S T A T E O F N E W Y O R K

5199

2013-2014 Regular Sessions

I N S E N A T E

May 14, 2013

Introduced by Sen. FELDER -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

AN ACT to amend the local finance law, in relation to the general debt service fund of the city of New York and a statutory lien and pledge and agreement in connection therewith

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

Section 1. Findings. The legislature has previously found and declared that a state of financial emergency exists within the city of New York. The legislature further finds and declares that the assurance of timely payment of monthly debt service by the city is and will continue to be a matter of overriding state concern, and that it is appropriate and desirable for the legislature to implement and reinforce the provisions of sections two, ten and twelve of article eight of the state constitution to strengthen such assurance and to control the exercise of the political and governmental powers of the city by granting a statutory lien on a portion of the real estate tax payments in the city.

S 2. Section 85.00 of the local finance law, as amended by chapter 777 of the laws of 1978, is amended to read as follows:

S 85.00 Limitation of provisions; emergency period. No provisions of this title, other than [section] SECTIONS 85.80 AND 85.85, shall be applicable to the city of New York. The provisions of this title shall be applicable (a) only to a municipality, other than the city of New York, with respect to which the legislature has declared that a state of financial emergency exists, and (b) only during such emergency period as may be specified by the legislature for any municipality, other than the city of New York[,]; provided, however, that the provisions of section 85.80 of this title shall apply to any municipality, including the city of New York, at any time, AND THE PROVISIONS OF SECTION 85.85 SHALL APPLY ONLY TO THE CITY OF NEW YORK. As used in this title, the term "emergency financial control board" shall mean any such board estab-

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

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lished by state law for the municipality, and the term "covered organization" shall mean any such organization as defined in the act declaring that a state of financial emergency exists for such municipality. Nothing contained in this title shall be construed to limit or stay any emergency financial control board from doing any act or commencing or continuing any action or special proceeding against or involving the municipality or any covered organization.

S 3. The local finance law is amended by adding a new section 85.85 to read as follows:

S 85.85 GENERAL DEBT SERVICE FUND; PLEDGE AND AGREEMENT OF THE STATE. A. AS USED IN THIS SECTION, THE FOLLOWING WORDS AND TERMS SHALL HAVE THE FOLLOWING MEANINGS UNLESS THE CONTEXT SHALL INDICATE ANOTHER OR DIFFERENT MEANING OR INTENT.

1. "COMPTROLLER" MEANS THE COMPTROLLER OF THE STATE OF NEW YORK.

2. "CITY" MEANS THE CITY OF NEW YORK.

3. "FISCAL QUARTER" MEANS THE THREE-MONTH PERIOD BEGINNING JULY FIRST, OCTOBER FIRST, JANUARY FIRST, OR APRIL FIRST.

4. "MONTHLY DEBT SERVICE" MEANS, AS OF ANY DATE OF COMPUTATION, THE AMOUNT OF MONIES EQUAL TO THE AGGREGATE OF (I) ALL INTEREST PAYABLE DURING THE MONTH FOR WHICH THE COMPUTATION IS MADE ON BONDS AND NOTES OF THE CITY, PLUS (II) THE AMOUNT OF PRINCIPAL (INCLUDING PAYMENTS INTO SINKING FUNDS) MATURING OR OTHERWISE COMING DUE DURING SUCH MONTH ON ALL BONDS OF THE CITY (EXCLUDING PRINCIPAL PAYMENTS MADE FROM SINKING FUNDS REQUIRED BY THE TERMS OF CERTAIN CITY BONDS), PLUS (III) THE AMOUNT OF PRINCIPAL TO BE PAID ON NOTES OF THE CITY DURING SUCH MONTH FROM SOURCES OTHER THAN THE PROCEEDS OF BONDS OR RENEWAL NOTES (EXCLUSIVE OF REVENUE ANTICIPATION NOTES AND TAX ANTICIPATION NOTES OR RENEWALS THEREOF ISSUED LESS THAN TWO YEARS PRIOR TO THE DATE OF COMPUTATION).

5. "FUND" MEANS THE GENERAL DEBT SERVICE FUND ESTABLISHED PURSUANT TO PARAGRAPH B OF THIS SECTION.

6. "TAN DEBT SERVICE ACCOUNT" MEANS THE TAX ANTICIPATION NOTE DEBT SERVICE ACCOUNT ESTABLISHED WITHIN THE FUND PURSUANT TO PARAGRAPH B OF THIS SECTION.

