SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 3. HEALTH

SUBTITLE A. HOSPITAL DISTRICTS

CHAPTER 1013. CASTRO COUNTY HOSPITAL DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1013.001.  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 Castro County Hospital District.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.002.  AUTHORITY FOR OPERATION. The district operates under the authority of and has the powers and responsibilities provided by Section 11, Article IX, Texas Constitution.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.003.  ESSENTIAL PUBLIC FUNCTION; POLITICAL SUBDIVISION. The district is:

(1)  a public entity performing an essential public function; and

(2)  a political subdivision of this state.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.004.  DISTRICT TERRITORY. The boundaries of the district are coextensive with the boundaries of Castro County.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.005.  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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1013.051.  BOARD ELECTION; TERM. (a) The board consists of five directors elected from the district at large.

(b)  Directors serve staggered three-year terms.

(c)  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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.052.  NOTICE OF ELECTION.  Notice of an election of directors shall be published in a newspaper of general circulation in Castro County in accordance with Section 4.003, Election Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1135 (H.B. [1413](http://capitol.texas.gov/tlodocs/82R/billtext/html/HB01413F.HTM)), Sec. 1, eff. June 17, 2011.

Sec. 1013.053.  QUALIFICATIONS FOR OFFICE. (a) A person may not be elected or appointed as a director unless the person is:

(1)  a district resident; and

(2)  at least 21 years of age.

(b)  An employee or medical staff member of the district may not serve as a director.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.054.  BOND; RECORD OF BOND AND OATH OR AFFIRMATION OF OFFICE. (a) Each director shall qualify for office by executing a good and sufficient bond for $1,000 that is:

(1)  payable to the district; and

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

(b)  The district may pay for the directors' bonds with district money.

(c)  Each director's bond and constitutional oath or affirmation of office shall be deposited with the district's depository bank for safekeeping.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. [1969](http://capitol.texas.gov/tlodocs/81R/billtext/html/SB01969F.HTM)), Sec. 21.001, eff. September 1, 2009.

Sec. 1013.055.  BOARD VACANCY. (a) If a vacancy occurs in the office of director, the remaining directors shall appoint a director for the unexpired term.

(b)  If the number of directors is reduced to fewer than three for any reason, 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 voter or taxpayer, may order the directors to hold the election.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.056.  OFFICERS. The board shall elect from among its members a president, vice president, and secretary.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.057.  COMPENSATION; EXPENSES. A director serves without compensation but may be reimbursed for actual expenses incurred in the performance of official duties on approval of the expenses by the entire board.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.058.  VOTING REQUIREMENT. A concurrence of three directors is sufficient in any matter relating to district business.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.059.  DISTRICT ADMINISTRATOR. (a) The board may appoint a qualified person as district administrator.

(b)  The district administrator serves at the will of the board and receives the compensation determined by the board.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.060.  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 general affairs of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.061.  EMPLOYEES. (a) The board may employ a general manager, attorney, bookkeeper, and architect.

(b)  The board may employ technicians, nurses, fiscal agents, accountants, and other necessary employees.

(c)  The board may delegate to the district administrator the authority to hire employees under Subsection (b).

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.062.  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; and

(4)  providing on a rent-free basis or subsidizing the cost of office space or other facilities for a health care professional, including a physician.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.063.  APPOINTMENT AND REMOVAL OF MEDICAL STAFF. (a) The board may appoint to or remove from the medical staff any doctors as necessary for the efficient operation of the district and may make temporary appointments as necessary.

(b)  The board may adopt policies relating to the appointment and removal of medical staff members.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.064.  HEALTH CARE EDUCATIONAL PROGRAMS. The board may spend district money, enter into an agreement, or take other necessary action to conduct, participate in, or assist in providing health care educational programs for current or prospective medical staff members or employees of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.065.  RETIREMENT 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.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.066.  LIABILITY INSURANCE; INDEMNIFICATION. (a) The board may defend or indemnify an officer, director, board appointee, medical staff member, or district employee against or from a claim, expense, or liability arising from duties performed in that capacity.

