

New York City health and hospitals corporation act 1016/69

Chapter 1016 of the laws of 1969

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION ACT

- Section 1. Short title.
2. Declaration of policy and statement of purposes.
 3. Definitions.
 4. New York city health and hospitals corporation.
 - 4-a.
 5. General powers of the corporation.
 6. Relationship to the city; agreements concerning health facilities.
 7. Conveyance of property by the city to the corporation; acquisition of property by the city.
 - 7-a. Relationship with the New York state and the housing finance agency health and mental hygiene facilities improvement corporation.
 8. Contracts.
 9. Personnel administration; collective bargaining; pension and retirement benefits; article fourteen civil service law; paragraph two hundred twenty labor law; personnel review board.
 10. Officers and employees not to be interested in transactions.
 11. Moneys of the corporation.
 12. Issuance of bonds and notes by the corporation.
 13. Reserve fund.
 14. Agreement of the state.
 15. State and city not liable on bonds and notes.
 16. City's right to require redemption of bonds.
 17. Remedies of holders of bonds and notes.
 18. Assistance to the corporation.
 19. Exemption from taxation.
 20. Actions by and against the corporation.
 21. Bonds and notes as legal investments.
 22. Annual and special reports.
 23. Act not affected if in part unconstitutional or ineffective.
 24. Inconsistent provisions of other laws superseded.
 25. Termination of the corporation.

Section 1. Short title. This act may be cited as the "New York city health and hospitals corporation act".

§ 2. Declaration of policy and statement of purposes. It is hereby found, declared and determined that the provision and delivery of comprehensive care and treatment of the ill and infirm, both physical and mental, are of vital and paramount concern and essential to the protection and promotion of the health, safety and welfare of the inhabitants of the state of New York and the city of New York.

There are serious shortages in the number of personnel adequately trained and qualified to provide the quality care and treatment needed. A myriad of complex and often deleterious constraints and restrictions place a harmful burden on the delivery of such care and treatment. Technological advances have been such that portions of the health and medical services now delivered by the city are not as advanced as they should be. A system permitting legal, financial and managerial flexibility is required for the provision and delivery of high quality, dignified and comprehensive care and treatment for the ill and infirm, particularly to those who can least afford such services.

It is further found, declared and determined that hospitals and other health facilities of the city are of vital and paramount concern and

essential in providing comprehensive care and treatment for the ill and infirm, both physical and mental, and are thus vital to the protection and the promotion of the health, welfare and safety of the people of the state of New York and the city of New York.

There are inadequate general and specialized health care facilities including but not limited to nursing homes and related laboratories and ambulatory care clinics and centers and diagnostic treatment centers. The inadequacy and shortage of health facilities derives from such factors among others as the rapid technological changes and advances taking place in the medical field. These changes and advances have created the need for substantial structural and functional changes in existing facilities. Many of the health facilities of the city are overcrowded. Buildings are deteriorating and many suffer harm as a result of piecemeal and uncoordinated additions. The facilities available for education, research and development are inadequate to meet the demands of the medical field. Procedures inherent in the administration of health and medical services as heretofore established obstruct and impair efficient operation of health and medical resources.

It is found, declared and determined that in order to accomplish the purposes herein recited, to provide the needed health and medical services and health facilities, a public benefit corporation, to be known as the New York City health and hospital corporation, should be created to provide such health and medical services and health facilities and to otherwise carry out such purposes; that the creation and operation of the New York city health and hospitals corporation, as hereinafter provided, is in all respects for the benefit of the people of the state of New York and of the city of New York, and is a state, city and public purpose; and that the exercise by such corporation of the functions, powers and duties as hereinafter provided constitutes the performance of an essential public and governmental function.

§ 3. Definitions. As used or referred to in this act, unless a different meaning clearly appears from the text:

1. "Administrator" or "Health service administrator" shall mean the administrator of health services of the city of New York.

2. "Administration" shall mean the health services administration of the city of New York.

3. "Board" shall mean the board of directors of the corporation as such board is constituted pursuant to section four of this act.

4. "Bonds" and "notes" shall mean bonds and notes respectively, authorized and issued by the corporation pursuant to this act.

5. "City" shall mean the city of New York.

6. "Comptroller" shall mean the comptroller of the city of New York.

7. "Construction" shall mean site acquisition, planning, design, erection, building, alteration, reconstruction, renovation, improvement, extension, enlargement, replacement or modification and the inspection or modification thereof.

8. "Corporation" shall mean the public benefit corporation created by section four of this act.

9. "Corporation counsel" shall mean the corporation counsel of the city of New York.

10. "Council" shall mean the agency or body designated as the health planning agency pursuant to article twenty-nine of the public health law or public law 89-749 and which is authorized to approve construction of health facilities in the city of New York.

11. "Director of management and budget" shall mean the director of management and budget of the city of New York.

12. "Health facility" shall mean a building, structure or unit or any improvement to real property, including all necessary and usual

attendant and related equipment, facilities or fixtures, or any part or parts thereof, or any combination or combinations thereof, including, but not limited to, a general hospital, psychiatric hospital, tuberculosis hospital, ambulatory clinic or center, chronic disease hospital, nursing home, extended-care facility, dispensary or laboratory or any other related facility, or any combination of the foregoing, constructed, acquired or otherwise provided by or for the use of the corporation or the city in providing health and medical services to the public.

13. "Health and medical services" shall mean items or services provided by or under the supervision of a physician or other person trained or licensed to render health care necessary for the prevention, care, diagnosis or treatment of human disease, pain, injury, deformity or other physical or mental condition including, but not limited to, pre-admission, out-patient, in-patient and post-discharge care, home care, physicians' care, nursing care, medical care provided by interns or residents-in-training and other paramedical care, ambulance service, bed and board, drugs, biologicals, supplies, appliances, equipment, laboratory services and x-ray, radium and radio-active-isotope therapy.

14. "Mayor" shall mean the mayor of the city of New York.

15. "Real property" shall mean lands, structures, franchises and interests in land, waters, lands under water, riparian rights and air rights, and any and all things and rights usually included within the said term and includes not only fees simple absolute but also any and all lesser interests such as easements, rights-of-way, uses, leases, licenses and all other incorporeal hereditaments and every estate, interest or right, legal or equitable, including terms for years and liens thereon by way of judgments, mortgages, or otherwise.

16. "Reimbursement allowance" shall mean any money paid by any government, or any agency or subdivision thereof or by a social services district or by any private institution or organization or person including, but not limited to, payments authorized by and made pursuant to the federal social security act and the state social services law, to the corporation for the costs of health and medical services furnished to beneficiaries thereof provided by the corporation directly or through agreement with the city.

17. "State" shall mean the state of New York.

18. "Subsidiary corporation" shall mean a corporation created pursuant to subdivision twenty of section five of this act.

19. "Non-profit hospital" shall mean an organization authorized by law to provide health and medical services, organized exclusively for charitable purposes on a non-profit basis, which does not devote more than an insubstantial part of its total activities to activities not in furtherance of its charitable purposes, does not participate or intervene (including publishing or distributing statements), directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office, and no substantial part of the activities of which is devoted to attempting to influence legislation by propaganda or otherwise and no part of the net earnings of which inures to the benefit of a private shareholder or individual.

