*** § 3033. Creation of the municipal assistance corporation for the city of New York; authorized indebtedness.** 1. There is hereby created the municipal assistance corporation for the city of New York. The corporation shall be a corporate governmental agency and instrumentality of the state constituting a public benefit corporation. It shall have the powers, privileges and duties of a corporation under title two of this article and under this title. The corporation shall continue for a term ending the later of July first, two thousand eight or one year after all its liabilities have been fully paid and discharged. Upon the termination of the existence of the corporation, all of its rights and property shall pass to and be vested in the state.

2. Subject to the provisions of any contract with noteholders or bondholders, the corporation shall not issue bonds and notes in an aggregate principal amount exceeding ten billion dollars, excluding (i) bonds and notes issued to refund outstanding bonds and notes and (ii) notes issued for the purpose described in subparagraph (d) of section three thousand thirty-seven of the this article, provided, however, that no bonds or notes shall be issued for any purpose other than to pay for items which are permitted by law to be included in the city's capital budget or to make deposits into the capital reserve funds established pursuant to sections three thousand thirty-six and three thousand thirty-six-a of this article if at the time such bonds or notes are issued or as a result of their issuance the aggregate principal amount of bonds and notes issued by the corporation, exclusive of bonds and notes issued for any purpose described in clause (i) or (ii) of this subdivision, exceeds eight billion eight hundred million dollars.

2-a. In addition to the authority provided in subdivision two of this section, the corporation may, until June thirtieth, nineteen hundred seventy-eight, issue notes in an aggregate principal amount which the mayor certifies to the corporation is required by the city to provide, without interruption, services essential to its inhabitants while meeting its obligation to the holders of its outstanding securities to June thirtieth, nineteen hundred seventy-eight, but not to exceed five hundred million dollars. Such notes shall finally mature no later than June thirtieth, nineteen hundred seventy-eight. Such notes shall not be

renewable. The terms of issuance of such notes shall not contain any provision creating rights in the holders of such notes to convert such notes to or exchange such notes for bonds of the corporation. The corporation shall pay the proceeds of such notes to the city to be used to provide services essential to its inhabitants without regard to the provisions of section three thousand thirty-seven of this title.

2-b. In addition to the authority provided in subdivisions two and two-a of this section, the corporation may, not later than June thirtieth, nineteen hundred ninety-seven issue bonds and notes in an aggregate principal amount not to exceed one billion five hundred million dollars (excluding any bonds or notes issued to fund the bond reserve fund established pursuant to section three thousand thirty-six-b of this title and any bonds or notes issued to refund outstanding bonds or notes) for the purpose of funding capital projects within the city pursuant to section three thousand thirty-seven-a of this title; provided, however, that such authority shall decrease from time to time by such amounts as the city shall have made available to fund such capital projects; and provided further, that the authority provided in this subdivision shall be exercised pursuant to a memorandum of agreement among the governor, the mayor and the chairman of the corporation, which agreement shall provide that the corporation shall not issue such bonds or notes in any fiscal year in the event and to the extent that the city makes available proceeds from the issuance of its bonds to fund such capital projects; and which agreement shall also provide for certain operating assistance to be made available by the corporation to the city; and provided further, that bonds issued or to be issued to refund bonds of the corporation shall be excluded from such limitation only if the present value of the aggregate debt service on the refunding bonds shall not have at the time of their issuance exceeded the present value of the aggregate debt service on the bonds they were issued to refund, such present value in each case being calculated by using the effective interest rate of the refunding bonds, which shall be that rate arrived at by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the refunding bonds from the payment date thereof to the date of issue of the refunding bonds and to the price bid therefor, or

to the proceeds received by the corporation from the sale thereof, in each case including estimated accrued interest. The rate of interest on bonds which bear interest at a variable rate which shall be used in determining such present values shall be the rate at which such bonds bear interest on the date the refunding bonds are issued. Notwithstanding any other provision of law, no such bond or note of the corporation shall mature more than nineteen years from the date of the original issue of such bond or note and, in any event, not later than July first, two thousand eight.

3. (a) No note or bond (i) shall mature more than thirty years from the date of the original issue of such note or bond and, in any event, not later than July first, two thousand eight or (ii) shall be issued on a date later than December thirty-first, nineteen hundred eighty-four, unless such note or bond is a renewal or refunding of an outstanding note or bond.

(b) No bond shall be issued by the corporation for a purpose set forth in subparagraph (d) of section three thousand thirty-seven of this article and any note issued for such a purpose shall mature not later than the end of the fiscal year in which it is originally issued.

(c) Whenever all or a portion of a series of notes or bonds of the corporation is issued for a purpose set forth in section three thousand thirty-seven of this article, to the extent that the payment of the proceeds of such series is evidenced by a bond or bonds of the city, not more than one year following a scheduled payment of principal on any such city bond (including sinking fund installments), a substantially equal payment of principal (including sinking fund installments) shall be scheduled with respect to the notes or bonds included in such series of the corporation.

(d) Whenever all or a portion of a series of bonds or notes of the corporation is issued for a purpose set forth in section three thousand thirty-seven-a of this title, the payment of the proceeds of such series of bonds or notes to the city shall be evidenced by a bond or bonds of the city issued in accordance with applicable provisions of the state constitution and local finance law then in effect at the time any such bond or bonds are issued; provided, however, that principal payments on any such issue of city bonds shall in no event be scheduled to fall on a

date later than the date on which falls a corresponding amount of scheduled principal payments on the series of bonds of the corporation originally issued to provide such proceeds or issued to refund notes of the corporation issued to provide such proceeds.

4. If the bond resolution or other resolution pursuant to which any obligations of the corporation are issued shall designate, with the approval of any emergency financial control board then established for the city or, if none, then with the approval of the mayor, the corporation may hereafter issue obligations which shall, upon maturity, at the election of the holder thereof if so provided in such obligations, be receivable at full face value and in lieu of cash in payment of any tax of the city, any installment of estimated tax of the city, or any interest or penalties thereon. Any obligations of the corporation so received in payment of any such tax or installment of estimated tax or interest or penalties shall be presented to the corporation for payment to the city.

* NB The corporation shall continue for a term ending the later of July 1, 2008 or one year after its liabilities have been fully paid and discharged per sub 1.