

LILLIAN M. HUDSPETH MEMORIAL HOSPITAL

P. O. BOX 455
SONORA, TEXAS 76950
(915)387-2521

**BY-LAWS OF THE
SUTTON COUNTY HOSPITAL DISTRICT**

**ARTICLE I
AUTHORIZATION AND PURPOSE**

1.1 Organization. The Sutton County Hospital District dba Lillian M. Hudspeth Memorial Hospital ("District") is organized under the laws of the State of Texas, specifically Chapter 1101 of the TEXAS SPECIAL DISTRICT LOCAL LAWS CODE ("Enabling Legislation"), with such rights, powers, and duties as provided by the Legislature of the State of Texas and contained in these Bylaws. The District's principal office and place of business shall be located at 308 Hudspeth Avenue, Sonora, Texas.

1.2 Purpose. The purpose of the District is the maintenance and operation of healthcare facilities in the City of Sonora, in Sutton County, Texas, for the purpose of operating hospital facilities and providing medical and hospital care.

1.3 Patient Care. The Board of Directors of the District shall have responsibility for the management of the affairs of the District and the quality of patient care. Patient care shall be rendered without regard to race, color, creed, national origin, sex or disability of patient, employee, medical staff member, or volunteer.

1.4 Use of Funds. The District may use its funds only for the operation of healthcare facilities and provision of health care as authorized by its Enabling Legislation. No part of its funds or earnings shall ever be paid or applied by the organization as a dividend or profit to any Director, donor, or other individual.

**ARTICLE II
BOARD OF DIRECTORS**

2.1 Number of Directors. The District is governed by a board of seven (7) directors elected as follows: one director elected from each commissioners precinct and three directors elected from the District at large.

2.2 Terms and Election of Directors. Each year on the May uniform election date, an election shall be held for the purpose of electing the appropriate number of directors to the Board. Elections shall be held in accordance with the District's Enabling Legislation and the applicable provisions of the TEXAS ELECTION CODE. Directors shall hold office for staggered terms of four (4) years and until a successor is elected and has been qualified.

2.3 Qualifications. To be eligible to be a candidate or to serve as a director, a person must be a resident of the District and a qualified voter. Additionally, a person who is elected from a commissioners precinct or who is appointed to fill a vacancy for a commissioners precinct must be a resident of that commissioners precinct. An employee of the District may not serve as a Director. All members of the Board of Directors shall execute the constitutional oath of office.

2.4 Vacancies. If a vacancy occurs in the office of director, the remaining directors shall appoint a director for the unexpired term.

2.5 The Powers and Duties of the Board

a. The Board of Directors has full power to manage and control the District. Any provision of the Act which provides a specific power or duty does not limit the general authority of the District to carry out the purposes of the Act creating the District. The Board shall determine the type, number, and location of buildings to maintain an adequate hospital system and the type of equipment necessary for hospital care.

b. The Board shall keep all books, records, accounts, notices, minutes, and other matters of the District and its operation at the office of the District. The Board shall make these items available for public inspection at reasonable times.

c. The Board shall require an annual independent audit of the books and records of the District.

d. The Board may:

1. Prescribe the method of making purchases and expenditures and the accounting and control procedures used by the District;

2. Employ an Administrator to supervise the work and activities of the District and direct the general affairs of the District;

3. Appoint a qualified person as the attorney for the district to serve at the will of the Board;

4. Appoint to the Medical Staff any doctors the Board considers necessary for the efficient operation of the District and make temporary appointments as considered necessary;

5. Employ technicians, nurses, fiscal agents, accountants, architects, additional attorneys, and other necessary employees or delegate to the District administrator the authority to employ such persons for the District;

6. Spend District money to recruit to the Medical Staff any physicians necessary to satisfy the medical needs of District residents;

