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GOVERNMENT CODE - GOV

TITLE 4. GOVERNMENT OF CITIES [34000 - 45345] (Title 4 added by Stats. 1949, Ch. 79.)

DIVISION 3. OFFICERS [36501 - 41805] (Division 3 added by Stats. 1949, Ch. 79.)

PART 2. LEGISLATIVE BODY [36801 - 40592] (Part 2 added by Stats. 1949, Ch. 79.)

CHAPTER 5. City Property [37350 - 37685] (Chapter 5 added by Stats. 1949, Ch. 79.)

ARTICLE 7. Hospitals Managed by Board of Hospital Trustees [37600 - 37625] (Article 7 added by Stats. 1949, Ch. 79.)

37600. This article applies only to cities where a municipal hospital has not been established.

(Amended by Stats. 1955, Ch. 624.)

37601. Upon receiving a petition signed by 15 percent of the city electors, the legislative body shall submit to the electors at a general or special election the question whether a municipal hospital shall be established in the city.

(Added by Stats. 1949, Ch. 79.)

37602. If a majority of the votes cast at the election is for the proposition, the municipal hospital is established.

(Added by Stats. 1949, Ch. 79.)

37603. With the consent of the legislative body, the mayor shall appoint a board of seven hospital trustees to manage the hospital. Trustees may be residents or nonresidents of the city.

(Added by Stats. 1949, Ch. 79.)

37604. The trustees shall hold office for three years. The members of the first board shall classify themselves by lot so that the terms of two trustees expire at the end of the current fiscal year, two at the end of the next year, and three at the end of the second year. Vacancies shall be filled by appointment for the unexpired term.

(Amended by Stats. 1992, Ch. 72, Sec. 3. Effective May 28, 1992.)

37604.1. The board of trustees shall serve without compensation except that the city council, by resolution adopted by a majority vote of the members of the city council, may authorize the payment of not to exceed one hundred dollars (\$100) per meeting not to exceed five meetings per month as compensation to each member of the board of trustees.

Each member of the board of trustees shall be allowed his or her actual necessary traveling and incidental expenses incurred in the performance of official business of the hospital as approved by the board.

(Added by Stats. 1992, Ch. 72, Sec. 4. Effective May 28, 1992.)

37604.2. Notwithstanding any other provision of law, the term of any member of the board of trustees shall expire if he or she is absent from three consecutive regular meetings, or from three of any five consecutive meetings of the board and the city council by resolution declares that a vacancy exists on the board.

(Added by Stats. 1992, Ch. 72, Sec. 5. Effective May 28, 1992.)

37605. The board of hospital trustees shall meet at least once a month at the time and place it fixes by resolution. The president, or in the absence of the president, the president pro tempore, or a majority of the trustees may call a special meeting by serving written notice upon the other members by following the procedures prescribed in Section 54956 or 54956.5.

(Amended by Stats. 1992, Ch. 72, Sec. 6. Effective May 28, 1992.)

37606. (a) Except as provided in this section or Section 37624.3, all of the sessions of the board of trustees, whether regular or special, shall be open to the public, and a majority of the members of the board shall constitute a quorum for the transaction of business.

(b) The board of trustees may order a meeting held solely for the purpose of discussion or deliberation, or both, of reports involving hospital trade secrets to be held in closed session. Except as provided in this subdivision, the closed session shall meet all applicable requirements of Chapter 9 (commencing with Section 54950) of Division 2 of Title 5.

(c) "Hospital trade secrets," as used in this section, means a "trade secret," as defined in subdivision (d) of Section 3426.1 of the Civil Code, and which meets all of the following:

- (1) Is necessary to initiate a new hospital service or program or add a hospital facility.
- (2) Would, if prematurely disclosed, create a substantial probability of depriving the hospital of a substantial economic benefit.

(d) The exception provided in subdivision (b) to the general open meeting requirements for a meeting of the board of trustees, shall not apply to a meeting where there is action taken, as defined in Section 54952.6.

(e) Nothing in this section shall be construed to permit the board of trustees to order a closed meeting for the purposes of discussing or deliberating, or to permit the discussion or deliberation in any closed meeting of, any proposals regarding:

- (1) The sale, conversion, contract for management, or leasing of any municipal hospital or the assets thereof, to any for-profit or nonprofit entity, agency, association, organization, governmental body, person, partnership, corporation, or hospital district.
- (2) The conversion of any municipal hospital to any other form of ownership by the city.
- (3) The dissolution of the municipal hospital.

