

BYLAWS

ELECTRA HOSPITAL DISTRICT BOARD OF DIRECTORS

PREAMBLE

The Electra Hospital District (“District”), having recognized the need for quality medical and hospital care for residents of Electra, and its surrounding areas, owns and operates ELECTRA MEMORIAL HOSPITAL pursuant to its enabling legislation which is codified in Texas Special District Local Laws Code, Chapter 1025 (the “Enabling Legislation”). The District is governed by a Board of Directors with full responsibility for operating all hospital facilities for providing medical and hospital care for the District's needy inhabitants, including but not limited to, responsibility for planning the growth and development of the Electra Memorial Hospital system, as well as the evaluation and supervision of the conduct of the Hospital, including the care and treatment of patients, the control, conservation and utilization of physical and financial assets, and the procurement and direction of personnel. The Board of Directors hereby accepts and assumes the responsibility on behalf of Electra Hospital District and hereby organizes themselves in conformity with the Enabling Legislation and Bylaws hereinafter stated.

ARTICLE I STRUCTURE & PURPOSE

1.01 Legal Structure. Electra Memorial Hospital (“Hospital”) is owned and operated by Electra Hospital District, a political subdivision of the State of Texas, and shall be governed by a governing body known as the Board of Directors (“Board”).

1.02 Purpose. The purpose of the Board of the Hospital shall be:

- a.** To manage, control, and administer the Hospital system and the District’s money and resources, including establishing, operating, and maintaining a general acute care hospital and any medical or other health facilities necessary to provide adequate health care services primarily to the citizens of Electra and surrounding areas, but to include others to whom the Board may from time to time determine to offer services, including the District’s needy inhabitants. The Hospital system shall include inpatient and outpatient care, adequate facilities for diagnosis and treatment, emergency care facilities, and such ancillary health care services as are necessary to meet the needs of the citizens of Electra and surrounding areas served by the District, including the such facilities as identified in the Enabling Legislation, sec. 1025.104.
- b.** To provide for the organization of physicians practicing within the Hospital into a Medical Staff and to initiate and maintain rules and regulations for the provision of medical and other health care services available through the Hospital. The Board shall provide a means of liaison between the Board and the Medical Staff which shall include a procedure whereby problems of quality of care and administration

and operation of Hospital facilities can be discussed by the Board, the Medical Staff, and departments of the Hospital.

- c. To promote and provide educational activities related to rendering care to the sick and injured or to the promotion of health and to promote scientific research related to health care, insofar as such research can be conducted with the facilities the Hospital has available.
- d. To participate in, to promote, and to establish activities designed and carried out to improve the general health and well-being of the citizens of the District and such citizens of adjacent areas as may be determined from time to time by the Board.
- e. To furnish and maintain facilities and equipment for its Hospital system for the proper care and safety of all patients, physicians, and Hospital personnel.
- f. To assume responsibility for and oversee the financial operation of the Hospital, including preparation of budget, the receipt of revenue, and the payment of any and all expenses.
- g. To carry out other powers and duties as authorized by the Enabling Legislation and other applicable law.

ARTICLE II

BOARD OF DIRECTORS

2.01 **Name.** The governing body shall be known as the Electra Hospital District Board of Directors.

2.02 **Powers.**

- a. The Board of Directors is hereby authorized, empowered, and directed to act in a directory capacity in the administration and operation of the Electra Memorial Hospital as said board shall deem best and proper, having in mind the best interest of the Hospital District, Electra Memorial Hospital, the Medical Staff, the patients thereof, and the public generally.
- b. The Board of Directors shall manage, control, and administer the hospital, hospital system and all funds and resources of the District. They shall have the power and authority to promulgate rules and regulations governing the operations of the hospital, hospital system, its medical staff, and its employees. The Board shall delegate the routine and day-to-day operation of the hospital to an Administrator. In such events, some of the actions of the Board may be likewise delegated.
- c. To carry out other powers and duties as authorized by the Enabling Legislation and other applicable law.

2.03 Composition of Board. The Board shall be composed of seven (7) members who shall be residents of the District and qualified voters. Neither the Administrator nor any other employee of the District shall be eligible to serve as a Director.

