

HEALTH & SAFETY CODE

CHAPTER 284. SPECIAL PROVISIONS RELATING TO HOSPITAL DISTRICT BONDS  
SUBCHAPTER A. ISSUANCE OF REVENUE BONDS IN COUNTIES WITH POPULATION  
OF AT LEAST 200,000

Sec. 284.001. AUTHORITY TO ISSUE; FORM OF BONDS. (a) The commissioners court of a county with a population of at least 200,000 in which a hospital district has been created in accordance with Article IX of the Texas Constitution may issue revenue bonds to provide funds to:

(1) acquire, construct, repair, renovate, improve, enlarge, and equip a hospital facility; and

(2) acquire any real or personal property on behalf of the district for those purposes.

(b) The commissioners court may not issue revenue bonds under this subchapter on behalf of a hospital district to purchase a nursing home for long-term care.

(c) The bonds and bond interest coupons are negotiable instruments.

(d) The bonds may be issued in the form, denomination, and manner and under the terms and conditions determined and provided by the commissioners court in the order authorizing the issuance of the bonds.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.002. TERMS. (a) The bonds must mature serially or otherwise not more than 40 years after the date they are issued.

(b) The bonds may be:

(1) made redeemable before maturity; and

(2) issued registrable as to principal or as to principal and interest.

(c) The bonds shall be executed in the manner and bear interest at the rate provided by the commissioners court in the order authorizing the bonds.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.003. APPROVAL AND REGISTRATION OF BONDS. (a) The commissioners court shall submit the bonds and the proceedings authorizing their issuance to the attorney general for examination. If the attorney general finds that the bonds are authorized in accordance with law, the attorney general shall approve the bonds and the comptroller shall register the bonds.

(b) After approval and registration, the bonds are incontestable and are binding obligations according to their terms.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.004. SECURITY. (a) The commissioners court may make bonds issued under this subchapter payable from and secured by a lien on or pledge of all or part of the hospital district revenue from operation or ownership of hospital facilities, except ad valorem taxes.

(b) The commissioners court may also secure the bonds by:

(1) a pledge of all or part of a grant, a donation, or other income received from a public or private source, whether in accordance with an agreement or otherwise; and

(2) a mortgage or deed of trust on real property on which a district hospital facility is or will be located and any real or personal property incident or appurtenant to that facility.

(c) The commissioners court may authorize the execution and delivery of a trust indenture, mortgage, deed of trust, or other form of encumbrance to evidence a security agreement under Subsection (b)(2).

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.005. SALE OF BONDS; USE OF PROCEEDS. (a) The bonds may be sold in the manner, at the price, and under the terms determined and provided by the commissioners court in the order authorizing the issuance of the bonds.

(b) If permitted by the bond order, a required part of the proceeds from the bond sale may be used for:

(1) the payment of interest on the bonds during the construction of hospital facilities financed with bond proceeds;

(2) the payment of operation and maintenance expenses of those facilities to the extent and for the period specified by the bond order; and

(3) the creation of reserves for the payment of bond principal and interest.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.006. INVESTMENT OF BOND PROCEEDS. Proceeds from the sale of bonds may be invested until needed to the extent and in

the manner provided by the bond order.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.007. LEGAL INVESTMENTS. The bonds are legal and authorized investments for:

- (1) a bank;
- (2) a trust company;
- (3) a savings and loan association;
- (4) an insurance company;
- (5) a small business investment corporation;
- (6) a fiduciary;
- (7) a trustee;
- (8) a guardian; or
- (9) an interest or sinking fund or other public funds

of the state or a municipality, county, school district, or other political subdivision of the state.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.008. SECURITY FOR DEPOSITS. The bonds are eligible to secure deposits of public funds of the state or of a municipality, county, school district, or other political subdivision of the state. The bonds are lawful and sufficient security for deposits to the extent of their market value if accompanied by all appurtenant unmatured coupons, if any.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.009. AUTHORITY TO ISSUE SUBSEQUENT BONDS. In the authorization of bonds under Section 284.001, the commissioners court may provide for the subsequent issuance of additional parity, subordinate lien, or other bonds, under the terms or conditions stated in the order authorizing the issuance of the original bonds.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.010. REFUNDING BONDS AND REFINANCING. (a) Revenue bonds issued by the commissioners court under this subchapter or under any other statute of this state and payable from hospital facility revenue may be refunded or otherwise refinanced by the commissioners court.

(b) The provisions of this subchapter pertinent and appropriate to the issuance of revenue bonds generally apply to the refunding bonds.

