

1-1 By: Craddick (Senate Sponsor - Duncan) H.B. No. 850  
1-2 (In the Senate - Received from the House March 31, 2011;  
1-3 May 4, 2011, read first time and referred to Committee on  
1-4 Intergovernmental Relations; May 19, 2011, reported favorably by  
1-5 the following vote: Yeas 5, Nays 0; May 19, 2011, sent to  
1-6 printer.)

1-7 A BILL TO BE ENTITLED  
1-8 AN ACT

1-9 relating to the Rankin County Hospital District.

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

1-11 SECTION 1. Section 3, Chapter 182, Acts of the 60th  
1-12 Legislature, Regular Session, 1967, is amended to read as follows:

1-13 Sec. 3. BOARD [CREATION OF DIRECTORS]. (a) [Within 10 days  
1-14 after such election is held, the commissioners court in such county  
1-15 shall convene and canvass the returns of the election and if a  
1-16 majority of qualified property taxpaying electors voting at said  
1-17 election vote in favor of the proposition, the court shall so find  
1-18 and declare the hospital district established and created.] The  
1-19 [management and control of the district is vested in a] board of  
1-20 directors [which] consists of five members elected from the  
1-21 district at large. Directors serve staggered two-year terms unless  
1-22 four-year terms are established under Section 285.081, Health and  
1-23 Safety Code.

1-24 (b) A person may not be elected or appointed as a director  
1-25 unless the person is:

1-26 (1) a resident of the district; and

1-27 (2) at least 21 years of age.

1-28 (c) An employee of the district may not serve as a director  
1-29 [, to be elected by the qualified electors who own taxable property  
1-30 within the district and who have duly rendered that property for  
1-31 taxation. To qualify for the election to the board, a person must:

1-32 [1. be at least 21 years of age;

1-33 [2. have been a resident of the district for at least two  
1-34 years;

1-35 [3. be a qualified voter;

1-36 [4. own taxable property within the district and have duly  
1-37 rendered that property for taxation;

1-38 [5. shall not be an officer of any political subdivision or  
1-39 the State of Texas or the County of Upton, whether such office be  
1-40 elective or by appointment].

1-41 (d) Before assuming the duties of the office of director,  
1-42 each [Not less than 15 nor more than 25 days after the district is  
1-43 declared established and created the commissioners court shall call  
1-44 an election for the five directors who will serve as the district's  
1-45 first board of directors, this election to be held on a date not  
1-46 more than 30 days after the day of the passage of the commissioners  
1-47 court order calling same but on such date as will permit publication  
1-48 of an election notice in a newspaper of general circulation in the  
1-49 district one time not less than 14 days prior to such election date.  
1-50 Any candidate desiring to be voted upon as a first director shall,  
1-51 no later than five days subsequent to the day of passage of the  
1-52 commissioners court order calling the election, present a petition  
1-53 to that court signed by such candidate requesting that his name be  
1-54 placed upon the official ballot. The regular term of each director  
1-55 shall be for two years but at the first called election, the three  
1-56 directors receiving the highest vote at such election shall serve  
1-57 for two years and the other two directors shall serve for one year.  
1-58 The first year terms shall be ended on the date of the first annual  
1-59 elections as hereinafter provided. Each] member of the board of  
1-60 directors shall [qualify by executing the constitutional oath of  
1-61 office and shall] execute a [good and sufficient commercial] bond  
1-62 for \$1,000 payable to the [said] district conditioned upon the  
1-63 faithful performance of the director's [his] duties, and such  
1-64 [oaths and] bonds shall be deposited with the depository bank of the

2-1 district for safekeeping. The cost of this bond shall be an expense  
2-2 of the hospital district.

2-3 (e) The board of directors shall elect from among its  
2-4 members a president and vice president [~~organize by election a~~  
2-5 ~~chairman, who shall preside, or in his absence a chairman pro tem~~  
2-6 ~~shall preside, and the administrator or any member of the board may~~  
2-7 ~~be appointed secretary~~]. The board shall appoint a secretary, who  
2-8 need not be a director.

