

RESOLUTION No. 22-11-022

**Sponsored by Commissioners Mike Akard, Jared Anderson, Brad Bowers, Nick Bright,
Mike Caylor, Misty Davis, Jessica Hannah, Jeff Jopling, Scott King, Earl McMahan,
Dawn Reagan, and Linda Webb**

**RESOLUTION TO ADDRESS THE OPERATION OF BLOUNT MEMORIAL HOSPITAL AND
TO RESTRUCTURE THE BOARD OF DIRECTORS OF BLOUNT MEMORIAL HOSPITAL,
INCORPORATED**

BE IT RESOLVED, by the Board of Commissioners of Blount County, Tennessee, in session assembled this 29th day of November 2022:

WHEREAS, the leaders of Blount County, Tennessee, in the early 1940's decided that they wanted to pursue the creation and building of a non-profit general hospital in Blount County to serve the citizens of Blount County and the cities therein; and

WHEREAS, in furtherance of this endeavor and the instruction from and with authorization of the Quarterly County Court (which is the predecessor of the current Blount County Board of Commissioners), the Blount County Judge (predecessor to the County Mayor) began seeking a grant from the federal government to further the goal of creating and building a hospital in Blount County; and

WHEREAS, the County Judge was successful in obtaining a grant and thereafter, Blount County sought and was granted authority from the state legislature by way of a private act, the authority to build, purchase, own and operate and maintain a non-profit general hospital in Blount County (See Private Act of 1945, Chapter 187); and

WHEREAS, pursuant to the authority granted by the legislature to Blount County, with help of the federal grant and other County funds, Blount County constructed and built a general non-profit hospital in Blount County in the mid 1940's to serve all citizens of Blount County; and

WHEREAS, the legislature further authorized Blount County to own, maintain and operate such hospital under the direct supervision of said Quarterly Court or in the alternative, to create a non-profit corporation which duties would be to maintain and operate said hospital on behalf of the County; and

WHEREAS, pursuant to the above authority, the non-profit corporation known as "Blount Memorial Hospital, Incorporated" was created by Charter of Incorporation that was filed with the State of Tennessee Secretary of State on January 22, 1946; and

WHEREAS, pursuant to the dictates of the Blount County Quarterly Court and the Charter of Incorporation of Blount Memorial Hospital, Incorporated, said corporation was to be managed and ran by a Board of Directors consisting of nine (9) members with four (4) members to be elected by the Blount County Quarterly Court, two (2) members to be elected by the Board of Commissioners for the City of Alcoa, two (2) members would be elected by the Board of Commissioners for the City of Maryville, and one (1) member would be elected by the Board of Directors for Maryville College; and

WHEREAS, the Charter of Blount Memorial Hospital, Incorporated was amended in 1984 and while the directors were still appointed by the same governing bodies, a nominating committee was created to recommend candidates to the governing bodies, with the governing bodies having the authority to accept the nominating committee's nominees or reject them and upon rejection, the nominating committee would submit a new nominee for consideration by the appointing body; and

WHEREAS, Blount Memorial Hospital, Incorporated via its Board of Directors, has managed and operated the hospital on behalf of Blount County, but has regressed to a point where the non-profit corporation created to operate the hospital on behalf of Blount County appears to operate with autonomy and resents any supervision or input from Blount County and the Blount County Board of Commissioners; and

WHEREAS, when beneficial to the non-profit corporation they have, over the years, espoused and proclaimed their status as a part of Blount County, Tennessee when it was beneficial to obtain the benefits that are unique to a governmental entity, such as protection under the Tennessee Governmental Tort Liability Act or when it was beneficial to use its status as a governmental entity to obtain bond financing through the assistance of Blount County Government, yet on the other hand, when the question of the Board and hospital management were raised by Blount County, the County's efforts have been oftentimes rebuffed; and

WHEREAS, over the years, the non-profit corporation which its only duties consist of operating and maintaining the hospital on behalf of Blount County, has endeavored to purchase real properties in the name of the non-profit corporation (Blount Memorial Hospital, Incorporated) rather than the name of the Blount County and without the approval or authorization of the County; and

WHEREAS, Blount County, in recent years, has come to the point of questioning certain decisions made by the Board of the hospital and the management of the hospital, but on each occasion has been rebuffed in their requests and concerns; and

WHEREAS, Blount Memorial Hospital has recently announced the sale of a major asset described as the Springbrook real property, with said sale to be in the form of a sale and release of this property by the hospital. This action is further evidence of the rapidly declining financial condition of Blount Memorial Hospital; and