§ 4. New York city health and hospitals corporation. 1. A corporation, to be known as the "New York city health and hospitals corporation," is hereby created. Such corporation shall be a body corporate and politic constituting a public benefit corporation. It shall be administered by a board of directors consisting of sixteen members, constituted as follows: five directors shall be the administrator, the commissioner appointed by the mayor as chief administrative officer of the health functions of the administration, the director of community mental health

services of the administration, the administrator of human resources of the city, and the deputy mayor-city administrator of the city, or their successors, all serving ex-officio; ten directors shall be appointed by the mayor, five of whom shall be designated by the city council of the city of New York; and the remaining director shall be the chief executive officer of the corporation. Such chief executive officer shall be chosen by the aforementioned fifteen directors from persons other than themselves and shall serve at the pleasure of the board. The terms of the ten directors first appointed by the mayor, other than those serving ex-officio shall be as follows:

Two shall serve for terms of one year each, one of whom shall have been designated by the city council;

Two shall serve for terms of two years each, one of whom shall have been designated by the city council;

Two shall serve for terms of three years each, one of whom shall have been designated by the city council;

Two shall serve for terms of four years each, one of whom shall have been designated by the city council;

Two shall serve for terms of five years each, one of whom shall have been designated by the city council;

thereafter their successors shall serve for terms of five years each. The mayor shall fill any vacancy which may occur by reason of death, resignation or otherwise in a manner consistent with the original appointment. Directors may be removed by the mayor for cause, but not without an opportunity to be heard.

2. The administrator of health services of the city shall be chairman of the board of directors. He shall preside over all meetings of the board and shall have such other duties as the directors may direct. The vice-chairman, who shall be elected by the directors from among themselves, shall preside over meetings of the board in the absence of the chairman and shall have such other duties as the board may direct.

3. The powers of the corporation shall be vested in and exercised by the board of directors at a meeting duly held at a time fixed by any by-law adopted by the board, or at any duly adjourned meeting of such meeting or at any meeting held upon reasonable notice to all of the directors, or upon written waiver thereof, and a majority of the whole number of directors shall constitute a quorum; provided, that neither the business nor the powers of the corporation shall be transacted or exercised except pursuant to the favorable vote of at least a majority of the directors present at a meeting at which a quorum is in attendance. The board may delegate to one or more of the directors, officers, agents or employees of the corporation such powers and duties as it may deem proper. For the purposes of this subdivision three, "whole number" shall mean the total number of directors that the board would have were there no vacancy in the office of a director.

4. The directors shall not be entitled to compensation for their service but shall be reimbursed for actual and necessary expenses incurred by them in the performance of their official duties. The directors may engage in private employment or in a profession or business, unless otherwise prohibited from doing so by virtue of holding another public office, subject to the provisions of article eighteen of the general municipal law. For the purposes of such article eighteen, the corporation shall be a "municipality" and a director shall be a "municipal officer".

5. The board shall hold an annual meeting.

6. Except as otherwise permitted or required by any federal or state law, rule or regulation, the corporation shall receive direct payments, including payments made by a social services district under title eleven

of article five of the social services law, and the New York state medical assistance plan adopted thereunder, and other reimbursement allowances whether as a "provider of services" in accordance with federal law or otherwise, for the provision by the corporation of the health and medical services for which such payments are made or by reason of ownership by the corporation of a health facility rendering the health and medical services for which such payments are made. For the purpose of such title eleven, the corporation shall be an "institution" supplying "medical assistance".

7. The fiscal year of the corporation shall be the same as that of the city.

8. Notwithstanding any inconsistent provisions of this or any other general, special or local law, no officer or employee of the state, or of any civil division thereof, or of any public corporation, as defined in the general corporation law, shall be deemed to have forfeited his office or employment or any benefits provided under the retirement and social security law or under any public retirement system maintained by the state or by any of the civil divisions thereof by reason of being a director, officer, employee or agent of the corporation.

9. The corporation shall keep each of its facilities and installations open to inspection at all times by duly authorized representatives of the board of social services of the state, the comptroller of the state, the department of health of the state, the mayor, the director of management and budget, the comptroller, the administration and such other federal, state or city departments or agencies authorized by law to so inspect; and each shall be provided access to all of the records, reports, books, papers and accounts of the corporation and its facilities and installations other than privileged medical matter.

10. The corporation shall hold annual public meetings, at least one in each of the five boroughs, after due public notice, for purposes of informing the public of the programs and plans of the corporation.

11. The corporation shall establish a community advisory board for each of its hospitals to consider and advise the corporation and the hospital upon matters concerning the development of any plans or programs of the corporation, and may establish rules and regulations with respect to such boards. The members of such advisory boards shall be representatives of the community served by the hospital. Notwithstanding any inconsistent provision of law, general, special or local, no officer or employee of the state or of any civil division thereof, shall be deemed to have forfeited or shall forfeit his office or employment by reason of his acceptance of membership on such community advisory board. No member of such board shall receive compensation or allowance for services rendered on such board, except, however, that members of community advisory boards may be reimbursed for necessary expenses up to and including twenty-five dollars during a calendar month by submitting a personal summary voucher.

§ 4-a. For the purposes of sections one hundred seventy-five (a) and one hundred seventy-five (b) of the state finance law, the corporation shall be deemed to be a political subdivision.

§ 5. General powers of the corporation. The corporation shall have the following powers in addition to those specifically conferred elsewhere in this act:

1. To sue and be sued;
2. To have a seal and to alter the same at its pleasure;
3. To adopt, alter, amend or repeal by-laws or rules or regulations for the organization, management, and regulation of its affairs;
4. To borrow money and to issue negotiable notes, bonds or other evidences of indebtedness and to provide for the rights of the holders

thereof in accordance with the provisions of this act; provided, however, that the corporation shall not issue bonds, notes or other evidences of indebtedness for the construction of a health facility without the prior approval of the mayor and, in the case of major construction, without first submitting to the mayor a written statement of the chairman of the board stating that the corporation has consulted with the New York State housing finance agency and the New York State health and mental hygiene facilities improvement corporation with respect to such major construction.

5. To make and to execute contracts and leases and all other agreements or instruments necessary or convenient for the exercise of its powers and the fulfillment of its corporate purposes;

6. To acquire, by purchase, gift, devise, lease or sublease, and to accept jurisdiction over and to hold and own, and dispose of by sale, lease or sublease, real or personal property, including but not limited to a health facility, or any interest therein for its corporate purposes; provided, however, that no health facility or other real property acquired or constructed by the corporation shall be sold, leased or otherwise transferred by the corporation without public hearing by the corporation after twenty days public notice and without the consent of the board of estimate of the city;

7. To operate, manage, superintend, and control any health facility under its jurisdiction and to repair, maintain and otherwise keep up any such health facility; and to establish and collect fees, rentals or other charges, including reimbursement allowances, for the sale, lease or sublease of any such health facility, subject to the terms and conditions of any contract, lease, sublease or other agreement with the city;

8. To provide health and medical services for the public directly or by agreement or lease with any person, firm or private or public corporation or association, through and in the health facilities of the corporation and to make rules and regulations governing admissions and health and medical services; and to establish and collect fees and other charges, including reimbursement allowances, for the provision of such health and medical services; and to provide and maintain continuous resident physician and intern medical services; and to sponsor and conduct research, educational and training programs;

9. To provide, maintain and operate an ambulance service to bring patients to or remove them from any health facility of the corporation, and to adopt a schedule of appropriate charges and to provide for the collection thereof;

10. To determine, in accordance with standards established by the administration, the conditions under which a physician may be extended the privilege of practicing within a health facility under the jurisdiction of the corporation, and to promulgate reasonable rules and regulations for the conduct of all persons, physicians and nurses within any such facility;

11. To employ officers, executives, management personnel, and such other employees who formulate or participate in the formulation of the plans, policies, aims, standards, or who administer, manage or operate the corporation and its hospitals or health facilities, or who assist and act in a confidential capacity to persons who are responsible for the formulation, determination and effectuation of management policies concerning personnel or labor relations, or who determine the number of, and appointment and removal of, employees of the corporation, fix their qualifications and prescribe their duties and other terms of employment.

