

9021

I N A S S E M B L Y

March 7, 2014

Introduced by M. of A. DAVILA -- read once and referred to the Committee on Health

AN ACT to amend the public health law and the New York state medical care facilities finance agency act, in relation to providing for the refinancing of outstanding indebtedness of, and additional secured borrowing by, certain not-for-profit hospitals; to amend chapter 934 of the laws of 1985, amending the public health law and the New York state medical care facilities finance agency act relating to authorizing issuance of special hospital project bonds on behalf of certain secured hospital borrowers to assist in providing adequate health care to low income persons, in relation to extending the provisions of such chapter; and providing for the repeal of certain provisions upon expiration thereof

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

1 Section 1. Section 2872 of the public health law is amended by adding
2 a new subdivision 3-b to read as follows:
3 3-B. "ELIGIBLE SECURED HOSPITAL BORROWER". A NOT-FOR-PROFIT HOSPITAL
4 CORPORATION ORGANIZED UNDER THE LAWS OF THIS STATE, WHICH HAS FINANCED
5 OR REFINANCED A PROJECT OR PROJECTS PURSUANT TO THE FORMER SECTION
6 SEVEN-A OF SECTION ONE OF CHAPTER THREE HUNDRED NINETY-TWO OF THE LAWS
7 OF NINETEEN HUNDRED SEVENTY-THREE CONSTITUTING THE NEW YORK STATE
8 MEDICAL CARE FACILITIES FINANCE AGENCY ACT, AND FOR WHICH SPECIAL HOSPI-
9 TAL PROJECT BONDS, AS DEFINED IN FORMER PARAGRAPH (D) OF SUBDIVISION
10 THREE OF SECTION THREE OF SECTION ONE OF CHAPTER THREE HUNDRED
11 NINETY-TWO OF THE LAWS OF NINETEEN HUNDRED SEVENTY-THREE, REMAIN
12 OUTSTANDING.
13 S 2. The public health law is amended by adding a new section 2874-b
14 to read as follows:
15 S 2874-B. REFINANCING MORTGAGE LOANS TO ELIGIBLE SECURED HOSPITAL
16 BORROWERS. ELIGIBLE SECURED HOSPITAL BORROWERS, AS DEFINED IN SUBDIVI-
17 SION THREE-B OF SECTION TWENTY-EIGHT HUNDRED SEVENTY-TWO OF THIS ARTI-
18 CLE, SHALL BE AUTHORIZED TO REFINANCE ANY MORTGAGE LOAN FINANCED WITH
19 THE PROCEEDS OF SPECIAL HOSPITAL PROJECT BONDS, WHICH LOANS ARE

