

CHAPTER 7

S.B. No. 221

AN ACT

relating to the creation, administration, powers, duties, operation, and financing of the West Community Hospital District; authorizing a tax; granting the authority to issue bonds.

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

ARTICLE 1. GENERAL PROVISIONS

SECTION 1.01. DEFINITIONS. In this Act:

- (1) "District" means the West Community Hospital District.
- (2) "Board" means the board of directors of the district.
- (3) "Director" means a member of the board.

SECTION 1.02. DISTRICT AUTHORIZATION. The West Community Hospital District may be created and established and, if created, must be maintained, operated, and

financed in the manner provided by Article IX, Section 9, of the Texas Constitution and by this Act.

SECTION 1.03. BOUNDARIES. Except as provided by Section 3.07 of this Act, the boundaries of the district are coextensive with the boundaries of the West Independent School District in McLennan County and the boundaries of the Gholson Independent School District in McLennan County. The district does not include any portion of those districts located in Hill County.

ARTICLE 2. TEMPORARY DIRECTORS

SECTION 2.01. TEMPORARY DIRECTORS. On the effective date of this Act, the following persons become temporary directors of the district:

- (1) David W. Pareya;
- (2) Ray Holasek;
- (3) Richard Griffin;
- (4) Larry Lichnovsky;
- (5) Freddie Kaluza;
- (6) Martha Shaw;
- (7) Phyllis Jackson;
- (8) Dee Anne Reaves;
- (9) Jose Eisma, M.D.;
- (10) George Smith, D.O.;
- (11) Charles Harsanyi;
- (12) Helen Ballew;
- (13) H. T. Sexton; and
- (14) Tim Harrington.

SECTION 2.02. VACANCY IN OFFICE. The directors remaining after a vacancy in the office of a temporary director shall fill the vacancy by appointment by majority vote.

ARTICLE 3. CREATION OF DISTRICT

SECTION 3.01. CREATION ELECTIONS. The district may be created and a tax may be authorized only if the creation and the tax are approved by a majority of the qualified voters of the territory of the proposed district voting at elections called and held for that purpose.

SECTION 3.02. ORDERING ELECTION. (a) A majority of the temporary directors of the district may order two creation elections to be held as prescribed by Subsection (c) of this section.

(b) On presentation of a petition for a creation election signed by at least 50 of the registered voters of the territory of the proposed district, according to the most recent official list of registered voters, the temporary directors shall order two creation elections to be held as prescribed by Subsection (c) of this section. The elections shall be called not later than the 60th day after the date the petition is presented to the district.

(c) The election orders must call for an election to be held in the territory within the West Independent School District boundaries in McLennan County and a separate election to be held in the territory within the Gholson Independent School District boundaries in McLennan County. Both elections must be held on the same date.

SECTION 3.03. ELECTION ORDER. The orders calling the elections must state:

- (1) the nature of the elections, including the proposition that is to appear on each ballot;
- (2) the date of the elections;
- (3) the hours during which the polls will be open; and

(4) the location of the polling places.

**SECTION 3.04. NOTICE.** The temporary directors shall give notice of the elections by publishing a substantial copy of the election orders in a newspaper of general circulation in the proposed district once a week for two consecutive weeks. The first publication must appear at least 35 days before the date set for the elections.

**SECTION 3.05. ELECTION DATE.** (a) The elections shall be held not less than 45 days or more than 60 days after the date on which the elections are ordered.

(b) Subsection (a), Section 41.001, Election Code, does not apply to an election ordered under this article.

**SECTION 3.06. BALLOT PROPOSITION.** The ballot for the elections shall be printed to permit voting for or against the proposition: "The creation of the West Community Hospital District and the levy of annual taxes for hospital purposes at a rate not to exceed 40 cents on each \$100 valuation of all taxable property in the district."

**SECTION 3.07. CANVASSING RETURNS.** (a) Immediately after the elections, the presiding judge of each polling place shall deliver returns of the elections to the temporary directors, and the temporary directors shall canvass the returns and declare the results.

