

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:

1 Section 1. Subdivision 25 of section 1678 of the public authorities  
2 law, as added by chapter 561 of the laws of 2010, is amended to read as  
3 follows:  
4 25. (a) To form [a subsidiary] ONE OR MORE SUBSIDIARIES for the  
5 purpose of limiting the potential liability of the authority when exer-  
6 cising the powers and duties conferred upon the authority by article  
7 eight of this chapter in connection with the exercise of remedies by the  
8 authority against [North General Hospital, an eligible secured] ANY  
9 borrower [(as defined in chapter five hundred ninety of the laws of two  
10 thousand two) located in the borough of Manhattan, New York] that has  
11 defaulted in its obligations under its loan agreement or mortgage with  
12 the authority and for which an event of default has been declared by the  
13 authority. [Such] EACH SUCH subsidiary created pursuant to this subdi-  
14 vision may exercise and perform one or more of the purposes, powers,  
15 duties, functions, rights and responsibilities of the authority (other  
16 than the issuance of indebtedness[,]) in connection with real and  
17 personal property with respect to which the authority holds or held a  
18 mortgage, security interest or other collateral interest including: (i)  
19 bidding for, taking, holding, selling, conveying, assigning or trans-  
20 ferring title to such property; (ii) entering into leases, subleases,  
21 operating agreements, security agreements, loan agreements or other  
22 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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1 a manner consistent with the rights, obligations or responsibilities of  
2 the owner of such property pursuant to such agreements or encumbrances;  
3 (iii) assuming any indebtedness or other liabilities secured by such  
4 property. Notwithstanding any other provision of law to the contrary,  
5 but in all instances subject to the provisions of any contract with  
6 bondholders, the transfer of title to ANY such subsidiary or any other  
7 actions taken by the authority or [the] SUCH subsidiary to enforce the  
8 authority's rights under the mortgage, security interest or other colla-  
9 teral interest or to protect, acquire, manage or dispose of the property  
10 shall be deemed to be a corporate purpose of the authority and shall not  
11 impair the validity of any bonds, notes or other obligations of the  
12 authority to which the mortgage, security interest or other collateral  
13 interest relates.

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

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

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

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