

By: Senator(s) Hyde-Smith, Lee
(35th), Thames

To: Local and Private;
Finance

SENATE BILL NO. 2004

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 the preparation of plans,
45 specifications, studies, surveys and estimates of cost and of
46 revenue; all other expenses necessary or incident to planning,
47 providing or determining the need for or the feasibility and
48 practicability of the hospital and/or any such health care
49 facilities or the acquisition thereof;

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

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

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

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

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

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

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

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

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

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

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

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

112 **SECTION 4.** Bonds issued pursuant to the provisions of this
113 act, exclusive of bonds issued to provide for the refunding of
114 outstanding bonds, shall not exceed Twenty-five Million Dollars
115 (\$25,000,000.00).

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

127 **SECTION 6.** (1) The bonds shall be dated, shall bear
128 interest at such rate or rates (which rate or rates may be fixed,

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

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

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

161 sale thereof, which may include, but not be limited to, covenants
162 with the holders of the bonds, as to:

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

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

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

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

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

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

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

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

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

192 (j) Entering into interest rate exchange or similar
193 agreements with a counterparty under such terms and conditions as

194 the governing body may determine, including, but not limited to,
195 provisions as to default or early termination, and because of the
196 complexity of such agreements, the governing body is authorized to
197 solicit the provision of such agreements on a competitive or
198 negotiated basis; and

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

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

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

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

223 (3) Any trust indenture, bond resolution or related
224 indenture of mortgage or deed of trust may contain provisions,
225 which shall be a part of the contract with the holders of the
226 bonds as to: (a) pledging or assigning the revenues generated by

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

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

- 255 (a) The principal amount of the bonds being refunded;
256 (b) Applicable redemption premiums, if any, thereon;
257 (c) Unpaid interest on such bonds to be refunded to the
258 date or delivery or exchange of the refunding bonds;

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

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

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

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

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

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

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

300 **SECTION 9.** Prior to the issuance of any bonds under the
301 provisions of this act, the governing body shall adopt a
302 resolution declaring its intention so to do, stating the amount of
303 bonds proposed to be issued, and the date upon which the governing
304 body proposes to direct the issuance of such bonds. Such
305 resolution shall be published once a week for at least three (3)
306 consecutive weeks in a newspaper published in the city. The first
307 publication of such resolution shall be made not less than
308 twenty-one (21) days prior to the date fixed in such resolution to
309 direct the issuance of the bonds and the last publication shall be
310 made not more than seven (7) days prior to such date. If fifteen
311 hundred (1500) or ten percent (10%) of the qualified electors of
312 the city, whichever is less, shall file a written protest against
313 the issuance of such bonds on or before the date specified in such
314 resolution, then an election on the question of the issuance of
315 such bonds shall be called and held as herein provided. If no
316 such protest be filed, then such bonds may be issued without an
317 election on the question of the issuance thereof at any time
318 within a period of two (2) years after the date specified in the
319 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.