§ 1680-l. The special disability fund financing. 1. As used in this section the following terms shall have the following meanings:

(a) "Ancillary bond facility" means any interest rate exchange or similar agreement or any bond insurance policy, letter of credit or other credit enhancement facility, liquidity facility, guaranteed investment or reinvestment agreement, or other similar agreement, arrangement or contract.

(b) "Benefited party" means any person, firm or corporation that enters into an ancillary bond facility with the authority according to the provisions of this section.

(c) "Bonds" means any bonds, notes, certificates of participation and other evidence of indebtedness issued by the authority pursuant to subdivision five of this section.

(d) "Bond owners or owners of bonds" means any registered owners of bonds.

(e) "Chair" means the chair of the workers' compensation board.

(f) "Code" means the United States Internal Revenue Code of 1986, as amended.

(g) "Costs of issuance" means any item of expense directly or indirectly payable or reimbursable by the authority and related to the authorization, sale, or issuance of bonds, including, but not limited to, underwriting fees and fees and expenses of professional consultants and fiduciaries.

(h) "Debt service" means actual debt service, comprised of principal, interest and associated costs, as defined in subparagraph five of paragraph (h) of subdivision eight of section fifteen of the workers' compensation law.

(i) "Director of the budget" or "director" means the director of the budget of the state of New York.

(j) "Financing agreement" means any agreement authorized pursuant to subdivision four of this section between the chair and the commissioner of taxation and finance, and the authority.

(k) "Financing costs" means all costs of issuance, capitalized interest, capitalized operating expenses of the authority and, pursuant to the financing agreement, the initial capitalized operating expenses of the waiver agreement management office and debt service reserves, fees, cost of any ancillary bond facility, and any other fees,

discounts, expenses and costs related to issuing, securing and marketing the bonds including, without limitation, any net original issue discount.

(l) "Investment securities" means: (i) general obligations of, or obligations guaranteed by, any state of the United States of America or political subdivision thereof, or the District of Columbia or any agency or instrumentality of any of them, receiving one of the three highest long-term unsecured debt rating categories available for such securities of at least one independent rating agency, or (ii) certificates of deposit, savings accounts, time deposits or other obligations or accounts of banks or trust companies in the state, secured, if the authority shall so require, in such manner as the authority may so determine, or (iii) obligations in which the comptroller is authorized to invest pursuant to either section ninety-eight or ninety-eight-a of the state finance law, or (iv) investments which the commissioner of taxation and finance is permitted to make with surplus or reserve moneys of the special disability fund under subparagraph seven of paragraph (h) of subdivision eight of section fifteen of the workers' compensation law.

(m) "Interest rate exchange or similar agreement" means a written contract entered into in connection with the issuance of bonds or with such bonds outstanding with a counterparty to provide for an exchange or swap of payments based upon fixed and/or variable interest rates, and shall be for exchanges in currency of the United States of America only.

(n) "Net proceeds" means the amount of proceeds remaining following each sale of bonds which are not required by the authority for purposes of this section to pay or provide for debt service or financing costs, as provided in the financing agreement.

(o) "Operating expenses" means the reasonable or necessary operating expenses of the authority for purposes of this section, including, without limitation, the costs of: retention of auditors, preparation of accounting and other reports, maintenance of the ratings on the bonds, any operating expense reserve fund, insurance premiums, ancillary bond facilities, rebate payments, annual meetings or other required activities of the authority, and professional consultants and fiduciaries.

(p) "Outstanding", when used with respect to bonds, shall exclude

bonds that shall have been paid in full at maturity, or shall have otherwise been refunded, redeemed, defeased or discharged, or that may be deemed not outstanding pursuant to agreements with the holders thereof.

(q) "Pledged assessments revenues", "pledged revenues" or "pledged assessments" means receipts of special disability fund assessments imposed pursuant to subparagraph four of paragraph (h) of subdivision eight of section fifteen of the workers' compensation law and pledged for the payment of debt service on the bonds or amounts due pursuant to an ancillary bond facility, including the right to receive same.

