

ASSEMBLY BILL NO. 484—COMMITTEE ON
HEALTH AND HUMAN SERVICES

MARCH 25, 2013

Referred to Committee on Health and Human Services

SUMMARY—Authorizes the creation of a county subsidiary corporation in certain counties to provide public health care services. (BDR 40-990)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to health care; authorizing the creation of a county subsidiary corporation in certain counties to provide public health care services; prescribing the functions, powers and duties of the corporation; requiring the corporation to be governed by a board of directors and prescribing their powers and duties; defining the legal status of the corporation and exempting the corporation and its directors, officers and employees from certain legal requirements; prescribing the powers and duties of the board of county commissioners regarding the corporation; authorizing agreements to transfer certain property, rights, powers, duties and liabilities to the corporation; transferring certain employees of the county to the corporation; requiring the corporation to take certain actions regarding labor issues; authorizing the issuance of bonds and other methods of financing for the corporation; providing for the acquisition, improvement and disposal of property for the corporation; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law authorizes counties to establish public hospitals and related
- 2 facilities to provide public health care services. (Chapter 450 of NRS) Existing law
- 3 also allows counties to create and contract with nonprofit corporations, but the
- 4 Nevada Constitution prohibits counties from acting as sureties or guarantors of the
- 5 debt obligations of such corporations. (Nev. Const. Art. 8, § 10; *State ex rel.*



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6 *Brennan v. Bowman*, 89 Nev. 330, 333 (1973); Att’y Gen. Op. 2001-02 (Feb. 1,
7 2001))

8 **Section 19** of this bill authorizes a board of county commissioners in a county
9 whose population is 700,000 or more (currently Clark County) to create a nonprofit
10 county subsidiary corporation to own, lease or otherwise control public hospitals
11 and related facilities to provide public health care services. **Section 26** of this bill
12 prohibits the county from loaning its credit in aid of the corporation in a manner
13 that conflicts with the Nevada Constitution.

14 **Sections 20-25** of this bill require the corporation to be governed by a board of
15 directors and establish the board’s powers and duties in the operation,
16 administration, management and control of the corporation’s affairs. **Section 27** of
17 this bill requires open meetings of the board, but allows certain exceptions to the
18 Open Meeting Law. (Chapter 241 of NRS) **Section 28** of this bill specifies which
19 records of the corporation are public records and which records are confidential
20 under the Public Records Law. (Chapter 239 of NRS)

21 **Section 29** of this bill exempts the corporation from laws relating to
22 government purchasing and local financial administration. (Chapters 244, 332 and
23 354 of NRS) In addition, **section 29** allows the corporation to enter into cooperative
24 agreements in the same manner as a local government. (Chapter 277 of NRS)
25 **Section 30** of this bill provides that the corporation is an instrumentality of
26 government for the purposes of the Internal Revenue Code, and exempts the
27 corporation from taxation to the same extent as the county. **Section 30** also
28 provides that for the purposes of medical assistance, Medicaid, Medicare and other
29 public programs, the corporation: (1) is a unit of state or local government; (2)
30 owns, leases or operates a government or publicly owned or operated hospital; and
31 (3) is eligible to receive intergovernmental transfers, disproportionate share
32 program funds and certified public expenditures.

33 **Section 31** of this bill provides that for the purposes of tort liability, the
34 corporation is deemed a political subdivision and its directors, officers and
35 employees are deemed public officers and employees. (Chapter 41 of NRS) **Section**
36 **31** also provides that the directors, officers and employees of the corporation are
37 subject to the code of ethical standards for public officers and employees, with
38 enforcement by the Commission on Ethics. (NRS 281A.400)

39 **Section 32** of this bill allows the district attorney to serve as legal counsel to
40 the corporation and requires the corporation to reimburse the county for those legal
41 services. **Section 33** of this bill requires the corporation to establish and maintain
42 its own accounts and payrolls and a public depository, authorizes the corporation to
43 invest its money as permitted for a county and requires an annual audit of the
44 corporation.

45 **Sections 34 and 35** of this bill authorize agreements transferring certain
46 property, rights, powers, duties and liabilities from the county to the corporation.
47 **Section 36** of this bill provides that county employees of facilities transferred to the
48 corporation become employees of the corporation, unless specifically exempted,
49 and authorizes the corporation to establish all personnel policies and practices,
50 negotiate with certified collective bargaining representatives and set all levels of
51 compensation and benefits. However, **section 36** also provides that the transferred
52 employees do not lose certain accrued benefits from their public employment, and
53 requires the corporation to comply with existing collective bargaining agreements
54 for the term of those agreements.

55 **Sections 37, 38 and 39** of this bill authorize various methods of financing for
56 the corporation and provide for the acquisition, improvement and disposal of
57 property for the corporation. Those sections include provisions that: (1) allow the
58 corporation and the county to issue bonds and incur other obligations for the benefit
59 of the corporation; (2) authorize the county to exercise its taxing power to provide
60 money or property for the corporation; (3) permit the State and the county to make



61 grants of money or property to or enter into contracts for the benefit of the
62 corporation; and (4) allow the county to secure real property for the corporation
63 through purchase, lease or the power of eminent domain.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Title 40 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 39, inclusive, of this act.

