

ORIGINAL SENATE
FILE NO. SF0045

ENROLLED ACT NO. 48, SENATE

SIXTY-THIRD LEGISLATURE OF THE STATE OF WYOMING
2016 BUDGET SESSION

AN ACT relating to rural health care districts; providing for the issuance of securities by the trustees of a rural health care district; providing for a method of issuance, sale, form, registration and payment of bonds by rural health care districts; specifying authority of rural health care districts to own hospitals and related facilities; providing for continuation of the tax as specified; and providing for an effective date.

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

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

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

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

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

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(c) The trustees of a rural health care district may obtain financing for its operations by entering into agreements for lines of credit with any financial institution as defined in W.S. 13-1-101(a)(ix). The lines of credit may either be unsecured or secured by a pledge of revenues anticipated to be received during the current fiscal year.

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

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

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

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

(a) Except as otherwise provided:

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

(A) Bear a date or dates;

(B) Be in a denomination or denominations;

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

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

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

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

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

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

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

(e) Any resolution authorizing, or other instrument pertaining to, any securities may provide that each security authorized shall recite that it is issued under authority of this section. The recital shall conclusively impart full compliance with all of the provisions and all securities issued containing the recital shall be incontestable for any cause whatsoever after their delivery for value.

(f) Subject to the payment provisions specifically provided, any securities or interest coupons attached to the securities shall be fully negotiable within the meaning of and for all the purposes of the Uniform Commercial Code, except as the trustees may otherwise provide, and each holder of the security or any coupons, by accepting such security or coupon shall be conclusively deemed to have

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agreed that the security or coupon, except as otherwise provided, is and shall be fully negotiable within the meaning and for all purposes of the Uniform Commercial Code.

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

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

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

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

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

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

(k) The securities and any coupons bearing the signature of the officers in office at the time of the signing shall be valid and binding obligations of the board of trustees, notwithstanding that before the delivery and

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payment, any or all of the persons whose signatures appear shall have ceased to fill their respective offices.

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

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

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

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

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

The obligation of the trustees to the holders of the securities shall be limited to applying the funds to the payment of interest and principal on the securities and the securities shall contain a provision to that effect. In the event of default in the payment of the securities or the interest thereon and in the event that the trustees are

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misusing the funds or not using the funds as provided by W.S. 35-2-711 through 35-2-722 and the resolution authorizing the securities, or in the event of any other breach of any protective covenant or other contractual limitation, then any holder may bring suit against the trustees in the district court of the county in which the rural health care district or any of its facilities are located for the purpose of restraining the trustees from using the funds for any purpose other than the payment of the principal and interest on the securities in the manner provided or for any other appropriate remedy.

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

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

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

35-2-716. Trustees may insure facilities.

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

35-2-717. Investment in securities.

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

35-2-718. Refunding securities.

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

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

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

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

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

(v) For any combination provided in this subsection.

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

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

35-2-719. Powers and responsibility of board of trustees.

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

35-2-720. Trustees may accept grants.

The trustees may accept grants of money or materials or property of any kind from the federal government, the state, including any agency or political subdivision, or any person upon terms and conditions as the federal

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government, the state, including any agency or political subdivision, or person may impose.

35-2-721. Charges and rentals.

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

35-2-722. Liberal construction.

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

35-2-723. Applicability.

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

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

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

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(a) Each district so established is a body corporate and shall be designated by the name of the rural health care district. The district name shall be entered upon the commissioners' records and shall be selected by the board of county commissioners of the county in which the greater area of land within the district is located. In the name so selected, the district through its governing board may:

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

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

(e) If the proposition to authorize an additional mill levy is approved, ~~the same proposition or a proposition to impose a mill levy in a different amount, not to exceed two (2) mills, shall be submitted to the voters, until defeated, at the general election held every four (4) years thereafter~~ the tax shall remain in effect until a petition to discontinue the tax, signed by not less than ten percent (10%) of the voters of the district, is received by the board of county commissioners, and the proposal to discontinue the tax is approved by the voters. The proposal to discontinue the tax shall be submitted to the voters of the district at the expense of the county at the next general election. If the proposition to impose or continue the tax is defeated, the proposition shall not again be submitted to the electors for at least twenty-three (23) months.

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

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk