

HEALTH AND SAFETY CODE
TITLE 4. HEALTH FACILITIES
SUBTITLE D. HOSPITAL DISTRICTS
CHAPTER 287. HEALTH SERVICES DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 287.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of a district.

(2) "District" means a health services district created under this chapter.

(3) "Director" means a member of the board.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.002. DISTRICT AUTHORIZATION. A health services district may be created and established and, if created, must be maintained, operated, and financed in the manner provided by this chapter.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER B. CREATION OF DISTRICT

Sec. 287.021. CREATION BY CONCURRENT ORDERS. (a) Except as provided by Subsection (b), a county or hospital district and one or more other counties or hospital districts may create a health services district by adopting concurrent orders.

(b) A county or portion of a county that is in the boundaries of a hospital district may not be a party to the creation of a health services district or to a contract with a health services district. The hospital district that serves the county or portion of the county may create and contract with the health services district for the boundaries of the hospital district.

(c) A concurrent order to create a health services district must:

(1) be approved by the governing body of each creating county and hospital district;

(2) contain identical provisions; and

(3) define the boundaries of the district to be coextensive with the combined boundaries of each creating county and hospital district.

(d) A concurrent order to create a health services district adopted by a hospital district for which the tax rate is set by the commissioners court of the county in which the hospital district operates must be approved by the commissioners court of that county.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.022. CONTRACT TERMS. (a) A county or hospital district that creates a district under this chapter shall contract with the district to provide, at a minimum, the health care services the county or hospital district is required to provide by law or under the constitution. A contract with a county or hospital district that created the health services district under this chapter must:

(1) state the term of the contract, not to exceed six years;

(2) specify the purpose, terms, rights, and duties of the district, as authorized by this chapter;

(3) specify the financial contributions to be made by each party to the contract to fund the district, as described by Section [287.024](#); and

(4) specify the land, buildings, improvements, equipment, and other assets owned by a party to the contract that the district will be required to manage and operate.

(b) Chapter [791](#), Government Code, does not apply to a contract made under this chapter.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.023. PURPOSE AND DUTIES. (a) A health services district shall:

(1) provide health care services to indigent residents of the district;

(2) manage the funds contributed to the district by

each county or hospital district that contracts with the district;
and

(3) plan and coordinate with public and private health care providers and entities for the long-term provision of health care services to residents of the district.

(b) A health services district may:

(1) provide health care services on a sliding-fee scale to residents of the district who do not meet the basic income and resources requirements established under Sections 61.006 and 61.008 to be eligible for assistance under Chapter 61 but who are unable to pay for the full cost of health care services; and

(2) assume responsibility for management and operation of the land, buildings, improvements, equipment, and other assets that are acquired by the district or for which the district agrees to assume responsibility under the terms of the contract.

(c) A health services district may not:

(1) establish, conduct, or maintain an institution as defined by Section 242.002; or

(2) establish or operate a personal care facility as defined by Section 247.002.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.024. FUNDING. (a) Each county or hospital district that contracts with the district shall contribute to the district for its operation:

(1) a specified dollar amount from or a percentage of the contracting entity's operating budget and reserves if the contracting entity is a hospital district;

(2) a specified percentage, not less than the percentage required under Section 61.037 for state assistance, of the contracting entity's general revenue levy for each state fiscal year for the term of the contract, if the contracting entity is a county;

(3) state assistance received under Chapter 61;

(4) federal matching funds received by a hospital district under the Medicaid disproportionate share program; and

(5) any funds that are:

(A) received under the Agreement Regarding Disposition of Settlement Proceeds dated July 18, 1998, or July 24, 1998, and filed in the United States District Court, Eastern District of Texas, in the case styled The State of Texas v. The American Tobacco Company, et al., No. 5-96CV-91; and

(B) received on or after the date on which the district is created and before the district is dissolved.

(b) The district shall maintain an accounting of the funds received from each county or hospital district that contracts with the district.

(c) The district may administer the financial contributions of all parties to the contract for district purposes.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER C. DISTRICT ADMINISTRATION

Sec. 287.041. BOARD OF DIRECTORS. (a) A county or hospital district that creates the district and has a population of 125,000 or more shall appoint one director to the board for every 125,000 persons in the population of the county or hospital district, rounded to the nearest 125,000.

(b) A county or hospital district that creates the district and has a population of less than 125,000 may appoint one director to the board.

