§ 2408. Reserve funds and appropriations. (1) The agency may create and establish one or more reserve funds to be known as debt service reserve funds and pay into any such reserve fund (a) any moneys appropriated by the state for the purposes of such fund, (b) any proceeds of sale of bonds and notes to the extent provided in the resolution of the agency authorizing the issuance thereof, (c) any moneys directed to be transferred by the agency to such debt service reserve fund, and (d) any other moneys made available to the agency for the purposes of such fund from any other source or sources. The moneys held in or credited to any debt service reserve fund established under this subdivision, except as hereinafter provided, shall be used solely for the payment of the principal of bonds of the agency secured by such debt service reserve fund, as the same mature, required payments to any sinking fund established for the amortization of such bonds (hereinafter referred to as "sinking fund payments"), the purchase or redemption of such bonds of the agency, the payment of interest on such bonds of the agency or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity, provided, however, that moneys in such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the maximum amount of the principal and interest maturing and becoming due in any succeeding state fiscal year on the bonds of the agency then outstanding and secured by such reserve fund, except for the purpose of paying the principal of and interest on such bonds of the agency secured by such reserve fund maturing and becoming due and sinking fund payments for the payment of which other moneys of the agency 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 to any other fund or account of the agency to the extent it does 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 state fiscal year on all bonds of the agency then outstanding and secured by such reserve fund. Moneys in any debt service 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 in obligations of any agency of the state or the United

States of America which may from time to time be legally purchased by savings banks within the state as an investment of funds belonging to them or in their control. 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 reserve fund are invested shall be valued at par or, if purchased at less than par, at their cost to the agency. If the agency shall create and establish one or more debt service reserve funds as herein provided, the agency shall not issue bonds at any time if the maximum amount of principal and interest maturing and becoming due in a succeeding state fiscal year on the bonds outstanding and then to be issued and secured by a debt service reserve fund will exceed the amount of such reserve fund at the time of issuance, unless the agency, at the time of issuance of such bonds, shall deposit in such reserve fund from the proceeds of the bonds to be issued, or otherwise an amount which together with the amount then in such reserve fund, will be not less than the amount of principal and interest maturing and becoming due in any succeeding state fiscal year on the bonds then to be issued and on all other bonds of the agency then outstanding and secured by such reserve fund.

(2) To assure the continued operation and solvency of the agency for the carrying out of the public purposes of this act, 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 principal and interest maturing and becoming due in any succeeding state fiscal year on all bonds of the agency then outstanding and secured by such reserve fund. In order to further assure the continued operation and solvency of the agency for the fulfillment of its corporate purposes, there shall be annually apportioned and paid to the agency for deposit in each debt service reserve fund such sum, if any, as shall be certified by the chairman of the agency to the governor and director of the budget, as necessary to restore any such debt service reserve fund to an amount equal to the maximum amount of principal and interest maturing and becoming due in any succeeding state fiscal year on the bonds of the agency then outstanding and secured by such reserve fund; in which case such sum so apportioned and paid shall be deposited by the agency in such debt service reserve fund. 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 three hundred eighty-seven 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.

(3) The agency may create and establish such other reserve funds as it shall deem advisable and necessary.

(4) All amounts paid over to the agency by the state pursuant to the provisions of this section shall constitute and be accounted for as advances by the state to the agency and, subject only to the rights of the holders of any bonds or notes of the agency theretofore or thereafter issued, shall be repaid to the state from all available operating revenues of the agency in excess of amounts required for the debt service reserve funds and operating expenses.

(5) The chairman of the agency shall make and deliver to the governor and director of the budget on or before December first, nineteen hundred seventy and on or before December first in each year thereafter, a certificate stating the amount estimated to be required for payment of or provision for expenses of the agency for the next ensuing state fiscal year. The amount so stated for any such ensuing state fiscal year shall be the sum of the amounts, if any, estimated for such fiscal year, by which anticipated operating expenses will exceed available operating revenues that the agency anticipates with reasonable certainty it will receive during such fiscal year. To assure the continued operation and solvency of the agency for the fulfillment of its corporate purposes, there shall be apportioned and paid to the agency after audit by and

upon the warrant of the comptroller on vouchers certified or approved by the officer or officers authorized by the agency, not more than the amount so stated for expenses of the agency for such fiscal year.

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