

SENATE FILE NO. SF0045

Rural health care districts-authority.

Sponsored by: Joint Labor, Health & Social Services Interim
Committee

A BILL

for

1 AN ACT relating to rural health care districts; providing
2 for the issuance of securities by the trustees of a rural
3 health care district; providing for a method of issuance,
4 sale, form, registration and payment of bonds by rural
5 health care districts; specifying authority of rural health
6 care districts to own hospitals and related facilities;
7 revising the timing of the proposition to continue a tax;
8 and providing for an effective date.

9

10 *Be It Enacted by the Legislature of the State of Wyoming:*

11

12 **Section 1.** W.S. 35-2-710 through 35-2-723 are created
13 to read:

14

1 **35-2-710. Securities for acquiring and improving**
2 **hospitals and related facilities; issuance authorized;**
3 **lines of credit and tax and revenue anticipation notes.**

4
5 (a) The trustees of a rural health care district
6 established pursuant to W.S. 35-2-701, are authorized to
7 issue revenue bonds, notes and warrants or other revenue
8 securities for the purpose of acquiring, erecting,
9 constructing, reconstructing, improving, remodeling,
10 furnishing and equipping hospitals and related facilities
11 and acquiring a site or sites as the trustees may
12 determine.

13
14 (b) If there are no funds available to the trustees
15 of a rural health care district before receipt of property
16 taxes, the trustees may issue warrants in anticipation of
17 the receipt of property taxes for payment of operational
18 expenses. The aggregate amount of the warrants shall not
19 exceed the total amount of taxes levied. The warrants shall
20 be payable solely from the collected taxes.

21
22 (c) The trustees of a rural health care district may
23 obtain financing for its operations by entering into

1 agreements for lines of credit with any financial
2 institution as defined in W.S. 13-1-101(a)(ix). The lines
3 of credit may either be unsecured or secured by a pledge of
4 revenues anticipated to be received during the current
5 fiscal year.

6

7 (d) In addition to its authority to issue warrants
8 under this section, the trustees of a rural health care
9 district may issue tax and revenue anticipation notes in
10 amounts not to exceed eighty percent (80%) of the total
11 amount of taxes levied for operation of the district for
12 the fiscal year during which the notes are issued when the
13 trustees determine that insufficient funds are available to
14 meet the obligations of the district during any fiscal
15 year. A rural health care district shall not enter into
16 agreements or issue instruments of the type allowed by this
17 section for any fiscal year until all debts financed by any
18 agreement or instrument for any prior fiscal year have been
19 paid in full. Tax and revenue anticipation notes issued
20 under this subsection are subject to the procedural
21 requirements of W.S. 9-4-1103 through 9-4-1105 for state
22 tax and revenue anticipation notes, except:

23

1 (i) The authority of the state treasurer
2 provided in W.S. 9-4-1103 through 9-4-1105 shall be
3 exercised by the trustees issuing the notes; and

4

5 (ii) Notwithstanding W.S. 9-4-1105(a),
6 investments of the proceeds of the notes by the trustees
7 are limited to those investments authorized under W.S.
8 9-4-831.

9

10 **35-2-711. Securities for acquiring hospitals and**
11 **related facilities; requirements generally.**

12

13 (a) Except as otherwise provided:

14

15 (i) Securities shall be authorized by resolution
16 adopted by the trustees and shall:

17

18 (A) Bear a date or dates;

19

20 (B) Be in a denomination or denominations;

21

1 (C) Mature at a time or times but in no
2 event exceeding fifty (50) years from their date of
3 issuance;

4

5 (D) Be sold at a public or private sale;
6 and

7

8 (E) The securities and coupons shall be
9 payable in a medium of payment at a banking institution or
10 other place or places within or without the state, as
11 determined by the trustees.

12

13 (ii) Securities may be made subject to prior
14 redemption in advance of maturity in order or by lot or
15 otherwise at a time or times without or with the payment of
16 a premium or premiums not exceeding ten percent (10%) of
17 the principal amount of the security redeemed, as
18 determined by the trustees. The resolution may provide for
19 the accumulation of net revenue for a reserve fund and
20 shall contain other or further covenants and agreements as
21 may be determined by the governing board for the protection
22 of bondholders.

23

1 (b) Any resolution authorizing the issuance of
2 securities or other instruments may provide for the
3 capitalizing of interest on any securities during any
4 period of construction estimated by the trustees and one
5 (1) year thereafter and any other cost of any project
6 authorized, by providing for the payment of the amount
7 capitalized from the proceeds of the securities.

8

9 (c) Securities may be issued with privileges for
10 conversion or registration, or both, for payment as to
11 principal or interest, or both.

12

13 (d) Any resolution authorizing the issuance of
14 securities or any other instrument pertaining to the
15 issuance of securities may provide for their reissuance in
16 other denominations in negotiable or nonnegotiable form and
17 otherwise in any manner and form as the trustees may
18 determine.