7. Spend District money to provide scholarships to District residents to attend nursing school or other healthcare training;
8. Provide retirement benefits for District employees by establishing or administering a retirement program or participating in the Texas County and District Retirement System or other statewide retirement system in which the District is eligible to participate;
9. Acquire property, including facilities and equipment, for the district for use in the hospital system and mortgage or pledge the property as security for payment of the purchase price;
10. Lease hospital facilities for the District;
11. Sell or otherwise dispose of property, including facilities or equipment, for the District;
12. Accept for the District a gift or endowment to be held in trust for any purpose and under any direction, limitation, or other provision prescribed in writing by the donor that is consistent with the proper management of the District;
13. Enter into construction contracts for the District; provided that the Board may enter into a construction contract that involves the expenditure of more than the amount provided by Section 271.024, Texas Local Government Code, only after competitive bidding as provided by Subchapter B, Chapter 271, Texas Local Government Code;
14. Enter into an operating or management contract relating to a hospital facility for the District;
15. Contract with a political subdivision of this state or with a state or federal agency for the district to furnish a mobile emergency medical service or provide for the investigatory or welfare needs of District inhabitants.

2.6 Orientation of Directors. The Board of Directors shall establish and implement an orientation program for all new members of the Board of Directors. All new members shall participate in such an orientation program within sixty (60) days of their election or appointment to the Board. All new members will be furnished with minutes of Board of Directors meetings from the past year, Bylaws of the Board of Directors, Bylaws of the Medical Staff, and the District's financial statements from the past twelve (12) months. All members of the governing body shall be provided information relating to the Board's responsibility for quality care in the Hospital's Quality Care Assurance program. Board members are requested to attend at least one trustee seminar or workshop each year.

2.7 Duties of Directors. A Director shall discharge the director's duties in good faith, with ordinary care, and in a manner the director reasonably believes to be in the best interest of the

District. In the discharge of any duty imposed or power conferred on a director, the director may in good faith rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the District or another person that were prepared or presented by one or more officers or employees of the District, legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence.

2.8 Compensation. All members of the Board of Directors and officers shall serve without compensation, but may be reimbursed for actual expenses incurred in the performance of their official duties. Such expenses must be approved by the Board of Directors and reported in the minutes or other records of the District.

2.9 Conflict of Interest. Members of the Board shall disclose all actual or possible conflicts of interest in accordance with the District's Conflict of Interest Policy and Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE.

ARTICLE III **MEETINGS**

3.1 Regular Meetings. The Board of Directors shall hold regular meetings at least every other month at such location, time, and dates as set by the Board or as the Board may from time to time determine. In the event circumstances necessitate a change in the regular location, time or date of a meeting of the Board and it is not practicable for the Board to determine a new location, time or date, the President may make a decision regarding such change.

3.2 Special Meetings. Special meetings will be held at the request of the President, the Vice-President (in the absence of the President), the Administrator, or at the request of three members of the Board. No business shall be transacted at a special meeting except that contained in the notice calling the meeting.

3.3 Quorum. For regular or special meetings of the Board of Directors, any four (4) members shall constitute a quorum.

3.4 Notice of Meetings. Written or printed notice of any annual, regular or special meeting of the Board of Directors shall be delivered to each director and shall be posted as required by the Texas Open Meetings Act, TEXAS GOVERNMENT CODE, Sec. 551.001, et seq. The notice shall state the date, hour, place and subject of the meeting, and shall be posted at a place convenient to the public in the administrative offices of the District and on the District's website. The Board shall provide notice of each meeting to the Sutton County Clerk for posting at the Sutton County Courthouse.