(Repealed and added by Stats. 1992, Ch. 72, Sec. 8. Effective May 28, 1992.)

37606.1. (a) When a municipal hospital established pursuant to this article is managed by a board of trustees that is appointed by the mayor, the city council may meet in a closed session held solely for the purpose of discussion, deliberation, or both, of reports involving trade secrets of the municipal hospital. Except as provided in this section, the closed session shall comply with all applicable requirements of Chapter 9 (commencing with Section 54950) of Division 2 of Title 5.

(b) "Hospital trade secrets," as used in this section, means a "trade secret," as defined in subdivision (d) of Section 3426.1 of the Civil Code, and which meets all of the following:

- (1) Is necessary to initiate a new hospital service or program or add a hospital facility.
- (2) Would, if prematurely disclosed, create a substantial probability of depriving the hospital of a substantial economic benefit.

(c) The exception provided in subdivision (a) to the general open meeting requirements for a meeting of the city council shall not apply to a meeting where there is action taken, as defined in Section 54952.6.

(d) Nothing in this section shall be construed to permit the city council to order a closed meeting for the purposes of discussing or deliberating, or to permit the discussion or deliberation in any closed meeting of, any proposals regarding any of the following:

- (1) The sale, conversion, contract for management, or leasing of any municipal hospital or the assets thereof, to any for-profit or nonprofit entity, agency, association, organization, governmental agency, person, partnership, corporation, or hospital district.
- (2) The conversion of any municipal hospital to any other form of ownership by the city.
- (3) The dissolution of the municipal hospital.

(Added by Stats. 2006, Ch. 157, Sec. 1. Effective January 1, 2007.)

37607. The board shall appoint one of its members president. That member shall serve for one year and until a successor is appointed. In the president's absence, the board shall select a president pro tempore.

(Amended by Stats. 2018, Ch. 467, Sec. 24. (SB 1498) Effective January 1, 2019.)

37608. The board shall cause a proper record of its proceedings to be kept.

(Added by Stats. 1949, Ch. 79.)

37609. The board may make and enforce all regulations necessary for the administration, protection, and maintenance of the hospital and hospital property.

(Added by Stats. 1949, Ch. 79.)

37609.1. (a) The rules of the hospital, established by the board of trustees pursuant to this article, shall include all of the following:

- (1) Provision for the organization of physicians and surgeons, podiatrists, and dentists licensed to practice in this state who are permitted to practice in the hospital into a formal medical staff, with appropriate officers and bylaws and with staff appointments on an annual or biennial basis.
- (2) Provision for a procedure for appointment and reappointment of medical staff consistent with the standards of the Joint Commission on Accreditation of Healthcare Organizations.
- (3) Provisions that the medical staff shall be self-governing with respect to the professional work performed in the hospital; that the medical staff shall meet consistent with the minimum requirements of the Joint Commission on Accreditation of Healthcare Organizations; and that the medical records of the patients shall be the basis for review and analysis.
- (4) Provision that accurate and complete medical records be prepared and maintained for all patients.

For purposes of this paragraph medical records include, but are not limited to, identification data, personal and family history, history of present illness, physical examination, special examinations, professional or working diagnoses, treatment, gross and microscopic pathological findings, progress notes, final diagnosis, condition on discharge, and other matters as the medical staff shall determine.

(b) The rules of the hospital, insofar as consistent with this article, shall be in accord with and contain minimum standards not less than the rules and standards of private or voluntary hospitals. Unless specifically prohibited by law, the board of trustees may adopt other rules which could be lawfully adopted by private or voluntary hospitals.

(Added by Stats. 1992, Ch. 72, Sec. 9. Effective May 28, 1992.)

37610. The board may establish a nurses' training school in connection with the hospital, prescribe a course of study, and provide for the issuance of diplomas to graduate nurses.

(Added by Stats. 1949, Ch. 79.)

37611. The board may purchase any property necessary for equipping a hospital and nurses' home.

(Added by Stats. 1949, Ch. 79.)

