

By: Senator(s) Ross, Kirby

To: Local and Private;
Finance

SENATE BILL NO. 3240

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.