

By: Representative Williams

To: Public Health and
WelfareHOUSE BILL NO. 1435
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 27-105-365, MISSISSIPPI CODE OF 1972,
2 TO REVISE AND EXPAND THE AUTHORIZED INVESTMENTS FOR FUNDS OF
3 COMMUNITY HOSPITALS; AND FOR RELATED PURPOSES.

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

5 SECTION 1. Section 27-105-365, Mississippi Code of 1972, is
6 amended as follows:

7 27-105-365. (1) The commissioners or board of trustees of
8 any hospital owned and operated separately or jointly by one or
9 more counties, cities, towns, supervisors districts, or election
10 districts or combinations thereof, including hospitals established
11 under the authority of Sections 41-13-1 through 41-13-9, as now or
12 hereafter amended, are hereby authorized and empowered to deposit
13 the funds of such hospital in one or more financial institutions
14 whose accounts are insured by the Federal Deposit Insurance
15 Corporation, selected by the board of trustees in the same manner
16 as county depositories are selected by boards of supervisors
17 pursuant to Section 27-105-305, located in its county or counties,
18 except as otherwise provided in the following paragraphs.

19 At the regular December meeting of the board of trustees in
20 1995, or at any regular December meeting of the board thereafter,
21 the board may, in its discretion, give notice by publication to
22 all financial institutions in its county or counties whose
23 accounts are insured by the Federal Deposit Insurance
24 Corporation * * *, that bids will be received from financial
25 institutions at the following January meeting, or some subsequent
26 meeting, for the privilege of keeping the hospital funds or any

part thereof for a period of three (3) years, subject to earlier termination as authorized in this paragraph. Such bids shall be submitted and accepted in the same manner as provided in Section 27-105-305. After the board has selected a depository or depositories as provided in this paragraph, the board may, at any regular December meeting during the three-year period, give notice to and receive bids from financial institutions in the manner provided in this paragraph, for the privilege of keeping the hospital funds or any part thereof for a period of three (3) years, subject to earlier termination as authorized in this paragraph; and after receiving such bids, the board may reject all bids and elect to keep the funds in the current depository or depositories for the remainder of the three-year period under the terms originally agreed to with the depository or depositories, or if the board determines it to be in the best interests of the hospital, it may terminate the agreement with the current depository or depositories and select a new depository or depositories or the same depository or depositories from the bids received, choosing the bid or bids proposing the best terms for the hospital.

Such hospital funds, when so deposited, shall have the same security and protection as required for county funds in Section 27-105-315. When more than one (1) depository of whatever type is authorized, the * * * commissioners or board of trustees may select one or more of such depositories and may apportion such deposits, at their or its discretion, if more than one (1) depository is selected. If there is no financial institution located within such county or counties, the commissioners or board of trustees of such hospital may select, in their or its discretion, a depository located outside of such county or counties.

The commissioners or boards of trustees of such community hospitals shall deposit the funds of such hospital into the depository selected under this section on the day when they are received or collected, or on the next business day thereafter.

(2) The commissioners or board of trustees of any such hospital may, in their or its discretion, maintain one or more

special funds for the purpose of making necessary repairs,
necessary purchases of equipment, meeting operational and
maintenance expenses, allowing for depreciation, providing
contingent funds for emergencies, funding hospital improvements,
or providing for other special needs, and may deposit any part of
such special fund in accordance with the provisions contained in
subsection (1) for the deposit of other funds of such hospital.
Said commissioners or board of trustees may also invest any part
of such special fund, any funds derived from the sale of bonds, or
any other funds in excess of the sums which will be required to
meet the current needs and demands of no more than seven (7)
business days in the following:

(i) In any bonds or other direct obligations of
the United States of America or the State of Mississippi, or of
any county, school district or municipality of this state, which
such county, school district or municipal bonds have been approved
by a reputable bond attorney or have been validated by decree of
the chancery court;

(ii) In obligations issued or guaranteed in full
as to principal and interest by the United States of America which
are subject to a repurchase agreement with a financial institution
certified as a qualified depository;

(iii) In United States Government agency, United
States Government instrumentality, or United States Government
sponsored enterprise obligations, the principal and interest of
which are fully guaranteed by the government of the United States,
such as the Government National Mortgage Association; or United
States Government agency, United States Government
instrumentality, or United States Government sponsored enterprise
obligations, the principal and interest of which are guaranteed by
any United States Government agency, United States Government
instrumentality, or United States Government sponsored enterprise.
However, at no time shall the funds invested in United States

Government agency, United States Government instrumentality, or
United States Government sponsored enterprise obligations
enumerated in the preceding sentence exceed fifty percent (50%) of
all monies invested with maturities of thirty (30) days or longer.
The limitation set forth in the preceding sentence shall be
applicable only at the time of purchase and shall not require the
liquidation of any investment at any time;

