§ 462. Reserve funds, appropriations and other funds and accounts. 1. (a) The fund shall create and establish a special fund (herein referred to as capital reserve fund), and, to secure bonds of the fund issued prior to the twenty-fourth day of July, nineteen hundred seventy-six, shall pay into such capital reserve fund (1) any monies appropriated and made available by the state or the city of New York for the purposes of such fund, (2) any proceeds of sale of notes or bonds to the extent provided in the resolution of the fund authorizing the issuance thereof, and (3) any other monies which may be made available to the fund for the purpose of such capital reserve fund from any other source or sources. All moneys held in the capital reserve fund, established for bonds of the fund secured by such capital reserve fund except as hereinafter provided, shall be used solely for the payment of the principal of such bonds as the same mature, required payments to any sinking fund established for the amortization of such term bonds (hereinafter referred to as "sinking fund payments"), the purchase or redemption of such bonds, 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such bonds are redeemed prior to maturity; provided, however, that moneys in such capital reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the maximum amount of principal and interest maturing and becoming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 and sinking fund payments required to be made in any succeeding fiscal year on all bonds of the fund secured by the capital reserve fund then outstanding, except for the purpose of paying principal, interest and sinking fund payments becoming due on such bonds of the fund maturing and becoming due and for the payment of which other monies of the fund are not available. For the purposes of this subdivision, in computing the maximum amount of principal maturing in any succeeding calendar year, the principal amount of any term bonds which are to be amortized by sinking fund payments shall not be included in the computation. 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 becoming due and sinking fund payments required to be made in any succeeding calendar year on all bonds of the fund then outstanding secured by the capital reserve fund.

(b) The fund shall not issue bonds secured by the capital reserve fund at any time if the maximum amount of principal and interest maturing and becoming due and sinking fund payments required to be made in a succeeding fiscal year on the bonds then to be issued and on all other bonds of the fund then outstanding secured by the capital reserve fund will exceed the amount of the capital reserve fund at the time of issuance unless the fund, 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 be not less than the maximum amount of principal and interest maturing and becoming due and sinking fund payments required to be made in any succeeding fiscal year on such bonds then to be issued and on all other bonds of the fund then outstanding secured by the capital reserve fund.

(c) To assure the continued operation and solvency of the capital reserve fund for the carrying out of the public purposes of this article, provision is made in paragraph (a) of this subdivision for the accumulation in the capital reserve fund of an amount equal to the maximum amount of principal and interest maturing and becoming due and sinking fund payments required to be made in any succeeding fiscal year on all bonds of the fund then outstanding secured by the capital reserve fund. In order further to assure such maintenance of the capital reserve fund, the board of education shall annually request from the city of New York and pay over to the fund, for deposit in the capital reserve fund, such sum, if any, as shall be certified by the chairman of the fund to the board, the mayor and the director of management and budget of the city of New York as necessary to restore the capital reserve fund to an amount equal to the maximum amount of principal and interest maturing and becoming due and sinking fund payments required to be made in the next succeeding fiscal year on the bonds of the fund then outstanding secured by the capital reserve fund; provided, however, that such sum shall have been first appropriated by the city to the board or shall otherwise have been made lawfully available to the board for such purpose. The chairman of the fund shall annually, not later than the fifteenth day of February in each year, make and deliver to the board, the mayor and the director of management and budget his certificate stating the amount, if any, required to restore the capital reserve fund

to the amount aforesaid and the amount so stated, if any, shall be paid to the fund by the board during the then current fiscal year of the fund. In the event of the failure or inability of the board to pay over the stated amount to the fund on or before August first of the same year, the chairman of the fund shall forthwith make and deliver to the comptroller of the state of New York a further certificate restating the amount so required and, after the comptroller of the state of New York shall have given written notice to the commissioner of education, the mayor and director of management and budget, such amount shall be paid over to the fund by the comptroller of the state of New York out of the next payment of state aid apportioned to the city of New York on behalf of the city school district of the city of New York for the support of common schools or such other aid or assistance payable in support of common schools as shall supersede or supplement such state aid for the support of common schools, including federal moneys apportioned by the state to the city of New York on behalf of the city school district for the support of common schools. Any amount so paid over to the fund shall be deducted from the corresponding apportionment of state education aid or other aid or assistance for education otherwise credited to the board of education for its purposes and shall not obligate the state to make or entitle the city or the board of education to receive any additional or increased apportionment or payment of state aid for school purposes.

