

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 3. HEALTH
SUBTITLE A. HOSPITAL DISTRICTS
CHAPTER 1088. REAGAN HOSPITAL DISTRICT OF REAGAN
COUNTY, TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1088.001. DEFINITIONS. In this chapter:

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

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

(3) "District" means the Reagan Hospital District of Reagan County, Texas.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.002. AUTHORITY FOR CREATION. The Reagan Hospital District of Reagan County, Texas, is created under the authority of Section 9, Article IX, Texas Constitution.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.003. ESSENTIAL PUBLIC FUNCTION. The district performs an essential public function in carrying out the purposes of this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.004. DISTRICT TERRITORY. The boundaries of the district are coextensive with the boundaries of the Reagan County Independent School District of Reagan County, as those boundaries existed on March 24, 1977.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.005. 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.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.006. DISTRICT SUPPORT AND MAINTENANCE NOT STATE OBLIGATION. The support and maintenance of the district may not become a charge against or obligation of this state.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.007. RESTRICTION ON STATE FINANCIAL ASSISTANCE. The legislature may not make a direct appropriation for the construction, maintenance, or improvement of a district facility.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1088.051. BOARD ELECTION; TERMS. (a) The board consists of six directors elected as follows:

(1) one director elected from each commissioners precinct of Reagan County; and

(2) two directors elected from the district at large.

(b) A redistricting or other change in the boundaries of the commissioners precincts of Reagan County does not affect the service or term of a director in office when the change occurs. The change in the commissioners precincts applies to each election of directors occurring after the change takes effect as the terms of directors then in office expire.

(c) Directors serve staggered three-year terms.

(d) An election shall be held on the uniform election date in May of each year to elect the appropriate number of directors.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.052. NOTICE OF ELECTION. Notice of an election of directors shall be published one time in a newspaper of general circulation in the district in accordance with Chapter 4, Election Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.053. QUALIFICATIONS FOR OFFICE. (a) A person may not be elected or appointed as a director unless the person is:

- (1) a resident of the district; and
- (2) a qualified voter.

(b) A director elected from a commissioners precinct is not required to be a resident of that commissioners precinct.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.054. BOARD VACANCY. (a) If a vacancy occurs in the office of director, the remaining directors shall appoint a director to hold office for the remainder of the unexpired term.

(b) If the number of directors is reduced to fewer than five, the remaining directors shall immediately call a special election to fill the vacancies. If the remaining directors do not call the election, a district court, on application of a district resident, shall order the election.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.055. OFFICERS. (a) The board shall elect:

(1) a president and a vice president from among its members; and

- (2) a secretary, who need not be a director.

(b) Each officer of the board serves for a term of one year.

(c) The board by vote shall fill a vacancy in a board office for the unexpired term.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.056. VOTING REQUIREMENT. A concurrence of four directors is sufficient in any matter relating to district business.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.057. DIRECTOR PARTICIPATION IN GROUP HEALTH INSURANCE. The directors may participate in any group health insurance plan sponsored by the district for district employees.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.058. DISTRICT ADMINISTRATOR; ASSISTANT DISTRICT ADMINISTRATORS. (a) The board may appoint a qualified person as district administrator.

(b) The board may appoint assistant administrators.

(c) The district administrator and any assistant administrator serve at the will of the board and are entitled to the compensation determined by the board.

(d) On assuming the duties of district administrator, the administrator shall execute a bond payable to the district in an amount set by the board of not less than \$5,000 that:

(1) is conditioned on the administrator performing the administrator's duties; and

(2) contains other conditions the board may require.

(e) The board may pay for the bond with district money.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.059. GENERAL DUTIES OF DISTRICT ADMINISTRATOR. Subject to the limitations prescribed by the board, the district administrator shall:

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

(2) direct the affairs of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec.

1.01, eff. April 1, 2011.

Sec. 1088.060. APPOINTMENT AND DISMISSAL OF STAFF AND EMPLOYEES; CONTRACT WITH DOCTORS. (a) The board may appoint to or dismiss from the staff or contract with any doctors the board considers necessary for the efficient operation of the district and may make temporary appointments as necessary.

(b) The district may employ fiscal agents, accountants, architects, and attorneys the board considers proper.

