

By: Senator(s) Robertson

To: Finance

SENATE BILL NO. 2986

1 AN ACT TO AUTHORIZE THE ISSUANCE OF \$10,000,000.00 IN STATE
 2 GENERAL OBLIGATION BONDS TO PROVIDE FUNDS FOR THE SMALL
 3 MUNICIPALITIES AND LIMITED POPULATION COUNTIES FUND; TO AMEND
 4 SECTION 57-1-18, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT A
 5 PORTION OF THE PROCEEDS OF CERTAIN BONDS MAY BE UTILIZED BY THE
 6 MISSISSIPPI DEVELOPMENT AUTHORITY TO REIMBURSE CERTAIN COSTS
 7 RELATED TO THE ADMINISTRATION OF THE FUND; AND FOR RELATED
 8 PURPOSES.

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

10 **SECTION 1.** As used in Sections 1 through 16 of this act, the
 11 following words shall have the meanings ascribed herein unless the
 12 context clearly requires otherwise:

13 (a) "Accreted value" of any bonds 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) "State" means the State of Mississippi.

21 (c) "Commission" means the State Bond Commission.

22 **SECTION 2.** (1) The Mississippi Development Authority, at
 23 one time, or from time to time, may declare by resolution the
 24 necessity for issuance of general obligation bonds of the State of
 25 Mississippi to provide funds for the grant program authorized in
 26 Section 57-1-18. Upon the adoption of a resolution by the
 27 Mississippi Development Authority, declaring the necessity for the
 28 issuance of any part or all of the general obligation bonds
 29 authorized by this section, the Mississippi Development Authority
 30 shall deliver a certified copy of its resolution or resolutions to

31 the commission. Upon receipt of such resolution, the commission,
32 in its discretion, may act as the issuing agent, prescribe the
33 form of the bonds, advertise for and accept bids, issue and sell
34 the bonds so authorized to be sold and do any and all other things
35 necessary and advisable in connection with the issuance and sale
36 of such bonds. The total amount of bonds issued under Sections 1
37 through 16 of this act shall not exceed Ten Million Dollars
38 (\$10,000,000.00). No bonds authorized under Sections 1 through 16
39 of this act shall be issued after July 1, 2008.

40 (2) The proceeds of bonds issued pursuant to Sections 1
41 through 16 of this act shall be deposited into the Small
42 Municipalities and Limited Population Counties Fund created
43 pursuant to Section 57-1-18. Any investment earnings on bonds
44 issued pursuant to Sections 1 through 16 of this act shall be used
45 to pay debt service on bonds issued under Sections 1 through 16 of
46 this act, in accordance with the proceedings authorizing issuance
47 of such bonds.

48 **SECTION 3.** The principal of and interest on the bonds
49 authorized under Sections 1 through 16 of this act shall be
50 payable in the manner provided in this section. Such bonds shall
51 bear such date or dates, be in such denomination or denominations,
52 bear interest at such rate or rates (not to exceed the limits set
53 forth in Section 75-17-101, Mississippi Code of 1972), be payable
54 at such place or places within or without the State of
55 Mississippi, shall mature absolutely at such time or times not to
56 exceed twenty-five (25) years from date of issue, be redeemable
57 before maturity at such time or times and upon such terms, with or
58 without premium, shall bear such registration privileges, and
59 shall be substantially in such form, all as shall be determined by
60 resolution of the commission.

61 **SECTION 4.** The bonds authorized by Sections 1 through 16 of
62 this act shall be signed by the chairman of the commission, or by
63 his facsimile signature, and the official seal of the commission

64 shall be affixed thereto, attested by the secretary of the
65 commission. The interest coupons, if any, to be attached to such
66 bonds may be executed by the facsimile signatures of such
67 officers. Whenever any such bonds shall have been signed by the
68 officials designated to sign the bonds who were in office at the
69 time of such signing but who may have ceased to be such officers
70 before the sale and delivery of such bonds, or who may not have
71 been in office on the date such bonds may bear, the signatures of
72 such officers upon such bonds and coupons shall nevertheless be
73 valid and sufficient for all purposes and have the same effect as
74 if the person so officially signing such bonds had remained in
75 office until their delivery to the purchaser, or had been in
76 office on the date such bonds may bear. However, notwithstanding
77 anything herein to the contrary, such bonds may be issued as
78 provided in the Registered Bond Act of the State of Mississippi.

79 **SECTION 5.** All bonds and interest coupons issued under the
80 provisions of Sections 1 through 16 of this act have all the
81 qualities and incidents of negotiable instruments under the
82 provisions of the Uniform Commercial Code, and in exercising the
83 powers granted by Sections 1 through 16 of this act, the
84 commission shall not be required to and need not comply with the
85 provisions of the Uniform Commercial Code.