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

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1 OUTSTANDING AS OF THE EFFECTIVE DATE OF THIS SECTION. A MORTGAGE LOAN
2 TO AN ELIGIBLE SECURED HOSPITAL BORROWER, AS DEFINED IN SUBDIVISION
3 THREE-B OF SECTION TWENTY-EIGHT HUNDRED SEVENTY-TWO OF THIS ARTICLE,
4 MADE BY THE MEDICAL CARE FACILITIES FINANCE AGENCY, AND ANY SUCCESSOR
5 THERETO, MAY BE FINANCED OR REFINANCED FOR A TERM NOT LONGER THAN THE
6 TERM APPROVED BY THE COMMISSIONER PURSUANT TO THIS SECTION OR IF THE
7 BONDS ISSUED TO FINANCE SUCH MORTGAGE LOAN ARE ISSUED AS TAX-EXEMPT
8 BONDS, SUCH SHORTER TERM AS IS NECESSARY TO ASSURE THAT THE INTEREST ON
9 BONDS ISSUED TO FINANCE OR REFINANCE THE MORTGAGE LOAN WILL BE EXCLUD-
10 BLE FROM THE GROSS INCOME OF THE HOLDERS THEREOF FOR FEDERAL TAX
11 PURPOSES, PROVIDED THAT IN NO EVENT SHALL THE TERM OF SUCH REFINANCING
12 LOAN EXCEED THIRTY YEARS FROM THE DATE OF THE ISSUANCE OF THE REFUNDING
13 BONDS AND SHALL INCLUDE ALL COSTS ASSOCIATED WITH THE FINANCING OR REFI-
14 NANCING OF INDEBTEDNESS. ALL FINANCING OR REFINANCING APPLICATIONS BY
15 ELIGIBLE SECURED HOSPITAL BORROWERS SHALL BE APPROVED BY THE ELIGIBLE
16 SECURED HOSPITAL BORROWER'S BOARD AND THE COMMISSIONER. SUCH FINANCING
17 OR REFINANCING APPLICATIONS SHALL INCLUDE ANALYTICAL EVIDENCE SUFFICIENT
18 TO DEMONSTRATE THAT THE PROPOSED FINANCING OR REFINANCING IS BEING
19 UNDERTAKEN FOR SOUND BUSINESS PURPOSES AND IN FURTHERANCE OF MAINTAINING
20 OR IMPROVING THE FINANCIAL CONDITION OF THE HOSPITAL. SUCH EVIDENCE MAY
21 INCLUDE BUT IS NOT LIMITED TO: PRESENT VALUE ANALYSIS OF DEBT SERVICE
22 PAYMENTS, INCLUDING WHERE APPLICABLE, PRESENT VALUE ANALYSIS THAT SEGRE-
23 GATES DEBT SERVICE PAYMENTS BETWEEN PRINCIPAL AND INTEREST COMPONENTS;
24 FINANCIAL PRO FORMAS THAT PROJECT THE BORROWER'S REVENUES, EXPENSES AND
25 FINANCIAL POSITION FOR A PERIOD DETERMINED BY THE COMMISSIONER; OR ANY
26 OTHER ANALYSIS OR INFORMATION THE COMMISSIONER DEEMS NECESSARY TO EVALU-
27 ATE THE APPLICATION AND TO ASSESS THE FINANCIAL ABILITY OF THE ELIGIBLE
28 SECURED HOSPITAL BORROWER TO REPAY THE MORTGAGE LOAN ACCORDING TO ITS
29 TERMS. AS A CONDITION OF SUCH PRIOR APPROVAL, THE COMMISSIONER SHALL
30 APPROVE THE PRINCIPAL AMOUNT OF THE FINANCING OR REFINANCING LOAN IN THE
31 AMOUNT PROVIDED IN SECTION TWELVE-A OF SECTION THREE OF SECTION ONE OF
32 CHAPTER THREE HUNDRED NINETY-TWO OF THE LAWS OF NINETEEN HUNDRED SEVEN-
33 TY-THREE, AS AMENDED, PROVIDED THAT SUCH AMOUNT MAY BE REDUCED ONLY TO
34 THE EXTENT THAT GRANT FUNDING IS MADE AVAILABLE TO THE ELIGIBLE SECURED
35 HOSPITAL BORROWERS THROUGH HEAL NY OR OTHER PROGRAMS TO FINANCE EMERGEN-
36 CY ROOM OR OTHER MAJOR CAPITAL PROJECTS OR OTHER USES PERMITTED UNDER
37 THIS SECTION, AS PROPOSED BY THE ELIGIBLE HOSPITAL BORROWER, AND THE
38 MAXIMUM TERM THEREOF, AND SHALL REQUIRE THE ELIGIBLE SECURED HOSPITAL
39 BORROWER TO GIVE THE DEPARTMENT A WRITTEN UNDERTAKING, ACCEPTABLE TO THE
40 COMMISSIONER, THAT IT WILL NOT CLAIM ADDITIONAL REIMBURSEMENT UNDER THE
41 MEDICAL ASSISTANCE PROGRAM AS ESTABLISHED UNDER TITLE ELEVEN OF ARTICLE
42 FIVE OF THE SOCIAL SERVICES LAW DUE TO INTEREST PAYMENTS ON REFINANCING
43 INDEBTEDNESS. ANY SUCH ADDITIONAL INTEREST PAYMENTS ON REFINANCED
44 INDEBTEDNESS COVERED BY SUCH WRITTEN UNDERTAKING SHALL NOT BE CONSIDERED
45 AS ALLOWABLE COSTS UNDER THE MEDICAL ASSISTANCE PROGRAM AND SHALL NOT BE
46 INCLUDED IN REIMBURSEMENT RATES OF PAYMENT UNDER ARTICLE TWENTY-EIGHT OF
47 THIS CHAPTER.

