

The Atlantic Avenue Healthcare Property Holding Corporation met in a Regular Meeting at the Dormitory Authority's Albany Office, 515 Broadway, Albany, New York, at 11:30 a.m. on April 10, 2019.

The Meeting was called to order by the Chair. Roll call was taken and a quorum was present. Those Members present and absent for the Meeting were as follows:

Members Present

Alfonso L. Carney, Jr., Chair, Member  
John B. Johnson, Jr., Vice Chair, Member  
Jonathan H. Gardner, Esq., Member  
Gerard Romski, Esq., Member  
Paul S. Ellis, Esq., Member  
Tracy Raleigh, Designated Representative of the Commissioner of Health, Member (ex officio)  
Joseph Gilchrist, Designated Representative of the Commissioner of Education, Member (ex officio)  
Adrian Swierczewski, Designated Representative of the Director of the Budget, Member (ex officio)

Members Absent:

Beryl L. Snyder, Esq., Member  
Wellington Z. Chen, Member

Also Present - Dormitory Authority Staff:

Michael T. Corrigan, Vice President  
Michael E. Cusack, Esq., General Counsel  
Kimberly J. Nadeau, Chief Financial Officer  
Portia Lee, Managing Director of Public Finance and Portfolio Monitoring  
Stephen D. Curro, Managing Director of Construction  
Caroline V. Griffin, Chief of Staff  
Larry N. Volk, Senior Director, Portfolio Monitoring  
Daniel W. Petroff, Chief of Strategy and Business Development  
Paul G. Koopman, Managing Senior Director of Construction  
Kay M. Edwards, Esq., Managing General Counsel  
Sara P. Richards, Esq., Associate General Counsel  
Kathy D. Ebert, Director, Internal Audit  
Karen E. Ehlinger, Internal Control Officer  
David F. Perritano, Public Information Officer

## **PUBLIC SESSION**

The Atlantic Avenue Healthcare Property Holding Corporation Chair called the Meeting to order. He then asked Mr. Cusack to present the items on the Agenda to the Members.

### Election of Officers

Mr. Cusack noted that there are five items on the Agenda today. He directed the Members' attention to first item which is the Election of Officers, noting that there were no changes to the list of Officers from the previous year.

Mr. Ronski moved the adoption of the following entitled resolution:

**A RESOLUTION OF THE ATLANTIC AVENUE HEALTHCARE PROPERTY HOLDING CORPORATION ELECTING ADDITIONAL OFFICERS OF THE CORPORATION AND RATIFYING ITS RESOLUTION OF DECEMBER 11, 2013 ADOPTING CERTAIN POLICIES OF THE DORMITORY AUTHORITY**

Ms. Sullivan seconded the motion and the Resolution was unanimously adopted.

### Minutes

Mr. Cusack noted that the next item on the Agenda for their approval is the minutes of the April 11, 2018 Meeting. The Chair directed the Members to the draft Minutes in the Board materials, which were reviewed and approved.

### Mission Statement and Performance Measures

Mr. Cusack noted that as is the case with the DASNY Board, Atlantic Avenue Healthcare Property Holding Corporation is required to review annually certain items. He noted that the Atlantic Avenue Healthcare Property Holding Corporation Governance Committee had conducted their annual review of the necessary items at their March 5, 2019 Meeting.

Mr. Cusack directed the Member's attention to the third item on the Agenda and included in the Members' material. He noted that an annual review of the Mission Statement and Performance Measures is required, and indicated that Staff has reviewed this information and recommends no changes at this time.

The Members reviewed the Mission Statement and Performance Measures and concurred with Staff's recommendation, and on a motion by Ms. Raleigh seconded by Mr. Ellis, the Mission Statement and Performance Measures were approved unanimously.

In response to an inquiry by Mr. Ronski of the duration of the subsidiary, Mr. Cusack noted that additional detail on Interfaith Medical Center would be provided by Mr. Volk during his presentation.

### By-Laws

Mr. Cusack directed the Members to the Atlantic Avenue Healthcare Property Holding Corporation By-Laws included in the Members' materials and noted that the By-Laws also require an annual review by the Board. He noted that Staff has also reviewed these materials, and that there are no changes to the By-Laws being recommended at this time.

In response to a question from the Chair, Mr. Cusack confirmed that the By-Laws are essentially the same as in the NGHP Subsidiary.

The Members then reviewed the By-Laws and concurred with Staff's recommendation, and on a motion by Ms. Sullivan seconded by Mr. Swierczewski, the By-Laws were approved unanimously.

### **President's Report**

Chair Carney then acknowledged the President's Report in the Board materials, and asked Mr. Volk to provide the Members with an update. Mr. Volk explained that the Atlantic Avenue subsidiary was formed when Interfaith Medical Center (IMC) emerged from bankruptcy with the bulk of its real estate transferred to the Atlantic Avenue subsidiary. He noted that pursuant to the court-approved plan, the obligations on IMC's secured debt to DASNY (both bond debt and restructuring pool debt) were expunged, with the subsidiary becoming the owner of IMC's campus. He further noted that the subsidiary has a triple net lease with IMC, with IMC continuing to operate the hospital and its clinics on that property.

Mr. Volk stated that over the past year, IMC, Brookdale and Kingsbrook have joined under a single member -- the One Brooklyn Health System (OBHS) -- with each member of each of the three Hospitals and affiliated entities. Mr. Volk stated that Hospitals continue to struggle and are significantly supported by New York State through special subsidies and various grant programs. He noted that the most significant grant being the \$664 million grant award for Kings County Transformational Grant Program. He further noted that all of that means that the financial well-being of IMC is a function of State support.

Mr. Volk noted that the original rent payment that IMC is scheduled to make to Atlantic Avenue was \$8 million per year, which represented the capital reimbursement that IMC received in Medicaid reimbursement. He stated that the ideal was that all around there would be no significant change in the cash implications for IMC or for Medicaid, and that the \$8 million would cover a significant portion (but not all) of IMC obligations.

Mr. Volk stated that over the past few years IMC's financial performance has become even more challenged. He noted that about a year or so ago, we agreed with IMC to a reduction in amount of monthly rent and that reduced amount is difficult for IMC to make. He noted that to the extent we want them to make payments to us to offset the State's obligations to make payment on the bonds, it is ultimately a circle that has to come from the State. He indicated that the State is net funding IMC, so in conversations with DOH and DOB, we have effectively allowed IMC to continue to occupy campus although delinquent in rent. He noted that the amount of rent paid last

year was used to offset the State's obligations, but was insufficient to cover the August and February payments.

In response to an inquiry from Mr. Ronski, Mr. Volk noted that the arrangement was always with the expectation that lease would be amended. He noted that IMC continues to occupy the campus.

Mr. Volk further noted that through the Governor's Vital Brooklyn program, the State budget contained a provision to authorize Atlantic Avenue to transfer certain properties, none located on the main campus of the hospital. He indicated that those are to be transferred for the development of affordable housing and will contain space reserved for IMC or other OBHS entities to offer clinical and administrative services. He stated that the expectation was that this process would continue over the course of the next year, and noted that the Division of Housing and Community Renewal has prepared an RFP and has received proposals to increase the supply of affordable housing in Central Brooklyn.

In response to a question from Mr. Ronski, Mr. Cusack noted that DASNY is not being impacted and would continue to manage these issues.

Ms. Sullivan moved that the Meeting adjourn, Mr. Ellis seconded the motion, and the Meeting adjourned at approximately 11:45 a.m.

Respectfully submitted,

/s/

Michael E. Cusack  
Assistant Secretary