

1-1 By: Hardcastle (Senate Sponsor - Duncan) H.B. No. 1030  
1-2 (In the Senate - Received from the House April 7, 2003;  
1-3 April 9, 2003, read first time and referred to Committee on  
1-4 Intergovernmental Relations; May 7, 2003, reported favorably by  
1-5 the following vote: Yeas 4, Nays 0; May 7, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the powers and duties of the Hardeman County Hospital  
1-9 District.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 4, Chapter 214, Acts of the 66th  
1-12 Legislature, Regular Session, 1979, is amended by amending  
1-13 Subsection (a) and adding Subsection (j) to read as follows:

1-14 (a) The board shall manage, control, and administer the  
1-15 hospital system and all funds and resources of the district. The  
1-16 board shall invest [ , but in no event shall ] any operating,  
1-17 depreciation, or building reserves [be invested] in accordance with  
1-18 Chapter 2256, Government Code [any funds or securities other than  
1-19 those specified in Article 836 or 837, Revised Statutes]. The  
1-20 district through its board may sue and be sued and may promulgate  
1-21 rules governing the operation of the hospital, hospital system, its  
1-22 staff, and its employees. The board may appoint qualified persons  
1-23 as administrator of the hospital district, attorney for the  
1-24 district, and assistant to the administrator. The administrator,  
1-25 the attorney, and the assistant administrator, if any, shall serve  
1-26 at the will of the board and shall receive the compensation  
1-27 determined by the board. The administrator may, on assuming his or  
1-28 her duties, execute a bond payable to the hospital district in an  
1-29 amount to be set by the board, in no event less than \$5,000,  
1-30 conditioned that he or she shall perform the duties required of him  
1-31 or her and containing such other conditions as the board may  
1-32 require. The board may pay for the bond with district funds. The  
1-33 administrator shall supervise all the work and activities of the  
1-34 district and shall have general direction of the affairs of the  
1-35 district, subject to the limitations as may be prescribed by the  
1-36 board. The board may appoint to the staff doctors it may deem  
1-37 necessary for the efficient operation of the district and may  
1-38 provide for temporary appointments to the staff if warranted by  
1-39 circumstances. The board may delegate to the administrator the  
1-40 authority to employ technicians, nurses, and employees of the  
1-41 district.

1-42 (j) The district may sponsor and create a nonprofit  
1-43 corporation under the Texas Non-Profit Corporation Act (Article  
1-44 1396-1.01 et seq., Vernon's Texas Civil Statutes) and may  
1-45 contribute funds to or solicit funds on behalf of the corporation.  
1-46 The corporation may use district funds only to provide health care  
1-47 or other services the district is authorized to provide under this  
1-48 Act. The board shall establish adequate controls to ensure that the  
1-49 corporation uses its funds in accordance with this subsection. The  
1-50 corporation may invest corporation funds in any manner that the  
1-51 district may invest funds, including investments authorized under  
1-52 Chapter 2256, Government Code.

1-53 SECTION 2. Section 6, Chapter 214, Acts of the 66th  
1-54 Legislature, Regular Session, 1979, is amended to read as follows:

1-55 Sec. 6. GENERAL OBLIGATION BONDS. (a) The board may issue  
1-56 and sell its bonds in the name and on the faith and credit of the  
1-57 hospital district for any purpose related to the purchase,  
1-58 construction, acquisition, repair, and renovation of buildings and  
1-59 improvements and equipping the same for hospital purposes. At the  
1-60 time of the issuance of any bonds payable from taxation, a tax shall  
1-61 be levied by the board sufficient to create an interest and sinking  
1-62 fund to pay the interest on and principal of the bonds as they  
1-63 mature, providing that the tax together with any other taxes levied  
1-64 for the district shall not exceed the limit approved by the voters

