

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 3. HEALTH

SUBTITLE A. HOSPITAL DISTRICTS

CHAPTER 1002. ANGLETON-DANBURY HOSPITAL DISTRICT OF BRAZORIA
COUNTY, TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1002.001. DEFINITIONS. In this chapter:

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

(2) "District" means the Angleton-Danbury Hospital District of Brazoria County, Texas.

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

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.002. AUTHORITY FOR CREATION. The Angleton-Danbury Hospital District of Brazoria County, Texas, is created under the authority of Section 9, Article IX, Texas Constitution.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.003. POLITICAL SUBDIVISION. The district is a political subdivision of this state.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.004. DISTRICT TERRITORY. (a) The district is composed of the territory described by Section 1, Chapter 120, Acts of the 60th Legislature, Regular Session, 1967, as that territory may have been modified under:

(1) Subchapter D or its predecessor statute, Section 4a, Chapter 120, Acts of the 60th Legislature, Regular Session, 1967; or

(2) other law.

(b) The legislature finds that the boundaries and field notes of the district contained in Section 1, Chapter 120, Acts of the 60th Legislature, Regular Session, 1967, form a closure. A

mistake in the field notes or in copying the field notes in the legislative process does not affect:

(1) the organization, existence, or validity of the district;

(2) the right of the district to issue bonds;

(3) the right of the district to impose taxes; or

(4) the legality or operation of the district in any other manner.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.005. CORRECTION OF INVALID PROCEDURES. If a court holds that any procedure under this chapter violates the constitution of this state or of the United States, the district by resolution may provide an alternative procedure that conforms with the constitution.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.006. DISTRICT SUPPORT AND MAINTENANCE NOT STATE OBLIGATION. The support and maintenance of the district's hospital system may not become a charge against or obligation of this state.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1002.051. BOARD OF DIRECTORS; ELECTION. (a) The board consists of nine persons elected as provided by this section.

(b) For the purpose of electing a board, the district is divided into three areas:

(1) Area Angleton, composed of:

(A) all territory within Brazoria County election precincts Nos. 1, 2, and 5 that is within the boundaries of the Angleton Independent School District, as those precincts and those boundaries existed on January 1, 1967; and

(B) that part of Brazoria County election precinct No. 6 that is west of Chocolate Bayou and within the boundaries of the Angleton Independent School District, as that precinct and those boundaries existed on January 1, 1967;

(2) Area Danbury, composed of all territory within the boundaries of the Danbury Independent School District, as those boundaries existed on January 1, 1967; and

(3) Area Rosharon, composed of:

(A) all territory within Brazoria County election precinct No. 9 that is not within the boundaries of the Danbury Independent School District, as that precinct and those boundaries existed on January 1, 1967; and

(B) all territory within Brazoria County election precinct No. 21 that is not within the boundaries of the Manvel Independent School District, as that precinct and those boundaries existed on January 1, 1967.

(c) A change in the boundaries of an election precinct or a school district does not affect or change the boundaries of an area prescribed by Subsection (b).

(d) Eight directors are elected by position and one director is elected at large. The persons elected for Director, Position Nos. 1, 2, 3, 4, and 5 must be residents of Area Angleton. The persons elected for Director, Position Nos. 6 and 7 must be residents of Area Danbury. The person elected for Director, Position No. 8 must be a resident of Area Rosharon. The director elected for Position No. 9 must be a resident of the district at large.

(e) At each directors' election, all qualified voters of the district may vote for directors. The candidate for a position receiving the highest number of votes for election to that position is a director for the district.

(f) Directors serve staggered four-year terms. The district shall hold an election each odd-numbered year to elect the appropriate number of directors.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 826 (S.B. [1861](#)), Sec. 1, eff. January 1, 2014.

Acts 2013, 83rd Leg., R.S., Ch. 1119 (H.B. [3905](#)), Sec. 1, eff. January 1, 2014.

Sec. 1002.052. BOND; RECORD OF BOND AND OATH OF OFFICE.

