S T A T E O F N E W Y O R K

6445

2011-2012 Regular Sessions

I N A S S E M B L Y

March 16, 2011

Introduced by M. of A. BRENNAN -- (at request of the Dormitory Authority) -- read once and referred to the Committee on Corporations, Authorities and Commissions

AN ACT to amend the public authorities law, in relation to the powers and duties of the dormitory authority of the state of New York relative to the establishment of subsidiaries for certain purposes; and providing for the repeal of such provisions upon expiration thereof

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subdivision 25 of section 1678 of the public authorities law, as added by chapter 561 of the laws of 2010, is amended to read as follows:

25. (a) To form [a subsidiary] ONE OR MORE SUBSIDIARIES for the purpose of limiting the potential liability of the authority when exercising the powers and duties conferred upon the authority by article eight of this chapter in connection with the exercise of remedies by the authority against [North General Hospital, an eligible secured] ANY borrower [(as defined in chapter five hundred ninety of the laws of two thousand two) located in the borough of Manhattan, New York] that has defaulted in its obligations under its loan agreement or mortgage with the authority and for which an event of default has been declared by the authority. [Such] EACH SUCH subsidiary created pursuant to this subdivision may exercise and perform one or more of the purposes, powers, duties, functions, rights and responsibilities of the authority (other than the issuance of indebtedness[,]) in connection with real and personal property with respect to which the authority holds or held a mortgage, security interest or other collateral interest including: (i) bidding for, taking, holding, selling, conveying, assigning or transferring title to such property; (ii) entering into leases, subleases, operating agreements, security agreements, loan agreements or other encumbrances or arrangements with regard to such property and acting in

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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a manner consistent with the rights, obligations or responsibilities of the owner of such property pursuant to such agreements or encumbrances; (iii) assuming any indebtedness or other liabilities secured by such property. Notwithstanding any other provision of law to the contrary, but in all instances subject to the provisions of any contract with bondholders, the transfer of title to ANY such subsidiary or any other actions taken by the authority or [the] SUCH subsidiary to enforce the authority's rights under the mortgage, security interest or other collateral interest or to protect, acquire, manage or dispose of the property shall be deemed to be a corporate purpose of the authority and shall not impair the validity of any bonds, notes or other obligations of the authority to which the mortgage, security interest or other collateral interest relates.

(b) [Such] EACH SUCH subsidiary authorized by paragraph (a) of this subdivision shall be established in the form of a public benefit corporation by executing and filing with the secretary of state a certificate of incorporation which shall identify the authority as the entity organizing such subsidiary and set forth the name of such subsidiary public benefit corporation, its duration, the location of its principal office and its corporate purposes as provided in this subdivision and which certificate may be amended from time to time by the filing of amendments thereto with the secretary of state. [Such] EACH SUCH subsidiary shall be organized as a public benefit corporation, shall be a body politic and corporate, and shall have all the privileges, immunities, tax exemptions and other exemptions of the authority. The members of EACH such subsidiary shall be the same as the members of the authority and the provisions of subdivision two of section sixteen hundred ninety-one of this title shall in all respects apply to such members when acting in such capacity.

(c) Nothing in this subdivision shall be construed to impose any liabilities, obligations or responsibilities of ANY such subsidiary upon the authority and the authority shall have no liability or responsibility therefor unless the authority expressly agrees to assume the same.

(d) [Such] EACH SUCH subsidiary created pursuant to this subdivision shall be subject to any other provision of this chapter pertaining to subsidiaries of public authorities.

S 2. This act shall take effect immediately and shall expire and be deemed repealed July 1, 2012; provided however, that the expiration of this act shall not impair or otherwise affect any of the powers, duties, responsibilities, functions, rights or liabilities of any subsidiary duly created pursuant to subdivision twenty-five of section 1678 of the public authorities law prior to such expiration.