

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**SENATE BILL 544  
House Committee Substitute Favorable 6/21/07**

Short Title: Cabarrus Hospital Charter.

(Local)

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Sponsors:

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Referred to:

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March 7, 2007

A BILL TO BE ENTITLED

1  
2 AN ACT TO RESTATE THE CHARTER OF CABARRUS MEMORIAL HOSPITAL,  
3 AND TO ESTABLISH AND ASSURE THE CONTINUITY OF ELIGIBILITY OF  
4 CABARRUS COLLEGE OF HEALTH SCIENCES TO RECEIVE LEGISLATIVE  
5 TUITION GRANTS AND TO RECOGNIZE THE CONTINUED AUTHORITY  
6 TO AWARD DEGREES SUBJECT TO MERGER.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** The General Assembly finds that:

- 9 (1) Section 11 of Chapter 307 of the Public-Laws of 1935 originally  
10 enabled Cabarrus County to establish and maintain a public hospital  
11 and maintain a training school for nurses and to award associate  
12 degrees; and  
13 (2) Chapter 307 of the Public-Laws of 1935 was amended by Chapter 982  
14 of the 1989 Session Laws, adding a new Section 12.1 to provide that,  
15 notwithstanding anything therein or elsewhere in the laws of this State  
16 to the contrary, the provisions of the General Statutes relating to public  
17 hospitals shall not be applicable to Cabarrus Memorial Hospital, and  
18 that Cabarrus Memorial Hospital could operate in the same manner as  
19 private nonprofit corporations; and  
20 (3) Session Law 1998-204, (Senate Bill 1424) rewrote Section 11 of  
21 Chapter 307 of the Public-Laws of 1935, as previously amended, to  
22 provide that, notwithstanding G.S. 116-15, Cabarrus Memorial  
23 Hospital could establish as a part of the hospital, educational programs  
24 for nursing and allied health sciences and award baccalaureate degrees  
25 to graduates of the nursing education or allied health sciences  
26 program; and  
27 (4) A participation Agreement between the North Carolina State  
28 Education Assistance Authority and the Louise Harkey School of  
29 Nursing, now known as Cabarrus College of Health Sciences, was

- 1 executed June 12, 1996, providing for participation in the North  
2 Carolina Legislative Tuition Grant Program; and  
3 (5) Session Law 2004-67 (House Bill 1509) further amended Section 11  
4 of Chapter 307 of the Public-Laws of 1935, again notwithstanding  
5 G.S. 116-15, allowing Cabarrus Memorial Hospital to award  
6 baccalaureate and advanced degrees to graduates of the nursing  
7 education or allied health sciences programs; and  
8 (6) On July 1, 2007, Cabarrus Memorial Hospital, now known as  
9 Northeast Medical Center, will merge into a new nonprofit entity to be  
10 called CMC-NorthEast, Inc., which will continue to operate Cabarrus  
11 College Health Sciences without change other than in its ownership by  
12 the new nonprofit entity.

13 **SECTION 1.(b)** To provide for the continuity of degree-granting authority  
14 and participation with the State Assistance Education Authority:

- 15 (1) Notwithstanding G.S. 116-15 and anything else to the contrary,  
16 CMC-NorthEast, Inc., or any successor, may continue to operate under  
17 this section in the same manner as private nonprofit corporations, and  
18 further may maintain in connection and as part of the hospital and  
19 education programs for nursing and health sciences, presently known  
20 as Cabarrus College of Health Sciences, which may continue to award  
21 associate degrees, baccalaureate degrees, and advanced degrees, as  
22 appropriate and as obtained by its students.  
23 (2) Notwithstanding G.S. 116-21, 116-21.4, 116-22(1), 116-43.5 and any  
24 and all rules promulgated thereunder, and anything else to the  
25 contrary, Cabarrus College of Health Sciences shall continue to qualify  
26 for participation as an "approved institution" and otherwise remain  
27 eligible to receive the North Carolina Legislative Tuition Grants  
28 through the North Carolina State Education Assistance Authority.  
29 (3) Notwithstanding G.S. 116-19, 116-20, 116-21, 116-21.1, and  
30 116-22(1), and any and all rules promulgated thereunder, and anything  
31 else to the contrary, Cabarrus College of Health Sciences shall  
32 continue to qualify for participation as an "approved institution" and  
33 otherwise remain eligible to receive the North Carolina State  
34 Contractual Scholarship Funds Grants through the North Carolina  
35 State Education Assistance Authority.