(c) The county judges of a county that creates the district shall appoint the directors to the board on behalf of the county. The board of directors of a hospital district that creates the district shall appoint the directors to the board on behalf of the hospital district.

(d) Directors serve staggered two-year terms, with as near as possible to one-half of the directors' terms expiring each year.

(e) The number of directors appointed to the board by each county or hospital district that creates the district is determined at the time of the initial appointment of directors under this section and does not vary with subsequent variations in the population of the county or hospital district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.042. QUALIFICATIONS FOR OFFICE. (a) To be eligible to serve as a director, a person must be a resident of the county or hospital district that appoints the person under Section [287.041](#).

(b) An employee of the district may not serve as a director.
Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.043. 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 board may pay for directors' bonds with district funds.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.044. BOARD VACANCY. A vacancy in the office of director shall be filled for the unexpired term in the same manner as the original appointment.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.045. OFFICERS. (a) The board shall elect from among its members a president and a vice president.

(b) The board shall appoint a secretary, who need not be a director.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.046. 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.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.047. COMPENSATION. (a) Directors and officers

serve without compensation but may be reimbursed for actual expenses incurred in the performance of official duties.

(b) Expenses reimbursed under this section must be:

(1) reported in the district's minute book or other district records; and

(2) approved by the board.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.048. VOTING REQUIREMENT. A majority of the members of the board voting must concur in a matter relating to the business of the district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.049. ADMINISTRATOR AND ADDITIONAL STAFF. (a) The board may appoint qualified persons as administrator of the district and as additional administrative staff members as the board considers necessary for the efficient operation of the district.

(b) The administrator and other administrative staff members serve at the will of the board.

(c) The administrator and other administrative staff members are entitled to compensation as determined by the board.

(d) Before assuming the administrator's duties, the administrator shall execute a bond payable to the health services district in an amount not less than \$5,000 as determined by the board, conditioned on the faithful performance of the administrator's duties under this chapter. The board may pay for the bond with district funds.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.050. APPOINTMENTS TO STAFF. The board may:

(1) appoint to the staff any doctors the board considers necessary for the efficient operation of the district; and

(2) make temporary appointments the board considers necessary.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.051. TECHNICIANS, NURSES, AND OTHER DISTRICT EMPLOYEES. (a) The district may employ technicians, nurses, fiscal agents, accountants, architects, additional attorneys, and other necessary employees.

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

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.052. GENERAL DUTIES OF ADMINISTRATOR. The administrator shall:

(1) supervise the work and activities of the district; and

(2) direct the general affairs of the district, subject to the limitations prescribed by the board.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.053. RETIREMENT BENEFITS. The board 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.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 287.071. RESPONSIBILITY OF GOVERNMENTAL ENTITY. On creation of a district, a county or hospital district that creates the district may transfer to the district:

(1) management and operation of any land, buildings, improvements, and equipment related to the health care system located wholly in the district that are owned by the county or hospital district in which the district is located, as specified in the contract with the counties and hospital districts that created the district; and

(2) operating funds and reserves for operating expenses and funds that have been budgeted by the county or hospital district in which the district is located to provide medical care for residents of the district, as specified in the contract with the counties and hospital districts that created the district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.072. DISTRICT RESPONSIBILITIES. On creation of a district, the district assumes the duties required under Section [287.023](#) and any additional duties specified in the contract with the counties and hospital districts that created the district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.073. MANAGEMENT, CONTROL, AND ADMINISTRATION. The board shall manage, control, and administer the health care system and the funds and resources of the district that are transferred under Section [287.071](#).

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.074. DISTRICT RULES. The board may adopt rules governing the operation of the district and the duties, functions, and responsibilities of district staff and employees.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.075. METHODS AND PROCEDURES. The board may prescribe:

(1) the method of making purchases and expenditures by and for the district; and

(2) accounting and control procedures for the district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.076. HEALTH CARE PROPERTY, FACILITIES, AND EQUIPMENT. (a) The board shall determine:

(1) the type, number, and location of buildings required to establish and maintain an adequate health care system; and

(2) the type of equipment necessary for health care.

(b) The board may:

(1) acquire property, facilities, and equipment for the district for use in the health care system;

(2) mortgage or pledge the property, facilities, or equipment acquired as security for the payment of the purchase price;

(3) transfer by lease to physicians, individuals, companies, corporations, or other legal entities or acquire by lease district health care facilities;

(4) sell or otherwise dispose of property, facilities, or equipment acquired by the district; and

(5) contract with a state agency or other qualified provider to provide services.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.077. CONSTRUCTION CONTRACTS. (a) The board may enter into construction contracts for the district.