2.04 Election of Directors.

- a.** Directors shall be elected at large by place for staggered three (3) year terms. The staggering of terms shall be determined as set forth in the District's Enabling Legislation.
- b.** Notice of the annual election shall be published in a newspaper or newspapers which individually or collectively provide general circulation in the District in accordance with Section 4.003, TEXAS ELECTION CODE. Any person desiring to have his/her name printed on the ballot as a candidate for director shall file with the secretary of the board an application as required by the TEXAS ELECTION CODE.

2.05 Vacancies. Vacancies in office shall be filled for the unexpired term by the remainder of the Directors.

2.06 Meetings. The Board of Directors shall hold monthly meetings on the fourth Monday of each month or at such other times as determined by the Board of Directors. The regular meeting in May shall be designated as the annual meeting at which the officers of the board shall be elected. All meetings of the Board shall in all respects comply with the Texas Open Meetings Act, TEXAS GOVERNMENT CODE, CHAPTER 551.

2.07 Special Meetings. Special Meetings of the Board may be called by the Chair. Special Meetings of the Board must be called by the Chair when a request is made by any three (3) Directors.

2.08 Notice of Meetings. Notice of any meeting of the Board shall be posted at the County Court House and at the District's administrative offices in accordance with the Texas Open Meetings Act, TEXAS GOVERNMENT CODE, Chapter 551.

2.09 Conflict of Interest. Directors should avoid any situation, financial or otherwise, in which the Director's decision on behalf of the institution is subject to being affected by his or her own personal advantage. Members of the Board shall disclose all actual or possible conflicts of interest in accordance with the District's Conflict of Interest Policy and Chapter 171 of the TEXAS LOCAL GOVERNMENT CODE. Each director, principal officer and member of a committee with Board-delegated powers shall annually sign a statement affirming that such person has received a copy of the District's Conflict of Interest Policy; has read and understands such policy; and has agreed to comply with such policy.

2.10 Quorum. At least four (4) Directors currently appointed shall constitute a quorum for the transaction of business at any meeting of the Board, but if less than four (4) are present at a meeting, a majority of the Directors present may adjourn the meeting without further notice.

2.11 Manner of Acting. A concurrence of four (4) Directors shall be sufficient in all matters pertaining to the business of the District. The outcome of all votes shall be recorded in the

Minutes of the meeting, and a roll call vote may be requested by any Director and must be recorded in the Minutes as to how each Director voted. The presiding officer may vote on any question.

- 2.13 Compensation.** Directors shall not receive any stated salary for service as Director, but shall be allowed their actual and necessary traveling and other expenses within this state to be audited and paid by the District. Such expenses shall be reported in the District's records and approved by the Board of Directors.
- 2.14 Minutes of Meetings.** Minutes shall be recorded of all meetings of the Board, except the Minutes of Executive Sessions of the Board shall not be transcribed for record to be kept on file with the records of Minutes. A certified agenda or recording shall be kept of all Executive Sessions of the Board as required by the Texas Open Meetings Act, TEXAS GOVERNMENT CODE, Chapter 551. The Minutes of all meetings shall be taken by person designated by the Administrator. A copy of the Minutes shall be distributed to each Director. A signed original of the Minutes shall be kept in the Board of Directors' record of Minutes on file in the Hospital.
- 2.15 Attendance Requirements.** Directors shall be expected to attend all meetings of the Board, if not properly excused by the Board for just cause.

ARTICLE III OFFICERS AND COMMITTEES

- 3.01 Officers.** The Board of Directors shall organize by electing one of their members as Chair/President and one as Vice-Chair/Vice-President. A Secretary, who need not be a Director, shall also be elected. Officers shall be elected for a term of one (1) year and vacancies shall be filled for the unexpired term by the Board.
- a. Chair/President.** The Chair of the Board of Directors shall preside at all meetings, appoint standing or special committees, and exercise general supervision over the affairs of the District.
 - b. Vice-Chair/Vice-President.** The Vice-Chair shall perform the duties of the Chair in his/her absence or in the event of his/her resignation, death or disability.
 - c. Secretary.** The Secretary shall be responsible for the recording of the minutes of all board meetings, receiving and filing petitions, calling elections, and all other actions mandated by the creation of the District.
- 3.02 Committees.** Committees of the Electra Memorial Hospital Board of Directors shall be standing and special. Standing committees shall be the Executive Committee and the Finance Committee.
- a.** All special committees of the Electra Hospital District Board of Directors shall be appointed by the Chair.