36 **SECTION 2.** Chapter 307, Public-Local Laws of 1935, as amended by  
37 Chapter 421, Public-Local Laws of 1935, Chapter 45 of the Session Laws of 1951,  
38 Chapter 1154 of the 1977 Session Laws, Chapter 277 of the 1981 Session Laws,  
39 Chapter 947 of the Session Laws of 1987, Chapter 602 of the 1989 Session Laws,  
40 Chapter 982 of the 1989 Session Laws, S.L. 1998-204, and S.L. 2004-67, reads as  
41 rewritten:

42 "Section 1. That the Board of County Commissioners of Cabarrus County, North  
43 Carolina, by a majority vote of said Board, or upon the petition of two hundred voters of  
44 said county, shall, after thirty days notice at the courthouse door and publication in one

1 or more newspapers in said county for thirty days, order an election to be held to  
2 determine the will of the people of said county whether there shall be issued and sold  
3 bonds to an amount not to exceed one hundred thousand dollars (\$100,000), to bear  
4 interest at not exceeding six per cent per annum, and to be payable, both principal and  
5 interest, when and where they may decide, and to levy a tax of not exceeding two cents  
6 on the one hundred dollar valuation of property, the proceeds of sale of said bonds to be  
7 issued to be used in securing lands and erecting or altering buildings and equipping  
8 same to be used as a public hospital for said county, and said tax to be levied to pay the  
9 interest on said bonds, and to provide a sinking fund therefor to pay said bonds at  
10 maturity. The said Board of County Commissioners shall also levy a tax not to exceed  
11 two cents on the one hundred dollar valuation of property for the maintenance and  
12 upkeep of said hospital. If the majority of the qualified voters at said election shall vote  
13 in favor of the issuing of said bonds and the levying of said tax, then said bonds, or such  
14 part thereof as the said Board of County Commissioners may determine, shall be issued  
15 and sold by said Board. Said tax, or such part thereof as shall be required, shall be  
16 levied. The hospital so erected from the sale of said bonds in addition to other  
17 hospitalization funds from other sources shall be known as the "Cabarrus Memorial  
18 Hospital."

19 "Sec. 2. That at said election, those voters favoring the issuing and sale of bonds and  
20 levying of the tax aforesaid shall vote a written or printed ballot, "For Cabarrus  
21 Memorial Hospital," and those opposed shall vote a written or printed ballot, "Against  
22 Cabarrus Memorial Hospital," and for said election, the County Commissioners shall  
23 order a new registration, such registration to be used only for said special election to be  
24 governed by the laws of the State, and for said election, the County Commissioners  
25 shall appoint registrars and judges of election, and fix a date for making returns of  
26 election, at which date, the County Commissioners shall meet and canvass the returns of  
27 said election, and declare and record the result of said election. If a majority of the  
28 qualified voters shall fail to approve the issuing of said bonds and the levy of said tax at  
29 the first election held as above provided, then the County Commissioners may order  
30 another election for the same purpose and in the same manner: Provided, said second  
31 election shall not be held in the same year as said first election.

32 "Sec. 3. If a majority of the qualified voters shall vote "For Cabarrus Memorial  
33 Hospital," at any election held under this Act, then the County Commissioners shall  
34 issue and sell bonds authorized by said election for not less than par, and shall pay over  
35 the proceeds arising therefrom to the Treasurer of Cabarrus County, who shall pay out  
36 the same under the orders of the executive committee of the hospital hereinafter  
37 provided for, said executive committee being authorized to use and expend said fund in  
38 the purchase of necessary site, which said site shall be central and convenient, and in the  
39 erection and equipment of the necessary building or buildings for said county hospital,  
40 and the taxes which may be levied and collected under this Act shall also be paid to the  
41 Treasurer of Cabarrus County, and by said Treasurer kept in two separate accounts, one  
42 of said accounts being the hospital interest and sinking fund, and the other account the  
43 hospital maintenance fund, and from said taxes the said Treasurer shall set apart to the  
44 hospital interest and sinking fund such part thereof as shall be required to pay interest

1 on the bonds and to provide the necessary sinking fund for the payment of said bonds,  
2 and the said Treasurer is authorized to lend only upon satisfactory security, approved by  
3 the Local Government Commission, the accumulations of said sinking fund from time  
4 to time for the best interest obtainable, and until said sinking fund is required for the  
5 purpose of paying off the said bonds, and said Treasurer, out of said hospital interest  
6 and sinking fund, shall pay the interest on said bonds and the bonds at maturity, but the  
7 said Treasurer shall not be required to begin with the creation of a sinking fund for the  
8 retirement of said bonds before two years from the date of issuing same. The said  
9 Treasurer shall pay out the moneys set apart to the hospital maintenance fund upon the  
10 order of the executive committee of the hospital, and it shall be the duty of the Board of  
11 Commissioners of Cabarrus County to annually levy and collect as other taxes a special  
12 tax not exceeding the limit provided by this Act, sufficient to pay the interest on said  
13 bonds, and to provide the necessary sinking fund for the payment of same, and also to  
14 afford the necessary maintenance fund as herein provided.

