

## CHAPTER 600

## H.B. No. 2641

## AN ACT

relating to the board of directors and powers and duties of the Lynn County Hospital District.

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

SECTION 1. Section 4, Chapter 66, Acts of the 60th Legislature, Regular Session, 1967, is amended to read as follows:

Sec. 4. (a) ~~Seven directors [On the effective date of this Act, the Commissioners Court of Lynn County shall appoint seven persons to serve as the temporary or provisional directors of the district. Each of these directors shall subscribe to the constitutional oath of office within 60 days of the effective date of this Act. Should any of the appointed directors refuse to act or for any reason fail to qualify as herein required, the Commissioners Court of Lynn County shall fill the vacancy. The terms of office of the persons appointed as directors to the second, fourth, and sixth places shall expire on the first Saturday in April of the year following the election for the creation of the district. The terms of the persons appointed as directors to the first, third, fifth, and seventh places shall expire on the first Saturday in April of the second year following the election for the creation of the district. Successors]~~ shall be elected by a vote of the qualified voters of the entire district for ~~three-year [two-year]~~ terms.

(b) ~~[The directors appointed by the commissioners court and their successors in office shall hold office as provisional or temporary directors until the creation of the district has been approved at an election as provided by this Act. At such time as the creation of the district is approved and the returns of the election officially canvassed, the persons acting as provisional or temporary directors shall become permanent directors whose terms shall expire as provided in this Act.]~~ Each ~~[permanent]~~ director and his successor in office shall qualify by executing the constitutional oath of office, and the ~~[permanent]~~ directors, acting as a board, shall have and exercise the powers conferred on the board by this Act.

(c) *To be eligible to be a candidate for or to serve as a director, a person must be:*

(1) *a resident of the district; and*

(2) *a qualified voter [No person shall be a member of the board of directors of the hospital district unless he is a resident of the district and owns land subject to taxation in the district and unless at the time of the election or appointment he shall be more than 21 years of age].*

(d) The board of directors shall organize by electing one of their number as president and one of their number as vice president. A secretary, who need not be a director, shall also be elected. *Each officer of the board holds that office for a term of one year.* Four members of the board of directors shall constitute a quorum and a concurrence of four shall be sufficient in all matters pertaining to the business of the district. *The board of directors shall fill a vacancy in a board office for the unexpired term.* All vacancies in the office of director shall be filled for the unexpired term by appointment of the remainder of the board of directors. In the event the number of directors shall be reduced to less than four for any reason, the

remaining directors shall immediately call a special election to fill the vacancies, and on failure to do so, a district court, on application of any elector or taxpayer of the district, may issue a mandate requiring that the election be ordered by the remaining directors.

(e) A regular election of directors shall be held on the first Saturday in *May* [~~April~~] of each year and notice of the election shall be published in a newspaper of general circulation in the district one time at least 10 days before the date of election. Any person desiring his name to be printed on the ballot as a candidate for director shall file a petition with the secretary of the board of directors of the district, signed by not less than 25 qualified electors, asking that his name be printed on the ballot. The petition shall be filed *before the 31st day* [~~at least 25 days~~] before the date of election.

(f) *An employee of the district may not serve as a director.*

(g) *Before assuming the duties of the office, each director must execute a bond for \$5,000 payable to the district, conditioned on the faithful performance of the person's duties as director. The bond shall be kept in the permanent records of the district.*

(h) *The board of directors may pay for directors' bonds with district funds.*

(i) *Directors and officers may be reimbursed for actual expenses incurred in the performance of official duties. Expenses reimbursed under this subsection must be:*

- (1) *reported in the district's minute book or other district records; and*
- (2) *approved by the board of directors.*

SECTION 2. Section 5, Chapter 66, Acts of the 60th Legislature, Regular Session, 1967, is amended to read as follows:

Sec. 5. (a) The board of directors shall manage, control and administer the hospitals and hospital system of the district. The district through its board of directors shall have the power and authority to sue and be sued, ~~and~~ to promulgate rules and regulations for the operation of the district, *and to define the duties, functions, and responsibilities of the staff and employees of the district.* 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 assistant manager, if any, shall serve at the will of the board and shall receive compensation as may be fixed by the board. The administrator or manager, on assuming his duties, shall 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 other conditions as the board may require. *The board of directors may pay for the bond with district funds.* 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 the limitations prescribed by the board. The board of directors shall have the authority to appoint to the staff such doctors, and employ such technicians, nurses and other employees of every kind and character deemed necessary for the efficient operation of the district. The board may provide that the administrator or manager shall have the authority to employ technicians, nurses and employees of the district. ~~The board 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 the 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.

