§ 527-d. New facility project grants. 1. Within the limit of funds made available by appropriation from the youth centers facility fund as established by section ninety-seven-ff the state finance law, the division is hereby authorized to make awards to municipalities for the acquisition, demolition, design and construction of areas, buildings, structures or facilities owned or to be owned by a municipality and used as a youth center. A municipality or a municipality acting jointly with a not-for-profit corporation may be awarded a new facility project grant pursuant to this title provided that title to any of such area, building, structure or facilities is acquired and/or held by the municipality.

2. No new facility project grant shall be awarded to a municipality or a municipality and a not-for-profit corporation acting jointly unless the agreement as provided for in section five hundred twenty-seven-g of this title also contains provisions which provide that in the event the municipality discontinues use of the facility financed by the new facility project grant as a youth center facility during the period specified in the agreement as provided for in such section five hundred twenty-seven-g, the project cost shall become due and owing to the state and shall be payable from any amounts of state aid to which the municipality would be entitled.

3. No municipality which receives a new facility project grant shall be required to establish a reserve fund and no reserve fund shall be considered part of the project cost for such project.