§ 378. Lease agreements. 1. Any agreement entered into between the fund and a state retirement system pursuant to section three hundred seventy-six of this chapter shall provide for (i) the construction, acquisition, reconstruction, rehabilitation or improvement of one or more facilities, (ii) the leasing thereof and of the land upon which the same is erected to the fund upon completion of construction, acquisition, reconstruction, rehabilitation or improvement for a term not exceeding thirty years and upon such terms and conditions including annual rental as may be agreed upon, and (iii) the conveyance to the state of title to any such facility at the expiration of the term of the lease or upon the earlier payment in full of the total amount specified therein, without additional charge therefor. The state university shall approve any such agreement and shall be a party thereto. Any construction contract entered into by a state retirement system in connection with such lease agreement shall be let, or otherwise entered into, by the retirement system or its agent pursuant to the provisions of section three hundred seventy-six of this chapter. If so designated by a state retirement system, the fund may act as the agent of such retirement system in connection with the construction, acquisition, reconstruction, rehabilitation or improvement which the lease agreement requires.

2. Any agreement entered into between the fund and the dormitory authority pursuant to section three hundred seventy-six of this chapter shall provide for (i) the construction, acquisition, reconstruction, rehabilitation or improvement of one or more dormitories, and (ii) the leasing thereof to the state university for a term not exceeding forty years and upon such terms and conditions including annual rental as may be agreed upon. The state university shall approve any such contract and shall be a party to any lease made pursuant to its terms.

3. Any agreement entered into between the fund and a state agency (other than the dormitory authority) which is a public benefit corporation shall provide for (i) the construction, acquisition, reconstruction, rehabilitation or improvement of one or more facilities, and (ii) the leasing thereof to the fund upon completion of construction, acquisition, reconstruction, rehabilitation or improvement

for a term not exceeding thirty years and upon such terms and conditions including annual rental as may be agreed upon. The state university shall approve any such agreement and shall be a party thereto.

4. To secure the payment of rentals due or to become due in any year under any lease agreement entered into pursuant to subdivision one or subdivision three of this section, the fund may pledge or assign any or all moneys in the state university construction fund income account and in any rental reserve account established pursuant to subdivision five of this section, and any or all moneys which may be in either or both such accounts in the future, whether equal to or in excess of the amount of such rentals due or becoming due in any year, and any or all right, title and interest of the fund in and to the moneys in or to be deposited in such accounts.

5. The fund may create and establish one or more separate accounts to be known as "rental reserve accounts" and may pay into such reserve accounts (i) any moneys apportioned and paid by the state for the purposes of such reserve accounts pursuant to this subdivision, (ii) any moneys in the state university construction fund income account directed to be transferred by the fund to such reserve accounts, and (iii) any other moneys which may be made available to the fund from any source or sources specifically for the purposes of such reserve accounts.

The moneys credited to any rental reserve account established under this subdivision shall be used, except as hereinafter provided, solely for the payment of rentals as they become due under one or more of the lease agreements referred to in subdivision one or subdivision three of this section, provided, however, that the moneys in such account shall not be withdrawn therefrom at any time in such amount as would reduce the amount thereof to less than the maximum amount of rental becoming due in any succeeding calendar year under such lease agreements, except for the purpose of paying such rentals becoming due for the payment of which other moneys of the fund are not available.

Moneys in a rental reserve account not required for immediate use or disbursement may be invested in obligations of the United States or the

state or obligations the principal and interest of which are guaranteed by the United States or the state. In computing the amount of a rental reserve account for the purposes of this subdivision, securities in which all or a portion of the account are invested shall be valued at their market value on a date within seven days of the computation or at their cost to the fund, whichever is less.

Any excess in a rental reserve account at the end of any fiscal year of the fund over the maximum amount of rental becoming due in any succeeding calendar year under such lease agreements shall be withdrawn by the fund from such account and transferred to the state university construction fund income account to be used for the corporate purposes of the fund.

In order further to secure the maintenance in all rental reserve accounts established pursuant to this subdivision of an amount equal to the maximum amount of rental becoming due in any succeeding calendar year under the lease agreements to which the reserve account relates, there shall be annually apportioned and paid to the fund for deposit in such rental reserve accounts such sum, if any, as shall be certified by the chairman of the fund to the governor and director of the budget as necessary to restore such accounts to an amount equal to the maximum amount of rental becoming due in any succeeding calendar year under such lease agreements. The chairman of the fund shall annually, on or before December first, make and deliver to the governor and director of the budget his certificate stating the amount, if any, required to restore such rental reserve accounts to the amount aforesaid and the amount so stated in said certificate, if any, shall be apportioned and paid to the fund during the then current state fiscal year.

No lease agreement which contains a provision for the establishment or maintenance of a rental reserve account shall be entered into pursuant to this section unless the governor, or where so designated by the governor for such purpose, the director of the budget, shall have approved the terms thereof.

6. The attorney general shall pass upon the form and sufficiency and

manner of execution of any lease agreement entered into pursuant to this section and the same shall not be effective unless so approved by him.

7. The state shall not be liable for any rentals payable by the fund pursuant to the terms of a lease agreement entered into pursuant to this section and such agreement shall contain among its terms a statement to such effect.