All such personnel shall be excluded from collective bargaining representation.

12. To employ such other employees as may be necessary and except as otherwise provided herein to promulgate rules and regulations relating to the creation of classes of positions, position classifications, title structure, class specifications, examinations, appointments, promotions, voluntary demotions, transfers, re-instatement, procedures relating to abolition or reduction in positions, to determine the number of and to appoint, remove and discipline employees, to prescribe their duties, fix their qualifications, salaries, wages, fringe benefits, hours, work schedules, assignments and re-assignments, leaves of absence, annual leave, other time and leave rules and other terms of employment.

13. To prepare, or cause to be prepared, plans, specifications, designs and estimates of costs for the construction and equipment of health facilities; provided, however, that such plans, specifications, designs and estimates of cost shall, to the extent required by law, be subject to the approval of the council prior to the implementation thereof;

14. To construct and equip, or by contract cause to be constructed and equipped, health facilities, subject to the approval of the council;

15. To apply for and/or to receive and accept any gifts or grants of money, property or services or other aid, including any reimbursement allowance, offered or made available to it by any person, government or agency whatever, for use by the corporation in carrying out its corporate purposes and in the exercise of its powers; and to negotiate for the same upon such conditions as the corporation may determine to be necessary, convenient or desirable; and to comply, subject to the provisions of this act, with the terms of any such gifts, grants or other aid;

16. To invest any funds held in reserves or sinking funds, or any funds not required for immediate use or disbursement, at the discretion of the corporation, in obligations of the city, state or federal government or obligations the principal and interest of which are guaranteed by the city, state or federal government;

17. To procure insurance, or obtain indemnification, against any loss in connection with the assets of the corporation or any liability in connection with the activities of the corporation, such insurance or indemnification to be procured or obtained in such amounts, and from such sources, as the corporation deems to be appropriate;

18. To cooperate with any organization, public or private, including the health and mental hygiene facilities improvement corporation as established by an act entitled the health and mental hygiene facilities improvement act, and the New York state housing finance agency, the objects of which are similar to the purposes of the corporation;

19. To use agents, employees and facilities of the city, subject to such limitations as may be prescribed by collective bargaining agreement, and subject to the consent of the mayor;

20. (a) To exercise and perform all or part of its purposes, powers, duties, functions or activities through one or more wholly-owned subsidiary public benefit corporations subject to limitations provided herein. The board of the corporation by resolution may direct any of the directors, officers or employees of the corporation to organize any such subsidiary corporation as a public benefit corporation by executing and filing with the secretary of state a certificate of incorporation, which may be amended from time to time by filing with the secretary of state, and which shall set forth the name of such public benefit corporation, its duration, the location of its principal offices and any or all of the powers and purposes of such corporation, provided, however, that no such subsidiary corporations shall be established for the purpose of operating a health facility or the delivery of direct patient care

without the prior approval of the mayor and, except in the case of the Harlem Hospital Center or the new Harlem Hospital Center, until at least two years shall have elapsed from the effective date of this act.

(b) No subsidiary corporation shall have the power to engage in collective bargaining or negotiate with any organization representing any of its employees, or to enter into collective bargaining agreements with any such organization. Each such subsidiary corporation shall operate under personnel administration policies, practices, procedures and programs, and terms and conditions of employment of the corporation, including those agreed to in collective bargaining and determined by the comptroller of the city pursuant to section two hundred twenty of the labor law.

(c) Each such subsidiary corporation and any of its properties, functions and activities shall have all of the privileges, immunities, tax exemptions and other exemptions of the corporation and of the corporation's properties, functions and activities except, however, no such subsidiary corporation shall issue bonds and notes or form subsidiary corporations. Each such subsidiary corporation shall be subject to suit in accordance with the provisions of section twenty of this act. Any state, city, commission, agency, officer, department, division or person is authorized to cooperate with and enter into such agreements with a subsidiary corporation subject to the provisions of this act and to any agreement entered into pursuant thereto; provided, however, that each such subsidiary corporation shall be subject to any restrictions, approvals, and limitations to which the corporation may be subject;

21. To do any and all things necessary, convenient or desirable to carry out its corporate purposes, and for the exercise of the powers given to it in this act.

§ 6. Relationship to the city; agreements concerning health facilities. 1. (a) The city shall on or before the first day of July nineteen hundred seventy enter into an agreement or agreements with the corporation, pursuant to this section and section seven herein, whereby the corporation shall operate the hospitals then being operated by the city for the treatment of acute and chronic diseases, and for the fiscal year of the city commencing on the first day of July nineteen hundred seventy and thereafter the city shall include in its expense budget an appropriation of tax levy for the services provided by the corporation and pay the corporation an amount which shall not be less than one hundred seventy-five million dollars; provided, however, that for the fiscal year beginning July first, nineteen hundred seventy-two and thereafter the amount shall be adjusted annually to take account of increases in the cost of health care as reflected in increases in the average rates of reimbursement set by the state pursuant to section twenty-one hundred seven of the public health law for health and hospital services in New York City, and changes in the volume of services rendered by the corporation and required by the city for which no reimbursement from third-party sources is available. The corporation shall submit a program budget to the city, in time for inclusion in the mayor's executive budget, detailing the anticipated expenditure of the tax levy funds appropriated by the city for the coming fiscal year.

The provisions of subdivision three of paragraph a of section 135.00 of the local finance law shall not apply to a contract entered into pursuant to this section.

1. (b) Within a reasonable time thereafter the city shall enter into a similar agreement or agreements for the remaining personal health and medical facilities then operated by the city.

2. (a) The corporation shall have the power to enter into contracts, leases, sub-leases or other agreements permitting the city to purchase, lease, sub-lease or otherwise acquire or use any health facility by or under the jurisdiction of the corporation; and to permit the city to construct or add health facilities or improvements upon or to such health facility.

(b) The city shall be empowered to purchase, lease, sub-lease or otherwise acquire or contract for the use of and use any health facility held by or under the jurisdiction of the corporation, or to construct or add health facilities or improvements upon or to such a health facility, in accordance with the terms of any contract, lease, sub-lease or other agreement entered into pursuant to the terms of this act.