(r) "State" means the state of New York.

(s) "Special disability fund financing agreement" means an agreement authorized and created pursuant to subparagraph five of paragraph (h) of subdivision eight of section fifteen of the workers' compensation law, as same by its terms and bond proceedings, may be amended.

(t) "Waiver agreement" means waiver agreements entered into pursuant to section thirty-two of the workers' compensation law.

(u) "Waiver agreement management office" shall mean the office described in paragraph (e) of section thirty-two of the workers' compensation law.

2. The authority is hereby authorized to finance the special disability fund established by paragraph (h) of subdivision eight of section fifteen of the workers' compensation law and to enter into one or more special disability fund financing agreements described in such subdivision. All of the provisions of the authority relating to bonds and notes which are not inconsistent with the provisions of this section shall apply to obligations authorized by this section, including but not limited to the power to establish adequate reserves therefor and to issue renewal notes or refunding bonds thereof. The provisions of this section shall apply solely to obligations authorized by this section and shall not include liabilities, assets or revenues other than liabilities, assets or revenues derived from the authority solely from the special disability fund.

3. It is found and declared that the special disability fund no longer serves the purposes for which it was created, adds to the time and

expense of proceedings before the workers' compensation board and to employers' costs for workers' compensation insurance; that the creation and operation of a waiver agreement management office of the workers' compensation board, to manage, maintain and negotiate waiver agreements on behalf of the special disability fund can reduce the special disability fund's unfunded liability; that the reduction of such liability and the closing of the fund to new claims will over the long term reduce assessments paid to the fund by insurance carriers, self-insurers and the state insurance fund, as well as the employers to whom these costs are passed on; that in the absence of this section the annual cost of such assessments is expected to rise; that the settlement of claims and other actions undertaken by the waiver agreement management office will lower the administrative costs of insurance carriers, self-insurers and the state insurance fund; that revenue obligations issued by the authority and secured by a special assessment annually levied, imposed and collected on and from insurance carriers, self-insurers and the state insurance fund for the governmental purpose of funding waiver agreements amortized over a substantial period would allow the state to settle and otherwise manage claims as a means for reducing the fund's liabilities and the assessments needed to pay them, thereby furthering the policy of the state to reduce the costs of workers' compensation and to improve the business climate in the state while compensating injured workers and honoring the obligations of the special disability fund; that all costs of the authority in relation to this section shall be paid from assessments set forth in paragraph (h) of subdivision eight of section fifteen of the workers' compensation law; and that, therefore, the provisions of this section are for the public benefit and good and the authorization as provided in this section of the issuance of revenue obligations of the authority is declared to be for a public purpose and the exercise of an essential governmental function.

4. (a) The authority, the commissioner of taxation and finance and the chair, in consultation with the special disability fund advisory committee shall execute a financing agreement prior to the issuance of any bonds. Such agreement shall contain such terms and conditions as are necessary to carry out and effectuate the purposes of this section,

including covenants with respect to the assessment and enforcement of the assessments, the application and use of the proceeds of the sale of bonds to preserve the tax-exemption on the bonds, the interest on which is intended to be exempt from taxation. The state shall not be authorized to make any covenant, pledge, promise or agreement purporting to bind the state with respect to pledged revenues, except as otherwise specifically authorized by this section.

(b) The net proceeds of the bonds shall be deposited in accordance with the financing agreement and this section. The financing agreement shall provide for the application of the net bond proceeds, and such bond proceeds shall be used, for any of the following purposes: (i) funding of waiver agreements, (ii) payment of financing costs, (iii) funding anticipated liabilities of the special disability fund, (iv) funding contract awards pursuant to subparagraph two of paragraph (h) of section thirty-two of the workers' compensation law and (v) such other purposes as are set forth in the financing agreement. Not inconsistent with this section, the authority may provide restrictions on the use and investment of net proceeds of the bonds and other amounts in the financing agreement or otherwise in a tax regulatory agreement as necessary or desirable to assure that they are exempt from taxation.

