

1-1 By: Duncan S.B. No. 558  
1-2 (In the Senate - Filed February 8, 2011; February 17, 2011,  
1-3 read first time and referred to Committee on Intergovernmental  
1-4 Relations; March 14, 2011, reported favorably by the following  
1-5 vote: Yeas 4, Nays 0; March 14, 2011, sent to printer.)

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

1-8 relating to the Swisher Memorial Hospital District.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Section 4, Chapter 16, Acts of the 59th  
1-11 Legislature, Regular Session, 1965, is amended to read as follows:

1-12 Sec. 4. DISTRICT MANAGEMENT. ~~The [Within ten (10) days~~  
1-13 ~~after such election is held the Commissioners Court of said County~~  
1-14 ~~shall convene and canvass the returns thereof and in the event such~~  
1-15 ~~election results favorably to the proposition specified in Section~~  
1-16 ~~3 hereof, such] District shall be governed by a Board of Directors~~  
1-17 ~~to consist of five (5) members. Each such Director must at the time~~  
1-18 ~~of his election or appointment be a registered voter of the District~~  
1-19 ~~[hereunder own property subject to taxation within the district]~~  
1-20 ~~and be more than twenty-one (21) years of age. One Director shall~~  
1-21 ~~represent the County at large, and each of the four (4) remaining~~  
1-22 ~~Directors shall represent a Commissioner's precinct of the County,~~  
1-23 ~~and each Director must reside in the area he represents. Directors~~  
1-24 ~~shall be entitled to compensation at a rate to be determined by the~~  
1-25 ~~Board, provided that in no event shall the rate of compensation~~  
1-26 ~~exceed Ten Dollars (\$10) for each meeting of the Board of Directors.~~  
1-27 ~~Five [Upon creation of the District as above provided, the~~  
1-28 ~~Commissioners Court shall appoint five persons as Directors to~~  
1-29 ~~serve until the first Saturday in April of the year succeeding the~~  
1-30 ~~year of the District's creation, at which time five (5)] Directors~~  
1-31 ~~shall be elected. The three (3) Directors receiving the highest~~  
1-32 ~~vote at such election shall serve for two (2) years, and the other~~  
1-33 ~~two Directors shall serve for one (1) year. Thereafter, all~~  
1-34 ~~Directors shall serve for a period of two years and until their~~  
1-35 ~~successors have been duly elected or appointed and qualified. [All~~  
1-36 ~~qualified electors residing in Swisher County, Texas, and in the~~  
1-37 ~~Swisher Memorial Hospital District shall be eligible to vote for~~  
1-38 ~~all Directors. Each member of the Board of Directors shall qualify~~  
1-39 ~~for his office by executing the Constitutional oath of office to be~~  
1-40 ~~filed in the office of the District.] The Board of Directors shall~~  
1-41 ~~organize by electing one of their number as President, one as Vice~~  
1-42 ~~President, and one as Secretary. A [Any three members of the Board~~  
1-43 ~~shall constitute a quorum and a] concurrence of three Directors is~~  
1-44 ~~[shall be] sufficient in all matters pertaining to the business of~~  
1-45 ~~the District. The Board shall require the keeping of a true account~~  
1-46 ~~of all their meetings and proceedings and shall preserve all~~  
1-47 ~~contracts, records, notices, duplicate vouchers, duplicate~~  
1-48 ~~receipts and all accounts and records of the District at its~~  
1-49 ~~principal office where same shall be open to public inspection at~~  
1-50 ~~all reasonable times. All vacancies in the office of Director shall~~  
1-51 ~~be filled for the unexpired term by appointment by the remainder of~~  
1-52 ~~the Board, however in event the number of Directors shall be reduced~~  
1-53 ~~at any one time to less than three (3) for any reason, the remaining~~  
1-54 ~~Directors shall immediately call a special election to fill said~~  
1-55 ~~vacancies and upon failure to do so such vacancies may be filled by~~  
1-56 ~~appointment of the County Judge of Swisher County. The regular~~  
1-57 ~~election of Directors shall be held on the uniform election date in~~  
1-58 ~~May of [first Saturday in April in] each year and notice of such~~  
1-59 ~~election shall be published in accordance with Section 4.003,~~  
1-60 ~~Election Code [a newspaper of general circulation in Swisher County~~  
1-61 ~~one time at least ten (10) days prior to the date of election]. Any~~  
1-62 ~~person desiring to have the person's [his] name printed on the~~  
1-63 ~~ballot as a candidate for director shall file with the Secretary of~~  
1-64 ~~the Board of Directors an application in accordance with Chapter~~

2-1 144, Election Code [a petition signed by not less than twenty-five  
 2-2 (25) qualified voters to such effect, at least twenty-five (25)  
 2-3 days prior to the election].

