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IS 4/14/08

P.L. 2007, CHAPTER 110, *approved June 28, 2007*
Senate, No. 2790

1 AN ACT concerning the hospital asset transformation program in the
2 Health Care Facilities Financing Authority and amending
3 P.L.1972, c.29.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 7 of P.L.1972, c.29 (C.26:2I-7) is amended to read as
9 follows:

10 7. a. The authority is authorized from time to time to issue its
11 bonds for any corporate purpose and to fund and refund the same
12 all as provided in this act. Such bonds may, at the discretion of the
13 authority, be designated as "bonds," "notes," "bond anticipation
14 notes" or otherwise.

15 b. Except as may otherwise be expressly provided by the
16 authority, every issue of its bonds shall be general obligations of the
17 authority payable from any revenues or moneys of the authority,
18 subject only to any agreements with the holders of particular bonds
19 pledging any particular revenues or moneys. Notwithstanding that
20 bonds may be payable from a special fund, they shall be fully
21 negotiable within the meaning of Title 12A, the Uniform
22 Commercial Code, of the New Jersey Statutes, subject only to any
23 provisions of the bonds for registration.

24 c. The bonds may be issued as serial bonds or as term bonds, or
25 the authority, in its discretion, may issue bonds of both types. The
26 bonds shall be authorized by resolution of the members of the
27 authority and shall bear such date or dates, mature at such time or
28 times, not exceeding 50 years from their respective dates, bear
29 interest at such rate or rates, be payable at such time or times, be in
30 such denominations, be in such form, either coupon or registered,
31 carry such registration privileges, be executed in such manner, be
32 payable in lawful money of the United States of America at such
33 place or places, and be subject to such terms of redemption, as such
34 resolution or resolutions may provide. The bonds may be sold at
35 public or private sale for such price or prices as the authority shall
36 determine. Pending preparation of the definitive bonds, the
37 authority may issue interim receipts or certificates which shall be
38 exchanged for such definitive bonds.

39 d. Any resolution or resolutions authorizing any bonds or any
40 issue of bonds may contain provisions, which shall be a part of the
41 contract with the holders of the bonds to be authorized, as to:

42 (i) pledging all or any part of the revenues of a project or any
43 revenue producing contract or contracts made by the authority with
44 any individual, partnership, corporation or association or other
45 body, public or private, to secure the payment of the bonds or of

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 any particular issue of bonds, subject to such agreements with
2 bondholders as may then exist;

3 (ii) the rentals, fees and other charges to be charged, and the
4 amounts to be raised in each year thereby, and the use and
5 disposition of the revenues;

6 (iii) the setting aside of reserves or sinking funds, and the
7 regulation and disposition thereof;

8 (iv) limitations on the right of the authority or its agent to restrict
9 and regulate the use of a project;

10 (v) limitations on the purpose to which the proceeds of sale of
11 any issue of bonds then or thereafter to be issued may be applied
12 and pledging such proceeds to secure the payment of the bonds or
13 any issue of the bonds;

14 (vi) limitations on the issuance of additional bonds, the terms
15 upon which additional bonds may be issued and secured and the
16 refunding of outstanding bonds;

17 (vii) the procedure, if any, by which the terms of any contract
18 with bondholders may be amended or abrogated, the amount of
19 bonds the holders of which must consent thereto, and the manner in
20 which such consent may be given;

21 (viii) limitations on the amount of moneys derived from a project
22 to be expended for operating, administrative or other expenses of
23 the authority; and

24 (ix) defining the acts or omissions to act which shall constitute a
25 default in the duties of the authority to holders of its obligations
26 and providing the rights and remedies of such holders in the event
27 of a default.

28 e. Neither the members of the authority nor any person
29 executing the bonds shall be liable personally on the bonds or be
30 subject to any personal liability or accountability by reason of the
31 issuance thereof.

32 f. The authority shall have power out of any funds available
33 therefor to purchase its bonds. The authority may hold, pledge,
34 cancel or resell such bonds, subject to and in accordance with
35 agreements with bondholders.

36 g (1) There is established a hospital asset transformation
37 program in the authority for the purpose of providing financial
38 assistance by the authority to nonprofit hospitals in this State, from
39 funds received pursuant to and in accordance with the provisions of
40 this subsection, in connection with the termination of the provision
41 of hospital acute care services at a specific location that may no
42 longer be necessary or useful for this purpose.