3. Any contract, lease, sub-lease or other agreement between the city and the corporation for the purchase, lease, sub-lease, use, operation or construction and equipment of a health facility, as authorized by this act, shall

(a) set forth any health facility to be constructed and equipped, used or operated;

(b) provide that the corporation shall apply for and receive all reimbursement allowances or other moneys available to the corporation from any source for the provision of health and medical services for which such reimbursement allowances or other moneys are available, through or in the facilities of the corporation, and that such reimbursement allowances or other moneys shall be collected and received by the corporation directly from any such source, and used by the corporation for the purposes herein recited;

(c) provide that whenever the city requires the corporation to provide health and medical services to persons in the city, the city shall pay the corporation for the cost of such services as are actually rendered, such cost to be determined by agreement between the city and the corporation; provided, however, that such payments shall only be made by the city to the extent that no reimbursement allowances or other payments are paid to the corporation from any other government or other sources for the payment of such costs; and

(d) provide that the health and medical services provided by or through any such health facility shall be available to the public upon the terms and conditions set forth in such contract, lease, sub-lease or other agreement.

4. (a) Any such contract, lease, sub-lease or other agreement between the city and the corporation that requires the corporation to construct and equip, or causes to be constructed or equipped, a health facility shall provide that the city shall be required to pay the total estimated cost of such construction and equipment to the corporation at such times and in such amounts as determined and requested by the corporation, any such payment to be made by the city upon the delivery to the comptroller of the corporation of a certificate requesting such payment.

(b) For the purpose of this subdivision four, the cost of construction and equipment shall include, but not be limited to, the cost of any plans, specifications, drawings or designs prepared for the purposes of the health facility concerned.

5. Any such contract, lease, sub-lease or other agreement between the city and the corporation may contain provisions, in addition to any required by the provisions of this act, as to:

(a) pledging or assigning any part of moneys and revenues, including reimbursement allowances, derived by the city, or the corporation, to secure payments required by such contract, lease, sub-lease or other agreement;

(b) limitations on the purposes to which the proceeds of the sale of the bonds and notes of the corporation may be applied and as to the pledging of such proceeds to secure the payment of bonds and notes of the corporation or of any issued thereby, subject to any agreement with the holders of bonds or notes of the corporation;

(c) setting aside reserves and creating special funds and the regulation and disposition thereof;

(d) procedures, if any, by which such contract, lease, sub-lease or other agreement may be amended, the amount of bonds or notes or other obligations the holders of which must consent thereto, and the manner in which such consent may be given;

(e) defining the acts or omissions to act which shall constitute a default in the obligations and duties of the city or corporation and providing for the rights and remedies of the corporation and the holders of its bonds, notes or other obligations in the event of such default;

(f) any other matters, of like or different character, which may be deemed necessary or desirable by the corporation for the proper effectuation of its corporate purposes or for the security or protection of the holders of its bonds, notes, or other obligations.

6. The city shall not be required to make any payment to the corporation, nor shall any charge, claim or liability exist or arise against the city for any such payment, in excess of amounts appropriated or otherwise authorized by the city therefor. Payments due or to become due by the city pursuant to any contract, lease, sub-lease or other agreement with the corporation shall not constitute outstanding indebtedness of the city for the purposes of paragraph three of subdivision (a) of section 135.00 of the local finance law.

7. The corporation shall exercise its powers to provide and deliver health and medical services to the public in accordance with policies and plans of the administration with respect to the provision and delivery of such services and the corporation shall have the power to adopt and implement rules and regulations not inconsistent with such policies and plans of the administration. For its part, the administration shall assist and cooperate with the corporation with respect to such matters.

§ 7. Conveyance of property by the city to the corporation; acquisition of property by the city. 1. The city, acting by the board of estimate thereof, may, by deed, lease or other instrument convey, lease or otherwise dispose of any real or personal property or any interest therein owned or held by the city, without public letting or auction, to the corporation for its corporate purposes, for so long as it shall be in existence notwithstanding the provisions of any law respecting the inalienability of real property by the city, and such conveyance may reserve to the city such rights as shall not restrict the corporation in carrying out its corporate purposes.

2. The city may acquire, in the name of the city, by purchase or condemnation in the manner provided by law for the acquisition of real property by the city, real property in the city for the purposes of the corporation or for the widening of existing roads, streets, avenues or highways or for new roads, streets, avenues or highways connecting with a health facility constructed or otherwise acquired by the corporation, or partly for such purposes and partly for other city purposes. For said purposes, the city may close roads, streets, avenues or highways as may be necessary; provided, however, that no state highway or way shall be closed without the consent of the state commissioner of transportation.

3. Subject to the approval of the board of estimate of the city, contracts may be entered into between the corporation and the city providing for the property to be acquired by the city and so conveyed,

the roads, streets, avenues, or highways to be closed by the city, and the amounts, terms and conditions of payments, if any, to be made by the corporation. Any such contract between the city and the corporation may be pledged by the corporation to secure its bonds, notes or other obligations and may not be modified thereafter except as provided by the terms of the pledge.

4. If the corporation determines that the use and occupancy of any real property is no longer required for its corporate purposes and powers, then if such real property was acquired at the cost and expense of the city, the corporation shall, subject to the provisions of section five, paragraph six, have power to surrender its use and occupancy to the city. The corporation shall, subject to the provisions of section five, paragraph six, have power to sell, lease or otherwise dispose of said real property at public or private sale or as part of a contract, lease or other agreement entered into under the terms of this act and to use the proceeds derived from the sale, lease or other disposition thereof for its corporate purposes.

§ 7-a. Relationship with the New York state and the housing finance agency health and mental hygiene facilities improvement corporation.

Notwithstanding any provision of this act to the contrary:

(a) The city shall not sell, assign, transfer or sublet to the corporation any health facility, as defined in section three of the health and mental hygiene facilities improvement act, located at or related to or constituting a hospital, as defined in article twenty-eight of the public health law, if such health facility is subject to any lease, sublease or other agreement between the city and the New York state housing finance agency, provided however, nothing herein shall prohibit the licensing or other operating agreement for the health facility so long as the city does not surrender possession thereof and that the city continues to remain liable and obligated to observe and perform each and every covenant, agreement, obligation and undertaking required to be observed and performed by the city pursuant to the provisions of any lease, sublease or other agreement between the city and the New York state housing finance agency.

(b) The corporation is authorized to sell or lease to the agency any real property for the purpose of causing health facilities to be constructed, reconstructed, rehabilitated or improved by the health and mental hygiene facilities improvement corporation and the New York state housing finance agency pursuant to a lease, sublease or other agreement between the city and the New York state housing finance agency as provided in the health and mental hygiene facilities improvement act and article three of the private housing finance law.

§ 8. Contracts. 1. Any contract let by the corporation for the construction of a health facility shall be publicly let to the lowest responsible bidder in the manner provided by, and in conformity with, the provisions of article five-a of the general municipal law, except that where the cost of such a contract does not exceed ten thousand dollars such contract may be entered into without public letting; provided, however, that if the corporation determines that in a special case or cases it would not be in the public interest to comply with the terms of this section and the board of estimate of the city, by resolution, rule or regulation adopted by the vote of two-thirds of the whole number of votes authorized to be cast by all of the members of the board of estimate, concurs in such determination, then such a contract may be entered into by the corporation without public letting as authorized by the said resolution, rules or regulations. Notwithstanding the provisions of this subdivision one, if the corporation determines that circumstances exist whereby it would be detrimental to or

impracticable for the corporation to comply with the public letting requirements of this section concerning a change order then such a change order may be let by the corporation without public letting. For the purposes of article five-a of the general municipal law, the corporation shall be deemed to be a "political subdivision".