4 **Sec. 2.** *The Legislature hereby finds and declares that in*
5 *counties whose population is 700,000 or more:*

6 1. *It is essential to the public health, safety and welfare to*
7 *authorize and enable the creation and operation of a reliable,*
8 *effective, efficient and affordable system of providing public*
9 *health facilities and health care services to the general public,*
10 *including indigent persons who do not have the means or ability to*
11 *pay for health care services.*

12 2. *To achieve and carry out this important public purpose,*
13 *this chapter authorizes and enables the county to create a county*
14 *subsidiary corporation to establish, organize and operate public*
15 *health facilities and provide health care services.*

16 3. *Because the creation and operation of a county subsidiary*
17 *corporation is in all respects for the benefit of the people of the*
18 *State of Nevada and the county in which it is created and*
19 *operated, a county subsidiary corporation serves a state, county*
20 *and public purpose.*

21 4. *By exercising its functions, powers and duties to provide*
22 *health care services to the general public, including indigent*
23 *persons, a county subsidiary corporation performs an essential*
24 *public and governmental function and promotes and protects the*
25 *public health, safety and welfare.*

26 **Sec. 3.** *As used in this chapter, unless the context otherwise*
27 *requires, the words and terms defined in sections 4 to 16,*
28 *inclusive, of this act have the meanings ascribed to them in those*
29 *sections.*

30 **Sec. 4.** *“Administrator” means:*

31 1. *The chief executive officer of a county subsidiary*
32 *corporation; or*

33 2. *Any other person who is designated by the board of*
34 *directors to be responsible for the operation and management of*
35 *the corporation.*

36 **Sec. 5.** *“Agreement” means any contract, lease, sublease,*
37 *management agreement, operating agreement or other agreement.*



1 **Sec. 6.** *“Board of county commissioners” means the board of*
2 *county commissioners of a county whose population is 700,000 or*
3 *more.*

4 **Sec. 7.** *“Board of directors” means the board of directors of*
5 *a county subsidiary corporation.*

6 **Sec. 8.** *“Board of hospital trustees” means the board of*
7 *hospital trustees of a county hospital.*

8 **Sec. 9.** *“Bond covenant” means a covenant in:*

9 1. *Any outstanding bond or other obligation that was issued*
10 *before the effective date of an agreement entered into pursuant to*
11 *section 34 of this act for the purposes of any county hospital or*
12 *other related facility; and*

13 2. *Any bond or other obligation that is issued on or after the*
14 *effective date of an agreement entered into pursuant to section 34*
15 *of this act for the purposes of any health facility of the*
16 *corporation.*

17 **Sec. 10.** *“Competitive data or issue” means any type of data*
18 *or any strategic, business, planning or operational issue which the*
19 *board of directors determines that, if disclosed, could cause a*
20 *competitive disadvantage to the county subsidiary corporation,*
21 *including, without limitation, any adverse effects on the current or*
22 *future competitive position of the corporation or the entities,*
23 *facilities or operations for which it is responsible.*

24 **Sec. 11.** *“County” means a county whose population is*
25 *700,000 or more.*

26 **Sec. 12.** *“County hospital” means a hospital governed by*
27 *chapter 450 of NRS or otherwise operated or under the control of*
28 *a county or a board of hospital trustees.*

29 **Sec. 13.** *“County hospital or other related facility” means a*
30 *county hospital or any other facility, or any combination or part*
31 *thereof, governed by chapter 450 of NRS or otherwise operated or*
32 *under the control of a county or a board of hospital trustees.*

33 **Sec. 14.** *“County subsidiary corporation” or “corporation”*
34 *means a county subsidiary corporation created pursuant to section*
35 *19 of this act.*

36 **Sec. 15.** *“Health care services” means:*

37 1. *Any type of health care services; and*

38 2. *Any other services related to health care.*

39 **Sec. 16.** 1. *“Health facility of the corporation” or “health*
40 *facility” means any:*

41 (a) *County hospital or other related facility, or any*
42 *combination or part thereof, that is subject to an agreement*
43 *entered into pursuant to section 34 of this act; and*



1 (b) Hospital or other facility, or any combination or part
2 thereof, governed by this chapter or otherwise operated or under
3 the control of a county subsidiary corporation.

4 2. The term includes, without limitation, any:

5 (a) Building, structure, unit or improvement to real property,
6 including, without limitation, any clinic, dispensary, radiology
7 service, pharmacy, laboratory or other facility relating to health
8 care services, or any combination or part thereof.

9 (b) "Facility for the dependent" as defined in NRS 449.0045.

10 (c) "Medical facility" as defined in NRS 449.0151.