43 (2) Subject to the approval of the State Treasurer, the authority
44 shall have the power to issue bonds and refunding bonds, incur
45 indebtedness and borrow money secured, in whole or in part, by
46 monies received pursuant to subsection a. of section 6 of P.L.2000,
47 c.98 (C.26:2I-7.1), in order to provide, in connection with the
48 hospital asset transformation program, any nonprofit health care
49 organization in the State with the funds to:

- 1 (a) satisfy the outstanding bonded indebtedness or any other
2 outstanding indebtedness of any [nonprofit] hospital in the State
3 [in connection with the hospital asset transformation program];
- 4 (b) pay the costs of transitioning a general hospital to a
5 nonprofit, non-acute care health care-related facility, including, but
6 not limited to, construction, renovation, equipment, information
7 technology and working capital;
- 8 (c) pay the costs related to transitioning acute care and related
9 services from the hospital at which inpatient acute care services are
10 to be terminated to an existing nonprofit general hospital, including,
11 but not limited to, construction, renovation, equipment, information
12 technology and working capital;
- 13 (d) pay the costs associated with the closure of a general
14 hospital;
- 15 (e) pay the costs of the acquisition of a general hospital in the
16 State for the purposed of either (i) moving an existing general
17 hospital's services into the acquired hospital and closing the
18 acquirer's inpatient acute care services, or (ii) closing its inpatient
19 acute care services;
- 20 (f) pay capitalized interest;
- 21 (g) fund a debt service reserve fund;
- 22 (h) pay the costs associated with the issuance of any bonds for
23 any of the aforementioned purposes; or
- 24 (i) pay other costs specifically related to the closure or transition
25 of inpatient acute care services as identified in the contract with the
26 Treasurer.
- 27 The authority may establish reserves or other funds to further
28 secure these bonds or refunding bonds.
- 29 (3) The authority may, in any resolution authorizing the issuance
30 of bonds or refunding bonds issued pursuant to this subsection,
31 pledge the contract with the State Treasurer provided for in
32 subsection b. of section 6 of P.L.2000, c.98 (C.26:2I-7.1), or any
33 part thereof, for the payment or redemption of the bonds or
34 refunding bonds, and covenant as to the use and disposition of
35 money available to the authority for payments of bonds and
36 refunding bonds. Subject to the approval of the State Treasurer, the
37 authority may pay the costs associated with the issuance of bonds or
38 refunding bonds by the authority for the purposes of this subsection
39 from amounts it receives from the proceeds of the bonds or
40 refunding bonds and from amounts it receives pursuant to
41 subsection a. of section 6 of P.L.2000, c.98 (C.26:2I-7.1), which
42 costs may include, but are not limited to, any costs relating to the
43 issuance of the bonds or refunding bonds and costs attributable to
44 any agreements securing, or providing for the payment of, these
45 bonds or refunding bonds. The authority is authorized to enter into
46 any agreement necessary or desirable to effectuate the purposes of
47 this subsection, including an agreement to sell bonds or refunding

1 bonds to any person and to comply with the laws of any jurisdiction
2 relating thereto.
3 (cf: P.L.2000, c.98, s.4)

4
5 2. This act shall take effect immediately.

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9

STATEMENT

10 This bill amends the “New Jersey Health Care Facilities
11 Financing Authority Law” to expand the purposes of the authority’s
12 hospital asset transformation program, which is established
13 pursuant to N.J.S.A.26:2I-7.

14 Specifically, this bill would authorize the authority, subject to
15 the approval of the State Treasurer, to provide, in connection with
16 the hospital asset transformation, any nonprofit health care
17 organization in the State with the funds to:

- 18 • satisfy the outstanding bonded indebtedness or any other
19 outstanding indebtedness of any hospital in the State;
- 20 • pay the costs of transitioning a general hospital to a nonprofit,
21 non-acute care health care-related facility, including, but not
22 limited to, construction, renovation, equipment, information
23 technology and working capital;
- 24 • pay the costs related to transitioning acute care and related
25 services from the hospital at which inpatient acute care
26 services are to be terminated to an existing nonprofit general
27 hospital, including, but not limited to, construction,
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29 capital;
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32 State for the purposed of either (i) moving an existing general
33 hospital’s services into the acquired hospital and closing the
34 acquirer’s inpatient acute care services, or (ii) closing its
35 inpatient acute care services;
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39 of the aforementioned purposes; or
- 40 • pay other costs specifically related to the closure or transition
41 of inpatient acute care services as identified in the contract
42 with the Treasurer.

