

CHAPTER 516

S.B. No. 1336

An Act relating to the board of directors, its powers and duties, and the administration, operation, and financing of the Montgomery County Hospital District; amending Subsection (a) of Section 4, Sections 5 and 10, Subsection (b) of Section 11, Subsection (a) of Section 13, Subsection (c) of Section 15, and Subsection (c) of Section 16 and adding Subsection (d) to Section 8, Subsection (c) to Section 11, and Subsection (d) to Section 15, Chapter 258, Acts of the 65th Legislature, Regular Session, 1977, as amended.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subsection (a), Section 4, Chapter 258, Acts of the 65th Legislature, Regular Session, 1977, as amended, is amended to read as follows:

"(a) *The district is governed by a board of [Within 10 days after the election is held, the Commissioners Court of Montgomery County shall convene and canvass the returns of the election, and if a majority of the persons voting at the election vote in favor of the proposition, the court shall so find and declare the hospital district created and appoint seven persons as directors of the hospital district to serve until the first Tuesday in April of the following year at which time] seven directors [shall be elected]. Three of the directors shall be elected at large from the entire district, and the remaining four directors each shall be elected from a different commissioner's precinct in the district, and each shall be a resident of the precinct he represents. Candidates to represent the district at large shall run by position. A qualified elector [at the initial election and at subsequent elections] is entitled to vote for the directors to be elected at large and for the director to be elected from the precinct in which the elector resides. Directors [At the initial election, two of the directors elected at large and the directors elected from Commissioner's Precinct No. 1 and Commissioner's Precinct No. 2 shall be elected for two-year terms, and the remaining director elected at large and the directors elected from Commissioner's Precinct No. 3 and Commissioner's Precinct No. 4 shall be elected for one-year terms. Subsequent directors] shall serve for terms of two years expiring on the second Tuesday in May. No person may be appointed or elected as a member of the board of directors of the hospital district unless he is a resident of the district and a qualified elector and unless at the time of such election or appointment he shall be more than 21 years of age. No person may be appointed or elected as a director of the hospital district if he holds another appointed or elected public office of honor, trust, or profit. A person holding another public office of honor, trust, or profit who seeks to be appointed or elected a director automatically vacates the first office. No physician who has hospital privileges in the district may be a director; provided the chief of staff may serve as an ex officio director without the right to vote as a member of the board. Each member of the board of directors shall serve without compensation and shall qualify by executing the constitutional oath of office and shall execute a good and sufficient bond for \$1,000 payable to the district conditioned upon the faithful performance of his duties, and the bonds shall be deposited with the depository bank of the district for safekeeping."*

SECTION 2. Section 5, Chapter 258, Acts of the 65th Legislature, Regular Session, 1977, is amended to read as follows:

"Section 5. The board of directors shall manage, control, and administer the hospital system and all funds and resources of the district, but in no event shall any operating, depreciation, or building reserves be invested in any funds or securities other than those specified in Article 836 or 837, Revised Civil Statutes of Texas, 1925, as amended. The district, through its board of directors, shall have the power and authority to sue and be sued, to promulgate rules governing the operation of the hospital, the hospital system, its staff, and its employees. The board of directors shall appoint a qualified person to be known as the administrator or manager of the hospital district and may in its discretion appoint an assistant to the administrator or manager. The administrator or manager and assistant administrator or manager, if any, shall serve at the will of the board and shall receive such compensation as may be fixed by the board. ~~[The administrator or manager shall, on assuming his duties, execute a bond payable to the hospital district in an amount to be set by the board of directors, in no event less than \$5,000, conditioned that he shall perform the duties required of him and containing such other conditions as the board may require.]~~ The administrator or manager shall supervise all the work and activities of the district and shall have general direction of the affairs of the district, subject to limitations prescribed by the board. The board of directors shall have the authority to appoint to the staff such doctors as necessary for the efficient operation of the district and may provide for temporary appointments to the staff if warranted by circumstances. The board may delegate to the administrator or manager the authority to employ technicians, nurses, and employees of the district. The board shall be authorized to contract with any other political subdivision or governmental agency whereby the district will provide investigatory or other services as to the medical, hospital, or welfare needs of the inhabitants of the district and shall be authorized to contract with any county or incorporated municipality located outside its boundaries for the care and treatment of the sick, diseased, or injured persons of any such county or municipality and shall have the authority to contract with the State of Texas or agencies of the federal government for the treatment of sick, diseased, or injured persons."

SECTION 3. Section 8, Chapter 258, Acts of the 65th Legislature, Regular Session, 1977, is amended by adding Subsection (d) to read as follows:

"(d) *The district shall have the same power and authority as cities and counties under The Certificate of Obligation Act of 1971 (Article 2368a.1, Vernon's Texas Civil Statutes) to issue and sell certificates of obligation for permitted purposes under this Act in accordance with the provisions*

of The Certificate of Obligation Act. Certificates of obligation shall be issued in conformity with and in the manner specified in The Certificate of Obligation Act, as it may be amended from time to time."

