

By: Senator(s) Tollison

To: Local and Private

SENATE BILL NO. 3128

1 AN ACT TO AUTHORIZE THE GOVERNING AUTHORITIES OF THE CITY OF
2 OXFORD, MISSISSIPPI, TO ESTABLISH THE CITY OF OXFORD MUNICIPAL
3 RESERVE AND TRUST FUND; TO PROVIDE THAT ALL PROCEEDS RECEIVED BY
4 THE CITY AS A RESULT OF THE TERMINATION OF LEASE AND FOR THE SALE
5 OF THE REAL AND PERSONAL PROPERTY RELATED TO THE BAPTIST MEMORIAL
6 HOSPITAL-NORTH MISSISSIPPI FACILITIES LOCATED ON LAMAR AVENUE
7 SHALL BE DEPOSITED INTO THE FUND; TO PROVIDE FOR THE ESTABLISHMENT
8 OF THE BOARD OF TRUSTEES OF THE CITY OF OXFORD MUNICIPAL RESERVE
9 AND TRUST FUND AND PROVIDE FOR THE APPOINTMENT OF ITS MEMBERS; TO
10 PROVIDE FOR THE POWERS AND DUTIES OF THE BOARD OF TRUSTEES; TO
11 PROVIDE FOR THE INVESTMENT OF THE ASSETS OF THE TRUST FUND; TO
12 PROVIDE THAT THE FUND SHALL BE DIVIDED INTO A CORPUS COMPONENT AND
13 AN EARNING COMPONENT; TO PROVIDE THAT THE CORPUS COMPONENT SHALL
14 REMAIN INVIOLOATE EXCEPT AS OTHERWISE PROVIDED IN THIS ACT; TO
15 PROVIDE THAT THE EARNINGS COMPONENT SHALL BE TRANSFERRED FROM THE
16 TRUST FUND TO THE GENERAL FUND OF THE CITY AND SHALL BE AVAILABLE
17 FOR APPROPRIATION AND SPENDING BY THE GOVERNING AUTHORITIES OF THE
18 CITY; TO AUTHORIZE MONEY FROM THE CORPUS OF THE TRUST TO BE
19 EXPENDED BY THE CITY UNDER CERTAIN CIRCUMSTANCES; AND FOR RELATED
20 PURPOSES.

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

22 **SECTION 1.** It is hereby determined and declared that for the
23 benefit of the people of the City of Oxford, Mississippi, and the
24 continued improvement and maintenance of the City of Oxford, and
25 for providing for the fiscal security and sustained revenue for
26 the city and its citizens, that it is the purpose of this act to
27 establish an alternative method to make funds available to fulfill
28 these obligations and important and prudent purposes by
29 authorizing the creation, operation, administration and governance
30 of the City of Oxford Municipal Reserve and Trust Fund, through
31 which the ongoing needs of the city shall be met and ongoing
32 improvements to the city be made and through which the quality and
33 welfare of all residents of the City of Oxford will be increased,
34 all to the public benefit and good, as more fully provided herein.



35 This act shall apply only to the funds creating the City of Oxford
36 Municipal Reserve and Trust Fund as more fully provided herein.

37 **SECTION 2.** As used in this act, unless a different meaning
38 clearly appears in the context, the following terms shall have the
39 following meaning:

40 (a) "City" means the City of Oxford, Mississippi,
41 acting by and through its mayor and board of aldermen.

42 (b) "Clerk" means the then clerk of the city.

43 (c) "Governing authorities" means the mayor and board
44 of aldermen of the city.

45 (c) "Mayor" means the then mayor of the city.

46 (d) "Mayor Pro Tem" means the then mayor pro tempore of
47 the city.

48 (e) "Board of aldermen" means the then board of
49 aldermen of the city.

50 (f) "Fund" means the City of Oxford Municipal Reserve
51 and Trust Fund established under this act for the deposit of the
52 sales proceeds received by the city as a result of the termination
53 of lease and for the sale of the real and personal property
54 related to the existing Baptist Memorial Hospital-North
55 Mississippi facilities.

56 (g) "Trustees" mean the persons chosen in accordance
57 with this act to perform in a manner so as to safeguard the
58 interests of the people of the city, the administrative and
59 management duties necessary to fulfill the purposes of the City of
60 Oxford Municipal Reserve and Trust Fund. If the city assumes
61 administration of the fund as provided in this act, then the
62 trustees shall refer to the mayor and board of aldermen of the
63 city acting in the position of trustees of the fund.

64 (h) "Income" means all interest and dividends derived
65 from the investment of monies in the fund.

66 **SECTION 3.** The governing authorities are authorized to
67 establish the City of Oxford Municipal Reserve and Trust Fund.



