

TITLE 31. HEALTH
CHAPTER 7. REGULATION AND CONSTRUCTION OF HOSPITALS AND OTHER HEALTH CARE FACILITIES
ARTICLE 4. COUNTY AND MUNICIPAL HOSPITAL AUTHORITIES

O.C.G.A. § 31-7-70 (2010)

§ 31-7-70. Short title

This article shall be known and may be cited as the "Hospital Authorities Law."

HISTORY: Code 1933, § 88-1801, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1996, p. 6, § 31.

O.C.G.A. § 31-7-71 (2010)

§ 31-7-71. Definitions

As used in this article, the term:

(1) "Area of operation" means the area within the city or county activating an authority. Such term shall also mean any other city or county in which the authority wishes to operate, provided the governing authorities and the board of any hospital authorities of such city and county request or approve such operation.

(2) "Authority" or "hospital authority" means any public corporation created by this article.

(3) "Governing body" means the elected or duly appointed officials constituting the governing body of a city or county.

(4) "Participating units" or "participating subdivisions" means any two or more counties, or any two or more municipalities, or a combination of any county and any municipality acting together for the creation of an authority.

(5) "Project" includes the acquisition, construction, and equipping of hospitals, health care facilities, dormitories, office buildings, clinics, housing accommodations, nursing homes, rehabilitation centers, extended care facilities, and other public health facilities for the use of patients and officers and employees of any institution under the supervision and control of any hospital authority or leased by the hospital authority for operation by others to promote the public health needs of the community and all utilities and facilities deemed by the authority necessary or convenient for the efficient operation thereof. Such term may also include any such institutions, utilities, and facilities located outside the city or county in which the authority is located, provided that the acquisition, construction, equipping, and operation thereof is requested or approved by the governing bodies of such city and county in which the project is located and by the board of any hospital authorities located within such city and county or provided that the acquisition, construction, equipping, and operation is to be located in the area of operation of the authority.

(6) "Resolution" means the resolution or ordinance to be adopted by governing bodies pursuant to which authorities are established.

HISTORY: Ga. L. 1941, p. 241, § 2; Code 1933, § 88-1802, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1969, p. 103, § 1; Ga. L. 1972, p. 683, § 1; Ga. L. 1973, p. 190, § 1; Ga. L. 1991, p. 1391, §§ 1, 2.

O.C.G.A. § 31-7-72 (2010)

§ 31-7-72. Creation of hospital authority in each county and municipality

(a) There is created in and for each county and municipal corporation of the state a public body corporate and politic to be known as the "hospital authority" of such county or city, which shall consist of a board of not less than five nor more than nine members to be appointed by the governing body of the county or municipal corporation of the area of operation for staggered terms as specified by resolution of the governing body. The number of members of any hospital authority as of March 1, 1984, may be increased by not more than two additional members by the adoption of a resolution of the members of the hospital authority, and such additional members shall be appointed through the same process used for filling vacancies which was in effect for such hospital authority on January 1, 1984. Whenever an appointment to fill a vacancy on the board of any hospital authority is made, either for an unexpired term or a full term, consideration shall be given as to whether a licensed doctor of medicine or registered nurse currently serves on such authority. If no licensed doctor of medicine or registered nurse currently serves on such authority, then consideration shall be given to the nomination and choice of a licensed doctor of medicine or a registered nurse to fill such vacancy. No authority created under this Code section shall transact any business or exercise any powers under this Code section until the governing body of the area of operation shall, by proper resolution, declare that there is need for an authority to function in such county or municipal corporation. Copies of a resolution so adopted and any resolution adopted by the governing body providing for filling vacancies in the membership of the authority or making any changes in membership shall be filed with the department.

(b) Appointments to fill vacancies on the board of any hospital authority activated on or after March 15, 1964, for either an unexpired or full term as fixed in the original resolution or ordinance creating the authority, shall be made as follows:

(1) The governing body of the area of operation shall submit a list of three eligible persons to the board of the hospital authority;

(2) The board at its next regular meeting shall either select one of the three persons named in such list or decline to select any of the persons named in the list. If the board declines to select any of the persons named on the list, it shall so notify the governing body; and

(3) Upon receipt of notification that the board has declined to select any of the persons named in the governing body's list, the governing body shall submit a second list of three eligible persons, no one of whom was named on the first list, to the board of the hospital authority. The board at its next regular meeting after receipt of the second list shall select one of the three persons named in the second list.

(c) Appointments to fill vacancies for either an unexpired or full term on the boards of all hospital authorities in existence prior to March 15, 1964, shall be governed by the terms of a resolution adopted prescribing the manner by which vacancies are filled, unless changed by local legislation or constitutional amendment.

(d) Any two or more counties or any two or more municipalities or any county or municipality, or a combination of any county and any municipality, by a like resolution or ordinance of their respective governing bodies, may authorize the exercise of the powers provided for in this article by an authority. The membership of such authority affected by like resolutions of the respective governing bodies of any two or more of the governing bodies of the participating units shall be not less than five nor more than 15 members, the terms and distribution of members between the participating units to be provided for by the resolutions adopted by the governing bodies of the participating units. The resolutions of the governing bodies of participating units acting together for the creation of an authority may be amended by the governing bodies of the participating units from time to time. Where the governing bodies of participating units have acted together for the creation of an authority under this subsection and where at least one of those participating units is a county having a population of 35,000 or less according to the United States decennial census of 1990 or any future such census, the method of filling vacancies upon such authority may be changed only by local Act of the General Assembly and, when so changed, shall be governed by that local Act.

(e) (1) Nothing in this Code section is intended to invalidate any of the acts of existing boards of authorities. Hospital authorities shall be granted the same exemptions and exclusions from taxes as are now granted to cities and counties for the operation of facilities similar to facilities to be operated by hospital authorities as provided for under this title.

(2) Notwithstanding the provisions of paragraph (1) of this subsection or any other law to the contrary, any real property in which 50 percent or more of the floor space thereof, excluding halls, corridors, and public spaces, is rented or leased by persons, firms, or corporations engaged in or conducting a private for profit business or profession owned by a hospital authority which is located in a county having a population of 50,000 or more according to the United States decennial census of 1990 or any future such census or owned by any subsidiary or affiliate thereof and which hospital authority or subsidiary or affiliate thereof operates a hospital containing more than 100 beds, shall be subject to all state, county, and municipal ad valorem taxes in the same manner as other private property.

(f) The project or projects of an authority created by two or more counties, or two or more municipalities, or a combination of any county and any municipality may be located outside of the area of the sponsor's operation when it is determined by the trustees that this will best serve the purposes of the facility and provided it is located within the area of service and within 12 miles of the hospital location or within 12 miles of the sponsoring county or municipality, whichever is farther.

(g) Hospital authorities created pursuant to this Code section shall have perpetual existence.

HISTORY: Ga. L. 1941, p. 241, §§ 3, 4; Ga. L. 1949, p. 1141, §§ 1, 2; Code 1933, § 88-1803, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1965, p. 347, § 1; Ga. L. 1978, p. 1974, § 1; Ga. L. 1984, p. 585, § 1; Ga. L. 1991, p. 94, § 31; Ga. L. 1994, p. 781, § 1; Ga. L. 1998, p. 900, § 3.

O.C.G.A. § 31-7-72.1 (2010)

§ 31-7-72.1. Merger of hospital authorities

(a) A hospital authority activated for a county pursuant to Code Section 31-7-73 may be merged with a hospital authority activated for that county under Code Section 31-7-72 upon compliance with this Code section and approval by resolution of the governing authority of the county in which the authorities are located. A majority of the board of each such hospital authority must approve such merger by a resolution which is adopted by each such board and is filed with the department. That resolution shall set forth:

(1) The name of each hospital authority planning to merge and the name of the surviving hospital authority into which each plans to merge; and

(2) The terms and conditions of the planned merger.

(b) The merger authorized by subsection (a) of this Code section shall not become effective until the governing authority of the county of operation of the merging hospitals appoints the members of the board of the surviving hospital authority by proper resolution and files copies of such resolution with the department. The governing authority is not required but is authorized to appoint as a member of the surviving hospital authority any member of a hospital authority planning to merge. The board of the surviving hospital shall consist of not more than 15 members with initial appointments for such staggered terms as provided in the resolution of the county governing authority. Appointments to fill vacancies for either an unexpired or full term shall thereafter be filled as authorized for an authority under subsection (c) of Code Section 31-7-72. The surviving hospital authority shall be in all other respects a hospital authority created under Code Section 31-7-72.

