**§ 3055. Exchange of notes or bonds of the corporation for obligations of the city.** 1. The corporation may issue its notes or bonds for the purposes described in paragraph (a), (b), (c), (d), (e) or (f) of subdivision one of section three thousand fifty-seven of this title and pay the proceeds thereof to the city in exchange for obligations of the city, provided that the principal amount of the corporation's notes or bonds issued in connection with any such exchange shall not exceed the principal amount of such obligations of the city and accrued interest thereon at the stated rate to the date of such exchange. The corporation may also issue its notes or bonds for the purposes described in paragraph (a), (c), (d), (e), or (f) of subdivision one of section three thousand fifty-seven of this title and pay the proceeds thereof to the city in exchange for the agreement by the city to repay such amounts in annual installments, subject to annual appropriation of such installments by the city council of the city of Troy, corresponding to the scheduled principal and interest payments on the corporation's bonds or notes issued to provide such proceeds provided that, excluding any agreements for repayment of amounts paid to the city in accordance with paragraph (d) of subdivision one of section three thousand fifty-seven of this title, such agreement shall provide that the first principal payment shall be made not later than two years after the date of such agreement or two years after the date of the first bond anticipation note or notes issued in anticipation of such agreement, provided that no such first principal payment shall be required to be made prior to January thirty-first, nineteen hundred ninety-nine, and further provided no principal payment shall be more than fifty per centum in excess of the smallest prior installment unless this agreement provides for substantially level or declining debt service payments.

2. (a) Upon or at any time after receipt of the obligations of the city exchanged in accordance with subdivision one of this section, the corporation may deliver any or all of such obligations to the city for cancellation, without receiving payment of principal or interest in respect thereof, in which event the city shall thereupon cancel such obligations without making any payment of principal amount or accrued interest thereon and the city shall have no further liability with respect thereto. Notwithstanding the foregoing, the corporation shall

not deliver at any time obligations received pursuant to subdivision one of this section to the city for cancellation without receiving payment of principal or interest in respect thereof unless the chief executive officer shall have requested in writing that such obligations be delivered for cancellation.

(b) Upon or at any time after receipt of any short-term obligations of the city exchanged in accordance with subdivision one of this section the corporation may exchange any or all of such short-term obligations for other short-term obligations issued by the city pursuant to the local finance law and the corporation may exchange any or all of such bond anticipation notes included in such short-term obligations for bonds of the city issued pursuant to the local finance law, all on such terms and conditions as the corporation may deem proper.

3. The corporation shall not exchange any of its bonds or notes for obligations of the city pursuant to subdivision one of this section unless (a) the city shall have agreed to observe the conditions set forth in section three thousand fifty-eight of this title, subject to such modifications as are permitted thereunder and as the corporation may then approve, and (b) the board of directors of the corporation shall have determined that the terms of such exchange will not prejudice the rights of holders of other bonds and notes of the city.