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46

47 Expands purposes of hospital asset transformation program in
48 Health Care Facilities Financing Authority.

SENATE, No. 2790

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JUNE 14, 2007

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

Assemblyman JOSEPH CRYAN

District 20 (Union)

Assemblyman NEIL M. COHEN

District 20 (Union)

SYNOPSIS

Expands purposes of hospital asset transformation program in Health Care Facilities Financing Authority.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/22/2007)

S2790 LESNIAK

2

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26 bonds shall be authorized by resolution of the members of the
27 authority and shall bear such date or dates, mature at such time or
28 times, not exceeding 50 years from their respective dates, bear
29 interest at such rate or rates, be payable at such time or times, be in
30 such denominations, be in such form, either coupon or registered,
31 carry such registration privileges, be executed in such manner, be
32 payable in lawful money of the United States of America at such
33 place or places, and be subject to such terms of redemption, as such
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44 any individual, partnership, corporation or association or other
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4 amounts to be raised in each year thereby, and the use and
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6 (iii) the setting aside of reserves or sinking funds, and the
7 regulation and disposition thereof;

8 (iv) limitations on the right of the authority or its agent to restrict
9 and regulate the use of a project;

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49 organization in the State with the funds to:

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2 outstanding indebtedness of any [nonprofit] hospital in the State
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5 nonprofit, non-acute care health care-related facility, including, but
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10 to be terminated to an existing nonprofit general hospital, including,
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13 (d) pay the costs associated with the closure of a general
14 hospital;

15 (e) pay the costs of the acquisition of a general hospital in the
16 State for the purposed of either (i) moving an existing general
17 hospital's services into the acquired hospital and closing the
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19 acute care services;

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36 refunding bonds. Subject to the approval of the State Treasurer, the
37 authority may pay the costs associated with the issuance of bonds or
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39 from amounts it receives from the proceeds of the bonds or
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46 any agreement necessary or desirable to effectuate the purposes of
47 this subsection, including an agreement to sell bonds or refunding

1 bonds to any person and to comply with the laws of any jurisdiction
2 relating thereto.
3 (cf: P.L.2000, c.98, s.4)

4

5 2. This act shall take effect immediately.

6

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STATEMENT

9

10 This bill amends the “New Jersey Health Care Facilities
11 Financing Authority Law” to expand the purposes of the authority’s
12 hospital asset transformation program, which is established
13 pursuant to N.J.S.A.26:2I-7.

14 Specifically, this bill would authorize the authority, subject to
15 the approval of the State Treasurer, to provide, in connection with
16 the hospital asset transformation, any nonprofit health care
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25 services from the hospital at which inpatient acute care
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32 State for the purposed of either (i) moving an existing general
33 hospital’s services into the acquired hospital and closing the
34 acquirer’s inpatient acute care services, or (ii) closing its
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39 of the aforementioned purposes; or
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41 of inpatient acute care services as identified in the contract
42 with the Treasurer.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2790

STATE OF NEW JERSEY

DATED: JUNE 18, 2007

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2790.

Senate Bill No. 2790 amends the “New Jersey Health Care Facilities Financing Authority Law” to expand the purposes of the authority’s hospital asset transformation program, which is established pursuant to N.J.S.A.26:2I-7.

Specifically, this bill would authorize the authority, subject to the approval of the State Treasurer, to provide, in connection with the hospital asset transformation, any nonprofit health care organization in the State with the funds to:

- satisfy the outstanding bonded indebtedness or any other outstanding indebtedness of any hospital in the State;
- pay the costs of transitioning a general hospital to a nonprofit, non-acute care health care-related facility, including, but not limited to, construction, renovation, equipment, information technology and working capital;
- pay the costs related to transitioning acute care and related services from the hospital at which inpatient acute care services are to be terminated to an existing nonprofit general hospital, including, but not limited to, construction, renovation, equipment, information technology and working capital;
- pay the costs associated with the closure of a general hospital;
- pay the costs of the acquisition of a general hospital in the State for the purposed of either (i) moving an existing general hospital’s services into the acquired hospital and closing the acquirer’s inpatient acute care services, or (ii) closing its inpatient acute care services;
- pay capitalized interest;
- fund a debt service reserve fund;
- pay the costs associated with the issuance of any bonds for any of the aforementioned purposes; or
- pay other costs specifically related to the closure or transition of inpatient acute care services as identified in the contract with the Treasurer.