(b) 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.

(c) Chapter 2253, Government Code, as it relates to performance and payment bonds, applies to construction contracts let by the district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.078. DISTRICT CONTRACTS AND COLLABORATIONS. (a) The board may enter into operating or management contracts relating to health care facilities owned by the district or for which the district assumes responsibility for managing and operating under the terms of the contract with the counties and hospital districts that created the district.

(b) The board may contract or collaborate with a local governmental entity, as defined by Section 534.002, Government Code, or any other public or private entity as necessary to provide or deliver health care services under a demonstration project established under Section 534.201 or 534.202, Government Code, in

which the district participates.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2003, 78th Leg., ch. 1139, Sec. 3, eff. Sept. 1, 2003.

Sec. 287.079. PAYMENT FOR HEALTH CARE SERVICES. (a) The district without charge shall supply to a patient residing in the district the care and treatment that the patient or a relative of the patient who is legally responsible for the patient's support cannot pay.

(b) Not later than the first day of each operating year, the district shall adopt an application procedure to determine eligibility for assistance that complies with Section [61.053](#).

(c) The administrator of the district may have an inquiry made into the financial circumstances of:

(1) a patient residing in the district and admitted to a district facility; and

(2) a relative of the patient who is legally responsible for the patient's support.

(d) The board may adopt a sliding-fee scale for health care services provided to a patient who can pay for some, but not all, of the care and treatment provided by the district.

(e) A county that created and contracted with the district may credit a district expenditure for the care and treatment of an eligible county resident to the same extent and in the same manner the county would be able to claim the expenditure under Chapter [61](#) if the county made the expenditure.

(f) The board shall adopt rules regarding the collection of money that is owed to the district for health care services provided to a patient who is determined to be able to pay for all or any part of the services from a patient, a patient's estate, or a relative who is legally responsible for the patient's support.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.080. REIMBURSEMENT FOR SERVICES. (a) The board 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.

(b) The board 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, as determined in the same manner as the person's residence is determined under Chapter 61.

(c) The board may contract with a state or federal agency or political subdivision of the state to provide health care services. Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.081. SERVICE CONTRACTS. The board 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.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.082. 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.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.083. AUTHORITY TO SUE AND BE SUED. The board may sue and be sued on behalf of the district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER E. DISSOLUTION OF DISTRICT

Sec. 287.101. DISSOLUTION. (a) A district shall be dissolved if:

(1) the contract with the counties and hospital districts that created the district expires and is not renewed; or

(2) the counties and hospital districts that created the district adopt concurrent orders to terminate the contract and dissolve the district and the concurrent orders:

(A) are approved by the governing bodies of each county and hospital district; and

(B) contain identical provisions.

(b) The governing body of a county or hospital district may adopt orders to terminate the contract with the district and end the county's or hospital district's participation in the district. The county or hospital district must give written notice to the district at least one fiscal year, as established by the board under Section [287.121](#), before terminating the contract and ending participation in the district. On termination of the contract with the district, the district shall transfer to the county or hospital district all unspent funds contributed by the county or hospital district to the district and the land, buildings, improvements, equipment, and other assets acquired by the district that are located in the county or hospital district. The termination of the contract by a county or hospital district does not affect the operation of the district with respect to each other county or hospital district that created the district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.102. TRANSFER OF ASSETS AFTER DISSOLUTION. (a) If the district is dissolved, the board shall:

(1) transfer the land, buildings, improvements, equipment, and other assets acquired by the district to the county or hospital district in which the property is located; or

(2) administer the property, assets, and debts in accordance with Section [287.103](#).

(b) If the district transfers its land, buildings, improvements, equipment, and other assets to a county or hospital district, the county or hospital district assumes all debts and obligations of the district related to the land, buildings, improvements, equipment, or assets at the time of the transfer, and

the district is dissolved.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.103. ADMINISTRATION OF PROPERTY, DEBTS, AND ASSETS AFTER DISSOLUTION. (a) If the district does not transfer its land, buildings, improvements, equipment, and other assets to a county or hospital district in the district, the board shall continue to control and administer the property, debts, and assets of the district until all funds have been disposed of and all district debts have been paid or settled.