5. (a) (i) The authority shall have power and is hereby authorized to issue its bonds at such times and in an aggregate principal amount not to exceed an amount to be determined by the superintendent of financial services as necessary to address all or a portion of the incurred unfunded liabilities of the special disability fund, but in no case exceeding twenty-five percent of the unfunded liability of the special disability fund as of a date no later than July first, two thousand seven, as certified to the authority by a qualified third party. The bonds shall be issued for the following corporate purposes: (A) funding of waiver agreements, (B) payment of financing costs, (C) funding anticipated liabilities of the special disability fund, (D) funding contract awards pursuant to paragraph two of subdivision (h) of section thirty-two of the workers' compensation law and (E) such other purposes as are set forth in the financing agreement. The foregoing limitation on outstanding aggregate principal shall not apply to prevent the issuance of bonds to refund bonds.

(ii) Each issuance of bonds shall be authorized by a resolution of the authority, provided, however, that any such resolution authorizing the issuance of bonds may delegate to an officer of the authority the power to issue such bonds from time to time and to fix the details of any such issues of bonds by an appropriate certificate of such authorized officer. Every issue of the bonds of the authority for the special disability fund shall be special revenue obligations payable from and secured by a pledge of revenues and other assets, including those proceeds of such bonds deposited in a reserve fund for the benefit of bondholders, earnings on funds of the authority and such other funds and assets as may become available, upon such terms and conditions as specified by the authority in the resolution under which the bonds are issued or in a related trust indenture.

(iii) The authority shall have the power and is hereby authorized from time to time to issue bonds, in consultation with the special disability fund advisory committee to refund any bonds issued under this section by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its other corporate purposes under this section. The refunding bonds may be exchanged for the bonds to be refunded or sold and the proceeds applied to the purchase, redemption or payment of such bonds.

(b) The bonds of the authority of each issue shall be dated, shall bear interest (which, in the opinion of bond counsel to the authority, may be includable in or excludable from the gross income of the owners for federal income tax purposes) at such fixed or variable rates, payable at or prior to maturity, and shall mature at such time or times, as may be determined by the authority and may be made redeemable before maturity, at the option of the authority, at such price or prices and under such terms and conditions as may be fixed by the authority. The principal and interest of such bonds may be made payable in any lawful medium. The resolution or the certificate of the authorized officer shall determine the form of the bonds, either registered or book-entry form, and the manner of execution of the bonds and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest thereof, which may be at any bank or trust company within or outside the state. If any officer whose

signature or a facsimile thereof appears on any bonds shall cease to be such officer before the delivery of such bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The authority may also provide for temporary bonds and for the replacement of any bond that shall become mutilated or shall be destroyed or lost.

(c) The authority may sell such bonds in such manner, either at a public or private sale and either on a competitive or negotiated basis, provided no such bonds may be sold by the authority at private sale unless such sale and the terms thereof have been approved in writing by the comptroller of the state of New York. The proceeds of such bonds shall be disbursed for the purposes for which such bonds were issued under such restrictions as the financing agreement and the resolution authorizing the issuance of such bonds or the related trust indenture may provide. Such bonds shall be issued upon approval of the authority and without any other approvals, filings, proceedings or the happening of any other conditions or things other than the approvals, findings, proceedings, conditions, and things that are specified and required by this section. Provided, however, that any issuance of bonds under the authority of this section shall be considered a project for the purposes of section fifty-one of this chapter, and subject to approval under such section.

(d) Any pledge made by the authority shall be valid and binding at the time the pledge is made. The assets, property, revenues, reserves or earnings so pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind against the authority, irrespective of whether such parties have notice thereof. Notwithstanding any other provision of law to the contrary, neither the bond resolution nor any indenture or other instrument, including the financing agreement, by which a pledge is created or by which the authority's interest in pledged assets, property, revenues, reserves or earnings thereon is assigned need be filed, perfected or recorded in any public records in order to protect the pledge thereof or perfect the lien thereof as against third parties, except that a copy thereof shall be filed in the records of the

authority.