(b) If a majority of the votes cast at the elections in both school districts favor creation of the district, the board shall declare the district created and shall enter the results in its minutes. If the election results are favorable in the territory included in the West Independent School District, but not in the territory included in the Gholson Independent School District, the temporary directors shall set the boundaries of the district to include only the territory included in the West Independent School District. If a majority of the votes cast at each election or at the election in the territory included in the West Independent School District are against the creation of the district, the board shall declare that the creation of the district was defeated and shall enter the results in its minutes.

(c) If the creation of the district is defeated, the board may call and hold additional creation elections, but another creation election may not be called and held by the board within six months after the date of the most recent creation election.

**SECTION 3.08. EXPIRATION OF ACT.** If the creation of the district is not approved at an election held within 60 months after the effective date of this Act, this Act expires.

#### ARTICLE 4. DISTRICT ADMINISTRATION

**SECTION 4.01. BOARD OF DIRECTORS.** (a) Except as provided by Subsection (b) of this section, the district is governed by a board of seven directors.

(b) If the temporary directors set the boundaries of the district to include only the territory included in the West Independent School District in accordance with Subsection (b) of Section 3.07 of this Act, the district is governed by a board of five directors.

(c) From the time the creation of the district is approved until the elected directors take office, the temporary directors serve as directors of the district.

**SECTION 4.02. INITIAL DIRECTORS ELECTION.** (a) Directors shall be elected at an election to be held on the first Saturday in May following the creation of the district.

(b) After the initial election of directors, the directors shall draw lots to determine which three directors shall serve one-year terms and which four directors shall serve two-year terms. If the number of directors is reduced to five under Subsection (b) of Section 4.01 of this Act, after the initial election of directors, the directors shall draw lots to determine which two directors shall serve one-year terms and which three directors shall serve two-year terms.

**SECTION 4.03. METHOD OF ELECTION; STAGGERED TERMS; TERM OF OFFICE.** (a) The temporary directors shall establish the five or seven precincts, as appropriate, from which the directors are elected. The precincts must be contiguous and substantially equal in population, according to the most recent federal decennial census.

(b) One director shall be elected from each precinct.

(c) After the initial election of directors, an election shall be held on the first Saturday in May each year to elect the appropriate number of successor directors.

(d) Except as provided by Subsection (b) of Section 4.02 of this Act and Subsection (e) of this section, each director is elected for a two-year term.

(e) The board shall revise each precinct after the publication of each federal decennial census to reflect population changes. At the first election after the precincts are revised, a new director shall be elected from each precinct. The directors shall draw lots to determine which two or three directors, as appropriate, shall serve one-year terms and which three or four directors, as appropriate, shall serve two-year terms.

**SECTION 4.04. NOTICE OF ELECTION.** At least 35 days before the date of an election of directors, notice of the election shall be published one time in a newspaper with general circulation in the district.

**SECTION 4.05. APPLICATION.** (a) A person who wishes to have the person's name printed on the ballot as a candidate for director must file with the secretary of the board of directors an application on a form provided by the district asking that the person's name be placed on the ballot.

(b) The application must specify the precinct that the candidate wishes to represent.

**SECTION 4.06. QUALIFICATIONS FOR OFFICE.** (a) 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.

(b) In addition to the qualifications required by Subsection (a) of this section, a person who is elected from a precinct or who is appointed to fill a vacancy for a precinct must be a resident of that precinct.

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

**SECTION 4.07. BOND.** (a) 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.

(b) The bond shall be kept in the permanent records of the district.

(c) The director shall obtain the bond from an insurance company authorized to do business in this state. The board shall pay for the director's bond with district funds.

**SECTION 4.08. BOARD VACANCY.** (a) Except as provided by Subsection (b) of this section, a vacancy in the office of director shall be filled for the unexpired term by appointment by the remaining directors. The person appointed must have the qualifications prescribed by Section 4.06 of this Act.