(b) *The board of directors may enter into operating or management contracts relating to hospital facilities.*

(c) *The board of directors shall require reimbursement from a county, municipality, or public hospital located outside the boundaries of the district for the district's care and treatment of a sick, diseased, or injured person of that county, municipality, or public hospital as provided by Chapter 61, Health and Safety Code.*

(d) *The board of directors shall require reimbursement from the sheriff or police chief of a county or municipality for the district's care and treatment of a person confined in a jail facility of the county or municipality who is not a resident of the district.*

*(e) The board of directors may contract with a municipality, county, special district, or other political subdivision of the state or with a state or federal agency for the district to:*

- (1) furnish a mobile emergency medical service; or*
- (2) provide for the investigatory or welfare needs of inhabitants of the district.*

SECTION 3. Chapter 66, Acts of the 60th Legislature, Regular Session, 1967, is amended by adding Sections 5A and 5B to read as follows:

*Sec. 5A. (a) The board of directors may provide emergency services, home health care services, long-term health care services, special care facility services, or any other health care services the board of directors determines are necessary to meet the needs of the district.*

*(b) The board of directors may spend district funds to:*

- (1) recruit physicians, nurses, or other trained medical personnel and, in connection with recruitment, may pay a person's tuition or other education-related costs or expenses if the person contractually agrees to become an employee of the district after graduation from a medical or nursing school or an institution of higher education; or*
- (2) provide for continuing education and retraining of district employees.*

*Sec. 5B. The board of directors may provide retirement benefits for employees of the district by:*

- (1) establishing or administering a retirement program; or*
- (2) electing to participate in the Texas County and District Retirement System or in any other statewide retirement system in which the district is eligible to participate.*

SECTION 4. Section 7, Chapter 66, Acts of the 60th Legislature, Regular Session, 1967, is amended by amending Subsections (a) and (c) and adding Subsections (d), (e), and (f) to read as follows:

*(a) The board of directors shall have the power and authority to issue and to sell its bonds in the name and on the faith and credit of the hospital district for the acquisition and operation of a mobile emergency medical service and for the purchase, construction, acquisition, repair or renovation of buildings and improvements and equipping the same for hospital purposes, and for any or all of these purposes. At the time of the issuance of any bonds by the district, a tax shall be levied by the board sufficient to create an interest and sinking fund to pay the interest on and principal of the bonds as they mature, providing the tax together with any other taxes levied for the district shall not exceed 75 cents on each \$100 valuation of taxable property in any one year, upon all property subject to hospital district taxation within said district. [No bonds shall be issued by the hospital district except refunding bonds until authorized by a majority of the qualified property taxpaying electors. The order for the bond election shall specify the date of the election, the amount of bonds to be authorized, the maximum maturity of the bonds, the maximum rate of interest they are to bear, the place or places where the election shall be held, the presiding judge and alternate judge for each voting place and provide for clerks as in county elections. Notice of any bond election, except one held under the provisions of Section 8, in which instance notice shall be given as provided in Section 3, shall be given as provided in Article 704, Revised Civil Statutes of Texas, 1925, as amended, and shall be conducted in accordance with the general laws of Texas pertaining to general elections, except as modified by the provisions of this Act.]*

*(c) Bonds of the district shall bear interest at a rate not to exceed that provided by Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil Statutes) [six percent a year], shall mature not later than the 50th anniversary of the date of their issuance [within 40 years of their date], shall be executed in the name of the hospital district and in its behalf by the president of the board and countersigned by the secretary in the manner provided by Chapter 204, Acts of the 57th Legislature, Regular Session, 1961 (Article 717j-1, Vernon's Texas Civil Statutes), as amended, and shall be subject to the same requirements in the matter of approval by the Attorney General of Texas and registration by the Comptroller of Public Accounts of the State of Texas as are by law provided for approval and registration of bonds issued by counties. On the approval of the bonds by the attorney general and registration by the comptroller, the bonds shall be incontestable for any cause.*

(d) *The board of directors may issue revenue bonds to:*

- (1) *purchase, construct, acquire, repair, equip, or renovate buildings or improvements for hospital purposes;*
- (2) *acquire sites to be used for hospital purposes; or*
- (3) *acquire and operate a mobile emergency medical service to assist the district in carrying out its hospital purposes.*

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

(f) *The revenue bonds must be issued in the manner provided by Sections 264.042, 264.043, 264.046, 264.047, 264.048, and 264.049, Health and Safety Code, for issuance of revenue bonds by county hospital authorities.*

SECTION 5. Chapter 66, Acts of the 60th Legislature, Regular Session, 1967, is amended by adding Section 7A to read as follows:

Sec. 7A. (a) *If the board of directors declares that funds are not available to meet lawfully authorized obligations of the district and that an emergency exists, the board of directors may borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time the loan is made.*