15 "Sec. 4. The bonds issued under the provisions of this Act shall mature in not  
16 exceeding thirty years from date, and shall be in such denominations as the County  
17 Commissioners shall determine, and shall draw interest at a rate not exceeding six per  
18 cent annually, or semi-annually, and said bonds shall be serial bonds, maturing in such  
19 amounts as may be determined by the County Commissioners. The first installment  
20 shall fall due not later than five years from date of issue of said bonds, and the last  
21 installment falling due not later than thirty years from date of said issue.

22 "Sec. 5. Should a majority of the qualified voters of Cabarrus County, under any  
23 election held under this Act, vote "For Cabarrus Memorial Hospital," then the County  
24 Commissioners shall at once appoint a Board of Trustees, one trustee to come from each  
25 and every voting precinct in the county. Said Board of Trustees shall be divided into  
26 three groups, the members of the first group being appointed for two years, the members  
27 of the second group being appointed for three years, the members of the third group  
28 being appointed for four years. Upon the first meeting of the Board of Trustees, which  
29 shall not be less than ten days from the date of appointment, the said Board shall  
30 appoint an executive committee composed of seven members from the trustees, all  
31 residents of the county. The Cabarrus County Medical Society and the Medical Staff of  
32 the hospital may each nominate for appointment by the Board of Trustees two  
33 practicing physicians to serve as honorary and advisory members of said executive  
34 committee; such advisory members shall serve without voting power. Said executive  
35 committee shall be divided into three groups, the members of the first group being  
36 appointed for one year, the members of the second group being appointed for two years,  
37 and the members of the third group being appointed for three years. In case of any  
38 vacancy for any cause on the executive committee, except for expiration of term of  
39 appointment, the executive committee shall of its own motion fill the unexpired term. In  
40 case of vacancy on the Board of Trustees for any cause, including the creation of a new  
41 voting precinct in the county in which a member does not reside and the expiration of  
42 terms of all members, the said Board shall fill the vacancy by electing a new member  
43 who resides within the newly created voting precinct or from the same voting precinct  
44 as that of the retired member. In the event two or more voting precincts should be

1 consolidated, the appointment of all members residing within the new voting precinct  
2 shall thereupon terminate and the Board of Trustees shall appoint a member from the  
3 newly created voting precinct. The Board of Trustees shall appoint members of the  
4 executive ~~committee~~ committee upon the expiration of their terms of office.

5 "Sec. 6. The said executive committee shall within ten days after their appointment  
6 or election, qualify by taking the oath of civil officers and organize as an executive  
7 committee by the election of one of their number as chairman, one as secretary, and by  
8 the election of such other officers as they may deem necessary, but no bond shall be  
9 required of them. No member shall receive any compensation for his services  
10 performed, but he may receive reimbursement for any cash expenditures actually made  
11 for personal expenses incurred as such member, and an itemized statement of such  
12 expenses and money paid out shall be made under oath by each of such members and  
13 filed with the Secretary and allowed only by the affirmative vote of all the members  
14 present at a meeting of the executive committee. The executive committee shall make  
15 and adopt such by-laws, rules and regulation for their own guidance and for the  
16 government of the hospital as may be deemed ~~expedient~~ expedient for the economic  
17 and equitable conduct thereof, not inconsistent with this Act, and the ordinances of the  
18 city or town wherein such public hospital is located. They shall have the exclusive  
19 control of the expenditure of all moneys collected to the credit of the hospital fund, and  
20 the purchase of site or sites, the purchase or construction of any hospital building or  
21 buildings, and of the supervision, care and custody of the grounds, rooms or buildings  
22 purchased, constructed, leased, or set apart for that purpose: Provided that all moneys  
23 received for the credit of such hospital shall be deposited in a special fund for the  
24 hospital and shall be paid out only upon warrants or checks drawn by a proper officer  
25 designated by the executive committee upon due authorization of such committee. Said  
26 executive committee shall have the power to appoint a chief executive officer and  
27 necessary assistants, and to fix their compensation and shall in general carry out the  
28 spirit and intent of this act in establishing and maintaining a county general acute care  
29 hospital. Such committee shall hold meetings at least once each month, shall keep a  
30 complete record of all its proceedings, and four members of such committee shall  
31 constitute a quorum for the transaction of business. One of said members shall visit and  
32 examine said hospital at least twice each month, and the committee shall during the first  
33 week in January of each year file with the Board of Commissioners of said county a  
34 report of their proceedings with reference to such hospital, and a statement of all  
35 receipts and expenditure during the year, and shall at such time certify to the Board of  
36 County Commissioners the amount necessary to maintain and improve such hospital for  
37 the ensuing year. No member shall have a personal pecuniary interest, either directly or  
38 indirectly, and the purchase of any supplies for said hospital, unless the same are  
39 purchased by competitive bidding. Provided, that such hospital may render care and  
40 services to members of the Board of Trustees and to companies in which such members  
41 may have an interest on those terms and conditions as such care and services are  
42 otherwise made available.