(b) If the offices of five or more directors are vacant simultaneously, the remaining directors shall call a special election to fill the unexpired terms. Sections 3.03, 3.04, and 3.05 of this Act apply to an election called under this subsection.

**SECTION 4.09. OFFICERS.** The board shall elect from among its members a president, a vice-president, and a treasurer. The board shall also appoint a secretary. The secretary need not be a director.

**SECTION 4.10. OFFICERS' TERMS; VACANCY.** (a) Each officer of the board serves for a term of one year.

(b) The board shall fill a vacancy in a board office for the unexpired term.

**SECTION 4.11. COMPENSATION.** Directors and officers serve without compensation but may be reimbursed for actual expenses incurred in the performance of official duties. Those expenses must be reported in the district's minute book or other district records and must be approved by the board.

**SECTION 4.12. QUORUM; VOTING REQUIREMENT.** (a) Except as necessary to call a special election under Subsection (b) of Section 4.08 of this Act, a majority of the membership of the board constitutes a quorum for the transaction of business.

(b) A concurrence of a majority of the members of the board voting is necessary in matters relating to the business of the district.

**SECTION 4.13. ADMINISTRATOR.** (a) The board may appoint a qualified person as administrator of the district.

(b) The administrator serves at the will of the board.

(c) The administrator is entitled to compensation as determined by the board.

(d) Before assuming the duties of administrator, the person appointed shall execute a bond payable to the hospital district in the amount of not less than \$5,000 as determined by the board, conditioned on the faithful performance of duties under this Act. The bond shall be kept in the permanent records of the district. The administrator shall obtain the bond from an insurance company authorized to do business in this state. The board may pay for the bond with district funds.

**SECTION 4.14. APPOINTMENTS TO STAFF.** The board may appoint to or remove from the staff any doctors as the board considers necessary for the efficient operation of the district and may make temporary appointments as considered necessary. The board may adopt policies relating to the method of appointing and removing staff members.

**SECTION 4.15. TECHNICIANS, NURSES, AND OTHER DISTRICT EMPLOYEES.**

(a) The district may employ technicians, nurses, fiscal agents, accountants, architects, attorneys, and other necessary employees.

(b) The board may delegate to the administrator the authority to employ persons for the district.

**SECTION 4.16. PROFESSIONAL PERSONNEL RECRUITMENT.** The board may employ innovative methods to recruit physicians, nurses, technicians, and other professional personnel. The methods may include scholarship programs, agreements for future services, shared personnel, bonuses, and any other method the district considers necessary.

**SECTION 4.17. GENERAL DUTIES OF ADMINISTRATOR.** The administrator shall supervise the work and activities of the district and shall direct the general affairs of the district, subject to the limitations prescribed by the board.

**SECTION 4.18. RETIREMENT BENEFITS.** The board may provide retirement benefits for employees of the district by establishing or administering a retirement program or by 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.

## ARTICLE 5. POWERS AND DUTIES

**SECTION 5.01. RESPONSIBILITY OF AND LIMITATION ON GOVERNMENTAL ENTITY.** (a) On creation of the district, West Hospital Authority and McLennan County shall convey or transfer to the district:

(1) title to land, buildings, improvements, and equipment related to any hospital system located in the district that is owned by the West Hospital Authority or McLennan County;

(2) operating funds and reserves for operating expenses and funds that have been budgeted by the West Hospital Authority or McLennan County to provide medical care for residents of the district for the remainder of the fiscal year in which the district is established;

(3) accounts receivable of the West Hospital Authority or McLennan County for medical care provided for residents of the district;

(4) taxes levied by McLennan County for hospital purposes for residents of the district for the year in which the district is created; and

(5) funds established for payment of indebtedness assumed by the district.

(b) On or after creation of the West Community Hospital District, another political entity may not levy taxes or issue bonds or other obligations for hospital purposes or for providing medical care for the residents of the district.