2-1 at the election authorizing the levy of taxes. No bonds may be  
 2-2 issued by the hospital district except refunding bonds until  
 2-3 authorized by a majority of the qualified electors of the district.  
 2-4 ~~Section 41.001(a) [The board, in ordering a bond election, shall~~  
 2-5 ~~specify the date of the election, the amount of bonds to be~~  
 2-6 ~~authorized, the maximum maturity of the bonds, the place or places~~  
 2-7 ~~where the election will be held, and the presiding judge and~~  
 2-8 ~~alternate judge for each voting place and shall provide for clerks~~  
 2-9 ~~as in county elections. Chapter 41], Election Code, does not apply~~  
 2-10 ~~to a bond election ordered by the board. A [Notice of any] bond~~  
 2-11 ~~election shall be [given as provided in Article 704, Revised~~  
 2-12 ~~Statutes, and the election shall be] conducted in accordance with~~  
 2-13 ~~Chapter 1251, Government [the Election] Code, except as otherwise~~  
 2-14 ~~provided by [modified by the provisions of] this Act. [The board~~  
 2-15 ~~shall canvass the returns and declare the results.]~~

2-16 (b) Refunding bonds of the district may be issued for the  
 2-17 purpose of refunding and paying off any outstanding indebtedness it  
 2-18 has issued or assumed. The refunding bonds may be sold and the  
 2-19 proceeds applied to the payment of outstanding indebtedness or may  
 2-20 be exchanged in whole or in part for not less than a similar  
 2-21 principal amount of outstanding indebtedness. ~~[If the refunding~~  
 2-22 ~~bonds are to be sold and the proceeds applied to the payment of any~~  
 2-23 ~~outstanding indebtedness, the refunding bonds shall be issued and~~  
 2-24 ~~payments made in the manner specified by Chapter 503, Acts of the~~  
 2-25 ~~54th Legislature, 1955, as amended (Article 717k, Vernon's Texas~~  
 2-26 ~~Civil Statutes).] Refunding bonds shall be issued in accordance~~  
 2-27 ~~[conformity] with Chapter 1207, Government Code [784, Acts of the~~  
 2-28 ~~61st Legislature, Regular Session, 1969 (Article 717k-3, Vernon's~~  
 2-29 ~~Texas Civil Statutes)].~~

2-30 (c) Bonds of the district shall mature within 40 years of  
 2-31 their date, shall be executed in the name of the hospital district  
 2-32 and in its behalf by the president of the board, shall be  
 2-33 countersigned by the secretary in the manner provided by Chapter  
 2-34 618, Government Code ~~[204, Acts of the 57th Legislature, Regular~~  
 2-35 ~~Session, 1961, as amended (Article 717j-1, Vernon's Texas Civil~~  
 2-36 ~~Statutes)]~~, shall bear interest at a rate not to exceed that  
 2-37 prescribed by Chapter 1204, Government Code ~~[3, Acts of the 61st~~  
 2-38 ~~Legislature, Regular Session, 1969, as amended (Article 717k-2,~~  
 2-39 ~~Vernon's Texas Civil Statutes)]~~, and shall be subject to the same  
 2-40 requirements in the manner of approval by the attorney general and  
 2-41 registration by the comptroller of public accounts as are by law  
 2-42 provided for approval and registration of bonds issued by counties.  
 2-43 On the approval of the bonds by the attorney general and  
 2-44 registration by the comptroller, the bonds shall be incontestable  
 2-45 for any cause.

2-46 SECTION 3. Chapter 214, Acts of the 66th Legislature,  
 2-47 Regular Session, 1979, is amended by adding Sections 8A and 8B to  
 2-48 read as follows:

2-49 Sec. 8A. ADDITIONAL MEANS OF SECURING REPAYMENT OF  
 2-50 BONDS. In addition to the power to issue bonds payable solely from  
 2-51 and secured by taxes imposed by the district as authorized by  
 2-52 Section 6 of this Act and the power to issue bonds payable from and  
 2-53 secured by revenues and other sources as authorized by Section 8 of  
 2-54 this Act, the board may provide for the security and payment of  
 2-55 district bonds from a pledge of a combination of ad valorem taxes,  
 2-56 as authorized by Section 6 of this Act, and the revenues and other  
 2-57 sources authorized by Section 8 of this Act. Bonds, other than  
 2-58 refunding bonds, that the board proposes to secure wholly or partly  
 2-59 by an ad valorem tax must be approved at an election held in the  
 2-60 district in accordance with Section 6 of this Act.

