

WALKER COUNTY HOSPITAL DISTRICT

CHAPTER 848

S. B. No. 1020

62nd Legislature--Regular Session

(As amended by Chapter 527, S. B.
No. 1271, 65th Legislature, Regular
Session)

AN ACT relating to the creation, administration,
powers and duties, and financing of the Walker
County Hospital District of Walker County,
Texas; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. Pursuant to authority granted by the provisions of Section 9, Article IX, Constitution of the State of Texas, Walker County Hospital District of Walker County, Texas, is hereby authorized to be created and as created shall have boundaries coextensive with the boundaries of Walker County, Texas.

Sec. 2. The District hereby authorized to be created shall provide for the establishment of a hospital or hospital system within its boundaries to furnish hospital care to persons residing in said District by the purchase, construction, acquisition, repair or renovation of buildings and improvements and the equipping of same and the administration thereof for hospital purposes. Such District shall assume the full responsibility for providing hospital care for its needy inhabitants. Any and all lands, buildings, improvements and equipment in said District owned by Walker County, which has incurred outstanding indebtedness for hospital purposes (no incorporated city, town or village in said county having incurred any such indebtedness for said hospital purposes), prior to the creation of said District, shall become the property of the District if the proposition set out in Section 3 hereof carries, and title to said lands, buildings, improvements and equipment shall vest in the District. All obligations under contract legally incurred by said county for the building of, or the support and maintenance of, hospital facilities in said District, prior to the creation of said

District but outstanding at the time of the creation of said District, shall be assumed and discharged by it without prejudice to the rights of third parties. All outstanding bonded indebtedness incurred by said county in the acquisition of such lands, buildings, improvements and equipment, or in the construction and equipping of such hospital facilities, shall be assumed by the District and become the obligation of the District. Said Walker County, which has issued such bonds, shall be by the District relieved of any further liability for the payment thereof, or for providing interest and sinking fund requirements thereon; provided that nothing herein contained shall limit or affect any of the rights of any of the holders of such bonds against said county in the event of default in the payment of the principal of or interest on any of such bonds in accordance with their respective terms. As soon as practicable after the District is created and authorized at the election provided for in Section 3 hereof and there shall have been qualified the Board of Hospital Managers hereinafter provided for, the Walker County Commissioners Court shall execute and deliver to said District an instrument in writing conveying to said District all the hospital property heretofore mentioned, including said lands, buildings, improvements and equipment. After establishment of such District, no other municipality of political subdivision in Walker County shall have the power to levy taxes or issue bonds or other obligations for hospital purposes or for providing medical care within the boundaries of the District.

Sec. 3. Such District shall not be created nor shall any tax therein be authorized unless and until such creation and such tax are approved by a majority of the electors of the District qualified to vote thereon, voting at an election called for such purpose. Such election shall be initiated by a petition to the Walker County Commissioners Court signed by at least

fifty (50) qualified property taxpaying electors residing within the boundaries of the proposed District. Within ten (10) days after the presentation of said petition to the Commissioners Court of Walker County, Texas, said court shall order an election to be held within said District not less than thirty (30) days from the date said election is ordered. The order calling such election shall specify the date and place or places of holding same, the form of ballot and the presiding judge for each voting place. At such election there shall be submitted to the resident electors of said proposed District who are qualified to vote thereon under the Constitution and laws of the State of Texas and of the United States the proposition of whether or not Walker County Hospital District of Walker County, Texas, shall be created with authority to levy annual taxes at a rate not to exceed seventy-five cents (75¢) on the One Hundred Dollars (\$100) valuation of all taxable property within such District for the purpose of meeting the requirements of the District's bonds, the indebtedness assumed by it and its maintenance and operating expenses, and a majority of said qualified electors of the District voting in said election in favor of the proposition shall be sufficient for its adoption. Except as provided herein, said election shall be held in accordance with the Texas Election Code as amended, and the ballots of said election shall conform to the requirements of said Code and shall have printed thereon the following:

"FOR the creation of Walker County Hospital District of Walker County, Texas; providing for the levy of annual taxes at a rate not to exceed seventy-five cents (75¢) on the One Hundred Dollars (\$100) valuation of all taxable property within such District; and the assumption by said Hospital District of the outstanding indebtedness previously incurred for hospital purposes by Walker County in said District;

"AGAINST the creation of Walker County Hospital District

of Walker County, Texas; providing for the levy of annual taxes at a rate not to exceed seventy-five cents (75¢) on the One Hundred Dollars (\$100) valuation of all taxable property within such District; and the assumption by said Hospital District of the outstanding indebtedness previously incurred for hospital purposes by Walker County in said District."