37612. If the board determines that the city legislative body has not provided suitable buildings for the hospital, it may purchase real property and erect, or rent, and equip such buildings as it deems necessary.

(Added by Stats. 1949, Ch. 79.)

37612.1. Except as provided in this section, by resolution, the board of trustees of a municipal hospital may authorize the disposition of any surplus property of the municipal hospital at fair market value by any method determined appropriate by the board.

The board of trustees of a municipal hospital may donate or sell, at less than fair market value, any surplus property to any local hospital district in California.

(Added by Stats. 1992, Ch. 72, Sec. 10. Effective May 28, 1992.)

37612.2. (a) Notwithstanding any other provision of law, a municipal hospital, or any affiliated nonprofit corporation upon a finding by the board of trustees of the municipal hospital that it will be in the best interest of the public health of the communities served by the municipal hospital and in order to obtain a licensed physician and surgeon to practice in the communities served by the municipal hospital, may upon a four-fifths vote of the board of trustees do any of the following:

- (1) Guarantee to a physician and surgeon a minimum income for a period of no more than three years from the opening of the physician and surgeon's practice.
- (2) Guarantee purchases of necessary equipment by the physician and surgeon.
- (3) Provide reduced rental rates of office space in any building owned or leased by the municipal hospital or any of its affiliated entities, or subsidize rental payments for office space in any other buildings, for a term of not more than three years.

(4) Provide other incentives to a physician and surgeon in exchange for consideration and upon terms and conditions the hospital board of trustees deems reasonable and appropriate.

(b) Any provision in a contract between a physician and surgeon and a municipal hospital or affiliated nonprofit corporation is void which does any of the following:

(1) Imposes as a condition any requirement that the patients of the physician and surgeon, or a quota of the patients of the physician and surgeon, only be admitted to a specified hospital.

(2) Restricts the physician and surgeon from establishing staff privileges at, referring patients to, or generating business for another entity.

(3) Provides payment or other consideration to the physician and surgeon for the physician and surgeon's referral of patients to the municipal hospital or an affiliated nonprofit corporation.

(c) Contracts between a physician and surgeon and a municipal hospital or affiliated nonprofit corporation that provide an inducement for the physician and surgeon to practice in the community served by the municipal hospital shall contain both of the following:

(1) A provision which requires the inducement to be repaid with interest if the inducement is repayable.

(2) A provision which states that no payment or other consideration shall be made for the referral of patients to the municipal hospital or an affiliated nonprofit corporation.

(d) To the extent that this section conflicts with Section 650 of the Business and Professions Code, Section 650 of the Business and Professions Code shall supersede this section.

(e) The Legislature finds that this section is necessary to assist municipal hospitals to attract qualified physicians and surgeons to practice in the communities served by these hospitals, and that the health and welfare of the residents in these communities require these provisions.

(Added by Stats. 1992, Ch. 72, Sec. 11. Effective May 28, 1992.)

37612.3. Notwithstanding any other provision of law, upon a recommendation by the board of trustees and upon a finding by the city council that it will be in the best interests of the municipal hospital to provide additional diversification of facilities, the board of trustees may lease and operate the realty facilities, and business of a hospital district in California, or create a leasehold interest in its own realty, improvements, and business in favor of a hospital district, if the following apply:

(a) That the lease when taken together with any extensions of the lease shall not exceed a total of 10 years.

(b) That the lessor district or lessor city shall not finance any capital improvements through the use of the lessor district's or lessor city's credit.

(c) That the lessor district or lessor city shall have successfully completed any feasibility studies required by the board of directors of the district or the board of trustees or the city council of the municipal hospital as will reasonably ensure that the lessor hospital's financial stability will not be endangered by the lease transaction.

(d) Nothing in this section shall be construed to impair or limit the authority of the California Medical Assistance Commission to contract for the provision of inpatient hospital services under the Medi-Cal program with local hospital district hospitals or municipal hospitals as sole distinct entities, even though one or more hospital districts or municipal hospitals may have entered into leasehold or joint-venture arrangements.

(Added by Stats. 1992, Ch. 72, Sec. 12. Effective May 28, 1992.)

37613. The board may administer any trust created for the hospital. It may receive property situated in or out of the State by gift, devise, or bequest and hold it in trust or otherwise. Except where the gift, devise, or bequest provides otherwise, it may dispose of such property for the benefit of the hospital.