- b. The standing committees shall have power to act only as stated in these bylaws or as conferred by the Electra Hospital District Board of Directors in specific matters. The Chair of the Board will appoint a Chair for each special committee. The Chair of each special committee will appoint a secretary, who need not be a member of the committee.

3.03 Executive Committee.

- a. **Composition.** The Executive Committee shall be comprised of the Chair, Vice Chair and Secretary of the Board. The Board Chair shall be the Chair of the Executive Committee.
- b. **Duties.** The Executive Committee shall oversee the general business and affairs of the Hospital during the interim time between the meetings of the Board, provided that any action which it may take shall not conflict with the policies of the Board, with any law, or with these Bylaws. The Executive Committee shall act only on those matters properly delegated to it or those which require immediate attention and upon which delay may cause harm to the Hospital, its employees, patients, or Medical Staff. All matters of major importance or extreme emergency shall be referred to the Board, and it shall be the duty of the Executive Committee to request the Chair to call a Special or Emergency Meeting of the Board on such matters. The Executive Committee shall report back to the Board at each regular meeting any actions or activities of the committee.
- c. **Meetings.** The Executive Committee shall meet as necessary on the call of the Chair or upon request of the Administrator. Minutes of all meetings of the Executive Committee shall be recorded, and such minutes shall be available for review by the Board.
- d. **Effect of Action.** All actions of the Executive Committee shall remain effective until the next Regular or Special Meeting of the Board. The Board shall at each meeting ratify, rescind, or terminate each action of the Executive Committee which was taken during the interim between the pending Regular meeting and immediately preceding the Regular meeting of the Board. Should the Board fail to act with respect to any action the Executive Committee, then the action of the Executive Committee shall be considered to be ratified in all respects as if the same had been placed before the Board and had been approved.

3.04 Finance Committee.

- a. **Composition.** The Finance Committee shall be comprised of three (3) members of the Board of Directors.

- b. **Duties.** The Finance Committee shall assist in overseeing the financial affairs of the Hospital and the method of accounting, and shall consult with and advise the Administrator or his/her appointee(s) on those matters.
- c. **Meetings.** The Finance Committee shall meet monthly as part of the regular meeting of the Board. Minutes of meetings of the Finance Committee shall be recorded, and such minutes shall be available for review by the Board.

3.05 **General Provisions for All Committees.**

- a. **Term of Office.** Each member of a committee shall continue as such until the next May meeting of the Board or until his or her successor is appointed, unless the committee shall be sooner terminated by resolution of the Board, or unless such member is removed from such committee. Vacancies shall be filled by appointment by the Chair of the Board.
- b. **Attendance Requirements.** Each committee member shall be required to attend not less than fifty percent (50%) of all meetings of his/her committee each year. The failure to meet the foregoing annual attendance requirement, unless excused by the committee Chair for good cause shown, may be grounds for removal from the committee. The Chair shall report such failure to attend meetings to the Board for its action.
- c. **Notice of Meetings.** Written or oral notice stating the place, day, and hour of any committee meeting shall be given by the Committee Chair or designee to each member of the committee not less than twenty-four (24) hours before the time of such meeting. The attendance of a committee member at a meeting shall constitute waiver of notice of such meeting, except if a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. When required by law, committees shall comply with the requirements of the Texas Open Meetings Act.
- d. **Quorum.** Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.
- e. **Rules.** Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board, subject to approval thereof by the Board.
- f. **Report to the Board.** The Chair or his/her designee of each committee shall report its activities, if any, to the Board at its next Regular Meeting or at a Special Meeting which has been called for that purpose.