FISCAL IMPACT:

This bill has not been certified for a fiscal note. It is not possible to determine what hospital asset transformation costs, if any, the New Jersey Health Care Facilities Financing Authority may undertake to finance under the provisions of this bill.

ASSEMBLY, No. 4349

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JUNE 11, 2007

Sponsored by:

Assemblyman JOSEPH CRYAN

District 20 (Union)

Assemblyman NEIL M. COHEN

District 20 (Union)

SYNOPSIS

Authorizes Health Care Facilities Financing Authority to make loans to certain hospitals for renovations through hospital asset transformation program.

CURRENT VERSION OF TEXT

As introduced.



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2 Health Care Facilities Financing Authority and amending
3 P.L.1972, c.29.

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16 authority, every issue of its bonds shall be general obligations of the
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20 bonds may be payable from a special fund, they shall be fully
21 negotiable within the meaning of Title 12A, the Uniform
22 Commercial Code, of the New Jersey Statutes, subject only to any
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24 c. The bonds may be issued as serial bonds or as term bonds, or
25 the authority, in its discretion, may issue bonds of both types. The
26 bonds shall be authorized by resolution of the members of the
27 authority and shall bear such date or dates, mature at such time or
28 times, not exceeding 50 years from their respective dates, bear
29 interest at such rate or rates, be payable at such time or times, be in
30 such denominations, be in such form, either coupon or registered,
31 carry such registration privileges, be executed in such manner, be
32 payable in lawful money of the United States of America at such
33 place or places, and be subject to such terms of redemption, as such
34 resolution or resolutions may provide. The bonds may be sold at
35 public or private sale for such price or prices as the authority shall
36 determine. Pending preparation of the definitive bonds, the
37 authority may issue interim receipts or certificates which shall be
38 exchanged for such definitive bonds.

39 d. Any resolution or resolutions authorizing any bonds or any
40 issue of bonds may contain provisions, which shall be a part of the
41 contract with the holders of the bonds to be authorized, as to:

42 (i) pledging all or any part of the revenues of a project or any
43 revenue producing contract or contracts made by the authority with
44 any individual, partnership, corporation or association or other
45 body, public or private, to secure the payment of the bonds or of

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2 bondholders as may then exist;
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4 amounts to be raised in each year thereby, and the use and
5 disposition of the revenues;
- 6 (iii) the setting aside of reserves or sinking funds, and the
7 regulation and disposition thereof;
- 8 (iv) limitations on the right of the authority or its agent to restrict
9 and regulate the use of a project;
- 10 (v) limitations on the purpose to which the proceeds of sale of
11 any issue of bonds then or thereafter to be issued may be applied
12 and pledging such proceeds to secure the payment of the bonds or
13 any issue of the bonds;
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15 upon which additional bonds may be issued and secured and the
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18 with bondholders may be amended or abrogated, the amount of
19 bonds the holders of which must consent thereto, and the manner in
20 which such consent may be given;
- 21 (viii) limitations on the amount of moneys derived from a project
22 to be expended for operating, administrative or other expenses of
23 the authority; and
- 24 (ix) defining the acts or omissions to act which shall constitute a
25 default in the duties of the authority to holders of its obligations
26 and providing the rights and remedies of such holders in the event
27 of a default.
- 28 e. Neither the members of the authority nor any person
29 executing the bonds shall be liable personally on the bonds or be
30 subject to any personal liability or accountability by reason of the
31 issuance thereof.
- 32 f. The authority shall have power out of any funds available
33 therefor to purchase its bonds. The authority may hold, pledge,
34 cancel or resell such bonds, subject to and in accordance with
35 agreements with bondholders.
- 36 g. (1) There is established a hospital asset transformation
37 program in the authority for the purpose of providing financial
38 assistance by the authority to nonprofit hospitals in this State, from
39 funds received pursuant to and in accordance with the provisions of
40 this subsection, in connection with the termination of the provision
41 of hospital inpatient or other acute care services at a specific
42 location that may no longer be necessary or useful for this purpose.
- 43 (2) (a) Subject to the approval of the State Treasurer, the
44 authority shall have the power to issue bonds and refunding bonds,
45 incur indebtedness and borrow money secured, in whole or in part,
46 by monies received pursuant to subsection a. of section 6 of
47 P.L.2000, c.98 (C.26:2I-7.1), in order to satisfy the outstanding
48 bonded indebtedness of any nonprofit hospital in the State in