(a) Each director shall execute a good and sufficient bond for \$5,000 that is:

(1) approved by the Commissioners Court of Brazoria County and the board;

(2) payable to the district; and

(3) conditioned on the faithful performance of the director's duties.

(b) The bond and the constitutional oath of office shall be kept in the permanent records of the district.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.053. BOARD VACANCY. (a) If a vacancy occurs in the office of director, the remaining directors shall appoint a director for the remainder of the unexpired term.

(b) If the number of directors is reduced to less than five, the remaining directors shall immediately call a special election to fill the vacancies. On application of any voter or taxpayer of the district when the board fails to call an election, a district court may order the directors to hold the election.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.054. OFFICERS. The board shall elect a president and a secretary from among the directors to serve until the next directors election.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.055. COMPENSATION; REIMBURSEMENT. A director serves without compensation but may be reimbursed for actual expenses incurred by the director in the performance of official duties on the approval of the expenses by the board.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.056. VOTING REQUIREMENT. A concurrence of five directors is sufficient in any matter relating to the business of the district.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.057. RECRUITMENT OF STAFF AND EMPLOYEES. The board may spend district money, enter into agreements, and take other necessary action to recruit physicians and other persons to serve as medical staff members or district employees, including:

- (1) advertising and marketing;
- (2) paying travel, recruitment, and relocation expenses; and
- (3) providing a loan or scholarship to a physician, or a person currently enrolled in health care education courses at an institution of higher education, who contractually agrees to become a medical staff member or district employee.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.058. OFFICE FACILITIES. (a) In this section, "licensed health care professional" means any individual who is licensed or certified by or registered in this state to provide health care.

(b) The board shall determine the type, number, and location of buildings necessary to establish and maintain office facilities for staff physicians, physicians employed under Section [1002.061](#), and other licensed health care professionals to provide adequate health care services for the district within the licensed health care professionals' scope of license.

(c) The board may:

(1) acquire property and equipment and construct facilities for the district for use by staff physicians, physicians employed under Section [1002.061](#), and other licensed health care professionals; and

(2) mortgage or pledge the property, equipment, or facilities as security for the payment of the purchase price or construction cost.

(d) The board may lease the office facilities and equipment to staff physicians, physicians employed under Section [1002.061](#), and other licensed health care professionals or may sell or otherwise dispose of the property, facilities, and equipment.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 826 (S.B. [1861](#)), Sec. 2, eff. June 14, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1119 (H.B. [3905](#)), Sec. 2, eff. June 14, 2013.

Sec. 1002.059. HEALTH EDUCATION PROGRAMS FOR STAFF AND EMPLOYEES. The board may spend district money, enter into agreements, and take other necessary action to conduct, participate in, or otherwise assist in providing health care educational programs for current or prospective medical staff members or district employees.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.060. RETIREMENT OF BENEFITS. The board may provide retirement benefits for district employees by:

(1) establishing or administering a retirement program; or

(2) participating in:

(A) the Texas County and District Retirement System; or

(B) another statewide retirement system in which the district is eligible to participate.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.061. EMPLOYMENT OF PHYSICIANS. (a) The board may employ a physician and retain all or part of the professional income generated by the physician for medical services provided at a hospital or other health care facility owned or operated by the district if the board satisfies the requirements of this section.

(b) The board shall:

(1) appoint a chief medical officer for the district who has been recommended by the medical staff of the district; and

(2) adopt, maintain, and enforce policies to ensure that a physician employed by the district exercises the physician's independent medical judgment in providing care to patients.

(c) The policies adopted under this section must include:

(1) policies relating to:

- (A) credentialing and privileges;
- (B) quality assurance;
- (C) utilization review;
- (D) peer review and due process; and
- (E) medical decision-making; and

(2) the implementation of a complaint mechanism to process and resolve complaints regarding interference or attempted interference with a physician's independent medical judgment.

(d) The policies adopted under this section must be approved by the medical staff of the hospital. In the event of a conflict between a policy adopted by the board and approved by the medical staff under this section and a policy of the hospital, a conflict management process shall be jointly developed by the medical staff of the hospital and the board and implemented to resolve that conflict.