3.5 Telephone Conference Call. The Board and any committee of the District may hold a meeting by telephone conference call procedures as permitted by the Open Meetings Act (Texas Government Code § 551.125) only if an emergency or public necessity exists and the convening at one location of a quorum is difficult or impossible or if a waiver of such restrictions has been ordered by the Governor. The meeting shall be subject to notice requirements applicable to other

meetings and must specify as the location of meeting the location where meetings of the Board are usually held. Each part of the telephone conference call meeting that is required to be open to the public shall be audible to the public at the location specified in the notice of the meeting as the location of the meeting and shall be recorded. The recording shall be made available to the public. The location designated in the notice as the location of the meeting shall provide two-way communication during the entire telephone conference call meeting and the identification of each party to the telephone conference shall be clearly stated prior to speaking. Participation of a person in a conference-call meeting constitutes presence of that person at the meeting.

a. An emergency or a public necessity exists only if immediate action is required of the Board because of:

(1) An imminent threat to public health and safety; or

(2) A reasonably unforeseeable situation, such as fire, flood, earthquake, hurricane, tornado, or wind, rain or snow storm; power failure, transportation failure, or interruption of communication facilities; epidemic; or riot, civil disturbance, enemy attack, or other actual or threatened act of lawlessness or violence.

3.6 Videoconference Call. A Director or a District employee may participate remotely in a meeting of the Board by means of a videoconference call if the video and audio feed of the Director's or employee's participation is broadcast live at the meeting only if a quorum of the Board is physically present at one location of the meeting or if a waiver of such restrictions has been ordered by the Governor. A Director who participates in a meeting by videoconference call shall be considered absent from any portion of the meeting during which audio or video communication with the Director is lost or disconnected.

a. Each portion of a meeting held by videoconference call that is required to be open to the public must be visible and audible to the public at the physical location of the meeting. While a participant in the videoconference call is speaking, the face of that participant must be clearly visible, and the voice audible, to each other participant and the public in attendance at the meeting. If a problem occurs that causes a meeting to no longer be visible and audible to the public at that location, the meeting must be recessed until the problem is resolved. If the problem is not resolved in six hours or less, the meeting must be adjourned.

b. The District shall make at least an audio recording of a meeting conducted with participation by videoconference call.

ARTICLE IV **OFFICERS**

4.1 Election of Officers. The officers of the Board of Directors shall be a President, Vice-President, and Secretary. The President and Vice-President shall be elected each year by the

Board from among the Board membership at the May regular meeting. The Board shall appoint a Secretary who does not have to be a member of the Board of Directors.

4.2 Term of Office. Officers shall hold office for one year or until their successor is appointed. The Board shall fill a vacancy in a Board office for the unexpired term.

4.3 Duties of Officers.

a. President. The President shall preside at all meetings of the Board of Directors. The President shall set the location, time, and date for meetings of the Board of Directors subject to Section 3.1 above and shall, with the input of the Administrator, set the agenda for such meetings; provided that an item shall be placed on the agenda if requested by at least two (2) members of the Board. The President shall perform other duties prescribed by the Board of Directors and all other duties as are incident to the office of president, including but not limited to duties established by rules adopted by the Board of Directors.

b. Vice-President. The Vice-President shall perform the duties of the President in the President's absence, or in the event of the President's resignation, death, or disability, and shall have the same powers as the President when performing such duties. The Vice President shall perform other duties as assigned by the Board of Directors.

c. Secretary. The Secretary shall act as custodian of all records and reports of the Board of Directors and shall be responsible for the keeping and reporting of adequate records of all transactions and of the minutes of all meetings. The Secretary shall give all public notices as provided in these Bylaws or as required by law. The Secretary shall perform all duties incident to the office of Secretary and as assigned by the Board of Directors. A Secretary who is not a member of the Board may be paid such remuneration as shall be fixed by the Board of Directors.

4.4 Compensation. All officers shall serve without compensation, but may be reimbursed for actual expenses incurred in the performance of their official duties upon the approval of such expenses by the Board of Directors and so reported in the minutes of the District or other records of the District.

ARTICLE V **COMMITTEES**

5.1 Establishment of Committees. In addition to the standing committees described below, the Board of Directors may adopt a resolution establishing one or more standing or special committees, delegating specified authority to a committee, and appointing or removing members of a committee. A committee shall include at least two (2) directors and may include persons who are not directors. The Board of Directors may establish qualifications for membership on a committee. The Board of Directors may delegate to the President its power to appoint and remove members of a committee that has not been delegated any authority of the Board of Directors. The establishment of a committee or the delegation of authority to it shall not relieve

the Board of Directors, or any individual director, of any responsibility imposed by the Bylaws or otherwise imposed by law.

