

NORTH CAROLINA GENERAL ASSEMBLY  
1973 SESSION

CHAPTER 1268  
HOUSE BILL 2137

AN ACT TO AMEND CHAPTER 6, PRIVATE LAWS OF NORTH CAROLINA 1840-1841, AS AMENDED, PERTAINING TO ACQUISITION AND CONSTRUCTION OF HOSPITAL FACILITIES BY TRUSTEES OF REX HOSPITAL, RALEIGH, NORTH CAROLINA.

The General Assembly of North Carolina enacts:

**Section 1.** Chapter 6, Private Laws of North Carolina 1840-1841, as amended by Chapter 53, Public-Local and Private Laws of North Carolina 1935, as amended by Chapter 98, Public-Local Laws of North Carolina 1939, and as amended by Chapter 361 of Session Laws of 1973, is hereby amended by adding a new Section IV to read as follows:

"IV. (a) The Trustees are hereby authorized to provide for the issuance, at one time or from time to time, of bonds, or notes in anticipation of the issuance of bonds, of the Trustees to carry out and effectuate their corporate purposes, including the cost of any hospital facilities. The term 'cost' as applied to any hospital facilities means the cost of construction or acquisition; the cost of acquisition of property, including rights in land and other property, both real and personal and improved and unimproved; the cost of demolishing, removing or relocating any buildings or structures on land so acquired, including the cost of acquiring any land to which such buildings or structures may be moved or relocated; the cost of all machinery, fixed and movable equipment and furnishings; financing charges, interest prior to and during construction and if deemed advisable by the Trustees, for a period not exceeding two years after the estimated date of completion of construction, the cost of engineering and architectural surveys, plans and specifications; the cost of consulting and legal services and other expenses necessary or incident to the feasibility or practicability of constructing or acquiring such hospital facilities; the cost of administrative and other expenses necessary or incident to the construction or acquisition of such hospital facilities, and the financing of the construction or acquisition thereof, including reasonable provisions for working capital and a reserve for debt service.

The principal of and the interest on such bonds or notes shall be payable solely from funds provided under this section for such payment. Any such notes may be made payable from the proceeds of bonds or renewal notes or, in the event bond or renewal note proceeds are not available, such notes may be paid from any available revenues or other funds provided therefor. The bonds or notes of each issue shall be dated and may be made redeemable before maturity at the option of the Trustees at such price or prices and upon such terms and conditions as may be determined by the Trustees. Any such

bonds or notes shall bear interest at such rate or rates as may be determined by the Trustees. Notes shall mature at such time or times not exceeding 10 years from their date or dates, and bonds shall mature at such time or times not exceeding 40 years from their date or dates, as may be determined by the Trustees. The Trustees shall determine the form and manner of execution of the bonds or notes, including any interest coupons to be attached thereto, and shall fix the denomination or denominations and the place or places of payment of principal and interest, which may be any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or notes or coupons attached thereto shall cease to be such officer before the delivery thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. The Trustees may also provide for the authentication of the bonds or notes by a trustee or fiscal agent. The bonds or notes may be issued in coupon or in registered form, or both, as the Trustees may determine, and provision may be made for the registration of any coupon bonds or notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds or notes of any bonds or notes registered as to both principal and interest, and for the interchange of registered and coupon bonds or notes. Such bonds or notes may be sold in such manner, either at public or private sale, and for such price as the Trustees shall determine to be in their best interest.

The proceeds of any bonds or notes shall be used solely for the purposes for which issued and shall be disbursed in such manner and under such restrictions, if any, as the Trustees may provide in the resolution authorizing the issuance of, or any trust agreement securing, such bonds or notes.

Prior to the preparation of definitive bonds, the Trustees may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The Trustees may also provide for the replacement of any bonds or notes which shall become mutilated or shall be destroyed or lost.

Bonds or notes may be issued under the provisions of this section without obtaining the consent of any department, division, commission, board, body, bureau or agency of the State, and without any other proceedings or the happening of any conditions or things other than those proceedings, conditions or things which are specifically required by the provisions of the resolution authorizing the issuance of, or any trust agreement securing, such bonds or notes.

(b) In the discretion of the Trustees any bonds or notes issued under the provisions of this section may be secured by a trust agreement by and between the Trustees and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the State. Such trust agreement or the resolution authorizing the issuance of such bonds or notes may pledge or assign all or any part of the revenues of the Trustees received pursuant to this act, including, without limitation, fees, rents, charges, insurance proceeds, condemnation awards and any other revenues and funds received in connection with any hospital facilities, and may mortgage the hospital facilities or any part thereof. Such trust agreement or resolution

may contain such provisions for protecting and enforcing the rights and remedies of the holders of any such bonds or notes as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Trustees in relation to the purposes to which bond or note proceeds may be applied, the disposition or pledging of the revenues of the Trustees, the duties of the Trustees with respect to the acquisition, construction, maintenance, repair and operation of any hospital facilities, the fees, rents and charges to be fixed and collected in connection therewith, the terms and conditions for the issuance of additional bonds or notes, and the custody, safeguarding and application of all moneys. It shall be lawful for any bank or trust company incorporated under the laws of the State which may act as depository of the proceeds of bonds or notes, revenues or other money hereunder to furnish such indemnifying bonds or to pledge such securities as may be required by the Trustees. Any such trust agreement or resolution may set forth the rights and remedies of the holders of any bonds or notes and of the trustee, and may restrict the individual right of action by any such holders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the Trustees may deem reasonable and proper for the security of the holders of any bonds or notes. Expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of any hospital facilities or paid from the revenues pledged or assigned to the payment of the principal of and the interest on bonds or notes or from any other funds available to the Trustees.

