

Alfonso L. Carney, Jr., Esq. – Chair: I want to welcome the Members to the September 9th meeting of the Atlantic Avenue Healthcare Property Holding Corporation at 10:57 a.m. Because this is a teleconference and not generally the way in which public meetings in New York are held, there are certain notifications that have to be read into the record to explain the authority under which we are able to do this. As you all know, these are coronavirus and COVID-related matters, and Mike Cusack, our General Counsel, will read the required and notice into the record.

Michael E. Cusack, Esq. – General Counsel: Thank you, Mr. Chairman. For the record we will note the attendance of the same Board Members from the DASNY Board meeting that just adjourned and also include the reading of the notice of conference call and video conference meeting from that meeting, conformed to the Atlantic Avenue Healthcare Property Holding Corporation:

Atlantic Avenue Healthcare Property Holding Corporation – Board Members Present:

Alfonso L. Carney, Jr., Chair of the Board – Present
John B. Johnson, Jr., Vice Chair of the Board – Present
Beryl L. Snyder, Secretary to the Board – Present
Jonathan H. Gardner, Board Member – Present
Joan M. Sullivan, Board Member – Present
Gerard Romski, Board Member – Present
Janice McKinnie, Board Member – Present
Tracy Raleigh, Designated Representative of the Commissioner of Health, Board Member (*ex officio*) – Present
Brian Cechnicki, Designated Representative of the Interim Commissioner of Education, Board Member (*ex officio*) – Present
Patrick Ryan, Designated Representative of the Director of the Budget, Member (*ex officio*) – Present

Atlantic Avenue Healthcare Property Holding Corporation – Notice of Conference Call and Video Conference Meeting:

On March 7, 2020, Governor Cuomo declared a disaster emergency in the State of New York due to the outbreak of the novel coronavirus, COVID-19.

Pursuant to Governor Cuomo's subsequent Executive Order 202.1 dated March 12, 2020 (as extended by Executive Order 202.60 dated September 4, 2020), today's regular meeting of the Board of Directors of Atlantic Avenue Healthcare Property Holding Corporation, or Atlantic Avenue, is being conducted telephonically and by video conference.

Executive Order 202.1 (as extended by Executive Order 202.60 dated September 4, 2020) provides, in relevant part, that Article 7 of the Public Officers Law (known as the Open Meetings Law) is suspended through October 4, 2020 to the extent necessary to permit any public body to meet and take such actions authorized by the law without permitting in public in-person access to meetings and authorizing such meetings to be held remotely by conference call or similar service,

provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed.

In the President's August 28, 2020 transmittal memorandum, it is noted that Staff anticipated an extension of Executive Order 202.1 to encompass today's meeting of the Atlantic Avenue Board. For the record, I'd like to confirm that Governor Cuomo signed Executive Order 202.60, dated September 4, 2020, continuing the suspension of the Open Meetings Law for an additional 30-day period through and including October 4, 2020.

The location of today's Conference Call and Video Conference Meeting is designated as the DASNY Headquarters, 515 Broadway, Albany, New York, where I am located. Notice of this meeting has been posted in the standard locations that are publicly accessible. Notice has also been posted prominently on the DASNY.org public web site.

In accordance with EO 202.1 (as extended) and the Atlantic Avenue Healthcare Property Holding Corporation Bylaws, an audio recording of the Meeting will be accessible from DASNY's website (www.dasny.org) not later than two business days after the close of the meeting, and today's proceedings will also be transcribed and posted as soon thereafter as is reasonable and practicable under the circumstances.

Mr. Carney: Thank you Mike. Thanks very much. I now will ask Mike to go through the Agenda with the Board.

Election of Officers

Mr. Cusack: Thank you very much, Mr. Chairman. The first item on the Agenda is an Election of Officers Resolution, very similar to the Election of Officers Resolution that was just passed by the DASNY Board to address the retirement of Kim Nadeau as Chief Financial Officer and Treasurer and the appointment today of Kimberly Ellis as our new Chief Financial Officer and Treasurer, as well as certain other staff changes described in the Resolution. If there are no questions on the Resolution, I'll turn it over to you, Mr. Chairman, for a motion to approve.

