

By: Senator(s) Hyde-Smith

To: Local and Private;  
Finance

SENATE BILL NO. 3100

1 AN ACT TO AUTHORIZE THE CITY OF MAGEE, MISSISSIPPI, TO ISSUE  
2 REVENUE BONDS FOR THE PURPOSE OF ESTABLISHING, DEVELOPING,  
3 CONSTRUCTING, RECONSTRUCTING, REHABILITATING, REMODELING,  
4 REPAIRING, IMPROVING, EXPANDING, EQUIPPING AND FURNISHING ACUTE  
5 CARE HOSPITALS AND OTHER HEALTH CARE FACILITIES OWNED BY MAGEE  
6 BENEVOLENT ASSOCIATION D/B/A MAGEE GENERAL HOSPITAL; AND FOR  
7 RELATED PURPOSES.

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

9 **SECTION 1.** It is hereby determined and declared that for the  
10 benefit of the people of the City of Magee, Mississippi, and the  
11 surrounding area, the increase of their commerce, welfare and  
12 prosperity, and the improvement and maintenance of their health  
13 and living conditions, that the Mayor and Board of Aldermen of the  
14 City of Magee, Mississippi, be granted the authority to issue  
15 revenue bonds for the benefit of Magee Benevolent Association  
16 d/b/a/ Magee General Hospital as hereinafter in this act provided.

17 **SECTION 2.** As used in this act, the following words shall  
18 have the meanings ascribed herein unless the context clearly  
19 requires otherwise:

20 (a) "Bonds" means bonds, notes or other obligations of  
21 the city issued, in one or more series, from time to time,  
22 pursuant to this act.

23 (b) "City" means the City of Magee, Mississippi.

24 (c) "Company" means Magee Benevolent Association d/b/a  
25 Magee General Hospital, a Mississippi nonprofit corporation which  
26 is an organization described in Section 501(c)(3) or any successor  
27 section of the Internal Revenue Code of 1986, as amended, and  
28 which is authorized under its corporate charter to own, operate  
29 and maintain the hospital and health care facilities.

30 (d) "Costs," as applied to the hospital and/or health  
31 care facilities, means any and all costs of the hospital and/or  
32 such health care facilities and, without limiting the generality  
33 of the foregoing, shall include the following:

34 (i) All costs of the establishment, demolition,  
35 site development of new and rehabilitated buildings,  
36 rehabilitation, reconstruction repair, erection, building,  
37 construction, remodeling, expanding, improving, equipping and  
38 furnishing of the hospital and/or any such health care facilities  
39 and all costs incident or related thereto;

40 (ii) The cost of acquiring any property interest  
41 in the hospital and/or any such health care facilities, including  
42 the purchase thereof or the cost of any option to purchase;

43 (iii) The cost of architectural, engineering,  
44 legal and related services; the cost of architectural,  
45 engineering, legal and related services; the cost of the  
46 preparation of plans, specifications, studies, surveys and  
47 estimates of cost and of revenue; all other expenses necessary or  
48 incident to planning, providing or determining the need for or the  
49 feasibility and practicability of the hospital and/or any such  
50 health care facilities or the acquisition thereof;

51 (iv) The cost of financing charges, including  
52 premiums or prepayment penalties, if any, and interest accrued  
53 prior to the acquisition and completion or refinancing of the  
54 hospital and/or any such health care facilities and after such  
55 acquisition and completion or refinancing, and start-up costs  
56 related to new health care facilities; and

57 (v) Any and all costs paid or incurred in  
58 connection with the financing of the hospital and/or any such  
59 health care facilities, including out-of-pocket expenses, the cost  
60 of financing, legal, accounting, financial advisory and consulting  
61 fees, expenses and disbursement; the cost of any policy of  
62 insurance; the cost of printing, engraving and reproduction

63 services; the cost of providing or establishing a reasonable  
64 reserve fund for the payment of principal of and interest on  
65 bonds; and the cost of the initial or acceptance fee of any  
66 trustee or paying agent.

67 (e) "Counterparty" shall mean the provider of or other  
68 party to an interest rate exchange or similar agreement.

69 (f) "Governing body" means the Mayor and Board of  
70 Aldermen of the city.