2-9 (f) A [~~Any three members of the board of directors shall~~  
2-10 ~~constitute a quorum and a~~] concurrence of three directors is [~~shall~~  
2-11 ~~be~~] sufficient in all matters pertaining to the business of the  
2-12 district. [~~The board shall require the secretary to keep suitable~~  
2-13 ~~records of all proceedings of each meeting of the board. Such~~  
2-14 ~~records shall be read and signed after each meeting by the chairman~~  
2-15 ~~or the member presiding, and attested by the secretary. The board~~  
2-16 ~~shall have a seal, on which shall be engraved the name of the~~  
2-17 ~~hospital district, and said seal shall be kept by the secretary and~~  
2-18 ~~used in authentication of all acts of the board.~~]

2-19 (g) All district records, including books, accounts,  
2-20 notices, minutes, and all other matters of the district and the  
2-21 operation of its facilities, shall be:

2-22 (1) maintained at the district office; and

2-23 (2) open to public inspection at the district office  
2-24 at all reasonable hours.

2-25 (h) All vacancies in the office of director shall be filled  
2-26 by appointment of the remainder of the board of directors until the  
2-27 next election for directors and at such election the directors  
2-28 shall be elected for the unexpired term.

2-29 (i) Unless four-year terms are established under Section  
2-30 285.081, Health and Safety Code, a [A] regular election of  
2-31 directors shall be held on the uniform election date in May of each  
2-32 year to elect the appropriate number of directors. Notice of the  
2-33 [first Saturday of April of each year and notice of such] election  
2-34 shall be published in accordance with Section 4.003, Election Code,  
2-35 in a newspaper of general circulation in the county [~~one time at~~  
2-36 ~~least 30 days prior to the date of election. Any person desiring~~  
2-37 ~~his name to be printed on the ballot as a candidate for director~~  
2-38 ~~shall file an application to have his name placed on the ballot with~~  
2-39 ~~the secretary of the board of directors of the district. Such~~  
2-40 ~~application shall be filed with the secretary at least 25 days prior~~  
2-41 ~~to the date of the election].~~

2-42 SECTION 2. Section 4, Chapter 182, Acts of the 60th  
2-43 Legislature, Regular Session, 1967, is amended to read as follows:

2-44 Sec. 4. ADMINISTRATOR. (a) The board may appoint a  
2-45 qualified person as district administrator.

2-46 (b) The district administrator serves at the will of the  
2-47 board and receives the compensation determined by the board. [~~The~~  
2-48 ~~board shall appoint a general manager, to be known as the~~  
2-49 ~~administrator of the hospital district. The administrator shall~~  
2-50 ~~hold office at the pleasure of the board and shall receive such~~  
2-51 ~~compensation as may be fixed by the board.] The administrator shall~~  
2-52 be subject to removal at any time by the board.

2-53 (c) The administrator shall, before entering into the  
2-54 discharge of the administrator's [~~his~~] duties, execute a bond  
2-55 payable to the district, in the amount of not less than \$10,000  
2-56 conditioned that the administrator [~~he~~] shall well and faithfully  
2-57 perform the duties required [~~of him~~], and containing such other  
2-58 conditions as the board may require. The board may pay for the bond  
2-59 with district money.

2-60 (d) The administrator shall perform all duties which may be  
2-61 required of the administrator [~~him~~] by the board, and shall  
2-62 supervise all of the work and activities of the district and have  
2-63 general direction of the affairs of the district within such  
2-64 limitations as may be prescribed by the board. [~~Said administrator~~  
2-65 ~~shall not be a member of the board and shall be a qualified~~  
2-66 ~~practitioner of medicine or be specifically trained for work of~~  
2-67 ~~such character.]~~

2-68 (e) The board of directors, with the approval of the  
2-69 commissioners court, shall be authorized to contract with any

3-1 county other than Upton County for care and treatment of the  
 3-2 county's sick, diseased and injured persons, and with the state and  
 3-3 agencies of the federal government for the care and treatment of  
 3-4 such persons for whom the state and such agencies of the federal  
 3-5 government are responsible. Further, under the same conditions,  
 3-6 the board of directors may enter into such contracts with the state  
 3-7 and federal government as may be necessary to establish or continue  
 3-8 a retirement program for the benefit of its employees.