ARTICLE IV
ADMINISTRATOR

4.01 Appointment of Administrator.

- a.** The Board of Directors shall appoint a qualified person as the Administrator of the District. The Administrator shall serve at the will of the Board and shall receive such compensation as may be fixed by the Board. The Administrator shall be given the necessary authority and responsibility to operate the Hospital in all its activities and departments, subject to such policies as may be adopted and such orders as may be issued by the Board or by any committees to which the Board has delegated power for such action.
- b.** When acting within the scope of his or her authority, the Administrator shall indirectly represent the Board in all matters pertaining to the administration of the Hospital and shall be responsible to the Board alone for the proper performance of said duties.
- c.** In all cases of disputed authority or uncertainty as to the meaning of the bylaws, rules and regulations of the Hospital, the decision of the Administrator shall be operative until a ruling has rendered by the Board of Directors.
- d.** It shall be the duty of the Administrator to promulgate and enforce all rules and regulations for the proper conduct of the Hospital, made by or under the authority of the Board of Directors and until such have been made, the Administrator shall have authority to make and enforce all necessary rules and regulations for this proper conduct of the Hospital routine.

4.02 Administrator's Duties, Responsibilities, and Authority. The duties, responsibilities and authority of the Administrator in the routine and day-to-day operation of the Hospital's business shall include, but are not limited to the following:

- a.** Carrying out all policies established by the Board of Directors and for enforcing compliance with and obedience to all rules, Bylaws, and regulations adopted by the Board of Directors for the government, discipline, and management of the Hospital and its employees.
- b.** Supervision and control of the records, accounts, and billings of the Hospital and all internal affairs.
- c.** Oversight of the Hospital's business affairs to ensure that funds are collected and expended to the best possible advantage.
- d.** Organization of the day-to-day functions of the Hospital through appropriate departmentalization and delegation of duties.

- e. Development and maintenance of personnel policies and practices and for establishment of formal means of accountability on the part of subordinates.
- f. Selection, employment, training, control, discipline, and discharge of all Hospital employees.
- g. Interaction with and assist the Medical Staff and all others concerned with the rendering of professional service, to the end that high quality care may be rendered to the patients.
- h. Serving as the liaison officer and channel of communications between the Board of Directors, Medical Staff, and other Hospital departments by:
 1. Holding interdepartmental and departmental meetings.
 2. Attending interdepartmental and departmental meetings or being represented at such meetings.
 3. Reporting to such departments, Board of Directors, and Medical Staff the pertinent activities of the Hospital.
- i. Maintenance of the physical properties of the Hospital in a good state of repair and operating condition.

4.03 Administrator's Responsibility to the Board. The responsibilities of the Administrator to interact with the Board and to otherwise at all times keep the Board informed shall include, but are not limited to, the following:

- a. Keeping the Board of Directors informed of the conduct of the Hospital through attendance at the meetings of the Board of Directors or of its committees, if invited to attend. Administrator shall not have a vote on any issue before the Board and/or committees of the Board.
- b. Keeping the Board of Directors informed of the conduct of the Hospital through annual, monthly, or other reports.
- c. Preparation of an annual budget showing expected receipts and expenditures and for preparing a long range capital equipment plan for the review and approval of the Board of Directors.
- d. Acting as the duly authorized representative of the Board of Directors in all matters as directed by the Board of Directors.
- e. Carrying out other duties that may be necessary and in the best interest of the Hospital, as the same may be specified from time to time by the Board of Directors.

- 4.04 Annual Review of Administrator.** The Board shall at least once each year hold an executive session for the express purpose of evaluating the performance of the Administrator. The Board shall analyze the effectiveness with which the Administrator has carried out the day-to-day operations of the Hospital and the extent to which the Administrator achieved the goals and objectives set for the Hospital by the Board. Following their evaluation, the Board shall counsel with the Administrator with respect to their analysis of his/her overall performance.

ARTICLE V
MEDICAL STAFF

- 5.01 Organization.** The Board shall organize into a Medical Staff the physicians, dentists, podiatrists, and allied health professionals who have been granted privileges to practice in the Hospital. 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 limitation's 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 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.
- 5.02 Medical Staff Meetings.** The Medical Staff shall meet at least ten (10) times a year and at such other times as may be specified by its Bylaws.
- 5.03 Privilege to Practice.** Only members of the Medical Staff with admitting privileges may admit a patient to the Hospital, and such physicians 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.
- 5.04 Medical Staff Bylaws.** There shall be bylaws, rules and regulations or amendments thereto, for the Medical Staff that set forth its organization and government. Proposed bylaws, rules and regulation 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. The power of the Board of the District to adopt or amend Medical Staff Bylaws, Rules and Regulations shall not be dependent upon ratification by the Medical Staff.
- 5.05 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.
- 5.06 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 Governing Board 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 VI **INDEMNIFICATION**