(c) A county whose hospital authorities have merged under the authority of this Code section shall not thereafter be prohibited from activating a hospital authority under Code Section 31-7-73.

(d) When a merger under this Code section takes effect:

(1) Each hospital authority party to the merger merges into the surviving hospital authority and the separate existence of each such hospital authority except the surviving hospital authority ceases;

(2) The ownership of and authority to operate the hospitals owned by each hospital authority and the title to all real estate and other property owned by each hospital authority party to the merger is vested in the surviving hospital authority without reversion or impairment subject to any and all conditions to which the property was subject prior to the merger;

(3) The surviving hospital authority has all liabilities and obligations of each hospital authority party to the merger; and

(4) A proceeding pending against any hospital authority party to the merger may be continued as if the merger did not occur or the surviving hospital authority may be substituted in the proceeding for the hospital authority whose existence ceased.

(e) It is declared by the General Assembly of Georgia that in the exercise of the power specifically granted to them by this Code section, hospital authorities are acting pursuant to state policy and shall be immune from antitrust liability to the same degree and extent as enjoyed by the State of Georgia.

HISTORY: Code 1981, § 31-7-72.1, enacted by Ga. L. 1993, p. 1020, § 1.

O.C.G.A. § 31-7-73 (2010)

§ 31-7-73. Creation of additional hospital authority in counties with large populations

(a) Any other provision of this article to the contrary notwithstanding, there is created in and for each county of this state having a population of 100,000 or more according to the United States decennial census of 1970 or any future such census a public body corporate and politic to be known as the " Hospital Authority." Each such hospital authority shall be a separate entity and in addition to the hospital authority of each county of this state created pursuant to Code Section 31-7-72.

(b) Each such additional hospital authority shall consist of a board of not less than five nor more than nine members to be appointed by the governing body of each such county for staggered terms, as specified by resolution of the governing body. No hospital authority created

under this Code section shall transact any business or exercise any powers under this Code section until the governing body of each such county declares by proper resolution that there is a need for an additional hospital authority to function within such county, which resolution shall also determine and declare that such hospital authority is being created pursuant to this Code section and shall adopt a designation for the hospital authority so as to reflect that it is a separate and distinct entity from the hospital authority created pursuant to Code Section 31-7-72. A copy of such resolution shall be filed with the department. Copies of any resolutions adopted by the governing body of the county for the purpose of filling vacancies in the membership of the hospital authority or for making any changes in membership shall also be filed with the department.

(c) Appointments to fill vacancies on the board of any such hospital authority shall be made as provided in Code Section 31-7-72.

(d) All provisions of this article, including, but not limited to, the rights, powers, duties, obligations, and exemptions from taxation provided thereby for hospital authorities shall apply to the additional hospital authorities created pursuant to this Code section and the hospital authorities so created shall, in all respects, to the extent applicable for the purposes of this chapter, be treated as though they had been created pursuant to Code Section 31-7-72.

(e) It is declared that this Code section shall be cumulative of and supplemental to Code Section 31-7-72 and not in lieu thereof. It is expressly provided that nothing contained in this Code section shall invalidate or abrogate any of the actions or obligations of existing hospital authorities created pursuant to Code Section 31-7-72 and further that nothing contained in this Code section shall be construed as adversely affecting the rights and interests of the holders or owners of any bonds, certificates, or obligations now or hereafter issued by such existing hospital authorities.

HISTORY: Code 1933, § 88-1803.1, enacted by Ga. L. 1972, p. 683, § 2.

O.C.G.A. § **31-7-74** (2010)

§ 31-7-74. Residency requirement; officers; compensation; rules and regulations

The members of a hospital authority shall be residents of the participating units comprising the authority. The requirement of residence shall not apply to authorities activated under subsection (d) of Code Section 31-7-72, provided they are selected from within the area of service and within 12 miles of the hospital location or within 12 miles of the sponsoring county or municipality, whichever is farther. The members shall elect one of their number as chair and another as vice chair and shall also elect a secretary-treasurer, who need not be a member. The members shall receive no compensation for their services, either as members or as employees of the authority but may be reimbursed for their actual expenses incurred in the performance of their duties or, in the alternative, the members may elect to be reimbursed for such expenses on a per diem basis in an amount not to exceed \$100.00 per meeting and the total amount not to exceed \$100.00 per month. The authority shall make rules and regulations for its governance and may delegate to one or more of its members, officers, agents, or employees such powers and duties as may be deemed necessary and proper.

HISTORY: Ga. L. 1941, p. 241, § 4; Code 1933, § 88-1804, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1965, p. 347, § 2; Ga. L. 1983, p. 1317, § 1; Ga. L. 1984, p. 874, § 1; Ga. L. 1997, p. 1404, § 2.

O.C.G.A. § **31-7-74.1** (2010)

§ 31-7-74.1. Definitions; disclosures required; prohibited transactions; exceptions; sanctioning; sanctioning of members violating prohibition; authorization of authority to make stricter rules; preemption of other laws; applicability

(a) As used in this Code section, the term:

(1) "Family" means spouse, child, or sibling.

(2) "Financial interest" means the direct or indirect ownership of any assets or stock of any business.

(3) "Substantial interest" means the direct or indirect ownership of more than 25 percent of the assets or stock of any business.

(4) "Transact business" or "transact any business" or "transaction" means any sale or lease of any personal property, real property, or services on behalf of oneself or on behalf of any third party as an agent, broker, dealer, or representative.

(b) Each member of a hospital authority shall disclose upon his or her selection as a member, and at least annually thereafter, the following described interests and relationships:

(1) Any financial interest held by the member or the member's family, or held by an entity in which the member or the member's family owns a financial interest, in any health care provider, any managed care provider or network, or any entity which sells products or services to the authority;

(2) Any position held by the member or the member's family as an officer, director, or employee of a hospital, hospital holding company, other health care provider, or managed care network; and

(3) Any contract which exists between the member or the member's family, or any entity in which the member or the member's family owns a financial interest, and the authority, including, but not limited to, supply contracts, service contracts, and leases.

(c) Except as otherwise provided in this Code section, no authority member, no hospital chief executive, and no hospital system chief executive officer shall, for such person or for any entity in which such person or such person's family has a substantial interest, transact any business with such authority.

(d) The prohibition of subsection (c) of this Code section shall not apply to:

(1) Any relationship whereunder a person licensed under Title 43 provides to such authority or its medical facilities any services;

(2) Any officer or employee of a trust company or bank which has been selected to be the depository of the funds of such nonprofit corporation; or

(3) Any transaction by a board member or a board member's family where the amount of all transactions between the parties is \$1,000.00 or less in any one year.

(e) A transaction in which any member of an authority has a financial interest or relationship described in subsection (b) of this Code section which does not constitute a substantial interest may be approved if, at the time of such approval:

(1) The material facts of the transaction and the member's financial interest are disclosed or known to the authority's board;

(2) The interested member is absent from any portion of a meeting which discusses or votes upon said transaction; and

(3) The members approving the transaction in good faith reasonably believe that the transaction is fair to the authority.

(f) Notwithstanding the provisions of subsection (c) of this Code section, a transaction in which any member of an authority has a substantial interest may be approved if:

(1) The transaction was submitted to a competitive process for requests for proposals, which includes but is not limited to consideration of all submitted proposals for price, quality, and appropriateness; and

(2) Notice of the transaction was published in the official county organ not less than two weeks prior to the approval of the board;

(3) Opportunity for public comment concerning the proposed transaction was provided at a meeting of the board;

(4) At the time of approval, the members approving the transaction in good faith reasonably believe that the transaction is fair and is in the best interests of the authority; and

(5) The interested member is absent from any portion of a meeting which discusses or votes upon said transaction.

(g) For purposes of this Code section, a transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the members on the board present and voting who have no financial interest in the transaction. A majority, but not less than two, of all the noninterested members on the board present and voting constitutes a quorum for purposes of action that complies with this Code section.

(h) Any action by an authority which is taken in compliance with the applicable requirements of this Code section may not be enjoined, set aside, or give rise to an award of damages or other sanctions against the authority or any member or officer on the ground of a member's or officer's interest in such transaction. For any action by an authority not in compliance with such requirements, any member knowingly violating such requirements shall be immediately sanctioned, which may include, but not be limited to, reprimand, temporary suspension, or permanent removal from the authority after appropriate notice and hearing. The entity having appointed such member shall have the authority to impose any sanction.

(i) Nothing in this Code section shall prevent an authority from having stricter rules relating to interests or relationships than what is provided in this Code section.

(j) To the extent the provisions of this Code section conflict with the provisions of any other law, the provisions of this Code section shall govern.