5.2 Budget and Finance Committee.

a. The Budget and Finance Committee shall consist of two (2) directors selected by the Board. The Committee may ask District employees to serve in an advisory capacity to the Committee.

b. The Committee shall advise the Administrator on the proposed annual budget for capital expenditures and hospital operations.

c. The Committee shall meet as often as necessary, but at least quarterly, to conduct business, and shall review the District's financial performance, status, and consider any budget amendments prior to submission to the Board for approval. The Committee may also make recommendations for changes in hospital operations to ensure sound fiscal management.

5.3 Building and Planning Committee. The Building and Planning Committee shall have general supervisory responsibility for the physical plant of the hospital, including but not limited to, any additions, alterations, repairs, and maintenance. The Building and Planning Committee shall make recommendations to the overall institutional plan regarding capital expenditures for at least a three-year period.

5.4 Joint Conference Committee. The Joint Conference Committee shall consist of two (2) members of the Board appointed by the President and at least one member of the Medical Staff appointed by the Chief of Staff. This Committee shall act as liaison among the Board of Directors, the Medical Staff and the Administrator to consider such medical/administrative measures as are brought to its attention and make recommendations as it deems necessary in the best interest of the Hospital. This Committee will meet quarterly. The Chairmanship of this Committee shall be alternated between the Medical Staff and Board of Directors every two (2) years.

5.5 Special Committees. Special committees may be appointed by the President with the concurrence of the Board for such tasks as circumstances warrant. Such committees shall limit their authority to the accomplishment of task for which they are created and appointed. Upon completion of the task for which they were appointed, such special committee shall stand discharged.

5.6 Minutes. All committees shall keep regular minutes of all meetings and transactions and shall cause them to be recorded and shall report the same to the Board at its regular meeting.

5.7 Administrator as Ex Officio. The Administrator of the District shall be a non-voting ex officio member of all committees.

5.8 Committee Rules. Each committee may adopt rules for its own operation not inconsistent with the Bylaws or with rules adopted by the Board of Directors.

5.9 Compensation. All committee members shall serve without compensation, but may be reimbursed for actual expenses incurred in the performance of their official duties. Such expenses must be approved by the Board of Directors and reported in the minutes or other records of the District.

ARTICLE VI **FINANCIAL OPERATIONS**

6.1 Fiscal Year. The District operates according to a fiscal year established by the Board of Directors. The fiscal year shall begin January 1, and end December 31.

6.2 Annual Audit. The Board annually shall have an audit made of the District's financial condition. The annual audit and other District records shall be open to inspection during regular business hours at the District's principal office.

6.3 Annual Budget. The Administrator shall prepare a proposed annual budget for the District. The proposed budget must contain a complete financial statement, including a statement of:

- (1) the outstanding obligations of the district;
- (2) the amount of cash on hand to the credit of each district fund;
- (3) the amount of money received by the district from all sources during the previous year;
- (4) the amount of money available to the district from all sources during the ensuing year;
- (5) the amount of the balances expected at the end of the year in which the budget is being prepared;
- (6) the estimated amount of revenue and balances available to cover the proposed budget; and
- (7) the estimated tax rate required.

6.4 Public Hearing on Budget. The Board shall hold a public hearing on the proposed annual budget. The Board shall publish notice of the hearing in a newspaper with general circulation in the District at least ten (10) days before the date of the hearing. Any District resident is entitled to be present and participate at the hearing.

6.5 Adoption of Budget. At the conclusion of the hearing, the Board shall adopt a budget by acting on the budget proposed by the Administrator. The Board may make any changes in the proposed budget that the Board judges to be in the interests of the taxpayers. The budget is effective only after adoption by the Board.