(e) Whether or not the bonds of the authority are of such form and character as to be negotiable instruments under the terms of the uniform commercial code, the bonds are hereby made negotiable instruments for all purposes, subject only to the provisions of the bonds for registration.

(f) At the sole discretion of the authority, any bonds issued by the authority and any ancillary bond facility made under the provisions of this subdivision may be secured by a resolution or trust indenture by and between the authority and the trust indenture trustee, which may be any trust company or bank having the powers of a trust company, whether located within or outside the state, provided it is carried out in accordance with section sixty-nine-d of the state finance law. Such trust indenture or resolution providing for the issuance of such bonds may provide for the creation and maintenance of such reserves as the authority shall determine to be proper and may include covenants setting forth the duties of the authority in relation to the bonds, the income of the authority, or the financing agreement. Such trust indenture or resolution may contain provisions: (i) respecting the custody, safeguarding and application of all moneys and securities; (ii) protecting and enforcing the rights and remedies (pursuant to the trust indenture and the financing agreement) of the owners of the bonds and any other benefited party as may be reasonable and proper and not in violation of law; (iii) concerning the rights, powers and duties of the trustee appointed by bondholders pursuant to paragraph (g) of this subdivision; or (iv) limiting or abrogating the right of the bondholders to appoint a trustee. It shall be lawful for any bank or trust company which may act as depository of the proceeds of bonds or of any other funds or obligations received on behalf of the authority to furnish such indemnifying bonds or to pledge such securities as may be required by the authority. Any such trust indenture or resolution may contain such other provisions as the authority may deem reasonable and proper for priorities and subordination among the owners of the bonds and other beneficiaries. For purposes of this section, a "resolution" of the authority shall include any trust indenture authorized thereby.

(g) The authority may enter into, amend or terminate, as it determines to be necessary or appropriate, any ancillary bond facility in

consultation with the special disability fund advisory committee (i) to facilitate the issuance, sale, resale, purchase, repurchase or payment of bonds, interest rate savings or market diversification or the making or performance of interest rate exchange or similar agreements, including without limitation bond insurance, letters of credit and liquidity facilities, (ii) to attempt to manage or hedge risk or achieve a desirable effective interest rate or cash flow, or (iii) to place the obligations or investments of the authority, as represented by the bonds or the investment of reserved bond proceeds or other pledged revenues or other assets, in whole or in part, on the interest rate, cash flow or other basis decided in consultation with the special disability fund advisory committee, which facility may include without limitation contracts commonly known as interest rate exchange or similar agreements, forward purchase contracts or guaranteed investment contracts and futures or contracts providing for payments based on levels of, or changes in, interest rates. These contracts or arrangements may be entered into by the authority in connection with, or incidental to, entering into, or maintaining any (i) agreement which secures bonds of the authority or (ii) investment, or contract providing for investment of reserves or similar facility guaranteeing an investment rate for a period of years not to exceed the underlying term of the bonds. The determination by the authority that an ancillary bond facility or the amendment or termination thereof is necessary or appropriate as aforesaid shall be conclusive. Any ancillary bond facility may contain such payment, security, default, remedy, and termination provisions and payments and other terms and conditions as determined by the authority, after giving due consideration to the creditworthiness of the counterparty or other obligated party, including any rating by any nationally recognized rating agency, and any other criteria as may be appropriate.

(h) The authority, subject to such agreements with bondholders as may then exist (including provisions which restrict the power of the authority to purchase bonds), or with the providers of any applicable ancillary bond facility, shall have the power out of any funds available therefor to purchase bonds of the authority, which may or may not thereupon be cancelled, at a price not substantially exceeding:

(i) if the bonds are then redeemable, the redemption price then

applicable, including any accrued interest; or

(ii) if the bonds are not then redeemable, the redemption price and accrued interest applicable on the first date after such purchase upon which the bonds become subject to redemption.