**SECTION 5.02. DISTRICT RESPONSIBILITIES.** (a) On creation of the district, the district:

(1) assumes full responsibility for operating hospital facilities and for furnishing medical and hospital care for the district's needy inhabitants;

(2) assumes any outstanding indebtedness, including bonded indebtedness, incurred by the West Community Hospital, the West Hospital Authority, or McLennan County for hospital purposes for residents of the district before the district's creation;

(3) may operate or provide for the operation of a mobile emergency medical or air ambulance service; and

(4) may operate or provide for home-health services, long-term care, skilled nursing care, intermediate nursing care, hospital care, or any other reasonable or appropriate medical care or medical services.

(b) The board has complete discretion as to the type and extent of services the district will offer. The district may provide any services the board finds necessary for hospital or medical care, including necessary nurses or domiciliaries.

**SECTION 5.03. MANAGEMENT, CONTROL, AND ADMINISTRATION.** The board shall manage, control, and administer the hospital system and the funds and resources of the district.

**SECTION 5.04. DISTRICT RULES.** The board may adopt rules governing the operations of the hospital and hospital system and the duties, functions, and responsibilities of district staff and employees.

**SECTION 5.05. METHODS AND PROCEDURES.** (a) The board may prescribe the method of making purchases and expenditures by and for the district.

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

(c) The board may spend money to recruit physicians, nurses, and other personnel, except as prohibited by law.

**SECTION 5.06. HOSPITAL FACILITIES.** (a) The board shall determine the type, number, and location of buildings required to establish and maintain an adequate hospital system and the type of equipment necessary for hospital care.

(b) The district has complete discretion as to the type and extent of services the district will offer. The district may provide any facilities the board finds necessary for hospital or medical care, including facilities for:

- (1) domiciliary care, including geriatric domiciliary care;
- (2) outpatient clinics and minor emergency centers;
- (3) dispensaries;
- (4) convalescent homes;
- (5) blood banks;
- (6) community mental health centers;
- (7) alcohol or chemical dependency centers;
- (8) research centers;
- (9) laboratories; or
- (10) training centers.

(c) The board may acquire property, facilities, and equipment for the district for use in the hospital system and may mortgage or pledge the property, facilities, or equipment acquired as security for the payment of the purchase price.

(d) The board may lease hospital facilities on behalf of the district.

(e) The board may sell or otherwise dispose of property, facilities, or equipment on behalf of the district at public or private sale and at the price and terms the board considers most advantageous. The board shall give notice of intent to sell land or buildings by publishing a notice of intent in a newspaper with general circulation in McLennan County, Texas, not later than the 30th day before the date of the sale.

(f) Subchapter D, Chapter 285, Health and Safety Code, does not apply to the district.

**SECTION 5.07. CONSTRUCTION CONTRACTS.** (a) The board may enter into construction contracts on behalf of the district. However, the board 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.

(b) Article 5160, Revised Statutes, as it relates to performance and payment bonds, applies to construction contracts let by the district.

**SECTION 5.08. DISTRICT OPERATING AND MANAGEMENT CONTRACTS.** The board may enter into operating or management contracts relating to hospital facilities on behalf of the district.

**SECTION 5.09. EXPENSES FOR MOVING FACILITIES OF RAILROADS AND UTILITIES.** In exercising the power of eminent domain, if the board requires relocating, raising, lowering, rerouting, changing the grade, or altering the construction of any railroad, highway, pipeline, or electric transmission and electric distribution, telegraph, or telephone lines, conduits, poles, or facilities, the district must bear the actual cost of relocating, raising, lowering, rerouting, changing the grade, or altering the construction to provide comparable replacement without enhancement of facilities, after deducting the net salvage value derived from the old facility.

**SECTION 5.10. INDIGENT CARE.** (a) The district shall supply care and treatment without charge to a patient who resides in the district if the patient or relative who is legally responsible for the patient's support cannot pay for the care and treatment, as required by Article IX, Section 9, of the Texas Constitution. Care and treatment provided under this subsection is limited to the hospital inpatient and outpatient services that the hospital regularly provides to other patients.