(k) The provisions of this Code section shall apply to those individuals serving as members of an authority who are appointed or reappointed on or after July 1, 1997. However, this Code section shall apply to all members of an authority, regardless of appointment date, serving on or after July 1, 1998.

HISTORY: Code 1981, § 31-7-74.1, enacted by Ga. L. 1997, p. 1404, § 3.

O.C.G.A. § 31-7-74.2 (2010)

§ 31-7-74.2. Oath to be taken by members of hospital authority

Each member of a hospital authority shall take in the presence of an officer authorized to administer same the following oath:

I, _____, citizen of _____ County, Georgia, do solemnly swear that I will, to the best of my ability, without favor or affection to any person and without any unauthorized financial gain or compensation to myself, faithfully and fairly discharge all of the duties and responsibilities that devolve upon me as a member of _____ Hospital Authority, during the term of my service as such member.

HISTORY: Code 1981, § 31-7-74.2, enacted by Ga. L. 1997, p. 1404, § 3.

O.C.G.A. § 31-7-74.3 (2010)

§ 31-7-74.3. Sale or lease by hospital authority; hearing required; factors to be considered at hearing; applicability; requirements for lease

(a) No hospital which is owned by a hospital authority may be sold or leased to a for profit entity, a not for profit entity, or another hospital authority unless a public hearing regarding such action is held in the county where such hospital is located at least 60 days prior to such sale or lease becoming effective. In the event there is more than one participating unit for an authority, a hearing shall be held in each participating unit's county at least 60 days prior to the sale or lease becoming effective. The hospital authority must publish notice of the hearing at least three times, with the first such notice appearing at least 60 days prior to the hearing in the legal organ of each participating unit. At each such public hearing, the hospital authority shall describe, discuss, or otherwise disclose:

(1) The reasonably foreseeable adverse and beneficial effects of such lease or sale upon health care in the service area of the hospitals to be leased or sold, and, for purposes of this paragraph, the service area shall include the county in which the hospital is located and each adjoining county;

(2) A financial statement indicating the estimated value of the total assets and liabilities to be transferred or received in the transaction; however, if the value of any individual asset exceeds \$100,000.00, a description and the value of such assets shall be indicated on the financial statement; and

(3) The resumes of the top five executive officers who will manage the facility after it is sold or leased.

This subsection shall not apply to any transaction which is subject to the provisions of Code Section 31-7-89.1.

(b) No hospital which is owned by a hospital authority may be leased to another person, corporation, or business entity, other than as provided in paragraphs (23) and (24) of Code Section 31-7-75, unless such lease requires that:

(1) At least one member of the hospital authority will serve as a full voting member upon the governing body or local board of the business entity exercising control and management powers over the leased hospital; and

(2) The governing body or local board of the business entity exercising control and management powers over the leased hospital submits to the governing authority of each county in which the hospital is located, within 90 days after the close of the calendar year or that entity's fiscal year, a complete and detailed financial statement for that entity.

(c) Provisions of a lease required by subsection (b) of this Code section may not be renegotiated or otherwise altered or amended for the duration of such lease.

§ 31-7-75. Functions and powers

Every hospital authority shall be deemed to exercise public and essential governmental functions and shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this article, including, but without limiting the generality of the foregoing, the following powers:

- (1) To sue and be sued;
- (2) To have a seal and alter the same;
- (3) To make and execute contracts and other instruments necessary to exercise the powers of the authority;
- (4) To acquire by purchase, lease, or otherwise and to operate projects;
- (5) To construct, reconstruct, improve, alter, and repair projects;
- (6) To sell to others, or to lease to others for any number of years up to a maximum of 40 years, any lands, buildings, structures, or facilities constituting all or any part of any existing or hereafter established project. In the event a hospital authority undertakes to sell a hospital facility, such authority shall, prior to the execution of a contract of sale, provide reasonable public notice of such sale and provide for a public hearing to receive comments from the public concerning such sale. This power shall be unaffected by the language set forth in paragraph (13) of this Code section or any implications arising therefrom unless grants of assistance have been received by the authority with respect to such lands, buildings, structures, or facilities, in which case approval in writing as set forth in paragraph (13) of this Code section shall be obtained prior to selling or leasing to others within 20 years after completion of construction;
- (7) To lease for any number of years up to a maximum of 40 years for operation by others any project, provided that the authority shall have first determined that such lease will promote the public health needs of the community by making additional facilities available in the community or by lowering the cost of health care in the community and that the authority shall have retained sufficient control over any project so leased so as to ensure that the lessee will not in any event obtain more than a reasonable rate of return on its investment in the project, which reasonable rate of return, if and when realized by such lessee, shall not contravene in any way the mandate set forth in Code Section 31-7-77 specifying that no authority shall operate or construct any project for profit. Any lessee shall agree in the lease to pay rent sufficient in each year to pay the principal of and the interest on any revenue anticipation certificates proposed to be issued to finance the cost of the construction or acquisition of any such project and to pay off or refinance, in whole or in part, any outstanding debt or obligation of the lessee (including any redemption or prepayment premium due thereon) which was incurred in connection with the acquisition and construction of facilities of such lessee and the amount necessary in the opinion of the authority to be paid each year into any reserve funds which the authority may deem advisable to be established in connection with the retirement of the proposed revenue anticipation certificates and the maintenance of the project. Any such lease shall further provide that the cost of all insurance with respect to the project and the cost of maintenance and repair thereof shall be borne by the lessee. In carrying out a refinancing plan with regard to any outstanding debt or obligation of the lessee which was incurred in connection with the acquisition and construction of facilities of such lessee, the authority may use proceeds of any revenue anticipation certificates issued for such purpose to acquire such outstanding debt or obligation, in whole or in part, and may itself or through a fiduciary or agent hold and pledge such acquired debt or obligation as security for the payment of such revenue anticipation certificates. The powers granted in this paragraph shall be unaffected by the language set forth in paragraph (13) of this Code section or any implications arising therefrom unless grants of assistance have been received by the authority with respect to such project, in which case approval in writing as set forth in paragraph (13) of this Code section shall be obtained prior to leasing to others within 20 years after completion of construction. Any revenues derived by the authority from any such lease shall be applied by the authority to the payment of any revenue anticipation certificates issued in connection with the acquisition and construction of the project and the payment, in whole or in part, of any outstanding debt or obligation of the lessee which was incurred in connection with the acquisition and construction of facilities of such lessee (including any redemption or prepayment premium due thereon) or to the payment of any other expenses incurred in connection with acquiring, financing, maintaining, expanding, operating, or equipping the project;
- (8) To extend credit or make loans to others for the planning, design, construction, acquisition, or carrying out of any project, which credit or loans may be secured by such loan agreements, mortgages, security agreements, contracts, or other instruments or fees or charges, for a term not to exceed 40 years, and upon such terms and conditions as the authority shall determine reasonable in connection with such loans, including provisions for the establishment and maintenance of reserves and insurance funds, and in the exercise of powers granted by this Code section in connection with a project, to require the inclusion in any contract, loan agreement, security agreement, or other instrument such provisions for guaranty, insurance, construction, use, operation, maintenance, and financing of a project as the authority may deem necessary or desirable;
- (9) To acquire, accept, or retain equitable interests, security interests, or other interests in any property, real or personal, by mortgage, assignment, security agreement, pledge, conveyance, contract, lien, loan agreement, or other consensual transfer in order to secure the repayment of any moneys loaned or credit extended by the authority;
- (10) To establish rates and charges for the services and use of the facilities of the authority;
- (11) To accept gifts, grants, or devises of any property;
- (12) To acquire by the exercise of the right of eminent domain any property essential to the purposes of the authority;
- (13) To sell or lease within 20 years after the completion of construction of properties or facilities operated by the hospital authority where grants of financial assistance have been received from federal or state governments, after such action has first been approved by the department in writing;
- (14) To exchange, transfer, assign, pledge, mortgage, or dispose of any real or personal property or interest therein;
- (15) To mortgage, pledge, or assign any revenue, income, tolls, charges, or fees received by the authority;
- (16) To issue revenue anticipation certificates or other evidences of indebtedness for the purpose of providing funds to carry out the duties of the authority; provided, however, that the maturity of any such indebtedness shall not extend for more than 40 years;
- (17) To borrow money for any corporate purpose;
- (18) To appoint officers, agents, and employees;
- (19) To make use of any facilities afforded by the federal government or any agency or instrumentality thereof;
- (20) To receive, from the governing body of political subdivisions issuing the same, proceeds from the sale of general obligation bonds or

other county obligations issued for hospital authority purposes;