(i) Neither the members of the authority nor any other person executing the bonds or an ancillary bond facility of the authority shall be subject to any personal liability by reason of the issuance or execution and delivery thereof.

(j) The maturities of the bonds shall not exceed thirty years from their respective issuance dates.

6. Neither any bond issued pursuant to this section nor any ancillary bond facility of the authority shall constitute a debt or moral obligation of the state or a state supported obligation within the meaning of any constitutional or statutory provision or a pledge of the faith and credit of the state or of the taxing power of the state, and the state shall not be liable to make any payments thereon nor shall any bond or any ancillary bond facility be payable out of any funds or assets other than pledged revenues and other assets of the authority and other funds and assets of or available to the authority pledged therefor, and the bonds and any ancillary bond facility of the authority shall contain on the face thereof or other prominent place thereon a statement to the foregoing effect.

7. (a) Subject to the provisions of subdivision five of this section in the event that the authority shall default in the payment of principal of, or interest on, or sinking fund payment on, any issue of bonds after the same shall become due, whether at maturity or upon call for redemption, or in the event that the authority or the state shall fail to comply with any agreement made with the holders of any issue of bonds, the holders of twenty-five percent in aggregate principal amount of the bonds of such issue then outstanding, by instrument or instruments filed in the office of the clerk of the county of Albany and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds for the purposes herein provided.

(b) Such trustee, may, and upon written request of the holders of

twenty-five percent in principal amount of such bonds then outstanding shall, in his or its own name:

(i) by suit, action or proceeding in accordance with the civil practice law and rules, enforce all rights of the bondholders, including the right to require the authority to carry out any agreement with such holders and to perform its duties under this section;

(ii) bring suit upon such bonds;

(iii) by action or suit, require the authority to account as if it were the trustee of an express trust for the holders of such bonds;

(iv) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds; and

(v) declare all such bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of twenty-five percent of the principal amount of such bonds then outstanding, annul such declaration and its consequences, provided, however, that nothing in this subdivision shall preclude the authority from agreeing that consent of the provider of an ancillary bond facility is required for an acceleration of related bonds in the event of a default other than a failure to pay principal of or interest on the bonds when due.

(c) The supreme court shall have jurisdiction of any suit, action or proceeding by the trustee on behalf of such bondholders. The venue of any such suit, action or proceeding shall be laid in the county of Albany.

(d) Before declaring the principal of bonds due and payable, the trustee shall first give thirty days notice in writing to the authority.

8. All monies of the authority from whatever source derived shall be paid to the treasurer of the authority and shall be deposited forthwith in a bank or banks designated by the authority. The monies in such accounts shall be paid out or withdrawn on the order of such person or persons as the authority may authorize to make such requisitions. All deposits of such monies shall either be secured by obligations of the United States or of the state or of any municipality of a market value equal at all times to the amount on deposit, or monies of the authority may be deposited in money market funds rated in the highest short-term or long-term rating category by at least one nationally recognized rating agency. To the extent practicable, and consistent with the

requirements of the authority, all such monies shall be deposited in interest bearing accounts. The authority shall have power, notwithstanding the provisions of this section, to contract with the holders of any bonds as to the custody, collection, security, investment and payment of any monies of the authority or any monies held in trust or otherwise for the payment of bonds or any way to secure bonds, and carry out any such contract notwithstanding that such contract may be inconsistent with the provisions of this section. Monies held in trust or otherwise for the payment of bonds or in any way to secure bonds and deposits of such moneys may be secured in the same manner as monies of the authority and all banks and trust companies are authorized to give such security for such deposits. Any monies of the authority not required for immediate use or disbursement may, at the discretion of the authority, be invested in accordance with law and such guidelines as are approved by the authority.