48 S 3. Subdivision 3 of section 3 of section 1 of chapter 392 of the
49 laws of 1973, constituting the New York state medical care facilities
50 finance agency act, is amended by adding a new paragraph (d-1) to read
51 as follows:

52 (D-1) "SPECIAL HOSPITAL PROJECT BONDS" SHALL MEAN TAXABLE OR TAX-EX-
53 EMPT BONDS ISSUED PURSUANT TO SECTION SEVEN-C OF THIS ACT FOR THE
54 PURPOSE OF REFINANCING OUTSTANDING MORTGAGE LOANS OF ELIGIBLE SECURED
55 HOSPITAL BORROWERS, AS DEFINED IN SUBDIVISION SIX-C OF THIS SECTION,
56 PURSUANT TO THIS ACT.

1 S 4. Section 3 of section 1 of chapter 392 of the laws of 1973,
2 constituting the New York state medical care facilities finance agency
3 act, is amended by adding a new subdivision 6-c to read as follows:

4 6-C. "ELIGIBLE SECURED HOSPITAL BORROWER" SHALL MEAN A NOT-FOR-PROFIT
5 HOSPITAL CORPORATION ORGANIZED UNDER THE LAWS OF THIS STATE, WHICH HAS
6 FINANCED OR REFINANCED A PROJECT OR PROJECTS PURSUANT TO FORMER SECTION
7 SEVEN-A OF THIS ACT, AND FOR WHICH SPECIAL HOSPITAL PROJECT BONDS, AS
8 DEFINED IN FORMER PARAGRAPH (D) OF SUBDIVISION THREE OF THIS SECTION,
9 REMAIN OUTSTANDING.

10 S 5. Subdivision 10 of section 3 of section 1 of chapter 392 of the
11 laws of 1973, constituting the New York state medical care facilities
12 finance agency act, as amended by chapter 803 of the laws of 1984, is
13 amended to read as follows:

14 10. "Hospital project" shall mean a specific work or improvement or
15 the refinancing of existing indebtedness which constitutes a lien or
16 encumbrance upon the real property or assets of the eligible borrower,
17 OR THE REFINANCING OF EXISTING INDEBTEDNESS OF AN ELIGIBLE SECURED
18 HOSPITAL BORROWER, AS DEFINED IN SUBDIVISION SIX-C OF THIS SECTION, FOR
19 WHICH SPECIAL HOSPITAL PROJECT BONDS, AS DEFINED IN FORMER PARAGRAPH (D)
20 OF SUBDIVISION THREE OF THIS SECTION, REMAIN OUTSTANDING whether or not
21 such refinancing is related to the construction, acquisition or rehabil-
22 itation of a specified work or improvement undertaken by a non-profit
23 hospital corporation or a non-profit medical corporation, constituting
24 an eligible borrower in accordance with the provisions of article twen-
25 ty-eight-B of the public health law. THE TERM "HOSPITAL PROJECT" AS
26 USED IN THIS SUBDIVISION SHALL ALSO MEAN A SEPARATE WORK OR IMPROVEMENT
27 OWNED AND OPERATED BY AN ELIGIBLE BORROWER TO PROVIDE SUCH SERVICES,
28 FUNCTIONS, CAPABILITIES AND FACILITIES AS MAY BE CONVENIENT OR DESIRABLE
29 FOR THE OPERATION OF A HOSPITAL OR OTHER SUCH FACILITY INCLUDING HOSPI-
30 TAL PROJECTS, AS DEFINED IN SUBDIVISION FOUR OF SECTION TWENTY-EIGHT
31 HUNDRED SEVENTY-TWO OF THE PUBLIC HEALTH LAW.

