



**Metropolitan Transportation Authority**

# **Finance Committee Meeting**

## **April 2014**

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### **Committee Members**

A. Saul, Chair  
F. Ferrer, Vice Chair  
A. Albert  
J. Ballan  
J. Banks, III  
R. Bickford  
N. Brown  
A. Cappelli  
J. Kay  
C. Moerdler  
M. Page  
M. Pally  
J. Sedore, Jr.  
C. Wortendyke

# MEETING AGENDA

## MTA FINANCE COMMITTEE

**Monday, April 28, 2014 – 12:30 PM**

347 Madison Avenue  
Fifth Floor Board Room  
New York, NY

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### AGENDA ITEMS

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Date of next meeting: Monday, May 19, 2014 at 12:30 PM

Minutes of the MTA Finance Committee Meeting  
March 24, 2014  
347 Madison Avenue  
New York, NY  
12:30 PM

The following Finance Committee members attended:

Hon. Andrew M. Saul, Chairman  
Hon. Fernando Ferrer  
Hon. Andrew Albert  
Hon. Jonathan A. Ballan  
Hon. John H. Banks III  
Hon. Robert C. Bickford  
Hon. Norman Brown  
Hon. Allen P. Cappelli  
Hon. Charles G. Moerdler  
Hon. Mark Page  
Hon. Mitchell H. Pally  
Hon. James L. Sedore, Jr.  
Hon. Carl V. Wortendyke

The following Finance Committee members did not attend:

Hon. Jeffrey A. Kay

The following Board Members were also present:

Hon. Susan G. Metzger  
Hon. John J. Molloy

The following also attended:

Robert Foran  
Douglas Johnson  
Patrick McCoy  
Jeffrey Rosen

Chairman Andrew M. Saul called the March 24, 2014 meeting of the Finance Committee to order at 12:30 PM.

**I. Public Comments**

There were was one public speaker, Mr. Murray Bodin.

**II. Approval of Minutes**

The MTA Board approved the minutes to its prior meeting held on February 24, 2014.



### **III. Committee Work Plan**

There were no changes to the Work Plan.

### **IV. Budgets/Capital Cycle**

#### **A. BudgetWatch**

Mr. Douglas Johnson noted that for the second month in a row, operating results were adversely impacted by higher than normal snowfall. For the first two months of 2014, Central Park experienced 11 days of snowfall and 49 inches of snow accumulation, more than three times the 16 inch norm for this period.

For the month, Mr. Johnson specifically noted that preliminary net results were mixed. Operating results were mostly on target as unfavorable snow-related impacts to revenue and payroll expenses were offset by under-spending in OTPS categories. The snow reduced passenger revenues at NYCT and Metro-North. It also reduced B&T toll revenue. LIRR passenger revenue was favorable due to higher ridership and yield. The weather resulted in higher overtime costs and lower recovery of overhead costs.

Also impacting the month's results were favorable debt service expenses that were offset by lower real estate transaction tax receipts. Unfavorable March real estate results served to partially reverse very favorable results from the first two months of 2014. PMT collections were favorable for the month which reversed much of the unfavorable variance from the previous two months.

Mr. Johnson stated that on a YTD basis, unfavorable operating results from January and February snowfall were offset by favorable debt service and subsidy results. Combined passenger and toll revenues through February were \$29.6 million, or 2.7%, unfavorable, while operating expenses were \$20.5 million, or 1.3%, unfavorable; these unfavorable operating results reflect lower utilization and higher overtime due to the unusually heavy snowfall. Debt service costs through February were \$39.0 million, or 10.1% favorable (some of this variance is timing-related and will be reversed).

Subsidies through March were net favorable by \$58.6 million (6.8%), primarily from higher real estate transaction tax receipts that were \$60 million favorable YTD. The \$60 million was comprised of combined January and February results that were \$85 million favorable partially offset by March results that were \$25 million unfavorable.

Mr. Johnson summed up BudgetWatch by stating that the MTA's operating results were slightly favorable relative to the Budget; however, it was primarily due to the favorable real estate collection receipts in January and February. If March results were to continue, the favorable results would be short-lived.

#### **B. FinanceWatch**

Mr. Patrick McCoy presented Finance Watch.

On February 26, 2014, MTA executed an 2,783,000 gallon ultra-low sulfur diesel fuel hedge with J.P. Morgan Ventures Energy Corporation at an all-in price of \$2.836/gallon. Three of MTA's existing approved commodity counterparties participated in bidding on the transaction: Goldman, Sachs & Co./ J Aron, J.P. Morgan Ventures Energy Corporation and Merrill Lynch Commodities Inc. The hedge covers the period from February 2015 through January 2016.

On February 21, 2014, MTA issued \$400 million of MTA Transportation Revenue Bonds, Series 2014A, to finance existing approved transit and commuter projects, and to refund certain outstanding Transportation Revenue Bonds. The refunding generated \$19.2 million, or 13.1%, of present value savings. The transaction was led by joint book-running senior managers Morgan Stanley and Siebert Brandford Shank, together with WBE co-senior manager Lebenthal & Co. Nixon Peabody served as bond counsel and Public Financial Management, Inc. served as financial advisor.

Prior to the issuance of the TRB 2014A bonds, Standard & Poor's issued a rating upgrade of the Transportation Revenue credit from "A" to "A+" with a positive outlook.

## **V. MTA Headquarters and All-Agency Items**

### **A. Action Items**

Mr. Johnson reported that there was one action item.

#### **1. The All-Agency Annual Procurement Report**

Mr. Johnson presented that the All-Agency Annual Procurement Report action item seeks Committee authorization to file with the State of New York the annual MTA All-Agency Procurement report for the period January 1, 2013 – December 31, 2013 as required under Section 2879 of the State Public Authorities Law.

The Committee voted to recommend the action before the Board for approval.

### **B. Report and Information Item**

Mr. Johnson reported that there were two Reports and Information Items.

#### **1. MTA Prompt-Payment Annual Report 2013**

This report reviews MTA-wide success in meeting mandated prompt-payment deadlines including the interest penalties incurred as a result of late payment. In 2013, the MTA (Agency-wide) paid a total of \$53,068 in interest on a total invoice value of \$9,608,014,147.

## **2. Change Orders to Capital Construction Contracts**

Dr. Michael Horodniceanu presented the Change Orders to Capital Construction Contracts information item.

Dr. Horodniceanu highlighted that all MTA Capital Construction ("MTA CC") consultants are procured based on Federal Transit Administration Regulations; and that MTA CC has three major types of consultants: Program Management Consultants ("PMC"), Construction Management Consultants ("CMC"), and General Engineering Consultants ("GEC").

Chairman Saul asked for Dr. Horodniceanu to explain the difference between a PMC and a CMC.

Dr. Horodniceanu responded that CMCs focus on one contract and make sure that the construction is performed in accordance with the specifications and design. The PMC is an umbrella consultant that provides program management for the whole East Side Access ("ESA") project.

Mr. Albert inquired if the contract values presented for the consultants in the presentation were for the life of ESA or were the figures likely to change.

Dr. Horodniceanu responded that some of the figures may change as they are dependent upon the demands for that particular consulting service. Mr. Horodniceanu confirmed later in his presentation that the figures will indeed increase because the amount currently authorized for the PMC only funds the contract through 2015 and that consulting service will go beyond that period.

Dr. Horodniceanu then presented the history of increases in awarded contract value to URS Corporation (the PMC for ESA). The initial Board authorization in 1998 was for the first phase award of \$28.5 million out of a total project not to exceed amount of \$164.1 million. That amount has increased over time to the latest Board authorization of \$585.3 million (which is both the awarded contract value and amended not to exceed amount). Dr. Horodniceanu then noted that 53% of the \$585.3 million, or \$310 million, of total billings were paid to sub-consultants, including \$117 million (or 20% of the total) to Disadvantaged Business Enterprise firms.

Dr. Horodniceanu also discussed how original contract fees were reduced below industry standards via contract amendment negotiations in 2011 and 2012.

Dr. Horodniceanu stated that a 2010 Transportation Research Board report measuring project management costs for Major Public Transportation Fixed Guideway Projects concluded that the average proportion of such project management costs to project construction costs is 15.1%. ESA PMC and CMC costs are currently 13.0% of ESA construction costs.

Mr. Page inquired whether MTA would have saved money if it had hired staff with the necessary talent and skill to perform the required project management tasks versus hiring consultants.

Dr. Horodniceanu stated that the pool of individuals qualified to perform the required functions is small and that MTA's compensation structure is not competitive with what such individuals can earn in the private sector.

Dr. Horodniceanu further noted that several talented MTA CC employees had taken consulting jobs because of the higher compensation. Dr. Horodniceanu was not aware of a way to create a consulting type of compensation structure within MTA CC, but was open to any suggestions or assistance he could receive.

Mr. Brown inquired about the way consulting costs are managed or controlled by MTA CC to stay within the industry benchmark of 15% of construction costs.

Dr. Horodniceanu responded with an explanation of soft costs. Dr. Horodniceanu further stated that MTA CC is frugal and efficient as its soft costs on construction projects range from 22 to 25% and the industry standard is 25 to 30%.

Mr. Malloy inquired about the responsibility and accountability of the consultants in monitoring how much the project construction costs increase, and what is the plan going forward to manage construction cost increases.

Dr. Horodniceanu responded that the management team of ESA was totally reshuffled as a new Senior Program Executive (Bill Goodrich) was appointed, the number of top management professionals was increased, and personnel with expertise in program controls was hired. Dr. Horodniceanu also stated that a set of benchmarks have been put in place to control the project costs and to ensure that they do not go over budget.

Chairman Saul asked whether the fee paid to a consultant above direct costs and overhead was the consultant's profit. Dr. Horodniceanu stated that the fee represented both a reimbursement of expenses and profit. He explained that the actual profit margin for program management consultants was in the 3-5% range above expenses. Mr. Saul asked Dr. Horodniceanu whether the program management consultant has a financial incentive to extend the project schedule and increase project costs so that the consultant's compensation is increased. Dr. Horodniceanu explained that MTA CC oversees the PMC to ensure that they are used as efficiently as possible. Members then asked about overall ESA project costs and Mr. Horodniceanu stated that he expected that ESA would cost in the range of \$9.7 to \$10.3 billion when completed in 2020.

Mr. Banks continued with an inquiry about the process of reconciling actual project costs of ESA versus its budgeted costs, and based on this analysis, where were most of the cost overruns occurring.

Dr. Horodniceanu responded that they use monthly indicators to track costs by job type and then aggregate the information into a quarterly report. Dr. Horodniceanu further stated that most of the cost overruns occurred in the area of construction, both as a result of higher bids and cost overruns. Dr. Horodniceanu stated that MTA CC was engaged in disputes with contractors and that he would be willing to describe such disputes with the Committee, if requested, during an Executive Session.

Mr. Moerdler asked several questions for clarification and Dr. Horodniceanu confirmed the following in response: Approximately \$400 million of the \$585.3 million cumulative contract value awarded to the PMC was authorized prior to his joining MTA; URS Corporation was awarded the contract to be the PMC for ESA in 1998, which was prior to his joining MTA; and the areas in which the cost overruns have mostly occurred have been on physical construction rather than on design.

### **C. Procurements**

There were two procurements for HQ for a grand total of \$3,566,267. There was one competitive procurement with Oracle U.S.A for \$3,486,000 and one ratification (non-competitive) with International Salt Company for \$80,267.

The Committee voted to recommend the procurement items before the Board for approval.

## **VI. Metro-North and Long Island Railroad**

### **A. Action Items**

There were no items for MNR.

There was one action item for LIRR requesting that the Board approve the following Hamptons Reserve Ticket enhancements:

1. Change from two separate tickets to one Hamptons Reserve ticket that combines both rail and seat charges, consistent with current pricing.
2. The new ticket will be valid only on the specific reserved day of travel on that specific train.
3. Adjust refund policy as follows:  
The ticket will be refundable as long as customers cancel their reservations (for both Eastbound and Westbound weekend travel) no later than noon on the Thursday prior to the specific date of travel for such ticket.  
Consistent with current refund policy, customers who have their tickets already must return them within 60 days from the date of sale, while customers who have paid but do not have their tickets yet (i.e., last minute reservations) will receive refunds upon timely receipt of the cancellation notice. All such refunds remain subject to the applicable \$10 refund fee.

The Committee voted to recommend the action item before the Board for approval.

### **B. Procurements**

There were four procurements for MNR totaling \$67,235,000. Two were non-competitive procurements (Sole Source) for a total \$67,235,000: one was jointly with LIRR for \$66,400,00 (MNR-\$20,800,000 LIRR-\$45,600,000).

There were two requests to use the RFP process jointly with LIRR, with amounts TBD.

There were no procurements for LIRR.

The Committee voted to recommend the procurement items before the Board for approval.

#### **VII. NYCT/MTA Bus Operations**

There were no action items for NYCT/MTA Bus.

#### **VIII. Bridges and Tunnels**

There were no action items for Bridges and Tunnels.

There was one procurement for Bridges and Tunnels, for a modification to a miscellaneous service contract for a grand total of \$1,677,277.

The Committee voted to recommend the procurement item before the Board for approval.

#### **IX. FMTAC**

There were no action or procurements items for FMTAC.

#### **X. MTA Consolidated Reports**

This month includes statement of operations; overtime reports; report on subsidies; positions; subsidy, interagency loans and stabilization fund transactions; farebox recovery ratios; MTA ridership; fuel hedge program.

#### **XII. Real Estate Agenda**

##### **A. Action Items**

Mr. Jeffrey Rosen announced that the developer of the overbuild on the Eastern Rail Yard portion of the West Side Yard had delivered the platform completion guaranty, virtually ensuring the completion of the platform and full development of the site.

Mr. Rosen then noted that there were nine action items for committee approval. Mr. Rosen specifically discussed four action items: the authorization to enter into agreements with long stay residential hotels to accommodate temporary relocation of residential tenants in connection with Second Avenue Subway project; the All-Agency Real Property Disposition Guidelines and All-Agency Personal Property Disposition Guidelines required by Public Authorities Law Sections 2895-2897; modification to the Guidelines for Selection of Tenants for Grand Central Terminal; and approval of Final Environmental Impact Statement findings relating to Staten Island Railway's rail yard in St. George, Staten Island.

Mr. Moerdler inquired about MTA's involvement with long stay residential hotels. Mr. Rosen responded that this action item is related to temporarily relocating residents who live in a building that is being underpinned as part of the Second Avenue Subway project as a safety precaution.

Mr. Ballan inquired about a Staff Summary requesting Board approval of allowing parking spaces leased in by Metro-North from an affiliate of the Dyson Foundation near the Poughkeepsie Station to be used by visitors to Walkway Over the Hudson. Mr. Rosen clarified that Metro-North would have the right to reduce or terminate the obligation to make spaces available for such purposes if Metro-North has a future need. Mr. Rosen agreed to reword the Staff Summary to more clearly reflect MTA's rights with regard to its use of the parking spaces on the property owned by the Dyson Foundation.

Mr. Ballan inquired about a proposed modification to the lease agreement between Apple Inc and MTA at Grand Central Terminal. Mr. Rosen responded by stating that the modification request is a matter of mutual convenience. Because of changed circumstances a different elevator design was needed for Metro-North access to Carey's Hole and the lease modification would eliminate Apple's obligation to build the originally contemplated, but now obsolete, elevator design for servicing Carey's Hole in return for Apple paying MTA the cost of such elevator.

Mr. Ballan inquired about SIR operations being impacted by the St. George Waterfront Redevelopment project. Mr. Rosen stated that no agreements will be entered into with the developer of this project unless SIRTOA feels that any negative operational impacts have been mitigated.

The Committee voted to recommend the nine action items before the Board for approval.

### **XIII. Executive Session**

Mr. Saul requested that a motion be made to convene an executive session in accordance with Section 105(1)(d) and (e) of the New York State Public Officers Law to discuss matters relating to collective negotiations and matters of proposed, pending or current litigation.

The motion was duly made and seconded, and the Committee went into executive session.

Upon motion duly made and seconded, the Committee resumed in open session.

### **XIV. Adjournment**

Upon motion duly made and seconded, the March 24, 2014 meeting of the Finance Committee was adjourned.