6.01 Qualifications for Indemnification. To the extent permitted by applicable law, the Hospital shall indemnify any individual who was or is a party to or is threatened with being made a party to any threatened, pending, or completed action, suit, or proceeding, (hereinafter referred to as "Proceeding"), whether civil or criminal, administrative or investigative by reason that he/she is or was a Director, Administrator, officer or employee, trustee or agent of another person. Such indemnification may be made only against those expenses (including attorneys' fees), judgments, and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding, if:

- a.** He/she acted in the transaction which is the subject of the Proceeding in good faith and in a manner he/she reasonably believed to be in or not opposed to the best interest of the Hospital; and,
- b.** With respect to any criminal proceeding, he/she had no reasonable cause to believe his/her conduct was unlawful, and the case results in a dismissal or acquittal of the criminal charges.

However, no indemnification may be made in respect to any claim, issue, or matter in which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his/her duty to the Hospital. The termination of any Proceeding by judgment, order, or settlement shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interest of the Hospital, nor, with respect to any criminal Proceeding, that he/she had reasonable cause to believe that his/her conduct was unlawful.

6.02 Determination of Indemnification. Any indemnification under Section 6.01 (other than one ordered by the Court) may be made by the Board of Directors only upon a determination that indemnification of such individual is proper in the circumstances because he/she has met the applicable standard of conduct set forth in Section 6.01. Such determination shall be made by the Board, by a majority vote of a quorum consisting of Directors who were not parties to such Proceeding, or, if such a quorum is not obtainable (or, even if obtainable, if a quorum of disinterested Directors so directs), by independent legal counsel in a written opinion or through such procedures as shall be authorized in the Bylaws of the Hospital.

- 6.03 Advance Payment of Expenses.** Expenses incurred in defending a civil or criminal proceeding may be paid by the Hospital in advance of final disposition of such Proceeding, provided:
- a. Payment is authorized by the Board; and
 - b. The Hospital has received an agreement by or on behalf of the individual who is to receive such payment to repay such amount, unless it shall ultimately be determined that he/she is entitled to be indemnified by the Hospital as authorized in this Article.
- 6.04 Prorated Indemnification.** In determining whether the standard of conduct set forth in 6.01 has been met, it may be determined that the individual has met the standard as to some matters but not to others and the amount of indemnification may be prorated accordingly.
- 6.05 Non-Exclusive Indemnification.** The indemnification provided by Sections 6.01 and 6.04 shall not be exclusive of any other right to which an individual may be entitled by law, Bylaw agreement, or otherwise.
- 6.06 Indemnification Inurement.** The indemnification provided by Sections 6.01 and 6.04 shall inure to the heirs, executors, or administrators of any individual entitled to indemnification under this Article.
- 6.07 Insurance for Indemnification.** The Hospital may purchase and maintain insurance on any individual who is or was a Director or officer of the Hospital, or is or was serving at the request of the Hospital as a Director, officer, Administrator, employee, trustee or agent of another person, against any liability incurred by his/her in any position or arising out of his/her status as such, whether or not the Hospital would have the power to indemnify him/her against such liability under Sections 6.01 and 6.04.

ARTICLE VII

FINANCIAL OPERATIONS

- 7.01 Fiscal Year.** The fiscal Year of the Hospital shall begin on the first day of October and end on the last day of September in each year. The fiscal year may not be changed: (a) during a period that revenue bonds of the District are outstanding; or (b) more than once in a 24-month period.
- 7.02 Annual Audit.** The Board shall cause an independent audit to be made of the financial condition of the District, which, together with other records of the District, shall be open to inspection at the principal office of the District.
- 7.03 Annual Budget.** The annual operating budget required to be prepared by the Administrator shall be prepared according to generally accepted accounting principles. The proposed budget must contain a complete financial statement of: (a) the outstanding obligations of the District; (b) the cash on hand in each District fund; (c) the money received by the

District from all sources during the previous year; (d) the money available to the District from all sources during the ensuing year; (e) the balances expected at the end of the year in which the budget is being prepared; (f) the estimated revenue and balances available to cover the proposed budget; and (g) the estimated tax rate required.