- (c) (1) The Trustees are hereby authorized to fix and to collect fees, rents and charges for the use of any hospital facilities and any part or section thereof.
- (2) The fees, rents and charges shall be fixed so as to provide a fund sufficient with such other funds as may be made available therefor, (i) to pay the costs of operating, repairing and maintaining the hospital facilities, to the extent that adequate provision for the payment of such costs has not otherwise been provided for, (ii) to pay the principal of and the interest on all the bonds as the same shall become due and payable and (iii) to create and maintain any reserves provided for in the resolution authorizing the issuance of, or any trust agreement securing, such bonds; provided, however, that nothing herein shall prohibit the application of fees, rents and charges to the payment of debt service on the bonds prior to the payment of the costs of operating, repairing and maintaining the hospital facilities.
- (3) All pledges of fees, rents, charges and other revenues under the provisions of this section shall be valid and binding from the time when such pledges are made. All such revenues so pledged and thereafter received by the trustees shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Trustees, irrespective of whether such parties have notice thereof. The resolution or any trust agreement by which a pledge is created

need not be filed or recorded except in the records of the Trustees; provided, however, that any trust agreement or resolution creating a mortgage on real property of the Trustees shall be filed in the same manner required by law for mortgages of real property.

(d) Notwithstanding any other provisions of law to the contrary, all moneys received pursuant to the authority of this section, including, without limitation, fees, rents, charges, insurance proceeds, condemnation awards and any other revenues and funds received in connection with any hospital facilities, shall be deemed to be trust funds to be held and applied solely as provided in this section. The resolution authorizing the issuance of, or any trust agreement securing, any bonds or notes may provide that any of such moneys may be temporarily invested pending the disbursement thereof and shall provide that any officer with whom, or any bank or trust company with which, such moneys shall be deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes of this section, subject to such regulations as this section and such resolution or trust agreement may provide.

(e) Any holder of bonds or notes issued under the provisions of this section or any coupons appertaining thereto, and the trustee under any trust agreement or resolution authorizing the issuance of such bonds or notes, except to the extent the rights herein given may be restricted by such trust agreement or resolution, may, either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the State or granted hereunder or under such trust agreement or resolution, or under any other contract executed by the Trustees pursuant to this section, and may enforce and compel the performance of all duties required by this section or by such trust agreement or resolution to be performed by the Trustees or by any member or employee thereof.

(f) The Trustees are hereby authorized to provide for the issuance of refunding bonds or notes for the purpose of refunding any bonds or notes then outstanding which shall have been issued under the provisions of this section, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds or notes and, if deemed advisable by the Trustees for any corporate purpose of the Trustees, including, without limitation:

- (1) Constructing improvements, additions, extensions or enlargements of the hospital facilities in connection with which the bonds or notes to be refunded shall have been issued, and
- (2) Paying all or any part of the cost of any additional hospital facilities.

The issuance of such bonds or notes, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties and obligations of the Trustees in respect of the same shall be governed by the provisions of this section which relate to the issuance of bonds or notes, insofar as such provisions may be appropriate therefor.

Refunding bonds or notes may be sold or exchanged for outstanding bonds or notes issued under this section and, if sold, the proceeds thereof may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of such outstanding bonds or notes. Pending the application of the proceeds of any such refunding bonds or notes, with any other available funds, to the payment of the

principal, accrued interest and any redemption premium on the bonds or notes being refunded, and, if so provided or permitted in the resolution authorizing the issuance of, or in the trust agreement securing, such bonds or notes, to the payment of any interest on such refunding bonds or notes and any expenses in connection with such refunding, such proceeds may be invested in such manner as shall be permitted in the resolution authorizing the issuance of, or the trust agreement securing, such refunding bonds or notes.

(g) No member or employee of the Trustee shall be subject to any personal liability or accountability by reason of his execution of any bonds or notes or the issuance thereof.

(h) Bonds or notes issued under the provisions of this section shall not be deemed to constitute a debt or obligation of the State, the County of Wake, the City of Raleigh or of any other municipality or political subdivision, but shall be payable solely from the revenues and other funds provided therefor. Each bond or note issued under this section shall contain on the face thereof a statement to the effect that the Trustees shall not be obligated to pay the same nor the interest thereon except from the revenues and other funds pledged therefor and that neither the State, the County of Wake, the City of Raleigh nor any other municipality or political subdivision is liable for the payment of the principal of or the interest on such bonds or note.

(i) The Trustees are hereby authorized to agree to convey, and, subject to the retirement of any bonds issued pursuant to this section, or the making of provision for such retirement, to convey title to any hospital facilities owned by the Trustees to the State of North Carolina, the County of Wake, the City of Raleigh or any other political subdivision deemed appropriate by the Trustees.

(j) The foregoing provisions of this section shall be deemed to provide an additional and alternative method for the doing of the things authorized thereby and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of any powers now existing; provided, however, that the issuance of bonds or notes under the provisions of this section need not comply with the requirements of any other law applicable to the issuance of bonds or notes."

**Sec. 2.** Insofar as the provisions of this act are inconsistent with the provisions of any general or special laws, or parts thereof, the provisions of this act shall be controlling.

**Sec. 3.** This act shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 11th day of April, 1974.