(e) For all matters relating to the practice of medicine, each physician employed by the district shall ultimately report to the chief medical officer of the district.

(f) The chief medical officer shall notify the Texas Medical Board that the board is employing physicians under this section and that the chief medical officer is the board's designated contact with the Texas Medical Board. The chief medical officer shall immediately report to the Texas Medical Board any action or event that the chief medical officer reasonably and in good faith believes constitutes a compromise of the independent medical judgment of a physician in caring for a patient.

(g) The board shall give equal consideration regarding the issuance of medical staff membership and privileges to physicians employed by the district and physicians not employed by the district.

(h) A physician employed by the district shall retain independent medical judgment in providing care to patients and may not be disciplined for reasonably advocating for patient care.

(i) If the district provides professional liability coverage for physicians employed by the district, a physician employed by the district may participate in the selection of the

professional liability coverage, has the right to an independent defense at the physician's own cost, and retains the right to consent to the settlement of any action or proceeding brought against the physician.

(j) If a physician employed by the district enters into an employment agreement that includes a covenant not to compete, the agreement is subject to Section 15.50, Business & Commerce Code, and any other applicable provision.

(k) The board may not delegate to the chief executive officer of the district the authority to hire, terminate, or make any other personnel decisions relating to a physician.

(l) This section applies to medical services provided by a physician at a hospital or other health care facility owned or operated by the district.

(m) This section may not be construed as authorizing the board to supervise or control the practice of medicine as prohibited under Subtitle B, Title 3, Occupations Code.

Added by Acts 2013, 83rd Leg., R.S., Ch. 826 (S.B. 1861), Sec. 3, eff. June 14, 2013.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1119 (H.B. 3905), Sec. 3, eff. June 14, 2013.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 1002.101. DISTRICT RESPONSIBILITY. The district has full responsibility for providing medical and hospital care for the district's needy residents.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.102. LIMITATION ON CERTAIN POLITICAL SUBDIVISIONS. A political subdivision other than the district in Brazoria County may not impose taxes or issue bonds or other obligations for hospital purposes or to provide medical care for district residents.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.103. POWERS OF BOARD. (a) The board has all

powers necessary, convenient, or incidental to carry out the purposes for which the district was created.

(b) The board has the complete management and control of all the business of the district, including the power to negotiate and contract with any person to purchase or lease land, to construct and equip a hospital system, to operate and maintain a hospital or hospitals, and to negotiate and contract with other political subdivisions of the state or private individuals, associations, or corporations for those purposes, all as may be determined to be necessary or desirable for the district by the board.

(c) This section is not a limitation on the powers of the board.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.104. HOSPITAL SYSTEM. (a) The district shall provide for the establishment of a hospital or hospital system within the district's boundaries to provide health care services to persons residing in the district by:

- (1) purchasing, constructing, acquiring, repairing, or renovating buildings and improvements;
- (2) equipping the buildings and improvements; and
- (3) administering the buildings and improvements for hospital purposes.

(b) The hospital system may include any facility or equipment the board considers necessary or appropriate for providing health care services, including:

- (1) domiciliary care and treatment of sick, injured, or geriatric patients;
- (2) outpatient clinics;
- (3) rural health clinics;
- (4) convalescent home facilities;
- (5) assisted living or personal care facilities;
- (6) physicians' offices;
- (7) home health care services;
- (8) durable medical equipment;
- (9) long-term care;
- (10) skilled and intermediate nursing care;

- (11) preventive care services;
- (12) ancillary support;
- (13) pharmacies;
- (14) hospice care;
- (15) community mental health centers; and
- (16) alcohol or chemical dependency centers.

(c) The district may operate or assist in the operation of a mobile emergency medical service as part of the hospital system.
Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.105. OPERATING, MANAGEMENT, OR CONSULTING CONTRACTS. (a) The board may enter into an operating, management, or consulting contract to obtain management or consulting services for the district or for any portion of the district. The contract must provide that the board retains responsibility for and control of the district's operation.

