

**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:

Section 1: The name of this organization shall be known as the Sutton County Hospital District, doing business as "Lillian M. Hudspeth Memorial Hospital".

Section 2: Its principal office and place of business shall be located at 308 Hudspeth Avenue, Sonora, Texas.

ARTICLE II:

Section 1: The business and purpose of this organization is the maintenance and operation of a Hospital, Nursing Home, and Clinic in the City of Sonora, in Sutton County, Texas, for the purpose of ministering to the sick, to the infirm, to the helpless, to the maimed and to the afflicted of all creeds, colors, and nationalities.

ARTICLE III:

Section 1: No portion of the funds of this organization shall ever be applied to any other purpose than the erection, maintenance, purchasing or improving such Hospital, Nursing Home, and clinical facilities, supplies, equipment and expenses incidental thereto. And, it is here specifically provided that 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 IV:  
BOARD OF DIRECTORS

Section 1: The business and properties of this organization shall be managed and conducted by a Board of Directors.

Section 2: The Governing Body shall be a Board of Directors consisting of seven members, each of whom shall be elected as provided by the Acts of 1983 of the 66th Legislature and organized as provided by Section 3 of the enabling act.

Section 3: The Powers and Duties of the Directors

- 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.
- 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.

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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 manner of accounting and control used by the District;
  - 2. Employ an Attorney, Auditing firm, and other employees necessary for the efficient operation of the District; and
  - 3. Employ an Administrator to manage the operations of the Hospital system, who may hire necessary personnel to perform the services provided by the system; and
  - 4. Replace by appointment any Board Member unable to complete his/her term of office by reason of illness, death, or removal of residence from the confines of the District.
- e. The Governing Board will ensure that the facility will cooperate in a regular program of independent medical evaluation and audit of the patients in the facility.

### ARTICLE V:

#### MEETINGS

Section 1: The Board of Directors shall hold regular meetings at the Hospital each month at such time and on such dates as the Board may from time to time determine.

Section 2. Special meetings will be held at the request of the President, the Vice-President (in the absence of the President), the Chief Executive Officer, or at the request of a majority of the members of the Board. No business shall be transacted at a special meeting except that contained in the notice calling the meeting.

Section 3: A majority shall constitute a quorum.

### ARTICLE VI:

#### OFFICERS

Section 1: The officers of the Board of Directors shall be a President, Vice-President, and Secretary. President and Vice-President shall be elected by the Board from among the Board membership at the first regular meeting following the annual election of Directors. The Board shall elect a Secretary who does not have to be a member of the Board of Directors. Officers shall hold office for one year or until their successor is appointed.

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## Section 2: Duties of Officers.

- a. President - shall preside at all meetings of the Board of Directors. He/She shall perform all such other duties as are incident to his office.
- b. Vice-President - shall perform the duties of the President in his absence, or in the event of his resignation, death, or disability, and shall have the same powers as the President when performing such duties.
- c. 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 attend to the giving of all public notices. The Secretary may sign with the President and/or Vice President in the name of the District, all contracts, agreements or other obligations authorized by the Board of Directors. The Secretary shall, at least 4 days prior to the regular meeting, mail each Director a written notice of the time and date of such meeting. The Secretary may be paid such remuneration as shall be fixed by the Board of Directors.

## ARTICLE VII:

### COMMITTEES

Section 1: A Joint Conference Committee shall consist of three members of the Board appointed by the President. This Committee shall act as liaison between the Board of Directors, the Medical Staff and the Administrator to consider such Medico-Administrative measures as are brought to its attention; and making recommendations as it deems necessary in the best interest of the Hospital. This Committee will meet quarterly with the Medical Staff.

Section 2: 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.

## ARTICLE VIII:

### FISCAL YEAR

The fiscal year shall begin January 1, and end December 31.

## ARTICLE IX:

### SEAL

The seal of the District shall be circular in form and shall have inscribed on its face the name of the Hospital; and an imprint thereto shall be affixed hereto for identification purposes. This seal shall be kept at the office of the district.

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## ARTICLE X:

### AMENDMENTS

These By-Laws may be amended by an affirmative vote of a majority of the members present and voting of the Board of Directors, provided it had been presented at a previous meeting.

