

AN ACT

relating to the Rankin County Hospital District.

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

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

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

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

- (1) a resident of the district; and
- (2) at least 21 years of age.

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

1 ~~[1. be at least 21 years of age,~~

2 ~~[2. have been a resident of the district for at least two~~  
3 ~~years,~~

4 ~~[3. be a qualified voter,~~

5 ~~[4. own taxable property within the district and have duly~~  
6 ~~rendered that property for taxation,~~

7 ~~[5. shall not be an officer of any political subdivision or~~  
8 ~~the State of Texas or the County of Upton, whether such office be~~  
9 ~~elective or by appointment].~~

10 (d) Before assuming the duties of the office of director,  
11 each ~~[Not less than 15 nor more than 25 days after the district is~~  
12 ~~declared established and created the commissioners court shall call~~  
13 ~~an election for the five directors who will serve as the district's~~  
14 ~~first board of directors, this election to be held on a date not~~  
15 ~~more than 30 days after the day of the passage of the commissioners~~  
16 ~~court order calling same but on such date as will permit publication~~  
17 ~~of an election notice in a newspaper of general circulation in the~~  
18 ~~district one time not less than 14 days prior to such election date.~~  
19 ~~Any candidate desiring to be voted upon as a first director shall,~~  
20 ~~no later than five days subsequent to the day of passage of the~~  
21 ~~commissioners court order calling the election, present a petition~~  
22 ~~to that court signed by such candidate requesting that his name be~~  
23 ~~placed upon the official ballot. The regular term of each director~~  
24 ~~shall be for two years but at the first called election, the three~~  
25 ~~directors receiving the highest vote at such election shall serve~~  
26 ~~for two years and the other two directors shall serve for one year.~~  
27 ~~The first year terms shall be ended on the date of the first annual~~

1 ~~elections as hereinafter provided. Each~~ member of the board of  
2 directors shall ~~[qualify by executing the constitutional oath of~~  
3 ~~office and shall]~~ execute a ~~[good and sufficient commercial]~~ bond  
4 for \$1,000 payable to the [said] district conditioned upon the  
5 faithful performance of the director's [his] duties, and such  
6 ~~[oaths and]~~ bonds shall be deposited with the depository bank of the  
7 district for safekeeping. The cost of this bond shall be an expense  
8 of the hospital district.

9       (e) The board of directors shall elect from among its  
10 members a president and vice president ~~[organize by election a~~  
11 ~~chairman, who shall preside, or in his absence a chairman pro tem~~  
12 ~~shall preside, and the administrator or any member of the board may~~  
13 ~~be appointed secretary].~~ The board shall appoint a secretary, who  
14 need not be a director.

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

25       (g) All district records, including books, accounts,  
26 notices, minutes, and all other matters of the district and the  
27 operation of its facilities, shall be:

1           (1) maintained at the district office; and  
2           (2) open to public inspection at the district office  
3 at all reasonable hours.

4           (h) All vacancies in the office of director shall be filled  
5 by appointment of the remainder of the board of directors until the  
6 next election for directors and at such election the directors  
7 shall be elected for the unexpired term.

8           (i) Unless four-year terms are established under Section  
9 285.081, Health and Safety Code, a [A] regular election of  
10 directors shall be held on the uniform election date in May of each  
11 year to elect the appropriate number of directors. Notice of the  
12 [first Saturday of April of each year and notice of such] election  
13 shall be published in accordance with Section 4.003, Election Code,  
14 in a newspaper of general circulation in the county [one time at  
15 least 30 days prior to the date of election. Any person desiring  
16 his name to be printed on the ballot as a candidate for director  
17 shall file an application to have his name placed on the ballot with  
18 the secretary of the board of directors of the district. Such  
19 application shall be filed with the secretary at least 25 days prior  
20 to the date of the election].

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

23           Sec. 4. ADMINISTRATOR. (a) The board may appoint a  
24 qualified person as district administrator.

25           (b) The district administrator serves at the will of the  
26 board and receives the compensation determined by the board. [The  
27 board shall appoint a general manager, to be known as the

1 ~~administrator of the hospital district. The administrator shall~~  
2 ~~hold office at the pleasure of the board and shall receive such~~  
3 ~~compensation as may be fixed by the board.]~~ The administrator shall  
4 be subject to removal at any time by the board.

5       (c) The administrator shall, before entering into the  
6 discharge of the administrator's [his] duties, execute a bond  
7 payable to the district, in the amount of not less than \$10,000  
8 conditioned that the administrator [he] shall well and faithfully  
9 perform the duties required [of him], and containing such other  
10 conditions as the board may require. The board may pay for the bond  
11 with district money.

