

By: Representative Smith (59th)

To: Local and Private  
Legislation

## HOUSE BILL NO. 1805

1 AN ACT TO AUTHORIZE THE CITY OF FLOWOOD, MISSISSIPPI, TO  
2 ISSUE REVENUE BONDS FOR THE PURPOSE OF FINANCING AND/OR  
3 REFINANCING THE CONSTRUCTION, RECONSTRUCTION, REHABILITATION,  
4 REMODELING, REPAIRING, IMPROVING, EXPANDING, EQUIPPING AND  
5 FURNISHING OF HEALTH, FITNESS, SPORTS AND RECREATIONAL FACILITIES  
6 OWNED OR TO BE OWNED BY THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF  
7 METROPOLITAN JACKSON; AND FOR 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 Flowood, Mississippi, and the  
11 surrounding area, the increase of their welfare and prosperity,  
12 and the improvement and maintenance of their health and living  
13 conditions, that the Mayor and Board of Aldermen of the City of  
14 Flowood, Mississippi, be granted the authority to issue revenue  
15 bonds for the benefit of The Young Men's Christian Association of  
16 Metropolitan Jackson, 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) "Bond" or "bonds" means bonds, notes or other  
21 obligations of the city issued, in one or more series, from time  
22 to time, pursuant to this act.

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

24 (c) "Company" means The Young Men's Christian  
25 Association of Metropolitan Jackson, a Mississippi nonprofit  
26 corporation which is an organization described in Section 501(c)  
27 (3) or any successor section of the Internal Revenue Code of 1986,  
28 as amended, and which is authorized under its corporate charter to  
29 own, operate and maintain the facilities.

30 (d) "Costs," as applied to the facilities, means any  
31 and all costs of financing or refinancing such facilities and,  
32 without limiting the generality of the foregoing, shall include  
33 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 facilities and all costs incident or related  
39 thereto;

40 (ii) The cost of acquiring any property interest  
41 in the facilities, including the purchase thereof or the cost of  
42 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 facilities or the acquisition thereof;

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

54 (v) Any and all costs paid or incurred in  
55 connection with the financing or refinancing of the facilities,  
56 including out-of-pocket expenses, the cost of financing, legal,  
57 accounting, financial advisory and consulting fees, expenses and  
58 disbursement; the cost of any policy of insurance; the cost of  
59 printing, engraving and reproduction services; the cost of  
60 providing or establishing a reasonable reserve fund for the  
61 payment of principal of and interest on bonds; and the cost of the  
62 initial or acceptance fee of any trustee or paying agent.

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

65 (f) "Governing body" means the Mayor and Board of  
66 Aldermen of the city.

67 (g) "Facilities" means buildings and structures of any  
68 and all types used or useful, in the discretion of the company,  
69 for providing for the health, fitness, sports and recreational  
70 needs of the residents of the city and the surrounding area and  
71 shall include, without limiting the generality of the foregoing,  
72 health, fitness, recreation and sports buildings, parks, fields,  
73 administration buildings, office buildings, maintenance, storage  
74 or utility facilities, parking lots, and garages and all  
75 necessary, useful, or related equipment, furnishings and other  
76 personal property, and appurtenances and all lands necessary or  
77 convenient as a site for the foregoing, provided that any or all  
78 of the foregoing shall be owned by the company.

79 (h) "Interest rate exchange or similar agreement" means  
80 a written contract entered into by the city with a counterparty in  
81 connection with bonds to provide for an exchange of payments based  
82 upon fixed and/or variable rates, shall include interest rate  
83 caps, collars, floors and similar agreements and options on each  
84 of the foregoing, and shall be for exchanges in currency of the  
85 United States of America only with such terms determined by the  
86 governing body to be in the financial best interest of the city  
87 and the company.

88 (i) "Loan agreement" means an agreement providing for  
89 the city to loan the proceeds derived from the issuance of bonds  
90 pursuant to this act to the company to be used to pay costs  
91 associated with the financing or refinancing of the facilities and  
92 providing for the repayment of such loan by the company and which  
93 may provide for such loans to be secured or evidenced by one or  
94 more notes, debenture, bonds or other secured or unsecured debt  
95 obligations of the company, delivered to the city or to the

96 trustee under the trust indenture pursuant to which the bonds were  
97 issued.

98 (j) "Project" means paying the costs of financing or  
99 refinancing the facilities.

100 (k) "State" means the State of Mississippi.

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

104 **SECTION 4.** Bonds issued pursuant to the provisions of this  
105 act, exclusive of bonds issued to provide for the refunding of  
106 outstanding bonds, shall not exceed Fifteen Million Dollars  
107 (\$15,000,000.00).

108 **SECTION 5.** The principal of, redemption premium, if any, and  
109 interest on the bonds shall be payable solely out of and shall be  
110 secured by a pledge of the revenues and income received by the  
111 company in connection with the facilities or other operations of  
112 the company as shall be designated in the proceedings of the  
113 governing body under which the bonds are authorized to be issued,  
114 including debt obligations of the company obtained from or in  
115 connection with the financing of a project or projects, and from  
116 such other sources available to the company as may be designated  
117 in the proceedings of the governing body under which the bonds are  
118 authorized to be issued.