71 (g) "Health care facilities" means buildings and  
72 structures of any and all types used or useful, in the discretion  
73 of the company, for providing any types of care to the sick,  
74 wounded, infirm, needy, mentally incompetent or elderly and shall  
75 include, without limiting the generality of the foregoing,  
76 out-patient clinics, extended care facilities, acute care  
77 facilities, physician office buildings, pharmacies, laboratories,  
78 laundries, nurses', doctors' or interns' residences,  
79 administration buildings, office buildings, maintenance, storage  
80 or utility facilities, parking lots, and garages and all  
81 necessary, useful, or related equipment, furnishings and other  
82 personal property, and appurtenances and all lands necessary or  
83 convenient as a site for the foregoing, provided that any or all  
84 of the foregoing shall be owned by the company.

85 (h) "Hospital" means Magee General Hospital, an acute  
86 care hospital located in the city which is owned and operated by  
87 the company, and any additions thereto or expansions thereof.

88 (i) "Interest rate exchange or similar agreement" shall  
89 mean a written contract entered into by the city with a  
90 counterparty in connection with bonds to provide for an exchange  
91 of payments based upon fixed and/or variable rates, shall include  
92 interest rate caps, collars, floors and similar agreements and  
93 options on each of the foregoing, and shall be for exchanges in  
94 currency of the United States of America only with such terms

95 determined by the governing body to be in the financial best  
96 interest of the city and the company.

97 (j) "Loan agreement" means an agreement providing for  
98 the city to loan the proceeds derived from the issuance of bonds  
99 pursuant to this act to the company to be used to pay costs  
100 associated with the hospital and/or health care facilities and  
101 providing for the repayment of such loan by the company and which  
102 may provide for such loans to be secured or evidenced by one or  
103 more notes, debenture, bonds or other secured or unsecured debt  
104 obligations of the company, delivered to the city or to the  
105 trustee under the trust indenture pursuant to which the bonds were  
106 issued.

107 (k) "Project" means paying the costs of the hospital  
108 and/or one or more health care facilities.

109 (l) "State" means the State of Mississippi.

110 **SECTION 3.** The city is hereby authorized to issue its bonds  
111 to finance a project or projects and to loan the proceeds of such  
112 bonds to the company pursuant to a loan agreement.

113 **SECTION 4.** Bonds issued pursuant to the provisions of this  
114 act, exclusive of bonds issued to provide for the refunding of  
115 outstanding bonds, shall not exceed Twenty-five Million Dollars  
116 (\$25,000,000).

117 **SECTION 5.** The principal of, redemption premium, if any, and  
118 interest on the bonds shall be payable solely out of and shall be  
119 secured by a pledge of the revenues and income received by the  
120 company in connection with the hospital and/or any one or more of  
121 the health care facilities as shall be designated in the  
122 proceedings of the governing body under which the bonds are  
123 authorized to be issued, including debt obligations of the company  
124 obtained from or in connection with the financing of a project or  
125 projects, and from such other sources available to the company as  
126 may be designated in the proceedings of the governing body under  
127 which the bonds are authorized to be issued.

128           **SECTION 6.** (1) The bonds shall be dated, shall bear  
129 interest at such rate or rates (which rate or rates may be fixed,  
130 adjustable or variable), shall mature at such time or times in  
131 either serial or term form or both not exceeding thirty (30) years  
132 from their date, and may be made redeemable prior to maturity at  
133 such price or prices and upon such terms and conditions as may be  
134 determined by the city; however, bonds issued to finance equipment  
135 shall mature at such time or times not exceeding one hundred  
136 twenty percent (120%) of the average useful life of such  
137 equipment. The bonds shall be in such form and denomination or  
138 denominations and payable at such place or places, either within  
139 the state or without the state, and may be authenticated in such  
140 manner, as the city may determine by resolution. The bonds shall  
141 be executed on behalf of the city by the manual or facsimile  
142 signature of the mayor and shall be countersigned by the manual or  
143 facsimile signature of the city clerk. In cases where any officer  
144 whose signature or a facsimile of whose signature shall appear on  
145 any bonds shall cease to be such officer before the delivery of  
146 and payment for such bonds, such signature or such facsimile shall  
147 nevertheless be valid and sufficient for all purposes the same as  
148 if such officer had remained in office until such delivery and  
149 payment. The bonds may be issued in book entry or in fully  
150 registered form, or any combination, or may be payable to a  
151 specific person, as the city may determine, and provision may be  
152 made for the conversion from one form to another. The duty of  
153 conversion may be imposed upon a trustee in a trust indenture.

