69 (c) shall not exceed Three Hundred Thousand Dollars (\$300,000.00)  
70 in the aggregate. Reimbursements under this paragraph (c) shall  
71 satisfy any applicable federal tax law requirements.

72 (d) Monies in the special fund may be used to reimburse  
73 reasonable, actual and necessary costs incurred by the Department  
74 of Audit in providing services related to a project for which  
75 funding is provided under this act. The Department of Audit shall  
76 maintain an accounting of actual costs incurred for each project  
77 for which reimbursements are sought. The Department of Audit may  
78 escalate its budget and expend such funds in accordance with rules  
79 and regulations of the Department of Finance and Administration in  
80 a manner consistent with the escalation of federal funds.  
81 Reimbursements under this paragraph (d) shall not exceed One  
82 Hundred Thousand Dollars (\$100,000.00) in the aggregate.  
83 Reimbursements under this paragraph (d) shall satisfy any  
84 applicable federal tax law requirements.

85 (2) Amounts deposited into such special fund shall be  
86 disbursed to pay the costs of the project described in subsection  
87 (1) of this section. If any monies in the special fund are not  
88 used within four (4) years after the date the proceeds of the  
89 bonds authorized under this act are deposited into such fund, then  
90 the authority shall provide an accounting of such unused monies to  
91 the commission. Promptly after the commission has certified, by  
92 resolution duly adopted, that the project described in subsection  
93 (1) of this section shall have been completed, abandoned, or  
94 cannot be completed in a timely fashion, any amounts remaining in  
95 such special fund shall be applied to pay debt service on the



96 bonds issued under this act, in accordance with the proceedings  
97 authorizing the issuance of such bonds and as directed by the  
98 commission. Before monies in the special fund may be used for the  
99 projects described in subsection (1) of this section, the  
100 authority shall require that the lessee of the shipyard enter into  
101 binding commitments regarding at least the following: (a) that  
102 such lessee shall create a certain minimum number of jobs over a  
103 certain period of time as determined by the authority (which jobs  
104 must be held by persons eligible for employment in the United  
105 States under applicable state and federal law) and (b) that if  
106 such lessee fails to satisfy any such commitments, the lessee must  
107 repay an amount equal to all or a portion of the funds provided by  
108 the state under this act as determined by the authority.

109       **SECTION 4.** (1) The commission, at one time, or from time to  
110 time, may declare by resolution the necessity for issuance of  
111 general obligation bonds of the State of Mississippi to provide  
112 funds for all costs incurred or to be incurred for the purposes  
113 described in Section 3 of this act. No bonds shall be issued  
114 under this act until the authority is provided proof that the  
115 lessee of the shipyard has incurred debt or has otherwise  
116 irrevocably dedicated funds or a combination of debt and funds in  
117 the amount of not less than Ninety-six Million Dollars  
118 (\$96,000,000.00) used by the lessee in calendar year 2002, or  
119 thereafter, for capital improvements, capital investments or  
120 capital upgrades at shipyards in Mississippi owned or leased by  
121 the lessee. Upon the adoption of a resolution by the authority,  
122 declaring that the lessee has incurred the required amount of debt  
123 and/or irrevocable dedication of funds and declaring the necessity  
124 for the issuance of any part or all of the general obligation  
125 bonds authorized by this section, the authority shall deliver a  
126 certified copy of its resolution or resolutions to the commission.  
127 Upon receipt of such resolution, the commission, in its  
128 discretion, may act as the issuing agent, prescribe the form of



129 the bonds, advertise for and accept bids, issue and sell the bonds  
130 so authorized to be sold and do any and all other things necessary  
131 and advisable in connection with the issuance and sale of such  
132 bonds. The total amount of bonds issued under this act shall not  
133 exceed Forty-eight Million Dollars (\$48,000,000.00). No bonds  
134 shall be issued under this act after July 1, 2006.