7. "RAN DEBT SERVICE ACCOUNT" MEANS THE REVENUE ANTICIPATION NOTE DEBT SERVICE ACCOUNT ESTABLISHED WITHIN THE FUND PURSUANT TO PARAGRAPH B OF THIS SECTION.

8. "AVAILABLE TAX LEVY" WITH RESPECT TO AN ISSUE OF TAX ANTICIPATION NOTES MEANS AT ANY DATE OF COMPUTATION THE TOTAL AMOUNT OF CITY REAL ESTATE TAXES OR ASSESSMENTS PROJECTED TO BE RECEIVED IN CASH ON OR BEFORE THE FIFTH DAY PRECEDING THE MATURITY DATE OF SUCH TAX ANTICIPATION NOTE ISSUE, LESS AMOUNTS REQUIRED DURING THE PERIOD BETWEEN THE DATE OF COMPUTATION AND THE FIFTH DAY PRECEDING SUCH MATURITY DATE TO BE PAID INTO THE FUND OR OTHERWISE REQUIRED TO PAY INTEREST PAYABLE ON OTHER OUTSTANDING CITY BONDS AND NOTES, PRINCIPAL (INCLUDING PAYMENTS INTO SINKING FUNDS) COMING DUE ON OUTSTANDING CITY BONDS AND PRINCIPAL TO BE PAID FROM SOURCES OTHER THAN THE PROCEEDS OF BONDS OR RENEWAL NOTES ON OTHER OUTSTANDING CITY NOTES (EXCLUSIVE OF REVENUE ANTICIPATION NOTES OR RENEWALS THEREOF ISSUED LESS THAN TWO YEARS PRIOR TO THE DATE OF COMPUTATION) BUT NOT INCLUDING PAYMENTS FROM SINKING FUNDS REQUIRED BY THE TERMS OF CERTAIN CITY BONDS. FOR THE PURPOSES OF THIS SUBDIVISION, SUCH AMOUNTS REQUIRED SHALL NOT INCLUDE PRINCIPAL OF OR INTEREST ON ANY NOTES OF THE CITY HELD BY THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK TO THE EXTENT THAT SUCH CORPORATION HAS EVIDENCED ITS INTENTION NOT TO PRESENT SUCH NOTES FOR PAYMENT OF PRINCIPAL OR INTEREST DURING THE FISCAL YEAR IN WHICH THE COMPUTATION IS MADE, PROVIDED THAT SUCH NOTES WERE HELD BY SUCH CORPORATION ON JUNE THIRTI-

ETH, NINETEEN HUNDRED SEVENTY-EIGHT OR WERE ISSUED IN EXCHANGE FOR OR IN REFUNDING OR RENEWAL OF NOTES HELD BY SUCH CORPORATION ON SUCH DATE.

B. THE CITY SHALL MAINTAIN A GENERAL DEBT SERVICE FUND FOR THE PURPOSE OF PAYING DEBT SERVICE DUE OR BECOMING DUE IN THE THEN CURRENT FISCAL YEAR AND IN SUBSEQUENT FISCAL YEARS. ALL MONIES IN THE FUND SHALL BE HELD BY THE COMPTROLLER, WHO SHALL ADMINISTER AND MAINTAIN THE FUND IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION.

1. ALL PAYMENTS OF OR ON ACCOUNT OF REAL ESTATE TAXES OR ASSESSMENTS, OTHER THAN THE PROCEEDS OF TAX ANTICIPATION NOTES, SHALL BE IMMEDIATELY UPON RECEIPT DEPOSITED IN SUCH FUND. THE COMPTROLLER SHALL RETAIN, DISBURSE AND APPLY MONIES IN THE FUND DURING EACH MONTH AS FOLLOWS:

(A) DURING THE FIRST MONTH OF EACH FISCAL QUARTER, THERE SHALL BE RETAINED IN THE FUND ALL REAL ESTATE TAX PAYMENTS DEPOSITED IN THE FUND UNTIL THERE SHALL HAVE BEEN RETAINED FROM MONIES SO DEPOSITED DURING SUCH MONTH AN AMOUNT EQUAL TO THE TOTAL MONTHLY DEBT SERVICE, COMPUTED AS OF THE DATE OF ANY DISBURSEMENT OF MONEY FROM THE FUND, FOR THE SECOND AND THIRD MONTHS OF SUCH FISCAL QUARTER; PROVIDED THAT SUCH AMOUNT SHALL BE REDUCED BY ANY AMOUNT ALREADY ON DEPOSIT IN THE FUND WHICH MAY BE USED TO PAY THE MONTHLY DEBT SERVICE FOR SUCH MONTHS.

