

By: Representative Watson

To: Ways and Means

HOUSE BILL NO. 1718

1 AN ACT TO AUTHORIZE THE ISSUANCE OF STATE GENERAL OBLIGATION
2 BONDS TO PROVIDE FUNDS TO SCHOOL DISTRICTS IN THE STATE FOR
3 CAPITAL IMPROVEMENTS; AND FOR RELATED PURPOSES.

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

5 **SECTION 1.** (1) As used in this section, the following words
6 shall have the meanings ascribed herein unless the context clearly
7 requires otherwise:

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

15 (b) "State" means the State of Mississippi.

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

17 (2) (a) (i) A special fund, to be designated as the "2007
18 Public School Improvements Fund" is created within the State
19 Treasury. The fund shall be maintained by the State Treasurer as
20 a separate and special fund, separate and apart from the General
21 Fund of the state. Unexpended amounts remaining in the fund at
22 the end of a fiscal year shall not lapse into the State General
23 Fund, and any interest earned or investment earnings on amounts in
24 the fund shall be deposited into such fund.

25 (ii) Money deposited into the fund shall be
26 disbursed, in the discretion of the State Department of Education,
27 to provide funds to school districts in the state for the purposes

28 described in Section 37-61-33(2)(a), (b) and (c), Mississippi Code
29 of 1972. Monies in the fund shall be distributed by the State
30 Department of Education to the school districts in the state in
31 the proportion that the average daily attendance of each school
32 district bears to the average daily attendance of all school
33 districts within the state.

34 (b) Amounts deposited into such special fund shall be
35 disbursed to pay the costs of the projects described in paragraph
36 (a) of this subsection. Promptly after the commission has
37 certified, by resolution duly adopted, that the projects described
38 in paragraph (a) of this subsection shall have been completed,
39 abandoned, or cannot be completed in a timely fashion, any amounts
40 remaining in such special fund shall be applied to pay debt
41 service on the bonds issued under this section, in accordance with
42 the proceedings authorizing the issuance of such bonds and as
43 directed by the commission.

44 (3) (a) The commission, at one time, or from time to time,
45 may declare by resolution the necessity for issuance of general
46 obligation bonds of the State of Mississippi to provide funds for
47 all costs incurred or to be incurred for the purposes described in
48 subsection (2) of this section. Upon the adoption of a resolution
49 by the State Department of Education, declaring the necessity for
50 the issuance of any part or all of the general obligation bonds
51 authorized by this subsection, the State Department of Education
52 shall deliver a certified copy of its resolution or resolutions to
53 the commission. Upon receipt of such resolution, the commission,
54 in its discretion, may act as the issuing agent, prescribe the
55 form of the bonds, advertise for and accept bids, issue and sell
56 the bonds so authorized to be sold and do any and all other things
57 necessary and advisable in connection with the issuance and sale
58 of such bonds. The total amount of bonds issued under this
59 section shall not exceed Twenty Million Dollars (\$20,000,000.00).

60 (b) Any investment earnings on amounts deposited into

61 the special fund created in subsection (2) of this section shall
62 be used to pay debt service on bonds issued under this section, in
63 accordance with the proceedings authorizing issuance of such
64 bonds.

65 (4) The principal of and interest on the bonds authorized
66 under this section shall be payable in the manner provided in this
67 subsection. Such bonds shall bear such date or dates, be in such
68 denomination or denominations, bear interest at such rate or rates
69 (not to exceed the limits set forth in Section 75-17-101,
70 Mississippi Code of 1972), be payable at such place or places
71 within or without the State of Mississippi, shall mature
72 absolutely at such time or times not to exceed twenty-five (25)
73 years from date of issue, be redeemable before maturity at such
74 time or times and upon such terms, with or without premium, shall
75 bear such registration privileges, and shall be substantially in
76 such form, all as shall be determined by resolution of the
77 commission.

78 (5) The bonds authorized by this section shall be signed by
79 the chairman of the commission, or by his facsimile signature, and
80 the official seal of the commission shall be affixed thereto,
81 attested by the secretary of the commission. The interest
82 coupons, if any, to be attached to such bonds may be executed by
83 the facsimile signatures of such officers. Whenever any such
84 bonds shall have been signed by the officials designated to sign
85 the bonds who were in office at the time of such signing but who
86 may have ceased to be such officers before the sale and delivery
87 of such bonds, or who may not have been in office on the date such
88 bonds may bear, the signatures of such officers upon such bonds
89 and coupons shall nevertheless be valid and sufficient for all
90 purposes and have the same effect as if the person so officially
91 signing such bonds had remained in office until their delivery to
92 the purchaser, or had been in office on the date such bonds may
93 bear. However, notwithstanding anything herein to the contrary,

94 such bonds may be issued as provided in the Registered Bond Act of
95 the State of Mississippi.

96 (6) All bonds and interest coupons issued under the
97 provisions of this section have all the qualities and incidents of
98 negotiable instruments under the provisions of the Uniform
99 Commercial Code, and in exercising the powers granted by this
100 section, the commission shall not be required to and need not
101 comply with the provisions of the Uniform Commercial Code.