9. (a) It is hereby determined that the carrying out by the authority of its corporate purposes under this section are in all respects for the benefit of the people of the state of New York and are public purposes. Accordingly, the authority shall be regarded as performing an essential governmental function in the exercise of the powers conferred upon it by this section. The property of the authority, its income and its operations shall be exempt from taxation, assessments, special assessments and ad valorem levies. The authority shall not be required to pay any fees, taxes, special ad valorem levies or assessments of any kind, whether state or local, including, but not limited to, real property taxes, franchise taxes, sales taxes or other taxes, upon or with respect to any property owned by it or under its jurisdiction, control or supervision, or upon the uses thereof, or upon or with respect to its activities or operations in furtherance of the powers conferred upon it by this section, or upon or with respect to any assessments, rates, charges, fees, revenues or other income received by the authority.

(b) Any bonds issued pursuant to this section, their transfer and the income therefrom shall, at all times, be exempt from taxation except for estate or gift taxes and taxes on transfers.

(c) The state hereby covenants with the purchasers and with all

subsequent holders and transferees of bonds issued by the authority pursuant to this section, in consideration of the acceptance of and payment for the bonds, that the bonds of the authority issued pursuant to this section and the income therefrom and all assessments, revenues, moneys, and other property received by the authority and pledged to pay or to secure the payment of such bonds shall at all times be exempt from taxation.

(d) In the case of any bonds of the authority, interest on which is intended to be exempt from federal income tax, the authority shall prescribe restrictions on the use of the proceeds thereof and related matters only as are necessary or desirable to assure such exemption, and the recipients of such proceeds shall be bound thereby to the extent such restrictions shall be made applicable to them. Any such recipient, including, but not limited to, the state, the state insurance fund, a public benefit corporation, and a school district or municipality is authorized to execute a tax regulatory agreement with the authority or the state, as the case may be, and the execution of such an agreement may be treated by the authority or the state as a condition to receiving any such proceeds.

10. (a) The state, solely with respect to the resources of the special disability fund and as set forth in the special disability fund financing agreement, covenants with the purchasers and all subsequent owners and transferees of bonds issued by the authority pursuant to this section in consideration of the acceptance of the payment of the bonds, until the bonds, together with the interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding on behalf of the owners, are fully met and discharged or unless expressly permitted or otherwise authorized by the terms of each special disability fund financing agreement and any contract made or entered into by the authority with or for the benefit of such owners, (i) that in the event bonds of the authority are sold as federally tax-exempt bonds, the state shall not take any action or fail to take action that would result in the loss of such federal tax exemption on said bonds, (ii) that the state will cause the workers' compensation board to impose, charge, raise, levy, collect and apply the pledged assessments and other revenues, receipts, funds or

moneys pledged for the payment of debt service requirements in each year in which bonds are outstanding, and (iii) further, that the state (A) will not materially limit or alter the duties imposed on the workers' compensation board, the authority and other officers of the state by the special disability fund financing agreement and the bond proceedings authorizing the issuance of bonds with respect to application of pledged assessments or other revenues, receipts, funds or moneys pledged for the payment of debt service requirements, (B) will not issue any bonds, notes or other evidences of indebtedness, other than the bonds, having any rights arising out of paragraph (h) of subdivision eight of section fifteen of the workers' compensation law or this section or secured by any pledge of or other lien or charge on the pledged revenues or other receipts, funds or moneys pledged for the payment of debt service requirements, (C) will not create or cause to be created any lien or charge on the pledged revenues, other than a lien or pledge created thereon pursuant to said sections, (D) will carry out and perform, or cause to be carried out and performed, each and every promise, covenant, agreement or contract made or entered into by the special disability fund financing agreement, by the authority or on its behalf with the bond owners of any bonds, (E) will not in any way impair the rights, exemptions or remedies of the bond owners, and (F) will not limit, modify, rescind, repeal or otherwise alter the rights or obligations of the appropriate officers of the state to impose, maintain, charge or collect the assessments and other revenues or receipts constituting the pledged revenues as may be necessary to produce sufficient revenues to fulfill the terms of the proceedings authorizing the issuance of the bonds, including pledged revenue coverage requirements, provided, however, (i) the remedies available to the authority and the bondholders for any breach of the pledges and agreements of the state set forth in this subclause shall be limited to injunctive relief, (ii) nothing in this subdivision shall prevent the authority from issuing evidences of indebtedness (A) which are secured by a pledge or lien which is, and shall on the face thereof, be expressly subordinate and junior in all respects to every lien and pledge created by or pursuant to said sections, or (B) which are secured by a pledge of or lien on moneys or funds derived on or after the date every pledge or lien thereon created by or pursuant to said sections shall be discharged and satisfied, and