(c) The board may delegate to the district administrator the authority to hire district employees, including technicians and nurses.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.061. RECRUITMENT OF MEDICAL 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;

(3) providing a loan or scholarship to a physician or a person who:

(A) is currently enrolled in health care education courses at an institution of higher education; and

(B) contractually agrees to become a district employee or medical staff member; or

(4) paying the tuition or other expenses of a full-time medical student or other student in a health occupation who:

(A) is enrolled in and is in good standing at an accredited medical school, college, or university; and

(B) contractually agrees to become a district employee or independent contractor in return for that assistance.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.062. EDUCATIONAL PROGRAMS; COURSES. The board may provide or contract for the provision of educational programs or courses for district employees and medical staff.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.063. SENIORITY; RETIREMENT BENEFITS. (a) The board may:

(1) adopt rules related to the seniority of district employees; and

(2) establish or administer a retirement program or elect to participate in any statewide retirement program in which the district is eligible to participate.

(b) The district may give effect to previous years of service for district employees continuously employed in the operation or management of the hospital facilities acquired from the county or a municipality when the district was created.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 1088.101. DISTRICT RESPONSIBILITY. (a) The district has full responsibility for providing hospital care for the district's indigent residents.

(b) The district shall provide all necessary hospital and medical care for the district's needy inhabitants.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.102. RESTRICTION ON POLITICAL SUBDIVISION TAXATION AND DEBT. A political subdivision of this state, other than the district, may not impose a tax or issue bonds or other obligations for hospital purposes or to provide hospital service or medical care in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec.

1.01, eff. April 1, 2011.

Sec. 1088.103. MANAGEMENT, CONTROL, AND ADMINISTRATION. The board shall manage, control, and administer the hospital system and the district's money and resources.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.104. HOSPITAL SYSTEM. (a) The district has the responsibility to establish a hospital or hospital system within its boundaries to provide hospital and medical care to the district's residents.

(b) The district shall provide for:

(1) the establishment of a hospital system by:

(A) purchasing, constructing, acquiring, repairing, or renovating buildings and equipment; and

(B) equipping the buildings; and

(2) the administration of the hospital system for hospital purposes and medical purposes.

(c) The hospital system may include:

(1) facilities for domiciliary care of the sick, injured, or geriatric;

(2) outpatient clinics;

(3) dispensaries;

(4) convalescent home facilities;

(5) necessary nurses;

(6) domiciliaries and training centers;

(7) blood banks;

(8) community mental health centers;

(9) research centers or laboratories; and

(10) any other facilities the board considers necessary for medical care, hospital care, and public safety and health.

(d) A facility for public safety and health described by Subsection (c)(10) may only be:

(1) constructed by the district using private money; and

(2) used by the district, or any governmental entity to which the district leases the facility, for public safety and health purposes.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 560 (S.B. 1621), Sec. 6, eff. September 1, 2019.

Acts 2019, 86th Leg., R.S., Ch. 812 (H.B. 2318), Sec. 1, eff. June 10, 2019.

Sec. 1088.105. RULES. The board may adopt rules governing the operation of the hospital, the hospital system, and the district's staff and employees.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.106. PURCHASING AND ACCOUNTING PROCEDURES. The board may prescribe:

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

(2) all accounting and control procedures.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.107. DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. (a) The board shall determine the type, number, and location of buildings required to maintain an adequate hospital system.

(b) The board may:

(1) purchase or lease property, including facilities or equipment, for the district to use in the hospital system; and

(2) mortgage or pledge the property as security for the payment of the purchase price.

(c) The board may lease all or part of the district's buildings and other facilities on terms considered to be in the best interest of the district's inhabitants. The term of the lease may

not exceed 25 years.

(d) The district may acquire equipment for use in the district's hospital system and mortgage or pledge the property as security for the payment of the purchase price. A contract entered into under this subsection must provide that the entire obligation be retired not later than the fifth anniversary of the date of the contract.

(e) The district may sell or otherwise dispose of any property, including equipment, on terms the board finds are in the best interest of the district's inhabitants.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.108. 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 located in district territory if the interest is necessary or convenient for the district to exercise a power, right, or privilege conferred by this chapter.