2. The corporation may make rules and regulations governing the qualifications of bidders entering into such a contract where the cost of such a contract exceeds twenty-five thousand dollars. The bidding may be restricted to those who shall have qualified prior to the receipt of bids according to standards fixed by the corporation; provided, however, that notice or notices for the submission of qualifications shall be published in the official publication of the city and in an appropriate trade journal published in the city, or if no such trade journal exists, in a newspaper with a general circulation in the city, at least once, not less than ten days prior to the date fixed for the filing of qualifications.

3. The corporation, in its discretion, may assign the separate contracts awarded pursuant to section one hundred one of the general municipal law to the general contractor for supervision. Each contract for the construction of a health facility may include a provision that the architect who designed the facility, or the architect or engineer retained or employed specifically for the purpose of supervision, shall supervise the work to be performed through to completion and shall see to it that the materials furnished and the work performed are in accordance with the drawings, plans, specifications and contracts therefor.

4. All bids received for the letting of any contract pursuant to this section shall be submitted to the corporation and shall be publicly opened and read by the corporation. Nothing in this section shall be construed to limit the power of the corporation to do any construction by or through its own officers, agents or employees.

5. (a) In addition to any other bond or bonds that may be required by law for the completion of a health facility, or in the absence of any such requirement, the corporation shall require, prior to the approval of any contract or agreement providing for the construction of a health facility, that the general contractor furnish a bond guaranteeing prompt payment of moneys due to all persons furnishing labor or materials to or for the general contractor or to his subcontractors in the prosecution of the entire work provided for in such agreement. A copy of such payment bond shall be filed in the offices of the corporation and shall be open to public inspection.

(b) Every person who has furnished labor or material, to or for the general contractor or to a sub-contractor in the prosecution of the work provided for in the contract or other agreement of the corporation with the general contractor and who has not been paid in full therefor before the expiration of a period of ninety days after the day on which the last of the labor was performed or material was furnished by him for which the claim is made, shall have the right to sue on such payment bond in his own name for the amount, or the balance thereof, unpaid at the time of commencement of the action; provided, however, that a person having a direct contractual relationship with a sub-contractor of the general contractor furnishing the payment bond but no contractual relationship express or implied with such general contractor shall not have a right of action upon the bond unless he shall have given written notice to such general contractor within ninety days from the date on which the last of the labor was performed or the last of the material was furnished, for which his claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the

material was furnished or for whom the labor was performed. The notice shall be served by delivering the same personally to the general contractor or by mailing the same by registered mail, postage pre-paid, in an envelope addressed to the general contractor at any place where he maintains an office or conducts his business or at his residence.

6. Any contracts for design, construction, services and materials entered into by the corporation pursuant to this act shall be deemed state contracts within the meaning of that term as set forth in article fifteen-A of the executive law, and the corporation shall be deemed, for the purposes of this act, a contracting agency as that term is used in article fifteen-A of the executive law.

§ 9. Personnel administration; collective bargaining; pension and retirement benefits; article fourteen civil service law; paragraph two hundred twenty labor law; personnel review board. 1. The corporation shall, upon ten days written notice appropriately posted in the health facilities, promulgate rules and regulations consistent with civil service law with respect to policies, practices, procedures relating to position classifications, title structure, class specifications, examinations, appointments, promotions, voluntary demotions, transfers, re-instatements, procedures relating to abolition or reduction in positions, for personnel employed by the corporation pursuant to section five, subdivision twelve of this act, subject to the following exception. The New York city health and hospitals corporation shall employ peace officers appointed pursuant to this subdivision to perform the patrol, investigation, and maintenance of the peace duties of special officer, senior special officer and hospital security officer; provided however that nothing in this subdivision shall prohibit managerial, supervisory, or state licensed or certified professional employees of the corporation from performing these duties where they are incidental to their usual duties, or shall prohibit police officers employed by the city of New York from performing these duties.

Until the corporation adopts by-laws, rules and regulations relating to personnel administration the corporation shall administer its personnel pursuant to the civil service law, the rules and regulations, time and leave rules classification and compensation schedules, class specifications and personnel orders of the New York city department of personnel and civil service commission, and all other applicable provisions of local or general laws relating to civil service personnel.

2. (a) Every employee who was an employee of the administration, or any constituent agency or department thereof, shall be automatically appointed and transferred to the corporation in the same or equivalent classification and position he held at the time of such transfer and for such purposes the corporation shall be deemed the successor to the city as a public employer of such employee. All officers or employees transferred to the corporation who had civil service status at the time of such transfer shall retain such status for the purpose of transfer, reassignment or promotion to any position in a city department or agency.

(b) (i) It is hereby found that the continued, uninterrupted, adequate and efficient administration of health and medical services is necessary for the general welfare of the people of the city of New York. It is further found that with respect to certain services provided for the corporation by the voluntary hospitals and medical schools in the municipal hospitals of the city of New York, such administration properly requires that employees performing those services be employed by the corporation. For the continued performance of those services assumed by the corporation, the continued employment of personnel possessing ability, skill, experience and knowledge is essential. A

requirement of competitive examination for the appointment of any such employee to the corporation would seriously interrupt the continuous provision of health and medical services and is thus impractical. It is thereby declared to be in the public interest that because of their knowledge, training, experience and efficiency, those employees of the voluntary hospitals and medical schools be continued in the employment of the corporation without competitive examination, and shall be afforded permanent competitive status.

(ii) Notwithstanding any provision to the contrary contained in any general, special or local law, those employees of the voluntary hospitals and medical schools in the city of New York performing services which are assumed by the corporation shall be transferred to and continued in employment by the corporation in similar or corresponding positions, which shall have been classified by the corporation in accordance with the provisions of subdivision one of this section. Such employees shall continue to hold their positions without further examination and shall have all the rights and privileges of the jurisdictional class to which such positions may be allocated; provided, however, that after such transfer of functions and activities to the corporation all new positions thereafter created and vacancies occurring in positions already established shall be filled in accordance with the provisions of subdivision one of this section.

3. The corporation shall recognize the certified employee organizations and bargaining units of such employees, and the corporation shall assume and be bound by all existing collective bargaining agreements with such employee organizations. All existing terms and conditions of employment of the corporation shall remain in effect until modified or changed in accordance with the procedures provided herein.

4. Any officer or employee of the corporation who heretofore acquired or shall hereafter acquire such position status by transfer and who at the time of such transfer was a member of the New York city employees' retirement system shall, with respect to such retirement system, continue to have the rights, privileges, obligations and status which would have applied to him if he had continued to hold the office or position which entitled him to such membership prior to such transfer. Employment by the corporation shall constitute city-service for the purposes of title B of chapter three of the administrative code of the city.

5. The corporation, its officers and employees, shall be subject to article fourteen of the civil service law and for all such purposes the corporation shall be deemed "public employees", provided, however, that chapter fifty-four of the New York City Charter and Administrative Code and Executive Order No. 52 dated September 29, 1967, promulgated by the mayor of the city of New York, shall apply in all respects to the corporation, its officers and employees except that paragraph seven and paragraph eight of said executive order shall not be applicable to the corporation, its officers and employees. Except as otherwise provided in collective bargaining agreements the corporation shall establish general and special grievances procedures which shall provide for final and binding arbitration of grievances as defined in chapter fifty-four of the administrative code of the city of New York. All general and special grievance procedures shall be reviewed by the personnel review board established under the terms of this act.

