§ 1291. Reserve funds and appropriations. 1. The corporation may create and establish one or more reserve funds to be known as debt service reserve funds and may pay into such debt service reserve funds (a) any monies appropriated and made available by the state for the purposes of such funds, (b) any proceeds of sale of notes or bonds, to the extent provided in the resolution of the corporation authorizing the issuance thereof, and (c) any other monies which may be made available to the corporation for the purpose of such funds from any other source or sources. The monies held in or credited to any debt service reserve fund established under this section, except as hereinafter provided, shall be used solely for the payment of the principal of bonds of the corporation secured by such debt service reserve fund as the same mature or as payments required by the terms of any contracts therefor as sinking fund payments become due, the purchase of such bonds of the corporation, the payment of interest on such bonds of the corporation or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; provided however, that the corporation shall have power to provide that monies in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the maximum amount of any sinking fund payments becoming due and principal and interest maturing and becoming due in any succeeding calendar year on the bonds of the corporation then outstanding and secured by such debt service reserve fund, except for the purpose of paying any sinking fund payments becoming due and principal of and interest on such bonds of the corporation secured by such debt service reserve fund maturing and becoming due and for the payment of which other monies of the corporation are not available. Any income or interest earned by, or increment to, any such debt service reserve fund due to the investment thereof may be transferred by the corporation to any other fund or account of the corporation and the corporation shall have power to provide that any such transfer shall not reduce the amount of such debt service reserve fund below the maximum amount of any sinking fund payments becoming due and principal and interest maturing and becoming due in any succeeding calendar year on all bonds of the corporation then outstanding and secured by such debt service reserve fund.

2. The corporation shall not issue bonds at any time if the maximum amount of any sinking fund payments becoming due and principal and interest maturing and becoming due in any succeeding calendar year on the bonds outstanding and then to be issued and secured by a debt service reserve fund will exceed the amount of such debt service reserve fund at the time of issuance, unless the corporation, at the time of the issuance of such bonds, shall deposit in such 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 debt service reserve fund, will be not less than the maximum amount of any sinking fund payments becoming due and principal and interest maturing and becoming due in any succeeding calendar year on the bonds then to be issued and on all other bonds of the corporation then outstanding and secured by such debt service reserve fund.

3. To assure the continued operation and solvency of the corporation for the carrying out of the public purposes of this title, provision is made in subdivision one of this section for the accumulation in each debt service reserve fund of an amount equal to the maximum amount of any sinking fund payments becoming due and principal and interest maturing and becoming due in any succeeding calendar year as determined by the corporation on all bonds of the corporation then outstanding and secured by such debt service reserve fund. In order further to assure the maintenance of such debt service reserve funds in the respective amounts provided therefor by the corporation in the issuance of its bonds secured thereby, there shall be annually apportioned and paid to the corporation for deposit in each such debt service reserve fund such amount, if any, as shall be certified by the chief executive officer of the corporation to the governor and director of the budget as necessary to restore such debt service reserve fund to an amount equal to the maximum amount provided therefor by the corporation as aforesaid. The chief executive officer of the corporation shall annually, on or before December first, make and deliver to the governor and director of the budget his certificate stating the amount, if any, required to restore each debt service reserve fund to the amount aforesaid and the amount or amounts so certified, if any, shall be apportioned and paid to the corporation during the then current state fiscal year. The principal

amount of bonds secured by a debt service reserve fund or funds to which state funds are apportionable pursuant to this subdivision shall be limited to the total amount of bonds and notes outstanding on the effective date of this act, plus the total amount of bonds and notes contracted after the effective date of this act to finance projects in progress on the effective date of this act as determined by the New York state public authorities control board created pursuant to section fifty of this chapter whose affirmative determination shall be conclusive as to all matters of law and fact solely for the purposes of the limitations contained in this subdivision, but in no event shall the total amount of bonds so secured by such a debt service reserve fund or funds exceed forty million five hundred thirteen thousand dollars, excluding bonds issued to refund such outstanding bonds until the date of redemption of such outstanding bonds. As outstanding bonds so secured are paid, the amount so secured shall be reduced accordingly but the redemption of such outstanding bonds from the proceeds of refunding bonds shall not reduce the amount so secured.

4. For the purposes of this section, "maximum amount of any sinking fund payments becoming due and principal and interest maturing and becoming due in any succeeding year" means, as of the date of computation, the largest amount of money required in any succeeding year for the payment of interest on and maturing principal of outstanding bonds and payments required by the terms of any contracts to be made to any sinking fund established for the payment or redemption of such bonds, provided that the principal amount of any bonds required to be made to any such sinking fund during any year shall, for the purposes of this definition, be considered as maturing in the year during which such payment is required and not in the year in which the stated maturity of such bonds occurs. 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 corporation.