102 (7) The commission shall act as the issuing agent for the
103 bonds authorized under this section, prescribe the form of the
104 bonds, advertise for and accept bids, issue and sell the bonds so
105 authorized to be sold, pay all fees and costs incurred in such
106 issuance and sale, and do any and all other things necessary and
107 advisable in connection with the issuance and sale of such bonds.
108 The commission is authorized and empowered to pay the costs that
109 are incident to the sale, issuance and delivery of the bonds
110 authorized under this section from the proceeds derived from the
111 sale of such bonds. The commission shall sell such bonds on
112 sealed bids at public sale, and for such price as it may determine
113 to be for the best interest of the State of Mississippi, but no
114 such sale shall be made at a price less than par plus accrued
115 interest to the date of delivery of the bonds to the purchaser.
116 All interest accruing on such bonds so issued shall be payable
117 semiannually or annually; however, the first interest payment may
118 be for any period of not more than one (1) year.

119 Notice of the sale of any such bonds shall be published at
120 least one time, not less than ten (10) days before the date of
121 sale, and shall be so published in one or more newspapers
122 published or having a general circulation in the City of Jackson,
123 Mississippi, and in one or more other newspapers or financial
124 journals with a national circulation, to be selected by the
125 commission.

126 The commission, when issuing any bonds under the authority of
127 this section, may provide that bonds, at the option of the State
128 of Mississippi, may be called in for payment and redemption at the
129 call price named therein and accrued interest on such date or
130 dates named therein.

131 (8) The bonds issued under the provisions of this section
132 are general obligations of the State of Mississippi, and for the
133 payment thereof the full faith and credit of the State of
134 Mississippi is irrevocably pledged. If the funds appropriated by
135 the Legislature are insufficient to pay the principal of and the
136 interest on such bonds as they become due, then the deficiency
137 shall be paid by the State Treasurer from any funds in the State
138 Treasury not otherwise appropriated. All such bonds shall contain
139 recitals on their faces substantially covering the provisions of
140 this subsection.

141 (9) Upon the issuance and sale of bonds under the provisions
142 of this section, the commission shall transfer the proceeds of any
143 such sale or sales to the special fund created in subsection (2)
144 of this section. The proceeds of such bonds shall be disbursed
145 solely upon the order of the State Department of Education under
146 such restrictions, if any, as may be contained in the resolution
147 providing for the issuance of the bonds.

148 (10) The bonds authorized under this section may be issued
149 without any other proceedings or the happening of any other
150 conditions or things other than those proceedings, conditions and
151 things which are specified or required by this section. Any
152 resolution providing for the issuance of bonds under the
153 provisions of this section shall become effective immediately upon
154 its adoption by the commission, and any such resolution may be
155 adopted at any regular or special meeting of the commission by a
156 majority of its members.

157 (11) The bonds authorized under the authority of this
158 section may be validated in the Chancery Court of the First

159 Judicial District of Hinds County, Mississippi, in the manner and
160 with the force and effect provided by Chapter 13, Title 31,
161 Mississippi Code of 1972, for the validation of county, municipal,
162 school district and other bonds. The notice to taxpayers required
163 by such statutes shall be published in a newspaper published or
164 having a general circulation in the City of Jackson, Mississippi.

165 (12) Any holder of bonds issued under the provisions of this
166 section or of any of the interest coupons pertaining thereto may,
167 either at law or in equity, by suit, action, mandamus or other
168 proceeding, protect and enforce any and all rights granted under
169 this section, or under such resolution, and may enforce and compel
170 performance of all duties required by this section to be
171 performed, in order to provide for the payment of bonds and
172 interest thereon.

173 (13) All bonds issued under the provisions of this section
174 shall be legal investments for trustees and other fiduciaries, and
175 for savings banks, trust companies and insurance companies
176 organized under the laws of the State of Mississippi, and such
177 bonds shall be legal securities which may be deposited with and
178 shall be received by all public officers and bodies of this state
179 and all municipalities and political subdivisions for the purpose
180 of securing the deposit of public funds.

181 (14) Bonds issued under the provisions of this section and
182 income therefrom shall be exempt from all taxation in the State of
183 Mississippi.

184 (15) The proceeds of the bonds issued under this section
185 shall be used solely for the purposes herein provided, including
186 the costs incident to the issuance and sale of such bonds.

187 (16) The State Treasurer is authorized, without further
188 process of law, to certify to the Department of Finance and
189 Administration the necessity for warrants, and the Department of
190 Finance and Administration is authorized and directed to issue
191 such warrants, in such amounts as may be necessary to pay when due

192 the principal of, premium, if any, and interest on, or the
193 accreted value of, all bonds issued under this section; and the
194 State Treasurer shall forward the necessary amount to the
195 designated place or places of payment of such bonds in ample time
196 to discharge such bonds, or the interest thereon, on the due dates
197 thereof.

198 (17) This section shall be deemed to be full and complete
199 authority for the exercise of the powers herein granted, but this
200 section shall not be deemed to repeal or to be in derogation of
201 any existing law of this state.

202 **SECTION 2.** This act shall take effect and be in force from
203 and after its passage.