(21) To exercise any or all powers now or hereafter possessed by private corporations performing similar functions;

(22) To make plans for unmet needs of their respective communities;

(23) To contract for the management and operation of the project by a professional hospital or medical facilities consultant or management firm. Each such contract shall require the consultant or firm contracted with to post a suitable and sufficient bond;

(24) To provide management, consulting, and operating services including, but not limited to, administrative, operational, personnel, and maintenance services to another hospital authority, hospital, health care facility, as said term is defined in Chapter 6 of this title, person, firm, corporation, or any other entity or any group or groups of the foregoing; to enter into contracts alone or in conjunction with others to provide such services without regard to the location of the parties to such transactions; to receive management, consulting, and operating services including, but not limited to, administrative, operational, personnel, and maintenance services from another such hospital authority, hospital, health care facility, person, firm, corporation, or any other entity or any group or groups of the foregoing; and to enter into contracts alone or in conjunction with others to receive such services without regard to the location of the parties to such transactions;

(25) To provide financial assistance to individuals for the purpose of obtaining educational training in nursing or another health care field if such individuals are employed by, or are on an authorized leave of absence from, such authority or have committed to be employed by such authority upon completion of such educational training; to provide grants, scholarships, loans or other assistance to such individuals and to students and parents of students for programs of study in fields in which critical shortages exist in the authority's service area, whether or not they are employees of the authority; to provide for the assumption, purchase, or cancellation of repayment of any loans, together with interest and charges thereon, made for educational purposes to students, postgraduate trainees, or the parents of such students or postgraduate trainees who have completed a program of study in a field in which critical shortages exist in the authority's service area; and to provide services and financial assistance to private not for profit organizations in the form of grants and loans, with or without interest and secured or unsecured at the discretion of such authority, for any purpose related to the provision of health or medical services or related social services to citizens;

(26) To exercise the same powers granted to joint authorities in subsection (f) of Code Section 31-7-72; and

(27) To form and operate, either directly or indirectly, one or more networks of hospitals, physicians, and other health care providers and to arrange for the provision of health care services through such networks; to contract, either directly or through such networks, with the Department of Community Health to provide services to Medicaid beneficiaries to provide health care services in an efficient and cost-effective manner on a prepaid, capitation, or other reimbursement basis; and to undertake other managed health care activities; provided, however, that for purposes of this paragraph only and notwithstanding the provisions of Code Section 33-3-3, as now or hereafter amended, a hospital authority shall be permitted to and shall comply with the requirements of Chapter 21 of Title 33 to the extent that such requirements apply to the activities undertaken by the hospital authority pursuant to this paragraph. No hospital authority, whether or not it exercises the powers authorized by this paragraph, shall be relieved of compliance with Article 4 of Chapter 18 of Title 50, relating to inspection of public records unless otherwise authorized by law. Any health care provider licensed under Chapter 30 of Title 43 shall be eligible to apply to become a participating provider under such a hospital plan or network which provides coverage for health care services which are within the lawful scope of his or her practice, provided that nothing contained in this Code section shall be construed to require any such hospital plan or network to provide coverage for any specific health care service.

HISTORY: Ga. L. 1941, p. 241, § 5; Ga. L. 1945, p. 349, § 1; Ga. L. 1957, p. 116, § 1; Code 1933, § 88-1805, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1964, Ex. Sess., p. 15, § 1; Ga. L. 1969, p. 103, § 2; Ga. L. 1969, p. 805, § 1; Ga. L. 1978, p. 1970, § 1; Ga. L. 1980, p. 1140, § 1; Ga. L. 1982, p. 712, §§ 1, 2; Ga. L. 1983, p. 3, § 22; Ga. L. 1983, p. 1566, § 2; Ga. L. 1990, p. 310, § 1; Ga. L. 1991, p. 1391, § 3; Ga. L. 1995, p. 901, § 1; Ga. L. 1999, p. 296, § 24; Ga. L. 2003, p. 569, § 2.

O.C.G.A. § 31-7-75.1 (2010)

§ 31-7-75.1. Proceeds of sale of hospital held in trust to fund indigent hospital care

(a) The proceeds from any sale or lease of a hospital owned by a hospital authority or political subdivision of this state, which proceeds shall not include funds required to pay off the bonded indebtedness of the sold hospital or any expense of the authority or political subdivision attributable to the sale or lease, shall be held by the authority or political subdivision in an irrevocable trust fund. Such proceeds in that fund may be invested in the same way that public moneys may be invested generally pursuant to general law, but money in that trust fund shall be used exclusively for funding the provision of hospital care for the indigent residents of the political subdivision which owned the hospital or by which the authority was activated or for which the authority was created. If the funds available for a political subdivision in that irrevocable trust fund are less than \$100,000.00, the principal amount may be used to fund the provision of indigent hospital care; otherwise, only the income from that fund may be used for that care. Such funding or reimbursement for indigent care shall not exceed the diagnosis related group rate for that hospital in each individual case.

(b) In the event a hospital authority which sold or leased a hospital was activated by or created for more than one political subdivision or in the event a hospital having as owner more than one political subdivision is sold or leased by those political subdivisions, each such constituent political subdivision's portion of the irrevocable trust fund for indigent hospital care shall be determined by multiplying the amount of that fund by a figure having a numerator which is the population of that political subdivision and a denominator which is the combined population of all the political subdivisions which owned the hospital or by which or for which the authority was activated or created.

(c) For purposes of hospital care for the indigent under this Code section, the standard of indigency shall be that determined under Code Section 31-8-43, relating to standards of indigency for emergency care of pregnant women, based upon 125 percent of the federal poverty level.

(d) This Code section shall not apply to the following actions:

(1) A reorganization or restructuring;

(2) Any sale of a hospital, or the proceeds from that sale, made prior to April 2, 1986; and

(3) Any sale or lease of a hospital when the purchaser or lessee pledges, by written contract entered into concurrently with such purchase or lease, to provide an amount of hospital care equal to that which would have otherwise been available pursuant to subsections (a), (b), and (c) of this Code section for the indigent residents of the political subdivisions which owned the hospital, by which the hospital authority was activated, or for which the authority was created. However, the exception to this Code section provided by this paragraph shall only apply to:

(A) Hospital authorities that operate a licensed hospital pursuant to a lease from the county which created the appropriate authority; and

(B) Hospitals that have a bed capacity of more than 150 beds; and

(C) Hospitals located in a county in which no other medical-surgical licensed hospital is located; and

(D) Hospitals located in a county having a population of less than 45,000 according to the United States decennial census of 1990; and

(E) Hospitals operated by a hospital authority that entered into a lease-purchase agreement between such hospital and a private corporation prior to July 1, 1997.

HISTORY: Code 1981, § 31-7-75.1, enacted by Ga. L. 1986, p. 744, § 2; Ga. L. 1996, p. 739, § 1.

O.C.G.A. § 31-7-75.2 (2010)

§ 31-7-75.2. Exemption from disclosure for potentially commercially valuable plan, proposal, or strategy

Notwithstanding any other provision of law to the contrary, no Georgia nonprofit corporation in its operation of a hospital or other medical facility for the benefit of a governmental entity in this state and no hospital authority shall be required by Chapter 14 of Title 50 or Article 4 of Chapter 18 of Title 50 to disclose or make public any potentially commercially valuable plan, proposal, or strategy that may be of competitive advantage in the operation of the corporation or authority or its medical facilities and which has not been made public. This exemption shall terminate at such time as such plan, proposal, or strategy has either been approved or rejected by the governing board of such corporation or hospital authority. Except as provided in this Code section or as otherwise provided by law, hospital authorities shall comply with the provisions of Chapter 14 of Title 50 and Article 4 of Chapter 18 of Title 50.

HISTORY: Code 1981, § 31-7-75.2, enacted by Ga. L. 1989, p. 553, § 1; Ga. L. 1993, p. 1020, § 2; Ga. L. 2001, p. 1172, § 1.

O.C.G.A. § 31-7-75.3 (2010)

§ 31-7-75.3. Home health agency services operated by hospitals

Repealed by Ga. L. 2007, p. 47, § 31(1), effective May 11, 2007.

O.C.G.A. § 31-7-76 (2010)

§ 31-7-76. Procedure in event of failure of authority to perform minimum functions; determination of removal from office; appointments to fill vacancies created by removal

(a) The General Assembly declares that it is the intent of this article to provide a mechanism for the operation and maintenance of needed health care facilities in the several counties and municipalities of this state. It is the further intent of the General Assembly that, whenever an authority ceases to perform the minimum functions required for the continued operation and maintenance of needed health care facilities in the county or municipality, a procedure be made available to recognize the failure of the authority to perform these minimum functions and to provide for the orderly and responsible reorganization of the authority.