(B) DURING THE SECOND AND THIRD MONTHS OF EACH FISCAL QUARTER, THERE SHALL BE RETAINED IN THE FUND ALL REAL ESTATE TAX PAYMENTS DEPOSITED IN THE FUND UNTIL THERE SHALL HAVE BEEN RETAINED FROM MONIES SO DEPOSITED DURING SUCH MONTH AN AMOUNT EQUAL TO THE TOTAL MONTHLY DEBT SERVICE, COMPUTED AS OF THE DATE OF ANY DISBURSEMENT OF MONIES FROM THE FUND, FOR THE FIRST MONTH OF THE NEXT SUCCEEDING FISCAL QUARTER; PROVIDED THAT SUCH AMOUNT SHALL BE REDUCED BY ANY AMOUNT ALREADY ON DEPOSIT IN THE FUND WHICH MAY BE USED TO PAY THE MONTHLY DEBT SERVICE FOR SUCH MONTH.

(C) DURING ANY MONTH OF A FISCAL QUARTER, AFTER THE RETENTIONS REQUIRED BY SUBPARAGRAPHS (A) AND (B) OF THIS SUBDIVISION HAVE BEEN MADE FOR SUCH MONTH, THE COMPTROLLER SHALL DEPOSIT ANY REMAINING BALANCE OF REAL ESTATE TAXES RECEIVED DURING SUCH MONTH, FIRST INTO THE TAN DEBT SERVICE ACCOUNT TO THE EXTENT REQUIRED UNDER SUBDIVISION FOUR OF THIS PARAGRAPH, AND SECOND INTO THE GENERAL FUND OF THE CITY OR OTHERWISE IN ACCORDANCE WITH LAW.

(D) THE CITY MAY AT ANY TIME PAY INTO THE FUND ANY MONIES REQUIRED BY LAW TO BE USED TO PAY MONTHLY DEBT SERVICE AND ANY OTHER MONIES AVAILABLE FOR SUCH PURPOSE.

2. THE PAYMENT OF MONTHLY DEBT SERVICE SHALL BE MADE, FIRST, FROM AMOUNTS RETAINED IN THE FUND. AMOUNTS RETAINED IN THE FUND (EXCLUSIVE OF THE TAN DEBT SERVICE ACCOUNT AND THE RAN DEBT SERVICE ACCOUNT) SHALL BE USED ONLY TO PAY MONTHLY DEBT SERVICE OF THE CITY AND, PENDING THIS USE, SHALL BE PLEDGED TO AND HELD IN TRUST FOR (AND A LIEN THEREON, AND ON THE RIGHT TO RECEIVE THE REAL ESTATE TAX PAYMENTS AS LONG AS BONDS OR NOTES ARE OUTSTANDING, IS HEREBY GRANTED IN FAVOR OF) THE HOLDERS OF THE BONDS AND NOTES OF THE CITY. NOTWITHSTANDING THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW TO THE CONTRARY, THE PLEDGE, TRUST AND LIEN CREATED BY THIS SUBDIVISION SHALL BE VALID, BINDING, PERFECTED AND ENFORCEABLE WITHOUT ANY SECURITY AGREEMENT, NOR ANY PHYSICAL DELIVERY OF THE COLLATERAL OR FURTHER ACT, AND THE LIEN SHALL BE VALID, BINDING, PERFECTED AND ENFORCEABLE AGAINST ANY PURCHASERS OF THE FUND OR THE RIGHT TO RECEIVE SUCH PAYMENTS AND ALL PARTIES HAVING CLAIMS OF ANY KIND IN TORT, CONTRACT OR OTHERWISE AGAINST THE CITY, IRRESPECTIVE OF WHETHER OR NOT SUCH PURCHASERS OR PARTIES HAVE NOTICE THEREOF. THE LIEN OF THIS SUBDIVISION ON AMOUNTS IN THE FUND AND THE RIGHT TO RECEIVE REAL ESTATE TAX PAYMENTS ARISES SOLELY BY FORCE OF THIS STATUTE AND IS NOT TO BE CREATED OR PROVIDED FOR, NOR MAY IT BE LIMITED, BY ANY AGREEMENT. NO AGREEMENT

OR OTHER INSTRUMENT BY WHICH SUCH LIEN IS CREATED OR PROVIDED FOR NEED BE EXECUTED NOR SHALL ANY FINANCING STATEMENT BE RECORDED OR FILED.