2-61 Sec. 8B. USE OF CERTAIN PROCEEDS; PAYMENT OF EXPENSES. (a)  
 2-62 The district may use the proceeds of bonds described by Section 6,  
 2-63 8, or 8A of this Act to pay:

2-64 (1) any expense the board determines is reasonable and  
 2-65 necessary to effect the issuance, sale, and delivery of the bonds;

2-66 (2) interest payments on the bonds during a period of  
 2-67 acquisition or construction of a project or facility to be provided  
 2-68 through the bonds;

2-69 (3) costs related to the operation and maintenance of

3-1 a project or facility to be provided through the bonds during an  
3-2 estimated period of acquisition or construction and for one year  
3-3 after the project or facility is acquired or constructed;

3-4 (4) costs related to the financing of the bond funds,  
3-5 including debt service reserve and contingency funds;

3-6 (5) costs related to the issuance of the bonds;

3-7 (6) costs related to the acquisition of land or  
3-8 interests in land for a project or facility to be provided through  
3-9 the bonds; and

3-10 (7) costs of construction of a project or facility to  
3-11 be provided through the bonds, including the payment of related  
3-12 professional services and expenses.

3-13 (b) A "period of acquisition or construction," as that term  
3-14 is used in Subsection (a) of this section, may not exceed five  
3-15 years.

3-16 SECTION 4. Section 9(b), Chapter 214, Acts of the 66th  
3-17 Legislature, Regular Session, 1979, is amended to read as follows:

3-18 (b) The board may prescribe the method and manner of making  
3-19 purchases and expenditures by and for the hospital district and may  
3-20 prescribe all accounting and control procedures. A contract  
3-21 [~~Contracts~~] for construction that requires expenditures in excess  
3-22 of the amount prescribed by Section 271.024, Local Government Code,  
3-23 [~~involving the expenditure of more than \$15,000~~] may be made only  
3-24 after competitive bidding [~~advertising~~] as provided by Subchapter  
3-25 B, Chapter 271, Local Government Code. The provisions of Chapter  
3-26 2253, Government Code, relating to performance and payment bonds  
3-27 shall apply to construction contracts let by the district. The  
3-28 district may acquire equipment for use in its hospital system and  
3-29 mortgage or pledge the property acquired as security for the  
3-30 payment of the purchase price. Except as permitted in the preceding  
3-31 sentence and Sections 6, 7, and 8 of this Act, the district may  
3-32 incur no obligation payable from revenues of the district, tax or  
3-33 otherwise, except those on hand or to be on hand within the then  
3-34 current and following fiscal years of the district.

3-35 SECTION 5. Chapter 214, Acts of the 66th Legislature,  
3-36 Regular Session, 1979, is amended by adding Section 14B to read as  
3-37 follows:

3-38 Sec. 14B. VALIDATION; REFUNDING OF VALIDATED  
3-39 OBLIGATIONS. (a) The following are validated in all respects as  
3-40 though they were originally and duly authorized, issued,  
3-41 accomplished, validated, ratified, approved, and confirmed:

3-42 (1) all proceedings, resolutions, orders, and other  
3-43 acts or attempted acts of the district before the effective date of  
3-44 this section that relate to the issuance of notes, warrants, and  
3-45 other obligations evidencing borrowings of the district;

3-46 (2) all proceedings of the district before the  
3-47 effective date of this section authorizing the issuance, execution,  
3-48 and delivery of notes, warrants, and other obligations evidencing  
3-49 borrowings of the district; and

3-50 (3) all notes, warrants, and other obligations issued  
3-51 before the effective date of this section evidencing borrowings of  
3-52 the district.

3-53 (b) Notes, warrants, and other obligations evidencing  
3-54 borrowings of the district that are validated under this section  
3-55 may be refunded by refunding bonds payable from and secured by a  
3-56 source authorized by Section 6, 8, or 8A of this Act. Refunding  
3-57 bonds must be issued in accordance with Chapter 1207, Government  
3-58 Code, and must mature not later than the 40th anniversary of the  
3-59 date of issuance.

3-60 SECTION 6. This Act takes effect immediately if it receives  
3-61 a vote of two-thirds of all the members elected to each house, as  
3-62 provided by Section 39, Article III, Texas Constitution. If this  
3-63 Act does not receive the vote necessary for immediate effect, this  
3-64 Act takes effect September 1, 2003.

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