



May 20, 2024

Private Acts of 1949 Chapter 488

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

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,

The University of Tennessee
County Technical Assistance Service
226 Anne Dallas Dudley Boulevard, Suite 400
Nashville, Tennessee 37219
615.532.3555 phone
615.532.3699 fax
www.ctas.tennessee.edu

Table of Contents

Private Acts of 1949 Chapter 488	3
---	----------

Private Acts of 1949 Chapter 488

SECTION 1. That in counties of this State with a population of not less than 30,900, nor more than 31,000, by the Federal Census of 1940, or any subsequent Federal Census, there is hereby created a Board of Hospital Governors, whose duties and powers shall be as hereinafter fixed. Such Board shall consist of seven (7) members, and shall be divided into classifications as follows:

Classification 1 shall be a clergyman; Classification 2 shall be selected from the field of education; Classification 3 shall be selected from the field of banking and/or industry. Classification 4, 5 and 6 shall be members at large, representing the general public; and Classification 7 shall be a member of the medical profession who is also a member of the hospital staff and shall be selected from three (3) persons nominated by the hospital staff, such nominee to serve a period of one year only, with the further provision that said member may not succeed himself as a member of said Board.

No person shall be eligible for election as a member of such Board unless such person shall reside within said County, and removal from said County shall vacate the office. All vacancies occurring as a result of death, resignation or removal in the membership of said Board shall be filled by the Quarterly County Court at its next regular session occurring after said vacancy, but no election shall be for a period beyond the unexpired term of such member. At the July Term, 1967, of the Quarterly County Court of counties to which this Act applies, that body shall elect one (1) member of said Hospital Board from each of said Classifications as herein set forth. One (1) member from Classification 1 shall be elected for a term of one year, one (1) member from Classification 2 shall be elected for a term of two years, one (1) member from Classification 3 shall be elected for a term of three years, three (3) members from Classification 4, 5 and 6 shall be elected for terms of four, five and six years, respectively; and as such terms of office expire, their successors shall be elected for a term of six years, all of such elections to be held annually at the July Term of the Quarterly County Court. The member representing Classification 7 shall be elected annually as hereinabove provided at the July Term of the Quarterly County Court.

All members of the Board of Governors shall have attained twenty-one (21) years of age. Any person who is elected to any position in the County government or is appointed to full-time employment or serves the County through any of its agencies in a full-time capacity shall be ineligible to serve on the Board of Governors, provided that this provision shall not apply to the present Board members.

In event a member of the Board does not attend fifty percent (50%) of the regular meetings during any fiscal year of the hospital, such member shall automatically vacate his office, and the chairman of the Board shall request the County Commission to select his successor at the next regular meeting of the County Commission. In selecting appointees, the Obion County Commission shall give consideration as to whether such person wants to serve on the Board prior to his appointment, will agree to attend regular and special meetings of the Board, and expresses a real interest in the hospital and health care facilities.

As amended by: Private Acts of 1967-68, Chapter 73
Private Acts of 1979, Chapter 31

SECTION 2. That such Board shall proceed to organize by electing one of their number as Chairman and shall also elect a Secretary, who may or may not be a member of such Board. The compensation of members of the Board and that of the Secretary shall be fixed by the Quarterly County Court and when so fixed shall not be subject to change at the hands of said Quarterly County Court for the twelve months next following such fixation. The Board shall have powers and perform duties as follows:

1. To have complete control of the operation, management, maintenance, equipping, and construction of hospital buildings and premises, including all hospital facilities and property.
2. To select and employ an administrator of the hospital, who shall be its chief executive officer and shall have such powers and duties as are prescribed by the Board of Directors. He shall serve without a contract at the will of the Board. He shall have a corporate surety bond in the sum of One Million Dollars (\$1,000,000) and shall account and be liable for all funds received and disbursed by the hospital.
3. To formulate the policies of the hospital.
4. To promulgate rules and regulations of the hospital, which rules and regulations shall become effective on the date they are adopted by the Board and signed by the Chairman and attested by the Secretary.
5. To fix the rates and charges made by the hospital for its rooms and services and to set standards for the admission of charity or free patients.
6. To fix the standards for physicians admitted to the medical staff of the hospital and for physicians using the hospital and availing themselves of its facilities, provided that such standards shall not

require as a condition precedent the approval of any medical society or any medical organization.