3-9 (f) The board of directors may in addition to retirement  
 3-10 programs authorized by this Act establish such other retirement  
 3-11 program for the benefit of its employees as it deems necessary and  
 3-12 advisable.

3-13 SECTION 3. Section 7, Chapter 182, Acts of the 60th  
 3-14 Legislature, Regular Session, 1967, is amended to read as follows:

3-15 Sec. 7. ~~[AUTHORIZATION OF]~~ BONDS. (a) The board of  
 3-16 directors may ~~[shall have the power and authority to]~~ issue and sell  
 3-17 as the obligations of such hospital district, and in the name and  
 3-18 upon the faith and credit of such hospital district, general  
 3-19 obligation bonds for the purchase, construction, acquisition,  
 3-20 repair or renovation of buildings and improvements and equipping  
 3-21 the same for hospital purposes and for any or all of such purposes.

3-22 (b) At the time general obligation bonds are issued by the  
 3-23 district, the board shall impose an ad valorem ~~[, provided, that a~~  
 3-24 ~~sufficient]~~ tax at a rate sufficient ~~[shall be levied]~~ to create an  
 3-25 interest and sinking fund to pay the principal of and interest on  
 3-26 the bonds as the bonds mature. Such ~~[interest and principal as same~~  
 3-27 ~~matures provided said]~~ tax together with any other taxes levied for  
 3-28 said district shall not exceed 75 cents per \$100 valuation of  
 3-29 taxable property in the district in any one year.

3-30 (c) The board's presiding officer shall execute the general  
 3-31 obligation bonds in the district's name. The board secretary shall  
 3-32 countersign the bonds.

3-33 (d) The district may issue general obligation bonds only if  
 3-34 the bonds are ~~[Such bonds shall be executed in the name of the~~  
 3-35 ~~hospital district and on its behalf by the chairman of the board of~~  
 3-36 ~~directors and countersigned by the secretary of the board of~~  
 3-37 ~~directors, and shall be subject to the same requirements in the~~  
 3-38 ~~matter of approval thereof by the Attorney General of the State of~~  
 3-39 ~~Texas and the registration thereof by the Comptroller of Public~~  
 3-40 ~~Accounts of the State of Texas as are by law provided. Upon the~~  
 3-41 ~~approval of such bonds by the Attorney General of Texas the same~~  
 3-42 ~~shall be incontestable for any cause. No bonds shall be issued by~~  
 3-43 ~~such hospital district (except refunding bonds) until]~~ authorized  
 3-44 by a majority of the district voters ~~[vote of the legally qualified~~  
 3-45 ~~property taxpaying voters, residing in such hospital district,]~~  
 3-46 voting at an election ~~[called and]~~ held for such purpose. The board  
 3-47 may order the election on its own motion. The order calling the  
 3-48 election must ~~[Such election may be called by the board of directors~~  
 3-49 ~~of its own motion, shall]~~ specify the place or places where the  
 3-50 election shall be held, the presiding officers thereof, the purpose  
 3-51 for which the bonds are to be issued, the amount of the bonds to be  
 3-52 authorized ~~[thereof]~~, maximum interest rate, ~~[not to exceed six~~  
 3-53 ~~percent per annum]~~ and the maximum maturity date of such bonds (not  
 3-54 to exceed 40 years from their date of issuance). Notice of election  
 3-55 shall be given by publishing a substantial copy of the order calling  
 3-56 the election in a newspaper of general circulation in such district  
 3-57 once a week for two consecutive weeks prior to the date of election,  
 3-58 the date of the first publication being at least 20 full days prior  
 3-59 to the date set for the election. The costs of such election shall  
 3-60 be paid by the hospital district.