3. UPON THE ISSUANCE OF ANY TAX ANTICIPATION NOTES, THE COMPTROLLER SHALL ESTABLISH AND, SO LONG AS ANY TAX ANTICIPATION NOTES SHALL BE OUTSTANDING, SHALL MAINTAIN A TAN DEBT SERVICE ACCOUNT WITHIN THE FUND FOR THE PURPOSE OF PAYING THE PRINCIPAL OF TAX ANTICIPATION NOTES.

4. THE CITY SHALL DETERMINE THE DATE ON WHICH THE PRINCIPAL DUE OR TO BECOME DUE ON AN OUTSTANDING ISSUE OF TAX ANTICIPATION NOTES SHALL EQUAL NINETY PERCENT OF THE AVAILABLE TAX LEVY WITH RESPECT TO SUCH ISSUE, AND UPON REASONABLE NOTICE THEREOF THE COMPTROLLER SHALL COMMENCE ON SUCH DATE TO PAY INTO THE TAN DEBT SERVICE ACCOUNT FROM COLLECTIONS OF SUCH TAXES AND ASSESSMENTS, AFTER RETAINING AMOUNTS REQUIRED TO BE DEPOSITED IN THE FUND, AMOUNTS SUFFICIENT TO PAY WHEN DUE THE PRINCIPAL OF SUCH ISSUE OF TAX ANTICIPATION NOTES. THE PAYMENTS OF THE PRINCIPAL OF TAX ANTICIPATION NOTES SHALL BE MADE, FIRST, FROM AMOUNTS RETAINED IN THE TAN DEBT SERVICE ACCOUNT.

5. UPON THE ISSUANCE OF ANY REVENUE ANTICIPATION NOTES, THE COMPTROLLER SHALL ESTABLISH AND, SO LONG AS ANY REVENUE ANTICIPATION NOTES SHALL BE OUTSTANDING, SHALL MAINTAIN A RAN DEBT SERVICE ACCOUNT WITHIN THE FUND FOR THE PURPOSE OF PAYING THE PRINCIPAL OF REVENUE ANTICIPATION NOTES. EACH SPECIFIC TYPE OF REVENUE IN ANTICIPATION OF WHICH SUCH NOTES ARE ISSUED AND AVAILABLE FOR SUCH PURPOSE SHALL BE DEPOSITED IN SUCH ACCOUNT IMMEDIATELY UPON RECEIPT BY THE CITY. WHERE SUCH REVENUE CONSISTS OF STATE AID OR OTHER REVENUE TO BE PAID TO THE CITY BY THE COMPTROLLER, ON THE DATE SUCH REVENUE IS PAYABLE TO THE CITY, THE COMPTROLLER SHALL DEPOSIT SUCH REVENUE DIRECTLY INTO SUCH ACCOUNT IN LIEU OF PAYMENT TO THE CITY.