32 S 6. Subdivision 12 of section 3 of section 1 of chapter 392 of the
33 laws of 1973, constituting the New York state medical care facilities
34 finance agency act, as amended by chapter 156 of the laws of 1974, is
35 amended to read as follows:

36 12. "Mortgage loan" shall mean a loan made by the agency to an eligi-
37 ble borrower in an amount not to exceed the total hospital project cost
38 and secured by a first mortgage lien on the real property of which the
39 hospital project consists and the personal property attached to or used
40 in connection with the construction, acquisition, reconstruction, reha-
41 bilitation, improvement or operation of the hospital project. Such loan
42 may be further secured by such a lien upon other real property owned by
43 the eligible borrower. Notwithstanding the foregoing provisions of this
44 subdivision or any other provisions of this act to the contrary, any
45 personal property may be excluded from the lien of the mortgage provided
46 (a) the commissioner [of health] finds that such property is not essen-
47 tial for the rendition of required hospital services as such term is
48 defined in article twenty-eight of the public health law, and (b) the
49 agency consents to such exclusion.

50 The term "mortgage loan" shall also mean and include a loan made by
51 the agency to a limited-profit nursing home company in an amount not to
52 exceed ninety-five [percentum] PER CENTUM of the nursing home project
53 cost, or to a non-profit nursing home company in an amount not to exceed
54 the total nursing home project cost, and secured by a first mortgage
55 lien on the real property of which the nursing home project consists and
56 the personal property attached to or used in connection with the

1 construction, acquisition, reconstruction, rehabilitation, improvement
2 or operation of the nursing home project. Notwithstanding the foregoing
3 provisions of this subdivision or any other provision of this article to
4 the contrary, any personal property may be excluded from the lien of the
5 mortgage provided (a) the commissioner finds that such property is not
6 essential for the nursing home project as such term is defined in arti-
7 cle twenty-eight-A of the public health law, and (b) the agency consents
8 to such exclusion.

9 THE TERM "MORTGAGE LOAN" SHALL ALSO MEAN AND INCLUDE A LOAN MADE TO AN
10 ELIGIBLE SECURED HOSPITAL BORROWER, AS DEFINED IN SUBDIVISION SIX-C OF
11 THIS SECTION, TO REFINANCE OUTSTANDING INDEBTEDNESS PURSUANT TO THIS
12 ACT.

13 S 7. Section 5 of section 1 of chapter 392 of the laws of 1973,
14 constituting the New York state medical care facilities finance agency
15 act, is amended by adding a new subdivision 10-d to read as follows:

16 10-D. TO MAKE MORTGAGE LOANS AND PROJECT LOANS TO NON-PROFIT HOSPITAL
17 CORPORATIONS AND NON-PROFIT MEDICAL CORPORATIONS CONSTITUTING ELIGIBLE
18 SECURED HOSPITAL BORROWERS, AS DEFINED IN SUBDIVISION SIX-C OF SECTION
19 THREE OF THIS ACT, AND TO UNDERTAKE COMMITMENTS TO MAKE ANY SUCH MORT-
20 GAGE LOANS AND PROJECT LOANS;

21 S 8. Section 1 of chapter 392 of the laws of 1973, constituting the
22 New York state medical care facilities finance agency act, is amended by
23 adding a new section 7-c to read as follows:

24 S 7-C. SECURED HOSPITAL PROJECTS RESERVE FUNDS AND APPROPRIATIONS. 1.
25 SPECIAL HOSPITAL PROJECT BONDS, AS DEFINED IN PARAGRAPH (D-1) OF SUBDI-
26 VISION THREE OF SECTION THREE OF THIS ACT, ISSUED TO REFINANCE THE
27 PROJECTS OF ELIGIBLE SECURED HOSPITAL BORROWERS, AS DEFINED IN SUBDIVI-
28 SION SIX-C OF SECTION THREE OF THIS ACT, SHALL BE SECURED BY (A) A MORT-
29 GAGE LIEN, (B) FUNDS AND ACCOUNTS ESTABLISHED UNDER THE BOND RESOLUTION,
30 (C) THE SECURED HOSPITAL SPECIAL DEBT SERVICE RESERVE FUND OR FUNDS, (D)
31 THE SECURED HOSPITAL CAPITAL RESERVE FUND OR FUNDS, AND (E) SUCH SERVICE
32 CONTRACT OR CONTRACTS ENTERED INTO IN ACCORDANCE WITH THE PROVISIONS OF
33 SUBDIVISION FOUR OF THIS SECTION.