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

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

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

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

(3) provide a bond for costs or a supersedeas bond on an appeal or petition for review.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.109. COST OF RELOCATING OR ALTERING PROPERTY. In exercising the power of eminent domain, if the board requires relocating, raising, lowering, rerouting, changing the grade of, or

altering the construction of any railroad, electric transmission and distribution, telegraph or telephone line, conduit, pole, or facility, or pipeline, 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.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.110. GIFTS AND ENDOWMENTS. 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 other provisions prescribed in writing by the donor that are not inconsistent with the proper management and objectives of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.111. CONSTRUCTION CONTRACTS. A construction contract in excess of the amount provided by Section [271.024](#), Local Government Code, may be made only after competitive bidding as provided by Subchapter B, Chapter [271](#), Local Government Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.112. OPERATING AND MANAGEMENT CONTRACTS. The board may enter into an operating or management contract relating to a district facility.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.113. CONTRACTS WITH GOVERNMENTAL ENTITIES FOR HOSPITAL TREATMENT. (a) The board may contract with a county or municipality located outside the district's boundaries for the hospitalization and treatment of a sick or injured person of that county or municipality.

(b) The board may contract with this state or a federal agency for the hospital treatment of a sick or injured person.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.114. CONTRACTS WITH GOVERNMENTAL ENTITIES FOR INVESTIGATORY OR OTHER SERVICES. The board may contract with a political subdivision or governmental agency for the district to provide investigatory or other services for the medical, hospital, or welfare needs of district inhabitants.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.115. PAYMENT FOR TREATMENT; PROCEDURES. (a) When a patient who resides in the district is admitted to a district hospital facility, the district administrator may have an inquiry made into the financial circumstances of:

(1) the patient; and

(2) relatives of the patient who are legally liable for the patient's support.

(b) If the district administrator determines that the patient or relatives cannot pay all or part of the costs of the patient's care and treatment in the hospital, the amount of the costs that cannot be paid becomes a charge against the district.

(c) If the district administrator determines that the patient or relatives can pay for all or part of the costs of the care and treatment, as determined by the district's indigent health care policy, the patient or relatives shall be ordered to pay the district a specified amount each week for the patient's care and support. The amount ordered must be proportionate to the person's financial ability.

(d) The district administrator may collect the amount from the patient's estate, or from any relative who is legally liable for the patient's support, in the manner provided by law for the collection of expenses of the last illness of a deceased person.

(e) The board may institute a suit to collect an amount owed to the district by a patient who has not been determined to be

unable to pay under this section.

(f) If there is a dispute as to the ability to pay, or doubt in the mind of the district administrator concerning the ability to pay, the board shall hold a hearing and, after calling witnesses, shall determine the issue.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.116. NONPROFIT CORPORATION. (a) The district may create and sponsor a nonprofit corporation under the Business Organizations Code and may contribute money to or solicit money for the corporation.

(b) The corporation may use its money only to provide health care or other services the district is authorized to provide under this chapter.

(c) The corporation may invest the corporation's money in any manner in which the district may invest the district's money, including investing money as authorized by Chapter 2256, Government Code.

(d) The board shall establish controls to ensure that the corporation uses its money as required by this section.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.117. AUTHORITY TO SUE AND BE SUED. The district, through the board, may sue and be sued.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 1088.151. BUDGET. (a) The district administrator shall prepare an annual budget for approval by the board.

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

- (1) the outstanding obligations of the district;
- (2) the cash on hand in each district fund;

(3) the money received by the district from all sources during the previous year;

(4) the money available to the district from all sources during the ensuing year;

(5) the balances expected at the end of the year in which the budget is being prepared;

(6) the estimated revenue and balances available to cover the proposed budget;

(7) the estimated tax rate required; and

(8) the proposed expenditures and disbursements and the estimated receipts and collections for the following fiscal year.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.152. NOTICE; HEARING; ADOPTION OF BUDGET. (a) The board shall hold a public hearing on the proposed annual budget.

(b) At least 10 days before the date of the hearing, notice of the hearing shall be published one time in a newspaper of general circulation in the district.

(c) Any district resident 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 district administrator. The board may make any changes in the proposed budget that the board judges to be in the interest of the taxpayers and that the law warrants.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.153. AMENDMENTS TO BUDGET. The budget may be amended as required by circumstances. The board must approve all amendments.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.154. RESTRICTION ON EXPENDITURES. Money may be

spent only for an expense included in the budget or an amendment to the budget.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.155. FISCAL YEAR. (a) The district operates according to a fiscal year established by the board.