Mr. Carney: May I have motion please to approve the Resolution? This is the Resolution electing the Officers for the Subsidiary.

Beryl Snyder, Member: So moved.

Gerry Romski, Member: Seconded.

A RESOLUTION OF THE ATLANTIC AVENUE HEALTHCARE PROPERTY HOLDING CORPORATION ELECTING ADDITIONAL OFFICERS OF THE CORPORATION

Mr. Carney: Beryl, thank you. Gerry thank you for the second. Any opposition? Are there any abstentions? Hearing none, the motion passes unanimously. Mike?

Mr. Cusack: Thank you, Mr. Chairman. The second item in the package is a copy of the draft transcript from the May 6, 2020 Meeting of the Atlantic Avenue Subsidiary Board which require review and approval of the Board. If there are no questions on the transcript, I will turn it over to you, Mr. Chairman, for a motion to approve.

Mr. Carney: Mr. General Counsel, thank you very much. Do I have a motion please to approve the transcript of the May 6 meeting?

Beryl Snyder: So moved, this is Beryl again.

Mr. Carney: Is there a second?

Joan Sullivan, Member: Second.

Mr. Carney: Thank you very much. Is there any opposition to the motion? Hearing none, then the motion carries unanimously, the transcript is approved. Mike, the third item?

Resolution Approving Transfer of Real Property Pursuant to Special Legislation

Mr. Cusack: The final item on the agenda, Mr. Chairman, is the Resolution approving the transfer of real property pursuant to special legislation. Before the Board today for consideration is a Resolution authorizing the transfer of a single tract of real property located at 483 -- 503 Herkimer Street, in Brooklyn, New York, consistent with special legislation and the approved Project Plan included in the Board package for today's presentation.

As we first reported to the Board at the April 10, 2019 meeting of Atlantic Avenue Healthcare Property Holding Corporation, the enacted 2019-20 State Budget included special legislation amending Public Authorities Law section 1678[25] to provide new subdivisions [e] and [f], authorizing Atlantic Avenue to transfer four parcels pursuant to a plan to increase access and quality of health care services and preventative care and create affordable housing to transform Central Brooklyn. This legislation is included, as I mentioned, in today's Board materials for your reference.

This special legislation supports Governor Cuomo's Vital Brooklyn policy initiative, a comprehensive program intended to break down barriers to health and well-being in an area of Central Brooklyn with measurably higher rates of obesity, diabetes and high blood pressure by, among other things, improving access to healthy food sources, quality affordable housing, opportunities for physical activity, and high-quality health care and mental health services.

In the materials for the last meeting of the Atlantic Avenue Subsidiary on May 6, 2020, the President advised the Subsidiary Board that while timing and terms of the transfers were not yet established, the New York State Division of Homes and Community Renewal ("DHCR") issued two Vital Brooklyn Requests for Proposals ("RFP"), and Staff expected to come before the Atlantic Avenue Board with more details while seeking any necessary Board approvals.

As noted in the materials before the Board today, DHCR is concluding its process for the first of these sites, located at 483 – 503 Herkimer Street (a surface parking lot across from the Interfaith hospital campus), and has requested that DASNY bring this proposed conveyance before the Atlantic Avenue Board for review and approval at today’s meeting.

Pursuant to the DHCR-led Vital Brooklyn RFP process, DHCR has selected Federation of Organizations for the New York State Mentally Disabled, Inc. (“Federation”) as the developer of the 483 – 503 Herkimer Street site. Federation is a not-for-profit provider of health and wellness, senior & children’s services, housing, and support services in the NYC and Long Island area.

As required by the special legislation, DHCR has provided a Project Plan for the redevelopment of 483 – 503 Herkimer Street to, in the words of the statute, “increase access and quality of health care services and preventative care and create affordable housing” in Central Brooklyn. As further required by the special legislation, the Project Plan for this site has been approved by the Commissioner of DHCR, the Department of Health and the Division of the Budget.

As a clarification for our record, the proposal that is before you today is limited to a single tract in Central Brooklyn (i.e., the 483 – 503 Herkimer Street tract). Proposals for the three remaining tracts referenced in the special legislation will be brought before this Board separately, following DHCR’s review and approval process, which is ongoing.