Respectfully submitted,

Patrick Isom  
Manager, Financial Analysis

# 2014 Finance Committee Work Plan

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## I. RECURRING AGENDA ITEMS

### Responsibility

BudgetWatch  
FinanceWatch  
Approval of Minutes  
Procurements (if any)  
Action Items (if any)  
MTA Consolidated Reports

MTA Div. Mgmt/Budget  
MTA Finance  
Board Secretary  
Procurement  
Agency  
MTA Budget

## II. SPECIFIC AGENDA ITEMS

### Responsibility

### **May 2014**

#### *Action Item:*

Station Maintenance Billings Approval

MTA Comptroller

#### *Other:*

Annual Pension Fund Report (Audit Committee Members to be invited)  
Annual FMTAC Meeting  
Annual FMTAC Investment Performance Report  
Contract Change Order Report

MTA Labor  
MTA RIM  
MTA RIM  
MTA Capital Programs

### **June 2014**

#### *Action Item:*

PWEF Assessment

MTA Capital Program  
Mgmt/ MTA Div.  
Mgmt/Budget

#### *Other:*

Update on the Business Service Center  
  
Update on IT Transformation

MTA Business Service  
Service  
MTA Information  
Technology

### **July 2014**

2015 Preliminary Budget/July Financial Plan 2015-2018  
(Joint Session with MTA Board)

MTA Div. Mgmt/Budget

### **September 2014**

2015 Preliminary Budget/July Financial Plan 2015-2018  
(materials previously distributed)

MTA Div. Mgmt/Budget

#### *Action Item:*

Resolution to Authorize the Execution, Filing and Acceptance of  
Federal Funds  
2015-2019 Capital Plan

MTA Grant Mgmt.  
MTA Capital Programs

#### *Other:*

Annual Report – Fuel Hedge Program  
Contract Change Order Report

MTA Div. Mgmt/Budget  
MTA Capital Programs



**October 2014**

2015 Preliminary Budget/July Financial Plan 2015-2018  
(materials previously distributed)

MTA Div. Mgmt/Budget

*Other:*

Annual Review of MTA's Derivative Portfolio  
MTA 2014 Semi-Annual Investment Report

MTA Finance  
MTA Treasury

**November 2014**

2015 Final Proposed Budget/November Financial Plan 2015-2018  
(Joint Session with MTA Board)

MTA Div. Mgmt/Budget

*Other:*

Station Maintenance Billing Update  
Review and Assessment of the Finance Committee Charter  
Contract Change Order Report

MTA Comptroller  
MTA CFO  
MTA Capital Programs

**December 2014**

Adoption of 2015 Budget and 2015-2018 Financial Plan

MTA Div. Mgmt/Budget

*Action Items:*

MTA and TBTA Reimbursement Resolutions for Federal Tax Purposes  
Authorization to issue Transportation Revenue Bonds, Dedicated Tax  
Fund Bonds, TBTA General Revenue Bonds, and TBTA Subordinated  
Revenue Bonds  
Approval of Supplemental Resolutions Authorizing Refunding Bonds

MTA Treasury  
MTA Finance  
MTA Finance

*Other:*

Draft 2015 Finance Committee Work Plan

MTA Div. Mgmt/Budget

**January 2015***Financing Issues:*

Special Report: Finance Department 2014 Year-End Review

MTA Finance

**February 2015***Action Items:*

2014 TBTA Operating Surplus  
Mortgage Recording Tax – Escalation Payments to Dutchess,  
Orange and Rockland Counties

B&T/MTA  
MTA Treasury, MTA  
Div. Mgmt/Budget

*Other:*

February Financial Plan 2015-2018  
Contract Change Order Report

MTA Div. Mgmt/Budget  
MTA Capital Programs

**March 2015***Action Items:*

All-Agency Real Property Disposition Guidelines and All-Agency  
Personal Property Disposition Guidelines  
  
All-Agency Annual Procurement Report

MTA Real Estate/MTA  
Corporate Compliance  
MTA Proc., Agencies

*Other:*

MTA Prompt Payment Annual Report 2014

MTA Business Service  
Service

Change Orders to Capital Construction Contracts

MTA Capital Construction

#### **April 2015**

*Action Item:*

MTA 2014 Annual Investment Report

MTA Treasury

*Other:*

Annual Report on Variable Rate Debt

MTA Finance

### **DETAILS**

#### **MAY 2014**

*Action Item:*

##### **Station Maintenance Billings Approval**

Under the Public Authorities Law, the Board is required to certify to the City and the counties in the Metropolitan Transportation District the total costs to MTA for operating and maintaining Commuter Railroad passenger stations. The City and county assessments are both now determined through a formula.

*Other:*

##### **Annual Pension Fund Report**

The MTA Labor Division, representatives of the various pension fund boards, and their pension consultants should be prepared to answer questions on a report, to be included in the Agenda materials, that reviews the 2013 investment performance and other experience of the various MTA pension funds. Among other matters, this report should (i) make recommendations on appropriate investment-earnings assumptions in light of the experience of the past three years; (ii) discuss the implications for asset allocations in light of such recommendations; (iii) discuss the effect on (under) funding of the systems in light of such performance and recommendation; (iv) provide appropriate comparisons with other public pension systems; and (v) solicit the opinions of the Board Operating Committees on these recommendations in light of their effects on Agency budgets.

##### **Annual Meeting of the First Mutual Transportation Assurance Company**

The MTA's Captive Insurance Company will hold its statutorily required annual meeting in which it will review the prior year's operations as well as submit its financial statements and actuarial report for final approval.

##### **Annual First Mutual Transportation Assurance Company Investment Performance Report**

The MTA Risk and Insurance Management Divisions, along with the FMTAC's outside investment managers, should be prepared to answer questions on a report that reviews outside-managers performance.

### Contract Change Order Report

Change orders that would have required Board approval prior to the July 2013 Governance Committee measure increasing the approval threshold to \$750,000 are included in this quarterly report, for information only. Such capital contract change orders are reported to the CPOC Committee and such non-capital contract change orders are reported to the Finance Committee.

### **JUNE 2014**

#### *Action Item:*

#### PWEF Assessment

The MTA Division of Management and Budget, assisted by MTA Capital Program Management, should prepare the usual annual staff summary authorizing the payment of this assessment to the State. The State levies an assessment of the value of construction-contract awards to cover its cost of enforcing prevailing-wage legislation.

#### *Other:*

#### Business Service Center

The Business Service Center will provide an update on its initiatives and upcoming project milestones. Operational performance metrics will also be shared.

#### IT Transformation

IT Management will present progress made to date to promote IT Transformation. A general organizational overview will be provided and an outline of key milestones and project deliverables will be shared. Initiatives that have made IT more resilient will also be discussed.

### **JULY 2014**

#### 2015 Preliminary Budget/July Financial Plan 2015-2018 (Joint Session with MTA Board)

The Chief Financial Officer and MTA Budget Division will present an updated forecast for 2014, a Preliminary Budget for 2015, and an updated Financial Plan for 2015-2018.

### **SEPTEMBER 2014**

#### 2015 Preliminary Budget/July Financial Plan 2015-2018

Public comment will be accepted on the 2015 Preliminary Budget.

#### *Action Item:*

#### Resolution to Authorize the Execution, Filing and Acceptance of Federal Funds

The MTA Office of Grant Management will hold a public hearing in accordance with Federal law and then request the Board's approval of a resolution that would authorize the Chairman or a designated officer to execute the applications and accept grants of financial assistance from the Federal government.

#### 2015-2019 Capital Plan

After the completion of its 2015-2034 Twenty Year Needs Assessment in September 2013, the MTA commenced the development its 2015-2019 Capital Plan. Stakeholder engagement will take place over the summer of 2014 with a planned submission to the MTA Board of Directors at its September 2014 Board meeting. This will be followed by submission of the proposed plan to the New York State Capital Program Review Board on or before October 1, 2014.

*Other:*

Contract Change Order Report

Change orders that would have required Board approval prior to the July 2013 Governance Committee measure increasing the approval threshold to \$750,000 are included in this quarterly report, for information only. Such capital contract change orders are reported to the CPOC Committee and such non-capital contract change orders are reported to the Finance Committee.

**OCTOBER 2014**

2015 Preliminary Budget/July Financial Plan 2015-2018

Public comment will be accepted on the 2015 Preliminary Budget.

*Other:*

Annual Review of MTA's Derivative Portfolio

The Finance Department will provide an update on MTA's portfolio of derivative contracts.

MTA 2014 Semi-Annual Investment Report

The MTA Treasury Division should be prepared to answer questions on this voluminous report.

**NOVEMBER 2014**

2015 Final Proposed Budget/November Financial Plan 2015-2018 (Joint Session with MTA Board)

The Chief Financial Officer and MTA Budget Division will present an updated forecast for 2014, a Final Proposed Budget for 2015, and an updated Financial Plan for 2015-2018.

*Other:*

Station Maintenance Billing Update

The MTA Comptroller Division will provide a report on the collection and audit status of station maintenance billings issued as of June 1, 2014.

Review and Assessment of the Finance Committee Charter

MTA Chief Financial Officer will present the most updated Finance Committee Charter to the Finance Committee members for them to review and assess its adequacy. The annual assessment is required under the current Committee Charter.

Contract Change Order Report

Change orders that would have required Board approval prior to the July 2013 Governance Committee measure increasing the approval threshold to \$750,000 are included in this quarterly report, for information only. Such capital contract change orders are reported to the CPOC Committee and such non-capital contract change orders are reported to the Finance Committee.

## **DECEMBER 2014**

### **Adoption of 2015 Budget and 2015-2018 Financial Plan**

The Committee will recommend action to the Board on the Final Proposed Budget for 2015 and 2015-2018 Financial Plan.

#### *Action Item:*

### **Approval of MTA and TBTA Reimbursement Resolutions for Federal Tax Purposes.**

Board approval required to allow for the reimbursement of capital expenditures at a later date from the proceeds of tax-exempt bond sales.

### **Approval of Supplemental Resolutions Authorizing Refunding Bonds**

Board action required to allow for the refunding to fixed-rate bonds from time to time provided that such refundings comply with the Board approved refunding policy.

#### *Other:*

### **Draft 2015 Finance Committee Work Plan**

The MTA Chief Financial Officer will present a proposed 2015 Finance Committee Work Plan that will address major issues, SBP and budget process issues, and reports required by statute.

## **JANUARY 2015**

#### *Other:*

### **Special Report: Finance Department 2014 Year-End Review**

The MTA Finance Department will present a report that summarizes financing activities for 2014.

## **FEBRUARY 2015**

#### *Action Items:*

### **2014 TBTA Operating Surplus**

MTA Bridges and Runnels should be prepared to answer questions on a staff summary requesting (1) transfer of TBTA 2014 Operating Surplus and Investment Income, (2) advances of TBTA 2015 Operating Surplus, and (3) the deduction from 2015 TBTA Operating Revenue, funds which shall be paid into the Necessary Reconstruction Reserve.

### **Mortgage Recording Tax – Escalation Payments to Dutchess, Orange and Rockland Counties**

By State statute, each of these counties is entitled to a share of MTA's MRT-2 tax receipts. The amount may be no less than they received in 1987 (even if the taxes collected fall below the 1987 levels), but there are proportional upward adjustments if taxes collected in the particular county exceed the 1987 totals. Such upward adjustments are expected to be required this year, based on the 2009 experience thus far. The MTA Budget and Treasury Division will be prepared to answer questions on the related Staff Summary authorizing the payments.

Other:

February Financial Plan 2015-2018

The MTA Division of Management and Budget will present for information purposes a revised 2015-2018 Financial Plan reflecting any technical adjustments from the Adopted Budget and the incorporation of certain “below-the-line” policy actions into the baseline.

Contract Change Order Report

Change orders that would have required Board approval prior to the July 2014 Governance Committee measure increasing the approval threshold to \$750,000 are included in this quarterly report, for information only. Such capital contract change orders are reported to the CPOC Committee and such non-capital contract change orders are reported to the Finance Committee.

**MARCH 2015**

*Action Items:*

All-Agency Real Property Disposition Guidelines and All-Agency Personal Property Disposition Guidelines

Board approval of above guidelines as required annually by Public Authorities Law Sections 2895-2897. MTA Real Estate and MTA Corporate Compliance should be prepared to answer questions regarding these guidelines.

All-Agency Annual Procurement Report

The Agencies and the MTA Procurement Division should be prepared to answer questions on this voluminous State-required report.

*Other:*

MTA Annual Prompt Payment Status Report 2014

The Senior Director of the MTA Business Service Center should be prepared to discuss a report, to be included in the Agenda materials, that reviews MTA-wide success in meeting mandated prompt-payment deadlines (including the interest penalties incurred as a result of late payment).

Change Orders to Capital Construction Contracts

MTA Capital Construction (MTACC) will discuss an analysis of the recent history of its large consultant contracts. Discussion will include, but not be limited to, original contracts let, change orders, rates, and overhead percentages.

**APRIL 2014**

*Action Item:*

MTA Annual Investment Report

The MTA Treasury Division should be prepared to answer questions on this voluminous State-required report.

*Other:*

Annual Report on Variable Rate Debt

The MTA Finance Department will present a report that summarizes the performance of the MTA's various variable-rate debt programs, including a discussion of the savings (compared to long-term rates) achieved through variable rate debt and a discussion on the current policy and limits on the use of variable rate debt.

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# FinanceWatch

April 28, 2014

## **Escrow Restructuring**

### **\$184,395,000 General Purpose Revenue Bonds, Series 1994A and \$104,495,000 Special Obligation Refunding Bonds, Series 1998A**

On December 19, 2013, Bridges and Tunnels refunded a portion of Triborough Bridge and Tunnel Authority, Subordinate Revenue Refunding Bonds, Series 2002E with taxable Subordinate Revenue Refunding Bonds, Series 2013D in order to preserve possible benefits to TBTA of a future restructuring of the related series 2002E escrows. In 2002, TBTA retained early redemption rights on some of the bonds defeased by the 2002E series.

On February 6, 2014, TBTA restructured the related 2002E escrows and arranged for the exercise of its retained call rights associated with the defeased bonds. On March 13, 2014, the TBTA called the defeased bonds. The proceeds of the escrow restructuring were sufficient to exercise such call rights and provide the TBTA with surplus proceeds of \$53,166,226.41, these proceeds are now available for TBTA capital investments.

## **Fuel Hedge**

### **\$7,810,489.50 Diesel Fuel Hedge**

On March 31, 2014, MTA executed an 2,783,000 gallon ultra-low sulfur diesel fuel hedge with J.P. Morgan Ventures Energy Corporation at an all-in price of \$2.8065/gallon. Three of MTA's existing approved commodity counterparties participated in bidding on the transaction: Goldman, Sachs & Co./ J Aron, J.P. Morgan Ventures Energy Corporation and Merrill Lynch Commodities Inc. The hedge covers the period from March 2015 through February 2016.

## **New Money**

### **\$500,000,000 MTA Transportation Revenue Bonds, Series 2014B**

On April 10, 2014, MTA priced \$500 million of MTA Transportation Revenue Bonds, Series 2014B, to finance existing approved transit and commuter projects. The Series 2014B bonds will be issued as tax-exempt fixed-rate bonds with a final maturity of November 15, 2044. The transaction is scheduled to close on April 17, 2014. The transaction was led by Wells Fargo Securities, together with MBE co-senior manager CastleOak Securities. Hawkins Delafield & Wood served as bond counsel and Public Financial Management, Inc. served as financial advisor.



	<b><u>TRB 2014B</u></b>
<b><i>Par Amount:</i></b>	\$500.000 million
<b><i>Net Premium:</i></b>	\$51.791 million
<b><i>All-in TIC:</i></b>	4.38%
<b><i>Average Life:</i></b>	19.33 years
<b><i>Average Coupon</i></b>	5.11%
<b><i>Final Maturity:</i></b>	11/15/2044
<b><i>Underwriter's Discount:</i></b>	\$4.80 (\$2,398,042)
<b><i>State Bond Issuance Fee:</i></b>	\$8.33 (\$4,165,014)
<b><i>Cost of Issuance:</i></b>	\$1.51 (\$754,750)
<b><i>Ratings (Moody's/S&amp;P/Fitch)</i></b>	A2/A+/A
<b><i>Senior Manager:</i></b>	Wells Fargo Securities
<b><i>Special Co-Senior Managers:</i></b>	CastleOak Securities

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - ADOPTED BUDGET**  
**DEBT SERVICE**  
(\$ in millions)  
**March 2014**

	<b>2014 Adopted Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% Variance</b>	<b>Explanation</b>
Dedicated Tax Fund:					
NYC Transit	\$32.8	\$30.7	\$2.1		Timing of debt service deposits and lower than budgeted variable debt rates.
Commuter Railroads	6.7	6.6	0.1		
<i>Dedicated Tax Fund Subtotal</i>	\$39.5	\$37.3	\$2.2	5.5%	
MTA Transportation Revenue:					
NYC Transit	\$70.6	\$75.9	(\$5.3)		Timing of debt service deposits.
Commuter Railroads	45.5	\$47.1	(1.6)		
MTA Bus	1.9	\$2.4	(0.6)		
<i>MTA Transportation Subtotal</i>	\$118.0	\$125.4	(\$7.5)	-6.3%	
Commercial Paper:					
NYC Transit	\$1.1	\$0.0	\$1.1		Lower than budgeted rates, timing of interest payments.
Commuter Railroads	0.7	\$0.0	0.7		
MTA Bus	0.0	\$0.0	0.0		
<i>Commercial Paper Subtotal</i>	\$1.8	\$0.0	\$1.8	99.7%	
2 Broadway COPs:					
NYC Transit	\$1.5	\$1.5	\$0.0		
Bridges & Tunnels	0.2	\$0.2	0.0		
MTA HQ	0.2	\$0.2	0.0		
<i>2 Broadway COPs Subtotal</i>	\$1.9	\$1.9	\$0.0	1.0%	
TBTA General Resolution (2)					
NYC Transit	\$14.7	\$15.2	(\$0.4)		
Commuter Railroads	6.9	\$7.1	(0.2)		
Bridges & Tunnels	18.4	\$18.3	0.0		
<i>TBTA General Resolution Subtotal</i>	\$40.0	\$40.7	(\$0.6)	-1.5%	
TBTA Subordinate (2)					
NYC Transit	\$5.5	\$5.2	\$0.3		Timing of debt service deposits.
Commuter Railroads	2.4	\$2.3	0.1		
Bridges & Tunnels	2.2	\$2.1	0.1		
<i>TBTA Subordinate Subtotal</i>	\$10.1	\$9.6	\$0.5	4.8%	
<b>Total Debt Service</b>	<b>\$211.4</b>	<b>\$214.9</b>	<b>(\$3.6)</b>	<b>-1.7%</b>	
Debt Service by Agency:					
NYC Transit	\$126.3	\$128.5	(\$2.3)		
Commuter Railroads	62.2	63.1	(0.9)		
MTA Bus	1.9	2.4	(0.6)		
Bridges & Tunnels	20.8	20.6	0.1		
MTAHQ	0.2	0.2	0.0		
<b>Total Debt Service</b>	<b>\$211.4</b>	<b>\$214.9</b>	<b>(\$3.6)</b>	<b>-1.7%</b>	

**Notes:**

- (1) Forecasted debt service is calculated based upon projected monthly deposits from available pledged revenues into debt service accounts. Actual payments to bondholders are made from the debt service accounts when due as required for each series of bonds and do not conform to this schedule.
  - (2) Generally, the calendarization of monthly debt service deposits is calculated by dividing projected annual debt service by 12. Month to month variations ("timing differences") on the existing debt portfolio can occur based upon, among other things, (a) for all bonds, the date when income from the securities in which the debt service accounts are invested becomes available varies, (b) for variable rate financings, differences between (i) the budgeted interest rate and the actual interest rate, (ii) projected interest payment dates to bondholders and actual interest payment dates to bondholders, and (iii) projected monthly funding dates for accrued debt service and actual funding dates, (c) for transactions with swaps, the difference between when MTA/TBTA funds debt service and the receipt of the corresponding swap payment by the counterparty, and difference between rates received and rates paid and (d) for commercial paper, the interest payment date is the date of the maturity of the commercial paper and the dealers set the term of the commercial paper from 1 to 270 days, which is not foreseeable at the time the annual debt service budgets are prepared.
  - (3) Debt service is allocated among Transit, Commuter, MTA Bus, and TBTA categories based on actual spending of bond proceeds for approved capital projects. Allocation of 2 Broadway COPs is based on occupancy.
- Totals may not add due to rounding.*