WHEREAS, Blount County has serious concerns about the financial stability and the future of Blount Memorial Hospital; and

WHEREAS, based upon the current structure of the Charter of the non-profit corporation wherein the Board appointees must go through a nominating committee, Blount County and the other appointing entities are being controlled by Blount Memorial Hospital Incorporated rather than the nominees coming from each of the local governing bodies to the point that the appointing bodies have lost control of the ability to appoint Board members that they choose and desire and feel would operate in the best interests of the hospital in Blount County; and

WHEREAS, attorneys have examined the legal relationship between Blount County and the non-profit corporation (Blount Memorial Hospital, Incorporated) organized to operate and maintain the hospital and these attorneys are bond counsel who has been consulted relative to bond issues, private counsel was retained by Blount Memorial Hospital, Incorporated and the Blount

County Attorney who have all opined that the legal relationship between Blount County and its hospital and Blount Memorial Hospital, Incorporated is that of principal and agent; and

WHEREAS, the Blount County Board of Commissioners have a duty to all of the citizens of Blount County to put forth all efforts to assure that the Blount County hospital is operated in such a manner to assure its ongoing existence, to assure that it is in the position to provide the best care possible to the citizens of Blount County and to assure the management is open and transparent to local governments and the citizens of the same; and

WHEREAS, the Blount County Board of Commissioners has lost confidence in the current structure that exists between Blount County and its agent, Blount Memorial Hospital, Incorporated as well as the current slate of Board Members of Blount Memorial Hospital, Incorporated; and

WHEREAS, the Blount County Board of Commissioners feels compelled to take action to remove the current Board of Directors of Blount Memorial Hospital, Incorporated and seek modification to the current Charter of Blount Memorial Hospital, Incorporated or in the alternative, to terminate Blount County's relationship with Blount Memorial Hospital, Incorporated and create a new non-profit corporation to assume and take over the management, operation and maintenance of Blount County's hospital; and

WHEREAS, the Blount County Board of Commissioners feels that the new board or entity that will take over the management of the hospital needs and will need the professional assistance of consultants specifically and specially trained in the administration and operation of a hospital to assist them going forward.

NOW, THEREFORE, BE IT RESOLVED, BY THE BLOUNT COUNTY LEGISLATIVE BODY MEETING IN REGULAR SESSION AT MARYVILLE, TENNESSEE, on this 29th day of November 2022, that:

1. The Blount County Board of Commissioners no longer desires and will not allow Blount Memorial Hospital, Incorporated with its current Board members to continue to maintain and operate the hospital for Blount County, Tennessee.
2. The Blount County Board of Commissioners feel strongly and will require the Charter of Blount Memorial Hospital, Incorporated to be amended to remove the provisions relative to the appointments/elections of their Board members by removing and disbanding the nominating committee and requiring that future nominees for this position be made directly by the three (3) governing bodies which currently appoint, as well as the Board of Directors of Maryville College. This is being addressed by the Commission in a separate resolution.
3. The current Board of Directors of Blount Memorial Hospital, Incorporated are all appointees to the Board for a limited period without remuneration. Said resignation of the current Board will operate to the benefit of Blount County and will not be to the personal financial detriment of the current Board members.
4. The Blount County Board of Commissioners desires the resignation of all of the current Board members of Blount Memorial Hospital, Incorporated to be replaced by new appointees and the Blount County Board of Commissioners, pursuant to T.C.A. § 48-58-109(b) hereby

removes their Board appointees – Robert Redwine, Denny Mayes and Scott Powell, as directors of Blount Memorial Hospital, Inc.

5. Absent a smooth and cooperative transition to a new Board of Directors for Blount Memorial Hospital, Inc., this body has the authority to terminate Blount County's relationship with Blount Memorial Hospital, Inc. and create a new non-profit to manage the hospital on behalf of Blount County. This would not be a favorable alternative, but is a viable alternative that this body may pursue in the absence of cooperation with an orderly transition.

BE IT FURTHER RESOLVED THAT THIS RESOLUTION SHALL BE IN FORCE AND BECOME EFFECTIVE UPON ITS ADOPTION, THE PUBLIC WELFARE REQUIRING IT.

ADOPTED THIS 29TH DAY OF NOVEMBER 2022.

CERTIFICATION OF ACTION ATTEST

Commission Chairman

County Clerk

Approved: _____

Vetoed: _____

County Mayor

Date