By letter dated August 31, 2020, the DHCR Commissioner has provided direction to Atlantic Avenue to proceed in accordance with the Project Plan and all requirements in the special legislation. Staff is advised that the timing of DHCR’s request is critical to meet the proposed financing schedule for the project, which includes a DHCR/HFA bond offering that is expected to price in early/mid-October (i.e., before the next DASNY Board Meeting cycle in October). Specifically, the Housing Finance Agency (“HFA”) approved the bond financing for this project on September 3, 2020, and the parties are moving forward with the mentioned bond sale. Both the real property and bond financing transactions are expected to close at the end of October.

Turning to the approved Project Plan, the Plan includes an approximately eight story structure and a combination of additional features that Federation will construct and provide, including without limitation:

- approximately 121 affordable housing units focused on senior care (which is defined as seniors earning 30%, 40%, 50%, 60%, and 80% of the Area Median Income), with approximately 57 units set-aside for frail and elderly seniors who will receive on-site supportive services;
- on-site services to help residents maintain physical and emotional health, participate in treatment and rehabilitative services, assist with educational and employment goals, sustain healthy relationships, and, over-all, improve the quality of life of residents;
- an approximately 6,000 square foot community facility space, which is designated for a primary care clinic to be operated as part of the One Brooklyn Health Systems, Inc. (“OBHS”) ambulatory health network by Bedford-Stuyvesant Family Health Center (FQHC);

- approximately 700 square feet of ground floor community space for a food access assistance program;
- open spaces, wellness spaces and services, green spaces, social and recreational activities; and
- approximately 90 parking spaces for Interfaith staff to use in an underground garage.

For the record, it is anticipated that construction of the FQHC portion of this project will be funded in part through the Health Care Facility Transformation Program (Kings County Project), which is the \$700 million capital grant program administered jointly by DOH and DASNY pursuant to Public Health Law section 2825-a.

SEQRA and other regulatory review has been conducted by DASNY's Office of Environmental Affairs ("OEA"), as staff to Atlantic Avenue. OEA Staff have determined that the proposed transfer is an action that will not have any significant adverse impacts on the environment, and that review includes that there is no impact on cultural or historic resources located in or eligible for inclusion in the State or National Registers of Historic Places, and that the project will be consistent with the criteria and objectives in the State Smart Growth Public Infrastructure Policy Act.

Staff has also reached concurrence with external bond and tax counsel from Squire Sanders LLP that the Project Plan will not impair the tax-exempt status of any outstanding DASNY bonds or other obligations, because no DASNY bond proceeds were used to acquire or improve this parcel (which as noted, is currently used as a surface parking lot by Interfaith staff). Accordingly, counsel will be able to render the opinion required by the special legislation, as referenced in the materials.

Following negotiation of a Purchase and Sale Agreement, it is anticipated that Atlantic Avenue will transfer the Herkimer Street site for nominal consideration, subject to Federation's commitments in the Project Plan. Pursuant to a fairly standard affordable housing financing and construction framework described in the approved Project Plan, Federation will assign its interest to a qualified New York not-for-profit Housing Development Fund Company ("HDFC") controlled by Federation.

As part of this financing, the project will be subject to a regulatory agreement restricting the use of the residential units for a period of approximately 40 years and the ambulatory care center for a period of approximately 50 years. HFA mortgages will encumber the entire project, include use restrictions similar to those in the regulatory agreement, and will have a maturity date no shorter than 30 years. The HFA mortgages and the HFA regulatory agreement will be cross-defaulted.

DASNY for its part, has engaged the services of a qualified MWBE law firm with experience in the New York City real estate market (Shoeman Updike Kaufman & Gerber LLP) to prepare a Purchase and Sale Agreement and other closing documentation effectuating the transfer in a manner consistent with the special legislation, the approved Project Plan, and Federation's commitments thereunder. As noted, the goal is to have all documentation in place for an early October bond pricing, followed by closings in the end of October.

Finally, a thank you. While DASNY and its Atlantic Avenue subsidiary have no approval authority over the Project Plan that is included in today's materials, Staff wishes to acknowledge and thank colleagues at the New York State Division of Homes and Community Renewal, DOH and DOB for their assistance in preparing a presentation that we hope is informative to this Board.

