

## CHAPTER 110

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

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

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

C.26:2I-7 Issuance of bonds authorized; maturity; terms.

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

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

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

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

(i) pledging all or any part of the revenues of a project or any revenue producing contract or contracts made by the authority with any individual, partnership, corporation or association or other body, public or private, to secure the payment of the bonds or of any particular issue of bonds, subject to such agreements with bondholders as may then exist;

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

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

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

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

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

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

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

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

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

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

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

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

(a) satisfy the outstanding bonded indebtedness or any other outstanding indebtedness of any hospital in the State;

(b) 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;

(c) 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;

(d) pay the costs associated with the closure of a general hospital;

(e) pay the costs of the acquisition of a general hospital in the State for the purpose 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;

(f) pay capitalized interest;

(g) fund a debt service reserve fund;

(h) pay the costs associated with the issuance of any bonds for any of the aforementioned purposes; or

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

The authority may establish reserves or other funds to further secure these bonds or refunding bonds.

(3) The authority may, in any resolution authorizing the issuance of bonds or refunding bonds issued pursuant to this subsection, pledge the contract with the State Treasurer provided for in subsection b. of section 6 of P.L.2000, c.98 (C.26:2I-7.1), or any part thereof,

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for the payment or redemption of the bonds or refunding bonds, and covenant as to the use and disposition of money available to the authority for payments of bonds and refunding bonds. Subject to the approval of the State Treasurer, the authority may pay the costs associated with the issuance of bonds or refunding bonds by the authority for the purposes of this subsection from amounts it receives from the proceeds of the bonds or refunding bonds and from amounts it receives pursuant to subsection a. of section 6 of P.L.2000, c.98 (C.26:2I-7.1), which costs may include, but are not limited to, any costs relating to the issuance of the bonds or refunding bonds and costs attributable to any agreements securing, or providing for the payment of, these bonds or refunding bonds. The authority is authorized to enter into any agreement necessary or desirable to effectuate the purposes of this subsection, including an agreement to sell bonds or refunding bonds to any person and to comply with the laws of any jurisdiction relating thereto.

2. This act shall take effect immediately.

Approved June 28, 2007.