§ 461. Notes and bonds of the fund. 1. (a) Subject to the provisions of section four hundred sixty-two of this chapter, the fund shall have the power and is hereby authorized from time to time to issue its negotiable bonds and notes in such principal amount as, in the opinion of the fund, shall be necessary, after taking into account other monies which may be available for the purpose, to provide sufficient funds for achieving its corporate purposes, including the construction, acquisition, reconstruction, rehabilitation or improvement of the school portion of combined occupancy structures pursuant to this article, the payment of interest on bonds and notes of the fund, establishment of reserves to secure such bonds and notes, and all other expenditures of the fund incident to and necessary or convenient to carry out its corporate purposes and powers;

(b) The fund shall have power, from time to time, to issue renewal notes, to issue bonds to pay notes and whenever it deem refunding expedient, 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 partly to refund bonds then outstanding and partly for any other purpose. The refunding bonds shall be sold and the proceeds applied to the purchase, redemption or payment of the bonds to be refunded;

(c) Except as may otherwise be expressly provided by the fund, every issue of its notes or bonds shall be general obligations of the fund payable out of any revenues or monies of the fund, subject only to any agreements with the holders of particular notes or bonds pledging any particular receipts or revenues;

(d) Whether or not the notes or bonds are of such form and character as to be negotiable instruments under the provisions of article eight of the uniform commercial code, the notes or bonds shall be and hereby are made negotiable instruments within the meaning of and for all the purposes of the uniform commercial code, subject only to the provisions of the notes or bonds for registration.

2. The notes and bonds of the fund shall be authorized by resolution of the trustees, shall bear such date or dates, and shall mature at such time or times, in the case of any such note, or any renewals thereof, not exceeding five years, from the date of issue of such original note, and in the case of any such bond not exceeding forty years from the date

of issue, as such resolution or resolutions may provide. The notes and bonds 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. The notes and bonds of the fund may be sold by the fund, at public or private sale, at such price or prices as the fund shall determine. No notes or bonds of the fund may be sold by the fund at private sale, however, unless such sale and the terms thereof have been approved in writing by the city comptroller.

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

(a) pledging all or any part of the fees and charges made or received by the fund, and all or any part of (i) the rentals or other payments to be received by the fund with respect to the school portion of combined occupancy structures financed with the proceeds of such bonds and notes, and (ii) the rentals or other payments to be received by the fund with respect to the non-school portion of combined occupancy structures and (iii) any other monies, assets or accounts received or to be received by the fund or pledged or assigned to the fund to secure the payment of such notes or bonds or of any issue thereof, subject to such agreements with bondholders or noteholders as may then exist;

(b) pledging all or any part of the assets of the fund to secure the payment of such notes or bonds or of any issue of notes or bonds, subject to such agreements with noteholders or bondholders as may then exist;

(c) the use and disposition of the gross income of the fund in connection with combined occupancy structures financed or constructed, acquired, reconstructed, rehabilitated or improved by it or on its behalf;

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

(e) limitations on the purpose to which the proceeds of sale of notes or bonds may be applied and pledging such proceeds to secure the payment

of the notes or bonds or of any issue thereof;

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

(g) the procedure, if any, by which the terms of any contract with noteholders or bondholders may be amended or abrogated, the amount of notes or bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(h) limitations on the amount of monies to be expended by the fund for operating, administrative or other expenses of the fund;

(i) vesting in a trustee or trustees such property, rights, powers and duties in trust as the fund may determine, which may include any or all of the rights, powers and duties of the trustee appointed by the bondholders pursuant to this article, and limiting or abrogating the right of the bondholders to appoint a trustee under this article or limiting the rights, powers and duties of such trustee;

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

4. It is the intention hereof that any pledge made by the fund shall be valid and binding from the time when the pledge is made; that the monies or property so pledged and thereafter received by the fund shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act; and that 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 fund, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

5. Neither the trustees of the fund nor any person executing the notes or bonds shall be liable personally on the notes or bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

6. The fund, subject to such agreements with noteholders or bondholders as may then exist, shall have power out of any funds available therefor to purchase notes or bonds of the fund, which shall

thereupon be cancelled, at a price not exceeding (a) if the notes or bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (b) if the notes or bonds are not then redeemable, the redemption price applicable on the first date after such purchase upon which the notes or bonds become subject to redemption plus accrued interest to such date.

7. Neither the state nor the city of New York shall be liable on the notes or bonds of the fund and such notes and bonds shall not be a debt of the city or the state, and such notes and bonds shall contain on the face thereof a statement to such effect.