19

20 (e) Any resolution authorizing, or other instrument
21 pertaining to, any securities may provide that each
22 security authorized shall recite that it is issued under
23 authority of this section. The recital shall conclusively

1 impart full compliance with all of the provisions and all
2 securities issued containing the recital shall be
3 incontestable for any cause whatsoever after their delivery
4 for value.

5
6 (f) Subject to the payment provisions specifically
7 provided, any securities or interest coupons attached to
8 the securities shall be fully negotiable within the meaning
9 of and for all the purposes of the Uniform Commercial Code,
10 except as the trustees may otherwise provide, and each
11 holder of the security or any coupons, by accepting such
12 security or coupon shall be conclusively deemed to have
13 agreed that the security or coupon, except as otherwise
14 provided, is and shall be fully negotiable within the
15 meaning and for all purposes of the Uniform Commercial
16 Code.

17
18 (g) Notwithstanding any other provision of law, the
19 trustees in any proceedings authorizing securities:

20
21 (i) May provide for the initial issuance of one
22 (1) or more securities aggregating the amount of the entire
23 issue or any part thereof;

1

2 (ii) May make provisions for installment
3 payments of the principal amount of any security as they
4 may consider desirable;

5

6 (iii) May provide for the making of any security
7 payable to bearer or otherwise, registrable as to principal
8 or as to both principal and interest, and where interest
9 accruing is not represented by interest coupons, for the
10 endorsing of payment of interest on the securities.

11

12 (h) Except for any securities which are registrable
13 for payment of interest, interest coupons payable to bearer
14 and appertaining to the securities shall be issued and
15 shall bear the original or facsimile signature of the
16 president of the board of trustees.

17

18 (j) Any securities authorized may be executed as
19 provided by W.S. 16-2-101 through 16-2-103.

20

21 (k) The securities and any coupons bearing the
22 signature of the officers in office at the time of the
23 signing shall be valid and binding obligations of the board

1 of trustees, notwithstanding that before the delivery and
2 payment, any or all of the persons whose signatures appear
3 shall have ceased to fill their respective offices.

4

5 **35-2-712. Securities for acquiring hospitals and**
6 **related facilities; not a general obligation of rural**
7 **health care district or trustees; payable from special**
8 **fund.**

9

10 The securities issued pursuant to W.S. 35-2-711 through
11 35-2-722 shall not constitute a general obligation of the
12 rural health care district, nor of the trustees, but shall
13 be payable solely from a special fund to contain the net
14 revenue to be derived from the operation of the hospitals
15 and related facilities, the revenues being defined as those
16 remaining after paying the costs of operating and
17 maintaining the facilities.

18

19 **35-2-713. Securities for acquiring hospitals and**
20 **related facilities; issuance from time to time in one or**
21 **more series.**

22

1 The securities authorized may be issued from time to time
2 and in one (1) or more series as the trustees may
3 determine.

4

5 **35-2-714. Securities for acquiring hospitals and**
6 **related facilities; obligation of trustees to holders; suit**
7 **for default, misuse of funds.**

8

9 The obligation of the trustees to the holders of the
10 securities shall be limited to applying the funds to the
11 payment of interest and principal on the securities and the
12 securities shall contain a provision to that effect. In the
13 event of default in the payment of the securities or the
14 interest thereon and in the event that the trustees are
15 misusing the funds or not using the funds as provided by
16 W.S. 35-2-711 through 35-2-722 and the resolution
17 authorizing the securities, or in the event of any other
18 breach of any protective covenant or other contractual
19 limitation, then any holder may bring suit against the
20 trustees in the district court of the county in which the
21 rural health care district or any of its facilities are
22 located for the purpose of restraining the trustees from
23 using the funds for any purpose other than the payment of

1 the principal and interest on the securities in the manner
2 provided or for any other appropriate remedy.

3

4 **35-2-715. Construction to be done by contract based**
5 **on competitive bidding; alternate delivery methods.**

6

7 (a) Except as provided under subsection (b) of this
8 section and otherwise, the work of constructing the various
9 buildings shall be done by contract based on competitive
10 bidding. Notice of call for bids shall be for the period
11 of time and in a manner as the trustees may determine. The
12 trustees shall have the power to reject any and all bids
13 and readvertise for bids as they consider proper.

14

15 (b) Any rural health care district may contract for
16 design and construction services through an alternate
17 delivery method as defined in W.S. 16-6-701.

18

19 **35-2-716. Trustees may insure facilities.**

20

21 The trustees may insure the facilities against public
22 liability, property damage or loss of revenues from any
23 cause.