(b) A company providing services to the district under the contract, and the officers, directors, and employees of the company, while performing services under the contract for the benefit of the district:

(1) are solely employees of the district for purposes of any determination regarding the immunity or liability of the company or its officers, directors, and employees; and

(2) have immunity or limited liability under laws applicable to district employees, whether statutory or common law, to the extent a district employee would be entitled under the same circumstances.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.106. PROVISION OF SERVICES OUTSIDE DISTRICT. Subject to the approval of the board, the district may provide primary care, emergency services, preventive medical services, and other health-related services outside the district if the services serve the purpose of the district as established by this chapter.
Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.107. EMINENT DOMAIN. (a) The district may

exercise the power of eminent domain to acquire a fee simple or other interest in any type of property, real, personal, or mixed, located in the territory of the district if the interest is necessary or convenient for the district to exercise the rights, powers, privileges, or functions conferred by this chapter.

(b) The district must exercise the power of eminent domain in the manner provided by Chapter 21, Property Code, but the district is not required to deposit in the trial court money or a bond as provided by Section 21.021(a), Property Code.

(c) In a condemnation proceeding brought by the district, the district is not required to:

(1) pay in advance or provide bond or other security for costs in the trial court;

(2) provide bond for the issuance of a temporary restraining order or a temporary injunction; or

(3) provide bond for cost or supersedeas on an appeal or writ of error.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.108. GIFTS AND ENDOWMENTS. (a) The board may accept for the district a gift or endowment to be held in trust and administered by the board for the purposes and under the directions, limitations, or provisions prescribed in writing by the donor that are not inconsistent with the proper management and objectives of the district.

(b) This section is not a limitation on the authority of the board.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.109. AUTHORITY TO SUE AND BE SUED. As a government agency, the district may sue and be sued in its own name in any court of this state.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.110. PUBLIC WORKS CONTRACTS. With respect to the construction of public works, the district has all of the powers and duties conferred on a municipality under Chapter 2269, Government

Code, with respect to the construction of a facility. To the extent of any conflict, this section prevails over any other law relating to the construction of public works engaged in by the district.

Added by Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 18.001(a), eff. September 1, 2005.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1129 (H.B. 628), Sec. 4.05, eff. September 1, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 161 (S.B. 1093), Sec. 22.002(31), eff. September 1, 2013.

SUBCHAPTER D. CHANGE IN BOUNDARIES

Sec. 1002.151. PETITION TO EXPAND DISTRICT TERRITORY. (a) Territory may be added to the district on a petition for annexation signed by the owners of a majority in value of the land sought to be annexed, as shown by the county tax rolls.

(b) The petition must be filed with the secretary of the board.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.152. NOTICE OF HEARING. (a) The board shall pass an order fixing a time and place at which the petition shall be heard.

(b) The secretary shall issue notice of the time and place of the hearing. The notice must describe the territory proposed to be annexed by metes and bounds or by lot and block number, if there is a recorded map or plat and survey of the land.

(c) Notice of the hearing shall be given by publication of a copy of the notice in a newspaper of general circulation in Brazoria County at least one time, the date of the first publication to be at least 10 days before the date of the hearing.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.153. ORDER OF ANNEXATION. If, after hearing the petition, the board finds that the proposed annexation is to the

advantage of the district and to the territory to be annexed, the board may by order annex the territory to the district.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.154. RATIFICATION ELECTION. (a) Annexation of the territory does not become final until ratified by a majority vote at a separate election held within the boundaries of the district and by a majority vote at a separate election held within the territory to be annexed.

(b) The election must be called by the board on its own motion. The order calling the election shall specify the date, the place or places where the election shall be held, and the presiding election officers.