34 2. (A) THE AGENCY SHALL ESTABLISH A SECURED HOSPITAL SPECIAL DEBT
35 SERVICE RESERVE FUND OR FUNDS AND PAY INTO SUCH FUND OR FUNDS MONEYS
36 FROM THE SECURED HOSPITAL FUND UP TO AN AMOUNT NOT TO EXCEED AN AMOUNT
37 NECESSARY TO ENSURE THE REPAYMENT OF PRINCIPAL AND INTEREST DUE ON ANY
38 OUTSTANDING INDEBTEDNESS ON SPECIAL HOSPITAL PROJECTS BONDS, AS DEFINED
39 IN PARAGRAPH (D-1) OF SUBDIVISION THREE OF SECTION THREE OF THIS ACT.

40 FUNDS DEPOSITED IN SUCH SECURED HOSPITAL SPECIAL DEBT SERVICE RESERVE
41 FUND OR FUNDS SHALL BE USED IN THE EVENT THAT AN ELIGIBLE SECURED HOSPI-
42 TAL BORROWER, AS DEFINED IN SUBDIVISION SIX-C OF SECTION THREE OF THIS
43 ACT, FAILS TO MAKE PAYMENTS IN AN AMOUNT SUFFICIENT TO PAY THE REQUIRED
44 DEBT SERVICE PAYMENTS ON SPECIAL HOSPITAL PROJECT BONDS, AS DEFINED IN
45 PARAGRAPH (D-1) OF SUBDIVISION THREE OF SECTION THREE OF THIS ACT.

46 (B) THE AGENCY SHALL, FOR THE PURPOSES OF PARAGRAPH (A) OF THIS SUBDI-
47 VISION AND FOR THE SUPPORT OF ELIGIBLE SECURED HOSPITAL BORROWERS, PAY
48 INTO THE SECURED HOSPITAL FUND CURRENTLY ESTABLISHED AND MAINTAINED BY
49 THE AGENCY: (I) ALL FUNDS REQUIRED TO BE PAID IN ACCORDANCE WITH THE
50 PROVISIONS OF ARTICLE TWENTY-EIGHT OF THE PUBLIC HEALTH LAW AND REGU-
51 LATIONS PROMULGATED IN SUCH ARTICLE; (II) ANY MORTGAGE INSURANCE PREMIUM
52 ASSESSED IN AN AMOUNT FIXED AT THE DISCRETION OF THE AGENCY, UPON THE
53 ISSUANCE OF SPECIAL HOSPITAL PROJECT BONDS, AS DEFINED IN PARAGRAPH
54 (D-1) OF SUBDIVISION THREE OF SECTION THREE OF THIS ACT; (III) ANY
55 INCOME OR INTEREST EARNED ON OTHER RESERVE FUNDS WHICH THE AGENCY ELECTS
56 TO TRANSFER TO THE SECURED HOSPITAL FUND; AND (IV) ANY OTHER MONEYS

1 WHICH MAY BE MADE AVAILABLE TO THE AGENCY FROM ANY OTHER SOURCE OR
2 SOURCES. MONEYS PAID INTO THE SECURED HOSPITAL FUND SHALL, IN THE
3 DISCRETION OF THE AGENCY, BUT SUBJECT TO AGREEMENTS WITH BONDHOLDERS, BE
4 USED TO FUND THE SPECIAL DEBT SERVICE RESERVE FUND OR FUNDS AT A LEVEL
5 OR LEVELS WHICH MINIMIZE THE NEED FOR USE OF THE CAPITAL RESERVE FUND OR
6 FUNDS IN THE EVENT OF THE FAILURE OF AN ELIGIBLE SECURED HOSPITAL
7 BORROWER, AS DEFINED IN SUBDIVISION SIX-C OF SECTION THREE OF THIS ACT,
8 TO MAKE THE REQUIRED DEBT SERVICE PAYMENTS ON SPECIAL HOSPITAL PROJECT
9 BONDS, AS DEFINED IN PARAGRAPH (D-1) OF SUBDIVISION THREE OF SECTION
10 THREE OF THIS ACT.