## ARTICLE XI:

### THE ADMINISTRATOR

The Board of Directors shall select and employ a competent and experienced 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 orders as may be issued by the Board of Directors. More specifically, the authority and duties of the Administrator shall be:

1. To perfect and submit to the Board of Directors for approval a scheme or organization of the personnel and others concerned with the operation of the Hospital.
2. To prepare a budget showing the expected expenditures as required.
3. To select, employ, control, and discharge all employees within the scheme of organization of the personnel approved by the Board of Directors.
4. To see 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.
5. To supervise all business affairs such as the records of financial transactions, collections of accounts, and purchase and issue of supplies; and to be certain that all funds are collected without allowing discounts to any person except as authorized by the personnel policy and expended to the best possible advantage.
6. To cooperate with the Medical Staff and to secure like cooperation on the part of all those concerned with rendering professional service to the end that patients may receive the best possible care.
7. To submit regularly to the Board of Directors or its authorized committee, periodic reports showing the professional service and the financial activities of the Hospital, and to prepare and submit such special reports as may be required by the Board of Directors.
8. To attend all meetings of the Board of Directors.
9. Before assuming his duties, 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.
10. To perform any other duties that may be necessary in the best interest of the Hospital.

Section 2: In all cases of disputed authority, or uncertainty as to the meaning of the By-Laws 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.

Section 3: The salary of the Administrator shall be fixed by the Board of Directors.

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## ARTICLE XII:

Section 1: 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 inhibitions contained in the By-Laws and enabling act of this District.

## ARTICLE XIII:

Section 1. No officer, committee or member of the District, or other person, shall contract or incur any debt in behalf of the District, or in any way render it liable unless authorized by the Board of Directors.

Section 2: 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.

Section 3: 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.

Section 4: This 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 XIV:

Section 1: All officers and directors of the District, except the Secretary or any assistant thereof shall act without compensation. The officers excepted from this rule, or their assistants, may be paid such salary or remuneration as shall be fixed from time to time by the Board of Directors.

## ARTICLE XV:

Section 1: 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 members of the governing body shall be provided information relating to the governing body's responsibility for quality care in the Hospital's Quality Care Assurance program.

## ARTICLE XVI

### MEDICAL STAFF

#### Section 1:

- A. The Board of Directors shall approve a medical staff composed of physicians and dentists who are licensed to practice in the State of Texas and are eligible for membership in the local medical, dental or osteopathic society.
- The Board of Directors

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shall see that the physicians are organized into a responsible administrative unit and adopt such bylaws, rules and regulations for government of their practice in the Hospital as the Board of Directors deems to be the greatest benefit to the care of patients within the Hospital. In the case of the individual patient, the physician duly appointed to the Medical Staff shall have full responsibility and authority for the care of that patient subject to such limitations as the Board of Directors may formally impose and to the bylaws, rules and regulations for the Medical Staff adopted by the Staff and Board of Directors. All patients are admitted only upon recommendation of a physician and that a member of the house staff or other physician is on duty or on call at all times and available within 15 to 20 minutes.

- B. All applications for appointment to the Medical Staff shall be in writing and addressed to the Administrator.
- C. All appointments to the Medical Staff shall be for one year only, renewable by the governing board on re-application.
- D. Action taken by the governing body on applications or reapplications, appointments and re-appointments will be placed in writing and the applicant notified in writing of the Board's decision.
- E. Applicants selected for Medical Staff appointments must sign an agreement that they will abide by the rules, regulations, and by-laws of the Hospital.

## Section 2:

The Board of Directors, having the legal right, may suspend, limit or withdraw and likewise enforce the suspension, limiting or withdrawal of appointment of any physician or member of the Medical Staff from admitting patients to or practicing in the Lillian M. Hudspeth Memorial Hospital, if such physician shall have been found guilty upon notice and hearing by the Board of Directors of unethical or incompetent medical practices, offensive attitudes toward patients and/or employees, the public or professional colleagues, as well as for infraction of hospital or Medical Staff rules or incompatibility with the general purposes of the hospital. The suspension, limitation or withdrawal may deny or limit any or all privileges in said hospital. The Medical Staff may make recommendations to the Board of Directors in matters relating to a suspension, limitation or withdrawal. From the decision of the Board of Directors there shall be no appeal other than to the Courts of the State of Texas.