(b) The fiscal year may not be changed:

(1) during a period that revenue bonds of the district are outstanding; or

(2) more than once in a 24-month period.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.156. ANNUAL AUDIT. The board annually shall have an independent audit made of the district's books and records.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.157. INSPECTION OF AUDIT AND DISTRICT RECORDS. The annual audit and other district records shall be open to inspection at the district's principal office.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.158. FINANCIAL REPORT. As soon as practicable after the close of each fiscal year, the district administrator shall prepare for the board:

(1) a complete sworn statement of all district money; and

(2) a complete account of the disbursements of that money.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.159. DEPOSITORY. (a) The board shall select one or more banks to serve as a depository for district money.

(b) District money, other than money invested as provided by Section 1088.160(b) and money transmitted to a bank for payment of bonds or obligations issued by the district, shall be deposited as received with the depository bank and shall remain on deposit.

(c) This chapter, including Subsection (b), does not limit the power of the board to place a part of district money on time deposit or to purchase certificates of deposit.

(d) The district may not deposit money with a bank in an amount that exceeds the maximum amount secured by the Federal Deposit Insurance Corporation unless the bank first executes treasury bonds in an amount sufficient to secure from loss the district money that exceeds the amount secured by the Federal Deposit Insurance Corporation.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.160. SPENDING AND INVESTMENT RESTRICTIONS. (a) Except as otherwise provided by this chapter, the district may not incur an obligation payable from district revenue other than the revenue on hand or to be on hand in the current and following district fiscal years.

(b) The board may invest operating, depreciation, or building reserves only in funds or securities specified by Chapter 2256, Government Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.161. AUTHORITY TO BORROW MONEY; SECURITY. (a) The board may borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time the loan is made.

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

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

(2) a district tax to be imposed by the district during the 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on district bonds; or

(3) a district bond that has 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 the loan is made. A loan for which district revenue is pledged must mature not later than the fifth anniversary of the date the loan is made.

Added by Acts 2011, 82nd Leg., R.S., Ch. 91 (S.B. [1303](#)), Sec. 22.016(a), eff. September 1, 2011.

SUBCHAPTER E. BONDS

Sec. 1088.201. GENERAL OBLIGATION BONDS. The board may issue and sell general obligation 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;

(2) equip the buildings or improvements; and

(3) acquire sites to be used for district purposes.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.202. TAX TO PAY GENERAL OBLIGATION BONDS. (a) At the time general obligation bonds are issued by the district under Section [1088.201](#), the board shall impose an ad valorem tax at a rate sufficient to create an interest and sinking fund to pay the principal of and interest on the bonds as the bonds mature.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.203. GENERAL OBLIGATION BOND ELECTION. (a) The district may issue general obligation bonds only if the bonds are authorized by a majority of the district voters voting at an election called for that purpose.

(b) The election shall be conducted in accordance with

Chapter [1251](#), Government Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.204. MATURITY OF GENERAL OBLIGATION BONDS. District bonds must mature not later than 40 years after the date of issuance.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.205. EXECUTION OF GENERAL OBLIGATION BONDS. (a) The board president shall execute the district's bonds in the district's name.

(b) The board secretary shall countersign the bonds in the manner provided by Chapter [618](#), Government Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.206. REVENUE BONDS. (a) The board may issue revenue bonds to:

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

(2) acquire sites for those buildings or improvements.

(b) The bonds must be payable from and secured by a pledge of all or part of district revenue derived from the operation of the district's hospital system.

(c) The bonds may be additionally secured by a mortgage or deed of trust lien on all or part of district property.

(d) The bonds must be issued in the manner and in accordance with the procedures and requirements prescribed by Sections [264.042](#), [264.043](#), [264.044](#), [264.046](#), [264.047](#), [264.048](#), and [264.049](#), Health and Safety Code, for issuance of revenue bonds by a county hospital authority.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.207. BONDS EXEMPT FROM TAXATION. The following

are exempt from taxation by this state or a political subdivision of this state:

- (1) bonds issued or assumed by the district;
- (2) the transfer and issuance of the bonds; and
- (3) profits made in the sale of the bonds.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.208. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. In addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, the board may provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section [1088.202](#) and revenue and other sources as authorized by Section [1088.206](#).