(iv) * * * In an account or accounts in one or
more financial institutions located in this state, and such funds
when so invested shall have the same security and protection as
required in Section 27-105-315;

(v) * * * In an insured account or accounts in one
or more financial institutions in this state * * * whose accounts
are insured by the Federal Deposit Insurance Corporation * * *;
provided that the amount in any single account shall not exceed
the amount which at any one time is insured by the Federal Deposit
Insurance Corporation * * *;

(vi) In any open-end or closed-end management type
investment company or investment trust registered under the
provisions of 15 USCS Section 80(a)-1 et seq., provided that the
portfolio of such investment company or investment trust is
limited to direct obligations issued by the United States of
America, United States Government agencies, United States
Government instrumentalities or United States Government sponsored
enterprises, and to repurchase agreements fully collateralized by
direct obligations of the United States of America, United States
Government agencies, United States Government instrumentalities or
United States Government sponsored enterprises, and the investment
company or investment trust takes delivery of such collateral for
the repurchase agreement, either directly or through an authorized
custodian. The total dollar amount of funds invested in all
open-end and closed-end management type investment companies and
investment trusts at any one time shall not exceed twenty percent

(20%) of the total dollar amount of funds invested under this subsection. The limitation set forth in the preceding sentence shall be applicable only at the time of purchase and shall not require the liquidation of any investment at any time.

(vii) In an investment trust consisting of pooled or commingled funds of other hospitals, provided that (A) the portfolio of such investment trust is limited to investments authorized under this section, (B) such trust is managed by an entity with trust powers or by an investment advisor registered with the Securities and Exchange Commission and retained as an investment manager by the commissioners or the board of trustees, as the case may be, and (C) any investment manager approved by the commissioners or the board of trustees, as the case may be, shall invest such commingled funds as a fiduciary.

In addition, the commissioners or the board of trustees, in their or its discretion, may invest such funds as permitted by Section 19-9-29, 21-33-323, 27-105-33 or 37-59-43, as the same may be amended from time to time.

In any event, the bonds or obligations described in subparagraph (i), (ii) or (iii) in which such funds are invested shall mature or be redeemable prior to the time the funds so invested will be needed for expenditures. When bonds or other obligations have been so purchased, the same may be sold or surrendered for redemption at any time by order or resolution of the commissioners or board of trustees of any such hospital, and the president or vice president, when authorized by such order or resolution, shall have the power and authority to execute all instruments and take such other action as may be necessary to effectuate the sale or redemption thereof.

When any such special fund is maintained for a purpose that requires contract letting or other action by the governing authority or authorities of the counties, cities, towns, supervisors districts or election districts, separately or jointly

owning and operating such hospital, the commissioners or board of trustees of the hospital may transfer the whole or any part of any such special fund to the governing authority or authorities aforesaid on condition that the same be used for such purpose or returned to the transferring commissioners or board of trustees within the time designated in the conditions.

(3) All funds which shall be derived from any tax levied for the support and maintenance of any such hospital, and all other funds which may be made available for the support and maintenance of any such hospital by the state or any county or municipality, and all fees and other monies which may be collected or received by or for such hospital shall be placed in a special fund to the credit of such hospital within sixty (60) days after collection, and all such funds shall be expended and paid out upon the allowance of the board of trustees or commissioners of the hospital, as the case may be, and disbursed by checks signed by such person, officer or officers, as may be designated by such board of trustees or commissioners. Any officer or person who shall be designated by such board of trustees or commissioners to execute such checks shall furnish to such board of trustees or commissioners a good and sufficient surety bond in such amount as such board of trustees may fix, conditioned upon the faithful discharge of his duties, and the premium on such bond shall be paid from the funds available for the support and maintenance of such hospital. No funds shall be disbursed by any such hospital until the board of trustees or the commissioners thereof shall have adopted an annual budget and submitted same to the respective governing authority or authorities of the counties, cities, towns, supervisors districts, or election districts, separately or jointly owning and operating such hospital, and until such budget shall have been approved by the * * * governing authority or authorities, as the case may be, which approval shall be evidenced by a proper order recorded upon the minutes of each such

196 authority. The accounts and records of any such hospital shall be
197 audited by the State Department of Audit at the same time and in
198 the same manner as the accounts and financial records of the
199 county are audited, and for such purpose shall be considered in
200 all respects as county accounts and records; * * * however, * * *
201 this provision with regard to such audits shall be applicable only
202 to hospitals owned wholly or in part by a county.

203 (4) The provisions of this section shall not apply to
204 hospitals owned jointly by a city and county and operated by lease
205 agreement or contract with a nonprofit hospital corporation.

206 SECTION 2. This act shall take effect and be in force from
207 and after July 1, 1999.