7. To make annual reports to the County Commission concerning the financial condition of the hospital, which report shall contain a detailed statement of the receipts and disbursements of the hospital; and when so filed, the report shall become a public document and be subject to inspection by any interested taxpayer. Such report shall be filed on or before March 1 of each year, for the preceding fiscal year.
8. To require such independent audits as the Board may deem necessary or appropriate and as may be required by any state, federal or accrediting agency: and in addition, such audit shall conform to the standards prescribed by the Comptroller of the Treasury of the State of Tennessee or such other agency of the State of Tennessee as may be charged with the responsibility of setting standards for audits by local governments.
9. To appoint an executive committee of three (3) members to act on behalf of the Board when it is not in session: provided, however, that the committee shall not make policies nor promulgate rules and regulations.
10. To let contracts for machinery, equipment, remodeling and construction, provided that no such contract shall be entered into unless the hospital has funds on hand with which to pay the same, or the same can be paid within a reasonable time from reasonably anticipated revenues, or can be paid from funds duly appropriated by the County Commission.
11. All projects in excess of Five Thousand Dollars (\$5,000) shall be approved by the Board, and competitive bids, if practical and possible, shall be taken for projects, including construction, remodeling, or repairs, and such work shall be supervised and approved by the executive committee. If a purchase is made for remodeling, repairs or construction without competitive bids, the executive committee and administrator shall report the same in writing, stating the reasons therefor, to the next regular meeting of the Board, and a copy of such writing shall be appended to the purchase order, all of which shall be a part of the minutes of the Board.
12. To borrow funds in an amount not exceeding five percent (5%) of the audited gross receipts for the preceding fiscal year, provided that the same shall be repaid within a reasonable time from reasonably anticipated revenues of the hospital and, provided, further, that such borrowing shall not constitute a general obligation of the County, and provided, further, that such borrowed indebtedness of the hospital shall not exceed at any one time five percent (5%) of the audited gross receipts for the preceding fiscal year.
13. To lease machinery and equipment for a period of ten (10) years, provided that rental payments shall be made entirely from reasonably anticipated revenues of the hospital.

As amended by: Private Acts of 1979, Chapter 31

SECTION 3. In the event the County Hospital is sold to a corporation who operates the same as a not-for-profit hospital, a perpetual trust fund to assist the medically indigent in the County in paying for their inpatient and outpatient treatment shall be created and funded by monies received from any source, including but not limited to monies received from the sale of the hospital, and from any will or trust in which the Board of Hospital Governors of the County Hospital has been designated a recipient or beneficiary.

As amended by: Private Acts of 1982, Chapter 362

SECTION 4. The general purpose of such trust fund shall be:

- A. To assist the medically indigent in the county in paying for their inpatient and outpatient hospital care and ambulance services rendered to them for not-for-profit hospital and ambulance facilities or entities in the county.
- B. Acquiring or otherwise assisting in providing diagnostic, therapeutic and other medical and related equipment, implements, instruments and aids for the use or for the benefit of the medically indigent of such counties who are in need thereof.

As amended by: Private Acts of 1982, Chapter 362

SECTION 5. That trust fund shall be managed and governed by the Board of Hospital Governors of the hospital.

As amended by: Private Acts of 1982, Chapter 362

SECTION 6. The Board of Hospital Governors, in addition to those duties and responsibilities imposed upon fiduciaries by general law, shall be vested with the following responsibilities:

- A. To invest the said funds at the highest and best practical return of income.
- B. To use said income to carry out the purposes of the fund as heretofore set forth.
- C. To establish a screening committee to determine the medical indigency of applicants and to

recommend payments for their benefit as contemplated herein.

As amended by: Private Acts of 1982, Chapter 362

SECTION 7. The Board of Hospital Governors, in carrying out the duties and responsibilities of the management of said funds, shall have the right to expend only the income derived from the principal of said fund. In determining all questions of principal and income, the uniform principal and income act in force in the State of Tennessee shall be controlling. Provided, however, the Board of Hospital Governors may encroach upon the principal of the fund when they deem it advisable or necessary by making application to the Legislative Body setting forth the amount of principal desired to be expended and the purpose for such expenditures and upon such request being approved by a three-fourths (3/4) vote of the County Legislative Body.

As amended by: Private Acts of 1982, Chapter 362

SECTION 8. The Board of Hospital Governors provided for herein shall act without compensation but they are specifically empowered to employ financial advisors and such clerical employees as they deem necessary to carry out the functions and purposes of the fund. The Board of Hospital Governors is authorized to fix the salaries of such clerical employees and to negotiate the fees of the necessary financial advisors provided for herein.

As amended by: Private Acts of 1982, Chapter 362

SECTION 9. The Board of Hospital Governors shall, on a semi-annual basis, provide the County Legislative Body with a complete financial statement, accurately reflecting the condition of the fund and the investments then made.

As amended by: Private Acts of 1982, Chapter 362

SECTION 10. The County Legislative Body of the county is authorized and empowered in its discretion to appropriate from the general fund such sums of money as it deems appropriate to constitute the principal of the trust fund herein created and to this end such County Legislative Body may, by resolution, transfer to the principal of the trust fund herein created the proceeds of the sale of any property owned by the county as a means of funding said trust fund.

As amended by: Private Acts of 1982, Chapter 362

SECTION 11. So long as the county does not own or operate a hospital, the Board of Hospital Governors shall exercise only the powers conferred by this chapter.

As amended by: Private Acts of 1982, Chapter 362

SECTION 12. The Board of Hospital Governors must present an annual budget setting forth the amount of income from the trust anticipated for the next fiscal year and the proposed expenditures in accordance with this Act to the Obion County Commission at the same time all other departments, boards and commissions of county government present their present their budgets to the Obion County Commission. Within a reasonable time after such presentation, the Obion County Commission must approve the budget of the Board of Hospital Governors if it is in accordance with this act and appropriate the anticipated income from the trustee to assist the medically indigent of Obion County. Neither the corpus or income of this trust may be used for any purpose other than set forth in this Act.

As amended by: Private Acts of 1982, Chapter 362

SECTION 13. That this Act shall take effect from and after its passage, the public welfare requiring it.

Passed: April 5, 1949.

Source URL: <https://www.ctas.tennessee.edu/private-acts/private-acts-1949-chapter-488>