*** § 3037. Payments to or purchases of obligations of the city.** In the event that the mayor from time to time certifies to the corporation an amount required by the city to enable it (a) to pay, at maturity, the principal of and interest on any short-term obligations of the city, or (b) to pay for any item which is permitted by law to be included in the city's capital budget for the fiscal year for which such certification is made, including payments to reimburse the general fund for moneys advanced and expended for any such item, or (c) to make any payment in a fiscal year to the extent the mayor certifies such payment will have the effect of reducing from the then existing level the city's requirements for an advance by the state, during such fiscal year or the succeeding fiscal year, of state assistance moneys payable to the city, or (d) to meet its seasonal borrowing requirements for the fiscal year in which such certification is made, or (e) to pay operating expenses of the city other than those included in subparagraph (b), (c) or (d) hereof, the corporation may (i) pay to the city, or (ii) purchase from the city obligations hereafter issued by the city in an amount equivalent to, part or all of such certified amount. Moneys paid to the city pursuant to clause (i) or (ii) of this section shall be held in trust for the payment of short-term obligations or shall be used to make the payment for which such moneys have been so certified. Any obligations issued by the city and purchased by the corporation pursuant to this section in consideration of the payments made to the city pursuant to subparagraph (a) or (e) hereof shall mature on a date not later than fifteen years from the original date of issue of such obligations. The corporation shall not make any payment to the city, or purchase any obligations from the city, pursuant to this section unless the city shall have agreed to observe the conditions set forth in section three thousand thirty-eight of this chapter, subject to such modifications as are permitted thereunder. The outstanding amounts paid to the city for operating expenses which are described in subparagraph (e) hereof pursuant to clause (i) and clause (ii) of this section shall not exceed two billion dollars, provided that not more than nine hundred million dollars shall be obligations maturing in a fiscal year succeeding the fiscal year in which issued (of which not less than seven hundred fifty million dollars shall be applied for welfare or public education purposes, as to which state assistance payments have been or will be advanced to the city) and

shall be evidenced by city obligations, and any balance shall be short term obligations payable in the fiscal year in which issued.

The outstanding amounts paid to the city for a purpose set forth in subparagraph (b) hereof, other than to pay for expense items permitted to be included in the capital budget of the city pursuant to subdivision five of section three thousand thirty-eight of this article, shall be evidenced by city bonds. Nothing herein shall be construed to prevent the corporation from acquiring from the city obligations issued by the city pursuant to the local finance law which evidence amounts paid to the city by the corporation for other purposes.

Nothing contained in this article shall be deemed to create an object or purpose or to establish or extend a period for which a city bond may be issued pursuant to the local finance law, or to create authority for the city to issue a bond payable from a tax on real estate levied outside the limit imposed by the state constitution on the amount to be raised by tax on real estate for local purposes other than debt service, or to modify, amend, repeal, or rescind any other provision of the local finance law governing the issuance by the city of its bonds or the payment of principal and interest thereon.

At all times after receipt of short-term obligations, other than bond anticipation notes, of the city acquired pursuant to this section, the corporation shall have the same rights and powers with respect to such short-term obligations as the corporation shall have with respect to short-term obligations, other than bond anticipation notes, of the city received pursuant to subdivision one of section three thousand thirty-five of this article. The corporation shall have the same rights and powers with respect to bond anticipation notes and bonds so received as the corporation shall have with respect to bond anticipation notes received pursuant to subdivision one of section three thousand thirty-five; provided that the corporation shall not deliver any bond received pursuant to this section for cancellation unless the city pays the principal amount and accrued interest thereon or pays accrued interest and exchanges such bond for another bond of the city in equal principal amounts in refunding thereof, and provided further that the

corporation may not sell or transfer to any person other than the city any bond of the city acquired by it pursuant to this section unless the mayor and the city comptroller have requested in writing that the corporation sell or transfer such bond and, if such bond be sold or transferred at private sale, unless the terms of such sale have been approved by the city comptroller.

For purposes of this section, the term "seasonal borrowing requirements" means amounts which are required by the city to enable it to pay current operating expenses, provided such expenses are included in an expense budget of the city balanced in accordance with the provisions of section three thousand thirty-eight of this title and such amounts are required solely because the city's revenues and expenditures, even when in balance on an annual basis, are not received and disbursed at equivalent rates throughout the year.

* 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 § 3033 sub 1.