(Added by Stats. 1949, Ch. 79.)

37614. The board may prescribe the duties and powers of the hospital administrator, secretary, and other officers and employees of the hospital. The officers and employees shall hold their offices at the pleasure of the board of trustees.

(Repealed and added by Stats. 1992, Ch. 72, Sec. 14. Effective May 28, 1992.)

37614.1. Notwithstanding any other provision of this division, a municipal hospital may enter into a contract of employment with a hospital administrator, the duration of which shall not exceed four years, but which may periodically be renewed upon expiration for not more than four years.

37615. The board may perform any other act necessary to carry out the provisions of this article, including any thing which an individual might do which is necessary for, and to the advantage of, a municipal hospital and a nurses' training school.

(Added by Stats. 1949, Ch. 79.)

37615.1. Each local municipal hospital shall have and may exercise the following powers:

- (a) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the municipality, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the hospital.
- (b) To establish one or more trusts for the benefit of the municipal hospital, to administer any trusts declared or created for the benefit of the municipal hospital, to designate one or more trustees for trusts created by the municipality, to receive by gift, devise, or bequest, and hold in trust or otherwise, property, including corporate securities of all kinds, situated in this state or elsewhere, and where not otherwise provided, dispose of the same for the benefit of the municipal hospital.
- (c) To employ any officers and employees, including architects and consultants, the board of trustees deems necessary to carry on properly the business of the municipal hospital.
- (d) To do any and all things which an individual might do which are necessary for, and to the advantage of, a hospital and a nurses' training school, or a child-care facility for the benefit of employees of the hospital or residents of the municipality.
- (e) To establish, maintain and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services and facilities, retirement programs, services and facilities, chemical dependency programs, services and facilities, or other health care programs, services and facilities and activities at any location within or without the municipality for the benefit of the hospital and the people served by the municipal hospital.

"Health facilities," as used in this subdivision, means those facilities defined in either Section 15432 of this code or Section 1250 of the Health and Safety Code and specifically includes freestanding chemical dependency recovery units.
- (f) To do any and all other acts and things necessary to carry out this division.
- (g) To acquire, maintain, and operate ambulances or ambulance services within and without the municipality.
- (h) To establish, maintain, and operate, or provide assistance in the operation of, free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and any other health care services provider, groups, and organizations which are necessary for the maintenance of good physical and mental health in the communities served by the municipal hospital.
- (i) To establish and operate in cooperation with its medical staff a coinsurance plan between the municipal hospital and the members of its attending medical staff.
- (j) With the approval of the city council, to establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the municipal hospital.
- (k) With the consent of the city council, to contract for bond insurance, letters of credit, remarketing services, and other forms of credit enhancement and liquidity support for its bonds, notes, and other indebtedness and to enter into reimbursement agreements, monitoring agreements, remarketing agreements, and similar ancillary contracts in connection therewith.
- (l) To establish, maintain, operate, participate in, or manage capitated health care plans, health maintenance organizations, preferred provider organizations, and other managed health care systems and programs properly licensed by the Department of Insurance or the Department of Managed Health Care, at any location within or without the municipality for the benefit of residents of communities served by the hospital. However, no such activity shall be deemed to result in or constitute the giving or lending of the municipality's credit, assets, surpluses, cash, or tangible goods to, or in aid of, any person, association, or corporation in violation of Section 6 of Article XVI of the California Constitution.

Nothing in this section shall authorize activities which corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

Any agreement to provide health care coverage which is a health care service plan, as defined in subdivision (f) of Section 1345 of the Health and Safety Code, shall be subject to the provisions of Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code, unless exempted pursuant to Section 1343 or 1349.2 of the Health and Safety Code.

A municipal hospital shall not provide health care coverage for any employee of an employer operating within the service area of the municipal hospital, unless the Legislature specifically authorizes, or has authorized the coverage.

This section shall not authorize any municipal hospital to contribute its facilities to any joint venture that could result in transfer of the facilities from city ownership.

(m) To provide health care coverage to members of the hospital's medical staff, employees of the medical staff members, and the dependents of both groups, on a self-pay basis.

(n) With the consent of the city council, to establish, maintain, and carry on its activities through one or more corporations, joint ventures, or partnerships for the benefit of the municipal hospital.