6.6 Amendments to Budget. After the annual budget is adopted, the budget may be amended on the Board's approval.

6.7 Restriction on Expenditures. District money may be spent only for an expense included in the annual budget or an amendment to the budget.

6.8 Financial Report. As soon as practicable after the close of the fiscal year, the Administrator shall prepare for the Board a sworn statement of the amount of District money and an account of the disbursements of that money.

6.9 Borrowing Limitations.

a. Except for construction contracts and general obligation, revenue or refunding bonds, the District may not incur a debt payable from revenues of the District other than the revenues on hand or to be on hand in the current and immediately following fiscal year of the District.

b. Notwithstanding the foregoing, the Board may borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time the loan is made. To secure a loan, the Board may pledge (1) District revenue that is not pledged to pay the District's bonded indebtedness; (2) a District tax to be imposed in the 12-month period following the date of the pledge that is not pledged to pay the principal or interest on District bonds; or (3) a District bond that has been authorized but not sold. A loan for which taxes or bonds are pledged must mature not later than the first anniversary of the date the loan is made. A loan for which District revenue is pledged must mature not later than the fifth anniversary of the date the loan is made.

6.10 Investment Limitations. The Board may invest operating, depreciation or building reserves only in funds or securities specified by the Texas Public Investment Act, Chapter 2256, Texas Government Code.

6.11 Depository. The Board shall select at least one bank to serve as a depository for District money. District money, other than money invested as provided by Section 6.10 above and money transmitted to a bank for payment of bonds or obligations issued or assumed by the District, shall be deposited as received with the depository bank and shall remain on deposit.

ARTICLE VII **THE ADMINISTRATOR**

7.1 Administrator. The Board of Directors shall select and employ a competent administrator ("Administrator") who shall be its direct representative in the management of the Hospital. This

Administrator shall be given the necessary authority and held responsible for the administration of the Hospital in all of its departments subject only to the policies enacted by the Board of Directors and such rules and orders as may be issued by the Board of Directors.

7.2 Authority and Duties of Administrator. The authority and duties of the Administrator shall include:

1. Supervising the work and activities of the District.
2. Directing the general affairs of the District subject to the limitations prescribed by the Board.
3. Selecting, employing, managing, and discharging employees and developing and maintaining personnel policies and practices for the District.
4. Carrying out all policies established by the Board and advising on the formulation of these policies.
5. Preparing a proposed annual budget as described in Section 6.3 above.
6. Assuring that the building and grounds are kept in a good state of repair; conferring with the Board in major matters, but carrying on routine repairs and maintenance without such consultation.
7. Supervising all business affairs such as the records of financial transactions, collections of accounts, and purchase and issue of supplies and assuring that all funds are collected without allowing discounts to any person except as authorized by District policy and expended to the best possible advantage.
8. Cooperating with the Medical Staff and securing like cooperation on the part of all those concerned with rendering professional services in District facilities to the end that patients may receive quality care.
9. Submitting regularly to the Board of Directors or its authorized committee, periodic reports showing the professional services and the financial activities of the Hospital, and preparing and submitting such special reports as may be required by the Board of Directors.
10. Attending all meetings of the Board of Directors.
10. To perform any other duties that may be necessary in the best interest of the Hospital.

7.2 Administrator's Bond. Before assuming the duties of District administrator, the Administrator shall execute a bond payable to the Hospital District in the amount of not less than

\$5,000.00 as determined by the Board, conditioned on the faithful performance of his duties under this Act. The Board may pay for the bond with District funds.

7.3 Decision of Administrator. In all cases of disputed authority, or uncertainty as to the meaning of the Bylaws or the rules and regulations of the Hospital, the decision of the Administrator shall be operative until a ruling shall have been rendered by the Board of Directors.

7.4 Administrator's Salary. The salary of the Administrator shall be fixed by the Board of Directors.

ARTICLE VIII **MISCELLANEOUS**

8.1 Compliance with Bylaws and Enabling Legislation. No rule or regulation shall be prescribed or promulgated by the Board of Directors or the Administrator for the operation and conduct of the Hospital contrary to the purposes and restrictions contained in these Bylaws and the District's Enabling Legislation.