**METROPOLITAN TRANSPORTATION AUTHORITY  
FEBRUARY FINANCIAL PLAN - ADOPTED BUDGET  
DEBT SERVICE**

(\$ in millions)

March 2014 Year-to-Date

	Adopted Budget	Actual	Variance	% Variance	Explanation
Dedicated Tax Fund:					
NYC Transit	\$98.4	\$92.8	\$5.6		Timing of bond issuances and lower than budgeted variable debt rates.
Commuter Railroads	20.1	\$19.1	1.1		
<i>Dedicated Tax Fund Subtotal</i>	\$118.6	\$111.8	\$6.7	5.7%	
MTA Transportation Revenue:					
NYC Transit	\$190.7	\$184.6	\$6.1		Timing of bond issuances and lower than budgeted variable debt rates.
Commuter Railroads	123.2	\$114.7	8.4		
MTA Bus	5.0	\$7.1	(2.1)		
<i>MTA Transportation Subtotal</i>	\$318.9	\$306.4	\$12.5	3.9%	
Commercial Paper:					
NYC Transit	\$3.3	\$0.1	\$3.2		Lower than budgeted rates, timing of interest payments.
Commuter Railroads	2.1	\$0.0	2.1		
MTA Bus	0.0	\$0.0	0.0		
<i>Commercial Paper Subtotal</i>	\$5.5	\$0.1	\$5.4	98.0%	
2 Broadway COPs:					
NYC Transit	\$4.4	\$4.4	\$0.0		
Bridges & Tunnels	0.6	\$0.6	0.0		
MTA HQ	0.6	\$0.6	0.0		
<i>2 Broadway COPs Subtotal</i>	\$5.7	\$5.6	\$0.0	0.9%	
TBTA General Resolution (2)					
NYC Transit	\$44.2	\$41.9	\$2.3		Timing of bond issuances and lower than budgeted variable debt rates.
Commuter Railroads	20.8	\$19.7	1.1		
Bridges & Tunnels	55.1	\$50.6	4.5		
<i>TBTA General Resolution Subtotal</i>	\$120.1	\$112.2	\$7.9	6.6%	
TBTA Subordinate (2)					
NYC Transit	\$16.5	\$15.0	\$1.5		Lower than budgeted variable debt rates.
Commuter Railroads	7.3	\$6.6	0.7		
Bridges & Tunnels	6.5	\$5.9	0.6		
<i>TBTA Subordinate Subtotal</i>	\$30.3	\$27.5	\$2.8	9.4%	
<b>Total Debt Service</b>	<b>\$599.1</b>	<b>\$563.7</b>	<b>\$35.4</b>	<b>5.9%</b>	
Debt Service by Agency:					
NYC Transit	\$357.6	\$338.7	\$18.9		
Commuter Railroads	173.5	160.1	13.4		
MTA Bus	5.0	7.1	(2.0)		
Bridges & Tunnels	62.3	57.1	5.1		
MTAHQ	0.6	0.6	0.0		
<b>Total Debt Service</b>	<b>\$599.1</b>	<b>\$563.7</b>	<b>\$35.4</b>	<b>5.9%</b>	

**Notes:**

- (1) Forecasted debt service is calculated based upon projected monthly deposits from available pledged revenues into debt service accounts. Actual payments to bondholders are made from the debt service accounts when due as required for each series of bonds and do not conform to this schedule.
  - (2) Generally, the calendarization of monthly debt service deposits is calculated by dividing projected annual debt service by 12. Month to month variations ("timing differences") on the existing debt portfolio can occur based upon, among other things, (a) for all bonds, the date when income from the securities in which the debt service accounts are invested becomes available varies, (b) for variable rate financings, differences between (i) the budgeted interest rate and the actual interest rate, (ii) projected interest payment dates to bondholders and actual interest payment dates to bondholders, and (iii) projected monthly funding dates for accrued debt service and actual funding dates, (c) for transactions with swaps, the difference between when MTA/TBTA funds debt service and the receipt of the corresponding swap payment by the counterparty, and difference between rates received and rates paid and (d) for commercial paper, the interest payment date is the date of the maturity of the commercial paper and the dealers set the term of the commercial paper from 1 to 270 days, which is not foreseeable at the time the annual debt service budgets are prepared.
  - (3) Debt service is allocated among Transit, Commuter, MTA Bus, and TBTA categories based on actual spending of bond proceeds for approved capital projects. Allocation of 2 Broadway COPs is based on occupancy.
- Totals may not add due to rounding.*

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**VARIABLE RATE: WEEKLY MODE**  
**RATE RESETS REPORT (Trailing 6-Weeks)**

**Transportation Revenue Bonds**

Issue		TRB 2005E-1		TRB 2005E-2		TRB 2005D-1		TRB 2011B	
Remarketing Agent		BofA Merrill Lynch		J.P.Morgan		Merrill Lynch		Merrill Lynch	
Liquidity Provider		BofA Merrill Lynch		J.P.Morgan		Helaba		Bank of America	
Liquidity/Insurer		LoC		LoC		LoC		LoC	
Par Outstanding (\$m)		100.00		75.00		150.00		99.56	
Swap Notional (\$m)		60.00		45.00		150.00		27.94	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.03%	0.00%	0.04%	0.01%	0.05%	0.02%	0.03%	0.00%
3/5/2014	0.04%	0.03%	-0.01%	0.06%	0.02%	0.05%	0.01%	0.03%	-0.01%
3/12/2014	0.05%	0.04%	-0.01%	0.07%	0.02%	0.06%	0.01%	0.04%	-0.01%
3/19/2014	0.06%	0.05%	-0.01%	0.07%	0.01%	0.07%	0.01%	0.05%	-0.01%
3/26/2014	0.06%	0.07%	0.01%	0.06%	0.00%	0.09%	0.03%	0.07%	0.01%
4/2/2014	0.06%	0.05%	-0.01%	0.08%	0.02%	0.08%	0.02%	0.05%	-0.01%

**Dedicated Tax Fund Bonds**

Issue		DTF 2002B-1		DTF 2008A-1		DTF 2008A-2	
Remarketing Agent		Morgan Stanley		Morgan Stanley		Goldman	
Liquidity Provider		State Street Bank		Morgan Stanley		Bank of Tokyo	
Liquidity/Insurer		LoC		LoC		LoC	
Par Outstanding (\$m)		150.00		170.81		170.80	
Swap Notional (\$m)		None		167.45		167.45	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.02%	-0.01%	0.04%	0.01%	0.03%	0.00%
3/5/2014	0.04%	0.03%	-0.01%	0.05%	0.01%	0.03%	-0.01%
3/12/2014	0.05%	0.05%	0.00%	0.07%	0.02%	0.04%	-0.01%
3/19/2014	0.06%	0.05%	-0.01%	0.07%	0.01%	0.05%	-0.01%
3/26/2014	0.06%	0.05%	-0.01%	0.07%	0.01%	0.05%	-0.01%
4/2/2014	0.06%	0.05%	-0.01%	0.07%	0.01%	0.05%	-0.01%

**TBTA General Revenue Bonds**

Issue		TBTA 2005B-3	
Remarketing Agent		BofA Merrill Lynch	
Liquidity Provider		BofA	
Liquidity/Insurer		SBPA	
Par Outstanding (\$m)		194.00	
Swap Notional (\$m)		194.00	
Date	SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.04%	0.01%
3/5/2014	0.04%	0.03%	-0.01%
3/12/2014	0.05%	0.06%	0.01%
3/19/2014	0.06%	0.07%	0.01%
3/26/2014	0.06%	0.07%	0.01%
4/2/2014	0.06%	0.07%	0.01%

**TBTA General Revenue and Subordinate Revenue Bonds**

Issue		TBTA 2001B		TBTA 2001C		TBTA 2003B-1		TBTA 2003B-2	
Remarketing Agent		Citigroup		Citigroup		Citigroup		Citigroup	
Liquidity Provider		State Street		JP Morgan		CALPERS		CALSTRS	
Liquidity/Insurer		LoC		SBPA		LoC		LoC	
Par Outstanding (\$m)		122.57		122.57		88.50		47.79	
Swap Notional (\$m)		None		None		None		None	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/25/2014	0.03%	0.02%	-0.01%	0.04%	0.01%	0.03%	0.00%	0.03%	0.00%
3/4/2014	0.04%	0.02%	-0.02%	0.04%	0.00%	0.03%	-0.01%	0.03%	-0.01%
3/11/2014	0.05%	0.04%	-0.01%	0.05%	0.00%	0.04%	-0.01%	0.04%	-0.01%
3/18/2014	0.06%	0.05%	-0.01%	0.06%	0.00%	0.05%	-0.01%	0.05%	-0.01%
3/25/2014	0.06%	0.06%	0.00%	0.07%	0.01%	0.06%	0.00%	0.06%	0.00%
4/1/2014	0.06%	0.05%	-0.01%	0.06%	0.00%	0.05%	-0.01%	0.05%	-0.01%

Issue		TBTA 2005A-2		TBTA 2005A-3		TBTA SUB 2000AB		TBTA SUB 2000CD	
Remarketing Agent		US Bancorp		US Bancorp		JP Morgan		Citigroup	
Liquidity Provider		CALSTRS		U.S. Bank		JPMorgan		Lloyds TSB (NY)	
Liquidity/Insurer		LoC		LoC		SBPA/Assured		SBPA/Assured	
Par Outstanding (\$m)		31.24		36.99		95.30		52.55	
Liquidity/Insurer		None		None		95.30		None	
Outstanding (\$m)	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/25/2014	0.03%	0.03%	0.00%	0.03%	0.00%	0.23%	0.20%	0.20%	0.17%
3/4/2014	0.04%	0.03%	-0.01%	0.03%	-0.01%	0.23%	0.19%	0.20%	0.16%
3/11/2014	0.05%	0.04%	-0.01%	0.04%	-0.01%	0.23%	0.18%	0.20%	0.15%
3/18/2014	0.06%	0.05%	-0.01%	0.04%	-0.02%	0.23%	0.17%	0.20%	0.14%
3/25/2014	0.06%	0.05%	-0.01%	0.04%	-0.02%	0.23%	0.17%	0.20%	0.14%
4/1/2014	0.06%	0.05%	-0.01%	0.05%	-0.01%	0.23%	0.17%	0.20%	0.14%

Report Date 4/4/2014

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**VARIABLE RATE: FLOATING RATE NOTES**  
**RATE RESETS REPORT (Trailing 6-Weeks)**

**Transportation Revenue Bonds**

Issue		TRB 2002D-2		TRB 2002G-1a		TRB 2002G-1b		TRB 2002G-1c	
Remarketing Agent		Wells Fargo		N/A		N/A		N/A	
Initial Purchase Date		Note 1		11/1/2014		11/1/2015		11/1/2016	
Liquidity/Insurer		CCA/Assured		None		None		None	
Par Outstanding (\$m)		200.00		12.27		12.76		13.26	
Swap Notional (\$m)		200.00		11.49		11.95		12.42	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.93%	0.90%	0.31%	0.28%	0.61%	0.58%	0.80%	0.77%
3/5/2014	0.04%	0.93%	0.89%	0.30%	0.26%	0.60%	0.56%	0.79%	0.75%
3/12/2014	0.05%	0.93%	0.88%	0.30%	0.25%	0.60%	0.55%	0.79%	0.74%
3/19/2014	0.06%	0.93%	0.87%	0.30%	0.24%	0.60%	0.54%	0.79%	0.73%
3/26/2014	0.06%	0.93%	0.87%	0.30%	0.24%	0.60%	0.54%	0.79%	0.73%
4/2/2014	0.06%	0.93%	0.87%	0.30%	0.24%	0.60%	0.54%	0.79%	0.73%

Issue		TRB 2002G-1d		TRB 2002G-1f		TRB 2002G-1g		TRB 2002G-1h	
Remarketing Agent		N/A		N/A		N/A		N/A	
Initial Purchase Date		11/1/2017		11/1/2014		11/1/2015		11/1/2016	
Liquidity/Insurer		None		None		None		None	
Par Outstanding (\$m)		13.80		42.58		42.55		56.89	
Swap Notional (\$m)		13.80		42.58		42.55		56.89	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.94%	0.91%	0.51%	0.48%	0.76%	0.73%	0.96%	0.93%
3/5/2014	0.04%	0.93%	0.89%	0.50%	0.46%	0.75%	0.71%	0.95%	0.91%
3/12/2014	0.05%	0.93%	0.88%	0.50%	0.45%	0.75%	0.70%	0.95%	0.90%
3/19/2014	0.06%	0.93%	0.87%	0.50%	0.44%	0.75%	0.69%	0.95%	0.89%
3/26/2014	0.06%	0.93%	0.87%	0.50%	0.44%	0.75%	0.69%	0.95%	0.89%
4/2/2014	0.06%	0.93%	0.87%	0.50%	0.44%	0.75%	0.69%	0.95%	0.89%

Issue		TRB 2012A-2		TRB 2012A-3	
Remarketing Agent		BoNY Mellon		BoNY Mellon	
Initial Purchase Date		05/15/14		05/15/15	
Liquidity/Insurer		None		None	
Par Outstanding (\$m)		50.00		50.00	
Swap Notional (\$m)		None		None	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.22%	0.19%	0.42%	0.39%
3/5/2014	0.04%	0.23%	0.19%	0.43%	0.39%
3/12/2014	0.05%	0.24%	0.19%	0.44%	0.39%
3/19/2014	0.06%	0.25%	0.19%	0.45%	0.39%
3/26/2014	0.06%	0.25%	0.19%	0.45%	0.39%
4/2/2014	0.06%	0.25%	0.19%	0.45%	0.39%

Issue		TRB 2012G-1		TRB 2012G-2		TRB 2012G-3		TRB 2012G-4	
Remarketing Agent		JP Morgan		JP Morgan		JP Morgan		JP Morgan	
Initial Purchase Date		11/1/2014		11/1/2015		11/1/2016		11/1/2017	
Liquidity/Insurer		None		None		None		None	
Par Outstanding (\$m)		84.45		125.00		75.00		74.03	
Swap Notional (\$m)		84.45		125.00		75.00		74.03	
Date	SIFMA	Spread		Spread		Spread		Spread	
		Rate	to SIFMA	Rate	to SIFMA	Rate	to SIFMA	Rate	to SIFMA
2/26/2014	0.03%	0.53%	0.50%	0.64%	0.61%	0.81%	0.78%	0.95%	0.92%
3/5/2014	0.04%	0.52%	0.48%	0.63%	0.59%	0.80%	0.76%	0.94%	0.90%
3/12/2014	0.05%	0.52%	0.47%	0.63%	0.58%	0.80%	0.75%	0.94%	0.89%
3/19/2014	0.06%	0.52%	0.46%	0.63%	0.57%	0.80%	0.74%	0.94%	0.88%
3/26/2014	0.06%	0.52%	0.46%	0.63%	0.57%	0.80%	0.74%	0.94%	0.88%
4/2/2014	0.06%	0.52%	0.46%	0.63%	0.57%	0.80%	0.74%	0.94%	0.88%

**Dedicated Tax Fund Bonds**

Issue		DTF 2002B-3a		DTF 2002B-3b		DTF 2002B-3c		DTF 2002B-3d	
Remarketing Agent		Morgan Stanley		Morgan Stanley		Morgan Stanley		Morgan Stanley	
Maturity Date		11/01/17		11/01/18		11/01/19		11/01/20	
Liquidity/Insurer		None		None		None		None	
Par Outstanding (\$m)		46.60		48.60		50.70		15.90	
Swap Notional (\$m)		None		None		None		None	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.78%	0.75%	0.93%	0.90%	0.98%	0.95%	1.03%	1.00%
3/5/2014	0.04%	0.79%	0.75%	0.94%	0.90%	0.99%	0.95%	1.04%	1.00%
3/12/2014	0.05%	0.80%	0.75%	0.95%	0.90%	1.00%	0.95%	1.05%	1.00%
3/19/2014	0.06%	0.81%	0.75%	0.96%	0.90%	1.01%	0.95%	1.06%	1.00%
3/26/2014	0.06%	0.81%	0.75%	0.96%	0.90%	1.01%	0.95%	1.06%	1.00%
4/2/2014	0.06%	0.81%	0.75%	0.96%	0.90%	1.01%	0.95%	1.06%	1.00%

Issue		DTF 2008B-3a		DTF 2008B-3b		DTF 2008B-3c	
Remarketing Agent		Goldman Sachs		Goldman Sachs		Goldman Sachs	
Maturity Date		11/01/12		11/01/13		11/01/14	
Liquidity/Insurer		None		None		None	
Par Outstanding (\$m)		35.00		54.47		44.74	
Swap Notional (\$m)		None		None		None	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.26%	0.23%	0.39%	0.36%	0.71%	0.68%
3/5/2014	0.04%	0.27%	0.23%	0.40%	0.36%	0.72%	0.68%
3/12/2014	0.05%	0.28%	0.23%	0.41%	0.36%	0.73%	0.68%
3/19/2014	0.06%	0.29%	0.23%	0.42%	0.36%	0.74%	0.68%
3/26/2014	0.06%	0.29%	0.23%	0.42%	0.36%	0.74%	0.68%
4/2/2014	0.06%	0.29%	0.23%	0.42%	0.36%	0.74%	0.68%

**TBTA General Revenue Bonds**

Issue		TBTA 2005B-4a		TBTA 2005B-4b		TBTA 2005B-4c		TBTA 2005B-4d		TBTA 2005B-4e	
Remarketing Agent		N/A		N/A		N/A		N/A		N/A	
Initial Purchase Date		1/1/2014		1/1/2014		1/1/2015		1/1/2016		1/1/2017	
Liquidity/Insurer		None		None		None		None		None	
Par Outstanding (\$m)		28.80		37.50		38.70		43.80		45.20	
Swap Notional (\$m)		28.80		37.50		38.70		43.80		45.20	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.49%	0.46%	0.63%	0.60%	0.48%	0.45%	0.70%	0.67%	0.76%	0.30%
3/5/2014	0.04%	0.48%	0.44%	0.62%	0.58%	0.47%	0.43%	0.69%	0.65%	0.75%	0.31%
3/12/2014	0.05%	0.48%	0.43%	0.62%	0.57%	0.47%	0.42%	0.69%	0.64%	0.75%	0.32%
3/19/2014	0.06%	0.48%	0.42%	0.62%	0.56%	0.47%	0.41%	0.69%	0.63%	0.75%	0.33%
3/26/2014	0.06%	0.48%	0.42%	0.62%	0.56%	0.47%	0.41%	0.69%	0.63%	0.75%	0.33%
4/2/2014	0.06%	0.48%	0.42%	0.62%	0.56%	0.47%	0.41%	0.69%	0.63%	0.75%	0.33%

Issue		TBTA SUB 2013D-2a		TBTA SUB 2013D-2b	
Remarketing Agent		N/A		N/A	
Initial Purchase Date		1/1/2014		1/1/2014	
Liquidity/Insurer		None		None	
Par Outstanding (\$m)		58.02		90.45	
Swap Notional (\$m)		N/A		N/A	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
2/26/2014	0.03%	0.56%	0.53%	0.81%	0.78%
3/5/2014	0.04%	0.56%	0.52%	0.81%	0.77%
3/12/2014	0.05%	0.56%	0.51%	0.81%	0.76%
3/19/2014	0.06%	0.56%	0.50%	0.81%	0.75%
3/26/2014	0.06%	0.56%	0.50%	0.81%	0.75%
4/2/2014	0.06%	0.55%	0.49%	0.80%	0.74%

<sup>1</sup>The TRB 2002D-2 Bonds are privately placed. Wells Fargo is the liquidity provider for these bonds.