(b) Whenever it appears that an authority has ceased to perform the minimum functions required for the continued operation and maintenance of needed health care facilities in the county or municipality in which the authority is authorized to function, a petition may be filed in the superior court in the county requesting that the members of the authority be removed from office and that any vacancy created by a removal be filled as provided in Code Section 31-7-72 for the initial appointment of members of an authority. Each such petition shall be filed by one or more residents of the county in which the authority is authorized to function, or by the county governing authority, and shall be supported by petition of a number of residents of the county equal to 5 percent or more of the number of electors registered to vote in the general election last held in the county. In the case of an authority authorized to function solely within a municipality, the petition shall be filed by one or more residents of the municipality in which the authority is authorized to function, or by the municipal governing authority, and shall be supported by petition of a number of residents of the municipality equal to 5 percent or more of the number of electors registered to vote in the general election last held in the municipality.

(c) Upon the filing of any petition as provided in subsection (b) of this Code section, the judge of the superior court shall set a hearing to inquire into the merits of the petition not sooner than ten days nor later than 30 days from the date of filing of the petition. The hearing may be continued, in the discretion of the judge, on motion of any party.

(d) At each hearing held as provided in subsection (c) of this Code section, the judge, sitting without a jury, shall inquire into and determine the question of whether the authority has ceased to perform the minimum functions required for the continued operation and maintenance of needed health care facilities in the county or municipality. In making his determination the judge shall consider, but shall not be limited by, whether the authority has:

- (1) Failed to establish and enforce rates and charges as provided in Code Section 31-7-77;
- (2) Failed to take any reasonable action when the failure has the effect of jeopardizing repayment of principal or interest, when due, on revenue anticipation certificates issued by the authority;
- (3) Failed to take any reasonable action when the failure has the effect of breaching a contract providing for continued maintenance and use of the authority's facilities and entered into with a county or municipality as provided in Code Section 31-7-85;
- (4) Failed to make plans for unmet needs of the community as authorized by paragraph (22) of Code Section 31-7-75;
- (5) Failed to make and file its annual report as provided in Code Section 31-7-90;
- (6) Failed to adopt an annual budget as provided in Code Section 31-7-90;
- (7) Failed to conduct the annual audit as provided in Code Section 31-7-91;
- (8) Failed to report or publish the annual audit as provided in Code Section 31-7-92;
- (9) Failed to hold at least one meeting in the preceding calendar quarter; or
- (10) Failed to take any other action required pursuant to this article.

(e) After giving all parties an opportunity to be heard, the judge shall determine, based on the evidence presented, whether the clear and convincing weight of the evidence is that the authority has ceased to perform the minimum functions required for the continued operation and maintenance of needed health care facilities in the county or municipality. In the event the judge so decides, he shall order the immediate removal from office of the members of the authority, except that no member shall be removed who demonstrates to the satisfaction of the judge his good faith attempt to fulfill his duties as a member of the authority. In the event the court denies the petition, the petition shall be dismissed.

(f) Vacancies created pursuant to this Code section shall be filled in the same manner as provided in Code Section 31-7-72 for the initial appointment of members of an authority. Vacancies created by the expiration of the term or the resignation or disability of a member

appointed pursuant to this Code section shall be filled as provided in Code Section 31-7-72 for the filling of vacancies.

HISTORY: Code 1933, § 88-1804.1, enacted by Ga. L. 1978, p. 2009, § 1; Ga. L. 1984, p. 22, § 31.

O.C.G.A. § **31-7-77** (2010)

§ 31-7-77. Rates and charges

No authority shall operate or construct any project for profit. It shall fix rates and charges consistent with this declaration of policy and such as will produce revenues only in amounts sufficient, together with all other funds of the authority, to pay principal and interest on certificates and obligations of the authority, to provide for maintenance and operation of the project, and to create and maintain a reserve sufficient to meet principal and interest payments due on any certificates in any one year after the issuance thereof. The authority may provide reasonable reserves for the improvement, replacement, or expansion of its facilities or services.

HISTORY: Ga. L. 1941, p. 241, § 6; Code 1933, § 88-1806, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § **31-7-78** (2010)

§ 31-7-78. Issuance and sale of negotiable revenue anticipation certificates

(a) Every authority is authorized to provide by resolution for the issuance and sale of negotiable revenue anticipation certificates for the purpose of:

(1) Paying all or any part of the cost of the acquisition, construction, alteration, repair, modernization, and other charges incident thereto in connection with any facilities or project;

(2) Paying all or any part of the cost of paying off or refinancing any outstanding debt or obligation of any nature owed by such authority or by persons who in furtherance of the authority's public purposes lease facilities from such authority pursuant to this article, provided that such outstanding debt or obligation was incurred in connection with the acquisition or construction of facilities of the authority or any such lessee; and

(3) Refunding outstanding certificates.

(b) In addition to paying from the proceeds of any revenue anticipation certificate issue interest accrued during the construction period of any project and other incidental and customary expenses such as those for engineering, inspections, and fiscal and legal services, the authority may fund as a part of such issue and set aside from the proceeds thereof an amount of money not exceeding 15 percent of the principal amount of such issue for the purpose of establishing a debt service reserve with respect to the principal and interest requirements of such issue. The authority may issue such types of certificates as it determines appropriate, including certificates on which principal and interest are payable:

(1) Exclusively from income or revenues of the operation of the authority financed with the proceeds of such certificates or together with such proceeds and grants from the federal government, or any instrumentality, or other person or corporation in aid of such projects;

(2) Exclusively from income and revenues of certain designated projects; or

(3) From revenues of the authority generally, including any debt service reserve established with a portion of the certificate proceeds.

Any such certificate may be additionally secured by the hypothecation of any revenues received from participating units or subdivisions and by mortgage of the project or any part thereof constituting real or personal property of the authority, except as prohibited by law.

HISTORY: Ga. L. 1941, p. 241, § 7; Ga. L. 1955, p. 618, § 1; Code 1933, § 88-1807, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1980, p. 1140, § 2.

O.C.G.A. § **31-7-79** (2010)

§ 31-7-79. Liability on revenue certificates; tax exemption

Neither the members of an authority nor any person executing certificates on behalf of an authority shall be personally liable thereon by reason of the issuance thereof. The certificates and other obligations of an authority shall not be, and shall so state on the face thereof, a debt of the city, the county, the state or any political subdivision thereof, or any combination of subdivisions acting jointly as provided in this article. Certificates of any authority are declared to be issued for an essential public and governmental purpose and, together with interest thereon and income therefrom, shall be exempt from all taxes.

HISTORY: Ga. L. 1941, p. 241, § 7; Ga. L. 1955, p. 618, § 1; Code 1933, § 88-1808, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § **31-7-80** (2010)

§ 31-7-80. Form and contents of revenue certificates; validity of signatures thereon

Certificates of an authority shall be authorized by its resolution and may be issued in one or more series and shall bear such date or dates; mature at such time or times; bear interest at such rate or rates not exceeding 9 percent per annum; be in such denomination or denominations; be in such form, either coupon or registered; carry such conversion or registration privileges; have such rank or priority; be executed in such manner; be payable in such medium of payment, at such place or places; and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture, or mortgage may provide. In the event that any of the members or officers of the authority whose signatures appear on any certificates or coupons shall cease to be such members or officers before the delivery of such certificates, such signatures shall nevertheless be valid and sufficient for all purposes.

HISTORY: Ga. L. 1941, p. 241, § 8; Ga. L. 1957, p. 485, § 1; Code 1933, § 88-1809, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1968, p. 1097, § 1; Ga. L. 1970, p. 144, § 1.

O.C.G.A. § **31-7-81** (2010)

§ 31-7-81. Confirmation and validation of revenue certificates

(a) Certificates of an authority shall be confirmed and validated in accordance with the procedure of Article 3 of Chapter 82 of Title 36; and, when validated, the judgment of validation shall be final and conclusive with respect to such certificates and against the authority issuing the

same.