154           (2) The city shall sell the bonds at such price or prices as  
155 it shall determine, at public or private sale.

156           (3) The bonds shall be issued under and subject to such  
157 terms, conditions and covenants providing for the payment of the  
158 principal, redemption premium, if any, and interest thereon and  
159 such other terms, conditions, covenants and protective provisions  
160 safeguarding such payment, not inconsistent with this act, as may

161 be found to be necessary by the city for the most advantageous  
162 sale thereof, which may include, but not be limited to, covenants  
163 with the holders of the bonds, as to:

164 (a) Pledging or creating a lien on all or any part of  
165 any monies held in trust or otherwise by others to secure the  
166 payment of such bonds;

167 (b) Otherwise providing for the custody, collection,  
168 securing, investment and payment of any money due to the city;

169 (c) The setting aside of reserves or sinking funds and  
170 the regulation or disposition thereof;

171 (d) Limitations on the purpose to which the proceeds of  
172 sale of any issue of such bonds then or thereafter to be issued  
173 may be applied;

174 (e) Limitations on the issuance of additional bonds and  
175 on the refunding of outstanding bonds;

176 (f) The procedure, if any, by which the terms of any  
177 contract with the holders of bonds may be amended or abrogated,  
178 the amount of bonds the holders of which must consent thereto and  
179 the manner in which such consent may be given;

180 (g) The creation of special funds into which the  
181 proceeds of the bonds may be deposited;

182 (h) Vesting in a trustee or trustees such properties,  
183 rights, powers and duties in trust as the city may determine,  
184 which may include any or all of the usual and customary rights,  
185 powers and duties of the trustee appointed for the holders of any  
186 issue of bonds as agreed upon by the city;

187 (i) Defining the acts or omissions to act which shall  
188 constitute a default in the obligations and duties of the city  
189 and/or the company and providing for the rights and remedies of  
190 the holders of bonds in the event of such default; provided, that  
191 such rights and remedies shall not be inconsistent with the  
192 general laws of the State and other provisions of this act;

193           (j) Entering into interest rate exchange or similar  
194 agreements with a counterparty under such terms and conditions as  
195 the governing body may determine, including, but not limited to,  
196 provisions as to default or early termination, and because of the  
197 complexity of such agreements, the governing body is authorized to  
198 solicit the provision of such agreements on a competitive or  
199 negotiated basis; and

200           (k) Any other matters of like or different character  
201 which in any way affect the security and protection of the bonds  
202 and the rights of the holders thereof.

203           (4) The city and/or the company may procure insurance,  
204 letters of credit or other credit enhancement with respect to  
205 bonds issued pursuant to this act.

206           **SECTION 7.** (1) The bonds may be secured by a trust  
207 indenture by and between the city and a corporate trustee which  
208 may be any bank having the power of a trust company or any trust  
209 company within or without the state. Such trust indenture may  
210 contain such provisions for protecting and enforcing the rights  
211 and remedies of the bondholders as may be reasonable and proper  
212 and not in violation of law, including covenants setting forth the  
213 duties of the city in relation to the exercise of its powers and  
214 the custody, safekeeping and application of all money. The city  
215 may provide by the trust indenture for the payment of the proceeds  
216 of the bonds and the revenue to the trustee under the trust  
217 indenture and for the method of disbursement thereof, with such  
218 safeguards and restrictions as the city may determine.

219           (2) The bonds may be additionally secured by a mortgage,  
220 deed of trust or other security interest upon the hospital and/or  
221 one or more health care facilities, vesting in the trustee the  
222 power to sell the property subject thereto for payment of the  
223 bonds.

