§ 1977-b. Reserve funds and appropriations. 1. In addition to setting aside of such other reserves or sinking funds as it shall deem advisable and necessary, and the regulation and disposition thereof, the authority shall create and establish a special fund to be known as and hereinafter called the "Battery Park project area capital reserve fund" and shall pay into such fund (a) any moneys appropriated and made available by the state only for the purposes of such fund, (b) any proceeds of sale of any bonds issued to finance the Battery Park project area to the extent provided in the resolution of the authority authorizing the issuance thereof, (c) any funds directed to be transferred by the authority to such fund, and (d) any other moneys made available to the authority only for the purposes of such fund from any other source or sources. The moneys held in or credited to such capital reserve fund, except as hereinafter provided, shall be used solely for the payment of the principal of such bonds or of the sinking fund payments hereinafter mentioned with respect to such bonds, the purchase or redemption of such bonds, the payment of interest on such bonds, or the payment of any redemption premium required to be paid when any of such bonds are redeemed prior to maturity; provided, however, that moneys in such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the amount of the Battery Park project area capital reserve fund requirement hereinbelow referred to, except for the purpose of making with respect to such bonds payment, when due, of principal, interest and the sinking fund payments hereinafter mentioned for the payment of which other moneys of the authority are not available. Moneys in such capital reserve fund not required for immediate use or disbursement may be invested in obligations of the state or the United States of America or obligations the principal and interest of which are guaranteed by the state or the United States of America or obligations of agencies of the United States of America which may from time to time be legally purchased by savings banks of the state as investment of funds belonging to them or in their control. In computing the amount of such capital reserve fund for the purposes of this section, securities in which all or a portion of such fund are invested shall be valued at par or, if purchased at less than par, at their cost to the authority.

2. The authority shall not issue any of such bonds at any time secured by such capital reserve fund if the amount in such capital reserve fund at the time of issuance does not equal or exceed the amount of said capital reserve fund requirement unless the authority at the time of issuance of such bonds shall deposit in such fund from the proceeds of such bonds or other sources an amount which together with the amount then in such fund will not be less than the amount of said capital reserve fund requirement.

3. In order to assure the continued operation and solvency of the authority for the fulfillment of its corporate purposes with respect to the Battery Park project area, the chairman of the authority shall annually, on or before December first, make and deliver to the governor and director of the budget his certificate stating the sum, if any, required to restore such capital reserve fund to the amount as of the particular date of computation equal to the greatest (herein sometimes called the "Battery Park project area capital reserve fund requirement") of the respective amounts for the then current or any future fiscal year of the authority, of annual debt service with respect to such bonds, such annual debt service for any fiscal year being the amount of money equal to the aggregate of (a) all interest payable during such fiscal year on all such bonds outstanding on said date of computation, plus (b) the principal amount of all such bonds outstanding on said date of computation which mature during such fiscal year, plus (c) all amounts specified in any resolution of the authority authorizing any of such bonds as payable during such fiscal year as a sinking fund payment with respect to any of such bonds which mature after such fiscal year, all calculated on the assumption that bonds will after said date of computation cease to be outstanding by reason, but only by reason, of the payment of bonds when due and the payment when due and application in accordance with the resolution authorizing those bonds of all of such sinking fund payments payable at or after said date of computation; and there shall be annually apportioned and paid to the authority for deposit in such capital reserve fund the sums so certified by the chairman of the authority. All sums so apportioned and paid shall be deposited by the authority in such capital reserve fund. The principal amount of bonds secured by such capital reserve fund 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 capital reserve fund or funds exceed two hundred million 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. All amounts paid over to the authority by the state pursuant to the provisions of this section shall constitute and be accounted for as advances by the state to the authority and, subject only to the rights of the holders of any bonds or notes of the authority theretofore or thereafter issued, shall be repaid to the state from all available operating revenues of the authority in excess of the capital reserve fund requirement and operating expenses.

5. As used in this section, (a) the term "operating expenses" for the fiscal year shall mean ordinary expenditures for operation and administration of the authority; and (b) the term "available operating revenues" for the fiscal year shall mean all amounts received on account of rentals and fees charged by the authority, if any, and income or interest earned or added to funds of the authority due to the investment thereof, and not required under the terms or provisions of any convenant or agreement with holders of any bonds or notes of the authority to be applied to any purposes other than payment of expenses of the authority.

6. This section is applicable only to the Battery Park project area capital reserve fund.