119 **SECTION 6.** (1) The bonds shall be dated, shall bear  
120 interest at such rate or rates (which rate or rates may be fixed,  
121 adjustable or variable), shall mature at such time or times in  
122 either serial or term form or both not exceeding thirty (30) years  
123 from their date, and may be made redeemable prior to maturity at  
124 such price or prices and upon such terms and conditions as may be  
125 determined by the city; however, bonds issued to finance equipment  
126 shall mature at such time or times not exceeding one hundred  
127 twenty percent (120%) of the average useful life of such  
128 equipment. The bonds shall be in such form and denomination or

129 denominations and payable at such place or places, either within  
130 the state or without the state, and may be authenticated in such  
131 manner, as the city may determine by resolution. The bonds shall  
132 be executed on behalf of the city by the manual or facsimile  
133 signature of the mayor and shall be countersigned by the manual or  
134 facsimile signature of the city clerk. In cases where any officer  
135 whose signature or a facsimile of whose signature shall appear on  
136 any bonds shall cease to be such officer before the delivery of  
137 and payment for such bonds, such signature or such facsimile shall  
138 nevertheless be valid and sufficient for all purposes the same as  
139 if such officer had remained in office until such delivery and  
140 payment. The bonds may be issued in book entry or in fully  
141 registered form, or any combination, or may be payable to a  
142 specific person, as the city may determine, and provision may be  
143 made for the conversion from one form to another. The duty of  
144 conversion may be imposed upon a trustee in a trust indenture.

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

147 (3) The bonds shall be issued under and subject to such  
148 terms, conditions and covenants providing for the payment of the  
149 principal, redemption premium, if any, and interest thereon and  
150 such other terms, conditions, covenants and protective provisions  
151 safeguarding such payment, not inconsistent with this act, as may  
152 be found to be necessary by the city for the most advantageous  
153 sale thereof, which may include, but not be limited to, covenants  
154 with the holders of the bonds as to:

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

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

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

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

165           (e) Limitations on the issuance of additional bonds and  
166 on the refunding of outstanding bonds;

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

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

173           (h) Vesting in a trustee or trustees such properties,  
174 rights, powers and duties in trust as the city may determine,  
175 which may include any or all of the usual and customary rights,  
176 powers and duties of the trustee appointed for the holders of any  
177 issue of bonds as agreed upon by the city;

178           (i) Defining the acts or omissions to act which shall  
179 constitute a default in the obligations and duties of the city  
180 and/or the company and providing for the rights and remedies of  
181 the holders of bonds in the event of such default; provided, that  
182 such rights and remedies shall not be inconsistent with the  
183 general laws of the state and other provisions of this act;

184           (j) Entering into interest rate exchange or similar  
185 agreements with a counterparty under such terms and conditions as  
186 the governing body may determine, including, but not limited to,  
187 provisions as to default or early termination, and because of the  
188 complexity of such agreements, the governing body is authorized to  
189 solicit the provision of such agreements on a competitive or  
190 negotiated basis; and

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

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

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

210 (2) The bonds may be additionally secured by a mortgage,  
211 deed of trust or other security interest upon the facilities,  
212 vesting in the trustee the power to sell the property subject  
213 thereto for payment of the bonds.

214 (3) Any trust indenture, bond resolution or related  
215 indenture of mortgage or deed of trust may contain provisions,  
216 which shall be a part of the contract with the holders of the  
217 bonds as to:

218 (a) Pledging or assigning the revenues generated by the  
219 company and/or one or more of the facilities, or pledging or  
220 assigning the notes, mortgage or other security given by the  
221 company in connection with the issuance of the bonds, or other  
222 specified revenues or property of the company;

223 (b) Setting aside any reserves or sinking funds, and  
224 the regulation, investment and disposition thereof;

225 (c) Limitations on the use of the facilities;

226 (d) Limitations on the purpose to which or the  
227 investments in which the proceeds of sale of any issue or bonds  
228 then or thereafter to be issued may be applied;

229 (e) Limitations on the issuance of additional bonds,  
230 the terms upon which additional bonds may be issued and secured  
231 and the terms upon which additional bonds may rank on a parity  
232 with, or subordinate or superior to, other bonds;

233 (f) The refunding of outstanding bonds;

234 (g) The procedure, if any, by which the terms of any  
235 contract with bondholders may be amended or abrogated, the amounts  
236 of bonds the holders of which must consent thereto, the manner in  
237 which such consent may be given and restrictions on the individual  
238 rights of action by bondholders;

239 (h) Acts or omissions which shall constitute a default  
240 in the duties of the city to holders of its bonds and providing  
241 the rights and remedies of such holders in the event of default;  
242 and

243 (i) Any other matters relating to the bonds which the  
244 city deems desirable.