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

139 **SECTION 5.** The principal of and interest on the bonds  
140 authorized under this act shall be payable in the manner provided  
141 in this section. Such bonds shall bear such date or dates, be in  
142 such denomination or denominations, bear interest at such rate or  
143 rates (not to exceed the limits set forth in Section 75-17-101,  
144 Mississippi Code of 1972), be payable at such place or places  
145 within or without the State of Mississippi, shall mature  
146 absolutely at such time or times not to exceed twenty (20) years  
147 from date of issue, be redeemable before maturity at such time or  
148 times and upon such terms, with or without premium, shall bear  
149 such registration privileges, and shall be substantially in such  
150 form, all as shall be determined by resolution of the commission.

151 **SECTION 6.** The bonds authorized by this act shall be signed  
152 by the chairman of the commission, or by his facsimile signature,  
153 and the official seal of the commission shall be affixed thereto,  
154 attested by the secretary of the commission. The interest  
155 coupons, if any, to be attached to such bonds may be executed by  
156 the facsimile signatures of such officers. Whenever any such  
157 bonds shall have been signed by the officials designated to sign  
158 the bonds who were in office at the time of such signing but who  
159 may have ceased to be such officers before the sale and delivery  
160 of such bonds, or who may not have been in office on the date such  
161 bonds may bear, the signatures of such officers upon such bonds



162 and coupons shall nevertheless be valid and sufficient for all  
163 purposes and have the same effect as if the person so officially  
164 signing such bonds had remained in office until their delivery to  
165 the purchaser, or had been in office on the date such bonds may  
166 bear. However, notwithstanding anything herein to the contrary,  
167 such bonds may be issued as provided in the Registered Bond Act of  
168 the State of Mississippi.

169 **SECTION 7.** All bonds and interest coupons issued under the  
170 provisions of this act have all the qualities and incidents of  
171 negotiable instruments under the provisions of the Uniform  
172 Commercial Code, and in exercising the powers granted by this act,  
173 the commission shall not be required to and need not comply with  
174 the provisions of the Uniform Commercial Code.

175 **SECTION 8.** The commission shall act as the issuing agent for  
176 the bonds authorized under this act, prescribe the form of the  
177 bonds, advertise for and accept bids, issue and sell the bonds so  
178 authorized to be sold, pay all fees and costs incurred in such  
179 issuance and sale, and do any and all other things necessary and  
180 advisable in connection with the issuance and sale of such bonds.  
181 The commission is authorized and empowered to pay the costs that  
182 are incident to the sale, issuance and delivery of the bonds  
183 authorized under this act from the proceeds derived from the sale  
184 of such bonds. The commission shall sell such bonds on sealed  
185 bids at public sale, and for such price as it may determine to be  
186 for the best interest of the State of Mississippi, but no such  
187 sale shall be made at a price less than par plus accrued interest  
188 to the date of delivery of the bonds to the purchaser. All  
189 interest accruing on such bonds so issued shall be payable  
190 semiannually or annually; however, the first interest payment may  
191 be for any period of not more than one (1) year.

192 Notice of the sale of any such bonds shall be published at  
193 least one time, not less than ten (10) days before the date of  
194 sale, and shall be so published in one or more newspapers



195 published or having a general circulation in the City of Jackson,  
196 Mississippi, and in one or more other newspapers or financial  
197 journals with a national circulation, to be selected by the  
198 commission.

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

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

214 **SECTION 10.** Upon the issuance and sale of bonds under the  
215 provisions of this act, the commission shall transfer the proceeds  
216 of any such sale or sales to the special fund created in Section 3  
217 of this act. The proceeds of such bonds shall be disbursed solely  
218 upon the order of the authority under such restrictions, if any,  
219 as may be contained in the resolution providing for the issuance  
220 of the bonds.

221 **SECTION 11.** The bonds authorized under this act may be  
222 issued without any other proceedings or the happening of any other  
223 conditions or things other than those proceedings, conditions and  
224 things which are specified or required by this act. Any  
225 resolution providing for the issuance of bonds under the  
226 provisions of this act shall become effective immediately upon its  
227 adoption by the commission, and any such resolution may be adopted



228 at any regular or special meeting of the commission by a majority  
229 of its members.

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

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

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

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

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





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

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

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

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