SECTION 4. Section 10, Chapter 258, Acts of the 65th Legislature, Regular Session, 1977, is amended to read as follows:

"Section 10. In addition to the power to issue bonds payable from taxes levied by the district, as contemplated by Section 8 [9] of this Act, the board of directors is further authorized to issue and to refund any previously issued revenue bonds for purchasing, constructing, acquiring, repairing, equipping, or renovating buildings and improvements for hospital purposes and for acquiring sites for hospital purposes, the bonds to be payable from and secured by a pledge of all or any part of the revenues of the district to be derived from the operation of its hospital or hospitals. The bonds may be additionally secured by a mortgage or deed of trust lien on any part or all of its properties. The bonds shall be issued in the manner and in accordance with the procedures and requirements specified for the issuance of revenue bonds by county hospital authorities in Sections 8 and 10 through 13 of Chapter 122, Acts of the 58th Legislature, 1963 (Article 4494r, Vernon's Texas Civil Statutes)."

SECTION 5. Section 11, Chapter 258, Acts of the 65th Legislature, Regular Session, 1977, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

"(b) The board of directors of the district shall have the power to prescribe the method and manner of making purchases and expenditures by and for the hospital district and shall also be authorized to prescribe all accounting and control procedures. All contracts for construction involving the expenditure of more than \$10,000 may be made only after advertising in the manner provided by Chapter 163, Acts of the 42nd Legislature, Regular Session, 1931, as amended (Article 2368a, Vernon's Texas Civil Statutes). The provisions of Article 5160, Revised Civil Statutes of Texas, 1925, as amended, relating to performance and payment bonds shall apply to construction contracts let by the district. The district may acquire equipment for use in its hospital system and mortgage or pledge the property so acquired as security for the payment of the purchase price, but any such contract shall provide for the entire obligation of the district to be retired within five years from the date of the contract. Except as permitted in the preceding sentence and as permitted by Sections 8, 9, and 10 of this Act, the district may incur no obligation payable from any revenues of the district, ~~[tax or otherwise,]~~ except those on hand or to be on hand within the then current and following fiscal year of the district.

"(c) *The board may declare an emergency in the matter of funds not being available to pay principal of and interest on any bonds of the district payable in whole or in part from taxes or to meet any other needs of the district and may issue negotiable tax anticipation notes to borrow the money needed by the district. Tax anticipation notes may bear interest at any rate or rates authorized by general law and must mature within one year of their date. Tax anticipation notes may be issued for any purpose for which the district is authorized to levy taxes, and tax anticipation notes shall be secured with the proceeds of taxes to be levied by the district in the succeeding 12-month period. The board may covenant with the purchasers of the notes that the board will levy a sufficient tax in the following fiscal year to pay principal of and interest on the notes and pay the costs of collecting the taxes.*"

SECTION 6. Subsection (a), Section 13, Chapter 258, Acts of the 65th Legislature, Regular Session, 1977, is amended to read as follows:

"(a) The board of directors shall annually levy a tax not to exceed the amount hereinabove permitted for the purpose of paying:

"(1) the indebtedness assumed or issued by the district, but no tax shall be levied to pay principal of or interest on revenue bonds issued under the provisions of Section 8 [9] of this Act; and

"(2) the maintenance and operating expenses of the district."

SECTION 7. Section 15, Chapter 258, Acts of the 65th Legislature, Regular Session, 1977, as amended, is amended by amending Subsection (c) and adding Subsection (d) to read as follows:

"(c) Land owned by the district may not be leased for a period greater than 25 years or sold unless the board of directors:

"(1) finds that the land is not necessary for hospital purposes;

"(2) ~~[complies with Chapter 455, Acts of the 61st Legislature, Regular Session, 1960, as amended (Article 5421c-12, Vernon's Texas Civil Statutes);~~

"~~[(3)]~~ complies with any indenture securing the payment of bonds issued by the district; and

"(3) ~~[(4)]~~ receives on behalf of the district not less than the current market value for the sale or lease.

“(d) In addition to the requirements under Subsection (c) of this section, land of the district may not be sold unless the board of directors complies with Chapter 455, Acts of the 61st Legislature, Regular Session, 1969 (Article 5421c-12, Vernon’s Texas Civil Statutes).”

SECTION 8. Subsection (c), Section 16, Chapter 258, Acts of the 65th Legislature, Regular Session, 1977, is amended to read as follows:

“(c) Under this subsection, taxes shall be assessed and collected by a tax assessor-collector appointed by the directors, who shall also fix the term of his employment, compensation, and requirement for bond to assure the faithful performance of his duties, but in no event shall such bond be for less than \$5,000. [The directors shall also annually appoint five persons to serve as a board of equalization and shall fix their compensation. Each member of the board and the tax assessor/collector shall be residents of the district and own real property subject to hospital district taxation; and each shall have the same duties, including the obligation to execute the oath of office, as required of county officials exercising such powers and duties. Except as in this law provided to the contrary, all the provisions of Title 122, Revised Civil Statutes of Texas, 1925, as amended, shall apply to the district.]”

SECTION 9. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on May 9, 1985, by the following vote: Yeas 31, Nays 0; passed the House on May 21, 1985, by the following vote: Yeas 143, Nays 0, two present not voting.

Approved: June 12, 1985

Effective: Immediately