Report Date 4/4/2014

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**VARIABLE RATE: DAILY MODE**  
**RATE RESETS REPORT (Trailing 10 Days)**

**Transportation Revenue Bonds**

Issue		TRB 2005D-2		TRB 2005E-3	
Dealer		Morgan Stanley		PNC Capital	
Liquidity Provider		Helaba		PNC	
Type of Liquidity		LoC		LoC	
Par Outstanding (\$m)		100.00		75.00	
Swap Notional (\$m)		100.00		45.00	
Date	SIFMA	Spread to		Spread to	
		Rate	SIFMA	Rate	SIFMA
3/26/2014	0.06%	0.07%	0.01%	0.04%	-0.02%
3/27/2014	0.06%	0.08%	0.02%	0.05%	-0.01%
3/28/2014	0.06%	0.10%	0.04%	0.06%	0.00%
3/29/2014	0.06%	0.10%	0.04%	0.06%	0.00%
3/30/2014	0.06%	0.10%	0.04%	0.06%	0.00%
3/31/2014	0.06%	0.10%	0.04%	0.06%	0.00%
4/1/2014	0.06%	0.09%	0.03%	0.04%	-0.02%
4/2/2014	0.06%	0.07%	0.01%	0.02%	-0.04%
4/3/2014	0.06%	0.05%	-0.01%	0.02%	-0.04%
4/4/2014	0.06%	0.05%	-0.01%	0.02%	-0.04%

**TBTA General Revenue Bonds**

Issue		TBTA 2002F		TBTA 2003B-3		TBTA 2005A-1		TBTA 2005B-2a	
Dealer		JP Morgan		US Bancorp		US Bancorp		JP Morgan	
Liquidity Provider		Helaba		US. Bank		CALPERS		CALPERS	
Type of Liquidity		LoC		LoC		LoC		LoC	
Par Outstanding (\$m)		202.61		56.63		57.80		88.99	
Swap Notional (\$m)		194.00		None		24.06		88.99	
Date	SIFMA	Spread to		Spread to		Spread to		Spread to	
		Rate	SIFMA	Rate	SIFMA	Rate	SIFMA	Rate	SIFMA
3/26/2014	0.06%	0.08%	0.02%	0.04%	-0.02%	0.05%	-0.01%	0.06%	0.00%
3/27/2014	0.06%	0.08%	0.02%	0.04%	-0.02%	0.05%	-0.01%	0.06%	0.00%
3/28/2014	0.06%	0.09%	0.03%	0.06%	0.00%	0.06%	0.00%	0.07%	0.01%
3/29/2014	0.06%	0.09%	0.03%	0.06%	0.00%	0.06%	0.00%	0.07%	0.01%
3/30/2014	0.06%	0.09%	0.03%	0.06%	0.00%	0.06%	0.00%	0.07%	0.01%
3/31/2014	0.06%	0.09%	0.03%	0.06%	0.00%	0.06%	0.00%	0.07%	0.01%
4/1/2014	0.06%	0.06%	0.00%	0.04%	-0.02%	0.04%	-0.02%	0.04%	-0.02%
4/2/2014	0.06%	0.04%	-0.02%	0.02%	-0.04%	0.02%	-0.04%	0.02%	-0.04%
4/3/2014	0.06%	0.40%	0.34%	0.02%	-0.04%	0.02%	-0.04%	0.02%	-0.04%
4/4/2014	0.06%	0.40%	0.34%	0.02%	-0.04%	0.02%	-0.04%	0.02%	-0.04%

Issue		TBTA 2005B-2b		TBTA 2005B-2c	
Dealer		JP Morgan		US Bancorp	
Liquidity Provider		CALPERS		US. Bank	
Type of Liquidity		LoC		LoC	
Par Outstanding (\$m)		48.10		56.91	
Swap Notional (\$m)		48.10		56.91	
Date	SIFMA	Spread to		Spread to	
		Rate	SIFMA	Rate	SIFMA
3/26/2014	0.06%	0.06%	0.00%	0.04%	-0.02%
3/27/2014	0.06%	0.06%	0.00%	0.04%	-0.02%
3/28/2014	0.06%	0.07%	0.01%	0.06%	0.00%
3/29/2014	0.06%	0.07%	0.01%	0.06%	0.00%
3/30/2014	0.06%	0.07%	0.01%	0.06%	0.00%
3/31/2014	0.06%	0.07%	0.01%	0.06%	0.00%
4/1/2014	0.06%	0.04%	-0.02%	0.04%	-0.02%
4/2/2014	0.06%	0.02%	-0.04%	0.02%	-0.04%
4/3/2014	0.06%	0.02%	-0.04%	0.02%	-0.04%
4/4/2014	0.06%	0.02%	-0.04%	0.02%	-0.04%

Report Date 4/4/2014

# METROPOLITAN TRANSPORTATION AUTHORITY VARIABLE RATE REPORT: AUCTION RATE

## WEEKLY AUCTIONS

	LIBOR Formula Fail Rate	LIBOR Formula Fail Rate		
Issue	TRB 2002B-1	COPs 2004A-1	COPs 2004A-2	COPs 2004A-3
<b>Outstanding Par (\$ M)</b>	96.150	9.550	10.200	37.250
<b>Swap Notional (\$m)</b>	None	9.550	10.200	37.250
<b>Final Maturity</b>	11/1/2022	1/1/2030	1/1/2030	1/1/2030
<b>Broker Dealer(s)</b>	JP Morgan Merrill Lynch	JP Morgan Merrill Lynch	JP Morgan	JP Morgan Merrill Lynch
<b>Insurer</b>	Assured	Ambac	Ambac	Ambac
<b>Auction Frequency</b>	Tuesday	Monday	Tuesday	Wednesday
<i>Feb. 17 thru Feb. 21, 2014</i>	<b>0.308%</b>	<b>0.425%</b>	<b>0.424%</b>	<b>0.425%</b>
<i>Feb. 24 thru Feb. 28, 2014</i>	<b>0.309%</b>	<b>0.425%</b>	<b>0.425%</b>	<b>0.425%</b>
<i>Mar. 3 thru Mar. 7, 2014</i>	<b>0.313%</b>	<b>0.427%</b>	<b>0.430%</b>	<b>0.428%</b>
<i>Mar. 10 thru Mar. 14, 2014</i>	<b>0.312%</b>	<b>0.426%</b>	<b>0.428%</b>	<b>0.428%</b>
<i>Mar. 17 thru Mar. 21, 2014</i>	<b>0.314%</b>	<b>0.430%</b>	<b>0.431%</b>	<b>0.433%</b>
<i>Mar. 24 thru Mar. 28, 2014</i>	<b>0.308%</b>	<b>0.424%</b>	<b>0.423%</b>	<b>0.421%</b>
<i>Mar. 31 thru Apr. 4, 2014</i>	<b>0.302%</b>	<b>0.418%</b>	<b>0.415%</b>	<b>0.418%</b>
<i>Corresponding Libor Rate</i>	<b>0.151%</b>	<b>0.152%</b>	<b>0.151%</b>	<b>0.152%</b>
<i>Fail Rate</i>	<b>200%</b>	<b>275%</b>	<b>275%</b>	<b>275%</b>

## 28 & 35 DAY AUCTIONS

	LIBOR Formula Fail Rate		
Issue	TRB 2002B-2	COPs 2004A-4	COPs 2004A-5
<b>Outstanding Par (\$ M)</b>	95.525	34.950	3.700
<b>Swap Notional (\$m)</b>	None	34.950	3.700
<b>Final Maturity</b>	11/1/2022	1/1/2030	1/1/2030
<b>Broker Dealer(s)</b>	JP Morgan Merrill Lynch	JP Morgan	JP Morgan
<b>Insurer</b>	Assured	Ambac	Ambac
<b>Auction Frequency</b>	28-Days	35-Days	35-Days
<i>November 2013</i>	<b>0.330%</b>	<b>0.492%</b>	<b>0.463%</b>
<i>December 2013</i>	<b>0.330%</b>	<b>0.462%</b>	<b>0.451%</b>
<i>January 2014</i>	<b>0.316%</b>	<b>0.441%</b>	<b>0.432%</b>
<i>February 2014</i>	<b>0.309%</b>	<b>0.425%</b>	<b>0.428%</b>
<i>March 2014</i>	<b>0.315%</b>	<b>0.425%</b>	<b>0.417%</b>
<i>Corresponding Libor Rate</i>	<b>0.158%</b>	<b>0.155%</b>	<b>0.152%</b>
<i>Fail Rate</i>	<b>200%</b>	<b>275%</b>	<b>275%</b>

**Report Date 4/4/2014**



## MTA DEBT OUTSTANDING (\$ in Millions)

4/4/2014

Type of Credit					Outstanding			Total Outstanding	TIC <sup>1</sup>	Notes
Underlying Ratings (Moody's /S&P / Fitch/ Kroll)	Series	BPA Sale Date	Final Maturity	Principal Iss. Amount	Fixed Amount	Variable Amount	Synthetic Fixed Amount			
MTA Transportation Revenue Bonds (A2/A+/A)	2002A	5/9/02	11/15/2032	2,894.185	84 965	-	-	84.965	5.31	
	2002B	5/28/02	11/1/2022	210 500	-	191 675	-	191 675	1.52	
	2002D	5/29/02	11/1/2032	400 000	174 725	-	200 000	374 725	4.73	
	2002E	6/12/02	11/15/2031	397 495	18.425	-	-	18 425	5.13	
	2002G	11/19/02	11/1/2026	400 000	-	12.270	181 830	194 100	3.65	
	2003A	5/8/03	11/15/2032	475 340	114 355	-	-	114 355	4.49	
	2003B	7/30/03	11/15/2032	751.765	71 080	-	-	71 080	5.10	
	2005A	2/9/05	11/15/2035	650 000	429 280	-	-	429 280	4.76	
	2005B	6/22/05	11/15/2035	750 000	575.225	-	-	575 225	4.80	
	2005C	10/19/05	11/15/2016	150 000	44.395	-	-	44 395	4.19	
	2005D	11/1/05	11/1/2035	250 000	-	-	250 000	250 000	4.53	
	2005E	11/1/05	11/1/2035	250.000	-	100 000	150 000	250 000	3.67	
	2005F	11/16/05	11/15/2035	468 760	357.055	-	-	357 055	4.88	
	2005G	12/7/05	11/1/2026	250 000	233 540	-	-	233 540	4.34	
	2006A	7/13/06	11/15/2035	475.000	391 830	-	-	391 830	4.89	
	2006B	12/13/06	11/15/2036	717.730	659 420	-	-	659 420	4.52	
	2007A	6/27/07	11/15/2037	425.615	379 335	-	-	379 335	4.84	
	2007B	12/6/07	11/15/2037	415.000	371 250	-	-	371 250	4.75	
	2008A	2/13/08	11/15/2038	512.470	480 700	-	-	480 700	4.91	
	2008B	2/13/08	11/15/2030	487 530	414 720	-	-	414 720	3.09	
	2008C	10/17/08	11/15/2013	550.000	485 000	-	-	485 000	6.68	
	2009A	10/6/09	11/15/2039	502.320	461.875	-	-	461 875	3.79	
	2010A	1/6/10	11/15/2039	363 945	363 945	-	-	363 945	4.44	
	2010B	2/4/10	11/15/2039	656 975	641 975	-	-	641 975	4.29	
	2010C	6/30/10	11/15/2040	510 485	487 710	-	-	487 710	4.27	
	CP2	9/16/10	11/15/2015	900 000	-	550 000	-	550 000	1.32	
	2010D	11/23/10	11/15/2040	754 305	716 540	-	-	716 540	5.15	
	2010E	12/21/10	11/15/2040	750 000	750 000	-	-	750 000	4.57	
	2011A	7/12/11	11/15/2046	400 440	392.490	-	-	392 490	4.95	
	2011B	9/13/11	11/1/2041	99 560	-	71 625	27.935	99 560	2.08	
	2011C	11/2/11	11/15/2028	197.950	191 435	-	-	191 435	3.99	
	2011D	11/30/11	11/15/2046	480 165	462 295	-	-	462 295	4.57	
	2012A	3/7/12	11/15/2042	150.000	50 000	100 000	-	150 000	1.70	
	2012B	3/7/12	11/15/2039	250 000	241 480	-	-	241 480	3.85	
	2012C	4/18/12	11/15/2047	727 430	717 300	-	-	717 300	4.22	
	2012D	6/28/12	11/15/2032	1,263 365	1,263 365	-	-	1,263 365	3.51	
	2012E	7/13/12	11/15/2042	650 000	635 970	-	-	635 970	3.91	
	2012F	9/20/12	11/15/2030	1,268.445	1,171.355	-	-	1,171 355	3.17	
	2012G	11/7/12	11/1/2032	359.450	-	-	358 475	358 475	4.14	
	2012H	11/9/12	11/15/2042	350 000	344 045	-	-	344 045	3.70	
	2013A	1/17/2013	11/15/2043	500 000	493 580	-	-	493 580	3.79	
	2013B	3/22/2013	11/15/2043	500 000	492 000	-	-	492 000	4.08	
	2013C	6/11/2013	11/15/2043	500 000	492 640	-	-	492 640	4.25	
	2013D	7/11/2013	11/15/2043	333.790	332 050	-	-	332 050	4.63	
BANS 2013A Key Bank Series	9/19/2013	9/29/2015	100 000	-	100 000	-	100 000	0.76		
BANS 2013A ML Series	10/3/2013	4/19/2015	200 000	-	200 000	-	200 000	0.70		
2013E	11/15/2013	11/15/2043	500 000	500 000	-	-	500 000	4.64		
2014A	2/28/2014	11/15/2044	400 000	400 000	-	-	400 000	4.31		
Total				25,550 015	16,887 350	1,325 570	1,168 240	19,381 160	4.12	
										WATIC
TBTA General Revenue Bonds (Aa3/AA-/AA-/AA)	EFC 1996A	6/26/96	1/1/2030	28 445	4 150	-	-	4 150	5.85	
	2001B	12/18/01	1/1/2032	148 200	-	122 570	-	122 570	2.29	
	2001C	12/18/01	1/1/2032	148.200	-	122 565	-	122 565	2.49	
	2002B	9/19/02	11/15/2032	2,157.065	147 200	-	-	147 200	4.56	
	2002F	11/8/02	11/1/2032	246 480	-	8 610	194 000	202 610	3.73	
	2003B	12/9/03	1/1/2033	250.000	-	192 915	-	192 915	2.41	
	2005A	5/10/05	11/1/2035	150.000	-	101 965	24 060	126 025	2.86	
	2005B	7/6/05	1/1/2032	800 000	-	-	582 000	582 000	3.54	
	2006A	6/8/06	11/15/2035	200 000	75.645	-	-	75 645	4.72	
2007A	6/13/07	11/15/2037	223 355	136 260	-	-	136 260	4.84		