224           (3) Any trust indenture, bond resolution or related  
225 indenture of mortgage or deed of trust may contain provisions,

226 which shall be a part of the contract with the holders of the  
227 bonds as to: (a) pledging or assigning the revenues generated by  
228 the hospital and/or one or more of any health care facilities, or  
229 pledging or assigning the notes, mortgage or other security given  
230 by the company in connection with the issuance of the bonds, or  
231 other specified revenues or property of the company; (b) setting  
232 aside any reserves or sinking funds, and the regulation,  
233 investment and disposition thereof; (c) limitations on the use of  
234 the hospital and/or any one or more health care facilities; (d)  
235 limitations on the purpose to which or the investments in which  
236 the proceeds of sale of any issue or bonds then or thereafter to  
237 be issued may be applied; (e) limitations on the issuance of  
238 additional bonds, the terms upon which additional bonds may be  
239 issued and secured and the terms upon which additional bonds may  
240 rank on a parity with, or be subordinate or superior to, other  
241 bonds; (f) the refunding of outstanding bonds; (g) the procedure,  
242 if any, by which the terms of any contract with bondholders may be  
243 amended or abrogated, the amounts of bonds the holders of which  
244 must consent thereto, the manner in which such consent may be  
245 given and restrictions on the individual rights of action by  
246 bondholders; (h) acts or omissions which shall constitute a  
247 default in the duties of the city to holders of its bonds and  
248 providing the rights and remedies of such holders in the event of  
249 default; and (i) any other matters relating to the bonds which the  
250 city deems desirable.

251       **SECTION 8.** (1) Any bonds of the city at any time  
252 outstanding under this act may, at any time and from time to time,  
253 be refunded by the city by the issuance of its refunding bonds in  
254 such amount as the governing body may deem necessary, but not  
255 exceeding:

- 256           (a) The principal amount of the bonds being refunded;  
257           (b) Applicable redemption premiums, if any, thereon;



258           (c) Unpaid interest on such bonds to be refunded to the  
259 date or delivery or exchange of the refunding bonds;

260           (d) In the event the proceeds from the sale of the  
261 refunding bonds are to be deposited in trust as hereafter  
262 provided, interest to accrue on such bonds to be refunded from the  
263 date of delivery of the refunding bonds to the date of maturity or  
264 to a redemption date of the bonds to be refunded; and

265           (e) Expenses, premiums and commissions deemed by the  
266 Governing Body to be necessary in connection with the issuance of  
267 the refunding bonds.

268           (2) Any such refunding may be effected, whether the bonds to  
269 be refunded shall have then matured or shall thereafter mature,  
270 either by exchange of the refunding bonds for the bonds to be  
271 refunded thereby with the consent of the holders of the bonds to  
272 be so refunded, or by sale of the refunding bonds and application  
273 of the proceeds thereof to the payment of the bonds to be refunded  
274 thereby, and regardless of whether or not the bonds to be refunded  
275 were issued in connection with the same projects or separate  
276 projects, and regardless of whether or not the bonds proposed to  
277 be refunded shall be payable on the same date or on different  
278 dates or shall be due serially or otherwise.

279           (3) The principal proceeds from the sale of any refunding  
280 bonds shall be applied only as follows:

281           (a) To the immediate payment and retirement of the  
282 bonds being refunded; or

283           (b) To the extent not required for the immediate  
284 payment of the bonds being refunded, then such proceeds shall be  
285 deposited in trust to provide for the payment and retirement of  
286 the bonds being refunded and to pay any expenses incurred in  
287 connection with such refunding, but may also be used to pay  
288 interest on the refunding bonds prior to the retirement of the  
289 bonds being refunded. Money in any such trust fund may be  
290 invested in direct obligations of, or obligations the principal of

291 and interest on which are guaranteed by, the United States of  
292 America, or in certificates of deposit issued by a bank or trust  
293 company located in the state if such certificates shall be secured  
294 by a pledge of any of said obligations having an aggregate market  
295 value, exclusive of accrued interest, equal at least to the  
296 principal amount of the certificates so secured. Nothing herein  
297 shall be construed as a limitation on the duration of any deposit  
298 in trust for the retirement of bonds being refunded but which  
299 shall not have matured and which shall not be presently  
300 redeemable.

301       **SECTION 9.** Prior to the issuance of any bonds under the  
302 provisions of this act, the governing body shall adopt a  
303 resolution declaring its intention so to do, stating the amount of  
304 bonds proposed to be issued, and the date upon which the governing  
305 body proposes to direct the issuance of such bonds. Such  
306 resolution shall be published once a week for at least three (3)  
307 consecutive weeks in a newspaper published in the city. The first  
308 publication of such resolution shall be made not less than  
309 twenty-one (21) days prior to the date fixed in such resolution to  
310 direct the issuance of the bonds and the last publication shall be  
311 made not more than seven (7) days prior to such date. If fifteen  
312 hundred (1500) of the qualified electors of the city shall file a  
313 written protest against the issuance of such bonds on or before  
314 the date specified in such resolution, then an election on the  
315 question of the issuance of such bonds shall be called and held as  
316 herein provided. If no such protest be filed, then such bonds may  
317 be issued without an election on the question of the issuance  
318 thereof at any time within a period of two (2) years after the  
319 date specified in the above-mentioned resolution.