(b) The district may adopt, amend, or repeal policies or rules relating to indigent health care, including policies or rules relating to:

- (1) eligibility of patients for indigent health care;
- (2) application forms for patients or relatives of patients requesting indigent health care that may require personal and financial information to be furnished;
- (3) procedures for obtaining and completing applications for indigent health care and for filing the completed applications with the district;
- (4) procedures for reviewing applications to determine eligibility for indigent health care; and
- (5) other procedures under this section.

(c) The application procedure to determine eligibility for indigent health care must be adopted not later than the beginning of each operating year and must comply with Section 61.053, Health and Safety Code.

(d) The administrator of the district may have an inquiry made into the financial circumstances of any patient residing in the district and admitted to a district facility and into the financial circumstances of a relative of the patient who is legally responsible for the patient's support.

(e) On finding that the patient or a relative of the patient who is legally responsible for the patient's support can pay for all or any part of the care and treatment provided by the district, the administrator shall issue an order directing the patient or the relative to pay the district each week a specified amount that the individual is able to pay.

(f) The administrator may collect money owed to the district from the estate of the patient or from that of a relative who was legally responsible for the patient's support in the manner provided by law for collection of expenses in the last illness of a deceased person.

(g) If there is a dispute relating to an individual's ability to pay, the board may call witnesses, issue subpoenas duces tecum, administer oaths, hear and resolve the question, and issue a final order. An appeal from a final order of the board must be made to a district court in the county in which the district is located and the substantial evidence rule applies.

**SECTION 5.11. REIMBURSEMENT FOR SERVICES.** (a) The board shall require reimbursement from a county, city, or public hospital located outside the boundaries of the district for the district's care and treatment of a sick, a diseased, or an injured person of that county, city, or public hospital as provided by Chapter 61, Health and Safety Code.

(b) The board shall require reimbursement from the sheriff of McLennan County for the district's care and treatment of a person confined in a jail facility of McLennan County who is not a resident of the district.

(c) The board may contract with state or federal government for the state or federal government to reimburse the district for treatment of a sick, a diseased, or an injured person.

**SECTION 5.12. DISTRICT LIABILITY FOR SERVICES AND PAYMENTS.** (a) The district liability for payment for a particular mandatory medical service for an eligible district resident is limited to the payment standard established under the AFDC-1 Medicaid program.

(b) The district liability under this section for hospital inpatient and outpatient services is limited to the hospital inpatient and outpatient services that the hospital regularly provides to other patients.

(c) Subsections (a) and (b) of this section do not apply if the district contracts with the provider for the services and the provider certifies that the provider will comply with Subsections (a) and (b) for each service rendered.

**SECTION 5.13. SERVICE CONTRACTS.** The board may contract with a city, county, special district, or other political subdivision of the state or federal agency for the district to furnish a mobile emergency medical or air ambulance service or to provide for the investigatory or welfare needs of inhabitants of the district.

**SECTION 5.14. GIFTS AND ENDOWMENTS.** On behalf of the district, the board may accept gifts and endowments to be held in trust for any purpose and under any direction, limitation, or provision prescribed in writing by the donor that is consistent with the proper management of the district.

**SECTION 5.15. AUTHORITY TO SUE AND BE SUED.** The board may sue and be sued on behalf of the district.

**ARTICLE 6. DISTRICT FINANCES**

**SECTION 6.01. FISCAL YEAR.** (a) The district operates on the fiscal year established by the board.

(b) The fiscal year may not be changed when revenue bonds of the district are outstanding or more than once in a 24-month period.

**SECTION 6.02. ANNUAL AUDIT.** Annually, the board shall have an audit made of the financial condition of the district.

**SECTION 6.03. DISTRICT AUDIT AND RECORDS.** The annual audit and other district records are open to inspection during regular business hours at the principal office of the district.

**SECTION 6.04. ANNUAL BUDGET.** (a) The administrator of the district shall prepare a proposed annual budget for the district.