## MTA DEBT OUTSTANDING (\$ in Millions)

4/4/2014

Type of Credit					Outstanding			Total Outstanding	TIC <sup>1</sup>	Notes
Underlying Ratings (Moody's / S&P / Fitch/ Kroll)	Series	BPA Sale Date	Final Maturity	Principal Iss. Amount	Fixed Amount	Variable Amount	Synthetic Fixed Amount			
TBTA BANS	2008A	3/13/08	11/15/2038	822,770	636,445	-	-	636,445	4.93	
	2008B	3/13/08	11/15/2038	252,230	252,230	-	-	252,230	3.71	
	2008C	7/16/08	11/15/2038	629,890	512,270	-	-	512,270	4.72	
	2009A	2/11/09	11/15/2038	475,000	419,565	-	-	419,565	4.75	
	2009B	9/10/09	11/15/2039	200,000	200,000	-	-	200,000	3.63	
	2010A	10/20/10	11/15/2040	346,960	330,010	-	-	330,010	3.45	
	2011A	10/4/11	1/1/2028	609,430	586,210	-	-	586,210	3.59	
	2012A	6/6/12	11/15/2042	231,490	225,515	-	-	225,515	3.69	
	2012B	8/3/12	11/15/2032	1,236,898	1,352,570	-	-	1,352,570	2.66	
	2013B	1/29/2013	11/15/2030	257,195	257,195	-	-	257,195	2.25	
	2013C	4/18/2013	11/15/2043	200,000	200,000	-	-	200,000	3.71	
	2014A	2/6/2014	5/15/2015	100,000	100,000	-	-	100,000	0.62	
	2014A	2/6/2014	11/15/2044	250,000	250,000	-	-	250,000	4.28	
	Total			9,963,608	5,685,265	548,625	800,060	7,033,950	3.59	
									WATIC	
TBTA Subordinate Revenue Bonds (A1/A+/ A+/ AA-)	2000AB	11/01/00	1/1/2019	263,000	-	-	95,300	95,300	6.49	
	2000CD	11/01/00	1/1/2019	263,000	-	52,550	-	52,550	1.60	
	2002E	10/23/02	11/15/2032	756,095	139,825	-	-	139,825	5.34	
	2003A	2/27/03	11/15/2032	500,170	9,545	-	-	9,545	4.91	
	2008D	7/16/08	11/15/2028	491,110	393,980	-	-	393,980	4.69	
	2013A	1/11/2013	11/15/2032	761,600	761,600	-	-	761,600	3.13	
	2013D	12/19/2013	11/15/2032	313,975	165,505	148,470	-	313,975	2.39	
									WATIC	
MTA Dedicated Tax Fund Bonds (AA/AA-)	2002B	9/4/02	11/1/2022	440,000	116,050	311,800	-	427,850	1.75	
	2004A	2/26/04	11/15/2018	250,000	106,855	-	-	106,855	3.49	
	2004B	3/9/04	11/15/2028	500,000	294,460	-	-	294,460	4.51	
	2004C	12/15/04	11/15/2018	120,000	48,725	-	-	48,725	3.77	
	2006A	6/7/06	11/15/2035	350,000	229,365	-	-	229,365	4.18	
	2006B	10/25/06	11/15/2036	410,000	288,010	-	-	288,010	4.28	
	2008A	6/24/08	11/1/2031	352,915	-	6,695	334,905	341,600	4.58	
	2008B	8/6/08	11/1/2034	348,175	202,505	134,210	-	336,715	2.30	
	2009A	3/12/09	11/15/2039	261,700	243,680	-	-	243,680	5.55	
	2009B	4/23/09	11/15/2030	500,000	469,960	-	-	469,960	5.00	
	2009C	4/23/09	11/15/2039	750,000	750,000	-	-	750,000	4.89	
	2010A	3/17/10	11/15/2040	502,990	479,330	-	-	479,330	3.91	
	2011A	3/23/11	11/15/2021	127,450	103,075	-	-	103,075	2.99	
	2012A	10/16/12	11/15/2032	1,065,335	1,008,950	-	-	1,008,950	3.07	
									WATIC	
MTA Certificates of Participation (2 Broadway) (Caa2/CC/NR)	2004A	9/21/04	1/1/2030	357,925	-	-	95,650	95,650	4.08	
	Total			357,925	-	-	95,650	95,650	4.08	
									WATIC	
All MTA Total				45,199,063	28,384,035	2,527,920	2,494,155	33,406,110	3.94	
State Service Contract Bonds (AA-/AA-)	2002A	6/5/02	7/1/2031	1,715,755	272,670	-	-	272,670	5.29	
	2002B	6/26/02	7/1/2031	679,450	42,825	-	-	42,825	4.93	
	Total			2,395,205	315,495	-	-	315,495	5.24	
									WATIC	

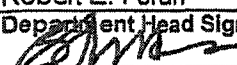

## Notes

- (1) Fixed Rate TICs calculated as of issuance of Fixed Rate Bonds. Floating Rate TICs calculated from inception including fees. Any Unhedged Variable Rate Bonds that have been fixed to maturity are carried at the new Fixed Rate TIC. Synthetic Fixed Rate TICs include average swap rates plus current variable rate fees and estimated basis adjustments for life of swap. Synthetic Fixed Rate TICs do not include benefit of any upfront payments received by MTA. Variable Rate TICs include average remarketed plus current variable rate fees.

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## Staff Summary

Page 1 of 2

<b>Subject</b> 2013 Annual Investment Report and amendment to the MTA All Agency Investment Guidelines
<b>Department</b> CFO/Treasury
<b>Department Head Name</b> Robert E. Foran
<b>Department Head Signature</b> 
<b>Project Manager/Division Head</b> Vinay T. Dayal 

<b>Date</b> April 28, 2014
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Comm.	4/28			
2	Board	4/30			

Internal Approvals			
Order	Approval	Order	Approval
2	Chief of Staff 		Chief Financial Officer
		1	Legal 

### Purpose:

Pursuant to the requirements of Public Authorities Law Section 2925, provide the MTA Board information on the MTA portfolio investment performance for the period 01/01/2013 to 12/31/2013, obtain Board approval of the MTA 2013 Annual Investment Report and obtain Board approval of the MTA All Agency Investment Guidelines ("Investment Guidelines or Guidelines"), as amended, to provide that the Guidelines do not apply to investments of the MaBSTOA Pension Plan.

### Discussion:

#### Investment Performance Information

Investment Performance information is presented on the next page by types of funds and by bond resolution. Performance is based on book value.

#### MTA Annual Investment Report

The separate 2013 MTA Annual Investment Report contains the additional information:

- The investment income record
- Commissions or other charges paid to each investment banker, broker, agent, dealer and advisor
- Investment Inventory
- Detail Transaction Report
- MTA All Agency Investment Guidelines, as amended

#### Amendment to exclude the MaBSTOA Pension Plan from the MTA All Agency Investment Guidelines

As required by Public Authorities Law Section 2925, MTA approved the MTA All Agency Investment Guidelines on April 24, 2013. Article 1, Section 1 of the Investment Guidelines provides that the Guidelines do not apply to investments of MTA First Mutual Transportation Assurance Corporation and the MTA Defined Benefit Pension Plan. Such funds are subject to separately established investment guidelines.

On March 26, 2014, the Board adopted a resolution further amending the Investment Guidelines to clarify that the Guidelines do not apply to the MTA Retiree Welfare Benefits Plan and the monies deposited in the MTA Retiree Welfare Benefits Trust or to accounts established to invest employee and employer contributions under

## Staff Summary

the New York State Voluntary Defined Contribution Program. Such funds are subject to separately established investment guidelines.

A similar amendment to the Investment Guidelines is necessary to provide that the Guidelines do not apply to investments of the MaBSTOA Pension Plan (the "MaBSTOA Plan") The MaBSTOA Board of Managers approved the MaBSTOA Plan on November 22, 1989. Funds held in trust for participants of the MaBSTOA Plan are subject to separately established investment guidelines. The MaBSTOA Plan's Investment Committee invests such assets pursuant to recommendations and due diligence performed by its Financial Advisor (currently, NEPC).

### Recommendation(s):

It is recommended that the MTA Board approve the amended Investment Guidelines to clarify that the Investment Guidelines do not apply to the MaBSTOA Plan and approve the MTA's submission of the 2013 Annual Investment Report.

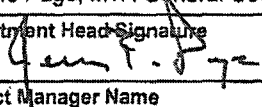
### Metropolitan Transportation Authority Investment Performance by Type of Fund For the Period Jan. 1, 2013 to Dec. 31, 2013

Type of Fund	Net Earnings this Period	Average Daily Portfolio Balance	Net Portfolio Yield, 365-day Basis
All Agency Investments	\$690,924	\$783,921,053	0.09%
MTA Special Assistance Fund	513,951	408,414,842	0.13%
TBTA Investments	157,126	130,790,645	0.12%
MTA Finance Fund	339,618	367,848,453	0.09%
MTA Transportation Resolution Funds	2,675,483	1,563,868,029	0.17%
State Service Contract Debt Service Fund	448	35,896,385	0.00%
MTA Dedicated Tax Fund Resolution Funds	99,362	171,599,849	0.06%
2 Broadway Certificates' Funds	9,658	14,138,018	0.07%
TBTA General Purpose Resolution Funds	230,901	297,420,647	0.08%
TBTA Subordinate Resolution Funds	28,266	47,106,165	0.06%
Other Restricted Funds	206,792	222,211,352	0.09%
<b>Total</b>	<b>\$4,952,529</b>	<b>\$4,043,215,438</b>	<b>0.12%</b>
Average Yield on 6 month Generic Treasury Bill (1/1/13 – 12/31/13)			0.08%
Average Yield on 12 month Generic Treasury Bill (1/1/13 – 12/31/13)			0.12%

Note: Table above only includes information on funds actively managed by MTA Treasury in accordance with the Board approved Investment Guidelines.



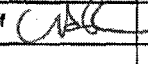
Does not include defeasance investments for tax benefit lease transactions or insurance set asides.

# Staff Summary

<b>Subject</b> Law Firm Panel Addition – PTC Agreement Support
<b>Department</b> Office of General Counsel
<b>Department Head Name</b> Jerome Page, MTA General Counsel
<b>Department Head Signature</b> 
<b>Project Manager Name</b>

<b>Date</b> April 28, 2014
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref. #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	4/28/14	X		
2	Board	4/30/14	X		

Internal Approvals			
Order	Approval	Order	Approval
3	CFO 	1	Legal 
2	Chief of Staff 		

## Purpose

Board approval is requested to add the law firm Kaplan Kirsch & Rockwell, LLP, to the list of MTA approved outside counsel. It is anticipated that legal services provided by this firm will assist MTA, MNR and LIRR efforts in connection with the development and execution of Interoperability Agreements that will be necessary for implementation of Positive Train Control.

## Discussion

Pursuant to the Rail Safety Improvement Act of 2008 and the implementing FRA Regulations, MTA, MNR and LIRR are actively progressing the design, integration and implementation of Positive Train Control ("PTC") systems to advance the safety of their train operations and satisfy their obligations as commuter railroads. Implementation of PTC across the MNR and LIRR systems will, among many other challenges, require the drafting, negotiation and entry into numerous complex "Interoperability Agreements" with other railroads, both passenger and freight, that operate over portions of the same rail lines as MNR and/or LIRR. In addition to concluding such an agreement with Amtrak, the MTA Railroads will need to address interoperability arrangements with a number of freight carriers, including CSX, Norfolk Southern, Providence & Worcester and the New York & Atlantic.

The assistance of the law firm of Kaplan Kirsch & Rockwell, LLP ("KKR") would greatly benefit MNR and LIRR in connection with the development of the required Interoperability Agreements that will be necessary for PTC implementation. KKR, through its Rail Transportation Group, has substantial experience assisting commuter rail lines in connection with operating agreements and shared use arrangements with both freight railroads and Amtrak in circumstances in which they share track or corridors with commuter systems. The firm's rail practice leader, Charles Spitulnik, based in Washington D.C., has more than 30 years of experience counseling rail transportation clients, and for the past 22 years has specialized in the provision of counsel to public transit agencies and governments engaged in public rail projects and commuter rail operations. His team has negotiated extensively with freight railroads and Amtrak on the acquisition of ownership or other rights to use rights-of-way and on arrangements for shared use of the corridors or tracks by freight, intercity passenger, regional/commuter passenger and light rail/transit operations. The KKR firm has represented or advised transit and rail authorities, and state, regional and local governments, in connection with commuter rail matters in California, South Florida, Washington (state), Delaware, Indiana, North Carolina, Utah, Vermont, Virginia, the Baltimore-Washington (D.C.) region, Denver, Atlanta and Cleveland. The firm is presently advising other public commuter systems in connection with PTC implementation, and is an active participant in industry discussions about the Interoperability arrangements attendant thereto.

# Staff Summary

## FINANCE COMMITTEE MEETING

(Cont'd.)

Page 2 of 2



Metropolitan Transportation Authority



The law firm's broad experience in addressing legal issues arising from commuter line - freight carrier interaction should be helpful to MNR and LIRR not only in tackling PTC interoperability matters, but also other legal matters involving the MTA Railroads' operating relationships with freights. As it does with its other public sector clients, KKR would offer MTA hourly rates for legal services that are discounted by twenty percent off the firm's standard hourly rates.

No other law firms with a similar level of experience and expertise in the representation of commuter railroads on these types of matters have been identified.

### Recommendation




The addition of Kaplan Kirsch & Rockwell, LLP to the MTA law firm panel will advance the MTA Railroads' PTC implementation efforts by providing MTA with the assistance of specialized counsel uniquely experienced in negotiation of agreements on behalf of commuter railroads with the freights and Amtrak addressing shared use issues in rail corridors. Given the importance of PTC implementation to MTA, MNR and LIRR, approval of the addition of this firm is strongly recommended.

## Staff Summary

<b>Subject</b> Payroll Mobility Tax Bond Resolution for Submission to the Capital Program Review Board
<b>Department</b> Finance
<b>Department Head Name</b> Bob Foran
<b>Department Head Signature</b> 
<b>Project Manager/Division Head</b> Patrick McCoy 

<b>Date</b> April 30, 2014
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance	4/28			
2	Board	4/30			

Internal Approvals			
Order	Approval	Order	Approval
3	Chairman 		Civil Rights
2	Chief of Staff 	1	Legal 
	Chief Financial Officer		Administration
	Procurement		Other

### Purpose:

To obtain Finance Committee and MTA Board approval of the annexed resolution authorizing the submission of the DRAFT Payroll Mobility Tax Obligation Resolution, Standard Resolution Provisions and Supplemental Resolution Provisions to the Capital Program Review Board ("CPRB") for approval. Upon approval by the CPRB, the full set of credit documents will be resubmitted to the Finance Committee and the MTA Board for formal adoption.

### Discussion and Background:

On May 7, 2009, legislation was enacted in New York State providing additional sources of revenues in the form of taxes, fees and surcharges to address the financial needs of the MTA. The law (Chapter 25 of the Laws of 2009) among other things:

- imposed a payroll mobility tax (the "Regional Mobility Tax") of 0.34 percent on payroll expenses and net earnings from self-employment within the MTA Commuter Transportation District ("MCTD") (effective as of March 1, 2009, except school districts, effective September 1, 2009) (the "Payroll Mobility Tax Revenues");
- imposed a supplemental fee of one dollar for each six month period of validity of a learner's permit or a driver's license issued to a person residing in the MCTD (effective September 1, 2009);
- imposed a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD (effective September 1, 2009);
- imposed on taxicab owners a tax of fifty cents per ride on taxicab rides originating in New York City and terminating within the MCTD (effective November 1, 2009);
- imposed a supplemental tax of five percent of the cost of rentals of automobiles rented within the MCTD (effective June 1, 2009).

The other new revenues described in bullets 2-5 above comprised of the supplemental fee on learners permits and drivers licenses, supplemental fees on the registration and renewal of motor vehicles, the taxicab



surcharge, and the supplemental tax on auto rentals are collectively referred to as the "Aid Trust Account Revenues".

Chapter 25 of the Laws of 2009 provided that the revenues from the Regional Mobility Tax can be: (i) pledged by MTA to secure and be applied to the payment of bonds to be issued in the future to fund capital projects of MTA, its subsidiaries, and MTA New York City Transit and its subsidiary and (ii) used by MTA to pay capital costs, including debt service, of MTA, its subsidiaries and MTA New York City Transit and its subsidiary. Subject to the provisions of any such pledge, or in the event there is no such pledge, the Regional Mobility Tax Revenues can be used by MTA to pay for costs, including operating costs, of MTA, its subsidiaries and MTA New York City Transit and its subsidiary.

Chapter 25 of the Laws of 2009 further provided that the Aid Trust Account monies may be pledged by MTA or pledged to MTA Bridges and Tunnels to secure debt of MTA or MTA Bridges and Tunnels. Subject to the provisions of such pledge, or in the event there is no such pledge, such new revenues can be used by MTA for the payment of operating and capital costs of MTA, its subsidiaries and MTA New York City Transit and its subsidiary as MTA shall determine.

On December 9, 2011, Governor Cuomo signed into law legislation (the "December Legislation") that made changes to the payroll mobility tax. The provisions eliminated or reduced the payroll mobility tax imposed within the MCTD for certain taxpayers. The December Legislation further expressly provided that any reductions in transit aid attributable to these reductions in the payroll mobility tax "shall be offset through alternative sources that will be included in the state budget" (the "PMT Revenue Offset").

As a result of the changes to the payroll mobility tax in the December Legislation, the Governor's Memorandum in Support of the December Legislation projected a reduction in revenues collected from the payroll mobility tax. The December Legislation and the 2012-13 New York State Executive Budget provided for such reductions to be offset through alternative sources to be included in New York State's 2012-13 budget via the PMT Revenue Offset. New York State's 2014-15 budget also provided for the offset of such reductions.

Several actions by five counties and a number of towns and villages, a public school district, and certain private plaintiffs challenging the constitutionality of the legislation that enacted the payroll mobility tax (Chapter 25 of the Laws of 2009) have been conclusively resolved as of January 14, 2014, either by withdrawal or judicial dismissal.

MTA staff, working with external Bond Counsel and its Financial Advisors, has drafted the annexed Payroll Mobility Tax Obligation Resolution, the Standard Resolution Provisions, and the Supplemental Standard Resolution Provisions which comprise the fundamental legal documents of the new Payroll Mobility Tax Credit pledging all of the above described revenues. MTA is required by Public Authorities Law §1269-b(9) to submit such documentation to the Capital Program Review Board for review and approval prior to formal adoption by the MTA Board.

### **Payroll Mobility Tax (PMT) Obligation Resolution Highlights:**

- Senior and Subordinate Liens Revenue Pledge: Payroll Mobility Tax Revenues, PMT Revenue Offset, Aid Trust Account Revenues.
- Debt Service Set-Aside: Monthly 1/5<sup>th</sup> interest and 1/10<sup>th</sup> principal.
- Additional Bonds Test: 2.5X Senior Maximum Annual Debt Service and 1.75X aggregate Maximum Annual Debt Service.