Said court may elect to call and hold two separate but simultaneous elections and submit said proposition to both the qualified electors of the District and to the duly qualified property taxpaying electors of the District. If said court so calls such elections, it may require that the votes cast at each of said separate but simultaneous elections be recorded, returned and canvassed separately.

Notice of said election or elections shall be given by publishing a substantial copy of the election order in a newspaper of general circulation in Walker County, once a week for two consecutive weeks, the first publication to appear at least fourteen (14) days prior to the date set for the election. The failure of any such election shall not operate to prohibit the calling and holding of subsequent elections for the same purpose.

Sec. 4. (a) After such creation and tax levy election is held, the officials conducting same shall make due returns to the Walker County Commissioners Court which shall canvass the returns thereof. If a majority of said qualified electors voting at said election voted in favor of the proposition to create said District and levy said tax, said court shall so find and declare said District established and created.

(b) If said District is created, the following persons are hereby appointed to serve as its first Board of Hospital Managers: Dr. H. R. Conwell; Mrs. Ross Woodall; Reverend Carroll L. Pickett; Mr. Boley F. O'Bannon; and Robert R. Hardy. As soon as practicable after said District is created, each

member of said Board shall execute the constitutional oath of office and make a good and sufficient bond to be approved by the Commissioners Court of Walker County, Texas, for Five Thousand Dollars (\$5,000) payable to said District and conditioned upon the faithful performance of his duties as such Director, and such oaths and bonds shall be kept in the permanent records of said District. Except for said first Board of Hospital Managers, the bonds of said Hospital Managers shall be approved by the District's Board of Hospital Managers. If for any reason any member of said Board shall refuse to act or fail to qualify, the County Judge of Walker County shall fill such vacancy. Said first Board of Hospital Managers shall serve until the first election of Hospital Managers, as provided in this Act, and until their successors are elected and qualified. On the first Tuesday after the first Monday in November during the second calendar year following the year in which such creation election was held, a general election shall be held to elect five (5) Hospital Managers. Notice of such election shall be published in a newspaper of general circulation in the county one (1) time at least ten (10) days prior to the date of election. Any person desiring his name to be printed on the ballot as a candidate shall file a written request with the secretary of the Board at least twenty-one (21) days prior to such election. Such request must be signed by at least twenty (20) qualified electors of the District. The three candidates receiving the largest number of votes cast shall serve for two years from the date of such election, and the two candidates receiving the fewest number of votes shall serve for one year from the date of their election. Thereafter, their successors shall be elected to serve two year terms from the date of their respective election and until their successors are elected and qualified. No person shall be a member of said Board unless he is a resident there-

of and is at least 21 years of age.

(c) The Board of Hospital Managers shall manage, control and administer the hospitals and hospital system of the District. The District, through its Board of Hospital Managers, shall have the power and authority to sue and be sued and to promulgate rules and regulations for the operation of the District. The Board of Hospital Managers may appoint a qualified person to be known as the Administrator of the District. Such Administrator, if any, shall serve at the will of the Board and shall receive such compensation as may be fixed by the Board. The Administrator shall, before entering into the discharge of his duties, execute a bond payable to the District in the amount of not less than Ten Thousand Dollars (\$10,000) conditioned that he will well and faithfully perform the duties required of him and containing such other conditions as the Board may require. The Administrator shall supervise all the work and activities of the District and shall have general direction of the affairs of the District, subject to such limitations as may be prescribed by the Board. The Board of Hospital Managers shall have the authority to appoint to the staff such doctors and employ such technicians, nurses and other employees of every kind and character as may be deemed necessary for the efficient operation of the District. The Board may provide that the Administrator shall have the authority to employ technicians, nurses and employees of the District. Such Board shall be authorized to contract with any county or incorporated municipality located outside its boundaries for the hospitalization of the sick, diseased or injured persons of any such county or municipality, and shall have the authority to contract with the State of Texas or agencies of the federal government for the hospitalization of sick, diseased or injured persons. In addition, the Board shall be authorized to contract with any lessee of its hospitals or any other person for the provision