(o) With the consent of the city council, to transfer, with or without consideration, any part of its assets to one or more nonprofit corporations to operate and maintain the assets for the benefits of the area served by the hospital. The initial members of the board of directors of the nonprofit corporation or corporations shall be approved by the city council and shall be residents of the city.

(p) Nothing in this section, including, but not limited to, subdivision (e), shall be construed to permit a municipal hospital to operate or be issued a single consolidated license to operate a separate physical plant as a skilled nursing facility or an intermediate care facility which is not located within the boundaries of the municipality.

(Amended by Stats. 2000, Ch. 857, Sec. 16. Effective January 1, 2001.)

37615.2. The board of trustees may purchase real property, and erect or rent and equip those buildings or building, room or rooms as may be necessary for the hospital.

(Added by Stats. 1992, Ch. 72, Sec. 17. Effective May 28, 1992.)

37615.3. The board of trustees shall be responsible for the operation of all hospitals owned or leased by the city, according to the best interests of the public health and shall make and enforce all rules, regulations and bylaws necessary for the administration, government, protection, and maintenance of hospitals under their management and all property belonging thereto and may prescribe the terms upon which patients may be admitted thereto. However, these hospitals shall not contract to care for indigent county patients at below the cost for care. In setting the rates, the board shall, insofar as possible, establish such rates as will permit the hospital to be operated upon a self-supporting basis.

(Added by Stats. 1992, Ch. 72, Sec. 18. Effective May 28, 1992.)

37615.4. The board of trustees, with the consent of the city council, may provide for the operation and maintenance through tenants of the whole or any part of any municipal hospital acquired or constructed by it pursuant to this article, and for that purpose may enter into any lease agreement which it believes will best serve the interest of the municipal hospital; provided, that any lease entered into for the operation of any municipal hospital shall require the tenant or lessee to conform to and abide by each and all of the provisions of Section 37609.1. No lease for the operation of an entire hospital shall run for a term in excess of 30 years. No lease for the operation of less than an entire hospital shall run for a term in excess of 10 years.

(Added by Stats. 1992, Ch. 72, Sec. 19. Effective May 28, 1992.)

37615.5. (a) The board of trustees may do any of the following when it determines that the action is necessary for the provision of adequate health services to the communities served by the municipal hospital:

(1) Enter into contracts with health provider groups, community service groups, and independent physicians and surgeons for the provision of health services.

(2) Provide assistance or make grants to nonprofit provider groups and clinics already functioning in the community.

(b) Nothing in this section shall authorize activities which corporations and other artificial legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

(Added by Stats. 1992, Ch. 72, Sec. 20. Effective May 28, 1992.)

37615.6. Notwithstanding the provisions of the Medical Practice Act, the board of trustees may contract with physicians and surgeons, health care provider groups, and nonprofit corporations for the rendering of professional health services on a basis that does not result in any profit or gain to the municipal hospital from the services so rendered and that allows the board of trustees to ensure that fees and charges, if any, are reasonable, fair, and consistent with the basic commitment of the municipal hospital to provide adequate health care to all residents within its service area. However, nothing in this section shall authorize activities that corporations and other legal entities are prohibited from conducting by Section 2400 of the Business and Professions Code.

(Added by Stats. 1992, Ch. 72, Sec. 21. Effective May 28, 1992.)

37615.7. The municipal hospital may maintain membership in any local, state, or national group or association organized and operated for the promotion of the public health and welfare or the advancement of the efficiency of hospital administration, and in connection therewith pay dues and fees thereto.

(Added by Stats. 1992, Ch. 72, Sec. 22. Effective May 28, 1992.)

37615.8. The board of trustees may, by resolution, change the name of the municipal hospital. The change in the name of the municipal hospital shall be effective upon the filing of a verified copy of the resolution with the Secretary of State.

(Added by Stats. 1992, Ch. 72, Sec. 23. Effective May 28, 1992.)

37616. On or before July 31st in each year, the board shall report to the legislative body the condition of the hospital on June 30th preceding, with a statement of its proceedings for the year.

(Added by Stats. 1949, Ch. 79.)

37617. If other provision has not been made for maintenance of the hospital, the legislative body may levy a special tax, pursuant to Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5, and spend the proceeds to maintain the hospital and purchase necessary property for the hospital. The special tax is in addition to other taxes permitted in the city.