- Resolution authorizes bonds solely for approved Capital Program transit and commuter projects.
- Payroll Mobility Tax Revenues are segregated and held by the State Comptroller in a special trust account solely for MTA (revenues are not available for any other use).
- Legislatively proscribed monthly distribution of Payroll Mobility Tax Revenues to MTA.
- Wet/dry appropriation of Payroll Mobility Tax revenues mitigates risk of non-appropriation and insulates against State budget delays.
- Exceptionally strong Payroll Mobility Tax Revenue base of approximately \$500 billion in 2012 (79% of total adjusted NY State wages with compound annual growth of 5.65% from 1970 through 2012).
- Payroll Mobility Tax revenues flow from State Comptroller directly to the pledged account for bondholders.
- Aid Trust Account Revenues are diversified between activity and type (transactional and non-transactional).
- Aid Trust Account Revenues have no sunset and flow daily to the State Comptroller.
- State Comptroller remits revenue on the 12<sup>th</sup> of every month to the MTA Aid Trust Account in the MTA Financial Assistance Fund.
- Aid Trust Account Revenues remitted at least quarterly to MTA, subject to appropriation and deposited into the Corporate Transportation Account of the MTA Special Assistance Fund.
- After monthly set aside, excess pledged revenues are available for debt service on Transportation Revenue Bonds and then transit and commuter operating expenses.
- Non-impairment covenant of State in MTA Act.
- Statutory MTA bankruptcy prohibition in MTA Act.

### **Recommendation:**

It is recommended that the Board approve the annexed resolution authorizing the Payroll Mobility Tax Credit DRAFT documents to the CPRB for review and approval. Upon approval by the CPRB, staff will seek final MTA Board adoption of the PMT credit documents, incorporating any requested changes from the CPRB.

## **RESOLUTION PAYROLL MOBILITY TAX RESOLUTION**

**WHEREAS**, on May 7, 2009, Chapter 25 of the Laws of 2009 was enacted in New York State to provide additional sources of revenues in the form of taxes, fees and surcharges to address the financial needs of the MTA, which new law among other things:

1. imposes a regional payroll mobility tax ("PMT") of 0.34 percent on payroll expenses and net earnings from self-employment within the MTA Commuter Transportation District ("MCTD") (effective as of March 1, 2009, except school districts, effective September 1, 2009);
2. imposes a supplemental fee of one dollar for each six month period of validity of a learner's permit or a driver's license issued to a person residing in the MCTD (effective September 1, 2009);
3. imposes a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD (effective September 1, 2009);
4. imposes on taxicab owners a tax of fifty cents per ride on taxicab rides originating in New York City and terminating within the MCTD (effective November 1, 2009); and
5. imposes a supplemental tax of five percent of the cost of rentals of automobiles rented within the MCTD (effective June 1, 2009); and

**WHEREAS**, those taxes and fees described in items #2-5 above collectively are known as the "Aid Trust Account Revenues"; and

**WHEREAS**, on December 9, 2011, Governor Cuomo signed into law legislation (the "December Legislation") that made changes to the PMT, including elimination or reduction of the PMT imposed within the MCTD for certain taxpayers and expressly provided that any reductions in transit aid attributable to these reductions in the PMT "shall be offset through alternative sources that will be included in the state budget ("PMT Revenue Offset"); and

**WHEREAS**, the Governor's Memorandum in Support of the December Legislation projected a reduction in revenues collected from the PMT of \$310 million in 2012; and

**WHEREAS**, the December Legislation and the 2012-13 New York State Executive Budget provided for such reductions to be provided to MTA through the PMT Revenue Offset and were included in New York State's 2012-13 budget and in the State's 2014-15 budget; and

**WHEREAS**, several actions by five counties and a number of towns and villages, a public school district, and certain private plaintiffs challenging the constitutionality of the legislation that enacted the payroll mobility tax (Chapter 25 of the Laws of 2009) have been conclusively resolved as of January 14, 2014, either by withdrawal or judicial dismissal; and

**WHEREAS**, MTA desires to access the capital markets to provide low cost bond financing for existing approved, and future, MTA Capital Programs; and

**WHEREAS**, approval of the PMT Resolution will permit MTA to reduce its borrowing needs under the Transportation Revenue Bond Resolution and achieve an expected lower borrowing cost for the Capital Program, and

**WHEREAS**, the PMT, the PMT Revenue Offset monies, together with Aid Trust Account Revenues, constitute a stable and diverse revenue stream that can be used to secure the issuance of notes, bonds and other indebtedness in support of MTA Capital Programs; and

**WHEREAS**, MTA Finance and Legal staff, together with outside Bond Counsel and Financial Advisors, have drafted the annexed Payroll Mobility Tax Obligation Resolution, Standard Resolution Provisions and Supplemental Resolution Provisions (collectively, the "Payroll Mobility Tax Obligation Resolution Documents" ; and

**WHEREAS**, MTA is statutorily required to submit the Payroll Mobility Tax Obligation Resolution Documents to the Capital Program Review Board ("CPRB") prior to adoption by the MTA Board;

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby authorizes the submission of the Payroll Mobility Tax Obligation Resolution Documents to the CPRB.

Dated: April 30, 2014

**DRAFT DATED 3/18/14**

**METROPOLITAN TRANSPORTATION AUTHORITY**

**REGIONAL PAYROLL MOBILITY TAX  
OBLIGATION RESOLUTION**

Adopted \_\_\_\_\_, 2014  
As Approved By The  
Metropolitan Transportation Authority  
Capital Program Review Board  
on \_\_\_\_\_, 2014

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**Annex A – Standard Resolution Provisions**

**Annex B – Supplemental Standard Resolution Provisions for Regional Payroll Mobility Tax Second Lien Obligations and Second Lien Parity Debt**

**Exhibit One – Form of Obligations**

**Exhibit Two – Form of Second Lien Obligations**

## **REGIONAL PAYROLL MOBILITY TAX OBLIGATION RESOLUTION**

BE IT RESOLVED by the Members of the Metropolitan Transportation Authority as follows:

### **ARTICLE I STANDARD RESOLUTION PROVISIONS; DEFINITIONS**

**Section 101. Standard Resolution Provisions.** Except as otherwise specifically provided herein, by Supplemental Resolution or by Section A-102 of the Standard Resolution Provisions appended hereto as Annex A and the Supplemental Standard Resolution Provisions for Regional Payroll Mobility Tax Second Lien Obligations and Second Lien Parity Debt appended hereto as Annex B constitute an integral part of the Resolution and have the same force and effect as if set forth in the forepart of the Resolution.

**Section 102. Definitions.** Except as the context shall otherwise require, capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Standard Resolution Provisions or Supplemental Standard Resolution Provisions. In the event any such term is defined in both the Standard Resolution Provisions and the Supplemental Standard Resolution Provisions, the definition contained in the Standard Resolution Provisions shall control in respect of Obligations and Parity Debt and the definition contained in the Supplemental Standard Resolution Provisions shall control in respect of Second Lien Obligations and Second Lien Parity Debt. The following terms shall, for all purposes of the Resolution, have the following meanings:

**Aid Trust Account** shall mean the metropolitan transportation authority aid trust account established in the Financial Assistance Fund pursuant to Section 92-ff of the State Finance Law, as amended.

**Aggregate Calculated Debt Service** shall mean Calculated Debt Service plus Calculated Second Lien Debt Service.

**ATA Funds** shall mean amounts on deposit in the Corporate Transportation Account in the MTA Special Assistance Fund pursuant to paragraphs (b-1) and (c-3) of subdivision 2 of Section 503 and Sections 499, 499-a, 499-b, 499-c and 499-d of the Vehicle and Traffic Law, as amended, and Section 1288 and Section 1165 of the Tax Law, as amended, which amounts represent amounts deposited in the Corporate Transportation Account from amounts deposited in the Aid Trust Account pursuant to Section 92-ff of the State Finance Law, as amended, or any other provision of law directing or permitting the deposit of money into the Aid Trust Account in the MTA Finance Fund from such Account.

**ATA Receipts** shall mean all ATA Funds deposited into the Pledged Amounts Account in the MTA Finance Fund.

**ATA Receipts Subaccount** shall mean the Account by that name established in the Pledged Amounts Account in the MTA Finance Fund by the Issuer as authorized by Section 505.



**Capital Cost Obligations** shall mean Obligations authenticated and delivered on original issuance pursuant to Section 203.

**Capital Cost Second Lien Obligations** shall mean Second Lien Obligations authenticated and delivered on original issuance pursuant to Section 208.

**Capital Costs** shall mean (i) the costs of the Issuer or any other Related Entity for the planning, design, acquisition, construction, reconstruction, rehabilitation or improvement of all or any part of the RPMT Transit and Commuter Project, including costs of acquisition of real or personal property or any interests therein, legal, administrative, engineering, planning, design, studies, insurance, financing costs (including Costs of Issuance), and initial working capital required for the commencement of operation of any such project and any capital contributions, whether or not represented by equity or debt securities or other evidences of indebtedness made by the Issuer or any other Related Entity to any Person participating in a RPMT Transit and Commuter Project for the purpose of funding any costs described in this clause (i); (ii) amounts paid into any Fund or Account upon the issuance of any Obligations or Second Lien Obligations; and (iii) payment when due (whether at the maturity of principal or on the due date of interest or upon redemption or when otherwise due, including by purchase or through tender or exchange) on any indebtedness or obligation of the Issuer or any other Related Entity which was issued or incurred to finance costs that could at the time of such payment be funded directly hereunder, including Obligations, Obligation Anticipation Notes, Parity Debt, Second Lien Obligations, Second Lien Obligation Anticipation Notes, Second Lien Parity Debt, Other Subordinated Obligations, any termination or other payments for financial, fuel or other hedging arrangements, or any such indebtedness or obligation issued or incurred by any Related Entity in connection with the RPMT Transit and Commuter Project.

**Corporate Transportation Account** shall mean the account bearing such name established by the Issuer in the Metropolitan Transportation Authority Special Assistance Fund pursuant to Section 1270-a of the Issuer Act.

**Debt Service Year** shall mean the calendar year, except that the first Debt Service Year shall begin on the date specified in the Supplemental Resolution authorizing the first Series of Obligations or Second Lien Obligations to be issued hereunder.

**Financial Assistance Fund** shall mean the fund established pursuant to Section 92-ff of the State Finance Law, as amended, and entitled the "Metropolitan Transportation Authority Financial Assistance Fund" and consisting of a Mobility Tax Trust Account and an Aid Trust Account.

**Issuer** shall mean the MTA.

**Mobility Tax Receipts** shall mean all amounts deposited into the Pledged Amounts Account in the MTA Finance Fund from amounts on deposit in the Mobility Tax Trust Account in the Financial Assistance Fund pursuant to Section 805 of the Tax Law, as amended, and any other provision of law directing or permitting the deposit of money on deposit in the Mobility Tax Trust Account in the Financial Assistance Fund into the MTA Finance Fund including, without limitation, amounts constituting Mobility Tax Replacement Receipts.

**Mobility Tax Receipts Subaccount** shall mean the Account by that name established in the Pledged Amounts Account in the MTA Finance Fund by the Issuer as authorized by Section 505.

**Mobility Tax Replacement Receipts** shall mean all amounts deposited into the Pledged Amounts Account in the MTA Finance Fund from amounts on deposit in the Mobility Tax Trust Account in the Financial Assistance Fund (i) provided from alternate sources included in an adopted State budget, (ii) constituting amounts provided to the Issuer as an offset to the elimination, reduction or other modification of amounts previously provided to the Issuer as Mobility Tax Receipts and directed or permitted to be deposited in the Mobility Tax Trust Account in the Financial Assistance Fund into the MTA Finance Fund pursuant to provision of law.

**Mobility Tax Second Lien Debt Service Fund Requirement** shall mean, with respect to each Series of Second Lien Obligations, an amount equal to the sum of (a) all interest and Principal Installments due and unpaid on any Second Lien Obligations of such Series and on any Second Lien Parity Debt as of such date and (b) an amount, calculated as of the last day of the month in which such calculation is made, equal to the sum of (i) the product of (A) the interest portion of Debt Service due on or in respect of all Outstanding Second Lien Obligations of such Series and any Second Lien Parity Debt as of the next succeeding interest payment date for such Series of Second Lien Obligations and (B) a fraction, the denominator of which is never less than 1, but otherwise is 1 less than the number of months from the preceding interest payment date for the Second Lien Obligations of such Series to the next interest payment date for such Second Lien Obligations (or the date from which interest began to accrue on such Second Lien Obligations if there is no preceding interest payment date for such Second Lien Obligations), and the numerator of which is the number of months which will have elapsed as of the last day of the month in which such calculation is made from such preceding interest payment date for such Second Lien Obligations (or the date from which interest began to accrue on such Second Lien Obligations if there is no preceding interest payment date for such Second Lien Obligations), and (ii) 10% of the Principal Installment (including in each case for purposes of this definition, principal components of Second Lien Parity Debt) due on or in respect of such Second Lien Obligations and Second Lien Parity Debt on the next succeeding Principal Installment due date (20% for Principal Installments payable 6 months after the preceding Principal Installment) times the number of months which have elapsed since the preceding Principal Installment due date (or, if there shall be no such preceding Principal Installment due date or such preceding Principal Installment due date is more than 1 year prior to the due date of such Principal Installment, then, from *the later of* a date 1 year preceding the due date of such Principal Installment and the date of, as appropriate, issuance or incurrence of the Second Lien Obligations of such Series or of such Second Lien Parity Debt); *provided, however, that* the amount calculated pursuant to clause (b)(i) above for any Series of Second Lien Obligations shall never exceed the interest due and payable on such next succeeding interest payment date (including additional interest pursuant to any related Second Lien Parity Debt) and the amount calculated pursuant to clause (b)(ii) shall never exceed the Principal Installment due on the next succeeding Principal Installment due date; and *provided further that*, with respect to each Series of Second Lien Obligations, commencing on the fifteenth day of the month preceding the month in which each interest payment date occurs, the Mobility Tax Second Lien Debt Service Requirement shall be no less than the interest and Principal Installments, if any, payable on such interest payment date with respect to such

Series. In addition, notwithstanding any other provision of the Resolution, including the Standard Resolution Provisions and the Supplemental Standard Resolution Provisions, for purposes of calculating the Mobility Tax Second Lien Debt Service Fund Requirement as of any date and determining the amount of any required deposits into the Second Lien Debt Service Fund in respect of any Second Lien Put Obligations which are subject to mandatory tender other than at the election of the Issuer or any Related Entity or any other Second Lien Obligations described in clause (iii) of the definition of Calculated Second Lien Debt Service, deposits into the Second Lien Debt Service Fund relating to Second Lien Obligation Principal Installments shall be required to be made in six equal monthly installments beginning on the date which is six months prior to such mandatory tender date in the case of Second Lien Put Obligations or six months prior to the stated maturity date of such other Second Lien Obligations. For purposes of computing the Mobility Tax Second Lien Debt Service Fund Requirement, the Second Lien Obligations of a Series and any Second Lien Parity Debt payable on each different interest payment date shall be treated as a separate Series, and if Second Lien Obligations of any Series or any Second Lien Parity Debt have different interest payment dates, such computation shall be done separately in respect of each such interest payment date.

**Mobility Tax Senior Debt Service Fund Requirement** shall mean, with respect to each Series of Obligations and as of any date, an amount equal to the sum of (a) all interest and Principal Installments due and unpaid on any Obligations of such Series and on any Parity Debt as of such date and (b) an amount, calculated as of the last day of the month in which such calculation is made, equal to the sum of (i) the product of (A) the interest portion of Debt Service due on or in respect of all Outstanding Obligations of such Series and any Parity Debt as of the next succeeding interest payment date for such Series of Obligations and (B) a fraction, the denominator of which is never less than 1, but otherwise is 1 less than the number of months from the preceding interest payment date for the Obligations of such Series to the next interest payment date for such Obligations (or the date from which interest began to accrue on such Obligations if there is no preceding interest payment date for such Obligations), and the numerator of which is the number of months which will have elapsed as of the last day of the month in which such calculation is made from such preceding interest payment date for such Obligations (or the date from which interest began to accrue on such Obligations if there is no preceding interest payment date for such Obligations), and (ii) 10% of the Principal Installment (including in each case for purposes of this definition, principal components of Parity Debt) due on or in respect of such Obligations and Parity Debt on the next succeeding Principal Installment due date (20% for Principal Installments payable 6 months after the preceding Principal Installment) times the number of months which have elapsed since the preceding Principal Installment due date (or, if there shall be no such preceding Principal Installment due date or such preceding Principal Installment due date is more than 1 year prior to the due date of such Principal Installment, then, from *the later of* a date 1 year preceding the due date of such Principal Installment and the date of, as appropriate, issuance or incurrence of the Obligations of such Series or of such Parity Debt); *provided, however, that* the amount calculated pursuant to clause (b)(i) above for any Series of Obligations shall never exceed the interest due and payable on such next succeeding interest payment date (including additional interest pursuant to any related Parity Debt) and the amount calculated pursuant to clause (b)(ii) shall never exceed the Principal Installment due on the next succeeding Principal Installment due date; and *provided further that*, with respect to each Series of Obligations, commencing on the fifteenth day of the month preceding the month in which each interest payment date occurs, the Mobility Tax Senior

Debt Service Fund Requirement shall be no less than the interest and Principal Installments, if any, payable on such interest payment date with respect to such Series. In addition, notwithstanding any other provision of the Resolution, including the Standard Resolution Provisions and the Supplemental Standard Resolution Provisions, for purposes of calculating the Mobility Tax Senior Debt Service Fund Requirement as of any date and determining the amount of any required deposits into the Senior Debt Service Fund in respect of any Put Obligations which are subject to mandatory tender other than at the election of the Issuer or any Related Entity or any other Obligations described in clause (iii) of the definition of Calculated Debt Service, deposits into the Senior Debt Service Fund relating to Principal Installments shall be required to be made in six equal monthly installments beginning on the date which is six month prior to such mandatory tender date in the case of Put Obligations or six months prior to the stated maturity date of such other Obligations. For purposes of computing the Mobility Tax Senior Debt Service Fund Requirement, the Obligations of a Series and any Parity Debt payable on each different interest payment date shall be treated as a separate Series, and if Obligations of any Series or any Parity Debt have different interest payment dates, such computation shall be done separately in respect of each such interest payment date.