(b) In the event that the payments to be made by any city or county, under contract entered into between the authority and the subdivision, are pledged to the security or payment of revenue certificates sought to be validated, the hospital authority, as an integral part of the validation proceedings, shall have a right of action against the contracting subdivision or subdivisions for a declaratory adjudication of the validity and binding effect of the contract, the actual controversy therein being whether or not the contract is in all respects valid and binding upon the subdivision or subdivisions. The subdivision or subdivisions shall be made a party or parties to the action, and it shall be incumbent on the subdivisions to defend against an adjudication of the validity of such contract or be forever bound. Notice of the proceedings shall be included in the notice of validation hearing required to be issued and published by the clerk of the superior court in which such validation proceeding is pending. Any citizen resident in any subdivision which is a party to the contract may intervene in the validation proceedings at or before the time set for the validation hearing by order of the superior court and assert any ground or objection to the validity and binding effect of the contract on his own behalf and on behalf of the subdivision and all citizens, residents, and property owners thereof. An adjudication as to the validity of the contract, unexcepted to within the time provided for exceptions in Article 3 of Chapter 82 of Title 36, shall be conclusive and binding upon the subdivision or subdivisions and the resident citizens and property owners thereof.

HISTORY: Ga. L. 1941, p. 241, § 12; Ga. L. 1955, p. 618, § 3; Code 1933, § 88-1810, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § 31-7-82 (2010)

§ 31-7-82. Enforcement of rights of revenue certificate holders; procedure in event of default

Obligations of an authority evidenced by certificates and trust indentures and mortgages executed in connection therewith may contain such provisions not inconsistent with law as shall be determined by the authority. The authority may in such instruments provide for pledging of all or any part of its gross or net fees, tolls, charges, revenues, and incomes and for mortgaging of all or any part of its real or personal property and may covenant against pledging any or all of its income, revenues, tolls, charges, or fees; and the authority may further provide for the disposition of proceeds realized from the sale of any mutilated certificates and necessary provisions as to payment and redemption of such certificates. Undertakings of an authority may likewise prescribe the procedure by which certificate holders may enforce rights against the authority and provide for such rights upon breach of any covenant, condition, or obligation of the authority. Trust indentures, mortgages, or deeds to secure debt executed by an authority may provide that, in the event of default by the authority in the payment of principal and interest on certificates or obligations or breach of any covenant, a trustee or trustees appointed under the terms of the indenture, mortgage, or deed to secure debt, which shall be a bank or trust company authorized to exercise trust powers, may take possession of and use, operate, and manage any project mortgaged as security for the repayment of any indebtedness of the authority and provide the terms and conditions upon which the trustee or trustees or holders of certificates may enforce any right relating to such certificates. Such trust indentures, mortgages, and deeds to secure debt may contain such provisions, not inconsistent with law, as may be deemed necessary or desirable by the authority.

HISTORY: Ga. L. 1941, p. 241, § 9; Code 1933, § 88-1811, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § 31-7-83 (2010)

§ 31-7-83. Investment of surplus moneys and moneys received through issuance of revenue certificates

Pending use for the purpose for which received, each hospital authority created by and under this article is authorized and empowered to invest all moneys or any part thereof received through the issuance and sale of revenue certificates of the authority in any securities which are legal investments or which are provided for in the trust indenture securing such certificates or other legal investments; provided, however, that such investments will be used at all times while held, or upon sale, for the purposes for which the money was originally received and no other. Contributions or gifts received by any authority shall be invested as provided by the terms of the contribution or gift or in the absence thereof as determined by the authority.

HISTORY: Ga. L. 1947, p. 1138, § 1; Code 1933, § 88-1820, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1969, p. 805, § 2.

O.C.G.A. § 31-7-84 (2010)

§ 31-7-84. Payment for authority's services and facilities; levy of tax by political subdivisions; compliance by authority with county budgetary procedures

(a) An authority shall have no power to tax, but upon the adoption of the resolution by the governing body or bodies of participating units or subdivisions as provided in this article and the execution of a contract for the use of facilities and services of the authority by political subdivisions or participating units as authorized in Code Section 31-7-85, provision shall be made annually by such participating units or political subdivisions contracting with an authority for the payment for the services and facilities of the authority used by the participating units or subdivisions or the residents thereof out of general funds of the participating units or subdivisions or out of tax revenues realized for the purpose of providing medical care or hospitalization for the indigent sick and others entitled to the use of the services and facilities of the authority.

(b) For the purpose of providing such tax revenues as specified above, there is authorized to be levied an ad valorem tax not exceeding seven mills, exclusive of all other taxes which may be levied by counties or by cities or by towns, from which revenues when realized there shall be appropriated annually sums sufficient to pay for the cost of the use of the services and facilities of authorities by participating subdivisions or the residents thereof pursuant to the provisions and covenants of the contract between such participating units and subdivisions and authorities. In determining the cost of such services and facilities furnished pursuant to such contract, there may be included, but without limiting same, the following:

(1) The cost of acquiring, constructing, altering, repairing, renovating, improving, and equipping projects; and

(2) Principal, interest, and sinking fund and other reserve requirements in connection with the issuance of revenue certificates, bonds, or obligations by authorities to finance, in whole or in part, the cost of projects and the payment of expenses incident thereto; the cost of operating, maintaining, and repairing such projects; and the cost of retiring, refinancing, or refunding any outstanding debt or other obligation of any nature incurred by such authorities.

(c) Whenever the fiscal operations of any county falling within the classification of this chapter are governed by any statutory budget law applicable to the fiscal affairs and budget of such county, the governing authorities of such county shall have full power and authority hereunder to require the hospital authority to conform, in whole or in part, to the same budgetary procedures as are made binding by statute upon the county government itself.

HISTORY: Ga. L. 1941, p. 241, § 10; Ga. L. 1953, Jan.-Feb. Sess., p. 103, § 1; Ga. L. 1955, p. 618, § 2; Code 1933, § 88-1812, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1967, p. 552, § 1; Ga. L. 1968, p. 1098, § 1.

O.C.G.A. § 31-7-85 (2010)

§ 31-7-85. Contracts with political subdivisions

(a) For the purpose of using such facilities, any city or county is authorized by action of its governing body to enter into contracts with an authority for such periods of time not exceeding 40 years as shall be necessary to provide for the continued maintenance and use of the facilities of an authority. Sums due and payable under such contract shall be determined from year to year during the period of such contract and no sums shall be paid for the services in excess of the amounts necessary to provide for the maintenance and operation of projects of authorities and such sums as shall be necessary to provide adequate and necessary facilities for medical care and hospitalization of the indigent sick, including reasonable reserves necessary for expansion and necessary for the payment of the cost of facilities of the projects, provided that any such contract may obligate a city or county or any combination thereof to pay for such services a fixed and definite minimum sum each year based or calculated upon the anticipated cost of such services including the cost and expense of making the facilities of the authority available for the furnishing and performance of such services. The contracts authorized under this Code section to be entered into between cities or counties or any combination thereof and an authority may provide for the conveyance or lease of any existing hospital facilities or projects to an authority created by any such cities or counties for a nominal consideration only, provided that such conveyance shall contain a clause providing that, upon dissolution of the authority, such hospital facilities or projects shall revert to the city or county conveying the same to the authority and provided, further, that no property so conveyed may be mortgaged or in any way given as security for an indebtedness of the authority; this limitation is not to be construed as limiting the right of the authority to pledge or hypothecate revenues which may be realized by the authority from the operation of any property so conveyed to the authority.

(b) When, in accordance with this article, any county shall activate a hospital authority for such county and such authority shall acquire or construct or shall make preparations to acquire or construct a hospital in the county, any municipality in the county shall be authorized to contract with the hospital authority for the care in such hospital of indigent sick or injured persons who are residents of the municipality either on a per-patient-per-day basis or for a fixed amount of money payable at such time as the contracting parties may agree upon; and any such contract may, at the election of such municipality, be binding upon it for a period of not exceeding 40 years. Such contract and the amount to be received by the hospital authority thereunder may be pledged by the hospital authority as security for the payment of the principal and interest of any bonds or revenue anticipation certificates which it may issue in order to acquire or construct the hospital.

HISTORY: Ga. L. 1941, p. 241, § 10; Ga. L. 1953, Jan.-Feb. Sess., p. 103, § 1; Ga. L. 1955, p. 618, § 2; Code 1933, § 88-1813, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1964, Ex. Sess., p. 15, § 2.

O.C.G.A. § 31-7-86 (2010)

§ 31-7-86. Manner of operating property conveyed or leased to authority

Any property conveyed or leased to an authority by cities or counties shall be operated by the authority to which the same is conveyed, together with other facilities of the authority, in accordance with this article and the resolution of the governing body or bodies or participating units.

HISTORY: Ga. L. 1941, p. 241, § 10; Ga. L. 1953, Jan.-Feb. Sess., p. 103, § 1; Ga. L. 1955, p. 618, § 2; Code 1933, § 88-1814, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § 31-7-87 (2010)

§ 31-7-87. Hypothecation or mortgaging of purchased hospital facilities

Should an authority acquire by purchase existing hospital facilities of political subdivisions and pay the reasonable value therefor, nothing in this article shall be construed to prevent the hypothecation or mortgaging of such facilities as security for the repayment of any indebtedness which may be legally incurred by such authority.