86 **SECTION 6.** The commission shall act as the issuing agent for
87 the bonds authorized under Sections 1 through 16 of this act,
88 prescribe the form of the bonds, advertise for and accept bids,
89 issue and sell the bonds so authorized to be sold, pay all fees
90 and costs incurred in such issuance and sale, and do any and all
91 other things necessary and advisable in connection with the
92 issuance and sale of such bonds. The commission is authorized and
93 empowered to pay the costs that are incident to the sale, issuance
94 and delivery of the bonds authorized under Sections 1 through 16
95 of this act from the proceeds derived from the sale of such bonds.
96 The commission shall sell such bonds on sealed bids at public

97 sale, and for such price as it may determine to be for the best
98 interest of the State of Mississippi, but no such sale shall be
99 made at a price less than par plus accrued interest to the date of
100 delivery of the bonds to the purchaser. All interest accruing on
101 such bonds so issued shall be payable semiannually or annually;
102 however, the first interest payment may be for any period of not
103 more than one (1) year.

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

111 The commission, when issuing any bonds under the authority of
112 Sections 1 through 16 of this act, may provide that bonds, at the
113 option of the State of Mississippi, may be called in for payment
114 and redemption at the call price named therein and accrued
115 interest on such date or dates named therein.

116 **SECTION 7.** The bonds issued under the provisions of Sections
117 1 through 16 of this act are general obligations of the State of
118 Mississippi, and for the payment thereof the full faith and credit
119 of the State of Mississippi is irrevocably pledged. If the funds
120 appropriated by the Legislature are insufficient to pay the
121 principal of and the interest on such bonds as they become due,
122 then the deficiency shall be paid by the State Treasurer from any
123 funds in the State Treasury not otherwise appropriated. All such
124 bonds shall contain recitals on their faces substantially covering
125 the provisions of this section.

126 **SECTION 8.** Upon the issuance and sale of bonds under the
127 provisions of Sections 1 through 16 of this act, the commission
128 shall transfer the proceeds of any such sale or sales to the Small
129 Municipalities and Limited Population Counties Fund created in

130 Section 57-1-18. The proceeds of such bonds shall be disbursed
131 solely upon the order of the Mississippi Development Authority
132 under such restrictions, if any, as may be contained in the
133 resolution providing for the issuance of the bonds.

134 **SECTION 9.** The bonds authorized under Sections 1 through 16
135 of this act may be issued without any other proceedings or the
136 happening of any other conditions or things other than those
137 proceedings, conditions and things which are specified or required
138 by Sections 1 through 16 of this act. Any resolution providing
139 for the issuance of bonds under the provisions of Sections 1
140 through 16 of this act shall become effective immediately upon its
141 adoption by the commission, and any such resolution may be adopted
142 at any regular or special meeting of the commission by a majority
143 of its members.

144 **SECTION 10.** The bonds authorized under the authority of
145 Sections 1 through 16 of this act may be validated in the Chancery
146 Court of the First Judicial District of Hinds County, Mississippi,
147 in the manner and with the force and effect provided by Chapter
148 13, Title 31, Mississippi Code of 1972, for the validation of
149 county, municipal, school district and other bonds. The notice to
150 taxpayers required by such statutes shall be published in a
151 newspaper published or having a general circulation in the City of
152 Jackson, Mississippi.

153 **SECTION 11.** Any holder of bonds issued under the provisions
154 of Sections 1 through 16 of this act or of any of the interest
155 coupons pertaining thereto may, either at law or in equity, by
156 suit, action, mandamus or other proceeding, protect and enforce
157 any and all rights granted under Sections 1 through 16 of this
158 act, or under such resolution, and may enforce and compel
159 performance of all duties required by Sections 1 through 16 of
160 this act to be performed, in order to provide for the payment of
161 bonds and interest thereon.

162 **SECTION 12.** All bonds issued under the provisions of
163 Sections 1 through 16 of this act shall be legal investments for
164 trustees and other fiduciaries, and for savings banks, trust
165 companies and insurance companies organized under the laws of the
166 State of Mississippi, and such bonds shall be legal securities
167 which may be deposited with and shall be received by all public
168 officers and bodies of this state and all municipalities and
169 political subdivisions for the purpose of securing the deposit of
170 public funds.

171 **SECTION 13.** Bonds issued under the provisions of Sections 1
172 through 16 of this act and income therefrom shall be exempt from
173 all taxation in the State of Mississippi.

174 **SECTION 14.** The proceeds of the bonds issued under Sections
175 1 through 16 of this act shall be used solely for the purposes
176 therein provided, including the costs incident to the issuance and
177 sale of such bonds.