3-61 (e) The board may, without an election, issue refunding  
 3-62 bonds to refund outstanding bonds issued or assumed by the  
 3-63 district. A refunding bond may be:

3-64 (1) sold, with the proceeds of the refunding bond  
 3-65 applied to the payment of the bonds to be refunded; or

3-66 (2) exchanged wholly or partly for not less than a  
 3-67 similar amount of outstanding bonds and the unpaid matured interest  
 3-68 on the bonds.

3-69 (f) The board may issue revenue bonds to:

4-1 (1) purchase, construct, acquire, repair, or renovate  
 4-2 buildings or improvements;

4-3 (2) equip buildings or improvements for hospital  
 4-4 purposes; or

4-5 (3) acquire real property for hospital purposes.

4-6 (g) Revenue bonds must be payable from and secured by a  
 4-7 pledge of all or part of the revenue derived from the operation of  
 4-8 the district's hospital system. Revenue bonds may be additionally  
 4-9 secured by a mortgage or deed of trust on all or part of district  
 4-10 property. Revenue bonds must be issued in the manner provided by  
 4-11 Sections 264.042, 264.043, 264.046, 264.047, 264.048, and 264.049,  
 4-12 Health and Safety Code, for issuance of revenue bonds by a county  
 4-13 hospital authority.

4-14 (h) In addition to the authority to issue general obligation  
 4-15 and revenue bonds under this section, the board may provide for the  
 4-16 security and payment of district bonds from a pledge of a  
 4-17 combination of ad valorem taxes as authorized by Subsection (b) of  
 4-18 this section and revenue and other sources as authorized by  
 4-19 Subsection (g) of this section.

4-20 (i) The district may use the proceeds of bonds issued under  
 4-21 this section to pay:

4-22 (1) any expense the board determines is reasonable and  
 4-23 necessary to issue, sell, and deliver the bonds;

4-24 (2) interest payments on the bonds during a period of  
 4-25 acquisition or construction of a project or facility to be provided  
 4-26 through the bonds, not to exceed five years;

4-27 (3) costs related to the operation and maintenance of  
 4-28 a project or facility to be provided through the bonds:

4-29 (A) during an estimated period of acquisition or  
 4-30 construction, not to exceed five years; and

4-31 (B) for one year after the project or facility is  
 4-32 acquired or constructed;

4-33 (4) costs related to the financing of the bond funds,  
 4-34 including debt service reserve and contingency funds;

4-35 (5) costs related to the bond issuance;

4-36 (6) costs related to the acquisition of land or  
 4-37 interests in land for a project or facility to be provided through  
 4-38 the bonds; and

4-39 (7) construction costs of a project or facility to be  
 4-40 provided through the bonds, including the payment of related  
 4-41 professional services and expenses. [In the manner hereinabove  
 4-42 provided, the bonds of such hospital district may, without the  
 4-43 necessity of any election therefor, be issued for the purpose of  
 4-44 refunding and paying off any bonded indebtedness theretofore  
 4-45 assumed by such hospital district; such refunding bonds may be sold  
 4-46 and the proceeds thereof applied to the payment of any such  
 4-47 outstanding bonds or may be exchanged in whole or in part for not  
 4-48 less than a like amount of said outstanding bonds and interest  
 4-49 matured thereon, but unpaid; provided the average interest cost per  
 4-50 annum on the refunding bonds, computed in accordance with  
 4-51 recognized standard bond interest cost per annum so computed, upon  
 4-52 the bonds to be discharged out of the proceeds of the refunding  
 4-53 bonds, unless the total interest cost on the refunding bonds,  
 4-54 computed to their respective maturity dates, is less than the total  
 4-55 interest so computed on the bonds to be discharged out of such  
 4-56 proceeds. In the foregoing computations, any premium or premiums  
 4-57 required to be paid upon the bonds to be refunded as a condition to  
 4-58 payment in advance of their stated maturity dates shall be taken  
 4-59 into account as an addition to the net interest cost to the hospital  
 4-60 district of the refunding bonds.]