11 (d) Necessary or usual attendant or related equipment,
12 fixtures, vehicles or other personal property, including, without
13 limitation, any ambulance or other mobile service, or any
14 combination or part thereof.

15 **Sec. 17. 1.** The provisions of this chapter apply to any
16 county whose population is 700,000 or more.

17 2. If there is a conflict between the provisions of this chapter
18 and the provisions of any other law, the provisions of this chapter
19 govern and control.

20 **Sec. 18.** Except as otherwise provided in subsection 4 of
21 section 26 of this act:

22 1. The provisions of this chapter must be interpreted and
23 applied so that they are consistent with and subject to any bond
24 covenant and do not impair the rights of the holders of the bonds
25 or other obligations.

26 2. If there is a conflict between the provisions of this chapter
27 and the provisions of any bond covenant, the provisions of the
28 bond covenant govern and control.

29 3. On or after the effective date of an agreement entered into
30 pursuant to section 34 of this act, the county subsidiary
31 corporation and its directors and officers shall:

32 (a) Follow and comply with all bond covenants, including,
33 without limitation, covenants relating to payment of the bonds or
34 other obligations; and

35 (b) Take whatever actions that are determined to be necessary
36 to protect the rights of the holders of the bonds or other
37 obligations.

38 **Sec. 19. 1.** A board of county commissioners may, by
39 resolution, create a county subsidiary corporation that operates as
40 a subsidiary of the county and is a public entity for the purposes
41 and objectives set forth in this chapter.

42 2. Before adopting a resolution to create a county subsidiary
43 corporation, the board of county commissioners shall hold one or
44 more public meetings concerning the matter.



1 3. *A resolution creating a county subsidiary corporation must*
2 *set forth the name of the corporation.*

3 4. *The corporation must not have a corporate seal.*

4 5. *The public purposes and objectives of the corporation are*
5 *to:*

6 (a) *Own, lease or otherwise control one or more health*
7 *facilities;*

8 (b) *Operate and manage the health facilities to provide health*
9 *care services and programs of education, research and*
10 *philanthropy; and*

11 (c) *Organize and deliver health care services to the general*
12 *public, including, without limitation, indigent persons as defined*
13 *by state and federal law and as determined by the board of county*
14 *commissioners.*

15 **Sec. 20.** 1. *If the board of county commissioners creates a*
16 *county subsidiary corporation, it shall appoint a nominating*
17 *committee consisting of seven members to nominate the initial*
18 *board of directors of the corporation pursuant to the standards set*
19 *forth in this section and section 21 of this act.*

20 2. *The nominating committee shall submit a list of proposed*
21 *directors to the board of county commissioners, and the board of*
22 *county commissioners shall adopt or reject the list of proposed*
23 *directors in its entirety.*

24 3. *If the board of county commissioners rejects the list of*
25 *proposed directors, the nominating committee shall submit*
26 *another list until the board of county commissioners adopts a list*
27 *of proposed directors in its entirety.*

28 4. *A member of the nominating committee may not be*
29 *included as a proposed director on any list of proposed directors*
30 *submitted to the board of county commissioners.*

31 **Sec. 21.** *Subject to the reserved powers and limitations set*
32 *forth in section 26 of this act or in the bylaws of the county*
33 *subsidiary corporation:*

34 1. *The corporation must be governed by a board of directors*
35 *consisting of not less than seven and not more than nine directors,*
36 *one of whom must be the administrator of the corporation.*

37 2. *Each director must:*

38 (a) *Possess a high degree of experience and knowledge in*
39 *relevant fields;*

40 (b) *Possess a high degree of interest in the corporation and*
41 *support for its public purposes and objectives;*

42 (c) *Be free from conflicts of interest in serving on the board of*
43 *directors; and*

44 (d) *Have such other qualifications as are specified in the*
45 *bylaws of the corporation.*



1 3. *A director must be appointed based in part on the objective*
2 *of ensuring that the board of directors includes persons with*
3 *diverse and beneficial experience and perspectives, including,*
4 *without limitation:*

5 (a) *Experience as a medical or other health care professional*
6 *or employee.*

7 (b) *Experience in training health care professionals or*
8 *employees.*

9 (c) *Experience in public health care or serving the uninsured.*

10 (d) *Experience in business management, law or finance.*

11 (e) *Patient or consumer perspectives.*

12 (f) *Urban, cultural and ethnic perspectives of the population*
13 *served by the corporation.*

14 **Sec. 22.** 1. *The board of directors, with the approval of the*
15 *board of county commissioners, shall adopt bylaws for the county*
16 *subsidiary corporation relating to the operation and management*
17 *of the corporation and the regulation of the affairs of the*
18 *corporation.*

19 2. *The bylaws of the corporation must specify the rules*
20 *governing:*

21 (a) *The appointment, replacement and removal of directors;*

22 (b) *The term of office for directors;*

23 (c) *What constitutes a quorum of directors; and*

24 (d) *The manner in which the board of directors shall take*
25 *action.*

26 3. *The board of directors may amend any provision of the*
27 *bylaws, except that the board of county commissioners must*
28 *approve any amendment to a provision of the bylaws relating to:*

