

1-1 By: Wentworth S.B. No. 1632
1-2 (In the Senate - Filed March 14, 2003; March 20, 2003, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; April 29, 2003, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 April 29, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1632 By: Wentworth

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the authority of a joint county and municipal hospital
1-11 to borrow money.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter B, Chapter 265, Health and Safety
1-14 Code, is amended by adding Sections 265.0177, 265.0178, and
1-15 265.0179 to read as follows:

1-16 Sec. 265.0177. AUTHORITY TO BORROW MONEY. (a) After
1-17 approval by resolution of the commissioners court of the county and
1-18 the governing body of the municipality that appointed the board,
1-19 the board of managers may, on behalf of the hospital, borrow money
1-20 from a federally insured lending institution for a purpose
1-21 described by Section 265.0179. The board may execute a loan
1-22 agreement or promissory note as evidence of the obligation to repay
1-23 the loan.

1-24 (b) The board of managers may borrow money in an amount it
1-25 considers advisable, subject to a rate of interest, security, and
1-26 other terms it considers advisable. The loan shall mature not later
1-27 than the 30th anniversary of the date on which the loan is made.

1-28 (c) Before entering into a loan under this section, the
1-29 board of managers must determine that there will be sufficient
1-30 money available from revenues generated by the hospital to pay the
1-31 loan when the loan becomes due.

1-32 (d) The commissioners court of the county and the governing
1-33 body of the municipality that appointed the board of managers must
1-34 approve the terms of a loan agreement by written resolution.

1-35 (e) Chapter 1202, Government Code, does not apply to a
1-36 promissory note or any other instrument evidencing a loan under
1-37 this section.

1-38 Sec. 265.0178. PLEDGE OF SECURITY. (a) A loan under
1-39 Section 265.0177 may be:

1-40 (1) payable from and secured by a pledge of all or part
1-41 of the revenues, income, or resources of the hospital that are not
1-42 pledged to pay a bonded indebtedness of the hospital; or

1-43 (2) secured by a deed of trust or other security
1-44 interest in any property of the hospital that is not pledged to pay
1-45 a bonded indebtedness of the hospital.

1-46 (b) The holder of a loan obligation under Section 265.0177
1-47 is not entitled to demand payment of the principal and interest on
1-48 the loan from any money or property of the hospital other than the
1-49 money or property specifically pledged to secure payment of the
1-50 loan.

1-51 Sec. 265.0179. PERMISSIBLE USES OF LOAN PROCEEDS. The
1-52 proceeds from a loan under Section 265.0177 may be used to pay costs
1-53 related to the acquisition, construction, rehabilitation, and
1-54 equipping of a hospital facility, including costs related to the
1-55 acquisition of real property and any other improvement considered
1-56 necessary and appropriate by the board of managers.

1-57 SECTION 2. This Act takes effect immediately if it receives
1-58 a vote of two-thirds of all the members elected to each house, as
1-59 provided by Section 39, Article III, Texas Constitution. If this
1-60 Act does not receive the vote necessary for immediate effect, this
1-61 Act takes effect September 1, 2003.

1-62 * * * * *