(b)  The board may purchase liability insurance coverage or establish a self-insurance program to fund an indemnity obligation under this section.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.067.  MAINTENANCE OF RECORDS; PUBLIC INSPECTION. Except as provided by Section 1013.054, all district records, including books, accounts, notices, minutes, and all other matters of the district and the operation of its facilities, shall be:

(1)  maintained at the district office; and

(2)  open to public inspection at the district office at all reasonable hours.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.068.  SEAL. The board may adopt a seal for the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 1013.101.  DISTRICT RESPONSIBILITY. The district has full responsibility for providing medical and hospital care for the district's needy and indigent residents.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.102.  RESTRICTION ON COUNTY OR MUNICIPALITY TAXATION. Castro County or a municipality in Castro County may not impose a tax for hospital purposes.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.103.  MANAGEMENT AND CONTROL. The management and control of the district is vested in the board.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.104.  HOSPITAL SYSTEM. (a) The district may provide for the establishment of a hospital or hospital system to provide medical and hospital care to the district's needy residents.

(b)  The hospital system may include:

(1)  facilities and equipment for domiciliary care and treatment of sick, injured, or geriatric patients;

(2)  outpatient clinics;

(3)  convalescent home facilities;

(4)  physicians' offices; and

(5)  any other facilities or equipment the board considers necessary for hospital purposes.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 768 (H.B. [4595](http://capitol.texas.gov/tlodocs/88R/billtext/html/HB04595F.HTM)), Sec. 19.001, eff. September 1, 2023.

Sec. 1013.105.  RULES. (a) The board may adopt rules governing the operation of the district, including district facilities.

(b)  On approval by the board, the rules may be published in booklet form at district expense and made available to any taxpayer on request.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.106.  PURCHASING AND ACCOUNTING PROCEDURES. (a) The board may prescribe the method and manner of making purchases and expenditures by and for the district.

(b)  The board shall prescribe:

(1)  all accounting and control procedures; and

(2)  the method of purchasing necessary supplies, materials, and equipment.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.107.  MOBILE EMERGENCY MEDICAL SERVICE. The district may operate or provide for the operation of a mobile emergency medical service as part of the hospital system.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.108.  DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. (a) The board shall determine:

(1)  the type, number, and location of facilities required to maintain an adequate hospital system; and

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

(b)  The board may:

(1)  acquire, construct, repair, or renovate property, including facilities or equipment, for the district for 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 hospital facilities for the district.

(d)  The board may sell or otherwise dispose of property, including facilities or equipment, for the district.

(e)  The district may operate any facility covered by this section or contract with any person to operate the facility.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.109.  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 district territory, if the interest is necessary or convenient for the district to exercise a right, power, privilege, or function conferred on the district 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(a), 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 writ of error.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.110.  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 provisions prescribed in writing by the donor that are not inconsistent with the proper management and objectives of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.111.  CONTRACTS FOR CARE AND TREATMENT. (a) The board may contract with a hospital, hospital authority, or political subdivision of this state located outside the district's boundaries to reimburse the district for the care and treatment of a sick or injured person of that entity.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.112.  CONTRACTS WITH GOVERNMENTAL ENTITIES FOR INVESTIGATORY OR OTHER SERVICES. The board may contract with a political subdivision or governmental agency to provide investigatory or other services related to facilities for the medical care, hospital, or welfare needs of district inhabitants.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.113.  PROVISION OF SERVICES OUTSIDE DISTRICT. Subject to board approval the district may provide primary care, emergency services, preventative medical services, and other health-related services outside the district, provided that the services serve the purpose of the district as established by this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.114.  JOINT ADMINISTRATION OR DELIVERY OF HEALTH CARE SERVICES. (a) To provide joint administration or delivery of health care services, the district may contract with, affiliate with, or enter into another arrangement with:

(1)  a managed care system;

(2)  a preferred provider organization;

(3)  a health maintenance organization;

(4)  another provider of an alternative health care or delivery system; or

(5)  a private hospital.