(c) Notice of the election shall be given by publishing a substantial copy of the order calling the election in a newspaper of general circulation in Brazoria County once a week for two consecutive weeks, the date of the first publication to be at least 14 days before the date set for the election.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.155. ASSUMPTION OF DEBTS AND TAXES. If the district has outstanding debts or taxes, the proposition for assumption of its proportion of the debts or taxes by the territory if annexed shall also be submitted at the election. The annexed territory shall bear its pro rata part of all indebtedness or taxes that may be owed, contracted, or authorized by the district.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

SUBCHAPTER E. DISSOLUTION

Sec. 1002.201. DISSOLUTION; ELECTION. (a) The district may be dissolved only on approval of a majority of the voters voting in an election held for that purpose.

(b) The board may order an election on the question of dissolving the district and disposing of the district's assets and obligations.

(c) The board shall order an election on the question of

dissolution of the district if the board receives a petition requesting an election that is signed by a number of residents of the district equal to at least 15 percent of the registered voters in the district.

(d) The election shall be held not later than the 60th day after the date the election is ordered.

(e) 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.

(f) Section 41.001(a), Election Code, does not apply to an election ordered under this section.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.202. NOTICE OF ELECTION. (a) The board 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.

(b) The first publication must appear at least 35 days before the date set for election.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.203. BALLOT. The ballot for the election shall be printed to permit voting for or against the proposition: "The dissolution of the Angleton-Danbury Hospital District of Brazoria County, Texas."

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.204. ELECTION RESULTS. (a) If a majority of the votes in the election favor dissolution, the board shall find that the district is dissolved.

(b) If a majority of the votes in the election do not favor dissolution, the board shall continue to administer the district and another election on the question of dissolution may not be held before the first anniversary of the date of the most recent election

to dissolve the district.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.205. TRANSFER OR ADMINISTRATION OF ASSETS. (a) If a majority of the votes in the election held under this subchapter favor dissolution, the board shall:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Brazoria County or another governmental agency in Brazoria County; or

(2) administer the property, assets, and debts until all funds have been disposed of and all district debts have been paid or settled.

(b) If the board makes the transfer under Subsection (a)(1), the county or agency assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved. Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.206. SALE OR TRANSFER OF ASSETS AND LIABILITIES. (a) Notwithstanding any other provision of this subchapter, the district may not be dissolved unless the board provides for the sale or transfer of the district's assets and liabilities to another person or entity.

(b) The dissolution of the district and the sale or transfer of the district's assets or liabilities may not contravene a trust indenture or bond resolution relating to the outstanding bonds of the district. The dissolution and sale or transfer does not diminish or impair the rights of a holder of an outstanding bond, warrant, or other obligation of the district.

(c) 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 the residents' collective property rights in the district's assets. 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 that serves the district and the transferred assets are to be used for the benefit of the residents of the district.

(d) A grant from federal funds is an obligation to be repaid in satisfaction.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.207. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) After the board finds that the district is dissolved, the board shall:

(1) determine the debt owed by the district; and

(2) impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

(b) When all outstanding debts and obligations of the district are paid, the board shall order the secretary to return the pro rata share of all unused tax money to each district taxpayer.

(c) A taxpayer may request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. If a taxpayer requests the credit, the board shall direct the secretary to transmit the funds to the county tax assessor-collector.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.208. REPORT; DISSOLUTION ORDER. (a) After the district has paid all its debts and has disposed of all its assets and funds as prescribed by this subchapter, the board shall file a written report with the Commissioners Court of Brazoria County summarizing the board's actions in dissolving the district.

(b) Not later than the 10th day after the date the Commissioners Court of Brazoria County receives the report and determines that the requirements of this subchapter have been fulfilled, the commissioners court shall enter an order dissolving the district and releasing the board from any further duty or obligation.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

SUBCHAPTER F. DISTRICT FUNDS

Sec. 1002.251. DEPOSITORY. The board shall by resolution designate a bank within the county as the district's depository,

and all funds of the district shall be secured in the manner provided for the security of county funds. Such depository shall serve for a period of five years and until a successor has been selected.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 826 (S.B. [1861](#)), Sec. 4, eff. June 14, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1119 (H.B. [3905](#)), Sec. 4, eff. June 14, 2013.