(b) If, after administering the property and assets, the board determines that the district's property and assets are insufficient to pay the debts of the district, the district shall transfer the remaining debts to the counties and hospital districts that created the district in proportion to the funds contributed to the district by each county or hospital district.

(c) If, after administering the property and assets, the board determines that unused funds remain, the board shall transfer the unused funds to the counties and hospital districts that created the district in proportion to the funds contributed to the district by each county or hospital district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.104. ACCOUNTING. After the district has paid all its debts and has disposed of all its assets and funds as prescribed by Sections [287.102](#) and [287.103](#), the board shall provide an accounting to each county and hospital district that created and contracted with the district. The accounting must show the manner in which the assets and debts of the district were distributed.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER F. DISTRICT FINANCES

Sec. 287.121. FISCAL YEAR. (a) The district operates on the fiscal year established by the board.

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

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.122. ANNUAL AUDIT. (a) The board annually shall have an independent audit made of the financial condition of the district.

(b) A copy of the audit must be provided to:

(1) each county and hospital district that created and contracted with the district;

(2) each state and federal agency with which the district contracts; and

(3) each other entity that contributes substantial funds to the district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.123. 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.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.124. 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; and

(6) the estimated amount of revenues and balances available to cover the proposed budget.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.125. 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 residents of the district demand.

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

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.126. AMENDING BUDGET. After adoption, the annual budget may be amended on the board's approval.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.127. LIMITATION OF EXPENDITURES. Money may not be spent for an expense not included in the annual budget or an amendment to it.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.128. 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.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.129. SPENDING AND INVESTMENT LIMITATIONS. (a) Except for construction contracts under Section [287.077](#)(a) or as provided by Sections [287.142](#) and [287.143](#), 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 year of the district.

(b) The board may invest operating, depreciation, or building reserves only in:

- (1) bonds of the United States;
- (2) certificates of indebtedness issued by the United States secretary of the treasury;
- (3) bonds of this state or a county, municipality, or school district of this state; or
- (4) shares or share accounts of savings and loan associations organized under the laws of this state or federal savings and loan associations domiciled in this state, if the shares or share accounts are insured by the Federal Deposit Insurance Corporation.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.
Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.102, eff. Sept. 1, 2001.

Sec. 287.130. 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 Section [287.129\(b\)](#) and those transmitted to a bank of payment for 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.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.131. AD VALOREM TAXATION. A district may not impose an ad valorem tax.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER G. BONDS

Sec. 287.141. GENERAL OBLIGATION BONDS. A district may not issue general obligation bonds.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.142. REVENUE BONDS. (a) The board may issue revenue bonds to:

(1) purchase, construct, acquire, repair, equip, or renovate buildings or improvements for district purposes;

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

(3) acquire and operate a mobile emergency medical service to assist the district in carrying out its purposes.

(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. 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](#) for issuance of revenue bonds by county hospital authorities.

(d) Revenue derived from the operation of the district and pledged to the repayment of revenue bonds issued by the district must be used to repay the principal and interest owed on the bonds before being used to repay any other obligation of the district, including money owed to physicians who are employed by or who contract with the district.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.143. REFUNDING BONDS. (a) Refunding bonds of the district may be issued to refund an outstanding indebtedness the district has issued or assumed.

(b) The bonds must be issued in the manner provided by Subchapter [D](#), Chapter [1207](#), Government Code.

(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 Subchapters A-C, Chapter [1207](#), Government Code.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.267, eff. Sept. 1, 2001.

Sec. 287.144. INTEREST AND MATURITY. District bonds must mature not later than the 50th anniversary of the date of their issuance and must bear interest at a rate not to exceed that provided by Chapter [1204](#), Government Code.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.268, eff. Sept. 1, 2001.

Sec. 287.145. 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 Chapter [618](#), Government Code.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.268, eff. Sept. 1, 2001.

Sec. 287.146. 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 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, the bonds are incontestable for any cause.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.147. 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 municipalities, 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.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.148. BONDS AS SECURITY FOR DEPOSITS. District bonds are eligible to secure deposits of public funds of the state and of municipalities, 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.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.

Sec. 287.149. TAX STATUS OF BONDS. Because the district created under this chapter 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 municipality, county, special district, or other political subdivision of the state.

Added by Acts 1999, 76th Leg., ch. 1293, Sec. 1, eff. Sept. 1, 1999.