1

2 **35-2-717. Investment in securities.**

3

4 Securities issued pursuant to this article shall be
5 eligible for investment by banking institutions and for
6 estate, trust and fiduciary funds. The securities and the
7 interest shall be exempt from taxation by this state and
8 any subdivision. The state treasurer of the state of
9 Wyoming with the approval of the governor and the attorney
10 general is authorized to invest any permanent state funds
11 available for investment in the securities to be issued
12 pursuant to W.S. 35-2-711 through 35-2-722.

13

14 **35-2-718. Refunding securities.**

15

16 (a) Any securities of the trustees of a rural health
17 care district issued pursuant to W.S. 35-2-711 through
18 35-2-722 and payable from any pledged revenues may be
19 refunded by the trustees by the adoption of a resolution by
20 the trustees authorizing the issuance of securities at a
21 public or private sale:

22

1 (i) To refund, pay and discharge all or any part
2 of the outstanding securities of any one (1) or more or all
3 outstanding issues, including any interest thereon in
4 arrears, or about to become due for any period not
5 exceeding three (3) years from the date of the refunding
6 securities;

7

8 (ii) For the purpose of reducing interest costs
9 or effecting other economies;

10

11 (iii) For the purpose of modifying or
12 eliminating restrictive contractual limitations pertaining
13 to the issuance of additional bonds, otherwise concerning
14 the outstanding securities or to any facilities pertaining
15 thereto;

16

17 (iv) For the purpose of avoiding or terminating
18 any default; or

19

20 (v) For any combination provided in this
21 subsection.

22

1 (b) Nothing contained in W.S. 35-2-711 through
2 35-2-722 nor in any other law of this state shall be
3 construed to permit the board of trustees to call
4 securities now or hereafter outstanding for prior
5 redemption in order to refund the securities or in order to
6 pay them prior to their stated maturities, unless the right
7 to call the securities for prior redemption was
8 specifically reserved and stated in the securities at the
9 time of their issuance.

10
11 (c) Except as provided in this section, refunding
12 securities shall be subject to the same rights,
13 liabilities, conditions and covenants as are provided for
14 the securities contained in W.S. 35-2-711 through 35-2-722.

15
16 **35-2-719. Powers and responsibility of board of**
17 **trustees.**

18
19 The board of trustees has plenary powers and responsibility
20 for the acquisition, construction and completion of all
21 projects authorized by the resolution to issue revenue
22 securities or refunding securities.

23

1 **35-2-720. Trustees may accept grants.**

2

3 The trustees may accept grants of money or materials or
4 property of any kind from the federal government, the
5 state, including any agency or political subdivision, or
6 any person upon terms and conditions as the federal
7 government, the state, including any agency or political
8 subdivision, or person may impose.

9

10 **35-2-721. Charges and rentals.**

11

12 The trustees shall establish and collect charges for
13 services and rentals for use of facilities furnished,
14 acquired, constructed or purchased from the proceeds of the
15 securities sufficient to pay the principal or the interest,
16 or both, on the securities as they become due and payable,
17 together with the additional sums as may be deemed
18 necessary for accumulating reserves and providing for
19 obsolescence and depreciation and to pay the expenses of
20 operating and maintaining the facilities. The trustees
21 shall establish all other charges, fees and rates to be
22 derived from the operation of the hospital or any other
23 facility of the rural health care district.

1

2 **35-2-722. Liberal construction.**

3

4 The provisions of this article pertaining to bonding, being
5 necessary to secure the public health, safety, convenience
6 and welfare, shall be liberally construed to effect its
7 purposes.

8

9 **35-2-723. Applicability.**

10

11 The provisions of W.S. 35-2-711 through 35-2-722 shall not
12 apply to W.S. 35-2-708 and 35-2-709.

13

14 **Section 2.** W.S. 35-2-703(a) by creating a new
15 paragraph (xi) and 35-2-708(e) are amended to read:

16

17 **35-2-703. Body corporate; name and style; powers**
18 **generally; rules and regulations of trustees.**

19

20 (a) Each district so established is a body corporate
21 and shall be designated by the name of the rural
22 health care district. The district name shall be entered
23 upon the commissioners' records and shall be selected by

1 the board of county commissioners of the county in which
2 the greater area of land within the district is located. In
3 the name so selected, the district through its governing
4 board may:

5

6 (xi) Construct, purchase or own a hospital and
7 related facilities.

8

9 **35-2-708. Administration of finances; assessment and**
10 **levy of taxes.**

11

12 (e) If the proposition to authorize an additional
13 mill levy is approved, the same proposition or a
14 proposition to impose a mill levy in a different amount,
15 not to exceed two (2) mills, shall be submitted to the
16 voters, until defeated, at the second general election
17 following the election at which the proposition was
18 initially approved and at the general election held every
19 four (4) years thereafter. If the proposition to impose or
20 continue the tax is defeated, the proposition shall not
21 again be submitted to the electors for at least
22 twenty-three (23) months.

23

1 **Section 3.** This act is effective July 1, 2016.

2

3

(END)