HISTORY: Ga. L. 1941, p. 241, § 10; Ga. L. 1953, Jan.-Feb. Sess., p. 103, § 1; Ga. L. 1955, p. 618, § 2; Code 1933, § 88-1815, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § 31-7-88 (2010)

§ 31-7-88. Payment of general obligations

Obligations of an authority other than certificates shall be payable from general funds of an authority and shall at no time be a charge against any special fund allocated to the payment of certificates except upon payment of current annual maturities and reserves required to be created under Code Section 31-7-77. The maturity of any such obligations shall not extend for more than 40 years.

HISTORY: Ga. L. 1941, p. 241, § 11; Code 1933, § 88-1816, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1974, p. 424, § 1.

O.C.G.A. § 31-7-89 (2010)

§ 31-7-89. Procedure for dissolution; disposition of property

By joint action of the board of trustees of an authority and the governing bodies of participating units, authorities created under and pursuant to the terms of this article may be dissolved, provided that no such dissolution shall in any way impair the rights of third persons or the contracts of the authority with such third persons. Disposition to be made of the property of the authority upon dissolution shall be covered in any resolution adopted by the participating units and the board of trustees of the authority. At no time, however, shall any authority upon dissolution convey any of its property, except as may be otherwise authorized by law, to any private person, association, or corporation.

HISTORY: Ga. L. 1941, p. 241, § 13; Code 1933, § 88-1817, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § 31-7-89.1 (2010)

§ 31-7-89.1. "Control" defined; sale or lease by hospital authority subject to requirements of Article 15 of this chapter

(a) As used in this Code section, the term "control" means ownership of 50 percent or more of the assets of the entity in question or the ability to influence significantly the operations or decisions of the entity in question.

(b) The sale or lease of assets of a hospital owned or operated by a hospital authority to an individual, business corporation, general partnership, limited partnership, limited liability company, limited liability partnership, joint venture, nonprofit corporation, hospital authority,

or any other for profit or not for profit entity shall be subject to the notice, hearing, certification, enforcement, and other requirements of Article 15 of this chapter which are applicable to dispositions of nonprofit hospitals to acquiring entities if the disposition of assets constitutes a sale or lease of 50 percent or more of the assets of a hospital having a permit under this chapter or constitutes a sale or lease which, when combined with one or more transfers between the same or related parties occurring within a period of five years, constitutes a sale or lease of 50 percent or more of the assets of a hospital having a permit under this chapter; provided, however, that the provisions of this Code section shall not apply to the restructuring of a hospital owned by a hospital authority involving a lease of assets to any not for profit or for profit entity which has a principal place of business located in the same county where the main campus of the hospital in question is located and which is not owned, in whole or in part, or controlled by any other for profit or not for profit entity whose principal place of business is located outside such county.

(c) Notwithstanding the provisions of subsection (b) of this Code section, the sale or lease of assets of a hospital owned or operated by a hospital authority to another hospital authority whose area of operation is a county contiguous to the county in which is located the hospital whose sale or lease is proposed shall not be subject to the requirements of Article 15 of this chapter.

(d) Notwithstanding any other provision of this article to the contrary, a hospital authority which is located in a county having a population of 50,000 or fewer, according to the United States decennial census of 1990 or any future such census, may locate a project outside that hospital authority's area of operation if such location is in a county which is contiguous to the county of such hospital authority's area of operation.

HISTORY: Code 1981, § 31-7-89.1, enacted by Ga. L. 1997, p. 1091, § 2; Ga. L. 1999, p. 850, § 3.1.

O.C.G.A. § 31-7-90 (2010)

§ 31-7-90. Annual report; budget

The board of trustees of each authority created under this article shall file with the governing body or bodies of political subdivisions or participating units, on forms prescribed by the department, an annual report of the activities of the authority and shall annually consider and adopt as a part of such report a budget, which budget shall be filed with the annual report. The board of trustees may hold a public hearing on the budget, and representatives of any governing body within the area of operation of the authority or any other person having an interest in such budget shall have the right to be heard with respect to any matter covered by the report of the board of trustees or by the budget.

HISTORY: Ga. L. 1941, p. 241, § 14; Code 1933, § 88-1818, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § 31-7-90.1 (2010)

§ 31-7-90.1. Community benefit report; report disclosing member ownership in entities transacting business with authority

(a) Each hospital authority created by and under this article shall annually prepare a community benefit report disclosing the cost of indigent and charity care provided by such authority for the preceding year not later than 90 days after the close of the fiscal or calendar year. Such report provided for in this Code section shall include a statement of the cost and type of indigent and charity care provided by the authority, including the number of indigent persons served, categorization of those persons by county of residence, as well as the cost of indigent and charity care provided in dollars. Such community benefit report shall be filed with the clerk of superior court of the county in which the authority's hospital is located, as well as with the governing body or bodies of such authority's participating units.

(b) Each hospital authority created by and under this article shall also annually prepare a report indicating any entity in which a member or member's family has a direct or indirect ownership of assets or stock constituting between 10 percent and 25 percent which transacted business with the authority during the previous year. Such report shall be filed with the clerk of superior court of the county in which the authority's hospital is located, as well as with the governing body or bodies of such authority's participating units.

HISTORY: Code 1981, § 31-7-90.1, enacted by Ga. L. 1997, p. 1404, § 4.

O.C.G.A. § 31-7-91 (2010)

§ 31-7-91. Required annual audit

Each hospital authority created by and under this article shall ensure that an annual audit of the financial affairs, books, and records of such authority is conducted at the end of each fiscal year for the preceding year. Each hospital authority shall obtain either a certified public accountant or a firm of certified public accountants to conduct such audit. The auditor so appointed shall perform the audit in accordance with generally accepted accounting principles and shall submit a complete and final report and audit to the authority not later than 90 days after the close of the fiscal year. All audits provided for in this Code section shall be certified to and shall include, but in no way be limited to, a full and complete audit containing a balance sheet, profit and loss statement, and statement of receipts and disbursements.

HISTORY: Code 1933, § 88-1821, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § 31-7-92 (2010)

§ 31-7-92. Filing of audits

All final audits provided for in Code Section 31-7-91 shall be reproduced in sufficient number and copies of the audit shall be filed with the clerk of the superior court in the county where any hospital is operated by a hospital authority and in the office of the clerk of the superior court of any county that is a participating unit of the authority. In the event any hospital is operated by a municipal hospital authority, the audit required by this Code section to be filed with the office of the clerk of the superior court shall be filed in the office of city clerk, clerk of council, clerk of the board of aldermen, or clerk of the governing body of the municipality, in lieu of being filed with the clerk of the superior court.

HISTORY: Code 1933, § 88-1822, enacted by Ga. L. 1964, p. 499, § 1; Ga. L. 1986, p. 489, § 1; Ga. L. 1991, p. 94, § 31.

O.C.G.A. § 31-7-93 (2010)

§ 31-7-93. Failure to provide for audit

In the event any hospital authority shall fail or refuse to provide for an annual audit and have such audit prepared and filed as set forth in Code Sections 31-7-91 and 31-7-92, any taxpayer of any participating unit of such authority or the governing authority of such unit may petition the superior court of the county wherein the authority operates a hospital to require the authority to have such audit prepared and filed as provided by the above Code sections. The judge of such court shall set a time for the hearing on such petition and after notice to the authority shall hear and determine the petition. If it is determined that the authority has failed to comply with the requirements for the

preparation and filing of the audit, the judge shall pass such orders as are necessary to effectuate compliance with such requirements. In the event the authority fails to have an audit prepared and filed as required by court order, the members of the authority shall be subject to contempt proceedings by the court as provided by law.

HISTORY: Code 1933, § 88-1823, enacted by Ga. L. 1964, p. 499, § 1.

O.C.G.A. § 31-7-94 (2010)

§ 31-7-94. Grants to hospital authorities

The state is authorized to make grants, as funds are available, to hospital authorities for public health purposes, provided that any funds so granted shall be distributed to and among the various public hospital authorities in the state in proportion to the number of hospital beds operated by each such hospital authority at the end of the calendar year preceding the grant. Funds shall be distributed to public hospitals operated by consolidated governments in the same manner as to authority hospitals prescribed in this Code section. Grants made by the state pursuant to this Code section shall be administered by the Department of Community Health in accordance with such rules, regulations, and procedures as it shall deem necessary for effective administration of such grants.