of hospital care to the needy inhabitants of the District for such payments and terms and under such conditions as the Board may deem to be in the best interests of the District. Further, the Board of Hospital Managers may enter into such contracts with the State and federal government as may be necessary to establish and continue a retirement program for the benefit of its employees.

(d) The Board of Hospital Managers is hereby given complete discretion as to the type of buildings (both as to number and location) required to establish and maintain an adequate hospital system. The hospital system may include domiciliary hospital care of the sick, wounded and injured, outpatient clinic or clinics, dispensaries, geriatric domiciliary care, convalescent home facilities, necessary nurses, domiciliaries and training centers, blood banks, community health centers, and research centers or laboratories, and any other facilities deemed necessary for hospital care by the Board. The District, through its Board, is further authorized to enter into an operating or management contract with any person regarding all or any of its hospitals and all or any part of its hospital system, and it may delegate to the manager the power to manage and operate such hospital, or hospitals, and hospital system, or portion thereof, and to employ and discharge employees or appoint and remove doctors from the staff. In addition, the District, through its Board, may lease all or part of the buildings and facilities comprising the hospital system to any person, upon terms and conditions considered to be to its best interest. In connection with such lease, the Board of Hospital Managers may delegate as it deems appropriate such of its powers to manage, control and administer the leased buildings and facilities to furnish hospital care; provided, that the provision of hospital care at any leased buildings and facilities shall be subject to all applicable laws and all

rules and regulations promulgated by the Texas Department of Health Resources, the Texas Health Facilities Commission or all other agencies having jurisdiction and shall be subject to inspection by any duly authorized representative of such agencies; and provided that in no event shall any lease be for a period in excess of forty (40) years from the date entered. In the event of a lease of all or part of the District's buildings and facilities, it shall be the duty of the Board of Hospital Managers to provide that the lessee shall charge sufficient rates for services rendered or goods provided at such leased premises which, together with other sources of the lessee's revenues, will produce revenues sufficient to enable the lessee to pay such expenses of operation and maintenance of the leased premises as the lessee is required to pay under the lease and to pay lease rentals to the District which will be sufficient, when taken with any other sources of the District's estimated revenues which are pledged for the same purposes, to pay the interest on any revenue or special obligation bonds, which are payable in whole or in part from such lease rentals, to create and maintain a sinking fund to pay the principal of and premium, if any, on such bonds as they become due, to create and maintain a bond reserve fund and such other fund or funds as are provided for in the bond resolution or trust indenture authorizing the issuance of the bonds, and to pay all other charges, fees, costs, and expenses as are required to be paid by such lessee in accordance with said resolution or indenture. The lease, management agreement, bond resolution, or trust indenture may prescribe systems, methods, routines, procedures, and policies under or in accordance with which the buildings and facilities owned by the District shall be operated, and in the event that all or part of the District's buildings and facilities are leased, the District may delegate to the lessee the duty to establish the systems, methods, routines, procedures, and policies under or in accor-

dance with which the leased premises shall be operated. The District shall be empowered to sell or otherwise dispose of any property (real or personal) or equipment of any nature upon terms and conditions found by the Board to be in the District's best interest.