1 connection with the hospital asset transformation program. The
2 authority may establish reserves or other funds to further secure
3 these bonds or refunding bonds.

4 **[(3)]** (b) The authority may, in any resolution authorizing the
5 issuance of bonds or refunding bonds issued pursuant to this
6 subsection, pledge the contract with the State Treasurer provided
7 for in subsection b. of section 6 of P.L.2000, c.98 (C.26:2I-7.1), or
8 any part thereof, for the payment or redemption of the bonds or
9 refunding bonds, and covenant as to the use and disposition of
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21 any agreement necessary or desirable to effectuate the purposes of
22 this subsection, including an agreement to sell bonds or refunding
23 bonds to any person and to comply with the laws of any jurisdiction
24 relating thereto.

25 (3) Subject to the approval of the State Treasurer, the authority
26 shall have the power to provide loans of State funds for capital
27 renovations at a general hospital that is subject to closure, when
28 these renovations are necessary to enable transfer of ownership of
29 the hospital to another general hospital so that the hospital subject
30 to closure can be converted to a more limited-use health care
31 facility that will continue to provide necessary health care services
32 to the community.

33 (cf: P.L.2000, c.98, s.4)

34

35 2. This act shall take effect immediately.

36

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38

STATEMENT

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40 This bill amends the “New Jersey Health Care Facilities
41 Financing Authority Law” to expand the purposes of the authority’s
42 hospital asset transformation program, which is established
43 pursuant to N.J.S.A.26:2I-7.

44 Specifically, this bill would authorize the authority, subject to
45 the approval of the State Treasurer, to provide loans of State funds
46 for capital renovations at a general hospital that is subject to
47 closure, when these renovations are necessary to enable transfer of
48 ownership of the hospital to another general hospital so that the

- 1 hospital subject to closure can be converted to a more limited-use
- 2 health care facility that will continue to provide necessary health
- 3 care services to the community.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 4349**

STATE OF NEW JERSEY

DATED: JUNE 14, 2007

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 4349.

This substitute amends the “New Jersey Health Care Facilities Financing Authority Law” to expand the purposes of the authority’s hospital asset transformation program, established in 2000 pursuant to N.J.S.A.26:2I-7 to create a financing vehicle through which assistance could be provided to help hospitals terminate services at certain locations.

This substitute authorizes the authority, subject to the approval of the State Treasurer, to provide, in connection with the hospital asset transformation program, any nonprofit health care organization in the State with the funds to:

- satisfy the outstanding bonded indebtedness or any other outstanding indebtedness of any hospital in the State;
- pay the costs of transitioning a general hospital to a nonprofit, non-acute care health care-related facility, including, but not limited to, construction, renovation, equipment, information technology and working capital;
- pay the costs related to transitioning acute care and related services from the hospital at which inpatient acute care services are to be terminated to an existing nonprofit general hospital, including, but not limited to, construction, renovation, equipment, information technology and working capital;
- pay the costs associated with the closure of a general hospital;
- pay the costs of the acquisition of a general hospital in the State for the purposed of either (1) moving an existing general hospital’s services into the acquired hospital and closing the acquirer’s inpatient acute care services, or (2) closing its inpatient acute care services;
- pay capitalized interest;
- fund a debt service reserve fund;
- pay the costs associated with the issuance of any bonds for any of the aforementioned purposes; or

- pay other costs specifically related to the closure or transition of inpatient acute care services as identified in the contract with the Treasurer.

FISCAL IMPACT:

This bill was not certified as requiring a fiscal note.