178 **SECTION 15.** The State Treasurer is authorized, without
179 further process of law, to certify to the Department of Finance
180 and Administration the necessity for warrants, and the Department
181 of Finance and Administration is authorized and directed to issue
182 such warrants, in such amounts as may be necessary to pay when due
183 the principal of, premium, if any, and interest on, or the
184 accreted value of, all bonds issued under Sections 1 through 16 of
185 this act; and the State Treasurer shall forward the necessary
186 amount to the designated place or places of payment of such bonds
187 in ample time to discharge such bonds, or the interest thereon, on
188 the due dates thereof.

189 **SECTION 16.** Sections 1 through 16 of this act shall be
190 deemed to be full and complete authority for the exercise of the
191 powers therein granted, but Sections 1 through 16 of this act
192 shall not be deemed to repeal or to be in derogation of any
193 existing law of this state.

194 **SECTION 17.** Section 57-1-18, Mississippi Code of 1972, is
195 amended as follows:

196 57-1-18. (1) For the purposes of this section, the
197 following terms shall have the meanings ascribed in this section
198 unless the context clearly indicates otherwise:

199 (a) "Limited population county" means a county in the
200 State of Mississippi with a population of thirty thousand (30,000)
201 or less according to the most recent federal decennial census at
202 the time the county submits its application to the MDA under this
203 section.

204 (b) "MDA" means the Mississippi Development Authority.

205 (c) "Project" means highways, streets and other
206 roadways, bridges, sidewalks, utilities, airfields, airports,
207 acquisition of equipment, acquisition of real property,
208 development of real property, improvements to real property, and
209 any other project approved by the MDA.

210 (d) "Small municipality" means a municipality in the
211 State of Mississippi with a population of ten thousand (10,000) or
212 less according to the most recent federal decennial census at the
213 time the municipality submits its application to the MDA under
214 this section.

215 (2) (a) There is hereby created in the State Treasury a
216 special fund to be designated as the "Small Municipalities and
217 Limited Population Counties Fund," which shall consist of funds
218 appropriated or otherwise made available by the Legislature in any
219 manner and funds from any other source designated for deposit into
220 such fund. Unexpended amounts remaining in the fund at the end of
221 a fiscal year shall not lapse into the State General Fund, and any
222 investment earnings or interest earned on amounts in the fund
223 shall be deposited to the credit of the fund. Monies in the fund
224 shall be used to make grants to small municipalities and limited
225 population counties or natural gas districts created by law and

226 contained therein to assist in completing projects under this
227 section.

228 (b) Monies in the fund which are derived from proceeds
229 of bonds issued under Sections 1 through 16 of Chapter 538, Laws
230 of 2002, Sections 1 through 16 of Chapter 508, Laws of 2003, * * *
231 Sections 55 through 70 of Chapter 1, Laws of 2004 Third
232 Extraordinary Session or Sections 1 through 16 of Senate Bill No.
233 2986, 2006 Regular Session, may be used to reimburse reasonable
234 actual and necessary costs incurred by the MDA in providing
235 assistance related to a project for which funding is provided
236 under this section from the use of proceeds of such bonds. An
237 accounting of actual costs incurred for which reimbursement is
238 sought shall be maintained for each project by the MDA.
239 Reimbursement of reasonable actual and necessary costs for a
240 project shall not exceed three percent (3%) of the proceeds of
241 bonds issued for such project. Monies authorized for a particular
242 project may not be used to reimburse administrative costs for
243 unrelated projects. Reimbursements under this subsection shall
244 satisfy any applicable federal tax law requirements.

245 (3) The MDA shall establish a grant program to make grants
246 to small municipalities and limited population counties from the
247 Small Municipalities and Limited Population Counties Fund. Grants
248 made under this section to a small municipality or a limited
249 population county shall not exceed Two Hundred Fifty Thousand
250 Dollars (\$250,000.00) during any grant period established by the
251 MDA. A small municipality or limited population county may apply
252 to the MDA for a grant under this section in the manner provided
253 for in this section.

254 (4) A small municipality or limited population county
255 desiring assistance under this section must submit an application
256 to the MDA. The application must include a description of the
257 project for which assistance is requested, the cost of the project

258 for which assistance is requested, the amount of assistance
259 requested and any other information required by the MDA.

260 (5) The MDA shall have all powers necessary to implement and
261 administer the program established under this section, and the
262 department shall promulgate rules and regulations, in accordance
263 with the Mississippi Administrative Procedures Law, necessary for
264 the implementation of this section.

265 (6) The MDA shall file an annual report with the Governor,
266 Secretary of the Senate and the Clerk of the House of
267 Representatives not later than December 1 of each year, describing
268 all assistance provided under this section.

269 **SECTION 18.** This act shall take effect and be in force from
270 and after its passage.