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

250 (a) The principal amount of the bonds being refunded;

251 (b) Applicable redemption premiums, if any, thereon;

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

254 (d) In the event the proceeds from the sale of the  
255 refunding bonds are to be deposited in trust as hereafter  
256 provided, interest to accrue on such bonds to be refunded from the  
257 date of delivery of the refunding bonds to the date of maturity or  
258 to a redemption date of the bonds to be refunded; and



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

262           (2) Any such refunding may be effected, whether the bonds to  
263 be refunded shall have then matured or shall thereafter mature,  
264 either by exchange of the refunding bonds for the bonds to be  
265 refunded thereby with the consent of the holders of the bonds to  
266 be so refunded, or by sale of the refunding bonds and application  
267 of the proceeds thereof to the payment of the bonds to be refunded  
268 thereby, and regardless of whether the bonds to be refunded were  
269 issued in connection with the same projects or separate projects,  
270 and regardless of whether the bonds proposed to be refunded shall  
271 be payable on the same date or on different dates or shall be due  
272 serially or otherwise.

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

275           (a) To the immediate payment and retirement of the  
276 bonds being refunded; or

277           (b) To the extent not required for the immediate  
278 payment of the bonds being refunded, then such proceeds shall be  
279 deposited in trust to provide for the payment and retirement of  
280 the bonds being refunded and to pay any expenses incurred in  
281 connection with such refunding, but may also be used to pay  
282 interest on the refunding bonds prior to the retirement of the  
283 bonds being refunded. Money in any such trust fund may be  
284 invested in direct obligations of, or obligations the principal of  
285 and interest on which are guaranteed by, the United States of  
286 America, or in certificates of deposit issued by a bank or trust  
287 company located in the state if such certificates shall be secured  
288 by a pledge of any of such obligations having an aggregate market  
289 value, exclusive of accrued interest, equal at least to the  
290 principal amount of the certificates so secured. Nothing herein  
291 shall be construed as a limitation on the duration of any deposit

292 in trust for the retirement of bonds being refunded but which  
293 shall not have matured and which shall not be presently  
294 redeemable.

295         **SECTION 9.** Prior to the issuance of any bonds under the  
296 provisions of this act, the governing body shall adopt a  
297 resolution declaring its intention so to do, stating the amount of  
298 bonds proposed to be issued, and the date upon which the governing  
299 body proposes to direct the issuance of such bonds. Such  
300 resolution shall be published once a week for at least three (3)  
301 consecutive weeks in a newspaper published in the city. The first  
302 publication of such resolution shall be made not less than  
303 twenty-one (21) days prior to the date fixed in such resolution to  
304 direct the issuance of the bonds and the last publication shall be  
305 made not more than seven (7) days prior to such date.

306         **SECTION 10.** All bonds issued by the city under authority of  
307 this act shall be limited obligations of the city, the principal  
308 of, redemption premium, if any, and interest on which shall be  
309 payable solely from the revenues of the facilities financed with  
310 proceeds of bonds and from such other funds as may be made  
311 available to the city for such purpose by the company. Bonds  
312 issued under the authority of this act shall never constitute an  
313 indebtedness of the city within the meaning of any state  
314 constitutional provision or statutory limitation, and shall never  
315 constitute nor give rise to a pecuniary liability of the city or a  
316 charge against its general credit or taxing powers, and such fact  
317 shall be plainly stated on the face of each such bond. All bonds  
318 issued under the authority of this act shall be construed to be  
319 negotiable instruments, despite the fact that they are payable  
320 solely from a specified source.

321         **SECTION 11.** Bonds issued under the provisions of this act  
322 shall be legal investments for commercial banks, savings and loan  
323 associations and insurance companies organized under the laws of  
324 the state.

325           **SECTION 12.** Bonds issued under the provisions of this act  
326 may be validated in the manner provided by law.

327           **SECTION 13.** The bonds authorized by this act and the income  
328 therefrom, all loan agreements made pursuant to the provisions  
329 hereof, and all purchases required to establish projects acquired  
330 and constructed with bond proceeds shall be exempt from all  
331 taxation in the state except the contractor's tax imposed by  
332 Section 27-65-21, Mississippi Code of 1972.

333           **SECTION 14.** This act, without reference to any other  
334 statute, shall be deemed to be full and complete authority for the  
335 issuance of the aforesaid bonds, and shall be construed as an  
336 additional and alternative method therefore, and none of the  
337 present restrictions, requirements, conditions or limitations of  
338 law applicable to the issuance or sale of bonds, notes or other  
339 obligations by municipalities in this state shall apply to the  
340 issuance and sale of bonds under this act, and no proceedings  
341 shall be required for the issuance of such bonds other than those  
342 provided for and required herein, and all powers necessary to be  
343 exercised in order to carry out the provisions of this act, are  
344 hereby conferred.

345           **SECTION 15.** This act shall take effect and be in force from  
346 and after its passage.