8.2 Prohibited Activities.

a. No officer, employee, agent, committee or Board member of the District shall contract or incur any debt on behalf of the District or in any way render it liable unless authorized by the Board of Directors through direct action, rule, or policy.

b. No officer, committee, member or employee of the District is authorized to promise moral or financial support of any charitable or other objective on behalf of the District without the approval of the Board of Directors through direct action, rule, or policy.

8.3 Liability Restrictions.

a. No member of the Board of Directors, or its appointed officers, shall be personally liable for the acts or omissions of the District, committees, officers, agents, employees, physicians, dentists, pharmacists, or any other person with whom it may enter into agreement to render services.

b. The District shall not be liable for any sort of omission or commission on the part of any Hospital employee, physician, surgeon, dentist, pharmacist or any other person with whom it may enter into agreement to render services.

ARTICLE IX **MEDICAL STAFF**

7.1 Organization. The Board shall require the physicians, dentists, and podiatrists who have been granted privileges to practice in the Lillian M. Hudspeth Memorial Hospital to organize

into a Medical Staff. Each member of the Medical Staff shall have appropriate authority and responsibility for the care of his/her patients in the Hospital, subject to such limitations as are contained in these Bylaws and/or in the Bylaws and Rules and Regulations of the Medical Staff and subject further to any limitations attached to his/her appointment. Further, no person who is not a licensed practitioner with clinical privileges granted by the Board (or appointee of the Board authorized to grant temporary, disaster, or emergency privileges under the conditions outlined in the Medical Staff Bylaws) shall be allowed to diagnose or treat any patient in the Hospital or to admit any patient to the Hospital.

7.2 Privilege to Practice. Only members of the Medical Staff with admitting privileges may admit a patient to the Hospital, and such practitioners may practice only within the scope of the privileges granted by the Board. The Bylaws of the Medical Staff shall specifically provide that each patient's general medical condition is the responsibility of a qualified physician who is a member of the Medical Staff of the Hospital.

7.3 Medical Staff Bylaws. There shall be bylaws, rules and regulations or amendments thereto, for the Medical Staff that set forth its organization and government, including requirements for due process in considering applications for Medical Staff membership and privileges or the renewal, modification or revocation of Medical Staff membership and privileges. Proposed bylaws, rules and regulations shall be recommended by the Medical Staff, subject to the approval by the Board of Directors to adopt or amend such bylaws, rules and regulations.

7.4 Professional Liability Insurance. No individual shall be permitted to become or to continue as a member of the Medical Staff or to provide patient care services in the Hospital unless such an individual has provided to the Administrator or his/her designee satisfactory proof of insurance evidencing that the individual has in effect professional liability insurance coverage in an amount to be determined from time to time by the Board.

7.5 Medical Care and Its Evaluation. The Board shall, in the exercise of its overall responsibility, assign to the Medical Staff reasonable authority for ensuring appropriate professional care to the hospital's patients. The Medical Staff shall conduct an ongoing review and appraisal of the quality of professional care rendered in the hospital and shall report such activities and their results to the Board. The Medical Staff shall make recommendations to the Board of Directors concerning: (1) appointments; (2) granting of clinical privileges; (3) disciplinary actions; (4) all matters relating to professional competency; and (5) such specific matters as may be referred to it by the Board.

ARTICLE X **AMENDMENTS**

10.1 These Bylaws may be amended by an affirmative vote of a majority of the directors present and voting at any regular meeting or any special meeting, provided such amendments were presented at a previous meeting.

CERTIFICATE OF SECRETARY

I certify that I am the duly appointed and acting Secretary of the Sutton County Hospital District and that the foregoing Bylaws constitute the Bylaws of the District. These Bylaws were duly adopted at a meeting of the Board of Directors held on _____, 2020.

DATED: _____, 2020.