Section 3: Term of appointment. The appointments to the Medical Staff shall be made by the Board of Directors of the hospital for a period of one year, or until the end of the fiscal year of the hospital, whichever is earlier. Medical Staff privileges shall be reviewed in January of each succeeding year.

Section 4: Appointment to the Medical Staff shall confer on the appointee only such privileges as may hereinafter be provided.

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## Section 5: Procedure for Membership.

- A. Application for membership on the Medical Staff shall be presented in writing on the prescribed forms which shall state the qualifications, limitations, and references of the applicant and shall also signify his agreement to abide by the By-laws, Rules and Regulations of the Medical Staff. Such application shall include information as to whether the applicant has suffered a revocation, suspension, or reduction of staff privileges at any other hospital or institution, or whether there has been a failure to renew such privileges. The application for membership on the Medical Staff shall be presented to the Administrator of the hospital who shall transmit it to the Medical Staff. The applicant shall furnish proof of professional liability insurance indicating insurance in amount equal to or greater than minimum coverage limits as established by the Board of Directors.
- B. At the first regular meeting of the Medical Staff thereafter, the application shall be submitted to the Medical Staff, at which time it shall be referred to the Credentials Committee of the Medical Staff.
- C. The Credentials Committee shall investigate the character, qualifications, and standing of the applicant and shall submit a report of the findings to the Medical Staff as soon as possible, recommending that the application be accepted, deferred or rejected. All action taken on Medical Staff appointments is put in writing and retained.
- D. Recommendation for new or reappointment shall be submitted by the Credentials Committee to the Medical Staff. Appraisal of each member of the staff shall include consideration of that person's physical and mental capabilities. Any recommendation for appointment shall include a delineation of privileges.
- E. On receipt of the report the Medical Staff as rapidly as feasible shall recommend through the Administrator, to the Board of Directors that the application be accepted, deferred or rejected with reasons for such recommendation.
- F. The Board of Directors may accept or deny the recommendation of the Medical Staff or may refer it back for further consideration, stating the reason for such action. After receipt of the subsequent report of the Medical Staff, the Governing Board shall act thereon.
- G. When final action has been taken by the Board of Directors, the Administrator of the hospital shall be authorized to transmit this decision to the candidate for membership and, if he is accepted, to secure his signed agreement to be governed by the By-laws, Rules and Regulations of the hospital and Medical Staff.

## Section 6: Appeals.

- A. In any case where the Credentials Committee does not recommend for

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appointment or the Medical Staff does not recommend reappointment, or where reduction of privileges is recommended, the Administrator shall notify the physician concerned and he shall be given an opportunity of appearing before the appeal body composed of members of the Medical Staff and of the Board of Directors of the hospital. At such hearings, all information related to the issues may be considered including the recommendations of doctors and others who are not members of the Medical Staff and any other relevant information available regarding the application.

- B. After a hearing as outlined above, the Medical Staff shall make a final recommendation to the Board of Directors.

### Section 7: Emergency and Temporary Privileges.

- A. Regardless of his departmental or staff status, in case of emergency the physician attending the patient shall be expected to do all in his power to save the life of the patient, including the calling of such consultation as may be available. An emergency is defined as a condition in which the life of the patient is in danger and in which any delay in administering treatment would increase the danger.
- B. The Administrator of the hospital, after conference with a member of good standing with the Medical Staff shall have the authority to grant temporary privileges to a physician who is not a member of the Medical Staff. The Medical Staff member shall give authoritative opinion as to the competence and ethical standing of the physician who desires such temporary privileges and in the exercise of such privileges, he shall be under the direct supervision of the Medical Staff member. Temporary privileges may not be granted to administer treatment during more than 45 cumulative days in one year after which the physician to whom temporary privileges have been granted shall be required to become a member of the Medical Staff.

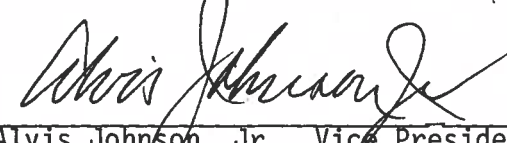



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By-laws adopted this 11th day of April, 1988, by the Board of  
Directors of the Sutton County Hospital District.

  
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Smith Neal, President

  
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Alvis Johnson, Jr., Vice President

  
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Kathy Knight, Secretary