6. THE CITY SHALL DETERMINE THE DATE ON WHICH THE PRINCIPAL DUE OR TO BECOME DUE ON AN OUTSTANDING ISSUE OF REVENUE ANTICIPATION NOTES SHALL EQUAL NINETY PERCENT OF THE TOTAL AMOUNT OF REVENUE AGAINST WHICH SUCH NOTES WERE ISSUED REMAINING TO BE PAID TO THE CITY ON OR BEFORE THE FIFTH DAY PRIOR TO THE MATURITY DATE OF SUCH NOTES AND UPON REASONABLE NOTICE THEREOF THE COMPTROLLER SHALL COMMENCE ON SUCH DATE TO RETAIN IN THE RAN DEBT SERVICE ACCOUNT FROM AMOUNTS DEPOSITED OR TO BE DEPOSITED THEREIN OF EACH SPECIFIC TYPE OF REVENUE IN ANTICIPATION OF WHICH REVENUE SUCH ANTICIPATION NOTES WERE ISSUED, AN AMOUNT SUFFICIENT TO PAY, WHEN DUE, THE PRINCIPAL OF SUCH REVENUE ANTICIPATION NOTES. MONIES RETAINED IN SUCH ACCOUNT SHALL VEST IMMEDIATELY IN THE COMPTROLLER IN TRUST FOR THE BENEFIT OF THE HOLDERS OF THE REVENUE ANTICIPATION NOTES IN ANTICIPATION OF WHICH SUCH NOTES WERE ISSUED. NO PERSON HAVING ANY CLAIM OF ANY KIND IN TORT, CONTRACT OR OTHERWISE AGAINST SUCH CITY SHALL HAVE ANY RIGHT TO OR CLAIM AGAINST ANY MONIES OF THE STATE APPROPRIATED BY THE STATE AND IN ANTICIPATION OF WHICH SUCH NOTES HAVE BEEN ISSUED, OTHER THAN A CLAIM FOR PAYMENT BY THE HOLDERS OF SUCH NOTES, AND SUCH MONIES SHALL NOT BE SUBJECT TO ANY ORDER, JUDGMENT, LIEN, EXECUTION, ATTACHMENT, SETOFF OR COUNTER-CLAIM BY ANY SUCH PERSON; PROVIDED, HOWEVER, THAT NOTHING CONTAINED IN THIS PARAGRAPH SHALL BE CONSTRUED TO LIMIT, IMPAIR, IMPEDE OR OTHERWISE ADVERSELY AFFECT IN ANY MANNER THE RIGHTS OR REMEDIES OF THE PURCHASERS AND HOLDERS AND OWNERS OF ANY BONDS OR NOTES OF THE STATE OR ANY AGENCY, INSTRUMENTALITY, PUBLIC BENEFIT CORPORATION OR POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, UNDER WHICH SUCH PURCHASERS AND HOLDERS AND OWNERS HAVE ANY RIGHT OF PAYMENT OF SUCH BONDS OR NOTES BY RECOURSE TO STATE AID OR LOCAL ASSISTANCE MONIES HELD BY THE STATE OR FOR THE PAYMENT OF WHICH BONDS OR NOTES STATE AID OR LOCAL ASSISTANCE MONIES ARE A DESIGNATED SOURCE. THE

PAYMENT OF THE PRINCIPAL OF REVENUE ANTICIPATION NOTES SHALL BE MADE FIRST FROM AMOUNTS RETAINED IN THE RAN DEBT SERVICE ACCOUNT.

7. WHENEVER THE AMOUNT CONTAINED IN THE TAN DEBT SERVICE ACCOUNT OR THE RAN DEBT SERVICE ACCOUNT EXCEEDS THE AMOUNT REQUIRED TO BE RETAINED IN SUCH ACCOUNT, SUCH EXCESS MONIES, INCLUDING EARNINGS ON INVESTMENTS OF MONIES IN THE FUND, SHALL BE WITHDRAWN FROM SUCH ACCOUNT AND PAID INTO THE GENERAL FUND OF THE CITY OR OTHERWISE IN ACCORDANCE WITH LAW.

8. SUBJECT TO AGREEMENTS MADE WITH HOLDERS OR GUARANTORS OF OUTSTANDING NOTES OR BONDS ISSUED BY OR FOR THE BENEFIT OF THE CITY, THE COMPTROLLER SHALL INVEST THE MONIES RETAINED IN THE FUND IN ACCORDANCE WITH LAW.

9. NOTWITHSTANDING ANY OTHER PROVISION OF THIS PARAGRAPH, THE CITY MAY AT ANY TIME, SUBJECT TO APPROVAL BY THE COMPTROLLER, DESIGNATE A TRUST COMPANY OR BANK HAVING ITS PRINCIPAL PLACE OF BUSINESS IN THE STATE OF NEW YORK AND HAVING THE POWERS OF A TRUST COMPANY IN THE STATE OF NEW YORK TO HOLD (IN TRUST AND SUBJECT TO A LIEN TO THE EXTENT SPECIFIED IN SUBDIVISION TWO OF THIS PARAGRAPH) ALL OR ANY PART OF THE MONIES IN THE FUND AND TO ADMINISTER AND MAINTAIN THE MONIES SO HELD IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF THIS SECTION AND ANY AGREEMENTS MADE PURSUANT THERETO.