7.04 Budget Hearing. A public hearing on the annual budget shall be held by the Board after notice of such hearing has been published one time at least ten (10) days before the date set therefor. Notice of the budget hearing shall be published in a newspaper of general circulation in the District. Any resident of the District shall have the right to be present and participate in said hearing. At the conclusion of the hearing, the budget, as proposed by the Administrator, shall be acted upon by the Board.

7.05 Amendment of Budget. The Board shall have authority to make such changes in the budget as in their judgment the law warrants and the interest of the tax payers' demands. No expenditure may be made for any expense not included in the annual budget or an amendment thereto. The annual budget may be amended from time to time as the circumstances may require, but the annual budget and all amendments thereto shall be approved by the Board. As soon as practicable after the close of each fiscal year, the administrator or manager shall prepare for the Board a complete sworn statement of all moneys belonging to the District and a complete account of the disbursements of the same.

ARTICLE VIII **AMENDMENTS**

8.01 Amendments. These bylaws of the Board of Directors may be amended by affirmative vote of the majority of the members present at any regular meeting, or at any special or called meeting provided that a full presentation of such proposed amendments shall have been published in the notice calling the meeting.

ARTICLE IX **RATIFICATION OF BYLAWS**

9.01 Annual Review of Bylaws. The Board shall review these Bylaws at least annually at its June meeting for ratification or for the determination of necessary revisions. Proposed revisions may be recommended by any member of the Board or by the Administrator.

ARTICLE X **HUD COMPLIANCE**

10.01 HUD Compliance. The District shall provide on a nonprofit basis hospital facilities and services for the care and treatment of persons who are acutely ill who otherwise require medical and related services of the kind customarily furnished most effectively by hospitals, pursuant to Section 242 of the National Housing Act, as amended.

The District shall have the power to mortgage or otherwise hypothecate its real and personal property and to do and perform all acts reasonably necessary to accomplish the purposes of the

District including the execution of a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and of such other instruments and undertakings as may be necessary to enable the District to secure the benefits of financing with the assistance of mortgage insurance under the provisions of the National Housing Act. Such Regulatory Agreement and other instruments and undertakings shall remain binding upon the District, its successor and assigns, so long as a mortgage on the District's property is insured or held by the Secretary of Housing and Urban Development.

So long as a mortgage on the District's property is insured or held by the Secretary of Housing and Urban Development, the Board of Directors of the District shall not seek to change its legal structure and purpose of the provisions of these amendments without the prior written approval of the Secretary.

In the event of a conflict between any of the provisions of these amendment provisions to the Bylaws and any of the provisions of the Note, Mortgage, Security Agreement, or the Regulatory Agreement (the "**HUD Loan Documents**"), the provisions of the HUD Loan Documents shall govern and be controlling in all aspects to the extent allowed by the laws of the State of Texas.

The District's Board of Directors may adopt Bylaws at any regular meeting of the Board of Directors or at any special meeting called for that purpose, so long as they are not inconsistent with these amendments to the Bylaws required by the Secretary of Housing and Urban Development or with the Regulatory Agreement between the District and the Secretary of Housing and Urban Development.

10.02 Dissolution. In the event of a successful election to dissolve the District or the winding up of its affairs, or other liquidation of its assets in accordance with the Enabling Legislation, the District's property shall not be conveyed to any organization created or operated for profit or to any individual for less than for market value of such property, and all assets remaining after the payment of the District's debt shall be conveyed or distributed only to Wichita County, Texas or another governmental entity in Wichita County, Texas as required by the Enabling Legislation, Section 1025.305; provided, however, that to the extent authorized by Texas law, the District shall at all times have the power to convey any or all of its property to the Secretary of the Department of Housing and Urban Development.

[SIGNATURE PAGE TO FOLLOW]

**ELECTRA HOSPITAL DISTRICT
BOARD OF DIRECTORS**

By: _____
Johnny Miller, Chair

ATTEST:

By: _____
Stuart Smith, Secretary

Original: October 22, 2007
Amended: October 24, 2011
Revised: June 22, 2020