29 (a) *The reserved powers of the board of county commissioners*
30 *to the extent specified in the bylaws.*

31 (b) *The ability of the corporation to incur debt through the*
32 *county.*

33 (c) *The ability of the corporation to merge or dissolve.*

34 (d) *The public purposes and objectives of the corporation.*

35 **Sec. 23.** 1. *The board of directors shall determine the*
36 *number and type of officers of the county subsidiary corporation.*

37 2. *The directors and officers of the corporation have the*
38 *powers and duties in the operation and management of the*
39 *corporation that:*

40 (a) *The bylaws prescribe; or*

41 (b) *In the absence of such a prescription, the board of*
42 *directors determines to be necessary and convenient for the*
43 *operation and management of the corporation.*



1 3. *The directors and officers of the corporation shall exercise*
2 *their powers and duties in good faith and with a view to the best*
3 *interests of the corporation and its public purposes and objectives.*

4 **Sec. 24.** 1. *Except as otherwise provided in this section, the*
5 *provisions of NRS 82.226 apply to any agreement or other*
6 *transaction between the county subsidiary corporation and:*

7 (a) *One or more of its directors or officers; or*

8 (b) *Any corporation, firm or association in which one or more*
9 *of its directors or officers are directors or officers or are*
10 *financially interested.*

11 2. *If any director or officer of the corporation has a conflict*
12 *of interest in any matter presented to the board of directors:*

13 (a) *The director or officer shall make a prompt, full and frank*
14 *disclosure of the conflict of interest and shall not participate in the*
15 *discussion of the matter or any vote on the matter; and*

16 (b) *The board of directors shall resolve the matter in a manner*
17 *that is fair and reasonable to the corporation and shall not take*
18 *action to approve the matter except by an affirmative vote of not*
19 *fewer than two-thirds of the entire membership of the board.*

20 **Sec. 25.** 1. *In addition to any other power, authority or*
21 *legal capacity provided by law, but subject to the reserved powers*
22 *and limitations set forth in section 26 of this act or in the bylaws of*
23 *the county subsidiary corporation, the board of directors has:*

24 (a) *The power, authority and legal capacity of a nonprofit*
25 *corporation under chapter 82 of NRS, including, without*
26 *limitation, the power, authority and legal capacity to apply to the*
27 *Internal Revenue Service to be a tax-exempt corporation under*
28 *section 501(c)(3) of the Internal Revenue Code or any other law.*

29 (b) *The power, authority and legal capacity of a board of*
30 *hospital trustees under chapter 450 of NRS for the operation and*
31 *management of the corporation's health facilities and delivery of*
32 *health care services.*

33 (c) *The power, authority and legal capacity to:*

34 (1) *Acquire real and personal property;*

35 (2) *Employ or contract with physicians, health care*
36 *professionals and staff;*

37 (3) *Accept contributions, in any form, of money, property,*
38 *services, financial assistance or other aid or anything else of value*
39 *from the Federal Government, the State of Nevada, third-party*
40 *payors or any other source and to use any such contributions for*
41 *the public purposes and objectives of the corporation;*

42 (4) *Enter into agreements or other transactions with the*
43 *Federal Government, the State of Nevada, third-party payors or*
44 *any other source; and*



1 (5) *Enter partnerships, joint ventures or other business*
2 *arrangements or form subsidiaries to advance the public purposes*
3 *and objectives of the corporation.*

4 (d) *Any other power, authority or legal capacity necessary and*
5 *convenient for the operation, administration, management and*
6 *control of the corporation's affairs or to further the public*
7 *purposes and objectives of the corporation.*

8 2. *The enumeration of any specific power, authority or legal*
9 *capacity in this section is not intended to restrict the power,*
10 *authority or legal capacity of the board of directors to take any*
11 *action which it determines to be necessary or convenient to further*
12 *the public purposes and objectives of the corporation and which is*
13 *not otherwise prohibited by law, whether or not the power,*
14 *authority or legal capacity to take the action is necessarily implied*
15 *from any power, authority or legal capacity expressly granted.*

16 **Sec. 26.** 1. *Notwithstanding the authority granted to the*
17 *board of directors in section 25 of this act, the board of county*
18 *commissioners shall retain specific controls over the county*
19 *subsidiary corporation's public purposes and objectives and its*
20 *ability to incur indebtedness through the county.*

21 2. *The county shall not:*

22 (a) *Loan its credit in aid of the corporation in a manner that*
23 *conflicts with Section 10 of Article 8 of the Nevada Constitution.*

24 (b) *Assume any liabilities of the corporation unless expressly*
25 *provided in any agreement between the county and the*
26 *corporation, this chapter or any other law.*

27 3. *The board of county commissioners shall retain the*
28 *following reserved powers, which may be exercised by the board*
29 *only upon an affirmative vote of not fewer than two-thirds of the*
30 *entire membership of the board:*

