§ 1977-c. Reserve funds and appropriations for loans, advances and mortgage financing to housing companies.

1. Definitions.

(a) "Revenues". All amounts received on account of fees and other charges imposed by the authority for loans, advances and mortgage loans, if any, and all or any part of the moneys received in payment of loans, advances and mortgage loans and interest thereon, including prepayments.

(b) "Housing loan capital reserve fund requirement". The amount of money, as of any particular date of computation and with reference to outstanding bonds issued by the authority for the purposes of financing loans, advances and mortgage loans to housing companies, equal to the greatest 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.

For purposes of the housing loan capital reserve fund requirement, "annual debt service" shall mean an amount of money equal to the aggregate of:

(i) All interest payable during such fiscal year on all such bonds outstanding on said date of computation; plus,

(ii) The principal amount of all such bonds outstanding on said date of computation which mature during such fiscal year; plus,

(iii) 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, such sinking fund payments to be 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.

(c) "Operating expenses". All ordinary expenditures for operation and administration of the authority in connection with its loans, advances and mortgage loans to housing companies.

(d) "Amortized value". When used with respect to securities purchased at a premium above or a discount below par, the value as of any given

date obtained by dividing the total amount of the premium or discount at which such securities were purchased by the number of days remaining to maturity on such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of such purchase; and (a) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price, and (b) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

2. Reserve funds. (a) In addition to the setting aside of such other reserves or sinking funds as it shall deem advisable and necessary, and the regulation and disposition thereof, the authority may create and establish one or more capital reserve funds for bonds issued by the authority for the purposes of financing loans, advances and mortgage loans to housing companies.

(b) The authority shall pay into each such fund: (i) any monies appropriated and made available by the state only for the purposes of such fund; (ii) any proceeds of the sale of any bonds issued to the extent provided in the resolution of the authority authorizing the issuance of such bonds; (iii) any moneys directed to be transferred by the authority to such fund; and (iv) any other moneys made available to the authority only for the purposes of such fund from any other source or sources.

(c) The moneys held in or credited to each such capital reserve fund, except as hereinafter provided, shall be used solely for the payment of the principal of bonds issued to finance loans, advances and mortgage loans to housing companies or of the sinking fund payments 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 capital reserve 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 housing loan capital reserve fund requirement therefor, except for the purpose of making with respect to such bonds payment, when due, of principal, interest and the sinking fund payments for the payment of which other moneys of the authority are not available. All income or interest earned by, or

increment to, each such capital reserve fund due to the investment thereof may be transferred by the authority to other funds or accounts of the authority to the extent it does not reduce the amount of such capital reserve fund below the housing loan capital reserve fund requirement therefor.

(d) Moneys in such a 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 of and interest on which are guaranteed by the state or the United States of America or obligations of agencies of the United States of America or obligations 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 a 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 if purchased at par or, if purchased at other than par, at their amortized value.

(e) The authority shall not issue any bonds at any time secured by such a capital reserve fund if the amount in the capital reserve fund which will secure such bonds at the time of issuance does not equal or exceed the amount of the housing loan capital reserve fund requirement for such fund 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 the housing loan capital reserve fund requirement for such fund.

3. Preservation of solvency. (a) In order to assure the continued operation and solvency of the authority for the fulfillment of its corporate purposes, 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 each capital reserve fund to the housing loan capital reserve fund requirement therefor. There shall be annually apportioned and paid to the authority for deposit in each such capital reserve fund the sum so certified by the chairman of the authority as required to restore such capital reserve fund to the housing loan capital reserve fund requirement therefor. All sums so apportioned and paid shall be

deposited by the authority in the respective capital reserve funds. The principal amount of bonds secured by a capital reserve fund or funds to which state funds are apportionable pursuant to this paragraph 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 paragraph, but in no event shall the total amount of bonds so secured by such a capital reserve fund or funds exceed eighty-five 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.

(b) 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 revenues of the authority in excess of housing loan capital reserve fund requirements and operating expenses.

4. Applicability. This section is applicable solely to capital reserve funds for bonds issued to finance housing loans, advances and mortgage loans and is not applicable to the Battery Park project area capital reserve fund.