12       (d) The administrator shall perform all duties which may be  
13 required of the administrator [him] by the board, and shall  
14 supervise all of the work and activities of the district and have  
15 general direction of the affairs of the district within such  
16 limitations as may be prescribed by the board. [~~Said administrator~~  
17 ~~shall not be a member of the board and shall be a qualified~~  
18 ~~practitioner of medicine or be specifically trained for work of~~  
19 ~~such character.~~]

20       (e) The board of directors, with the approval of the  
21 commissioners court, shall be authorized to contract with any  
22 county other than Upton County for care and treatment of the  
23 county's sick, diseased and injured persons, and with the state and  
24 agencies of the federal government for the care and treatment of  
25 such persons for whom the state and such agencies of the federal  
26 government are responsible. Further, under the same conditions,  
27 the board of directors may enter into such contracts with the state

1 and federal government as may be necessary to establish or continue  
2 a retirement program for the benefit of its employees.

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

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

9 Sec. 7. [~~AUTHORIZATION OF~~] BONDS. (a) The board of  
10 directors may [~~shall have the power and authority to~~] issue and sell  
11 as the obligations of such hospital district, and in the name and  
12 upon the faith and credit of such hospital district, general  
13 obligation bonds for the purchase, construction, acquisition,  
14 repair or renovation of buildings and improvements and equipping  
15 the same for hospital purposes and for any or all of such purposes.

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

24 (c) The board's presiding officer shall execute the general  
25 obligation bonds in the district's name. The board secretary shall  
26 countersign the bonds.

27 (d) The district may issue general obligation bonds only if

1 the bonds are [~~Such bonds shall be executed in the name of the~~  
2 ~~hospital district and on its behalf by the chairman of the board of~~  
3 ~~directors and countersigned by the secretary of the board of~~  
4 ~~directors, and shall be subject to the same requirements in the~~  
5 ~~matter of approval thereof by the Attorney General of the State of~~  
6 ~~Texas and the registration thereof by the Comptroller of Public~~  
7 ~~Accounts of the State of Texas as are by law provided. Upon the~~  
8 ~~approval of such bonds by the Attorney General of Texas the same~~  
9 ~~shall be incontestable for any cause. No bonds shall be issued by~~  
10 ~~such hospital district (except refunding bonds) until]~~ authorized  
11 by a majority of the district voters [~~vote of the legally qualified~~  
12 ~~property taxpaying voters, residing in such hospital district,~~  
13 voting at an election [~~called and~~] held for such purpose. The board  
14 may order the election on its own motion. The order calling the  
15 election must [~~Such election may be called by the board of directors~~  
16 ~~of its own motion, shall]~~ specify the place or places where the  
17 election shall be held, the presiding officers thereof, the purpose  
18 for which the bonds are to be issued, the amount of the bonds to be  
19 authorized [~~thereof~~], maximum interest rate, [~~not to exceed six~~  
20 ~~percent per annum~~] and the maximum maturity date of such bonds (not  
21 to exceed 40 years from their date of issuance). Notice of election  
22 shall be given by publishing a substantial copy of the order calling  
23 the election in a newspaper of general circulation in such district  
24 once a week for two consecutive weeks prior to the date of election,  
25 the date of the first publication being at least 20 full days prior  
26 to the date set for the election. The costs of such election shall  
27 be paid by the hospital district.

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

4           (1) sold, with the proceeds of the refunding bond  
5 applied to the payment of the bonds to be refunded; or

6           (2) exchanged wholly or partly for not less than a  
7 similar amount of outstanding bonds and the unpaid matured interest  
8 on the bonds.

9       (f) The board may issue revenue bonds to:

10           (1) purchase, construct, acquire, repair, or renovate  
11 buildings or improvements;

12           (2) equip buildings or improvements for hospital  
13 purposes; or

14           (3) acquire real property for hospital purposes.

15       (g) Revenue bonds must be payable from and secured by a  
16 pledge of all or part of the revenue derived from the operation of  
17 the district's hospital system. Revenue bonds may be additionally  
18 secured by a mortgage or deed of trust on all or part of district  
19 property. Revenue bonds must be issued in the manner provided by  
20 Sections 264.042, 264.043, 264.046, 264.047, 264.048, and 264.049,  
21 Health and Safety Code, for issuance of revenue bonds by a county  
22 hospital authority.

23       (h) In addition to the authority to issue general obligation  
24 and revenue bonds under this section, the board may provide for the  
25 security and payment of district bonds from a pledge of a  
26 combination of ad valorem taxes as authorized by Subsection (b) of  
27 this section and revenue and other sources as authorized by



1 Subsection (g) of this section.

2 (i) The district may use the proceeds of bonds issued under  
3 this section to pay:

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

6 (2) interest payments on the bonds during a period of  
7 acquisition or construction of a project or facility to be provided  
8 through the bonds, not to exceed five years;

9 (3) costs related to the operation and maintenance of  
10 a project or facility to be provided through the bonds:

11 (A) during an estimated period of acquisition or  
12 construction, not to exceed five years; and

13 (B) for one year after the project or facility is  
14 acquired or constructed;

15 (4) costs related to the financing of the bond funds,  
16 including debt service reserve and contingency funds;

17 (5) costs related to the bond issuance;