(d) In computing the amount of the capital reserve fund for the purposes of this section, securities in which all or a portion of such fund shall be invested shall be valued at par, or if purchased at less than par, at their cost to the fund.

2. The fund may create and establish with the comptroller or with a trustee one or more additional funds or accounts and, subject to agreements with bondholders and noteholders, may pay into such funds or accounts (i) fees and charges collected by the fund, (ii) monies which shall be transferred from the capital reserve fund pursuant to the provisions of paragraph (a) of subdivision one of this section, and (iii) any other monies which may be made available to the fund from any other source or sources. The monies held in or credited to any such reserve fund or account may, in the discretion of the fund but subject to agreements with bondholders and noteholders, be used by the fund (a)

for the repayment of advances from the city of New York, (b) to reimburse the board of education of the city of New York the reasonable costs of services performed by the board for the fund pursuant to section four hundred fifty-five of this article, (c) to pay all costs, expenses and charges of financing, including fees and expenses of trustees and paying agents, (d) for transfers to the capital reserve fund, (e) for the payment of principal of and interest on bonds or notes issued by the fund when the same shall become due, whether at maturity or on call for redemption, and for the payment of any redemption premium required to be paid where such bonds or notes are redeemed prior to their stated maturities, and to purchase bonds or notes issued by the fund, (f) for such other corporate purposes as the fund in its discretion shall determine and provide, or (g) for payment to the board of education for school purposes.

3. (a) The fund may create and establish one or more special funds (herein referred to as debt service reserve funds), and, to secure bonds of the fund issued on or after the twenty-fourth day of July, nineteen hundred seventy-six, shall pay into each such debt service reserve fund (1) any monies appropriated and made available by the state or city of New York for the purposes of such fund, (2) any proceeds of sale of notes or bonds to the extent provided in the resolution of the fund authorizing the issuance thereof, and (3) any other monies which may be made available to the fund for the purposes of any such debt service reserve fund from any other source or sources. All moneys held in a debt service reserve fund, except as hereinafter provided, shall be used solely for the payment of the principal of bonds of the fund as the same mature, required payments to any sinking fund established for the amortization of term bonds (hereinafter referred to as "sinking fund payments"), so secured, the purchase or redemption of bonds of the fund so secured, the payment of interest on such bonds of the fund so secured or the payment of any redemption premium required to be paid when such bonds secured by a debt service reserve fund are redeemed prior to maturity; provided, however, that moneys in a debt service 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 debt service reserve fund requirement established pursuant to the agreement with the holders

of the bonds of the fund secured by such debt service reserve fund, except for the purpose of paying principal of, interest and sinking fund payments becoming due on such bonds of the fund maturing and becoming due and for the payment of which other monies of the fund are not available. Any income or interest earned by, or increment to, a debt service 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 a debt service reserve fund below the debt service reserve fund requirement.

(b) The fund shall not issue bonds secured by a debt service reserve fund at any time if the amount in such debt service reserve fund is less than the debt service reserve fund requirement at the time of issuance unless the fund, at the time of issuance of such bonds, shall deposit in the debt service 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 be not less than the debt service reserve fund requirement established by the agreement with the holders of the bonds of the fund secured thereby.