320       **SECTION 10.** Where an election is to be called as provided in  
321 Section 9 of this act, notice of such election shall be signed by  
322 the city clerk and shall be published once a week for at least  
323 three (3) consecutive weeks in a newspaper published in the city.

324 The first publication of such notice shall be made not less than  
325 twenty-one (21) days prior to the date fixed for such election and  
326 the last publication shall be made not more than seven (7) days  
327 prior to such date.

328       **SECTION 11.** Such election shall be held, as far as is  
329 practicable, in the same manner as other elections are held in the  
330 city. At such election, all qualified electors of the city may  
331 vote, and the ballots used at such election shall have printed  
332 thereon a brief statement of the amount and purpose of the  
333 proposed bond issue and the words "FOR THE BOND ISSUE" and  
334 "AGAINST THE BOND ISSUE", and the voter shall vote by placing a  
335 cross (x) or check mark (√) opposite his choice on the  
336 proposition.

337       **SECTION 12.** When the results of the election on the question  
338 of the issuance of such bonds shall have been canvassed by the  
339 election commissioners of the city and certified by them to the  
340 governing body, it shall be the duty of the governing body to  
341 determine and adjudicate whether or not a majority of the  
342 qualified electors who voted thereon in such election shall have  
343 voted in favor of the issuance of such bonds, and unless a  
344 majority of the qualified electors who voted thereon in such  
345 election shall have voted in favor of the issuance of such bonds,  
346 then such bonds shall not be issued. Should a majority of the  
347 qualified electors who vote thereon in such election vote in favor  
348 of the issuance of such bonds, then the governing body may issue  
349 such bonds, either in whole or in part, within two (2) years after  
350 the later of the election date or the date on which there is a  
351 final favorable termination of any litigation affecting the  
352 issuance of such bonds.

353       **SECTION 13.** All bonds issued by the city under authority of  
354 this act shall be limited obligations of the city, the principal  
355 of, redemption premium, if any, and interest on which shall be  
356 payable solely from the revenues of the hospital and/or any health

357 care facilities financed with proceeds of bonds and from such  
358 other funds as may be made available to the city for such purpose  
359 by the company. Bonds issued under the authority of this act  
360 shall never constitute an indebtedness of the city within the  
361 meaning of any state constitutional provision or statutory  
362 limitation, and shall never constitute nor give rise to a  
363 pecuniary liability of the city or a charge against its general  
364 credit or taxing powers, and such fact shall be plainly stated on  
365 the face of each such bond. All bonds issued under the authority  
366 of this act shall be construed to be negotiable instruments,  
367 despite the fact that they are payable solely from a specified  
368 source.

369 **SECTION 14.** Bonds issued under the provisions of this act  
370 shall be legal investments for commercial banks, savings and loan  
371 associations and insurance companies organized under the laws of  
372 the state.

373 **SECTION 15.** The bonds authorized by this act and the income  
374 therefrom, all loan agreements made pursuant to the provisions  
375 hereof, and all purchases required to establish projects acquired  
376 and constructed with bond proceeds shall be exempt from all  
377 taxation in the state except the contractor's tax imposed by  
378 Section 27-65-21, Mississippi Code of 1972.

379 **SECTION 16.** This act, without reference to any other  
380 statute, shall be deemed to be full and complete authority for the  
381 issuance of the aforesaid bonds, and shall be construed as an  
382 additional and alternative method therefor, and none of the  
383 present restrictions, requirements, conditions or limitations of  
384 law applicable to the issuance or sale of bonds, notes or other  
385 obligations by municipalities in this state shall apply to the  
386 issuance and sale of bonds under this act, and no proceedings  
387 shall be required for the issuance of such bonds other than those  
388 provided for and required herein, and all powers necessary to be

389 exercised in order to carry out the provisions of this act, are  
390 hereby conferred.

391           **SECTION 17.** This act shall take effect and be in force from  
392 and after its passage.