18 (6) costs related to the acquisition of land or  
19 interests in land for a project or facility to be provided through  
20 the bonds; and

21 (7) construction costs of a project or facility to be  
22 provided through the bonds, including the payment of related  
23 professional services and expenses. [In the manner hereinabove

24 ~~provided, the bonds of such hospital district may, without the~~  
25 ~~necessity of any election therefor, be issued for the purpose of~~  
26 ~~refunding and paying off any bonded indebtedness theretofore~~  
27 ~~assumed by such hospital district, such refunding bonds may be sold~~

1 ~~and the proceeds thereof applied to the payment of any such~~  
2 ~~outstanding bonds or may be exchanged in whole or in part for not~~  
3 ~~less than a like amount of said outstanding bonds and interest~~  
4 ~~matured thereon, but unpaid, provided the average interest cost per~~  
5 ~~annum on the refunding bonds, computed in accordance with~~  
6 ~~recognized standard bond interest cost per annum so computed, upon~~  
7 ~~the bonds to be discharged out of the proceeds of the refunding~~  
8 ~~bonds, unless the total interest cost on the refunding bonds,~~  
9 ~~computed to their respective maturity dates, is less than the total~~  
10 ~~interest so computed on the bonds to be discharged out of such~~  
11 ~~proceeds. In the foregoing computations, any premium or premiums~~  
12 ~~required to be paid upon the bonds to be refunded as a condition to~~  
13 ~~payment in advance of their stated maturity dates shall be taken~~  
14 ~~into account as an addition to the net interest cost to the hospital~~  
15 ~~district of the refunding bonds.]~~

16 SECTION 4. Chapter 182, Acts of the 60th Legislature,  
17 Regular Session, 1967, is amended by adding Section 7A to read as  
18 follows:

19 Sec. 7A. AUTHORITY TO BORROW MONEY. (a) The board may  
20 borrow money at a rate not to exceed the maximum annual percentage  
21 rate allowed by law for district obligations at the time the loan is  
22 made.

23 (b) To secure a loan, the board may pledge:

24 (1) district revenue that is not pledged to pay the  
25 district's bonded indebtedness;

26 (2) tax revenue to be collected by the district during  
27 the 12-month period following the date of the pledge that is not

1 pledged to pay the principal of or interest on district bonds; or  
2 (3) district bonds that have been authorized but not  
3 sold.

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

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

10 Sec. 10. DISTRICT DEPOSITORY. (a) The board of directors of  
11 the district shall select ~~[name]~~ one or more banks ~~[within the~~  
12 ~~district]~~ to serve as a depository for ~~[the funds of the]~~ district  
13 money. ~~[All such funds shall, as derived and collected, be~~  
14 ~~immediately deposited with such depository bank or banks except~~  
15 ~~that sufficient funds shall be remitted to the bank or banks for the~~  
16 ~~payment of principal of and interest on the outstanding bonds of the~~  
17 ~~district or other obligations assumed by it and in time that such~~  
18 ~~money may be received by said bank or banks of payment on or prior to~~  
19 ~~the date of maturity of such principal and interest so to be paid.]~~  
20 To the extent that money ~~[funds]~~ in a ~~[the]~~ depository bank is ~~[ex~~  
21 ~~banks are]~~ not insured by the Federal Deposit Insurance  
22 Corporation, the money must ~~[they shall]~~ be secured in the manner  
23 provided by law for security of county funds. Membership on the  
24 board of directors of an officer or director of a bank shall not  
25 disqualify such bank from being designated as a depository.

26 (b) The board may invest operating, depreciation, or  
27 building reserves only in funds or securities specified by Chapter

1 2256, Government Code.

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

4 Sec. 13. METHODS AND PROCEDURES; CONSTRUCTION CONTRACTS.

5 (a) The board may prescribe the method of making purchases and  
6 expenditures by and for the district.

7 (b) The board may prescribe accounting and control  
8 procedures for the district.

9 (c) The board may enter into purchase or construction  
10 contracts on behalf of the district; however, the board may enter  
11 into construction [~~or purchase~~] contracts that involve spending  
12 more than the amount provided by Section 271.024, Local Government  
13 Code, [\$10,000] only after advertising as provided by Subchapter B,  
14 Chapter 271 [Chapter 252], Local Government Code.

15 (d) Chapter 2253, Government Code [Article 5160, Revised  
16 Statutes], applies to construction contracts let by the district.

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

*Stephen Boyd*

President of the Senate

*Joe Straus*

Speaker of the House

I certify that H.B. No. 850 was passed by the House on March 30, 2011, by the following vote: Yeas 146, Nays 0, 1 present, not voting.

*Robert Haney*

Chief Clerk of the House

I certify that H.B. No. 850 was passed by the Senate on May 25, 2011, by the following vote: Yeas 31, Nays 0.

*Daisy Spaw*

Secretary of the Senate

APPROVED: 17 JUN '11

Date

*Rick Perry*

Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
4pm O'CLOCK

JUN 17 2011

*Daisy Spaw*

Secretary of State