(Amended by Stats. 2008, Ch. 709, Sec. 10. Effective January 1, 2009.)

37618. Instead of the tax levy, the city legislative body may raise the necessary funds by a bond issue pursuant to Article 1 (commencing with Section 43600) of Chapter 4 of Division 4.

(Amended by Stats. 1982, Ch. 454, Sec. 79.)

37618.1. Exclusively for the purpose of securing state insurance of financing for the construction of new health facilities, the expansion, modernization, renovation, remodeling and alteration of existing health facilities, and the initial equipping of any health facilities under Chapter 4 (commencing with Section 436) of Part 1 of Division 1 of the Health and Safety Code which is hereby made applicable to municipal hospitals, and notwithstanding any provision of this division or any other provision or holding of law, the board of trustees of any municipal hospital may recommend and the city council may (a) borrow money or credit, or issue bonds, as well as by the financing methods specified in this division, and (b) execute in favor of the state first mortgages, first deeds of trust, and other necessary security interests as the Office of Statewide Health Planning and Development may reasonably require in respect to a health facility project property as security for the insurance. No payments of principal, interest, insurance premium and inspection fees, and all other costs of state-insured loans obtained under the authorization of this section shall be made from funds derived from the municipality's power to tax. It is hereby declared that the authorizations for the executing of mortgages, deeds of trust and other necessary security agreements by the board and city council and for the enforcement of the state's rights thereunder is in the public interest in order to preserve and promote the health, welfare, and safety of the people of this state by providing, without cost to the state, a state-insurance program for health facility construction loans in order to stimulate the flow of private capital into health facilities construction to enable the rational meeting of the critical need for new, expanded, and modernized public health facilities.

(Added by Stats. 1992, Ch. 72, Sec. 24. Effective May 28, 1992.)

37618.2. A municipal hospital may borrow money and incur indebtedness in an amount not to exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income received by the municipal hospital, from whatever source derived. The money borrowed and indebtedness incurred under this section shall be repaid within the same fiscal year.

(Added by Stats. 1992, Ch. 72, Sec. 25. Effective May 28, 1992.)

37618.3. All certificates of indebtedness or other evidence of indebtedness shall be issued after the recommendation by a three-fifths vote of the board of trustees of the hospital and the adoption by a three-fifths vote of the city council of a resolution setting forth the necessity for the borrowing and the amount of the assessed valuation of the municipality and the amount of funds to be borrowed thereon. All certificates of indebtedness or other evidence of indebtedness shall be offered at public sale by the board of trustees or city council after not less than 10 days advertising in a newspaper of general circulation within the municipality and if no newspaper of general circulation is printed within the municipality, then in a newspaper of general circulation within the county in which the municipality is located. Each sale shall be made to the bidder offering the lowest rate of interest or whose bid represents the lowest net cost to the municipality. However, the rate of interest shall not exceed the rate prescribed in Section 53531.

The certificates of indebtedness or other evidences of indebtedness shall be signed on behalf of the municipal hospital by the mayor of the city and attested by the city clerk of the city.

(Added by Stats. 1992, Ch. 72, Sec. 26. Effective May 28, 1992.)

37618.4. (a) A municipal hospital may, by resolution adopted by a majority of the board of trustees, issue negotiable promissory notes to acquire funds for any municipal hospital purposes subject to the restrictions and requirements imposed by this section. The maturity of the promissory notes shall not be later than 10 years from the date thereof. The total aggregate amount of the notes

outstanding at any one time shall not exceed 85 percent of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenues, operating income, and any other miscellaneous income of the district. Indebtedness incurred pursuant to any other provision of law shall be disregarded in computing the aggregate amount of notes that may be issued pursuant to this section.

(b) Negotiable promissory notes may be issued pursuant to this section for any capital outlay facility, equipment, or item which has a useful life equal to, or longer than, the term of the notes, as determined by the board of trustees.

(c) The maximum annual interest rate which may be paid on negotiable promissory notes shall at no time exceed the amount authorized under Section 53531.

(Added by Stats. 1992, Ch. 72, Sec. 27. Effective May 28, 1992.)

37619. The revenue derived from the tax and money otherwise acquired for hospital purposes shall be placed in the hospital fund and expended for the purposes of this article.