6. Any employee of the corporation shall be authorized to institute a proceeding against the corporation in accordance with the provisions of article seventy-eight of the civil practice law and rules, and for the

purposes hereof the corporation shall be deemed an administrative body or agency within the meaning of the said article seventy-eight.

7. Nothing herein contained shall supersede, impair or diminish the rights of any officer or employee of the corporation under or pursuant to section two hundred twenty of the labor law, and for the purposes hereof the fiscal officer of the corporation shall be the comptroller of the city of New York.

8. (a) For a period of five years after the creation of the corporation, the corporation shall, in its by-laws, provide for the creation of a personnel review board, consisting of three members who shall be appointed for annual terms as follows: one member designated by the corporation; one member designated by the municipal labor committee established pursuant to section 1173-9.0 of the New York city administrative code, and one member, who shall be the chairman, designated by the other two members of the personnel review board. After the aforesaid period of five years, all vacancies in the personnel review board shall be filled by appointment by the mayor. The chairman of the personnel review board shall receive a per diem fee of not less than one hundred fifty dollars and the other two members shall each receive a per diem fee of not less than one hundred twenty-five dollars, when actually rendering services, in addition to actual and necessary expenses incurred in the performance of their duties.

(b) Except for matters which are subject to collective bargaining agreement, the personnel review board shall have the right to review, at the instance of any aggrieved employee of the corporation or any certified employee organization representing such employee, any by-law, rule or regulation promulgated pursuant to subdivision one of this section nine or any action of the corporation related thereto and upon such review to direct the corporation to take or refrain from such action as the personnel review board shall deem proper except, however, nothing contained in this section nine shall abridge the right of the corporation to exercise any managerial prerogatives which were reserved by the city in section five-c of the aforesaid mayor executive order number fifty-two.

The personnel review board shall, when requested by the board of directors, conduct any special reviews, studies, investigations or analyses of the administration of personnel in the corporation.

§ 10. Officers and employees not to be interested in transactions. It shall be a misdemeanor for a director of the corporation or an officer, agent, executive or other employee retained, employed or appointed by the corporation to be in any manner or way interested, directly or indirectly, as principal, surety or otherwise, in a contract, the expense or consideration whereof is payable out of funds of the corporation.

§ 11. Moneys of the corporation. 1. Any moneys of the corporation, from whatever source derived, shall, except as otherwise provided in this act, be deposited as soon as practicable in banks or trust companies organized under the laws of the state or national banking association doing business in the city designated by the board. The said moneys of the corporation shall be paid out on checks signed by the chairman of the board or by such other person or persons as the board shall authorize. All deposits of such moneys shall, if required by the board, be secured by obligations of the United States or of the state or of the city of a market value equal at all times to the amount of the deposits and all banks and trust companies are authorized to give such security for such deposits.

2. Subject to the terms of any contract, lease or other agreement undertaken by the corporation, any such moneys of the corporation not

required for immediate use may, at the discretion of the board, be invested by the corporation in obligations of the United States, the state or the city or in obligations the principal and interest of which are guaranteed by the United States, the state or the city.

3. The comptroller, or his legally authorized representative, is hereby authorized to and shall examine annually the accounts and books of the corporation including its receipts, disbursements, contracts, reserves, sinking funds, investments and any other matters relating to its financial operation and standing.

§ 12. Issuance of bonds and notes by the corporation. 1. Subject to the provisions of section thirteen, the corporation shall have the power and is hereby authorized, from time to time, to issue negotiable bonds and notes in such aggregate principal amounts as shall, in the opinion of the corporation, be necessary together with such other moneys or funds as may be available to the corporation, to provide funds sufficient to enable the corporation to carry out its corporate purposes, including site acquisition, construction, maintenance and repair of health facilities, the payment of interest on and amortization of, or payment of such bonds and notes, the establishment of reserves or sinking funds to secure such bonds and notes, and all other expenditures of the corporation incident to and necessary or desirable for the carrying out of its corporate purposes and the exercise of its powers. Except as may otherwise be expressly provided by the corporation, every issue of its bonds and notes shall be general obligations of the corporation payable out of any revenues or moneys of the corporation, subject only to any agreements with the holders of particular bonds or notes pledging any particular revenues or moneys. Whether or not the bonds or notes are of such form and character as to be negotiable instruments under the provisions of article eight of the uniform commercial code, the bonds and notes shall be and are hereby made negotiable instruments within the meaning of and for all the purposes of article eight of the uniform commercial code, subject only to the provisions of the bonds or notes for registration.

2. The corporation shall have the power and is hereby authorized, from time to time, to issue renewal notes, and to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds to pay notes or partly to refund bonds then outstanding and partly for any of its corporate purposes.

3. The said bonds and notes shall be authorized by resolution or resolutions of the board, and shall be dated and shall mature as such resolution or resolutions may provide, except that no note or any renewal thereof shall mature more than five years after the date of issue of the original note and no bond shall mature more than forty years from the date of its issue. Bonds and notes shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption as such resolution or resolutions may provide. Bonds and notes may be sold by the corporation at public or private sale at such price or prices as the corporation shall determine; provided, however, that no such bonds or notes may be sold at a private sale unless the sale and the terms thereof have been approved by the comptroller in writing.

4. Any resolution or resolutions authorizing any bonds or notes may contain provisions, which shall be a part of the contract or contracts with the holders thereof, as to

(a) pledging all or any part of the moneys or revenues or other assets of the corporation to secure the payment of such bonds or notes,

including, but not limited to, fees, rentals and charges for the use of a health facility and the proceeds of any grant in aid of the corporation received from any public or private source and contracts authorized by section seven of this act;

(b) the setting aside of reserves or sinking funds and the regulation or disposition thereof;

(c) limitations on the purposes to which the proceeds of the sale of any issue of bonds or notes then or thereafter to be issued may be applied and pledging such proceeds to secure the payment of the bonds or notes or any issue thereof;

(d) limitations on the issuance of additional bonds or notes; the terms upon which such additional bonds or notes may be issued and secured; the refunding of outstanding or other bonds or notes;

(e) the procedures, if any, by which the terms of any contract with the holders of bonds or notes may be extended or abrogated, the amount of bonds or notes the holders of which must consent thereto and the manner in which such consent may be given;

(f) the creation of special funds into which any moneys or revenues of the corporation may be deposited;

(g) limitations on the amounts that the corporation may expend for administrative or other expenses thereof;

(h) vesting in a trustee or trustees such properties, rights, powers and duties in trust as the corporation may determine which may include any or all of the rights, powers and duties of the trustees appointed by the holders of the bonds or notes pursuant to section seventeen of this act and limiting or abrogating the right of the holders of the bonds or notes to appoint a trustee under such section or limiting the rights, duties and powers of such trustee;

(i) defining the acts or omissions to act which shall constitute a default in the obligations and duties of the corporation to the holders of the bonds or notes and providing for the rights and remedies of the holders of the bonds or notes in the event of such default, including as a matter of right the appointment of a receiver; providing, however, that such rights and remedies shall not be inconsistent with the general laws of the state and the other provisions of this act;

(j) any other matters, of like or different character, which in any way affect the security or protection of the holders of the bonds or notes.