31 (a) *Remove one or more members of the board of directors for*
32 *any reason.*

33 (b) *Eliminate the board of directors or dissolve the corporation*
34 *and resume the county's operation and management of the health*
35 *facilities of the corporation.*

36 4. *If the board of county commissioners dissolves the*
37 *corporation, the net assets of the corporation must be distributed*
38 *to the county for public purposes, subject to any bond covenants or*
39 *other obligations of the corporation relating to payment of those*
40 *bonds or other obligations, except that a bond covenant may not*
41 *prohibit a transfer to the county described in this subsection and*
42 *such a bond covenant is void and unenforceable.*

43 5. *The income or assets of the corporation, or any*
44 *combination or part thereof, shall not:*

45 (a) *Inure to the benefit of any private person or entity; or*



1 ***(b) Be distributed to or divided among any private persons or***
2 ***entities as dividends or otherwise.***

3 ***6. To the extent that the corporation provides health care***
4 ***services at the request of the county, the board of county***
5 ***commissioners shall provide funds to pay for the services. The***
6 ***payment to the corporation for the services must be as agreed***
7 ***between the board of directors and the board of county***
8 ***commissioners, provided that in the case of indigent care the***
9 ***payment is subject to the provisions of chapter 428 of NRS.***

10 ***7. The corporation does not have the power of eminent***
11 ***domain. Upon the request of the board of directors, the board of***
12 ***county commissioners may exercise the power of eminent domain***
13 ***for the benefit of the corporation pursuant to subsection 2 of***
14 ***section 39 of this act.***

15 ***Sec. 27. 1. Except as otherwise provided in this section, the***
16 ***board of directors and its meetings are subject to the open meeting***
17 ***requirements and all other requirements of chapter 241 of NRS.***

18 ***2. The board of directors may close to the public all or part of***
19 ***a meeting of the board when it determines that any competitive***
20 ***data or issue will be discussed. If any competitive data or issue is***
21 ***discussed in an open meeting of the board of directors, the***
22 ***competitive data or issue retains its classification as protected***
23 ***information and:***

24 ***(a) It may be redacted from any recording or minutes of the***
25 ***meeting; and***

26 ***(b) The board of directors may close all or part of any other***
27 ***meeting of the board at which it is discussed.***

28 ***3. If the board of directors disseminates information***
29 ***concerning any competitive data or issue to the county, the***
30 ***competitive data or issue retains its classification as protected***
31 ***information, and the board of county commissioners may close all***
32 ***or part of any meeting of the board of county commissioners at***
33 ***which it is discussed.***

34 ***4. The board of directors may close to the public all or part of***
35 ***a meeting of a committee of the board of directors, or the board of***
36 ***directors may authorize the chair of the committee to close to the***
37 ***public all or part of a meeting of the committee.***

38 ***Sec. 28. 1. Except as otherwise provided in this section, the***
39 ***records of the county subsidiary corporation are not public***
40 ***records and are exempt from chapter 239 of NRS.***

41 ***2. The following records of the corporation are public records***
42 ***for the purposes of chapter 239 of NRS:***

43 ***(a) Any records of the county, the board of hospital trustees or***
44 ***a health facility which are transferred to the corporation pursuant***



1 *to section 35 of this act and which, before the transfer, were public*
2 *records.*

3 *(b) The annual audited financial statements of the corporation*
4 *prepared in accordance with generally accepted accounting*
5 *principles.*

6 *(c) The current federal tax or informational return of the*
7 *corporation on file with the Internal Revenue Service, if*
8 *applicable.*

9 *(d) The bylaws of the corporation.*

10 *(e) Any agreements between the corporation and the county.*

11 *(f) Any agreements between the board of directors, the board*
12 *of county commissioners and the board of hospital trustees.*

13 *(g) The annual audit of the accounts of the corporation*
14 *conducted by an independent certified public accountant pursuant*
15 *to section 33 of this act.*

16 *(h) The annual report submitted to the board of county*
17 *commissioners pursuant to section 33 of this act.*

18 *(i) Any other records of the corporation that the board of*
19 *directors determines to make public.*

20 *3. Notwithstanding any provision of this section to the*
21 *contrary, any competitive data or issue of the corporation is*
22 *confidential, whether or not contained in a public record, and the*
23 *corporation shall not be required to disclose any competitive data*
24 *or issue of the corporation except as required by law.*

25 **Sec. 29.** *1. The county subsidiary corporation is exempt*
26 *from any law relating to government purchasing, and the*
27 *corporation may enter into or amend any agreement for goods,*
28 *materials, supplies, equipment or services without complying with*
29 *any law relating to government purchasing.*

30 *2. The corporation may enter into cooperative agreements to*
31 *the same extent and in the same manner as local governments*
32 *under chapter 277 of NRS.*

33 *3. The corporation is exempt from the provisions of chapter*
34 *354 of NRS governing local financial administration.*