(c) To assure the continued operation and solvency of the fund for the carrying out of the public purposes of this article, provision is made in paragraph (a) of this subdivision for the accumulation in a debt service reserve fund of an amount equal to the debt service reserve fund requirement on all bonds of the fund then outstanding secured by a debt service or debt service reserve fund. In order further to assure such maintenance of a debt service reserve fund, the board of education shall annually request from the city of New York and pay over to the fund after making the payment required by paragraph (c) of subdivision one of this section for deposit in a debt service reserve fund, such sum, if any, as shall be certified by the chairman of the fund to the board, the mayor and the director of the budget of the city of New York as necessary to restore such debt service reserve fund to an amount equal to the debt service reserve fund requirement for the bonds of the fund secured by such debt service reserve fund; provided, however, that such sum shall have been first appropriated by the city to the board or shall otherwise have been made lawfully available to the board for such purpose. The chairman of the fund shall annually, not later than the fifteenth day of February in each year, make and deliver to the board,

the mayor and the director of the budget his certificate stating the amount, if any, required to restore a debt service reserve fund to the amount aforesaid and the amount so stated after making the payment required by paragraph (c) of subdivision one of this section if any, shall be paid to the fund by the board during the then current fiscal year of the fund. In the event of the failure or inability of the board to pay over the stated amount to the fund on or before August first of the same year, the chairman of the fund shall forthwith make and deliver to the comptroller of the state of New York a further certificate restating the amount so required and, after the comptroller of the state of New York shall have given written notice to the commissioner, the mayor and director of the budget, such amount after making the payment required by paragraph (c) of subdivision one of this section shall be paid over to the fund by the comptroller of the state of New York out of the next payment of state aid apportioned to the city of New York on behalf of the city school district of the city of New York for the support of common schools or such other aid or assistance payable in support of common schools as shall supersede or supplement such state aid for the support of common schools, including federal moneys apportioned by the state to the city of New York on behalf of the city school district for the support of common schools. Any amount so paid over to the fund under paragraph (c) of subdivision one of this section shall be deducted from the corresponding apportionment of state education aid or other aid or assistance for education otherwise credited to the board of education for its purposes and shall not obligate the state to make or entitle the city or the board of education to receive any additional or increased apportionment or payment of state aid for school purposes.

(d) In computing the amount of any debt service reserve fund for the purposes of this section, securities in which all or a portion of such fund shall be invested shall be valued at par, or if purchased at less than par, at their cost to the fund.

(e) The maximum debt service reserve fund requirement for any debt service reserve fund created pursuant to this subdivision shall not exceed the amount of principal and interest maturing and becoming due and sinking fund payments required to be made in any year on all bonds of the fund secured by such debt service reserve fund. For purposes of

this subdivision, in computing the maximum amount of principal maturing in any year, the principal amount of any term bonds which are to be amortized by sinking fund payments shall not be included in the computation.

4. In addition to the funds permitted to be established pursuant to subdivision two hereof, the fund may create and establish with the comptroller or with a trustee one or more additional funds or accounts and, subject to agreements with bondholders and noteholders, may pay into such funds or accounts (i) fees and charges collected by the fund, (ii) monies which shall be transferred from a debt service or reserve fund pursuant to the provisions of paragraph (a) of subdivision one of this section, and (iii) any other monies which may be made available to the fund from any other source or sources. The monies held in or credited to any such fund may, in the discretion of the fund but subject to agreements with bondholders and noteholders, be used by the fund (a) for the repayment of advances from the city of New York, (b) to reimburse the board of education of the city of New York the reasonable costs of services performed by the board for the fund pursuant to section four hundred fifty-five of this article, (c) to pay all costs, expenses and charges of financing, including fees and expenses of trustees and paying agents, (d) for transfers to a debt service or a debt service reserve fund, (e) for the payment of principal, interest and sinking fund payments for any bonds or notes issued by the fund when the same shall become due, whether at maturity or on call for redemption, and for the payment of any redemption premium required to be paid where such bonds or notes are redeemed prior to their stated maturities, and to purchase bonds or notes issued by the fund, (f) for such other corporate purposes as the fund in its discretion shall determine and provide, or (g) for payment to the board of education for school purposes.