5. Any pledge of revenues, moneys or property made by the corporation shall be valid and binding from the time when the pledge is made; the revenues, moneys or property so pledged and thereafter received by the corporation shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the corporation irrespective of whether such parties have notice thereof. Neither the resolution or resolutions nor any other instrument by which a pledge is created need be recorded.

6. Neither the directors of the corporation nor any other person executing such bonds or notes shall be subject to any personal liability or accountability by reason of the issuance thereof.

7. The corporation, subject to such agreements with the holders of bonds or notes as may then exist, shall have the powers out of any funds available therefor to purchase any bonds or notes issued by it at a price not exceeding the redemption price thereof which price shall be

(a) if the bonds or notes are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or

(b) if the bonds or notes are not then redeemable, the redemption price applicable on the first date after such purchase upon which the bonds or notes become subject to redemption plus accrued interest to such date. All bonds or notes so purchased shall be cancelled.

§ 13. Reserve fund. 1. The corporation shall create and establish a special fund (herein referred to as the capital reserve fund), and shall pay into such capital reserve fund

(a) any moneys appropriated and made available by the state or city for the purpose of such capital reserve fund,

(b) any proceeds of sale of bonds or notes to the extent provided in the resolution or resolutions of the corporation authorizing the issuance thereof, and

(c) any other moneys which may be made available to the corporation for the purpose of such capital reserve fund from any other source or sources. All moneys held in the capital reserve fund, except as hereinafter provided, shall be used solely for the payment of the principal of bonds of the corporation, the payment of interest on such bonds, or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; provided, however, that moneys in such capital reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the maximum amount of principal and interest maturing and becoming due in any succeeding fiscal year of the corporation on all bonds of the corporation then outstanding, except for the purpose of paying principal of and interest on such bonds of the corporation maturing and becoming due and for the payment of which other moneys of the corporation are not available. Any income or interest earned by, or increment to, the capital reserve fund due to the investment thereof may be transferred to other funds or accounts to the extent it does not reduce the amount of the capital reserve fund below the maximum amount of principal and interest maturing and become due in any such succeeding fiscal year on all bonds of the corporation then outstanding.

2. The corporation shall not issue bonds at any time if the maximum amount of principal and interest maturing and becoming due in a succeeding fiscal year of the corporation on such bonds then to be issued and on all other bonds of the corporation then outstanding will exceed the amount of the capital reserve fund at the time of issuance unless the corporation, at the time of issuance of such bonds, shall deposit in the capital reserve fund from the proceeds of the bonds so to be issued, or otherwise, an amount which, together with the amount then in such fund, will not be less than the maximum amount of principal and interest maturing and becoming due in any such succeeding fiscal year on such bonds then to be issued and on all other bonds of the corporation then outstanding.

3. For the purposes of computing the amount of the capital reserve fund, any securities in which any portion of such fund is invested shall be valued at the par value thereof or at the cost thereof to the corporation if such cost was less than said par value.

4. In order to assure the continued operation and solvency of the corporation for the carrying out of its public purposes as provided in this act, provision is made in subdivision one of this section for the accumulation in the capital reserve fund of an amount equal to the maximum amount of principal and interest maturing and becoming due in any succeeding fiscal year of the corporation on all bonds of the corporation then outstanding. In order further to assure such maintenance of the capital reserve fund, the chairman of the corporation shall annually request from the city to be paid over to the corporation, for deposit in the capital reserve fund, such sum, if any, as shall be

certified by the chairman of the corporation to the mayor as necessary to restore the capital reserve fund to an amount equal to the maximum amount of principal and interest maturing and becoming due in any succeeding fiscal year of the corporation on all of the bonds of the corporation then outstanding; provided, however, that such sum shall have been first appropriated by the city or shall otherwise have been made lawfully available for such purpose. The chairman of the corporation shall, on or before the fifteenth day of February in each year, make and deliver to the mayor his certificate stating the amount, if any, needed to restore the capital reserve fund to the amount aforesaid and the amount so stated, if any, shall be paid to the corporation by the city. Notwithstanding any of the provisions of this act, in the event of the failure or inability of the city to pay over the stated amount to the corporation on or before the first day of August of the same year, the chairman of the corporation shall then forthwith make and deliver to the comptroller and to the director of management and budget a further certificate restating the amount so required and such amount shall then be paid over to the corporation, upon the warrant of the comptroller on vouchers certified as correct by the director of management and budget, out of the general fund of the city.

§ 14. Agreement of the state. The state of New York does pledge to and agree with the holders of any and all bonds and notes of the corporation that the state will not limit or alter the rights hereby vested in the corporation to fulfill the terms of any agreements made with the said holders, or in any way impair the rights and remedies of such holders until the bonds and notes, together with the interest thereon, interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The corporation is authorized to include this pledge and agreement of the state in any agreement with the holders of such bonds or notes.

§ 15. State and city not liable on bonds and notes. The bonds, notes or other obligations of the corporation shall not be a debt of either the state of New York or of the city of New York, and neither the state nor the city shall be liable thereon, nor shall they be payable out of any funds other than those of the corporation.

§ 16. City's right to require redemption of bonds. Notwithstanding and in addition to any provisions for the redemption of bonds which may be contained in any contract with the holders of the bonds, the city may, upon furnishing sufficient funds therefor, require the corporation to redeem, prior to maturity, as a whole, any issue of bonds on any interest payment date not less than twenty years after the date of the bonds of such issue at one hundred five per centum of their face value and accrued interest or at such lower redemption price as may be provided in the bonds in case of the redemption thereof as a whole on the redemption date. Notice of such redemption shall be published in at least two newspapers published and circulating in the city of New York at least twice, the first publication to be at least thirty days before the date of redemption.

§ 17. Remedies of holders of bonds and notes. 1. In the event that the corporation shall default in the payment of the principal of or interest on any issue of bonds or notes after the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the corporation shall fail or refuse to comply with the provisions of this title, or shall default in any agreement made with the holders of any issue of the bonds or notes, the holders of twenty-five per centum in aggregate principal

amount of the bonds or notes of such issue then outstanding, by instrument or instruments filed in the office of the city clerk of the city and approved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds or notes for the purposes herein provided.

2. Such trustee may, and upon written request of the holders of twenty-five per centum in principal amount of such bonds or notes then outstanding shall, in his or its own name:

(a) by suit, action or special proceedings enforce all rights of the holders of the bonds or notes, including the right to require the corporation to carry out any agreements with such holders and to perform its duties under this title;

(b) bring suit upon such bonds or notes;

(c) by action or suit, require the corporation to account as if it were the trustee of an express trust for the holders of such bonds or notes;

(d) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds or notes;

(e) declare all such bonds or notes due and payable, and if all defaults shall be made good, then, with the consent of the holders of twenty-five per centum of the principal amount of such bonds or notes then outstanding, annul such declaration and its consequences.

3. The supreme court shall have jurisdiction of any suit, action or proceedings by the trustee on behalf of such holders of bonds or notes. The venue of any such suit, action or proceeding shall be laid in the county of New York.

4. Before declaring the principal of bonds or notes due and payable, the trustee shall first give thirty days' notice in writing to the corporation.