35 **Sec. 30.** *1. The county subsidiary corporation is intended to*
36 *be an instrumentality of government for the purposes of the*
37 *Internal Revenue Code, and the provisions of this chapter must be*
38 *interpreted and applied in a manner consistent with that status.*

39 *2. The corporation is exempt from taxation to the same extent*
40 *as the county, including, without limitation, with respect to any:*

41 *(a) Money or other property under the ownership,*
42 *management, supervision or control of the corporation; and*

43 *(b) Activities and operations of the corporation.*

44 *3. For the purposes of medical assistance, Medicaid,*
45 *Medicare and other public programs, the corporation:*



- 1 (a) *Is a unit of state or local government;*
- 2 (b) *Owns, leases or operates a government or publicly owned*
- 3 *or operated hospital; and*
- 4 (c) *Is eligible to receive intergovernmental transfers,*
- 5 *disproportionate share program funds and certified public*
- 6 *expenditures that are authorized by the Federal Government, the*
- 7 *State of Nevada or the county.*

8 **Sec. 31.** *1. The county subsidiary corporation shall be*

9 *deemed a political subdivision for the purposes of tort liability*

10 *pursuant to chapter 41 of NRS, and the directors, officers and*

11 *employees of the corporation shall be deemed public officers and*

12 *public employees for the purposes of tort liability pursuant to*

13 *chapter 41 of NRS.*

14 *2. The directors, officers and employees of the corporation*

15 *shall not be considered public officers and public employees for*

16 *any purpose of title 23 of NRS, except:*

17 (a) *The provisions of chapters 286 and 288 of NRS, but only to*

18 *the extent set forth in section 36 of this act.*

19 (b) *The code of ethical standards set forth in NRS 281A.400.*

20 *The directors, officers and employees of the corporation shall*

21 *comply with the code of ethical standards and, for that purpose,*

22 *they are subject to the jurisdiction of the Commission on Ethics*

23 *and the enforcement of the code of ethical standards in the same*

24 *manner as other public officers and public employees.*

25 **Sec. 32.** *1. The county subsidiary corporation may enter*

26 *into an agreement with the county for the district attorney to serve*

27 *as legal counsel for the corporation.*

28 *2. The corporation shall reimburse the county for any legal*

29 *services provided by the district attorney to the corporation,*

30 *including, without limitation, all costs. The reimbursement must*

31 *be credited to the budget of the district attorney.*

32 **Sec. 33.** *1. The county subsidiary corporation shall*

33 *establish and maintain:*

34 (a) *All necessary accounts and payrolls and manage and*

35 *control its accounts and payrolls.*

36 (b) *A public depository subject to chapter 356 of NRS, except*

37 *that the corporation shall determine the appropriate security.*

38 *2. The corporation may establish and maintain reserve*

39 *accounts, depreciation accounts and working capital funds in*

40 *order to operate on an accrual basis.*

41 *3. The corporation may invest its money in any investment*

42 *permitted for a county by chapter 355 of NRS.*

43 *4. The corporation shall have an independent certified public*

44 *accountant audit the accounts of the corporation on an annual*



1 *basis. The board of county commissioners may audit the accounts*
2 *of the corporation at any time.*

3 *5. On an annual basis at a public meeting of the board of*
4 *county commissioners, the corporation shall submit to the board*
5 *of county commissioners a report containing the following*
6 *information:*

7 *(a) The principal business activities of the corporation and any*
8 *subsidiary;*

9 *(b) The names of all directors and officers of the corporation*
10 *and any subsidiary;*

11 *(c) A list of all agreements in excess of \$100,000 entered into*
12 *by the corporation or any subsidiary, with the amount, purpose*
13 *and duration of each agreement identified; and*

14 *(d) A financial statement, income statement and balance sheet*
15 *for the corporation and any subsidiary prepared by an*
16 *independent certified public accountant in accordance with*
17 *generally accepted accounting principles.*

18 **Sec. 34. 1.** *Notwithstanding any other law to the contrary,*
19 *but subject to the provisions of section 39 of this act, the board of*
20 *county commissioners, the board of hospital trustees and the*
21 *board of directors may, if agreed upon by all parties, enter into or*
22 *amend any agreement relating to an existing or planned health*
23 *facility that is or will be owned, leased, operated or otherwise*
24 *controlled by the county subsidiary corporation.*

25 *2. Any agreement authorized by this section is exempt from*
26 *the provisions of NRS 354.626, and parties may enter into or*
27 *amend the agreement without:*

28 *(a) Advertising for or soliciting any bids; or*

29 *(b) Complying with any law relating to county agreements,*
30 *including, without limitation, any law relating to the leasing of*
31 *county property or the term of the lease.*

32 *3. Any agreement authorized by this section must:*

33 *(a) Specifically identify each health facility to which it relates;*
34 *and*

35 *(b) Expressly prohibit the corporation from conveying any*
36 *health facility to any private person or entity.*

37 **Sec. 35.** *If the parties execute an agreement pursuant to*
38 *section 34 of this act relating to a health facility:*