(Added by Stats. 1949, Ch. 79.)

37620. If payment into the fund is inconsistent with the conditions of any gift, devise, or bequest, the board shall provide for the preservation of the money, and its application to the use of the hospital, pursuant to such conditions.

(Added by Stats. 1949, Ch. 79.)

37621. The board may issue warrants for payments from the fund after due audit. The president and secretary of the board shall sign the warrants.

(Added by Stats. 1949, Ch. 79.)

37622. The city treasurer shall pay the warrants without further order.

(Added by Stats. 1949, Ch. 79.)

37623. Unless inconsistent with the terms of its acquisition, the title to property acquired for hospital purposes vests in the city. Actions involving the property shall be brought and defended in the name of the city.

(Added by Stats. 1949, Ch. 79.)

37624. The board of trustees shall adopt reasonable rules and regulations, or bylaws, providing for appellate review of any action, decision, or recommendation of the medical staff affecting the professional privileges of any member of, or applicant for membership on, the medical staff. The appellate review may be conducted by the board or by a hearing officer designated by the board. The board's decision rendered after the appellate review shall be final.

(Added by Stats. 1992, Ch. 72, Sec. 28. Effective May 28, 1992.)

37624.2. The governing body or the hearing officer, if one is appointed, shall have the same power with respect to the issuance of subpoenas and subpoenas duces tecum as that granted to any agency or hearing officer pursuant to Article 11 (commencing with Section 11450.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2. Any subpoena or subpoena duces tecum issued pursuant to this section shall have the same force and effect and impose the same obligations upon witnesses as that provided in Article 11 (commencing with Section 11450.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2.

(Amended by Stats. 1995, Ch. 938, Sec. 57.5. Effective January 1, 1996. Operative July 1, 1997, by Sec. 98 of Ch. 938.)

37624.3. The governing body of the hospital may order that the hearing pursuant to this article, and hearing on the reports on the hospital medical audit or quality assurance committees, be held in private or executive session, provided, that an applicant or medical staff member whose staff privileges are the direct subject of a hearing may request a public hearing. Deliberations of the governing body in connection with matters pertaining to this article may be held in executive session.

(Added by Stats. 1992, Ch. 72, Sec. 30. Effective May 28, 1992.)

37625. (a) A member of a municipal hospital's medical or allied health professional staff who is an officer of the municipal hospital shall not be deemed to be "financially interested," for purposes of Section 1090, in any of the contracts set forth in subdivision (b) made by any municipal hospital body or board of which the officer is a member if all of the following conditions are satisfied:

(1) The officer abstains from any participation in the making of the contract.

(2) The officer's relationship to the contract is disclosed to the body or board and noted in its official records.

(3) If paragraphs (1) and (2) are satisfied, the body or board does both of the following, without any participation by the officer:

(A) Finds that the contract is fair to the municipal hospital and in its best interest.

(B) Authorizes the contract in good faith.

(b) Subdivision (a) shall apply to the following contracts:

(1) A contract between the municipal hospital and the officer for the officer to provide professional services to the hospital's patients, employees, or medical staff members and their respective dependents, provided that similar contracts exist with other staff members and the amounts payable under the contract are no greater than the amounts payable under similar contracts covering the same or similar services.

(2) A contract to provide services to covered persons between the municipal hospital and any insurance company, health care service plan, employer, or other entity which provides health care coverage, and which also has a contract with the officer to provide professional services to its covered persons.

(3) A contract in which the municipal hospital and the officer are both parties if other members of the municipal hospital's medical or allied health professional staff are also parties, directly or through their professional corporations or other practice entities, provided the officer is offered terms no more favorable than those offered any other party who is a member of the municipal hospital's medical or allied health professional staff.

(c) This section does not permit an otherwise prohibited individual to be a member of the board of trustees of a municipal hospital, including, but not limited to, individuals described in Section 53227. Nothing in this section shall authorize a contract that would otherwise be prohibited by Section 2400 of the Business and Professions Code.

(d) For purposes of this section, a contract entered into by a professional corporation or other practice entity in which the officer has an interest shall be deemed the same as a contract entered into by the officer directly.

(Added by Stats. 1996, Ch. 447, Sec. 1. Effective January 1, 1997.)