



May 06, 2025

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# Authorization to Operate Hospital

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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<b>Authorization to Operate Hospital .....</b>	<b>3</b>
<b>Private Acts of 1945 Chapter 187 .....</b>	<b>3</b>

# Authorization to Operate Hospital

## Private Acts of 1945 Chapter 187

**SECTION 1.** Be it enacted by the General Assembly of the State of Tennessee that Blount County, Tennessee is hereby authorized and empowered to build, purchase, own and/or operate and maintain a non-profit hospital in said County subject to the following terms:

- (a) The County may operate and manage the hospital itself or may retain a non-profit corporation to operate and manage the hospital;
- (b) If the County retains a non-profit corporation to operate and manage the hospital, the County shall enter into a written agreement with such non-profit corporation establishing the scope and term of the services to be provided by the non-profit corporation as such manager and the County shall select each such manager based upon recognized competence and integrity and not upon competitive bids;
- (c) Any non-profit corporation selected to serve as the manager of the hospital shall not be deemed the owner of any assets of the hospital, and any assets of the hospital held by such manager shall be held in trust for the benefit of the County;
- (d) The County, either acting on its own or through a manager as set forth in a management agreement, shall have all powers of a private act hospital authority as provided in the Private Act Hospital Authority Act of 1996, which is codified as Part 6 of Chapter 57 of Title 7 of the Tennessee Code Annotated;
- (e) The County may terminate its relationship with a manager of the hospital as provided in the written agreement with the manager or if no written agreement has been entered into, upon written notice to such manager, and upon any such termination, the manager shall convey and/or transfer all assets of the hospital that are held by the manager to the County;
- (f) The County may exercise any or all powers relating to the hospital through a manager as its corporate agent as provided in Section 7-57-302 of the Tennessee Code Annotated; and
- (g) If the County ceases to operate and/or manage the hospital, either through the retention of a nonprofit corporation to operate and/or manage the hospital under this Section 1, or by selling the hospital to a third party, the written agreement between the County and such entities must require that all signage located in prominent places on the exterior and interior of the structure designating the hospital as the "Blount Memorial Hospital" on the effective date of this act remain in such locations in perpetuity as a lasting tribute to the men and women who served this state and our country with valor during World War II. This requirement applies to signage on all structures located on hospital property designating such location as the "Blount Memorial Hospital". The signage must be of a size that is equal to or greater than any other signage erected on such structures resulting from such agreement to operate, manage, lease, or sell the hospital. This subsection (g) does not prohibit the repair or replacement of such signage from time to time, as warranted, provided that the requirements of this subsection (g) are satisfied.

As amended by: Private Acts of 2023, Chapter 28.

**SEC. 2.** That the County of Blount, acting by and through its Quarterly County Court, be, and it is hereby authorized and empowered, without the necessity of a referendum election therefor, to borrow money, not exceeding Two Hundred Thousand (\$200,000.00) Dollars, and to issue and sell bonds therefor, or to execute and deliver any other evidences of said indebtedness that may be necessary or required for the purpose of obtaining any monies or funds available from the Federal Government, or from or through any of its agencies, bureaus or departments, by virtue of any Act of Congress theretofore or hereafter enacted, or for the purpose of matching or supplementing any monies or funds available or provided by the Federal Government, or from or through any of its agencies, bureaus or departments; said funds to be used and applied in acquiring land for non-profit hospital purposes and/or erecting a hospital building or buildings thereon.

**SEC. 3.** That said bonds shall bear interest at a rate not exceeding four (4) per cent per annum, and shall mature in not more than fifty (50) years from their date or dates of issue, and the interest thereon shall be payable semiannually in lawful money of the United States of America. Said bonds may be either serial or term bonds, as the Quarterly County Court of said County may elect, and if serial bonds they shall begin to mature not later than five (5) years after their date or dates of issuance. Subject to the restrictions contained in this Act the Quarterly County Court of said County may fix the rate of interest on said bonds, their maturity and form, and the method of issuing and selling the same, but said bonds shall be sold for not less than par and accrued interest. Said bonds shall be in such denominations and such forms as shall be directed by the proper resolution or resolutions of the Quarterly County Court of said

County, and shall be sold in such manner as may be directed by said Quarterly County Court, subject to the provisions of this Act; provided, however, that said Quarterly County Court may sell such bonds at such time or times and in such lot or lots as it shall determine, and shall not be required to sell all the bonds at any one time or to any one bidder.

**SEC. 4.** That said bonds or other evidences of indebtedness that may be determined by said Quarterly County Court shall be the general obligation of the County of Blount, and the full faith and credit of said County shall be pledged to the payment of said bonds or other evidences of indebtedness and interest as may be determined and provided by said Quarterly County Court, and to the levy and collection of such taxes for that purpose. It shall be the duty of the Quarterly County Court of said County annually to levy a tax on the taxable property of said County for the purpose of paying interest on said bonds or other evidences of indebtedness, and also for the purpose of creating a sinking fund for the redemption of said bonds or other evidences of indebtedness.

**SEC. 5.** That any bonds issued under the provisions of this Act shall be exempt from all State, County and Municipal Taxes, and it shall be so stated on the face of said bonds.

**SEC. 6.** That the funds borrowed or the proceeds from the sale of any of said bonds or other evidences of indebtedness, as herein provided shall be turned over to the County Trustee and he shall keep the same separate and apart from any monies in his hands, and he shall pay the same out on warrants drawn by the County Judge of said County.

**SEC. 7.** That said funds or any part thereof shall be appropriated and disbursed by and under the supervision of the County Judge of said County, and shall be used for the purpose hereinbefore explained in this Act.

**SEC. 8.** That if any section or part of this Act for any reason be held unconstitutional or invalid, the same shall not effect the constitutionality or validity of the remaining parts or sections thereof, but the same shall remain in full force and effect as if the unconstitutional or invalid part had been omitted.

**SEC. 9.** That all laws and parts of laws in conflict with this Act be, and the same are, hereby repealed.

**SEC. 10.** That this Act take effect from and after its passage, the public welfare requiring it.

Passed: February 9, 1945.

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