Subject to any comments from the Board, we recommend that the Atlantic Avenue Board approve the proposed Resolution adopting and approving the actions of Staff to date, and authorizing Staff, Authorized Officers and external counsel to proceed with the closing process for 483 – 503 Herkimer Street, again, consistent with the approved Project Plan and all requirements in the special legislation. That concludes my report, Mr. Chairman.

Mr. Carney: Michael, thank you very much. You all have had a chance to review the material that was included in the Board Book. This includes the Vital Brooklyn housing project plan for the Interfaith Herkimer site, with the address of the Herkimer Street property. Are there any questions for Mike? I now recall Mike this transaction is for a nominal amount. Is that correct?

Mr. Cusack: That is correct. The legislation contemplates and give State officials the authority to accept policy offsets in lieu of normal practices and “notwithstands” certain laws that would ordinarily apply.

Mr. Carney: Other questions for Michael on this proposed transaction? The Resolution is two pages long, it appears and is almost immediately behind the meeting transcript from the May 6th meeting. Michael has just described it in enough detail so that I think we know enough to be able to vote on this, but are there any questions for Mike? Hearing none, may I have a motion please to approve the Resolution?

John Johnson, Vice Chair: So moved, John Johnson.

Mr. Carney: Thanks John. Is there a second?

Ms. Snyder: I'll second, this is Beryl.

Mr. Carney: Thank you Beryl. Thanks so much.

RESOLUTION APPROVING THE TRANSFER OF REAL PROPERTY LOCATED AT 483 – 503 HERKIMER STREET, BROOKLYN, NEW YORK

If there is no opposition to the motion, and if there are no abstentions, then I will conclude that the motion carries unanimously and the proposed transaction is approved.

Mr. Cusack: Thank you, Mr. Chairman, that concludes the Agenda for the Atlantic Avenue Meeting today.

Mr. Carney: Thank you, Michael. Is there any other business to come before the Atlantic Avenue Healthcare Property Holding Corporation Board?

Mr. Johnson: John Johnson here. Just a matter of curiosity Michael, once we finished the other dispositions of the other property, does that sunset the Atlantic Avenue Healthcare Property Holding Corporation subsidiary?

Mr. Cusack: The answer unfortunately, Mr. Johnson, is going to be no. In the Atlantic Avenue name we hold title to a couple dozen properties. This may sunset eventually, depending on future steps with the One Brooklyn Health System and their next actions and activities as they move forward with their transformation plan, which is funded in significant part by the grant program that I mentioned previously. And so as not to get over my skis on what that might entail, I'll defer to Tracy Raleigh for anything further. Thank you.

Tracy Raleigh, Member: I would echo that, and also add that this is a significant investment by the State. And we appreciate DASNY's cooperation in in the transformation process. I can update the Board briefly. The transformation efforts would take too long to go into in-depth, but the system is making a significant step at the upcoming Public Health and Health Planning Council to actually merge the three separate entities. It is anticipated that the three hospitals – Brookdale, Interfaith and Kingsbrook -- will be merging into the Brookdale entity, which will be the surviving entity for merger purposes. These entities already have a common board and common management, but this is viewed by the Health Department and certainly other State entities as another good step towards integration. And I think that this transfer that we just approved is also a very vital component of the Governor's initiative, as it does combine not only the healthcare aspects through the One Brooklyn clinic that will be co-located there, but also, and more importantly, low-income affordable housing for the Bedford-Stuyvesant community which was identified in the Vital Brooklyn plan as a significant component. I'm happy to answer any other questions.

Mr. Carney: Thank you Tracy. Any questions for Tracy? Hearing none, is there any other business to come before this Board? There being none, may I have a motion please to adjourn the meeting?

Mr. Gardner: So moved.

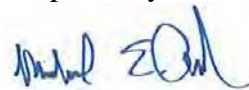
Mr. Carney: Thank you Jon, do I have a second?

Mr. Ronski: Second.

Mr. Carney: Thank you all very much. The meeting stands adjourned.

The Atlantic Avenue Healthcare Property Holding Corporation meeting adjourned at 11:18 a.m.

Respectfully Submitted,



Michael E. Cusack
Assistant Secretary