Sec. 1002.252. AUTHORITY TO BORROW MONEY; SECURITY. (a) The board may borrow money for district obligations.

(b) To secure a loan or line of credit, the board may pledge:

(1) revenue of the district that is not pledged to pay the district's bonded indebtedness;

(2) taxes to be imposed 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 first 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.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 826 (S.B. [1861](#)), Sec. 5, eff. June 14, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 1119 (H.B. [3905](#)), Sec. 5, eff. June 14, 2013.

SUBCHAPTER G. BONDS

Sec. 1002.301. GENERAL OBLIGATION BONDS. (a) The board may issue and sell bonds authorized by an election in the name and on

the faith and credit of the district to:

(1) purchase, construct, acquire, repair, or renovate buildings or improvements; and

(2) equip buildings or improvements for hospital purposes.

(b) The bonds shall be sold at the time, in the manner, and under the terms determined by the board.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.302. TAXES TO PAY GENERAL OBLIGATION BONDS. (a) The board shall impose an annual ad valorem tax in an amount sufficient to create an interest and sinking fund to pay the principal of and interest on the general obligation bonds as they mature.

(b) The tax required by this section together with any other tax the district imposes in any year may not exceed 75 cents on the \$100 valuation of all taxable property in the district.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.303. GENERAL OBLIGATION BOND ELECTION. (a) The district may issue general obligation bonds only if the bonds are authorized by a majority of the voters voting in an election held for that purpose.

(b) The board may call the election on its own motion. The order calling the election must specify:

- (1) the date of the election;
- (2) the place or places where the election will be held;
- (3) the names of the presiding election officers;
- (4) the purpose for which the bonds are to be issued;
- (5) the amount of the bonds;
- (6) the maximum interest rate of the bonds; and
- (7) the maximum maturity of the bonds, which may not exceed 40 years from the date of issuance.

(c) Notice of a bond election shall be given by publishing a substantial copy of the order calling the election in a newspaper of general circulation in the district as provided by Section

[4.003](#)(a)(1), Election Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.304. EXECUTION OF GENERAL OBLIGATION BONDS. The board president shall execute the general obligation bonds in the name of the district. The board secretary shall countersign the bonds.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.305. INVESTMENT OF GENERAL OBLIGATION BOND PROCEEDS. Any part of the proceeds of general obligation bonds, until they are needed for the purpose for which the bonds were issued, may be invested in securities of the United States or placed on time deposit or in certificates of deposit.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.306. REVENUE BONDS. (a) The board may issue revenue bonds to:

(1) purchase, construct, repair, renovate, or acquire buildings, sites, or improvements and equip buildings, sites, or improvements for hospitals and the hospital system; and

(2) establish and maintain office facilities for staff physicians under Section [1002.058](#).

(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, including district facilities.

(c) Bonds issued under Subsection (a)(1) may be additionally secured by a mortgage or deed of trust lien on all or part of the district property.

(d) Bonds issued under Subsection (a)(1) 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.

(e) Bonds issued under Subsection (a)(2) must be issued in the manner provided by Sections 264.042-264.047(a), [264.048](#), and [264.049](#), Health and Safety Code.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

SUBCHAPTER H. TAXES

Sec. 1002.351. IMPOSITION OF TAXES. (a) The board shall impose on all property subject to district taxation, for the benefit of the district, a tax at a rate not to exceed 75 cents on each \$100 assessed value of the property according to the most recent certified appraisal roll of the district.

(b) The board shall impose the tax to:

- (1) meet the requirements of the district's bonds;
- (2) provide for the district's maintenance and operating expenses;
- (3) make improvements and additions to the district's hospitals or hospital system; and
- (4) acquire necessary sites for hospitals or the hospital system by gift, purchase, lease, or condemnation.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.

Sec. 1002.352. TAX ASSESSOR-COLLECTOR. 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.

Acts 2003, 78th Leg., ch. 1277, Sec. 1, eff. April 1, 2005.