



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

AB-2157 City of Alameda Health Care District: certificates of participation: lien. (2023-2024)

SHARE THIS:  

Date Published: 07/18/2024 09:00 PM

Assembly Bill No. 2157

CHAPTER 148

An act to add Section 5451.8 to the Government Code, relating to local finance, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 18, 2024. Filed with Secretary of State July 18, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2157, Bonta. City of Alameda Health Care District: certificates of participation: lien.

The Local Health Care District Law authorizes health care districts in the state to provide for various forms of financing for the purpose of carrying out their duties under the law, including financing secured by public revenues.

This bill would require that all obligations of the City of Alameda Health Care District in connection with specified certificates of participation be secured by a statutory lien on all of the revenues generated from certain dedicated parcel taxes, according to specified criteria. The bill would require the proceeds of the certificates of participation to be used only to finance construction projects and would prohibit their use to cover operational costs. The bill would also make related findings and declarations.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City of Alameda Health Care District.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares the following:

(a) Alameda Hospital was founded in 1894 as a private nonprofit hospital, is the only hospital on the island of Alameda, and is licensed as an acute care hospital.

(b) In 1996, the County of Alameda was authorized to form a public hospital authority now known as Alameda Health System.

(c) In 2002, Alameda Hospital became a district hospital with the formation of the City of Alameda Health Care District.

(d) In 2013, the City of Alameda Health Care District and the Alameda Health System entered into a joint powers agreement to jointly exercise their powers to operate Alameda Hospital.

(e) Under the joint powers agreement, Alameda Health System oversees and manages the operation of Alameda Hospital and its affiliated programs, including licensure, certifications, financial management, and maintenance facilities, and the City of Alameda Health Care District maintains responsibility for collection of the 2002 parcel tax revenue and ensuring the revenue goes to support hospital and health care services and facilities in the City of Alameda.

(f) The State Department of Public Health requires all general acute care hospitals to offer eight basic services as a condition of licensure: medical, nursing, surgical, anesthesia, laboratory, radiology, pharmacy, and dietary services.

(g) The Alameda Health Care District ensured that Alameda Hospital met the State of California's 2020 seismic safety standards and the issuance of certificates of participation will help the City of Alameda Health Care District obtain a loan with a more favorable interest rate in order to secure the financing needed to ensure Alameda Hospital meets the State of California's 2030 seismic standards.

(h) Because Alameda Hospital is the only acute care facility on the island of Alameda, it is essential that all basic services are retained at the hospital, including emergency surgical services.

(i) It is the intent of the Legislature that the proceeds from the issuance of certificates of participation will be available to the City of Alameda Health Care District to finance the 2030 seismic standards at Alameda Hospital with an expectation that Alameda Health Systems does not reduce or eliminate essential services at Alameda Hospital as a result of this retrofit, including emergency surgical services.

SEC. 2. Section 5451.8 is added to the Government Code, to read:

5451.8. (a) (1) All obligations of the City of Alameda Health Care District in connection with any and all certificates of participation executed and delivered by or on behalf of the district between January 1, 2024, and December 31, 2034, including certificates of participation executed and delivered before 2064 to refund the certificates of participation, shall be secured by a statutory lien on all of the revenues generated from parcel taxes levied pursuant to Measure A, approved by the voters of the district at the general election held on April 9, 2002.

(2) The proceeds of the certificates of participation shall only be used to finance construction projects and shall not be used to cover operational costs.

(b) This lien shall arise automatically without the need for any action or authorization by the district or the board of directors of the district. The lien shall be valid and binding from the time the certificates of participation are executed and delivered.

(c) The parcel tax revenue shall immediately be subject to this lien, and the lien shall immediately attach to the parcel tax revenue and be effective, binding, and enforceable against the district, its successors, purchasers of those revenues, creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

SEC. 3. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances regarding financing obligations of the City of Alameda Health Care District.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to enable the City of Alameda Health Care District to complete its financing, and to meet its obligations to vendors and other creditors in a timely manner, it is necessary for this act to take effect immediately.