**Mobility Tax Trust Account** shall mean the mobility tax trust account established in the Financial Assistance Fund pursuant to Section 92-ff of the State Finance Law, as amended.

**MTA Finance Fund** shall mean the Metropolitan Transportation Authority Finance Fund established by the Issuer pursuant to Section 1270-h of the Issuer Act and consisting of a Pledged Amounts Account and an Operating and Capital Costs Account.

**Obligations** shall mean any bonds, notes, commercial paper or other form of indebtedness of the Issuer payable from the Senior Debt Service Fund, authorized by Section 201 and delivered pursuant to Section 202 or authorized pursuant to Section A-203, but *excluding* Obligation Anticipation Notes to the extent not payable from the Senior Debt Service Fund.

**Obligations COI Subaccount** shall mean the applicable Subaccount by that name established in the Obligations Proceeds Fund for a Series of Obligations pursuant to Section 503.

**Obligations Event of Default** shall mean the events defined as such in Section 701.

**Obligations Proceeds Account** shall have the meaning given such term in Section 503.

**Obligations Proceeds Fund** shall mean the Fund by that name established in Section 502.

**Obligations Trust Estate** shall mean, collectively, but subject to the terms and provisions of Section 501, all right, title and interest of the Issuer in:

- (i) the proceeds of the sale of the Obligations,
- (ii) the Pledged Amounts Account in the MTA Finance Fund, any money on deposit therein and any money received and held by the Issuer which is required to be deposited therein, and

(iii) all Funds, Accounts and Subaccounts established by the Resolution (other than (a) the Second Lien Obligations Proceeds Fund and the Second Lien Debt Service Fund, and any accounts and subaccounts therein and (b) funds and any accounts and subaccounts therein established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations or Parity Debt; provided, however, that, in the case of funds described in clause (b) hereof, such funds, accounts and subaccounts are specifically excepted from the Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations or Parity Debt), including the investments, if any, thereof.

**Operating and Capital Costs Account** shall mean the account by that name established in the MTA Finance Fund in accordance with Section 505.

**Other Subordinated Obligations** shall mean any payment obligation (other than a payment obligation constituting Parity Debt or Second Lien Parity Debt) arising under any other contract, agreement or other obligation of the Issuer designated as "Other Subordinated Obligations" in a certificate of an Authorized Officer of the Issuer payable from amounts available to be transferred pursuant to clause third of subsection 4 of Section 505 of the Resolution and shall include, without limitation, swap termination or other fees, expenses, indemnification or other such obligations, Reimbursement Obligations not constituting Parity Reimbursement Obligations, and Reimbursement Second Lien Obligations not constituting Parity Reimbursement Second Lien Obligations.

**Pledged Amounts Account** shall mean the account by that name established in the MTA Finance Fund by the Issuer in accordance with Section 505.

**Refunding Obligations** shall mean all Obligations authenticated and delivered on original issuance pursuant to Section 205.

**Refunding Second Lien Obligations** shall mean all Second Lien Obligations authenticated and delivered upon original issuance pursuant to Section 209.

**Resolution** shall mean this Regional Payroll Mobility Tax Obligation Resolution (including the Standard Resolution Provisions set forth in Annex A and the Supplemental Standard Resolution Provisions set forth in Annex B), as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms hereof.

**RPMT Transit and Commuter Project** shall mean any Transportation District Project that may be financed with obligations the payment of which may be secured by and paid from amounts in the MTA Finance Fund in accordance with Section 1270-h of the Issuer Act.

**Second Lien Debt Service Fund** shall mean the Fund by that name established in Section 502.

**Second Lien Obligations** shall mean any bonds, notes, commercial paper or other forms of indebtedness of the Issuer, payable from the Second Lien Debt Service Fund, authorized by Section 206 and delivered pursuant to Section 207 or authorized pursuant to Section B-203, but excluding Second Lien Obligation Anticipation Notes to the extent not payable from the Second

Lien Debt Service Fund. All Second Lien Obligations shall be payable and secured in the manner permitted by Article V, and any lien on and pledge of any portion of the Second Lien Obligations Trust Estate securing Second Lien Obligations shall be junior and inferior to the lien on and a pledge of the Obligations Trust Estate herein created for the payment of the Obligations and Parity Debt.

**Second Lien Obligations COI Subaccount** shall mean the applicable Subaccount by that name established in the Second Lien Obligations Proceeds Fund for a Series of Second Lien Obligations pursuant to Section 504.

**Second Lien Obligations Event of Default** shall mean the events defined as such in Section 704.

**Second Lien Obligations Proceeds Fund** shall mean the Fund by that name established in Section 502.

**Second Lien Obligations Trust Estate** shall mean, collectively, but subject to the terms and provisions of Article V, all right, title and interest of the Issuer in:

(i) the proceeds of the sale of the Second Lien Obligations,

(ii) the Pledged Amounts Account in the MTA Finance Fund, any money on deposit therein and any money received and held by the Issuer which is required to be deposited therein, subject to the subordination provisions set forth in Article V of the Resolution, and

(iii) the Second Lien Obligations Proceeds Fund and the Second Lien Debt Service Fund (other than funds, accounts and subaccounts therein established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Second Lien Obligations, Second Lien Put Obligations or Second Lien Parity Debt, provided that such funds, accounts and subaccounts are specifically excepted from the Second Lien Obligations Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Second Lien Obligations, Second Lien Put Obligations or Second Lien Parity Debt), and any accounts and subaccounts therein including the investments, if any, thereof.

**Second Lien Trustee** shall mean the Trustee or, if so provided in the Supplemental Resolution creating any Second Lien Obligations or Second Lien Parity Debt, the entity meeting the requirements of subdivision 3 of Section B-710 of the Supplemental Standard Resolution Provisions and designated as Second Lien Trustee in a Supplemental Resolution.

**Senior Debt Service Fund** shall mean the Fund by that name established in Section 502.

**Standard Resolution Provisions** shall mean the Standard Resolution Provisions appended hereto as Annex A.

**Subaccount** or **Subaccounts** shall mean each subaccount or all of the subaccounts established in Article V, as the case may be.

**Supplemental Standard Resolution Provisions** shall mean the Supplemental Standard Resolution Provisions for Regional Payroll Mobility Tax Second Lien Obligations and Second Lien Parity Debt appended hereto as Annex B.

**Section 103. Interpretation; Amendments to Certain Standard Resolution Provisions.**

1. Second Lien Obligations shall constitute Subordinated Indebtedness and Second Lien Parity Debt shall constitute Subordinated Contract Obligations for purposes of the Standard Resolution Provisions.

2. Clause (3) of the definition of "Calculated Debt Service" in Section A-101 is hereby amended by deleting "twenty-five per centum (25%)" and inserting "fifteen per centum (15%)" in replacement thereof.

3. Subsection 4 of Section A-202 is hereby amended to delete all references therein to "Subordinated Contract Obligations and inserting "Other Subordinated Obligations" in replacement thereof.

4. The reference in clause (iii) of Section A-203 is hereby amended by deleting the reference to "Subordinated Indebtedness" and inserting "Other Subordinated Obligations" in replacement thereof.

5. The first sentence of the second paragraph of Section A-402 is hereby amended by deleting the words "To the extent provided by Supplemental Resolution, the" and inserting the word "The" in replacement thereof.

6. Subsection 3 of Section A-710 is hereby amended by deleting such subsection in its entirety and inserting the following in replacement thereof:

"3. Any Trustee appointed under the provisions of this Section A-710 in succession to the Trustee shall be a Bank that is organized under the laws of the State, or, if organized under the laws of another state, authorized to do business in the State of New York, or is a national banking association organized under the laws of the United States of America, doing business and having a corporate trust office in The City of New York, and which at the time of selection meets all thresholds for being well capitalized or adequately capitalized under the prompt corrective action framework applicable to insured depository institutions under Section 38 of the Federal Deposit Insurance Act as in effect from time to time or all thresholds for substantially equivalent categories in any successor legislation, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution."

7. Section A-712 is hereby amended by deleting the "provided" clause thereof and inserting in lieu thereof the following:

"provided such Person shall be a Bank that is organized under the laws of the State, or, if organized under the laws of another state, authorized to do business in the State

of New York, or is a national banking association organized under the laws of the United States of America, doing business and having a corporate trust office in The City of New York, and which at the time of selection meets all thresholds for being well capitalized or adequately capitalized under the prompt corrective action framework applicable to insured depository institutions under Section 38 of the Federal Deposit Insurance Act as in effect from time to time or all thresholds for substantially equivalent categories in any successor legislation, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution, and shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.”

8. Subsection 1 of Section A-713 is hereby amended by deleting the third sentence thereof in its entirety and substituting in replacement thereof the following:

“Any successor Paying Agent or Registrar shall be appointed by the Issuer, with the approval of the Trustee, and (subject to the requirements of Section A-603) shall be a Bank that is organized under the laws of the State, or, if organized under the laws of another state, authorized to do business in the State of New York, or is a national banking association organized under the laws of the United States of America, doing business and having a corporate trust office in The City of New York, and which at the time of selection meets all thresholds for being well capitalized or adequately capitalized under the prompt corrective action framework applicable to insured depository institutions under Section 38 of the Federal Deposit Insurance Act as in effect from time to time or all thresholds for substantially equivalent categories in any successor legislation, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.”

9. Sections A-801, A-802 and A-803 of Article A-VIII are hereby amended by deleting each of such Sections in its entirety and inserting “Reserved.” in replacement thereof.

10. Section A-902 is hereby amended by deleting the last sentence in its entirety and inserting the following in replacement thereof:

“Notwithstanding anything in this Section or the Resolution to the contrary, the consent of Owners of any Series of additional Obligations to be issued hereunder to any modification or amendment of the Resolution, which modification or amendment, as well as such consent, is disclosed in the official statement or other offering document prepared in connection with the primary offering of such Series of additional Obligations, shall be deemed given and irrevocable and no other evidence of such consent shall be required.”

11. Section A-903 is hereby amended by deleting the fourth sentence in its entirety and inserting in replacement thereof the following:



"Any such consent, including any consent provided pursuant to the last sentence of Section A-902, shall be irrevocable and binding upon the Owner of the Obligations giving such consent and, anything in Section A-1102 to the contrary notwithstanding, upon any subsequent Owner of such Obligations and of any Obligations issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof)."

12. Notwithstanding any other provisions of the Resolution, including the Standard Resolution Provisions and the Supplemental Standard Resolution Provisions, to the extent the consent of Owners of Obligations and Second Lien Owners is at any time required, the existence of the consent of the required percentages of Owners of Obligations and of Second Lien Owners shall be determined separately for Obligations and for Second Lien Obligations.

## **ARTICLE II AUTHORIZATION AND ISSUANCE OF THE OBLIGATIONS AND SECOND LIEN OBLIGATIONS**

### **Section 201. Authorization of the Obligations.**

1. The Resolution hereby authorizes Obligations of the Issuer designated as "Regional Payroll Mobility Tax Obligations", which Obligations, if and when authorized by the Issuer pursuant to one or more Supplemental Resolutions, may be issued in one or more Series or subseries. Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations which convert on a particular date or dates from Taxable Obligations to Tax-Exempt Obligations, or as Taxable Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Obligations, or otherwise as determined by Supplemental Resolution and not contrary to the Resolution as then in effect. The Obligations shall be *special obligations* of the Issuer payable solely from the Obligations Trust Estate pledged to the payment thereof pursuant to Section 501.1. The aggregate principal amount of the Obligations which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as may from time to time be limited by law.

2. The Obligations may, if and when authorized by the Issuer pursuant to one or more Supplemental Resolutions, be issued in one or more Series or subseries, and the designations thereof, in addition to the name "Regional Payroll Mobility Tax Obligations", shall include such further or different designations in such title for the Obligations of any particular Series or subseries as the Issuer may determine. Each Obligation shall bear upon its face the designation so determined for the Series or subseries to which it belongs.

3. Nothing in the Resolution shall be deemed to prevent the consolidation into a single Series or subseries for purposes of issuance and sale of Obligations otherwise permitted by the Resolution to be issued at the same time in two or more separate Series or subseries. In the event that separate Series or subseries are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution notwithstanding any other provision of the Resolution. Nothing in the Resolution (except to the extent required by Supplemental Resolution) shall be deemed to prevent the separation into separate Series or subseries for

purposes of issuance and sale Obligations otherwise permitted by the Resolution to be issued in one Series or subseries.

4. Obligations may be issued for any of the purposes set forth in Sections 203 or 205.

**Section 202. General Provisions for Issuance of Obligations.** Obligations may be issued pursuant to a Supplemental Resolution upon satisfaction of the provisions of Section A-201, except that the Opinion of Bond Counsel required by Section A-201.2(a)(iii) shall be to the effect that the Obligations are valid and binding special obligations of the Issuer, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Issuer Act and the Resolution, each as amended to the date of such Opinion of Bond Counsel.

**Section 203. Special Provisions for Capital Cost Obligations.**

1. The Obligations of one or more Series may at any time, or from time to time, be authenticated and delivered upon original issuance pursuant to this Section 203 to pay, or to provide for the payment of, all or part of the Capital Costs included in a Capital Program Plan (within the meaning of Section 1269-b of the Issuer Act or any successor provision) if a Capital Program Plan is then required.

2. The Obligations of each such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 202) of:

(a) A certificate of an Authorized Officer to the effect that the Issuer then is, and, upon the authentication and delivery of the Obligations of such Series, shall be, in compliance with all applicable provisions of the Issuer Act relating to the issuance, sale and delivery of such Obligations;

(b) A certificate of an Authorized Officer

(A) setting forth for any 12 consecutive calendar months ended not more than 6 months prior to the date of such certificate: (i) Mobility Tax Receipts and (ii) ATA Receipts;

(B) setting forth the greatest amount for the then current or any future Debt Service Year of the sum of (x) Calculated Debt Service on all Outstanding Obligations, *including* the proposed Capital Cost Obligations and any proposed Refunding Obligations being treated as Capital Cost Obligations for purposes of clause (ii) of paragraph (e) of Section 205.1 hereof but *excluding* any Obligations or Parity Debt to be refunded with the proceeds of such Refunding Obligations being treated as Capital Cost Obligations, plus (y) additional amounts, if any, payable with respect to Parity Debt;

(C) stating that the sum of the Mobility Tax Receipts and ATA Receipts set forth in clause (A) hereof is not less than 2.5 times the amount set forth in clause (B) hereof;

(D) setting forth the greatest amount for the then current or any future Debt Service Year of the sum of (x) Calculated Debt Service on all Outstanding Obligations, *including* the proposed Capital Cost Obligations and any proposed Refunding Obligations being treated as Capital Cost Obligations for purposes of clause (ii) of paragraph (e) of Section 205.1 hereof but *excluding* any Obligations or Parity Debt to be refunded with the proceeds of such Refunding Obligations being treated as Capital Cost Obligations, (y) Calculated Second Lien Debt Service on all Outstanding Second Lien Obligations, *excluding* any Obligations, Parity Debt, Second Lien Obligations or Second Lien Parity Debt to be refunded with the proceeds of such Refunding Obligations being issued as Capital Cost Obligations for purposes of clause (ii) of paragraph (e) of Section 205.1, plus (z) additional amounts, if any, payable with respect to Parity Debt or Second Lien Parity Debt; and

(E) stating that the sum of the Mobility Tax Receipts and ATA Receipts set forth in clause (A) hereof is not less than 1.75 times the amount set forth in clause (D) hereof;

*provided, however, that* if on the date of delivery of such certificate, there is then and thereafter required to be deposited into the MTA Finance Fund so as to constitute Mobility Tax Receipts or into the Corporate Transportation Account so as to constitute ATA Receipts or into the Pledged Amounts Account any other receipts, in each such case, which were not required to be deposited therein during the entire 12 month period to which such certificate relates, the Issuer may include in such certificate the amount which an Authorized Officer estimates would have been deposited in the MTA Finance Fund or the Corporate Transportation Account or the Pledged Amounts Account during such period if such amounts had been required to be so deposited for such entire 12 month period.

#### **Section 204. Special Provisions for Other Subordinated Obligations.**

Other Subordinated Obligations may be issued upon the terms and conditions set forth in a Supplemental Resolution of the Issuer adopted at the time of issuance of such Other Subordinated Obligations with such terms and conditions as shall be established by the Issuer in such Supplemental Resolution.