(iii) nothing in this subdivision shall preclude the state from exercising its power, through a change in law, to limit, modify, rescind, repeal or otherwise alter the character of the pledged assessments or revenues or to substitute like or different sources of assessments, taxes, fees, charges or other receipts as pledged revenues if and when adequate provision shall be made by law for the protection of the holders of outstanding bonds pursuant to the proceedings under which the bonds are issued, including changing or altering the method of establishing the special assessments.

The authority is authorized to include this covenant of the state, as a contract of the state, in any agreement with the owner of any bonds issued pursuant to this section and in any credit facility or reimbursement agreement with respect to such bonds. Notwithstanding these pledges and agreements by the state, the attorney general may in his or her discretion enforce any and all provisions related to the special disability fund, without limitation.

(b) Prior to the date which is one year and one day after the authority no longer has any bonds issued pursuant to this section outstanding, the authority shall have no authority to file a voluntary petition under chapter nine of the federal bankruptcy code or such corresponding chapter or sections as may, from time to time, be in effect, and neither any public officer nor any organization, entity or other person shall authorize the authority to be or become a debtor under chapter nine or any successor or corresponding chapter or sections during such period. The state hereby covenants with the owners of the bonds of the authority that the state will not limit or alter the denial of authority under this subdivision during the period referred to in the preceding sentence. The authority is authorized to include this covenant of the state, as a contract of the state, in any agreement with the owner of any bonds issued pursuant to this section.

(c) To the extent deemed appropriate by the authority any pledge and agreement of the state with respect to the bonds as provided in this section may be extended to, and included in, any ancillary bond facility as a pledge and agreement of the state with the authority and the benefited party.

11. The bonds of the authority are hereby made securities in which all public officers and bodies of this state and all municipalities and political subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The bonds are also hereby made securities which may be deposited with and may be received by all public officers and bodies of the state and all municipalities, political subdivisions and public corporations for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized.

12. (a) An action against the authority for death, personal injury or property damage or founded on tort shall not be commenced more than one year and ninety days after the cause of action thereof shall have accrued nor unless a notice of claim shall have been served on a member of the authority or officer or employee thereof designated by the authority for such purpose, within the time limited by, and in compliance with the requirements of section fifty-e of the general municipal law.

(b) The venue of every action, suit or special proceeding brought against the authority or concerning the validity of this section shall be laid in the county of Albany.

(c) The bonds, and any obligation of the authority under any ancillary bond facility, may contain a recital that they are issued or executed, respectively, pursuant to this section, which recital shall be conclusive evidence of the validity of the bonds and any such obligation, respectively, and the regularity of the proceedings of the authority relating thereto.

13. Any action or proceeding to which the authority or the people of

the state may be parties, in which any question arises as to the validity of this section, shall be preferred over all other civil causes of action or cases, except election causes of action or cases, in all courts of the state and shall be heard and determined in preference to all other civil business pending therein, except election causes, irrespective of position on the calendar. The same preference shall be granted upon application of the authority or its counsel in any action or proceeding questioning the validity of this section in which the authority may be allowed to intervene.