(e) A majority of the Board of Hospital Managers will constitute a quorum for the transaction of any business. From among its members, the Board shall choose a chairman, who shall preside, or in his absence a chairman pro tem shall preside; and the Administrator or any member of the Board may be appointed secretary. Said Board shall establish its office and meeting place within the District and shall establish regular meetings to conduct District business and may hold special meetings at other times as the business of the District requires. Notice of the time, place and purpose of any meeting of said Board shall be given by posting at a place convenient to the public within the District. A copy of the notice shall be furnished to the Walker County Clerk, who shall post same on a bulletin board in the county courthouse used for such purpose. The notice of a meeting shall be posted for at least three (3) days before a meeting, unless there is an emergency or urgent public necessity, in which case no posting of notice shall be required. Failure to post notice shall not affect the validity of any action taken at a regular meeting of said Board, but may affect the validity of action taken at a special meeting unless the Board declares in action taken at that meeting that an emergency existed. Except as herein provided the provisions of Chapter 271, Acts of the 60th Legislature, 1967, as amended (Article 6252-17, Vernon's Texas Civil Statutes), shall be applicable to meetings of said Board, and any interested person may attend any meeting of the Board. The Board shall require the secretary to keep suitable records of all proceedings of each meeting of the Board. Such records shall be read and signed after each meeting by the chairman or the member presiding, and attested by the secretary.

The Board shall have a seal, on which shall be engraved the name of the hospital district; and said seal shall be kept by the secretary and used in authentication of all acts of the Board.

Sec. 5. A bond election may also be held on the same day as said creation and tax levy election, and said petition mentioned in Section 3 hereof may also include a proposition on the issuance of bonds of said District. Such bond election may be called by a separate election order, or as a part of the order calling such election provided for in said Section 3. The provisions of Section 10 hereof shall apply to such bond election, except that such election or elections shall be called by said Walker County Commissioners Court and the returns canvassed by said court. If the bonds are authorized at said election, they shall then be issued by the Board of Managers, assuming that the proposition specified in Section 3 is favored by a majority vote. With the exception of bonds authorized by this Section 5, all bond elections shall be ordered and the returns thereof shall be canvassed by said Board of Managers.

Sec. 6. Upon the creation of such District, and proper qualification of said first Board of Managers, said Board shall have the power and authority, and it shall be their duty, to levy on all property subject to District taxation for the benefit of the District, a tax at a rate not to exceed seventy-five cents (75¢) on the One Hundred Dollars (\$100) valuation of all taxable property within such District, which shall be levied for, and may be pledged to, the purposes of: (1) meeting the requirements of the District's bonds and the indebtedness assumed by it; (2) providing for the District's maintenance and operating expenses, including, but not limited to, the costs or contract payments for hospital care for the needy inhabitants of the District; and (3) making improvements and

additions to its hospitals or hospital system, and for the acquisition of the necessary sites therefor, by gift, purchase, lease or condemnation. It is provided specifically that the support and maintenance of the District's hospital system shall never become a charge against or obligation of the State of Texas.

Sec. 7. The Board of Managers shall have the authority to levy taxes for the entire year in which the District is established. All taxes of the District shall be assessed and collected on county tax values as provided in Subsection (a) hereof unless the Board of Managers, by majority vote, elects to have taxes assessed and collected by its own tax assessor-collector under Subsection (b) hereof. Any such election may be made prior to December 1 annually and shall govern the manner in which taxes are thereafter assessed and collected, until changed by said Board. Hospital taxes shall be levied upon all taxable property within said district subject to hospital district taxation.

(a) Under this subsection, district taxes shall be assessed and collected on county tax values in the same manner as provided by law with relation to county taxes. The Tax Assessor-Collector of Walker County shall be charged and required to accomplish the assessment and collection of all taxes levied by and on behalf of the district. The Assessor-Collector of Taxes shall charge and deduct from payments to the hospital district an amount as fees for assessing and collecting the taxes at a rate of one per cent (1%) of the taxes assessed and one per cent (1%) of the taxes collected, but in no event shall the amount paid exceed Five Thousand Dollars (\$5,000) in any one calendar year. Such fees shall be deposited in the officers salary fund of the county and reported as fees of office of the County Tax Assessor-Collector. Interest and penalties on taxes paid to the District shall be the same as in the case of

county taxes. Discounts shall be the same as allowed by the county. The residue of tax collections after deduction of discounts and fees for assessing and collecting shall be deposited in the District's depository. The bond of the County Tax Assessor-Collector shall stand as security for the proper performance of his duties as assessor-collector of the District; or, if in the judgment of the District Board of Managers it is necessary, additional bond payable to the District may be required. In all matters pertaining to the assessment, collection and enforcement of taxes for the District, the County Tax Assessor-Collector shall be authorized to act in all respects according to the laws of the State of Texas relating to State and county taxes.

