

By: Wentworth

S.B. No. 1632

A BILL TO BE ENTITLED

AN ACT

relating to the borrowing of money and encumbrance of property by a joint county and municipal hospital.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 265, Health and Safety Code, is amended by adding Sections 265.0177 through 265.0179 to read as follows:

Sec. 265.0177. AUTHORITY TO BORROW MONEY. (a) The board of managers may borrow money in the name of the hospital for the purposes described in Section 265.0179 and may, in connection with the loan, execute a loan agreement or promissory note as evidence of the obligation to repay the loan.

(b) The loan amount, interest rate, maturity, security, and other terms and conditions of the loan must be found to be reasonable by the board of managers. The maturity of the loan may not exceed 30 years.

(c) Before entering into a loan under this section, the board of managers shall determine that it will have sufficient funds available from revenues generated by the hospital to pay the loan when the loan is due.

(d) The commissioners court and the governing body of the municipality shall approve the terms of the loan by written resolution.

(e) Chapter 1202, Government Code, does not apply to a

1 promissory note or any other instrument evidencing a loan under
2 this section.

3 Sec. 265.0178. PLEDGE OF SECURITY. (a) A loan under Sec.
4 265.0177 may be:

5 (1) payable from and secured by a pledge of all or part
6 of the revenues, income, or resources of the hospital; or

7 (2) secured by a deed of trust or other security
8 interest in any real or personal property of the hospital.

9 (b) The holder of a loan obligation under Sec. 265.0177 does
10 not have the right to demand payment of the principal and interest
11 on the loan out of any funds or property of the hospital other than
12 the funds or property specifically pledged to secure payment of the
13 loan.

14 Sec. 265.0179. PERMISSIBLE USES OF LOAN PROCEEDS. The
15 proceeds from a loan under Sec. 265.0177 may be used to pay costs
16 relating to the acquisition, construction, rehabilitation, and
17 equipping of hospital facilities, including costs related to the
18 acquisition of real property and any other improvements deemed
19 necessary and appropriate by the board of managers.

20 SECTION 2. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2003.