(b) The proposed budget must contain a complete financial statement, including a statement of:

- (1) the outstanding obligations of the district;
- (2) the amount of cash on hand to the credit of each fund of the district;
- (3) the amount of money received by the district from all sources during the previous year;
- (4) the amount of money available to the district from all sources during the ensuing year;
- (5) the amount of the balances expected at the end of the year in which the budget is being prepared;
- (6) the estimated amount of revenues and balances available to cover the proposed budget; and
- (7) the estimated tax rate that will be required.

**SECTION 6.05. NOTICE; HEARING; ADOPTION OF BUDGET.** (a) The board shall hold a public hearing on the proposed annual budget.



(b) The board shall publish notice of the hearing in a newspaper of general circulation in the district not later than the 10th day before the date of the hearing.

(c) Any resident of the district is entitled to be present and participate at the hearing.

(d) At the conclusion of the hearing, the board shall adopt a budget by acting on the budget proposed by the administrator. The board may make any changes in the proposed budget that in its judgment the interests of the taxpayers demand.

(e) The budget is effective only after adoption by the board.

SECTION 6.06. AMENDING BUDGET. After adoption, the annual budget may be amended on the board's approval.

SECTION 6.07. LIMITATION ON EXPENDITURES. Money may not be spent for an expense not included in the annual budget or an amendment to it.

SECTION 6.08. SWORN STATEMENT. As soon as practicable after the close of the fiscal year, the administrator shall prepare for the board a sworn statement of the amount of money that belongs to the district and an account of the disbursements of that money.

SECTION 6.09. SPENDING AND INVESTMENTS LIMITATIONS. (a) Except as provided by Subsection (a) of Section 5.07 and Sections 6.10, 7.01, 7.04, and 7.05 of this Act, the district may not incur a debt payable from revenues of the district other than the revenues on hand or to be on hand in the current and immediately following fiscal years of the district.

(b) The board may invest operating, depreciation, or building reserves only in funds or securities specified by Article 836 or 837, Revised Statutes.

SECTION 6.10. BORROWING MONEY. The district may borrow money to pay its operating expenses in an amount not to exceed the amount of tax revenue that the district expects to receive during the 12-month period following the date on which the money is borrowed. The district may pledge all or any part of those tax revenues to the payment of the amounts borrowed.

SECTION 6.11. DEPOSITORY. (a) The board shall name at least one bank to serve as depository for district funds.

(b) District funds, other than those invested as provided by Subsection (b) of Section 6.09 of this Act and those transmitted to a bank for payment of bonds or obligations issued or assumed by the district, shall be deposited as received with the depository bank and must remain on deposit. This subsection does not limit the power of the board to place a portion of district funds on time deposit or to purchase certificates of deposit.

(c) Before the district deposits funds in a bank in an amount that exceeds the maximum amount secured by the Federal Deposit Insurance Corporation, the bank must execute a bond or other security in an amount sufficient to secure from loss the district funds that exceed the amount secured by the Federal Deposit Insurance Corporation.

## ARTICLE 7. BONDS

SECTION 7.01. GENERAL OBLIGATION BONDS. The board may issue and sell bonds authorized by an election in the name and on the faith and credit of the hospital district to:

- (1) purchase, construct, acquire, repair, or renovate buildings or improvements;
- (2) equip buildings or improvements for hospital purposes; or
- (3) acquire and operate a mobile emergency medical or air ambulance service.

SECTION 7.02. TAXES TO PAY BONDS. (a) At the time the bonds are issued by the district, the board shall levy a tax.

(b) The tax must be sufficient to create an interest and sinking fund to pay the principal of and interest on the bonds as they mature.

(c) In any year, the tax together with any other tax the district levies may not exceed the limit approved by the voters at the election authorizing the levy of taxes.

**SECTION 7.03. BOND ELECTION.** (a) The district may issue general obligation bonds only if the bonds are authorized by a majority of the qualified voters of the district voting at an election called and held for that purpose.

(b) The board may order a bond election. The order calling the election must state the nature and date of the election, the hours during which the polls will be open, the location of the polling places, the amounts of bonds to be authorized, and the maximum maturity of the bonds.