(b) Under this subsection, taxes shall be assessed and collected by a tax assessor-collector appointed by the Board of Managers, who shall also fix the term of his employment, compensation and requirement for bond to assure the faithful performance of his duties, but in no event shall such bond be for less than Five Thousand Dollars (\$5,000). The Board of Managers shall also annually appoint five persons to serve as a Board of Equalization and shall fix their compensation. Each member of the Board and the tax assessor shall be residents of the District and own real property subject to hospital district taxation, and each shall have the same duties (including the obligation to execute the oath of office) as required by county officials exercising such powers and duties. Except as in this law provided to the contrary, all the provisions of Title 122, Revised Civil Statutes of Texas, 1925, as amended, shall apply to the District.

Sec. 8. The District may employ such fiscal agents, accountants, architects and attorneys as the board may consider proper.

Sec. 9. As soon as practicable after the qualification of

the first Board of Managers of said District, said Board shall by resolution designate a bank within the County as the District's depository, and all funds of said District shall be secured in the manner now provided for the security of county funds. Such depository shall serve for a period of two (2) years and until a successor has been selected.

Sec. 10. Said District shall have the right and power of eminent domain for the purpose of acquiring by condemnation any and all property of any kind or character, real, personal or mixed, or any interest therein, including outright ownership of such property in fee simple absolute, within the boundaries of said District, necessary or convenient to the exercise of the rights, powers, privileges and functions conferred upon it by this Act in the manner provided by general law with respect to condemnation; provided that said District shall not be required to make deposits in the registry of the trial court of the sum required by Paragraph 2 in Article 3268, Revised Civil Statutes of Texas, 1925, as amended, or to make the bond required therein. In condemnation proceedings being prosecuted by said District, said District shall not be required to pay in advance or to give bond or other security for costs in the trial court, nor to give any bond otherwise required for the issuance of a temporary restraining order or a temporary injunction relating to a condemnation proceeding, nor to give bond for costs or for supercedeas on any appeal or writ of error proceeding to any Court of Civil Appeals, or to the Supreme Court.

Sec. 11. (a) The Board of Managers shall have the power and authority to issue and sell, as the obligations of such District, and in the name and upon the faith and credit of such District, bonds for the purchase, construction, acquisition, repair or renovation of buildings and improvements and equipping the same for hospital purposes and for any or all of such purposes. Said bonds shall be sold at such time or times, in

such manner, at such price, on such terms and bearing interest at any rate or rates as provided by Chapter 3, Acts of the 61st Legislature, 1969, as amended (Article 717k--2, Vernon's Texas Civil Statutes), all as may be determined by said Board. A sufficient annual tax shall be levied to create an interest and sinking fund to pay the interest on and principal of said bonds as same mature, providing said tax together with any other taxes levied for said District shall not exceed a rate of seventy-five cents (75¢) on the One Hundred Dollars (\$100) valuation of all taxable property within said District in any one year. Such bonds shall be executed in the name of the District and on its behalf by the chairman of the Board of Managers and countersigned by the secretary of said board, or either or both of their facsimile signatures may be printed thereon, and the seal of the District shall be impressed or printed thereon. The bonds shall be subject to the same requirements in the manner of approval thereof by the Attorney General of the State of Texas and the registration thereof by the Comptroller of Public Accounts of the State of Texas as are by law provided for such approval and registration of bonds of counties of this State. Upon the approval of such bonds by the Attorney General of Texas and registration by the Comptroller, the same shall be incontestable for any cause. Until such time as the bond proceeds are needed to carry out the bond purpose, such proceeds may be invested in direct obligations of the United States of America or may be placed on time deposit (either or both). No bonds (except refunding bonds and revenue or special obligation bonds) shall be issued by such District until authorized by a majority vote of the resident electors of said District who are qualified to vote thereon under the Constitution and laws of the State of Texas and of the United States, voting in an election (or elections as permitted in Section 5) called and held for such purpose. Such election shall be called, except as provided in

Section 5, by the Board of Managers on its own motion, and the order calling said election shall specify the date of same, the place or places where the election shall be held, the presiding officers thereof, the proposition or propositions to be voted on and any other matters deemed necessary or desirable by such Board or court. Notice of said election shall be given by publishing a substantial copy of the order calling the election in a newspaper of general circulation within the area of such District once a week for two (2) consecutive weeks, the date of the first publication to be at least fourteen (14) days prior to the date set for said election. The maximum maturity date of such bonds shall not exceed forty (40) years from their date or dates of issuance, and said bonds may be made optional for redemption prior to their maturity date at the discretion of the Board.