11 (C) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPHS (A) AND (B) OF THIS
12 SUBDIVISION, THE STATE HEREBY EXPRESSLY RESERVES THE RIGHT TO MODIFY OR
13 REPEAL THE PROVISIONS OF ARTICLE TWENTY-EIGHT OF THE PUBLIC HEALTH LAW.

14 3. THE AGENCY SHALL ESTABLISH A SECURED HOSPITAL CAPITAL RESERVE FUND
15 OR FUNDS WHICH SHALL BE FUNDED AT AN AMOUNT OR AMOUNTS EQUAL TO THE
16 LESSER OF EITHER: (A) THE MAXIMUM AMOUNT OF PRINCIPAL, SINKING FUND
17 PAYMENTS AND INTEREST DUE IN ANY SUCCEEDING YEAR ON OUTSTANDING SPECIAL
18 HOSPITAL PROJECT BONDS, AS DEFINED IN PARAGRAPH (D-1) OF SUBDIVISION
19 THREE OF SECTION THREE OF THIS ACT, OR (B) THE MAXIMUM AMOUNT TO ENSURE
20 THAT SUCH BONDS WILL NOT BE CONSIDERED ARBITRAGE BONDS UNDER THE INTER-
21 NATIONAL REVENUE CODE OF 1986, AS AMENDED. THE CAPITAL RESERVE FUND SHALL BE
22 FUNDED BY THE SALE OF SPECIAL HOSPITAL PROJECT BONDS, AS DEFINED IN
23 PARAGRAPH (D-1) OF SUBDIVISION THREE OF SECTION THREE OF THIS ACT, OR
24 FROM SUCH OTHER FUNDS AS MAY BE LEGALLY AVAILABLE FOR SUCH PURPOSE, AS
25 PROVIDED FOR IN THE BOND RESOLUTION OR RESOLUTIONS AUTHORIZING THE ISSU-
26 ANCE OF SUCH BONDS.

27 4. (A) NOTWITHSTANDING THE PROVISIONS OF ANY GENERAL OR SPECIAL LAW TO
28 THE CONTRARY, AND SUBJECT TO THE MAKING OF ANNUAL APPROPRIATIONS THERE-
29 FOR BY THE LEGISLATURE IN ORDER TO REFINANCE MORTGAGE LOANS TO ELIGIBLE
30 SECURED HOSPITAL BORROWERS, AS DEFINED IN SUBDIVISION SIX-C OF SECTION
31 THREE OF THIS ACT, THE DIRECTOR OF THE BUDGET IS AUTHORIZED IN ANY STATE
32 FISCAL YEAR TO ENTER INTO ONE OR MORE SERVICE CONTRACTS, WHICH SERVICE
33 CONTRACTS SHALL NOT EXCEED THE TERM OF THE SPECIAL HOSPITAL PROJECT
34 BONDS, ISSUED FOR THE BENEFIT OF THE ELIGIBLE SECURED HOSPITAL BORROWER,
35 UPON SUCH TERMS AS THE DIRECTOR OF THE BUDGET AND THE AGENCY AGREE, SO
36 AS TO PROVIDE ANNUALLY TO THE AGENCY IN THE AGGREGATE SUCH SUM, IF ANY,
37 AS NECESSARY TO MEET THE DEBT SERVICE PAYMENTS DUE ON OUTSTANDING
38 SPECIAL HOSPITAL PROJECT BONDS, AS DEFINED IN PARAGRAPH (D-1) OF SUBDI-
39 VISION THREE OF SECTION THREE OF THIS ACT, IN ANY YEAR IF THE FUNDS
40 PROVIDED FOR IN THIS SECTION ARE INADEQUATE.