Added by Acts 2011, 82nd Leg., R.S., Ch. 91 (S.B. [1303](#)), Sec. 22.017(a), eff. September 1, 2011.

Sec. 1088.209. USE OF BOND PROCEEDS. The district may use the proceeds of bonds issued under this subchapter to pay:

- (1) any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;
- (2) interest payments on the bonds during a period of acquisition or construction of a project or facility to be provided through the bonds, not to exceed five years;
- (3) costs related to the operation and maintenance of a project or facility to be provided through the bonds:
 - (A) during an estimated period of acquisition or construction, not to exceed five years; and
 - (B) for one year after the project or facility is acquired or constructed;
- (4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;
- (5) costs related to the bond issuance;
- (6) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and

(7) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

Added by Acts 2011, 82nd Leg., R.S., Ch. 91 (S.B. [1303](#)), Sec. 22.017(a), eff. September 1, 2011.

SUBCHAPTER F. TAXES

Sec. 1088.251. IMPOSITION OF AD VALOREM TAX. (a) The board shall impose a tax on all property in the district subject to district taxation.

(b) The board shall impose the tax to:

(1) pay the indebtedness issued or assumed by the district;

(2) provide for the operation and maintenance of the district and hospital system;

(3) make improvements and additions to the hospital system; and

(4) acquire necessary sites for those improvements and additions by purchase, lease, or condemnation.

(c) The board may not impose a tax to pay the principal of or interest on revenue bonds.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.252. TAX RATE. (a) The board may impose the tax at a rate not to exceed 75 cents on each \$100 valuation of taxable property in the district.

(b) In setting the tax rate, the board shall consider the income of the district from sources other than taxation.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.253. 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.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER G. DISSOLUTION

Sec. 1088.301. DISSOLUTION; ELECTION. (a) The district may be dissolved only on approval of a majority of the district 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 if the board receives a petition requesting an election that is signed by at least 15 percent of the registered voters of the district.

(d) The order calling the election must state:

(1) the nature of the election, including the proposition 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.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.302. NOTICE OF ELECTION. (a) The board shall give notice of an election under this subchapter by publishing once a week for two consecutive weeks a substantial copy of the election order in a newspaper with general circulation in the district.

(b) The first publication of the notice must appear not later than the 35th day before the date set for the election.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.303. BALLOT. The ballot for an election under this subchapter must be printed to permit voting for or against the proposition: "The dissolution of the Reagan Hospital District of

Reagan County, Texas."

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.304. ELECTION RESULTS. (a) If a majority of the votes in an election under this subchapter 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.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.305. TRANSFER, SALE, OR ADMINISTRATION OF ASSETS.

(a) If a majority of the votes in an 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 Reagan County or to another governmental entity in Reagan County;

(2) sell the assets and liabilities to another person;
or

(3) administer the property, assets, and debts until all money has 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 entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

(c) If the board does not make the transfer under Subsection (a)(1), the board shall sell the assets and liabilities to another person under Subsection (a)(2) or administer the property, assets, and debts of the district under Subsection (a)(3), and the district is dissolved when all money has been disposed of and all district debts have been paid or settled.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.306. SALE OR TRANSFER OF ASSETS AND LIABILITIES.

(a) The dissolution of the district and the sale or transfer of the district's assets and liabilities to another person may not contravene a trust indenture or bond resolution relating to the district's outstanding bonds. 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.

(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 district residents, including the residents' collective property rights in the district's assets.

(c) The district may not transfer or dispose of the district's assets except for due compensation unless:

(1) the transfer is made to another governmental entity that serves the district; and

(2) the transferred assets are to be used for the benefit of the district's residents.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.307. 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) On the payment of all outstanding debts and obligations of the district, the board shall order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money.

(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 money to the county tax assessor-collector.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1088.308. REPORT; DISSOLUTION ORDER. (a) After the district has paid all district debts and has disposed of all district money and other assets as prescribed by this subchapter, the board shall file a written report with the Commissioners Court of Reagan County summarizing the board's actions in dissolving the district.

(b) Not later than the 10th day after the date the Commissioners Court of Reagan 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.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.