39 *1. Except as otherwise provided in this section, the board of*
40 *county commissioners may enter into an agreement with the board*
41 *of directors whereby the county subsidiary corporation assumes all*
42 *the rights, liabilities and obligations of the county pertaining to*
43 *the operation and management of the health facility. If the board*
44 *of county commissioners enters into such an agreement, the*
45 *corporation shall succeed to all the rights, liabilities and*



1 *obligations of the county pertaining to the operation and*
2 *management of the health facility with the same force and effect*
3 *as if those rights, liabilities and obligations had been continued by*
4 *the county.*

5 *2. The board of county commissioners may enter into an*
6 *agreement with the board of directors whereby the corporation is:*

7 *(a) Authorized to conduct and complete any legal action,*
8 *administrative proceeding or other matter which relates to the*
9 *health facility and which was commenced by or against the county*
10 *or the board of hospital trustees, or the officers or employees*
11 *thereof, before or is pending on the effective date of the*
12 *agreement; and*

13 *(b) Required to conduct and complete the action, proceeding*
14 *or other matter in the same manner, under the same conditions*
15 *and with the same effect as though the action, proceeding or other*
16 *matter were conducted or completed by the county or the board of*
17 *hospital trustees.*

18 *3. The board of county commissioners may enter into an*
19 *agreement with the board of directors, if approved by the board of*
20 *hospital trustees, which authorizes the county to transfer and*
21 *deliver to the corporation, with respect to the health facility, any*
22 *agreements, books, bonds, plans, papers or records, including,*
23 *without limitation, any personnel or medical records, and any*
24 *other property within the management and control of the county*
25 *or the board of hospital trustees.*

26 *4. Any agreement between the board of county*
27 *commissioners and the board of directors may provide for the*
28 *county or the board of hospital trustees, or both, to transfer to the*
29 *corporation any:*

30 *(a) Unspent funds specified by the agreement, including,*
31 *without limitation, any revenues of the health facility or any*
32 *money appropriated for the use of the board of hospital trustees or*
33 *the health facility.*

34 *(b) Accounts receivable or accounts payable of the health*
35 *facility as of the effective date of the agreement.*

36 **Sec. 36. 1. On the effective date of any agreement entered**
37 **into pursuant to section 34 of this act, each employee of a health**
38 **facility subject to the agreement is transferred to and becomes an**
39 **employee of the county subsidiary corporation, except for any**
40 **employees expressly exempted from this section by the agreement.**

41 *2. Each employee of the corporation is subject to the human*
42 *resources system of the corporation, which must offer appropriate*
43 *compensation and benefits for persons employed in a health care*
44 *setting.*



1 3. *Except as otherwise provided in subsection 4, the human*
2 *resources system of the corporation shall replace the general*
3 *county human resources system and benefits programs in title 23*
4 *of NRS.*

5 4. *Each employee who is transferred to the corporation*
6 *pursuant to subsection 1 shall retain all benefits accrued by the*
7 *employee before the effective date of the transfer to the*
8 *corporation, including, without limitation, the employee's*
9 *participation in the Public Employees' Retirement System. The*
10 *transfer of the employee to the corporation does not constitute*
11 *severance or termination of employment or a layoff of the*
12 *employee.*

13 5. *Except as otherwise provided in subsection 6, the*
14 *corporation may:*

15 (a) *Establish all personnel policies and practices;*

16 (b) *Recognize collective bargaining units and negotiate with*
17 *certified collective bargaining representatives; and*

18 (c) *Set all levels of compensation and benefits which are*
19 *considered appropriate by the board of directors.*

20 6. *The corporation shall:*

21 (a) *Recognize all existing collective bargaining units and*
22 *certified collective bargaining representatives that, at the time of*
23 *the transfer, represent the employees transferred to the*
24 *corporation pursuant to subsection 1; and*

25 (b) *Comply with all existing collective bargaining agreements*
26 *or other labor agreements that, at the time of the transfer, apply to*
27 *the employees transferred to the corporation pursuant to*
28 *subsection 1, for the term of those agreements.*

29 **Sec. 37.** *Subject to the reserved powers and limitations set*
30 *forth in section 26 of this act or in the bylaws of the county*
31 *subsidiary corporation, the corporation:*

32 1. *Has the same authority to issue bonds and incur other*
33 *obligations as a county hospital formed under chapter 450 of NRS*
34 *in a county whose population is 700,000 or more.*

35 2. *Shall be deemed a local government and a municipality for*
36 *the purposes of chapter 350 of NRS with the same authority to*
37 *issue bonds and incur other obligations as other local*
38 *governments and municipalities under chapter 350 of NRS.*

39 3. *May issue and sell revenue bonds or other revenue*
40 *obligations pursuant to the Local Government Securities Law set*
41 *forth in NRS 350.500 to 350.720, inclusive, to finance the*
42 *acquisition or improvement of any real or personal property that*
43 *will be used for:*

