§ 1156. Bonds of the authority. 1. The authority shall have the power and is hereby authorized from time to time to issue its negotiable bonds in conformity with applicable provisions of the uniform commercial code for any of its corporate purposes, including incidental expenses in connection therewith, and to secure the payment of the same by a lien or pledge covering all or part of its contract, earnings or revenues. The authority shall have power from time to time whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and may issue bonds partly to refund bonds then outstanding and partly for any of its corporate purposes. Except as may be otherwise expressly provided by the authority, every issue of bonds by the authority shall be general obligations payable out of any moneys, earnings or revenues of the authority, subject only to any agreements with the holders of particular bonds pledging any particular moneys, earnings or revenues.

2. The bonds shall be authorized by resolution of the authority and shall bear such date or dates, mature at such time or times not exceeding forty years from their respective dates, bear interest at such rates per annum not exceeding six per centum per annum payable at such times, be in such denominations, be in such form either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America, at such place or places and be subject to such terms of redemption, as such resolution or resolutions may provide.

Bonds of the authority shall be sold at public sale upon sealed bids to the bidder who shall offer the lowest interest cost to the authority to be determined by the authority. The notice of sale shall be published at least once, not less than ten nor more than forty days before the date of sale, in a financial newspaper published and circulated in the city of New York and designated by the authority. The notice shall call for the receipt of sealed bids and shall fix the date, time and place of sale. Bonds may also be sold at private sale. Such bonds, whether publicly or privately sold, shall be sold for a price not less than ninety-six per centum of the par value thereof, plus accrued interest, provided always that the interest cost to maturity of the moneys

realized from the sale of such bonds shall not exceed six per centum per annum. The terms of private sale shall be approved by the comptroller, or by the division of the budget when the sale is to the comptroller.

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

(a) pledging all or any part of the moneys, earnings, income and revenues derived from all or any part of the properties of the authority to secure the payment of the bonds or of any issue of the bonds subject to such agreements with bondholders as may then exist;

(b) the rates, rentals, fees and other charges to be fixed and collected and the amounts to be raised in each year thereby, and the use and disposition of the earnings and other revenues;

(c) the setting aside of reserves and the creation of sinking funds and the regulation and disposition thereof;

(d) limitations on the right of the authority to restrict and regulate the use of the properties in connection with which such bonds are issued;

(e) limitations in the purposes to which and the manner in which the proceeds of sale of any issue of bonds may be applied;

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

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

(h) the creation of special funds into which any earnings or revenues of the authority may be deposited;

(i) the terms and provisions of any mortgage or trust deed or indenture securing the bonds or under which bonds may be issued;

(j) vesting in a trustee or trustees such properties, rights, powers and duties in trust as the authority may determine which may include any or all of the rights, powers and duties of the trustee appointed by the bondholders pursuant to section eleven hundred forty-three hereof, and limiting or abrogating the right of the bondholders to appoint a trustee

under such section or limiting the rights, duties and powers of such trustee;

(k) defining the acts or omissions to act which shall constitute a default in the obligations and duties of the authority to the bondholders and providing the rights and remedies of the bondholders in the event of such default, including as a matter of right the appointment of a receiver, provided, however, that such rights and remedies shall not be inconsistent with the general laws of this state and other provisions of this title;

(l) limitations on the power of the authority to sell or otherwise dispose of its properties;

(m) any other matters, of like or different character which in any way affect the security or protection of the bonds;

(n) limitations on the amount of moneys derived from the properties to be expended for operating, administrative or other expenses of the authority;

(o) the protection and enforcement of the rights and remedies of the bondholders;

(p) the obligations of the authority in relation to the construction, maintenance, operation, repairs and insurance of the properties, the safeguarding and application of all moneys and as to the requirements for the supervision and approval of consulting engineers in connection with construction, reconstruction and operation;

(q) the payment of the proceeds of bonds and revenues of the properties to a trustee or other depositary, and for the method of disbursement thereof with such safeguards and restrictions as the authority may determine.

4. It is the intention of the legislature that any pledge of earnings, revenues or other moneys made by the authority shall be valid and binding from the time when the pledge is made; that the earnings, revenues or other moneys so pledged and thereafter received by the authority 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 authority 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 members of the authority nor any person executing the bonds or other obligations shall be liable personally on the bonds or other obligations or be subject to any personal liability or accountability by reason of the issuance thereof.

6. The authority shall have power out of any funds available therefor to purchase (as distinguished from the power of redemption hereinabove provided) any bonds issued by it or which may be assumed by such authority at a price of not more than the principal amount thereof and accrued interest, and all such bonds shall be cancelled.

7. In the discretion of the authority, the bonds may be secured by a trust indenture by and between the authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company in the state of New York. Such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority in relation to the construction, maintenance, operation, repair and insurance of the properties, and the custody, safeguarding and application of all moneys, and may provide that the properties shall be constructed and paid for under the supervision and approval of consulting engineers. The authority may provide by such trust indenture for the payment of the proceeds of the bonds and the revenues of the properties to the trustee under such trust indenture or other depository, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. All expenses incurred in carrying out such trust indenture may be treated as a part of the cost of maintenance, operation and repairs of the properties. If the bonds shall be secured by a trust indenture the bondholders shall have no authority to appoint a separate trustee to represent them.

Notwithstanding any other provisions of this title, any resolution or resolutions authorizing bonds or notes of the authority shall contain a

covenant by the authority that it will at all times maintain rates, fees, rentals and/or other charges sufficient to pay, and that any contracts entered into by the authority for the sale or distribution of water shall contain rates, fees, rentals or other charges sufficient to pay, the cost of operation and maintenance of the properties, the principal of and interest on any obligation issued pursuant to such resolution or resolutions as the same severally become due and payable, and to maintain any reserves or other funds required by the terms of such resolution or resolutions.