C. 1. IN THE EVENT THAT ANY NOTES OR BONDS ARE ISSUED BY THE CITY, AND IN ADDITION TO ANY OTHER PLEDGE OR AGREEMENT AUTHORIZED BY LAW, THE STATE OF NEW YORK HEREBY AUTHORIZES THE CITY TO INCLUDE A PLEDGE AND AGREEMENT OF THE STATE OF NEW YORK IN ANY AGREEMENT MADE BY THE CITY WITH HOLDERS OR GUARANTORS OF SUCH NOTES OR BONDS OF THE CITY THAT THE STATE WILL NOT TAKE ANY ACTION WHICH WILL SUBSTANTIALLY IMPAIR THE INDEPENDENT MAINTENANCE OF A SEPARATE FUND FOR THE PAYMENT OF DEBT SERVICE ON BONDS AND NOTES OF THE CITY, OR THE STATUTORY LIEN CREATED BY SUBDIVISION TWO OF PARAGRAPH B OF THIS SECTION; PROVIDED, HOWEVER, THAT THE FOREGOING PLEDGE AND AGREEMENT SHALL BE OF NO FURTHER FORCE AND EFFECT IF AT ANY TIME (I) THERE IS ON DEPOSIT IN A SEPARATE TRUST ACCOUNT WITH A BANK, TRUST COMPANY OR OTHER FIDUCIARY SUFFICIENT MONEYS OR DIRECT OBLIGATIONS OF THE UNITED STATES OR OBLIGATIONS GUARANTEED BY THE UNITED STATES, THE PRINCIPAL OF AND/OR INTEREST ON WHICH WILL PROVIDE MONEYS TO PAY PUNCTUALLY WHEN DUE AT MATURITY OR PRIOR TO MATURITY BY REDEMPTION, IN ACCORDANCE WITH THEIR TERMS, ALL PRINCIPAL OF AND INTEREST ON ALL OUTSTANDING NOTES AND BONDS OF THE CITY CONTAINING THIS PLEDGE AND AGREEMENT AND IRREVOCABLE INSTRUCTIONS FROM THE CITY TO SUCH BANK, TRUST COMPANY OR OTHER FIDUCIARY FOR SUCH PAYMENT OF SUCH PRINCIPAL AND INTEREST WITH SUCH MONEYS SHALL HAVE BEEN GIVEN, OR (II) SUCH NOTES AND BONDS, TOGETHER WITH INTEREST THEREON, HAVE BEEN PAID IN FULL AT MATURITY OR HAVE OTHERWISE BEEN REFUNDED, REDEEMED, DEFEASED, OR DISCHARGED; AND PROVIDED FURTHER THAT THE FOREGOING PLEDGE AND AGREEMENT SHALL BE OF FULL FORCE AND EFFECT UPON ITS INCLUSION IN ANY AGREEMENT MADE BY THE CITY WITH HOLDERS OR GUARANTORS OF SUCH NOTES OR BONDS.

2. UPON PAYMENT FOR SUCH OBLIGATIONS ISSUED PURSUANT TO THIS SECTION BY THE ORIGINAL AND ALL SUBSEQUENT HOLDERS, INCLUSION OF THE FOREGOING COVENANT SHALL BE DEEMED CONCLUSIVE EVIDENCE OF VALUABLE CONSIDERATION RECEIVED BY THE STATE AND CITY FOR SUCH COVENANT AND OF RELIANCE UPON SUCH PLEDGE AND AGREEMENT BY ANY SUCH HOLDER. THE STATE HEREBY GRANTS ANY SUCH BENEFITED HOLDER THE RIGHT TO SUE THE STATE IN A COURT OF COMPETENT JURISDICTION AND ENFORCE THIS COVENANT AND AGREEMENT AND WAIVES ALL RIGHTS OF DEFENSE BASED ON SOVEREIGN IMMUNITY IN SUCH AN ACTION OR SUIT.