(b)  The district may spend district money to establish and maintain a partnership, corporation, or other entity involved in the delivery of health care services.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.115.  PAYMENT FOR TREATMENT; PROCEDURES. (a) When a patient who resides in Castro County is admitted to a district facility, the board shall have an inquiry made into the circumstances of:

(1)  the patient; and

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

(b)  If an agent designated by the district to handle the inquiry determines that the patient or those 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 it is determined that the patient or those relatives are liable to pay for all or part of the costs of the patient's care and treatment, the patient or those relatives shall be ordered to pay to the district's treasurer a specified amount each week for the patient's support.  The amount ordered must be proportionate to the person's financial ability and may not exceed the actual per capita cost of maintenance.

(d)  The district 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)  If there is a dispute as to the ability to pay, or doubt in the mind of the district's designated agent, the board shall hold a hearing and, after calling witnesses, shall:

(1)  resolve the dispute or doubt; and

(2)  issue an appropriate order.

(f)  Either party to the dispute may appeal the order to the district court.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.116.  REIMBURSEMENT FOR SERVICES. (a) The board shall require a county, municipality, or public hospital located outside the district to reimburse the district for the district's care and treatment of a sick or injured person for whom that county, municipality, or public hospital has an obligation to provide care, as provided by Chapter 61, Health and Safety Code.

(b)  The board shall seek reimbursement under Article 104.002, Code of Criminal Procedure, for the district's care and treatment of a person who is confined in a Castro County jail facility and is not a district resident.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.117.  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.

(a-1) Expired.

(b)  The corporation may use money, other than money the corporation pays to the district, 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.

(e) Expired.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.118.  AUTHORITY TO SUE AND BE SUED. As a governmental agency, the district may sue and be sued in its own name in any court of this state.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 1013.151.  BUDGET. The board annually shall require a budget to be prepared for the next fiscal year that includes:

(1)  proposed expenditures and disbursements;

(2)  estimated receipts and collections; and

(3)  the amount of taxes required to be imposed for the year.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.152.  PROPOSED BUDGET: NOTICE AND HEARING. (a) The board shall hold a public hearing on the proposed budget.

(b)  Notice of the hearing must be published at least once in a newspaper of general circulation in Castro County not later than the 10th day before the date of the hearing.

(c)  Any district taxpayer is entitled to:

(1)  appear at the time and place designated in the notice; and

(2)  be heard regarding any item included in the proposed budget.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.153.  FISCAL YEAR. The district operates on a fiscal year established by the board.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.154.  ANNUAL AUDIT. (a) The board annually shall have an independent audit made of the district's books and records for the fiscal year.

(b)  Not later than December 31 each year, the audit shall be filed:

(1)  with the comptroller; and

(2)  at the district office.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.155.  DEPOSITORY OR TREASURER. (a) The board by resolution shall designate a bank or banks in Castro County as the district's depository or treasurer.  A designated bank serves for three years and until a successor is designated.

(b)  All district money shall be secured in the manner provided for securing county funds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.156.  AUTHORITY TO BORROW MONEY; SECURITY. (a) The board may borrow money for district purposes on district credit or secured by district revenue.  The rate may not 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 in the next 12-month period that is 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 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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

SUBCHAPTER E. BONDS

Sec. 1013.201.  GENERAL OBLIGATION BONDS. The board may issue and sell general obligation bonds in the name and on the faith and credit of the district for any purpose relating to:

(1)  the purchase, construction, acquisition, repair, or renovation of buildings or improvements; and

(2)  equipping buildings or improvements for hospital purposes.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.202.  TAX TO PAY GENERAL OBLIGATION BONDS. (a) At the time general obligation bonds are issued by the district under Section 1013.201, 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 all taxable property in the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.203.  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 held for that purpose.

(b)  The board may order the election on its own motion.