68 The governing authorities are authorized to fund and deposit into
69 the fund all proceeds received by the city as a result of the
70 termination of the lease and for the sale of the real and personal
71 property related to the Baptist Memorial Hospital-North
72 Mississippi facilities located on Lamar Avenue in the city and any
73 income from the investment of those funds.

74 **SECTION 4.** (1) There is established the Board of Trustees
75 of the City of Oxford Municipal Reserve and Trust Fund. The fund
76 shall be administered, managed, invested and governed by the board
77 of trustees.

78 (2) The governing authorities of the city is authorized to
79 delegate the administration and management of the fund to the
80 trustees, to be chosen in the manner provided in this section, and
81 the trustees are hereby authorized to manage and invest the fund
82 as provided in this act.

83 (3) The board of trustees shall consist of nine (9) members
84 as follows:

85 (a) One (1) member shall be the mayor;

86 (b) One (1) member shall be the mayor pro tem;

87 (c) One (1) member shall be an alderman appointed by
88 the mayor with the advice and consent of the board of aldermen;
89 and

90 (d) Six (6) members shall be appointed by the mayor
91 with the advice and consent of the board of aldermen.

92 (4) The initial term of office of the six (6) nonaldermen
93 members shall be for one (1) year, two (2) years, three (3) years,
94 four (4) years, five (5) years and six (6) years, respectively, as
95 designated by the mayor.

96 (5) The term of office for the appointed alderman member
97 shall be two (2) years.

98 (6) Notwithstanding the day on which the appointment began,
99 all terms of the appointed trustees shall end on the first day of
100 August of the year in which their term ends. After the initial



101 appointments, each new trustee shall be appointed for a term of
102 office of two (2) years, beginning on the first day of August.
103 Members shall be eligible for reappointment. Vacancies shall be
104 filled for the remainder of the unexpired term in the same manner
105 as regular appointments.

106 (7) Each member appointed by the mayor shall possess
107 knowledge, skill and experience in business or financial matters
108 commensurate with the duties and responsibilities of the board of
109 trustees in administering the fund.

110 (8) Nongovernmental trustees shall serve without
111 compensation, but shall be reimbursed per diem in the amount
112 established by Section 25-3-69, Mississippi Code of 1972, for each
113 meeting of the board of trustees that the trustee is in
114 attendance, and for travel and lodging expenses as established by
115 Section 25-3-41, Mississippi Code of 1972. The expenses of the
116 board of trustees in carrying out its duties and responsibilities
117 shall be paid from income from the fund. The mayor, mayor pro tem
118 and appointed board of alderman shall serve as trustees without
119 compensation.

120 (9) The mayor pro tem shall be the chairman of the board of
121 trustees. The board of trustees shall annually elect one (1)
122 member to serve as vice chairman of the board of trustees. The
123 vice chairman shall act as chairman in the absence of or upon the
124 disability of the chairman or if there is a vacancy in the office
125 of the chairman.

126 (10) The board of trustees may be dissolved at any time by
127 the governing authorities if, by majority vote, the governing
128 authorities finds such dissolution to be in the best interest of
129 the public. In the case of dissolution, the governing authorities
130 shall administer the fund directly, acting always in accordance
131 with the provisions of this act, until such time, if any, as the
132 governing authorities elects to reestablish a board of trustees in



133 accordance with the procedures for appointment in as provided in
134 of this section.

135 (11) The trustees shall administer and manage the fund and
136 manage the principal and interest income of the fund, and
137 establish a comprehensive investment plan for the purposes of this
138 act. The comprehensive investment plan shall specify the policies
139 to be utilized by the board of trustees in its administration of
140 the fund. The board of trustees shall invest the fund in any of
141 the investments authorized for the Mississippi Prepaid Affordable
142 College Tuition Program under Section 37-155-9, Mississippi Code
143 of 1972, and those investments shall be subject to the limitations
144 prescribed by Section 37-155-9, except the fund shall be
145 restricted from investment in the covered call and put options
146 allowed in Section 37-155-9(v) (xi) or in the pooled or commingled
147 real estate funds or real estate securities as outlined in Section
148 37-155-9(v) (xiii).

149 (12) In furtherance of the powers granted under subsection
150 (11) of this section, the board of trustees shall have such powers
151 as necessary or convenient to carry out the purposes and
152 provisions of this act, including, but not limited to, the
153 following express powers:

154 (a) To contract for necessary goods and services, to
155 employ necessary personnel, and to engage the services of
156 consultants for administrative and technical assistance in
157 carrying out its duties and responsibilities in administering the
158 fund;

159 (b) To administer the fund in a manner that is
160 sufficiently actuarially sound to meet the obligations of this
161 act;

162 (c) Subject to the terms, conditions, limitations and
163 restrictions specified in Section 37-155-9 and subsection (11) of
164 this section, the board of trustees shall have power to sell,



165 assign, transfer and dispose of any of the securities and
166 investments of the fund, provided that any such sale,
167 assignment or transfer has the majority approval of the entire
168 board of trustees; and

169 (d) To annually prepare, or cause to be prepared, a
170 report setting forth in appropriate detail an accounting of the
171 fund and a description of the financial condition of the fund at
172 the close of each fiscal year. The report shall be submitted to
173 the governing authorities on or before July 1 of each fiscal year.
174 In addition, at all times, the governing authorities shall have
175 the right upon reasonable notice to review, inspect and/or audit
176 fund records and accounts maintained by the trustees.