3. THE FINANCE BOARD OF THE CITY IS HEREBY AUTHORIZED TO ENTER INTO AGREEMENTS AND TO MAKE COVENANTS WITH ANY PURCHASER, HOLDER OR GUARANTOR

OF OBLIGATIONS ISSUED BY THE CITY TO PROTECT AND SAFEGUARD THE SECURITY AND RIGHTS OF A PURCHASER, HOLDER OR GUARANTOR OR TO PROTECT AND SAFEGUARD THE SOURCE OF PAYMENT OF SUCH OBLIGATIONS OR AS DEEMED APPROPRIATE BY SUCH FINANCE BOARD, WHICH AGREEMENTS OR COVENANTS MAY CONTAIN PROVISIONS PROVIDING FOR (A) RESTRICTIONS ON THE ISSUANCE BY THE CITY OF ITS OBLIGATIONS, LIMITATIONS ON THE INCLUSION OF EXPENSE ITEMS IN ITS CAPITAL BUDGETS AND FINANCIAL RECORDS, REPORTING AND DISCLOSURE REQUIREMENTS NOT INCONSISTENT WITH ANY SUCH RESTRICTIONS, LIMITATIONS OR REQUIREMENTS OF LAW, (B) CONDITIONS THAT WOULD GIVE RISE TO AN EVENT OF DEFAULT ON SUCH OBLIGATIONS, AND (C) REMEDIES AVAILABLE TO A PURCHASER, HOLDER OR GUARANTOR OF SUCH OBLIGATIONS, OTHER THAN ACCELERATION OR THE REQUIRED ELIMINATION OR REDUCTION OF SPECIFIC MUNICIPAL EXPENDITURES, INCLUDING THE CIRCUMSTANCES, IF ANY, UNDER WHICH A TRUSTEE OR TRUSTEES OR A FISCAL AGENT MAY BE APPOINTED OR MAY ACT AS A REPRESENTATIVE OF HOLDERS OF OBLIGATIONS ISSUED BY THE CITY IN CONNECTION WITH AN ISSUE OR ISSUES OF OBLIGATIONS OF THE CITY AND THE RIGHTS, POWERS AND DUTIES WHICH MAY BE VESTED IN SUCH TRUSTEE, TRUSTEES OR FISCAL AGENT AS SUCH REPRESENTATIVE. THE STATE OF NEW YORK HEREBY PLEDGES AND AGREES THAT IT WILL TAKE NO ACTION THAT WOULD IMPAIR THE POWER OF THE CITY TO COMPLY WITH OR TO PERFORM ANY COVENANT OR AGREEMENT MADE PURSUANT TO THIS SUBDIVISION, OR ANY RIGHT OR REMEDY OF A PURCHASER, HOLDER OR GUARANTOR TO ENFORCE SUCH COVENANT OR AGREEMENT; AND THE CITY IS HEREBY AUTHORIZED TO INCLUDE SUCH PLEDGE AND AGREEMENT IN ANY AGREEMENT MADE PURSUANT TO THIS SUBDIVISION.

4. NOTHING CONTAINED IN THIS PARAGRAPH SHALL PRECLUDE THE STATE FROM AUTHORIZING THE CITY TO EXERCISE, OR THE CITY FROM EXERCISING, ANY POWER PROVIDED BY LAW TO SEEK APPLICATION OF LAWS THEN IN EFFECT UNDER THE BANKRUPTCY PROVISIONS OF THE UNITED STATES CONSTITUTION OR SHALL PRECLUDE THE STATE FROM VALIDLY EXERCISING ITS POLICE POWERS OR FROM A FURTHER EXERCISE OF ITS POWERS UNDER ARTICLE EIGHT, SECTION TWELVE, OF THE STATE CONSTITUTION.

D. THE GENERAL DEBT SERVICE FUND ESTABLISHED UNDER THE NEW YORK STATE FINANCIAL EMERGENCY ACT FOR THE CITY OF NEW YORK SHALL BE THE FUND MAINTAINED AND CONTINUED PURSUANT TO THIS SECTION, AND THE PROVISIONS OF THIS SECTION, INCLUDING BUT NOT LIMITED TO THE STATUTORY LIEN CREATED BY SUBDIVISION TWO OF PARAGRAPH B OF THIS SECTION, SHALL BE FULLY APPLICABLE THERETO IN ADDITION TO THE PROVISIONS OF SUCH ACT, AND NOTWITHSTANDING THE TERMINATION OF SUCH ACT. THE PLEDGE AND AGREEMENT AUTHORIZED BY PARAGRAPH C OF THIS SECTION SHALL BE IN ADDITION TO ANY PLEDGE OR AGREEMENT AUTHORIZED BY SUCH ACT.

S 4. Severability clause. If any clause, sentence, paragraph, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

S 5. This act shall take effect immediately.