

Bonds or the reimbursement to the Bank for such payments. All moneys credited to the Bond and Interest Sinking Fund Account (and all subaccounts therein) shall be irrevocably pledged to and used solely for (i) payment of interest on the Bonds (ii) for payment, redemption, and retirement of principal of the Bonds and (iii) to reimburse the Bank for any draws on the Letter of Credit with respect to the Series 1997B Bonds.

In the event the funds in the Bond and Interest Sinking Fund Account are reduced at any time below the amounts required to be on deposit therein, and after any required deposit of MSP Revenues and Student Tuition pursuant to Section 7.03, then the funds credited to the Repair and Replacement Reserve Account, the Development Reserve Account or the Equipment Revenue Account (as determined by the Comptroller) shall be transferred for deposit in the Bond and Interest Sinking Fund Account, to the extent required to eliminate the deficiency in the Bond and Interest Sinking Fund Account and to restore such sums as may be necessary for that purpose.

*Repair and Replacement Reserve Account.* The Comptroller shall deposit in the Repair and Replacement Reserve Account on or before the close of each Fiscal Year, from the funds remaining in the Revenue Fund, an amount not less than one-half of one percent of the replacement cost of System Core Facilities, as determined by the then current *Engineering News Record Index* (or comparable index), unless such a deposit would cause the balance in the Repair and Replacement Reserve Account to exceed five percent of the replacement cost, in which case the deposit would be so limited to such amount. All money and investments so held in said Account shall be used and held for use to pay the cost or unusual or extraordinary maintenance or repairs, renewals and replacements, and renovating or replacement of fixed equipment not paid as part of the ordinary maintenance and operation of the System.

*Development Reserve Account.* The Comptroller shall deposit into the Development Reserve Account such funds as have been approved by the Board for expenditure or planned for expenditure for new space or construction in, or an addition to an existing facility constituting a part of the System consistent with the purpose and mission of that facility.

Any moneys remaining in the Development Reserve Account and no longer required for a Board-approved project will be transferred to the Bond and Interest Sinking Fund Account.

*Equipment Reserve Account.* Prior to the close of each Fiscal Year, the Comptroller shall transfer from the funds remaining in the Revenue Fund and deposit to an Equipment Reserve Account (which may be held by a bank or trust company designated by the Board) such funds as have been approved by the Board for expenditure in connection with the acquisition of moveable equipment to be installed in the facilities constituting the System. The maximum amount which may be accumulated in the Equipment Reserve Account shall not exceed 20% of the book value of the moveable equipment of the System.

*Surplus Revenues.* At the close of each Fiscal Year and after all transfers and maximum deposits shall have been made, and after any deficiencies in any such transfers and