

STATE OF MISSISSIPPI



JIM HOOD  
ATTORNEY GENERAL

OPINIONS  
DIVISION

June 28, 2019

Robert P. Shepard, Esquire  
Attorney, George County Board of Supervisors  
922 Manila Street  
Lucedale, Mississippi 39452

Dear Mr. Shepard:

Attorney General Jim Hood is in receipt of your opinion request and has assigned it to me for research and reply.

# OFFICIAL OPINION

Facts

In your letter, you state that the Singing River Electric Power Association proposes to lend \$2 million to George County Hospital. Singing River would like a guarantee that the loan will be repaid. It is now asking that George County, through the Board of Supervisors, guarantee repayment of the loan.

## Question Presented

May the County, acting by and through the Board of Supervisors, co-sign loan documents executed by the County Hospital and thereby guarantee repayment of the loan by the Hospital?

## Legal Research and Response

Sections 41-13-19 through 41-13-25 of the Mississippi Code Annotated authorize counties to engage in a variety of activities to fund a community hospital. The first sentence of Section 41-13-19 provides:

Such counties, cities and towns, supervisors districts, judicial districts and election districts of a county are authorized and empowered to make appropriations of the funds thereof for the purposes of Sections 41-13-15 through 41-13-51, and are hereby authorized and empowered to issue and sell the bonds, notes or other evidences of indebtedness thereof, for the

purpose of providing funds with which to acquire real estate for and to establish, erect, build, construct, remodel, add to, acquire, equip and furnish community hospitals . . . and related facilities under the provisions of such sections.

The remaining provisions of Sections 41-13-19 through 41-13-25, respectively, deal with the issuance, details, interest and sale of bonds, and the levy of ad valorem taxes to pay those bonds, the obtaining of federal assistance for the hospital, and the power to impose and levy ad valorem property taxes to raise funds for maintaining and operating hospitals, nursing homes, health centers, health departments, etc., established under the provisions of Sections 41-13-15 through 41-13-51.


We have previously opined that the guaranteeing of payment on a lease purchase contract was tantamount to the issuance of a note since the county was, in essence, pledging its full faith and credit for the contract amount. MS AG Op., Corban (August 18, 1987). The same is true for cosigning or guaranteeing the repayment of a loan. In our opinion to the Honorable Henry Palmer, dated February 16, 1994, we opined that if a county wanted to guarantee payment on the loans from banks to the community hospital, the board must comply with the procedures outlined in Sections 41-13-19 through 41-13-23 of the Mississippi Code Annotated. Thus, it is the opinion of this office that the George County Board of Supervisors has the authority pursuant to Section 41-13-19 to cosign a loan with George County Hospital.<sup>1</sup> If the County guarantees re-payment of the loan from Singing River Electric Power Association to George County Hospital, the Board of Supervisors must comply with the procedures outlined in Sections 41-13-19 through 41-13-23 for the issuance of bonds, notes and other evidence of indebtedness.

If this office may be of any further assistance to you, please let us know.

Sincerely,

JIM HOOD, ATTORNEY GENERAL

By:

  
Avery Mounger Lee  
Special Assistant Attorney General

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<sup>1</sup>In our prior opinion to Burney dated May 12, 2017, our office opined that there was no statutory authorization for a board of supervisors to cosign a loan with a community hospital. We, however, now modify our opinion to state that a board of supervisors may cosign a loan with a community hospital pursuant to Section 41-13-19 with the compliance of the procedures set forth in Sections 41-13-19 through 41-13-23. Our prior opinion is hereby modified in accordance with this opinion.