(c)  The order calling the election must specify:

(1)  the location of the polling places;

(2)  the presiding election officers;

(3)  the purpose of the bond issuance;

(4)  the amount of the bonds to be authorized;

(5)  the maximum interest rate of the bonds; and

(6)  the maximum maturity of the bonds.

(d)  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 Castro County once a week for two consecutive weeks before the date of the election.  The first publication must occur at least 14 days before the date of the election.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.204.  MATURITY OF GENERAL OBLIGATION BONDS. District general obligation bonds must mature not later than 40 years after the date of issuance.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.205.  EXECUTION OF GENERAL OBLIGATION BONDS. (a) The board president shall execute the general obligation bonds in the district's name.

(b)  The board secretary shall countersign the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.206.  REVENUE BONDS. (a) The board may issue revenue bonds 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 buildings or improvements for hospital purposes; or

(3)  acquire real property for hospital purposes.

(b)  The bonds must be payable from and secured by a pledge of all or part of the 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 on all or part of district property.

(d)  The bonds must be issued in the manner provided by Sections 264.042, 264.043, and 264.046-264.049, Health and Safety Code, for issuance of revenue bonds by a county hospital authority.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.207.  REFUNDING BONDS. (a) The board may, without an election, issue refunding bonds to refund outstanding bonds issued or assumed by the district.

(b)  A refunding bond may be:

(1)  sold, with the proceeds of the refunding bonds applied to the payment of the bonds to be refunded; or

(2)  exchanged wholly or partly for not less than a similar amount of outstanding bonds and the unpaid matured interest on the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.208.  BONDS EXEMPT FROM TAXATION. The following are exempt from taxation by this state or a political subdivision of this state:

(1)  bonds issued by the district;

(2)  any transaction relating to the bonds; and

(3)  profits made in the sale of the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.209.  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 1013.202 and revenue and other sources authorized by Section 1013.206.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1135 (H.B. [1413](http://capitol.texas.gov/tlodocs/82R/billtext/html/HB01413F.HTM)), Sec. 2, eff. June 17, 2011.

Sec. 1013.210.  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. 1135 (H.B. [1413](http://capitol.texas.gov/tlodocs/82R/billtext/html/HB01413F.HTM)), Sec. 2, eff. June 17, 2011.

SUBCHAPTER F. TAXES

Sec. 1013.251.  IMPOSITION OF AD VALOREM TAX. (a) On final approval of the annual budget, the board may impose a tax on all property in the district subject to district taxation.

(b)  The tax may be used to pay:

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

(2)  the maintenance and operating expenses of the district.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.252.  TAX RATE. (a) The board may impose the tax at a rate not to exceed the limit approved by the voters at the election authorizing the imposition of the tax.

(b)  The tax rate for all purposes may not exceed 75 cents on each $100 valuation of all taxable property in the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.253.  TAX ASSESSOR-COLLECTOR. (a) 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.

(b)  The tax assessor-collector shall assess and collect taxes imposed by the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

SUBCHAPTER G. DISSOLUTION

Sec. 1013.301.  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 a number of district residents equal to at least 15 percent of the registered voters in 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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.302.  NOTICE OF ELECTION. (a) The board shall give notice of an election under this subchapter by publishing once a week for two consecutive weeks 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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.303.  BALLOT. The ballot for an election under this subchapter must be printed to permit voting for or against the proposition: "The dissolution of the Castro County Hospital District."

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.304.  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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.305.  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 Castro County or another governmental agency in Castro County; or

(2)  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 agency assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.306.  SALE OR TRANSFER OF ASSETS AND LIABILITIES. (a) 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.

(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 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.

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

(d)  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 agency that serves the district; and

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

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.307.  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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.

Sec. 1013.308.  REPORT; DISSOLUTION ORDER. (a) After the district has paid all its debts and has disposed of all its money and other assets as prescribed by this subchapter, the board shall file a written report with the Commissioners Court of Castro County summarizing the board's actions in dissolving the district.

(b)  Not later than the 10th day after the date the Commissioners Court of Castro 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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03166F.HTM)), Sec. 1.02, eff. April 1, 2009.