March 4, 2003 Special Election

Total Yes Votes: 1,193 88.4% Total No Votes: 156 11.6%

Alta Healthcare District

(required to pass: majority of votes cast)

MEASURE A

Should Alta Healthcare District sell the district asset identified as real property located at 500 E. Adelaide Way, Dinuba, California?

IMPARTIAL ANALYSIS BY COUNTY COUNSEL MEASURE A

The Alta Healthcare District is asking voters whether it should sell certain real property which it owns.

California Health and Safety Code section 32121(c) provides that a hospital district such as the Alta Healthcare District may purchase and dispose of property of any kind. In addition, California Health and Safety Code section 32121(p)(1) authorizes such a district to "transfer, at fair market value, any part of its assets to one or more corporations to operate and maintain the assets." The same code section provides that the district board shall "submit to the voters of the district a measure proposing the transfer." It further provides that "if a majority of the voters voting on the measure vote in its favor, the transfer shall be approved."

On August 21, 2001 the Alta Healthcare District filed bankruptcy (Case No. 01-17857-B-9) in the United States Bankruptcy Court for the Eastern District of California located at 1130 O Street in Fresno, California, under Chapter 9 of the Federal Bankruptcy Code. The objective of a bankruptcy court is to rehabilitate the debtor, when possible, and to see that the debtor's creditors are paid in part or in full in an orderly fashion from the debtor's assets according to bankruptcy law. A debtor's assets available for this use could include any real property owned by the debtor or any value received for the sale or transfer of such property.

Since bankruptcy law is federal law and federal law can preempt state law, the legal effect of this ballot measure is uncertain. Although state law requires the approval of the voters prior to transfer, the result of the election may not be binding on the federal court since bankruptcy courts have extraordinary powers. The bankruptcy court could determine that sale of the real property owned by the district under the supervision of the bankruptcy court may be the only way for creditors to be paid in part or in full by the debtor (Alta Healthcare District) regardless of the outcome of this election.

Due to the California Elections Code and printing deadlines, this Impartial Analysis was prepared approximately two months prior to the election. As of the date of this Impartial Analysis the bankruptcy case mentioned above is still pending.

KATHLEEN BALES-LANGE Tulare County Counsel

By: Lawrence A. Perkes
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