§ 3058. Conditions on extension of benefits to the city. The corporation shall, at the time of any exchange of the corporation's bonds and notes for obligations of the city pursuant to subdivision two of section three thousand fifty-five of this title or any payment of funds of the corporation to the city or of any purchase from the city of its obligations pursuant to section three thousand fifty-seven of this title, require the city to agree to observe and perform the conditions set forth below in this section, with such limitations as to the implementation of such conditions as the corporation may, subject to any contract with bondholders or noteholders, then approve; provided, however, that no such specific limitations shall be so substantial as to effectively constitute a waiver of any such conditions. Any such conditions may thereafter, in the discretion of the corporation, subject to any contract with bondholders or noteholders, be further limited. Such conditions shall cease to apply when all notes and bonds have been repaid or when the corporation has accumulated in its bond reserve funds or otherwise an amount equal to the principal of all outstanding notes and bonds and interest accrued thereon. The city shall have the right at any time to pay the corporation an amount which, when added to the bond reserve funds, shall equal the principal of all outstanding notes and bonds and interest accrued thereon and redemption premium if any. If the city makes such payment at a time when the corporation has outstanding notes or bonds that are not then callable, the city shall agree to pay the corporation on demand an amount equal to the amount, if any, by which the amount of interest on such notes or bonds shall exceed the corporation's income from the investment of its funds. Subject to the foregoing, the conditions that the corporation shall require the city to observe and perform shall be as follows:

1. The city shall deliver a certificate, executed by the chief executive officer in form prescribed by the corporation, (a) representing that the city is in compliance with the conditions described below in this section as the corporation may specify, (b) undertaking to comply with any of such specified conditions as the corporation may then require, and (c) stating that all local legislative and executive action then required to permit such compliance by the city has been taken. The corporation may require the delivery with such

certificate of an opinion of the city's corporation counsel that all such legislative and executive action has been taken.

2. For the fiscal year ending December thirty-first, nineteen hundred ninety-six, and for each fiscal year thereafter, the city's budgets shall be prepared in accordance with the provisions of chapter seven hundred twenty-one of the laws of nineteen hundred ninety-four, as amended from time to time.

3. Each fiscal year the city shall take such action as may be necessary to enable an independent certified public accounting firm selected and retained by the city at its cost to perform an annual audit and to furnish to the corporation an annual report upon the financial statements of the city. Each such report shall be prepared in accordance with the generally accepted accounting principles. The city shall make available for inspection and copying all books, records, work papers and other data and material as required by the independent certified public accounting firm conducting such audit and the city shall make its officers and employees available to and shall cooperate with such auditors so as to permit such annual audit to be completed and the report issued to the city and to the corporation within one hundred twenty days after the close of the fiscal year. Such report shall be made available to the public promptly thereafter.

4. Beginning with the fiscal year ending December thirty-first, nineteen hundred ninety-six and for each fiscal year thereafter, the city shall deliver its proposed budgets to the corporation. Delivery to the corporation shall be made concurrently with the initial submission of the proposed budgets to the city council, but in any event not later than fifty days prior to the beginning of such fiscal year or such other date as the corporation may approve upon the request of the city. The proposed budgets submitted to the corporation shall be prepared in accordance with the accounting methods referred to in subdivision three of this section. Such budgets shall be identical to the proposed budgets submitted to the city council. The proposed budgets delivered to the corporation shall be accompanied by (i) a statement setting forth in detail the assumptions of income and expense used in preparation, and

(ii) a certificate of the chief executive officer stating that such assumptions are reasonable and that operation within the budgets is feasible. Subject to and in accordance with the provisions of chapter seven hundred twenty-one of the laws of nineteen hundred ninety-four, as the same may be amended from time to time, the city shall in every fiscal year adopt and maintain budgets in which the total of all revenue items equals or exceeds the total of all expenditure items.

5. If after the adoption of the budgets for any fiscal year, any increase therein, or an increase in total expenditures shall be proposed, the chief executive officer shall cause such proposal to be submitted to the corporation concurrently with its submission to the city council, together with a statement of the source of current revenues or other identifiable and currently available funds required for the payment of such additional amounts.

6. Commencing at such time as the corporation may specify, but not later than February first, nineteen hundred ninety-six, the city budget director shall deliver to the corporation, not less than thirty days before each fiscal quarter (except, within thirty days after the commencement of the first fiscal quarter), an expenditure plan to implement the city budgets for such fiscal quarter and within amounts based on current income or other identifiable and currently available funds. The city budget director shall deliver to the corporation within thirty days after the end of each such fiscal quarter covered by an expenditure plan, an operations report reflecting results of city operations for such fiscal quarter and whether the city has operated within the related expenditure plan. Each expenditure plan and operations report shall be in such form as the corporation may specify and shall be certified by the city budget director and shall detail and report upon action taken by the city to maintain balanced budgets.

7. The city shall comply in all material respects with the expenditure limitations in its budgets as adopted or modified in accordance with subdivisions four and five of this section, and with chapter seven hundred twenty-one of the laws of nineteen hundred ninety-four, as the same may from time to time be amended.