(b) The District may, without election, issue its revenue or special obligation bonds and may also issue its refunding bonds to refund and/or pay off any validly issued and outstanding District bonds, all in the manner and to the extent as is now or may hereafter be authorized and permitted by the laws of this State relating to the issuance of revenue or special obligation bonds and/or refunding bonds, respectively, including, but not by way of limitation, Sections 8 through 13 of Chapter 122, Acts of the 58th Legislature, 1963, as amended, and Chapter 285, Acts of the 60th Legislature, 1967, as amended, and Chapter 784, Acts of the 61st Legislature, 1969, as amended (Sections 8 through 13 of Article 4494r, and Articles 4494r--1 and 717k--3, Vernon's Texas Civil Statutes), and such revenue and special obligation bonds may be payable from and secured by such revenues, encumbrances, and mortgages as provided by law. As to such revenue or special obligation bonds, any maintenance and operating expenses of the system which shall be charged against the revenues of the system shall include only

such items as are set forth and defined in the proceedings authorizing the issuance of the bonds.

Sec. 12. After the creation and establishment of said District, it shall be subject to inspection by any duly authorized representative of the State Board of Health, the State Department of Public Welfare or other state agency created for a similar purpose that may hereafter be created, and resident officers shall admit such representatives into all District facilities and give them access on demand to all records, reports, books, papers and accounts pertaining to said District.

Sec. 13. All bonds issued by said District shall be and are hereby declared to be legal and authorized investments for banks, savings bank, trust companies, building and loan association, insurance companies, fiduciaries, trustees, guardians, and for the sinking funds of cities, towns, villages, counties, school districts or other political corporations or subdivisions of the State of Texas; and such bonds shall be lawful and sufficient security for deposits to the extent of their face value when accompanied by all unmatured coupons pertinent thereto.

Sec. 14. The hospital district created under this Act shall be and is declared to be a political subdivision of the State of Texas, and as a governmental agency may sue and be sued in any and all courts of this state in the name of such District.

Sec. 15. Not by way of limitation, the Board of Managers of said District is authorized in its behalf to accept donations, gifts and endowments for the District to be held in trust and administered by the Board of Managers for such purposes and under such direction, limitations and provisions as may be prescribed in writing by donor, not inconsistent with proper management and objects of the District.

Sec. 16. Nothing in this Act shall be construed to violate any provision of the federal or State constitution, and all things done under this Act shall be in such manner as will conform thereto, whether expressly so provided or not. Where any procedure hereunder may be held by any court to be violative of either of such constitutions, the District shall have the power by resolution to provide an alternative procedure conformable with such constitutions. If any provision of this Act should be invalid, such fact shall not affect the authorization for the creation of the District or the validity of any other provisions of this Act, and the Legislature hereby declares that it would have created the District and enacted the valid provisions of this Act notwithstanding the invalidity of any other provision or provisions hereof.

Sec. 17. Proof of publication of the Constitutional Notice required in the enactment hereof under the provisions of Section 9 of Article IX of the Texas Constitution has been made in the manner and form provided by law pertaining to the enactment of local and special laws and is hereby found and declared to be proper and sufficient to satisfy such requirement.

Sec. 18. The fact that the hospital district authorized to be created and established under the provisions of this Act is for the promotion of the public welfare of the inhabitants of this State and the procedure for the creation thereof should be established at an early date create an emergency and imperative public necessity that the Constitutional Rule requiring bills to be read on three several days in each House be suspended, and said Rule is hereby suspended; and this Act shall take effect and be in force from and after its passage; and it is so enacted.