44 (a) *The delivery of health care services and related research;*

45 (b) *The establishment of reserves for bond payment; or*



1 (c) *Other proper corporate purposes.*

2 **Sec. 38. 1.** *To promote, further and benefit the public*
3 *purpose of the county subsidiary corporation, the county may*
4 *finance the acquisition or improvement of any real or personal*
5 *property that is or will be used by the corporation, whether or not*
6 *the property is or will be owned, leased or controlled by the*
7 *corporation or the county, in any manner that the county could*
8 *have financed a county hospital before July 1, 2013, including,*
9 *without limitation, by issuing bonds or incurring other obligations*
10 *for the benefit of the corporation pursuant to chapter 350 of NRS*
11 *or any other law.*

12 2. *Any bonds or other obligations issued or incurred by the*
13 *county for the benefit of the corporation may be general or special*
14 *bonds or obligations secured by:*

15 (a) *The county's taxing authority;*

16 (b) *Payments the corporation agrees to make to the county*
17 *from the gross or net revenues of any health facility; or*

18 (c) *Any other means as provided in chapter 350 of NRS or as*
19 *agreed to by the board of county commissioners and the board of*
20 *directors.*

21 3. *If any bonds or other obligations are secured by payments*
22 *which the corporation agrees to make to the county from the gross*
23 *or net revenues of any health facility, the gross or net revenues, as*
24 *applicable, shall be deemed pledged revenues for the purposes of*
25 *NRS 350.020.*

26 4. *If approved by a resolution of the board of directors, the*
27 *county may include covenants that apply to the corporation and its*
28 *health facilities in any bonds or other obligations issued or*
29 *incurred by the county for the benefit of the corporation.*

30 5. *To the extent permitted by law, the county may exercise its*
31 *taxing power to provide money or property to the corporation to*
32 *enable it to carry out its public purposes and objectives and*
33 *exercise its power and authority.*

34 6. *The state or county may:*

35 (a) *Make grants of money or property to the corporation to*
36 *enable it to carry out its public purposes and objectives and*
37 *exercise its power and authority.*

38 (b) *Enter into any agreement for the construction, acquisition*
39 *or improvement of any real or personal property for the benefit of*
40 *the corporation.*

41 **Sec. 39. 1.** *Notwithstanding any law relating to the*
42 *alienability of real property by the county, the board of county*
43 *commissioners may, without public letting or auction, lease any*
44 *real or personal property owned or held by the county, or any*
45 *interest therein, to or for the benefit of the county subsidiary*



1 corporation for as long as the corporation is in existence. No
2 procedural requirements or limitations on the term of a lease
3 apply to a lease of county property made pursuant to this
4 subsection. The county shall reserve in each lease such rights as
5 the board of county commissioners deems appropriate after
6 consultation with the board of directors.

7 2. In the manner provided by law for the county to acquire
8 real property by purchase or condemnation, the county may
9 acquire, in the name of the county, real property in the county for
10 any public purposes and objectives of the corporation, including,
11 without limitation, to construct or expand new or existing roads,
12 streets, avenues or highways connecting with a health facility of
13 the corporation. The county may acquire real property pursuant to
14 this subsection partly for the purposes of the corporation and
15 partly for other county purposes.

16 3. The corporation may pledge any agreement between the
17 county and the corporation to secure its bonds or other
18 obligations, and the agreement may not be modified thereafter
19 except as provided by the terms of the pledge.

20 4. If the corporation determines that the use and occupancy
21 of any real property is no longer required for its public purposes
22 and objectives, then:

23 (a) If the real property was acquired at the cost and expense of
24 the county or the board of hospital trustees, the corporation shall
25 surrender its use and occupancy to the county.

26 (b) If the real property was acquired at the cost and expense of
27 the corporation, the corporation may, after giving the county a
28 right of first refusal to acquire the real property, sell, lease or
29 otherwise dispose of the real property, at a public or private sale or
30 by an agreement, and use the proceeds derived from the sale, lease
31 or other disposition for its public purposes and objectives.

32 (c) If the real property was acquired at the cost and expense of
33 the corporation and the county or the board of hospital trustees,
34 the corporation and the county shall enter into an agreement to
35 specify:

36 (1) How the corporation will sell, lease or otherwise dispose
37 of the real property;

38 (2) Whether the real property will be sold, leased or
39 disposed to the county and, if so, at what price; and

40 (3) How the proceeds of any sale, lease or disposal of the
41 real property will be divided between the county and the
42 corporation.

43 5. For the purposes of subsection 4, if the real property was
44 acquired with bonds and the debt service on the bonds was paid in
45 part by the corporation and in part by the county or the board of



1 *hospital trustees, the corporation shall treat the real property in*
2 *the manner described in paragraph (c) of subsection 4.*

3 **Sec. 40.** This act becomes effective:

4 1. Upon passage and approval for the purpose of performing
5 any preparatory administrative tasks necessary to carry out the
6 provisions of this act; and

7 2. On July 1, 2013, for all other purposes.

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