(c) In issuing refunding bonds or in refinancing revenue bonds, the commissioners court in the same authorizing proceedings may:

(1) refund or refinance bonds issued under this subchapter and bonds issued under another statute of this state and combine the refunding bonds with other new bonds to be issued under those laws into one or more issues or series of bonds; and

(2) provide for the subsequent issuance of additional parity, subordinate lien, or other bonds.

(d) Refunding bonds shall be issued and delivered under the terms and conditions stated in the authorizing proceedings.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.011. TAXES TO PAY OPERATING AND MAINTENANCE EXPENSES. (a) Ad valorem taxes of the hospital district shall be used to pay hospital facility operation and maintenance expenses to the extent that hospital facility revenue and income are not available at any time to pay all those expenses.

(b) The proceeds of an annual ad valorem tax may be pledged to pay hospital facility operation and maintenance expenses in the order authorizing the issuance of bonds under this subchapter.

(c) During each year that any of the bonds are outstanding, the commissioners court shall compute and determine the rate and amount of ad valorem tax that is sufficient to raise and produce the funds required to pay required hospital facility operation and maintenance expenses if the annual ad valorem tax is pledged as security for the payment of those expenses. In determining the tax rate, the commissioners court may allow for tax delinquencies and the cost of tax collection.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.012. AUTHORITY OF DISTRICT GOVERNING BODY IN ABSENCE OF AD VALOREM TAX. If a hospital district created under Article IX of the Texas Constitution does not have ad valorem taxes levied on behalf of the district by the commissioners court of the county in which the hospital district is located, the district board of directors or other governing body has all of the powers and duties otherwise provided to a commissioners court under this subchapter.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.013. ANNUAL BUDGET. (a) The commissioners court, board of hospital managers, or hospital district board of directors shall provide in each annual hospital district budget for the payment of all operation and maintenance expenses of the hospital district.

(b) In preparing the budget, the commissioners court or board may consider the estimated revenue and income from hospital facilities that will be available for paying operation and maintenance expenses after providing for all principal, interest, and reserve requirements in connection with the bonds.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.014. AUTHORITY TO CHARGE FOR HOSPITAL SERVICES. (a) The commissioners court, board of hospital managers, or hospital district board of directors may fix and collect charges for the occupancy or use of hospital facilities and hospital services in the amount and manner determined by the commissioners court or board.

(b) The charges shall be fixed and collected in an amount:

(1) sufficient, with other pledged resources, to provide for all payments of principal, interest, and any other amounts required in connection with the bonds; and

(2) required by the bond order to provide for payment of all or part of the operation, maintenance, and other expenses of the hospital facilities.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 284.015. USE OF OTHER LAW. A commissioners court may use other law not in conflict with this chapter to the extent convenient or necessary to carry out any power expressly or impliedly granted by this chapter.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

SUBCHAPTER B. ISSUING AND REFUNDING REVENUE BONDS BY HOSPITAL DISTRICTS CREATED UNDER ARTICLE IX, SECTION 9, OF THE TEXAS CONSTITUTION

Sec. 284.031. AUTHORITY TO ISSUE. (a) A hospital district created in accordance with Article IX, Section 9, of the Texas Constitution may issue revenue bonds to:

(1) acquire, construct, repair, renovate, or equip buildings and improvements for hospital purposes; and

(2) acquire sites for hospital purposes.

(b) The hospital district may refund revenue bonds previously issued for the purposes specified by Subsection (a).

(c) The bonds must be payable from and secured by a pledge of all or part of district revenues from operation of a hospital. The bonds may also be secured by a mortgage or deed of trust lien on all or part of the district's property.

(d) The bonds must be issued in accordance with Sections 264.042-264.047(a), 264.048, and 264.049, and with the effect specified by Section 264.050.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

SUBCHAPTER C. BOND ELECTIONS IN HOSPITAL DISTRICTS

Sec. 284.041. BOND ELECTIONS FOR REVENUE BONDS. (a) The commissioners court of a county authorized by law to issue revenue bonds on behalf of a hospital district in the county may, on its own motion, order an advisory election to determine whether a majority of the qualified voters of the hospital district voting at the election favor the issuance of revenue bonds. The order must contain the same information contained in the notice of the election.

(b) In addition to the contents of the notice required by the Election Code, the notice must state any other matters that the commissioners court considers necessary or advisable.

(c) Subject to any additional notice requirements under Section 4.003, Election Code, the commissioners court shall publish notice of the election one time, at least 10 days before the date set for the election, in a newspaper of general circulation in the hospital district.

(d) The election is advisory only and does not affect the authority of the commissioners court to issue revenue bonds on behalf of the hospital district under an applicable law that does not require an election.

(e) The expenses of holding the election shall be paid from hospital district funds.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.