§ 1266-g. Excess loss fund. 1. Subject to the provisions of this section, the authority is authorized to issue bonds and notes, in accordance with section twelve hundred sixty-nine of this title, in such principal amounts not in excess of the seventy-five million dollar limitation established in subdivision four of this section as, in the opinion of the authority, shall be necessary to provide sufficient funds to meet the capital and reserve requirements of a trust, pooling arrangement or other entity established for the purpose of providing reimbursement and funding to the authority and its subsidiaries, the New York city transit authority and its subsidiaries and Triborough bridge and tunnel authority for excess or extraordinary losses for damages to real or personal property or for the destruction thereof or for personal injuries or death and for certain property damage losses which may be incurred or sustained by any of them in connection with the use and operation of their respective facilities and in the conduct of their respective activities (the trust, pooling arrangement or other entity established in order to provide such benefits to such participants being referred to in this section as the "excess loss fund"). Prior to the issuance of any bonds or notes, other than refunding bonds or notes, authorized by this section, the authority shall make a finding that such issue is expected to result, on a present value basis, in a lower effective cost to the participating authorities than funding the requirements of the excess loss fund solely through the payment of premiums and assessments by such participating authorities.

2. In order to effectuate the purposes of the excess loss fund, the authority shall, subject to the provisions of this section, have all the powers provided elsewhere in this title and may:

(a) accept the notes, bonds and other contractual obligations of the excess loss fund for funds provided to it by the authority;

(b) obtain security for the payment by the excess loss fund of its notes, bonds and other contractual obligations issued to the authority, including a pledge of all or any part of the assets and revenues of the excess loss fund, including its receipts and rights to receive premiums, assessments, reimbursements and other payments from the participants in the excess loss fund, which pledge may contain covenants with respect to the charging and fixing by actuarial estimates, where appropriate, of

premiums, assessments, reimbursements and other payments and the use and disposition thereof; and

(c) enter into contracts with the excess loss fund and with the participants therein, on such terms and conditions as the parties may agree, with respect to the payment of premiums, assessments, reimbursements and other payments to the excess loss fund and the nature and extent of the benefits to be paid by the excess loss fund to such participants.

3. The bonds and notes of the authority authorized by this section shall not constitute general obligations of the authority, but shall be special obligations of the authority payable as to principal, redemption premium, if any, and interest solely from the security, sources of payment and funds obtained from or on behalf of the excess loss fund, all in the manner more particularly provided by the authority in the resolution under which such bonds and notes shall be authorized to be issued.

4. The aggregate principal amount of bonds and notes issued for the purposes enumerated in subdivision one of this section shall not exceed seventy-five million dollars, excluding: (a) bonds and notes issued to fund costs of issuance and any reasonably required debt service reserve fund for such bonds or notes; (b) an amount equal to any original issue discount from the principal amount of any bonds or notes issued; and (c) bonds and notes issued to refund or otherwise repay bonds or notes theretofore issued for such purposes, provided, however, that upon any such refunding or repayment the total aggregate principal amount of outstanding bonds and notes (including for purpose of such calculation the principal amount of the refunding bonds or notes then to be issued and excluding the principal amount of the bonds or notes so to be refunded or repaid and any amounts excluded under paragraph (a) or (b) of this subdivision) may be greater than seventy-five million dollars, only if the present value of the aggregate debt service of the refunding or repayment bonds or notes to be issued shall not exceed the present value of the aggregate debt service of the bonds or notes so to be refunded or repaid. For purposes of paragraph (c) of this subdivision, the present values of the aggregate debt service of the refunding or

repayment bonds or notes and of the aggregate debt service of the bonds or notes so to be refunded or repaid, shall be calculated by utilizing the effective interest rate of the refunding or repayment bonds or notes, which shall be that rate arrived at by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the refunding or repayment bonds or notes from the payment dates thereof to the date of issue of the refunding or repayment bonds or notes and to the price bid including estimated accrued interest or proceeds received by the authority including estimated accrued interest from the sale thereof.

5. The term "excess loss fund" as used in this section shall not include any trust, pooling arrangements or other entity (a) which provides or offers to provide reimbursement or funding for losses or liabilities to any entity other than the authority and its subsidiaries, the New York city transit authority and its subsidiaries and Triborough bridge and tunnel authority, or (b) in which any entity other than the authority and its subsidiaries, the New York city transit authority and its subsidiaries and Triborough bridge and tunnel authority holds an equity interest.