HISTORY: Code 1933, § 88-1824, enacted by Ga. L. 1975, p. 777, § 1; Ga. L. 1985, p. 149, § 31; Ga. L. 2002, p. 1132, § 2.

O.C.G.A. § 31-7-94.1 (2010)

§ 31-7-94.1. Short title; legislative findings; certification of rural hospitals for grant eligibility; rules and regulations

(a) This Code section shall be known and may be cited as the "Rural Hospital Assistance Act."

(b) The General Assembly finds that hospital authorities are created under Code Section 31-7-72 in and for each county and municipal corporation of the state in order to promote public health goals of the state. The General Assembly further finds that many hospitals in rural counties, whether or not they are owned or operated by hospital authorities, are in desperate financial straits. In order to preserve the availability of primary health care services provided by such hospitals to residents of rural counties, the General Assembly has determined that a program of state grants is necessary and recommends funds be made available to such hospitals. These grants will be conditioned upon those hospitals continuing to furnish essential health care services to residents in their areas of operation as well as engaging in the long-range planning and any restructuring which may be required for those hospitals to survive by devising cost-effective and efficient health care systems for meeting local health care needs.

(c) As used in this Code section, the term:

(1) "Department of Community Health" means the Department of Community Health created under Chapter 2 of this title.

(2) "Hospital" means an institution which has a permit as a hospital issued under this chapter.

(3) "Rural county" means a county having a population of less than 35,000 according to the United States decennial census of 1990 or any future such census; provided, however, that for counties which contain a military base or installation, the military personnel and their dependents living in such county shall be excluded from the total population of such county for purposes of this definition.

(4) "Rural hospital" means a hospital which has been certified by the Department of Community Health as:

(A) Being located in a rural county;

(B) Participating in both Medicaid and Medicare and accepting both Medicaid and Medicare patients;

(C) Providing health care services to indigent patients; and

(D) Maintaining a 24 hour emergency room.

(d) A rural hospital may apply for a grant available under subsection (e) of this Code section if it has been certified by the Department of Community Health as:

(1) A rural hospital;

(2) Having submitted a grant application which includes:

(A) A problem statement indicating the problem the rural hospital proposes to solve with the grant funds;

(B) The goals of the proposed solution;

(C) The organizational structure, financial system, and facilities that are essential to the proposed solution;

(D) The projected longevity of the proposed solution after the grant funds are expended;

(E) Evidence of collaboration with other community health care providers in achieving the proposed solution;

(F) Evidence that funds for the proposed solution are not available from another source;

(G) Evidence that the grant funds would assist in returning the hospital to an economically stable condition or that any plan for closure or realignment of services involves development of innovative alternatives for the discontinued services;

(H) Evidence of a satisfactory record-keeping system to account for grant fund expenditures within the rural county;

(I) A community health survival plan describing how the plan was developed, the goals of the plan, the links with existing health care providers under the plan, the implementation process including quantification of indicators of the hospital's financial well-being, measurable outcome targets, and the current condition of such hospital; and

(J) Such additional evidence as the Department of Community Health may require to demonstrate the feasibility of the proposed solution for which grant funds are sought.

(e) Notwithstanding the provisions of Code Section 31-7-94, the Department of Community Health is authorized to make grants to rural hospitals certified as meeting the requirements of subsection (d) of this Code section. Grants to rural hospitals owned or operated by hospital authorities may be for any of the following purposes:

(1) Infrastructure development, including, without being limited to, facility renovation or equipment acquisition; provided, however, that the amount granted to any qualified hospital may not exceed the expenditure thresholds that would constitute a new institutional health service requiring a certificate of need under Chapter 6 of this title and the grant award may be conditioned upon obtaining local matching funds;

(2) Strategic planning, including, without being limited to, strategies for personnel retention or recruitment, development of an emergency medical network, or the development of a collaborative and integrated health care delivery system with other health care providers, and the grant award may be conditioned upon obtaining local matching funds for items such as telemedicine, billing systems, and medical records. For the purposes of this paragraph, the maximum grant to any grantee shall be \$200,000.00;

(3) Nontraditional health care delivery systems, excluding operational funds and purposes for which grants may be made under paragraph (1) or (2) of this subsection. For the purposes of this paragraph, the maximum grant to any grantee shall be \$1.5 million; or

(4) The provision of 24 hour emergency room services open to the general public.

Any grants to certified rural hospitals which are not owned or operated by hospital authorities shall be limited to the purpose described in paragraph (4) of this subsection.

(f) In awarding grants under this Code section, the Department of Community Health may give priority to any otherwise eligible rural hospital which meets the definition of a "necessary provider" as specified in the state's "Rural Healthcare Plan" of May, 1998.

(g) The Department of Community Health shall be authorized to certify rural hospitals as provided in subsection (d) of this Code section and shall adopt regulations to implement its powers and duties under this Code section.

HISTORY: Code 1981, § 31-7-94.1, enacted by Ga. L. 1999, p. 469, § 1; Ga. L. 2000, p. 136, § 31; Ga. L. 2002, p. 1132, § 3; Ga. L. 2006, p. 152, § 2D/HB 1178; Ga. L. 2009, p. 453, § 1-8/HB 228.

O.C.G.A. § 31-7-95 (2010)

§ 31-7-95. Funding of medical education provided by hospital authorities and designated teaching hospitals

(a) As used in this Code section, the term:

(1) "Designated teaching hospital" means a teaching hospital operated by other than a hospital authority, which hospital agrees to contract with the state to offer or continue to offer a residency program approved by the American Medical Association, which program has at least 50 residents and which hospital operates a 24 hour, seven-day-per-week emergency room open to the public and which hospital files a semiannual statistical report consistent with those filed by other state funded tertiary, neonatal, obstetrical centers with the Department of Community Health.

(2) "Hospital authority" means a hospital authority operating a teaching hospital which offers a residency program approved by the American Medical Association.

(3) "Resident" means a physician receiving medical education and training through a teaching hospital operated by a hospital authority or designated teaching hospital.

(b) The General Assembly finds that the major hospital authorities and designated teaching hospitals in this state provide a valuable service benefiting the entire state by operating teaching hospitals which provide necessary medical education and training for physicians; this service is provided through residency programs offered by these teaching hospitals. By the provision of residency programs operated by state teaching hospitals, the state has recognized its responsibility to fund the cost of training physicians; and it is the purpose of this Code section to recognize that the state has a similar responsibility when the medical education and training are provided by teaching hospitals operated by hospital authorities or by designated teaching hospitals.

(c) For each resident receiving medical education and training through a teaching hospital operated by a hospital authority or designated teaching hospital, the Department of Community Health shall pay no more than \$10,000.00 per annum to the hospital authority or designated teaching hospital. Such payments shall be made based upon certifications by the hospital authorities or designated teaching hospitals to the Department of Community Health. The Department of Community Health is authorized to designate the Georgia Board for Physician Workforce to promulgate rules and regulations specifying procedures for making the certifications provided for in this Code section and to establish a procedure for making payments to hospital authorities and designated teaching hospitals as provided in this Code section.

(d) The funds necessary to carry out this Code section shall derive from funds appropriated for such purpose to the Department of Community Health. In the event the funds appropriated by the General Assembly are insufficient to fund the full amount payable to hospital authorities or designated teaching hospitals under subsection (c) of this Code section, the amount otherwise payable thereunder shall be reduced pro rata in accordance with the funds actually appropriated for such purpose. The Department of Community Health shall have the authority to promulgate rules and regulations to carry out the provisions of this Code section. No additional teaching hospitals will be added until such funds have been made available for any additional teaching hospitals.

(e) Nothing in this Code section shall be construed to amend, modify, supersede, or repeal Chapter 10 of Title 49.

HISTORY: Code 1933, § 88-1825, enacted by Ga. L. 1980, p. 1040, § 1; Ga. L. 1984, p. 585, § 2; Ga. L. 1991, p. 94, § 31; Ga. L. 1998, p. 193, § 1; Ga. L. 2000, p. 1421, § 1; Ga. L. 2009, p. 453, § 1-29/HB 228.

O.C.G.A. § 31-7-96 (2010)

§ 31-7-96. Construction of article

This article, being necessary for the welfare of the citizens of the state, shall be liberally construed to effect the purposes hereof; and insofar as this article may be inconsistent with any other law, whether by charter of any political subdivision of the state or otherwise, this article shall be controlling.

HISTORY: Ga. L. 1941, p. 241, § 16; Code 1933, § 88-1819, enacted by Ga. L. 1964, p. 499, § 1.