4-61 SECTION 4. Chapter 182, Acts of the 60th Legislature,  
 4-62 Regular Session, 1967, is amended by adding Section 7A to read as  
 4-63 follows:

4-64 Sec. 7A. AUTHORITY TO BORROW MONEY. (a) The board may  
 4-65 borrow money at a rate not to exceed the maximum annual percentage  
 4-66 rate allowed by law for district obligations at the time the loan is  
 4-67 made.

4-68 (b) To secure a loan, the board may pledge:

4-69 (1) district revenue that is not pledged to pay the

5-1 district's bonded indebtedness;

5-2 (2) tax revenue to be collected by the district during  
 5-3 the 12-month period following the date of the pledge that is not  
 5-4 pledged to pay the principal of or interest on district bonds; or

5-5 (3) district bonds that have been authorized but not  
 5-6 sold.

5-7 (c) A loan for which taxes or bonds are pledged must mature  
 5-8 not later than the first anniversary of the date the loan is made. A  
 5-9 loan for which district revenue is pledged must mature not later  
 5-10 than the fifth anniversary of the date the loan is made.

5-11 SECTION 5. Section 10, Chapter 182, Acts of the 60th  
 5-12 Legislature, Regular Session, 1967, is amended to read as follows:

5-13 Sec. 10. DISTRICT DEPOSITORY. (a) The board of directors of  
 5-14 the district shall select ~~[name]~~ one or more banks ~~[within the~~  
 5-15 ~~district]~~ to serve as a depository for ~~[the funds of the]~~ district  
 5-16 money. ~~[All such funds shall, as derived and collected, be~~  
 5-17 ~~immediately deposited with such depository bank or banks except~~  
 5-18 ~~that sufficient funds shall be remitted to the bank or banks for the~~  
 5-19 ~~payment of principal of and interest on the outstanding bonds of the~~  
 5-20 ~~district or other obligations assumed by it and in time that such~~  
 5-21 ~~money may be received by said bank or banks of payment on or prior to~~  
 5-22 ~~the date of maturity of such principal and interest so to be paid.]~~

5-23 To the extent that money ~~[funds]~~ in a ~~[the]~~ depository bank is ~~[or~~  
 5-24 ~~banks are]~~ not insured by the Federal Deposit Insurance  
 5-25 Corporation, the money must ~~[they shall]~~ be secured in the manner  
 5-26 provided by law for security of county funds. Membership on the  
 5-27 board of directors of an officer or director of a bank shall not  
 5-28 disqualify such bank from being designated as a depository.

5-29 (b) The board may invest operating, depreciation, or  
 5-30 building reserves only in funds or securities specified by Chapter  
 5-31 2256, Government Code.

5-32 SECTION 6. Section 13, Chapter 182, Acts of the 60th  
 5-33 Legislature, Regular Session, 1967, is amended to read as follows:

5-34 Sec. 13. METHODS AND PROCEDURES; CONSTRUCTION CONTRACTS.  
 5-35 (a) The board may prescribe the method of making purchases and  
 5-36 expenditures by and for the district.

5-37 (b) The board may prescribe accounting and control  
 5-38 procedures for the district.

5-39 (c) The board may enter into purchase or construction  
 5-40 contracts on behalf of the district; however, the board may enter  
 5-41 into construction ~~[or purchase]~~ contracts that involve spending  
 5-42 more than the amount provided by Section 271.024, Local Government  
 5-43 Code, ~~[\$10,000]~~ only after advertising as provided by Subchapter B,  
 5-44 Chapter 271 ~~[Chapter 252]~~, Local Government Code.

5-45 (d) Chapter 2253, Government Code ~~[Article 5160, Revised~~  
 5-46 ~~Statutes]~~, applies to construction contracts let by the district.

5-47 SECTION 7. This Act takes effect immediately if it receives  
 5-48 a vote of two-thirds of all the members elected to each house, as  
 5-49 provided by Section 39, Article III, Texas Constitution. If this  
 5-50 Act does not receive the vote necessary for immediate effect, this  
 5-51 Act takes effect September 1, 2011.

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