§ 3867. Agreement with the city. 1. The city hereby covenants and agrees with the holders of bonds, notes or other obligations issued by the authority pursuant to this title, that the city will not take actions which limit, alter or impair the rights and remedies of such holders or the security for such bonds, notes or other obligations until such bonds, notes or other obligations, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such holders are fully paid and discharged. The authority is authorized to include this covenant and agreement of the city in any agreement with the holders of such bonds, notes or other obligations. Nothing contained in this title shall be deemed to restrict the right of the city to amend, modify, repeal or otherwise alter any local law, ordinance or resolution imposing or relating to taxes or fees, or appropriations relating thereto, including sales and compensating use taxes imposed pursuant to the authority of section twelve hundred ten of the tax law, so long as, after giving effect to such amendment, modification or other alteration, the aggregate amount as then projected by the authority of (i) sales and compensating use taxes to be imposed pursuant to the authority of section twelve hundred ten of the tax law and paid to the city and (ii) all net collections for educational purposes to be set aside by the county pursuant to the authority of subdivision (a) of section twelve hundred sixty-two of the tax law and paid to the city's dependent school district during each of the authority's fiscal years thereafter, shall be not less than two hundred percent of maximum annual debt service on authority bonds then outstanding. The city further covenants and agrees that (i) it will not take any action, including the imposition of sales and compensating use taxes preempting the county's taxes, to terminate or alter the terms of the agreement among the county, the city and the other cities in the county under subdivision (c) of section twelve hundred sixty-two of the tax law that would reduce or eliminate the amount of net collections that the county distributes or is to distribute to the city prior to June thirtieth, two thousand thirty-seven, without the authority's prior approval, and (ii) if the city imposes sales and compensating use taxes, it shall do so pursuant to subdivision (a) of section twelve hundred ten of the tax law at the maximum rate authorized by such section.

2. The authority shall not include within any resolution, contract or agreement with holders of the bonds, notes or other obligations issued under this title any provision which provides that a default occurs as a result of the city exercising its right to amend, repeal, modify or otherwise alter such taxes, fees or appropriations. Nothing in this title shall be deemed to obligate the city to make any payments or impose any taxes; except that, if the city imposes sales and compensating use taxes, it shall do so pursuant to subdivision (a) of section twelve hundred ten of the tax law at the maximum rate authorized by such section.