2-4 SECTION 2. Chapter 16, Acts of the 59th Legislature,  
 2-5 Regular Session, 1965, is amended by adding Sections 5A, 7B, 7C, and  
 2-6 7D to read as follows:

2-7 Sec. 5A. AUTHORITY TO BORROW MONEY; SECURITY. (a) The  
 2-8 Board of Directors may borrow money at a rate not to exceed the  
 2-9 maximum annual percentage rate allowed by law for District  
 2-10 obligations at the time the loan is made.

2-11 (b) To secure a loan, the Board may pledge:

2-12 (1) District revenue that is not pledged to pay the  
 2-13 District's bonded indebtedness;

2-14 (2) District taxes to be imposed by the District  
 2-15 during the 12-month period following the date of the pledge that are  
 2-16 not pledged to pay the principal of or interest on District bonds;  
 2-17 or

2-18 (3) District bonds that have been authorized but not  
 2-19 sold.

2-20 (c) A loan for which taxes or bonds are pledged must mature  
 2-21 not later than the first anniversary of the date the loan is made. A  
 2-22 loan for which District revenue is pledged must mature not later  
 2-23 than the fifth anniversary of the date the loan is made.

2-24 Sec. 7B. REVENUE BONDS. (a) The Board of Directors may  
 2-25 issue revenue bonds to:

2-26 (1) purchase, construct, acquire, repair, or renovate  
 2-27 buildings or improvements;

2-28 (2) equip buildings or improvements for hospital  
 2-29 purposes; or

2-30 (3) acquire real property for hospital purposes.

2-31 (b) Revenue bonds must be payable from and secured by a  
 2-32 pledge of all or part of the revenue derived from the operation of  
 2-33 the District's hospital system. Revenue bonds may be additionally  
 2-34 secured by a mortgage or deed of trust on all or part of District  
 2-35 property. Revenue bonds must be issued in the manner provided by  
 2-36 Sections 264.042, 264.043, 264.046, 264.047, 264.048, and 264.049,  
 2-37 Health and Safety Code, for issuance of revenue bonds by a county  
 2-38 hospital authority.

2-39 Sec. 7C. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS.  
 2-40 In addition to the authority to issue general obligation bonds and  
 2-41 revenue bonds under this Act, the Board of Directors may provide for  
 2-42 the security and payment of District bonds from a pledge of a  
 2-43 combination of ad valorem taxes as authorized by Section 7 of this  
 2-44 Act and revenue and other sources as authorized by Section 7B of  
 2-45 this Act.

2-46 Sec. 7D. USE OF BOND PROCEEDS. The District may use the  
 2-47 proceeds of bonds issued under this Act to pay:

2-48 (1) any expense the Board determines is reasonable and  
 2-49 necessary to issue, sell, and deliver the bonds;

2-50 (2) interest payments on the bonds during a period of  
 2-51 acquisition or construction of a project or facility to be provided  
 2-52 through the bonds, not to exceed five years;

2-53 (3) costs related to the operation and maintenance of  
 2-54 a project or facility to be provided through the bonds:

2-55 (A) during an estimated period of acquisition or  
 2-56 construction, not to exceed five years; and

2-57 (B) for one year after the project or facility is  
 2-58 acquired or constructed;

2-59 (4) costs related to the financing of the bond funds,  
 2-60 including debt service reserve and contingency funds;

2-61 (5) costs related to the bond issuance;

2-62 (6) costs related to the acquisition of land or  
 2-63 interests in land for a project or facility to be provided through  
 2-64 the bonds; and

2-65 (7) construction costs of a project or facility to be  
 2-66 provided through the bonds, including the payment of related  
 2-67 professional services and expenses.

2-68 SECTION 3. This Act takes effect immediately if it receives  
 2-69 a vote of two-thirds of all the members elected to each house, as

3-1 provided by Section 39, Article III, Texas Constitution. If this  
3-2 Act does not receive the vote necessary for immediate effect, this  
3-3 Act takes effect September 1, 2011.

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