43 "Sec. 7. The hospital established under this Act shall be for the benefit of the  
44 inhabitants of Cabarrus County, and of any person falling sick or being injured or

1 maimed within its limits; but every inhabitant or person who is not a pauper shall pay to  
2 such executive committee or such officers as it shall designate for such county public  
3 hospital a reasonable compensation for occupancy, nursing, care, medicine, and/or  
4 attendance, according to the rules and regulations prescribed by said executive  
5 committee, such hospital always being subject to such reasonable rules and regulations  
6 as said committee may adopt in order to render the use of said hospital of the greatest  
7 benefit to the greatest number; and said executive committee may exclude from the use  
8 of such hospital any and all inhabitants and persons who shall willfully violate such  
9 rules and regulations; and said committee may extend the privileges and use of such  
10 hospital to persons residing outside of Cabarrus County upon such terms and conditions  
11 as said executive committee may from time to time by its rules and regulations  
12 prescribe.

13 "Sec. 8. When such hospital is established, the physicians, nurses, attendants, the  
14 person sick therein, and all persons approaching or coming within the limits of same,  
15 and all furniture and other articles used or brought there, shall be subject to such rules  
16 and regulations as said executive committee may prescribe.

17 "Sec. 9. That "Cabarrus Memorial Hospital" is hereby declared to be a body  
18 corporate, with power to receive and hold gifts, grants, and devices of real and personal  
19 property, to sue and be sued, and to do any and all lawful acts necessary to carry out the  
20 objects of its creation, and shall possess all other rights and powers usually incident to  
21 corporations. Such rights and powers shall include, without limitation, the authority to  
22 sell real and personal property; to establish additional locations to render medical  
23 services; to establish trusts or foundations to administer hospital funds; to retain  
24 securities donated to such hospital notwithstanding the provisions of Chapter 159 of the  
25 General Statutes relating to permissible investments; and to enter into private long term  
26 leases or subleases of hospital owned or leased real property for periods not exceeding  
27 10 years without notice or other compliance with Chapter 160A of the General Statutes.  
28 ~~Cabarrus Memorial Hospital may use a single prime contractor contract, a construction~~  
29 ~~management contract, or a design build contract for the erection, construction,~~  
30 ~~alteration, or repair of any building at any of its facilities. The previous sentence shall~~  
31 ~~apply only to contracts entered into on or before July 1, 1992.~~

32 "Sec. 10. The executive committee of such hospital shall determine the conditions  
33 under which the privileges of practice may be available and shall promulgate rules and  
34 regulations governing the conduct of such practice at said hospital.

35 "Sec. 11. Notwithstanding G.S. 116-15, the Executive Committee of Cabarrus  
36 Memorial Hospital may establish and maintain in connection with and as a part of the  
37 hospital an educational program for nursing and allied health sciences. The Executive  
38 Committee may award an Associate, Baccalaureate, and advanced degrees to graduates  
39 of the nursing education or allied health sciences programs as appropriate.

40 "Sec. 12. The executive committee shall have the power to determine rates to be  
41 charged for hospital services, to evaluate and approve or reject claims for charity  
42 services and to generally establish collection policies and practices for the hospital.

43 "Sec. 12.1. (a) Notwithstanding anything herein or elsewhere in the laws of this  
44 State to the contrary, so long as (i) there are no county bonds issued for the benefit of

1 Cabarrus Memorial Hospital outstanding; (ii) there is no county tax levy for the direct  
2 benefit of the hospital; and (iii) the Executive Committee of the hospital operates  
3 Cabarrus Memorial Hospital as an acute care general hospital open to the general public  
4 free of discrimination based upon race, creed, color, sex or national origin and on a  
5 nonprofit basis, the provisions of Chapter 159 of the General Statutes of North Carolina  
6 relating to public hospitals, and any other provisions of the General Statutes relating to  
7 public hospitals, shall not be applicable to Cabarrus Memorial Hospital and its  
8 Executive Committee.

9 (b) As long as the conditions of subsection (a) of this section continue to be  
10 satisfied, the Executive Committee of Cabarrus Memorial Hospital may operate  
11 Cabarrus Memorial Hospital in the same manner as private nonprofit corporations  
12 operate acute care hospitals in this State without the limitations and restrictions  
13 applicable to public hospitals under the laws of this State; and that the Executive  
14 Committee may provide for the governance of the hospital in such manner as it deems  
15 in the best interest of the hospital."

16 **SECTION 3.** This act is effective when it becomes law.