(b) *To secure a loan, the board of directors may pledge:*

- (1) *revenues of the district that are not pledged to pay bonded indebtedness of the district;*
- (2) *district taxes to be levied by the district in the next 12-month period that are not pledged to pay the principal of or interest on district bonds; or*
- (3) *district bonds that have been authorized but not sold.*

(c) *A loan for which taxes or bonds are pledged must mature not later than the anniversary of the date on which the loan is made. A loan for which district revenues are pledged must mature not later than the fifth anniversary of the date on which the loan is made.*

(d) *The board of directors may not spend money obtained from a loan under this section for any purpose other than the purpose for which the board of directors declared an emergency and, if taxes or bonds are pledged to pay the loan, for any purpose other than the purpose for which the pledged taxes were levied or the pledged bonds were authorized.*

SECTION 6. Section 10, Chapter 66, Acts of the 60th Legislature, Regular Session, 1967, is amended to read as follows:

Sec. 10. 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 in a manner that is consistent with Subtitle C, Title 8, Local Government Code, and shall be authorized to prescribe all accounting and control procedures. ~~[All purchases involving the expenditure of more than \$2,000 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 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 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 7 and 8, the district may incur no obligation payable from any revenues of the district, taxes or otherwise, except those on hand or to be on hand within the then current fiscal year of the district or the fiscal year immediately following.

SECTION 7. Chapter 66, Acts of the 60th Legislature, Regular Session, 1967, is amended by adding Section 10A to read as follows:

Sec. 10A. (a) *The board of directors may enter into construction contracts for the district.*

*(b) The board of directors may enter into construction contracts that involve spending more than \$10,000 only after competitive bidding as provided by Subchapter B, Chapter 271, Local Government Code.*

SECTION 8. Section 15, Chapter 66, Acts of the 60th Legislature, Regular Session, 1967, is amended to read as follows:

Sec. 15. *(a) The board of directors annually may impose property taxes in an amount not to exceed the limit approved by the voters at the election authorizing the levy of taxes. In adopting the tax rate, the board of directors shall consider the income of the district from sources other than taxation. The tax rate for all purposes may not exceed 75 cents on each \$100 valuation of all taxable property in the district [The district taxes shall be assessed and collected on county tax values in the same manner as provided by law with relation to county taxes on all taxable property in the district subject to hospital district taxation. The tax assessor-collector of the county in which the district is situated shall be charged and required to accomplish the assessment and collection of all taxes levied by and on behalf of the district. The assessor-collector of taxes shall charge and deduct from payments to the hospital district an amount as fees for assessing and collecting the taxes at a rate of one percent of the taxes assessed and one percent of the taxes collected, but in no event shall the amount paid be more than \$5,000 in one calendar year. The fees shall be deposited in the officers salary fund of the county and reported as fees of office of the county tax assessor-collector. Interest and penalties on taxes paid to the hospital district shall be the same as in the case of county taxes. Discounts shall be the same as allowed by the county. The residue of tax collections after deduction of discounts and fees for assessing and collecting shall be deposited in the district's depository. The board of directors shall have the authority to levy the aforesaid tax for the entire year in which said district is established as the result of the election. The bond of the county tax assessor-collector shall stand as security for the proper performance of his duties as assessor-collector of the district, or, if in the judgment of the district board of directors it is necessary, additional bond payable to the district may be required. In all matters pertaining to the assessment, collection and enforcement of taxes for the district, the county tax assessor-collector shall be authorized to act in all respects according to the laws of the State of Texas relating to State and county taxes].*

*(b) The taxes may be used to pay:*

- (1) the indebtedness issued or assumed by the district; and*
- (2) the maintenance and operating expenses of the district.*

*(c) The district may not impose taxes to pay the principal of or interest on revenue bonds issued under this Act.*

*(d) The Tax Code governs the appraisal, assessment, and collection of district taxes.*

*(e) The board of directors may provide for the appointment of a tax assessor-collector for the district or may contract for the assessment and collection of taxes as provided by the Tax Code.*

SECTION 9. The terms of office for the successors to the directors currently serving in places two, four, and six shall begin on the first Saturday in May, 1994, and shall expire on the first Saturday in May, 1997. The terms of office for the successors to the directors currently serving in places three and five shall begin on the first Saturday of May, 1995, and shall expire on the first Saturday in May, 1998. The terms of office for the successors to the directors serving in places one and seven shall begin on the first Saturday in May, 1995, and shall expire on the first Saturday in May, 1996. Thereafter, all successive terms shall be of three years duration.

SECTION 10. 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 by the House on May 7, 1993, by a non-record vote; the House concurred in Senate amendments to H.B. No. 2641 on May 28, 1993, by a non-record vote; passed by the Senate, with amendments, on May 26, 1993, by a viva-voce vote.

Approved June 13, 1993.

Effective Aug. 30, 1993, 90 days after date of adjournment.