177 **SECTION 5.** The fund shall be invested and disbursed as
178 follows:

179 (a) The fund shall be divided into two (2) components:
180 (i) the corpus component, and (ii) the earnings component.

181 (b) The corpus component of the funds shall consist of
182 the initial deposit as described above, and additional subsequent
183 deposits from the annual income earned from the investment of the
184 fund. Except as otherwise provided in this act, the corpus shall
185 be inviolate and maintained and used to generate interest income
186 and shall not be invaded or used by the trustees.

187 (c) The earnings component shall be composed of a
188 percentage of the annual interest earned on the corpus component
189 of the fund, and shall be defined and available for distribution
190 by the trustees as described in this subsection.

191 (d) For the first three (3) fiscal years after the fund
192 is established, the earnings component shall be considered an
193 amount equal to three percent (3%) of the amount of the full fund
194 balance.

195 (e) Thereafter, seventy-five percent (75%) of the
196 average of the net yield of fund income from the previous three
197 (3) fiscal years, as determined by the board of trustees in their



198 discretion, shall be considered the earnings component and shall
199 be available for distribution by the trustees as described in this
200 act. All remaining portions of the annual income earned from the
201 investment of the fund shall be part of the corpus component.

202 (f) On or before July 1 each year, the trustees shall
203 determine the portion of the earnings component of the trust fund,
204 and shall report to the governing authorities as set out in
205 Section 4 of this act. Trustees are specifically given the power
206 to expend from the earnings component amounts required in
207 connection with the management by the trustees of the fund,
208 including, but not limited to, payments for accounting fees, legal
209 fees and investment advisor or fund management fees. These
210 expenditures shall be included in the full report as required in
211 Section 4 of this act.

212 (g) Funds comprising the earnings component shall be
213 transferred from the fund to the general fund of the city at the
214 direction of the clerk and shall be available for appropriation
215 and spending by the governing authorities. Any earnings component
216 not transferred to the city for such general purposes shall remain
217 in the fund, but shall be available for use and transfer to the
218 city in the following years.

219 **SECTION 6.** (1) Upon a three-fourths (3/4) majority vote of
220 the board of aldermen and with approval by the mayor, the
221 governing authorities are authorized to withdraw monies from the
222 corpus component and have the monies disbursed to the city for
223 appropriation and spending, in the event of the following:

224 (a) A state of emergency or local emergency has been
225 declared under federal, state, or local law; or

226 (b) Overall budgeted collections of the city are more
227 than five percent (5%) below that fiscal year's budgeted estimates
228 for at least three (3) consecutive calendar months. In this
229 instance, corpus monies may be withdrawn by the city to meet up to
230 ninety-eight percent (98%) of projected budget shortfalls.



231 (2) In the event of withdrawal of any portion of the corpus
232 component by the city pursuant to subsection (1)(a) or (1)(b) of
233 this section, annual disbursements by the trustees of the earnings
234 components authorized in Section 5 of this act shall cease and all
235 income shall be retained by the trustees and repaid to the corpus
236 until such time as the corpus component equals its full
237 prewithdrawal amount, at which time, disbursement of earning
238 components in accordance with Section 5 of this act may continue.

239 (3) In addition to the authority to withdraw as provided in
240 subsection (1) of this section, upon a unanimous vote of the board
241 of aldermen and with approval by the mayor, the governing
242 authorities are authorized to withdraw monies from the corpus
243 component and have them disbursed to the city for appropriation
244 and spending. The withdrawal by the governing authorities
245 pursuant to this subsection, shall be limited in the following
246 manner:

247 (a) No such vote or withdrawal may occur without the
248 governing authorities first conducting a full public, open
249 municipal hearing on consideration of the matter for which such
250 appropriation and spending would be made;

251 (b) Withdrawal pursuant to this subsection may occur
252 only one time during each four-year term of the then board of
253 aldermen and mayor;

254 (c) Withdrawal shall not exceed ten percent (10%) of
255 the corpus component of the fund, as determined by the trustees;
256 and

257 (d) The withdrawal must be repaid to the fund as
258 provided in subsection (2) of this section before a withdrawal
259 under this subsection could be authorized within a subsequent
260 four-year term.

261 **SECTION 7.** This act shall take effect and be in force from
262 and after its passage.

