

MEMORANDUM OF UNDERSTANDING

BETWEEN

HIDALGO COUNTY

And

THE CITY OF EDINBURG

THE CITY OF MCALLEN

THE CITY OF MISSION

And

THE CITY OF PHARR

SUBJECT: Requested Legislative Changes to the Enabling Legislation for the Creation of the Hidalgo County Hospital District

1. Purpose.

The purpose of this Memorandum of Understanding (MOU) is to memorialize the agreements made by the parties, i.e., Hidalgo County and the City of Edinburg, the City of McAllen, the City of Mission, and the City of Pharr (the Local Governments) in furtherance of the creation of a Hospital District in Hidalgo County that was made possible by House Bill 3793, Regular Session, 83rd Texas Legislature, as codified in Chapter 1122 of the Texas Special District Local Laws Code in order to advance the health, education, and economy of the region.

2. Background.

In House Bill 3793, Regular Session, 83rd Texas Legislature, the State of Texas authorized the enabling legislation for the creation of a Hospital District in Hidalgo County. House Bill 3793 allows the residents of Hidalgo County to approve the creation of a Hospital District in a county-wide election on a date to be determined by the Hidalgo County Commissioners Court. In order to ensure the successful operation of the Hospital District once created, legislative modifications were proposed by the County and the Local Governments so that appropriate safeguards and a checks and balances system would be clarified and explicitly written into statute.

3. Agreements between Hidalgo County and the Local Governments.

Both the County and the Local Governments have agreed upon and are committed to supporting legislative changes to be requested in the upcoming 84th Texas Legislature, beginning in January 2015. The County and the Local Governments have also agreed that all appointments to the Hospital District Board of Directors ("Board of Directors") shall not be made until after the proposed legislative changes have been passed into law during the 84th Legislative Session. After several meetings and discussions, the following agreed-to statutory provisions and legislative modifications to House Bill 3793, Regular Session, 83rd Texas Legislature, were proposed and approved by the County and the Local Governments:

- (a) The Hospital District Board of Directors shall be a 9 member board and shall be comprised of 5 appointees by the Hidalgo County Commissioners Court and 4 appointees by the Local Governments, which are the four largest municipalities in the Hospital District (McAllen, Edinburg, Mission, and Pharr).
- (b) The Board of Directors shall serve 3-year terms.
- (c) The Board of Directors shall have a 4-term limit.
- (d) An appointee to the Board of Directors does not need to possess a significant knowledge of health care.
- (e) Employees of Hidalgo County are not eligible for appointment to the Board of Directors.
- (f) Employees of a city or municipality within the Hospital District are not eligible for appointment to the Board of Directors.
- (g) Revision to the Board of Directors vacancy process so that any vacancy that occurs will revert back to the original appointing governing body.
- (h) It is the responsibility of the County to transfer dedicated and budgeted funds for indigent care services for the transition period that is triggered once the County transfers to the Hospital District the responsibility to care for the County's indigent residents. This will continue until the Hospital District begins receiving its own tax revenue for the purpose of providing medical care services to the County's indigent residents.
- (i) The annual budget for the Hospital District will be prepared under the Board of Director's direction.
- (j) The Hospital District budget, budget revisions, and estimated tax rate must be approved by the Board of Directors.
- (k) The Hospital District budget and tax rate shall be subject to ratification by the Hidalgo County Commissioners Court.
- (l) The Hospital District may not impose a tax that exceeds 25 cents on each \$100 of the taxable value of property taxable by the district unless approved by a majority of the voters in an election held for that purpose.
- (m) The 8% Rollback Provision of the Texas Tax Code applies to the Hospital District.
- (n) The Hospital District is prohibited from participating in any reinvestment zone created by the County or any local government entity within the Hospital District. This prohibits Tax Increment Fund Participation.

(o) If for some reason the Hidalgo County Commissioners Court does not ratify a budget or tax rate proposed by the Board of Directors in a given year, the Hospital District will continue to operate under the budget and tax rate adopted the previous year.

Judge Ramon Garcia
Hidalgo County

(Date)

Mayor James E. Darling
City of McAllen

(Date)

Mayor Richard Garcia
City of Edinburg

(Date)

Mayor Norberto Salinas
City Mission

(Date)

Mayor Leo Palacios, Jr.
City of Pharr

(Date)