§ 1336. Reserve funds and appropriations. 1. The authority 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 moneys 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 authority authorizing the issuance thereof, and (c) any other moneys which may be made available to the authority for the purpose of such funds from any other source or sources. The moneys 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 authority secured by such debt service reserve fund as the same mature, the purchase of such bonds of the authority, the payment of interest on such bonds of the authority or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; provided, however, that the authority shall have power to provide that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year or years not exceeding two such years on the bonds of the authority then outstanding and secured by such debt service reserve fund, except for the purpose of paying principal of and interest on such bonds of the authority secured by such debt service reserve fund maturing and becoming due and for the payment of which other moneys of the authority 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 authority to any other fund or account of the authority and the authority 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 principal and interest maturing and becoming due in any succeeding calendar year or years not exceeding two such years on all bonds of the authority then outstanding and secured by such debt service reserve fund.

2. The authority shall have power to provide that it shall not issue bonds at any time if the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year or years not

exceeding two such years 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 authority, at the time of the issuance of such bonds, shall deposit in such debt service 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 principal and interest maturing and becoming due in any such succeeding calendar year or years not exceeding two such years on the bonds then to be issued and on all other bonds of the authority then outstanding and secured by such debt service reserve fund.

3. 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 authority.