41 (B) ANY SERVICE CONTRACT ENTERED INTO PURSUANT TO PARAGRAPH (A) OF
42 THIS SUBDIVISION SHALL PROVIDE (I) THAT THE OBLIGATION OF THE DIRECTOR
43 OF THE BUDGET OR OF THE STATE TO FUND OR TO PAY THE AMOUNTS THEREIN
44 PROVIDED FOR SHALL NOT CONSTITUTE A DEBT OF THE STATE WITHIN THE MEANING
45 OF ANY CONSTITUTIONAL OR STATUTORY PROVISION AND SHALL BE DEEMED EXECU-
46 TORY ONLY TO THE EXTENT OF MONEYS AVAILABLE AND THAT NO LIABILITY SHALL
47 BE INCURRED BY THE STATE BEYOND THE MONEYS AVAILABLE FOR SUCH PURPOSE,
48 AND THAT SUCH OBLIGATION IS SUBJECT TO ANNUAL APPROPRIATION BY THE
49 LEGISLATURE; AND (II) THAT THE AMOUNTS PAID TO THE AGENCY PURSUANT TO
50 ANY SUCH CONTRACT MAY BE USED BY IT SOLELY TO PAY OR TO ASSIST IN
51 FINANCING COSTS OF MORTGAGE LOANS TO ELIGIBLE SECURED HOSPITAL BORROW-
52 ERS, AS DEFINED IN SUBDIVISION SIX-C OF SECTION THREE OF THIS ACT.

53 5. THE AGENCY SHALL NOT ISSUE SPECIAL HOSPITAL PROJECT BONDS, AS
54 DEFINED IN PARAGRAPH (D-1) OF SUBDIVISION THREE OF SECTION THREE OF THIS
55 ACT, EXCEPT TO REFINANCE MORTGAGE LOANS FOR ELIGIBLE SECURED HOSPITAL
56 BORROWERS AS PROVIDED IN SECTION THREE OF THIS ACT.

1 S 9. Notwithstanding any other provision of this act: (i) reimburse-
2 ment for interest on any indebtedness hereunder to be paid by the
3 medical assistance program established under title 11 of article 5 of
4 the social services law shall be subject to the availability of federal
5 financial participation; and (ii) the refinancing of a mortgage loan
6 pursuant to this act shall not alter, affect or change the component of
7 medical assistance reimbursement applicable to the depreciation of any
8 asset or assets.

9 S 10. The expiration and repeal of sections one through eight of this
10 act shall not affect or impair any bonds or notes issued, or any loan
11 made to any borrower, pursuant to the provisions of this act prior to
12 the expiration of these sections.

13 S 11. Section 12 of chapter 934 of the laws of 1985, amending the
14 public health law and the New York state medical care facilities finance
15 agency act relating to authorizing issuance of special hospital project
16 bonds on behalf of certain secured hospital borrowers to assist in
17 providing adequate health care to low income persons, as amended by
18 chapter 639 of the laws of 1996, is amended to read as follows:

19 S 12. This act shall take effect immediately and shall expire on
20 [March 1, 1998] DECEMBER 31, 2015; provided, however, that the expira-
21 tion of the provisions of law as amended and added, respectively, by the
22 provisions of this act shall not affect or impair in any manner any
23 bonds issued, or any mortgage loan made to any eligible borrower, or any
24 service contract entered into pursuant to the provisions of this act
25 prior to its expiration; and provided further, however, that the
26 provisions of this act on and after [September 1, 1997] DECEMBER 31,
27 2015 shall apply only to hospitals that have received from the dormitory
28 authority of the state of New York by [such date] SEPTEMBER 1, 1997
29 acknowledgement and acceptance of an application for financing pursuant
30 to this act and have obtained by such date all approvals required pursu-
31 ant to the public health law for submitting such application.

32 S 12. This act shall take effect immediately; provided that sections
33 one through eight of this act shall expire and be deemed repealed Decem-
34 ber 31, 2015; provided further, that the secured hospital fund estab-
35 lished by paragraph b of subdivision 2 of section 7-b of the New York
36 state medical care facilities finance agency act shall not be affected
37 by such repeal and shall continue in existence.