5. Any such trustee, whether or not all bonds or notes have been declared due and payable, shall be entitled as of right to the appointment of a receiver who may enter and take possession of a health facility or any part or parts thereof and maintain and repair the same and collect and receive all fees, rentals and charges and other revenues thereafter arising therefrom in the same manner as the corporation itself might do and shall deposit all such moneys in a separate account and apply the same in such manner as the court shall direct. In any suit, action or proceeding by the trustee, the fees, including counsel fees, and expenses of the trustee and of the receiver, if any, shall constitute taxable disbursements and all costs and disbursements allowed by the court shall be a first charge on any rentals, charges or other revenues derived from a health facility.

6. Such trustee shall in addition to the foregoing have and possess all the powers necessary or appropriate for the exercise of any function specifically set forth herein or incident to the general representation of the holders of such bonds or notes in the enforcement and protection of their rights.

§ 18. Assistance to the corporation. The state or city shall be empowered to make grants of money or property to the corporation for the purpose of enabling it to carry out its corporate purposes and for the exercise of its powers, including, but not limited to, deposits to the capital reserve fund to assist the corporation in maintaining the said capital reserve fund in the amounts required by section thirteen. Nothing in this section shall be interpreted as implying that in the absence thereof the state or city would not be empowered to make such grants to the corporation.

§ 19. Exemption from taxation. 1. The moneys and property of the corporation and any property under its jurisdiction, control or

supervision, and all of its activities and operations shall be exempt from taxation.

2. The state of New York covenants with the purchasers of and with all subsequent holders and transferees of bonds and notes issued by the corporation pursuant to this act, in consideration of the acceptance of and payment for the said bonds and notes, that the said bonds and notes and the income therefrom, and all moneys, funds and revenue pledged to pay or secure the payment of such bonds and notes shall at all time be free from taxation, except for estate and gift taxes and taxes on transfers.

§ 20. Actions by and against the corporation. 1. In every action against the corporation for damages for injuries to real or personal property, or for the destruction thereof, or for personal injuries or death, the complaint shall contain an allegation that at least thirty days have elapsed since the demand, claim or claims upon which such action is founded were presented to a director or officer of the corporation and that the corporation has neglected or refused to make an adjustment or payment thereof for thirty days after such presentment.

2. Except in an action for wrongful death, an action against the corporation for damages for injuries to real or personal property, or for the destruction thereof, or for personal injuries, alleged to have been sustained, shall not be commenced more than one year and ninety days after the cause of action thereof shall have accrued, nor unless a notice of intention to commence such action and of the time when and the place where the tort occurred and the injuries or damage, were sustained, together with a verified statement showing in detail the property alleged to have been damaged or destroyed and the value thereof, or the personal injuries alleged to have been sustained and by whom, shall have been filed with a director or officer of the corporation within ninety days after such cause of action shall have accrued. All the provisions of section fifty-e of the general municipal law shall apply to such notice. The corporation may require any claimant hereunder to be examined as provided in section fifty-h of the general municipal law, and all the provisions of such section shall apply to such examinations. An action against the corporation for wrongful death shall be commenced in accordance with the notice of claim and time limitation provisions of title eleven of article nine of the public authorities law.

3. All actions against the corporation of whatever nature shall be brought in the city of New York, in the county within the city in which the cause of action arose, or if it arose outside of the city, in the county of New York.

4. The corporation may require any person presenting for settlement an account or claim for any cause against the corporation, except as to examination on claims as set forth in subdivision two of this section, to be sworn before an officer, counsel or an attorney of the corporation, touching such account or claim, and when so sworn, to answer orally as to any facts relative to the adjustment of such account or claim. The corporation may settle or adjust all claims in favor of or against the corporation, and all accounts in which the corporation is concerned as debtor or creditor; but in adjusting and settling such claims, it shall, as far as practicable, be governed by the rules of law and principles of equity which prevail in courts of justice.

5. Except as hereinafter provided in this subdivision, the rate of interest to be paid by the corporation upon any judgment or accrued claim against the corporation shall not exceed three per centum per annum. The rate of interest to be paid upon any judgment or accrued

claim against the corporation arising out of an action to recover damages for wrongful death shall not exceed six per centum per annum.

6. The corporation shall be an "agency" for the purposes of section fifty-k of the general municipal law and its officers and employees shall be entitled to legal representation and indemnification pursuant to the provisions of and subject to the conditions, procedures and limitations contained in such section, except that any judgment or settlement pursuant to this section shall be payable from the monies of the corporation.

§ 21. Bonds and notes as legal investments. The bonds and notes of the corporation are hereby made securities in which all public officers and bodies of this state and all municipalities and municipal subdivisions, all insurance companies and associations, and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them.

§ 22. Annual and special reports. 1. Within one hundred twenty days after the end of the fiscal year of the corporation, the directors thereof shall submit to the mayor, the comptroller, the city council of the city of New York and the state comptroller a complete and detailed report setting forth:

- (a) its operations and accomplishments during such fiscal year;
- (b) its receipts and expenditures during such fiscal year in accordance with categories or classifications established by the corporation for its own operating and capital outlay purposes;
- (c) its assets and liabilities at the end of such fiscal year including a schedule of its bonds, notes or other obligations and the status of reserves, depreciation, special, sinking or other funds;
- (d) details of health facilities being planned or in the process of being constructed or otherwise acquired and health facilities that have been constructed or acquired;
- (e) the performance of the corporation in completing construction by designated completion dates and within cost estimates;
- (f) the names, addresses and qualifications of architects, engineers or other consultants retained by the corporation and a statement of any amounts paid or to be paid to such persons for their services;
- (g) the details of any leases or sales or other dispositions of health facilities including the fees, rental and charges received or to be received therefrom;
- (h) such other information relating to the operations of the corporation as shall be deemed pertinent by the directors, the mayor, the comptroller, the city council of the city of New York or the state comptroller.

2. The chairman of the corporation, on behalf of the directors thereof, on or before December first of each year, shall prepare and submit to the mayor, a complete and detailed special report setting forth:

- (a) an itemized budget of the expected receipts and expenditures of the corporation during the next fiscal year; and
- (b) information as to the issuance or payment, or provision therefor, of bonds, notes and other obligations of the corporation during such next fiscal year.

§ 23. Act not affected if in part unconstitutional or ineffective. If any section, subdivision, paragraph, sentence, clause or provision of this act shall be unconstitutional or ineffective, in whole or in part, to the extent that it is not unconstitutional or ineffective it shall be vaild and effective and no other section, subdivision, paragraph, sentence, clause or provision shall on account thereof be deemed invalid or ineffective.

§ 24. Inconsistent provisions of other laws superseded. Insofar as the provisions of this act are inconsistent with the provisions of any other law, general, special or local, the provisions of this act shall be controlling, provided, however, that nothing therein shall be deemed to prevent the city from constructing a health facility by the issuance of bonds or notes or other obligations pursuant to the local finance law, or from owning, holding, operating or using a health facility or from providing health and medical services.

§ 25. Termination of the corporation. The corporation and its corporate existence shall continue until terminated by law; provided, however, that no such law shall take effect so long as the corporation shall have bonds, notes or other obligations outstanding. Upon termination of the existence of the corporation all of its rights, property, assets and funds shall thereupon vest in and be possessed by the city.