(c) Notice of a bond election shall be given as provided by Article 704, Revised Statutes.

(d) The board shall canvass the returns and declare the results of the election.

**SECTION 7.04. REVENUE BONDS.** (a) The board may issue bonds to:

(1) purchase, construct, acquire, repair, equip, or renovate buildings or improvements for hospital purposes, including the purposes provided by Section 5.06 of this Act;

(2) acquire sites to be used for hospital purposes; or

(3) acquire and operate a mobile emergency medical or air ambulance service to assist the district in carrying out its hospital purpose.

(b) The 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.

(c) The 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 7.05. REFUNDING BONDS.** (a) Refunding bonds of the district may be issued to refund and pay off any outstanding indebtedness the district has issued or assumed.

(b) The bonds must be issued in the manner provided by Chapter 784, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-3, Vernon's Texas Civil Statutes).

(c) The refunding bonds may be sold and the proceeds applied to the payment of outstanding indebtedness or may be exchanged in whole or in part for not less than a similar principal amount of outstanding indebtedness. If the refunding bonds are to be sold and the proceeds applied to the payment of outstanding indebtedness, the refunding bonds must be issued and payments made in the manner provided by Chapter 503, Acts of the 54th Legislature, 1955 (Article 717k, Vernon's Texas Civil Statutes).

**SECTION 7.06. INTEREST AND MATURITY.** District bonds must mature not more than 50 years after the date of their issuance and must 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).

**SECTION 7.07. EXECUTION OF BONDS.** The president of the board shall execute the bonds in the name of the district, and the secretary of the board shall countersign the bonds in the manner provided by the Texas Uniform Facsimile Signature of Public Officials Act (Article 717j-1, Vernon's Texas Civil Statutes).

**SECTION 7.08. APPROVAL AND REGISTRATION OF BONDS.** (a) District bonds are subject to the same requirements with regard to approval by the attorney general and registration by the comptroller of public accounts as the law provides for approval and registration of bonds issued by counties.

(b) On approval by the attorney general and registration by the comptroller of public accounts, the bonds are incontestable for any cause.

**SECTION 7.09. BONDS AS INVESTMENTS.** District bonds and indebtedness assumed by the district are legal and authorized investments for:

- (1) banks;
- (2) savings banks;
- (3) trust companies;
- (4) savings and loan associations;
- (5) insurance companies;

- (6) fiduciaries;
- (7) trustees;
- (8) guardians; and
- (9) sinking funds of cities, counties, school districts, and other political subdivisions of the state and other public funds of the state and its agencies, including the permanent school fund.

**SECTION 7.10. BONDS AS SECURITY FOR DEPOSITS.** District bonds are eligible to secure deposits of public funds of the state and of cities, counties, school districts, and other political subdivisions of the state. The bonds are lawful and sufficient security for deposits to the extent of their value if accompanied by all unmatured coupons.

**SECTION 7.11. TAX STATUS OF BONDS.** Since the district created under this Act is a public entity performing an essential public function, bonds issued by the district, any transaction relating to the bonds, and profits made in the sale of the bonds are free from taxation by the state or by any city, county, special district, or other political subdivision of the state.

## ARTICLE 8. TAXES

**SECTION 8.01. LEVY OF TAXES.** (a) The board may annually levy taxes in an amount not to exceed the limit approved by the voters at the election authorizing the levy of taxes.

(b) The tax rate for all purposes may not exceed 40 cents on each \$100 valuation of all taxable property in the district.

(c) 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.

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

**SECTION 8.02. BOARD AUTHORITY.** (a) The board may levy taxes for the entire year in which the district is created.

(b) The board shall levy taxes on all property in the district subject to hospital district taxation.

**SECTION 8.03. SETTING OF TAX RATE.** In setting the tax rate, the board shall take into consideration the income of the district from sources other than taxation. On determination of the amount of tax required to be levied, the board shall make the levy and certify it to the tax assessor-collector.

