

HEALTH & SAFETY CODE
CHAPTER 110. RURAL FOUNDATION

Sec. 110.001. CREATION OF FOUNDATION. (a) The Office of Rural Community Affairs shall establish the Rural Foundation as a nonprofit corporation that complies with the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes), except as otherwise provided by this chapter, and qualifies as an organization exempt from federal income tax under Section 501(c)(3), Internal Revenue Code of 1986, as amended.

(b) The Office of Rural Community Affairs shall ensure that the Rural Foundation operates independently of any state agency or political subdivision of the state.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 65, Sec. 1, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 609, Sec. 9, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(h), eff. Sept. 1, 2003.

Sec. 110.002. POWERS AND DUTIES. (a) The Rural Foundation shall raise money from foundations, governmental entities, and other sources to finance health, community, and economic development programs in the rural areas of the state.

(b) The Rural Foundation shall have the powers that are necessary and convenient to carry out its duties.

(c) The Rural Foundation shall develop and implement policies and procedures that clearly separate the responsibilities and activities of the foundation from the Office of Rural Community Affairs.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 65, Sec. 2, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 609, Sec. 10, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(i), eff. Sept. 1, 2003.

Sec. 110.003. BOARD OF DIRECTORS. (a) The Rural Foundation is governed by a board of five directors appointed by the executive committee of the Office of Rural Community Affairs from individuals recommended by the executive director of the Office of Rural Community Affairs.

(b) Members of the board of directors of the Rural Foundation serve for staggered terms of six years, with as near as possible to one-third of the members' terms expiring February 1 of each odd-numbered year.

(c) Appointments to the board of directors of the Rural Foundation shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees.

(d) The board of directors of the Rural Foundation shall ensure that the foundation remains eligible for an exemption from federal income tax under Section 501(a), Internal Revenue Code of 1986, as amended, by being listed as an exempt organization under Section 501(c)(3) of that code, as amended.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 65, Sec. 3, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 609, Sec. 11, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(j), eff. Sept. 1, 2003.

Sec. 110.004. RESTRICTIONS ON BOARD APPOINTMENT, MEMBERSHIP, AND EMPLOYMENT. (a) In this section, "Texas trade association" means a cooperative and voluntarily joined association of business or professional competitors in this state designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

(b) A person may not be a member of the board of directors of the Rural Foundation and may not be a foundation employee employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), as amended, if:

(1) the person is an officer, employee, or paid consultant of a Texas trade association that is in the field of health care or that contracts with the foundation; or

(2) the person's spouse is an officer, manager, or paid consultant of a Texas trade association that is in the field of health care or that contracts with the foundation.

(c) A person may not be a member of the board of directors of the Rural Foundation or act as the general counsel to the board of directors or the foundation if the person is required to register as

a lobbyist under Chapter 305, Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of the foundation.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 65, Sec. 4, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 609, Sec. 12, eff. Sept. 1, 2003.

Sec. 110.005. REMOVAL OF BOARD MEMBER. (a) It is a ground for removal from the board of directors of the Rural Foundation that a member:

(1) is ineligible for membership under Section 110.004;

(2) cannot, because of illness or disability, discharge the member's duties for a substantial part of the member's term; or

(3) is absent from more than half of the regularly scheduled board meetings that the member is eligible to attend during a calendar year without an excuse approved by a majority vote of the board of directors.

(b) The validity of an action of the board of directors of the Rural Foundation is not affected by the fact that it is taken when a ground for removal of a board member exists.

(c) If the executive director of the Office of Rural Community Affairs has knowledge that a potential ground for removal exists, the executive director shall notify the presiding officer of the board of directors of the Rural Foundation of the potential ground. The presiding officer shall then notify the governor and the attorney general that a potential ground for removal exists. If the potential ground for removal involves the presiding officer, the executive director shall notify the next highest ranking officer of the board of directors, who shall then notify the governor and the attorney general that a potential ground for removal exists.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 65, Sec. 5, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 609, Sec. 13, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(k), eff. Sept. 1, 2003.

Sec. 110.006. VACANCY. A vacancy on the board of directors of the Rural Foundation shall be filled for the remainder of the unexpired term in the same manner as the original appointment.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001.

Sec. 110.007. OFFICERS. The board of directors of the Rural Foundation shall elect from among its members a presiding officer, an assistant presiding officer, and other officers the board considers necessary. The presiding officer and assistant presiding officer serve for a period of one year and may be reelected.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001.

Sec. 110.008. MEETINGS. The board of directors of the Rural Foundation may meet as often as necessary, but shall meet at least twice a year.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001.

Sec. 110.009. TAX EXEMPTION. All income, property, and other assets of the Rural Foundation are exempt from taxation by the state and political subdivisions of the state.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001.

Sec. 110.010. MEMORANDUM OF UNDERSTANDING. The Rural Foundation and the Office of Rural Community Affairs shall enter into a memorandum of understanding that:

(1) requires the board of directors and staff of the foundation to report to the executive director and executive committee of the Office of Rural Community Affairs;

(2) allows the Office of Rural Community Affairs to provide staff functions to the foundation;

(3) allows the Office of Rural Community Affairs to expend funds on the foundation; and

(4) outlines the financial contributions to be made to the foundation from funds obtained from grants and other sources.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001. Amended by Acts 2003, 78th Leg., ch. 65, Sec. 6, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 609, Sec. 14, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.006(l), eff. Sept. 1, 2003.

Sec. 110.011. RECORDS. (a) The Rural Foundation shall maintain financial records and reports independently from those of the Office of Rural Community Affairs.

(b) The Rural Foundation shall comply with all filing requirements of the secretary of state and the Internal Revenue

Service.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001.
Amended by Acts 2003, 78th Leg., ch. 65, Sec. 7, eff. Sept. 1, 2003;
Acts 2003, 78th Leg., ch. 609, Sec. 15, eff. Sept. 1, 2003; Acts
2003, 78th Leg., ch. 1276, Sec. 9.006(m), eff. Sept. 1, 2003.

Sec. 110.012. REPORT TO OFFICE OF RURAL COMMUNITY AFFAIRS. Not later than the 60th day after the last day of the fiscal year, the Rural Foundation shall submit to the Office of Rural Community Affairs a report itemizing all income and expenditures and describing all activities of the foundation during the preceding fiscal year.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001.
Amended by Acts 2003, 78th Leg., ch. 65, Sec. 8, eff. Sept. 1, 2003;
Acts 2003, 78th Leg., ch. 609, Sec. 16, eff. Sept. 1, 2003; Acts
2003, 78th Leg., ch. 1276, Sec. 9.006(n), eff. Sept. 1, 2003.

Sec. 110.013. PROHIBITED USE OF FUNDS. Funds administered by the Rural Foundation may not be used to provide an abortion or a referral for an abortion, unless there is a medically necessary reason to provide the referral.

Added by Acts 2001, 77th Leg., ch. 1221, Sec. 1, eff. Sept. 1, 2001.