

BILL ANALYSIS

Senate Research Center
81R25834 ALB-F

H.B. 781
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Intergovernmental Relations
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The law creating the Electra Hospital District (district) was passed by the 58th Legislature, Regular Session, 1963. Updates to the original statute are needed to allow the district to engage in current business practices and to clarify language relating to the election of directors.

H.B. 781 requires that a director's election be held on the uniform election date and requires the directors to serve staggered three-year terms. The bill also authorizes the district to pursue bond financing in the future.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1025.051, Special District Local Laws Code, as effective April 1, 2009, to conform to Section 1, Chapter 792, Acts of the 80th Legislature, Regular Session, 2007, as follows:

Sec. 1025.051. BOARD ELECTION; TERM. Provides that the Electra Hospital District (district) is governed by a board of seven directors elected at large by place for staggered three-year terms. Requires that a director's election be held each year on the May uniform election date prescribed by Section 41.001 (Uniform Election Dates), Election Code. Deletes existing text providing that the board consists of seven directors elected from the district at large. Deletes existing text providing that directors serve staggered two-year terms unless four-year terms are established under Section 285.081 (Terms), Health and Safety Code. Makes nonsubstantive changes.

SECTION 2. Amends Subchapter D, Chapter 1025, Special District Local Laws Code, as effective April 1, 2009, by adding Section 1025.161, as follows:

Sec. 1025.161. AUTHORITY TO BORROW MONEY. SECURITY. (a) Authorizes the board of directors of the district (board) to borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time the loan is made.

(b) Authorizes the board, to secure a loan, to pledge:

- (1) district revenue that is not pledged to pay the district's bonded indebtedness;
- (2) a district tax to be imposed by the district during the 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on district bonds; or
- (3) a district bond that has been authorized but not sold.

(c) Requires a loan for which taxes or bonds are pledged to mature not later than the first anniversary of the date the loan is made. Requires a loan for which

district revenue is pledged to mature not later than the fifth anniversary of the date the loan is made.

SECTION 3. Amends Subchapter E, Chapter 1025, Special District Local Laws Code, as effective April 1, 2009, by adding Sections 1025.209 and 1025.210, as follows:

Sec. 1025.209. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. Authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1025.202 (Tax to Pay General Obligation Bonds) and revenue and other sources authorized by Section 1025.206 (Revenue Bonds).

Sec. 1025.210. USE OF BOND PROCEEDS. Authorizes the district to use the proceeds of bonds issued under this subchapter to pay:

- (1) any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;
- (2) interest payments on the bonds during a period of acquisition or construction of a project or facility to be provided through the bonds, not to exceed five years;
- (3) costs related to the operation and maintenance of a project or facility to be provided through the bonds during an estimated period of acquisition or construction, not to exceed five years; and for one year after the project or facility is acquired or constructed;
- (4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;
- (5) costs related to the bond issuance;
- (6) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and
- (7) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 4. (a) Requires the members of the board of the district serving on the effective date of this Act to draw lots to determine in which place each director serves. Requires the four directors whose terms expire in 2010 to draw lots for Places 4, 5, 6, and 7. Requires the three directors whose terms expire in 2011 to draw lots for Places 1, 2, and 3.

(b) Requires that the election of the board to be held in May 2010 be held, and requires the directors elected for Places 4 and 5 at that election to serve three-year terms. Requires the directors elected for Places 6 and 7 at that election to serve two-year terms.

(c) Requires the directors elected at the election to be held in May 2011, May 2012, and May 2013 to serve three-year terms.

SECTION 5. Effective date: upon passage or September 1, 2009.