**SECTION 8.04. TAX ASSESSMENT AND COLLECTION.** (a) The Tax Code governs the appraisal, assessment, and collection of district taxes.

(b) The board 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.

## ARTICLE 9. DISSOLUTION OF DISTRICT

**SECTION 9.01. DISSOLUTION ELECTION.** The district may be dissolved and its assets and liabilities sold or transferred to another entity or person only if the dissolution and transfer are approved by a majority of the qualified voters of the territory of the district voting at an election called and held for that purpose.

**SECTION 9.02. ORDERING ELECTION.** (a) A majority of the directors may order an election to be held on the question of dissolution of the district and the transfer of its assets and liabilities.

(b) On presentation of a petition for a dissolution election signed by at least 300 of the registered voters of the territory of the district, according to the most recent official list of registered voters, the directors shall order an election to be held on the question of

dissolution of the district and transfer of its assets. The election shall be called not later than the 60th day after the date the petition is presented to the district.

**SECTION 9.03. ELECTION ORDER.** The order calling the election must state:

- (1) the nature of the election, including the proposition that is to appear on the ballot;
- (2) the date of the election;
- (3) the hours during which the polls will be open; and
- (4) the location of the polling places.

**SECTION 9.04. NOTICE.** The directors shall give notice of the election by publishing a substantial copy of the election order in a newspaper with general circulation in the district once a week for two consecutive weeks. The first publication must appear at least 35 days before the date set for election.

**SECTION 9.05. ELECTION DATE.** (a) The election shall be held not less than 45 days after the date on which the election is ordered.

(b) Subsection (a), Section 41.001, Election Code, does not apply to an election ordered under this article.

**SECTION 9.06. BALLOT PROPOSITION.** The ballot for an election at which the dissolution of the district is proposed shall be printed to permit voting for or against the proposition: "The dissolution of the West Community Hospital District and the transfer of its assets and liabilities in the following manner: \_\_\_\_\_ (insert provisions for transfer)."

**SECTION 9.07. CANVASSING RETURNS.** (a) The directors shall canvass the returns of the election.

(b) If the directors find that the election results are favorable to the proposition to dissolve the district and transfer its assets and liabilities, they shall issue an order declaring the district dissolved and shall proceed with the sale or transfer of its assets and liabilities according to the plan proposed on the ballot.

(c) If the directors find that the election results are not favorable to the proposition to dissolve the district and transfer its assets and liabilities, another dissolution election may not be held before the first anniversary of the date of the election at which voters disapproved the proposition.

**SECTION 9.08. TRANSFER OF ASSETS.** (a) Notwithstanding any other provision of this article, the district may not be dissolved unless the board provides for the sale or transfer of the district's assets and liabilities to another entity or person. The dissolution of the district and the sale or transfer of the district's assets and liabilities may not contravene a trust indenture or bond resolution relating to the outstanding bonds of the district. In addition, the dissolution and sale or transfer may not diminish or impair the rights of the holders of any outstanding bonds, warrants, or other obligations of the district.

(b) The sale or transfer of the district's assets and liabilities must satisfy the debt and bond obligations of the district in a manner that protects the interests of the residents of the district, including their collective property rights in the district's assets. Any grant from federal funds is considered an obligation to be repaid in satisfaction. The district may not transfer or dispose of the district's assets except for due compensation unless the transfer is made to another governmental agency embracing the district and using the transferred assets for the benefit of residents formerly in the district.

## ARTICLE 10. MISCELLANEOUS

**SECTION 10.01. LIMITATION ON STATE ASSISTANCE.** The state may not become obligated for the support or maintenance of a hospital district created under this Act, nor may the legislature make a direct appropriation for the construction, maintenance, or improvement of a facility of the district.

**SECTION 10.02. EMERGENCY:** 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 February 16, 1993: Yeas 31, Nays 0; Senate concurred in House amendments on March 1, 1993: Yeas 28, Nays 0; passed the House, with amendments, on February 25, 1993: Yeas 135, Nays 0, one present not voting.

Approved March 9, 1993.

Effective March 9, 1993.