#### **Section 205. Special Provisions for Refunding Obligations.**

1. In addition to refinancings permitted under Section 203, one or more Series of Refunding Obligations (in an aggregate principal amount which will provide funds, together with other money available therefore, to accomplish such refunding) may be authenticated and

delivered upon original issuance to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations or Parity Debt. The Refunding Obligations of such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee, in addition to the documents required by Section 202, of

(a) If the Obligations or Parity Debt to be refunded are to be redeemed, instructions to the Trustee and/or the trustee for the Parity Debt, satisfactory to it, to give due notice of redemption of all the Obligations or Parity Debt so to be refunded on a redemption date specified in such instructions;

(b) If the Obligations or Parity Debt to be refunded are to be deemed paid within the meaning of the second sentence of Section A-1101.2 or similar provision with respect to Parity Debt, instructions to the Trustee and/or the trustee for the Parity Debt, satisfactory to it, to give due notice in the manner provided in the second sentence of Section A-1101.2 or similar provision with respect to Parity Debt with respect to the payment of the said Obligations or Parity Debt pursuant to said Section or provision;

(c) If the Obligations or Parity Debt to be refunded are to be deemed paid within the meaning of the second sentence of Section A-1101.2 or similar provision with respect to Parity Debt, (i) money and/or (ii) Defeasance Securities as shall be necessary to comply with the provisions of the second sentence of Section A-1101.2 or defeasance securities as shall be necessary to comply with any similar provision with respect to Parity Debt, which Defeasance Securities or defeasance securities and/or money shall be held in trust and used only as provided in Section A-1101 or similar provision with respect to Parity Debt;

(d) If the proceeds of such Series of Refunding Obligations are to be utilized by the Issuer to purchase (in connection with a tender for or redemption of Obligations or Parity Debt, or otherwise) Obligations or Parity Debt to be delivered to the Trustee and/or the trustee for the Parity Debt in satisfaction of a Sinking Fund Installment in accordance with Section A-502.3 or similar provision with respect to Parity Debt, a certificate of an Authorized Officer specifying the matters required thereby; and

(e) Either (i) a certificate of an Authorized Officer (w) setting forth (A) the greatest amount of Calculated Debt Service on all Outstanding Obligations and Parity Debt for any future Debt Service Year during the term of the Obligations (including the Refunding Obligations then proposed to be issued but excluding the Obligations or Parity Debt to be refunded or purchased) and (B) the greatest amount of Calculated Debt Service on all Outstanding Obligations and Parity Debt for any future Debt Service Year during the term of the Obligations as calculated immediately prior to the issuance of the Refunding Obligations (including the Obligations or Parity Debt to be refunded or purchased but excluding the Refunding Obligations), (x) stating that the greatest amount of Calculated Debt Service on all Outstanding Obligations and Parity Debt for any

future Debt Service Year during the term of the Obligations set forth pursuant to (A) above is not greater than the greatest amount of Calculated Debt Service on all Outstanding Obligations and Parity Debt for any future Debt Service Year during the term of the Obligations set forth pursuant to (B) above, (y) setting forth (C) the greatest amount of Calculated Debt Service on all Outstanding Obligations and Parity Debt and Calculated Second Lien Debt Service on all Outstanding Second Lien Obligations and Second Lien Parity Debt for any future Debt Service Year (including the Refunding Obligations then proposed to be issued but excluding the Obligations or Parity Debt to be refunded or purchased) and (D) the greatest amount of aggregate Calculated Debt Service on all Outstanding Obligations and Parity Debt and Calculated Second Lien Debt Service on all Outstanding Second Lien Obligations and Second Lien Parity Debt for any future Debt Service Year as calculated immediately prior to the issuance of the Refunding Obligations (including the Obligations or Parity Debt to be refunded or purchased but excluding the Refunding Obligations) and (z) stating that the greatest amount of aggregate Calculated Debt Service on all Outstanding Obligations and Parity Debt and Calculated Second Lien Debt Service on all Outstanding Second Lien Obligations and Second Lien Parity for any future Debt Service Year set forth pursuant to (C) is not greater than the greatest amount of aggregate Calculated Debt Service on all Outstanding Obligations and Parity Debt and Calculated Second Lien Debt Service on all Outstanding Second Lien Obligations and Second Lien Parity Debt set forth pursuant to (D) above; or (ii) the certificate provided for in clause (b) of Section 203.2 with respect to such Series of Refunding Obligations, considering for all purposes of such certificate that such Series of Refunding Obligations is a Series of Capital Cost Obligations and that the Refunding Obligations then proposed to be issued will be Outstanding but the Obligations or Parity Debt to be refunded will no longer be Outstanding.

2. The proceeds, including accrued interest, of the Refunding Obligations of each such Series shall be applied simultaneously with the delivery of such Obligations in the manner provided in the Supplemental Resolution authorizing such Obligations.

## **Section 206. Authorization of Second Lien Obligations.**

1. The Resolution hereby authorizes Second Lien Obligations of the Issuer designated as "Regional Payroll Mobility Tax Second Lien Obligations", which Second Lien Obligations, if and when authorized by the Issuer pursuant to one or more Supplemental Resolutions, may be issued in one or more Series or subseries. Second Lien Obligations may be issued as Tax-Exempt Second Lien Obligations, as Taxable Second Lien Obligations, as obligations which convert on a particular date or dates from Taxable Second Lien Obligations to Tax-Exempt Second Lien Obligations, or as Taxable Second Lien Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Second Lien Obligations, or otherwise as determined by Supplemental Resolution and not contrary to the Resolution as then in effect. The Second Lien Obligations shall be *special obligations* of the Issuer payable solely from the Second Lien Obligations Trust Estate pledged to the payment thereof pursuant to Section 501.5. The aggregate principal amount of the Second Lien Obligations which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as may from time to time be limited by law.

2. The Second Lien Obligations may, if and when authorized by the Issuer pursuant to one or more Supplemental Resolutions, be issued in one or more Series or subseries, and the designations thereof, in addition to the name "Regional Payroll Mobility Tax Second Lien Obligations", shall include such further or different designations in such title for the Second Lien Obligations of any particular Series or subseries as the Issuer may determine. Each Second Lien Obligation shall bear upon its face the designation so determined for the Series or subseries to which it belongs.

3. Nothing in the Resolution shall be deemed to prevent the consolidation into a single Series or subseries for purposes of issuance and sale of Second Lien Obligations otherwise permitted by the Resolution to be issued at the same time in two or more separate Series or subseries. In the event that separate Series or subseries are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution notwithstanding any other provision of the Resolution. Nothing in the Resolution (except to the extent required by Supplemental Resolution) shall be deemed to prevent the separation into separate Series or subseries for purposes of issuance and sale of Second Lien Obligations otherwise permitted by the Resolution to be issued in one Series or subseries.

4. Second Lien Obligations may be issued for any of the purposes set forth in Sections 208 or 209.

**Section 207. General Provisions for Issuance of Second Lien Obligations.** Second Lien Obligations may be issued pursuant to a Supplemental Resolution upon satisfaction of the provisions of Section B-201, except that the Opinion of Bond Counsel required by Section B-201.2(a)(iii) shall be to the effect that the Second Lien Obligations are valid and binding special obligations of the Issuer, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Issuer Act and the Resolution, each as amended to the date of such Opinion of Bond Counsel.

**Section 208. Special Provisions for Capital Cost Second Lien Obligations.**

1. The Second Lien Obligations of one or more Series may at any time, or from time to time, be authenticated and delivered upon original issuance pursuant to this Section 208 to pay, or to provide for the payment of, all or part of the Capital Costs included in a Capital Program Plan (within the meaning of Section 1269-b of the Issuer Act or any successor provision) if a Capital Program Plan is then required.

2. The Second Lien Obligations of each such Series shall be authenticated and delivered by the Second Lien Trustee only upon receipt by the Second Lien Trustee (in addition to the documents required by Section 207) of:

- (a) A certificate of an Authorized Officer to the effect that the Issuer then is, and, upon the authentication and delivery of the Second Lien Obligations of such Series, shall be, in compliance with all applicable provisions of the Issuer Act relating to the issuance, sale and delivery of such Second Lien Obligations;
- (b) A certificate of an Authorized Officer
  - (A) setting forth for any 12 consecutive calendar months ended not more than 6 months prior to the date of such certificate:
    - (i) Mobility Tax Receipts and (ii) ATA Receipts;
  - (B) setting forth the greatest amount for the then current or any future Debt Service Year of the sum of (x) Calculated Debt Service on all Outstanding Obligations, *excluding* any Obligations or Parity Debt to be refunded with the proceeds of such Refunding Second Lien Obligations, (y) Calculated Second Lien Debt Service on all Outstanding Second Lien Obligations, *including* the proposed Capital Cost Second Lien Obligations and any proposed Refunding Second Lien Obligations being treated as Capital Cost Second Lien Obligations for purposes of clause (ii) of paragraph (g) of Section 209.2 hereof but *excluding* any Obligations, Parity Debt, Second Lien Obligations or Second Lien Parity Debt to be refunded with the proceeds of such Refunding Second Lien Obligations being treated as Capital Cost Second Lien Obligations, plus (z) additional amounts, if any, payable with respect to Parity Debt or Second Lien Parity Debt; and
  - (C) stating that the sum of the Mobility Tax Receipts and ATA Receipts set forth in clause (A) hereof is not less than 1.75 times the amount set forth in clause (B) hereof;

*provided, however, that* if on the date of delivery of such certificate, there is then and thereafter required to be deposited into the MTA Finance Fund so as to constitute Mobility Tax Receipts or into the Corporate Transportation Account so as to constitute ATA Receipts or into the Pledged Amounts Account any other receipts, in each such case, which were not required to

be deposited therein during the entire 12 month period to which such certificate relates, the Issuer may include in such certificate the amount which an Authorized Officer estimates would have been deposited in the MTA Finance Fund or the Corporate Transportation Account or the Pledged Amounts Account during such period if such amounts had been required to be so deposited for such entire 12 month period.

**Section 209. Special Provisions for Refunding Second Lien Obligations.**

1. In addition to refinancings permitted under Section 208, one or more Series of Refunding Second Lien Obligations (in an aggregate principal amount which will provide funds, together with other money available therefore, to accomplish such refunding) may be authenticated and delivered upon original issuance to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations, Parity Debt, Second Lien Obligations or Second Lien Parity Debt.

2. The Refunding Second Lien Obligations of such Series shall be authenticated and delivered by the Second Lien Trustee only upon receipt by the Second Lien Trustee, in addition to the documents required by Section B-201, of:

- (a) If the Obligations or Parity Debt to be refunded are to be redeemed, deemed paid within the meaning of the second sentence of Section A-1101.2 or similar provision with respect to Parity Debt, or purchased in satisfaction of a Sinking Fund Installment in accordance with Section A-502.3 or similar provision with respect to Parity Debt, the items set forth in clauses (a) – (d) of Section 205.1, as applicable;
- (b) If the Second Lien Obligations or Second Lien Parity Debt to be refunded are to be redeemed, instructions to the Second Lien Trustee and/or the trustee for the Second Lien Parity Debt, satisfactory to it, to give due notice of redemption of all the Second Lien Obligations or Second Lien Parity Debt so to be refunded on a redemption date specified in such instructions;
- (c) If the Second Lien Obligations or Second Lien Parity Debt to be refunded are to be deemed paid within the meaning of the second sentence of Section B-1001.2 or similar provision with respect to Second Lien Parity Debt, (i) money and/or (ii) Defeasance Securities as shall be necessary to comply with the provisions of the second sentence of Section B-1001.2 or defeasance securities as shall be necessary to comply with any similar provision with respect to Second Lien Parity Debt, which Defeasance Securities or defeasance securities and/or money shall be held in trust and used only as provided in Section B-1001 or similar provision with respect to Second Lien Parity Debt;
- (d) If the proceeds of such Series of Refunding Second Lien Obligations are to be utilized by the Issuer to purchase (in connection with a tender for or redemption of Second Lien Obligations or Second Lien Parity Debt, or



otherwise) Second Lien Obligations or Second Lien Parity Debt to be delivered to the Second Lien Trustee in satisfaction of a Second Lien Sinking Fund Installment in accordance with Section B-502.3 or similar provision with respect to Second Lien Parity Debt, a certificate of an Authorized Officer specifying the matters required thereby; and

- (e) Either (i) a certificate of an Authorized Officer (a) setting forth (A) the greatest amount of aggregate Calculated Debt Service on all Outstanding Obligations and Parity Debt and Calculated Second Lien Debt Service on all Outstanding Second Lien Obligations and Second Lien Parity Debt for any future Debt Service Year during the term of the Second Lien Obligations (including the Refunding Second Lien Obligations then proposed to be issued but excluding the Obligations, Parity Debt, Second Lien Obligations or Second Lien Parity Debt to be refunded or purchased) and (B) the greatest amount of aggregate Calculated Debt Service on all Outstanding Obligations and Parity Debt and Calculated Second Lien Debt Service on all Outstanding Second Lien Obligations and Second Lien Parity Debt for any future Debt Service Year during the term of the Second Lien Obligations as calculated immediately prior to the issuance of the Refunding Second Lien Obligations (including the Obligations, Parity Debt, Second Lien Obligations or Second Lien Parity Debt to be refunded or purchased but excluding the Refunding Second Lien Obligations and Second Lien Parity Debt) and (b) stating that the greatest amount of aggregate Calculated Debt Service and Calculated Second Lien Debt Service set forth pursuant to (A) above is not greater than the greatest amount of aggregate Calculated Debt Service and Calculated Second Lien Debt Service set forth pursuant to (B) above; or (ii) the certificate provided for in clause (b) of Section 208.2 with respect to such Series of Refunding Second Lien Obligations, considering for all purposes of such certificate that such Series of Second Lien Refunding Obligations is a Series of Capital Cost Second Lien Obligations and that the Refunding Second Lien Obligations then proposed to be issued will be Outstanding, but the Obligation, Parity Debt, Second Lien Obligation or Second Lien Parity Debt to be refunded will no longer be Outstanding.

3. The proceeds, including accrued interest, of the Refunding Second Lien Obligations of each such Series shall be applied simultaneously with the delivery of such Second Lien Obligations in the manner provided in the Supplemental Resolution authorizing such Second Lien Obligations.

### **ARTICLE III**

#### **FORM OF OBLIGATIONS AND SECOND LIEN OBLIGATIONS**

**Section 301. Form of Obligations.** Subject to the provisions of the Resolution and except as otherwise provided pursuant to a Supplemental Resolution, each Series of Obligations

shall be issued as fully registered securities in substantially the form provided in Exhibit One appended hereto. Any Authorized Officer executing and delivering any such Obligations may make such changes in the form thereof as deemed necessary or convenient by such Authorized Officer, including changes to conform with (i) the terms of sale, (ii) the provisions of the related Supplemental Resolution, (iii) the requirements of the related Securities Depository, provider of a Credit Facility or Rating Agency, (iv) industry practice or (v) federal, State or City regulatory requirements, and the execution (whether manual or by facsimile) and delivery of any such obligations shall be conclusive evidence of the approval of all terms thereof by such Authorized Officer.

**Section 302. Form of Second Lien Obligations.** Subject to the provisions of the Resolution and except as otherwise provided pursuant to a Supplemental Resolution, each Series of Second Lien Obligations shall be issued as fully registered securities in substantially the form provided in Exhibit Two appended hereto. Any Authorized Officer executing and delivering any such Second Lien Obligations may make such changes in the form thereof as deemed necessary or convenient by such Authorized Officer, including changes to conform with (i) the terms of sale, (ii) the provisions of the related Supplemental Resolution, (iii) the requirements of the related Securities Depository, provider of a Second Lien Obligation Credit Facility or Rating Agency, (iv) industry practice or (v) federal, State or City regulatory requirements, and the execution (whether manual or by facsimile) and delivery of any such obligations shall be conclusive evidence of the approval of all terms thereof by such Authorized Officer.

#### **ARTICLE IV REDEMPTION AT DEMAND OF THE STATE OR THE CITY**

**Section 401. Redemption at Demand of the State or the City.** Except as otherwise provided pursuant to a Supplemental Resolution, either the State or the City may, upon furnishing sufficient funds therefore, require the Issuer to redeem all or any portion of the Obligations or Second Lien Obligations as provided in the Issuer Act as in effect on the date any such Obligations or Second Lien Obligations were issued.

#### **ARTICLE V PLEDGE; MAINTENANCE AND ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF**

**Section 501. The Pledge Effected by the Resolution.**

1. There are hereby pledged for the payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, the Obligations and, on a parity basis, Parity Debt, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, all right, title and interest of the Issuer in the Obligations Trust Estate.

2. The pledge created by subsection 1 of this Section 501 shall in all respects secure on a *pari passu* basis all of the Obligations and Parity Debt and, except as expressly so provided, nothing contained in the Resolution shall be deemed to confer on the Owners of any

Obligations or Parity Debt any rights in the Obligations Trust Estate superior or inferior to the Owners of any other Obligations or Parity Debt.

3. The pledge created by subsection 1 of this Section 501 shall be valid and binding from and after the date of issuance and delivery of the first Obligations, and the Obligations Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

4. Subject to the provisions of subsection 1 of this Section 501, the Obligations Trust Estate and the Mobility Tax Receipts and ATA Receipts are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken.

5. The Second Lien Obligations and Second Lien Parity Debt constitute Subordinated Indebtedness (as defined in the Standard Resolution Provisions) and the rights of Second Lien Owners to payment of principal of and interest on the Second Lien Obligations and Second Lien Parity Debt are subordinated to the rights of Owners of Obligations and Parity Debt to the extent and in the manner provided in this Article V. There are hereby pledged for the payment of the principal and Redemption Price of, interest on, and Second Lien Sinking Fund Installments for, the Second Lien Obligations and, on a parity basis, Second Lien Parity Debt, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, all right, title and interest of the Issuer in the Second Lien Obligations Trust Estate and subordinate in all respects to the pledge of the Obligations Trust Estate securing Obligations and Parity Debt created pursuant to subsection 1 of this Section 501.

6. The Second Lien Obligations and Second Lien Parity Debt are payable solely from the Second Lien Obligations Trust Estate subject and subordinate to the payments to be made with respect to Obligations and Parity Debt from the Obligations Trust Estate as provided in Sections 504 and 601 of the Resolution, and shall be secured by a lien on and pledge of the funds in the Second Lien Obligations Trust Estate junior and inferior to the lien on and pledge of the Obligations Trust Estate created by the Resolution for the payment of the Obligations and Parity Debt. The Second Lien Obligations and Second Lien Parity Debt shall be payable from such amounts as shall from time to time be available for transfer pursuant to Section 505.4 – second of the Resolution and any amounts so transferred shall thereafter be free and clear of the lien of the Obligations Trust Estate. The pledge created by subsection 5 of this Section 501 shall in all respects secure on a *pari passu* basis all of the Second Lien Obligations and Second Lien Parity Debt and, except as expressly so provided, nothing contained in the Resolution shall be deemed to confer on the Second Lien Owners and the holders of any Second Lien Parity Debt any rights in the Second Lien Obligations Trust Estate superior or inferior to the Second Lien Owners of any other Second Lien Obligations and the holders of any Second Lien Parity Debt.

7. The pledge created by subsection 5 of this Section 501 shall be valid and binding from and after the date of issuance and delivery of the first Second Lien Obligations, and the Second Lien Obligations Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

8. Subject to the provisions of subsections 1 and 5 of this Section 501, the Second Lien Obligations Trust Estate and the Mobility Tax Receipts and ATA Receipts are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken.

9. Nothing contained in this Section 501 shall be construed as limiting any authority granted to the Issuer elsewhere in the Resolution to issue or incur Obligation Anticipation Notes or Second Lien Obligation Anticipation Notes or shall be deemed a limitation upon the authority of the Issuer to issue any other bonds, notes or other obligations under the Issuer Act secured by any income and funds other than the Obligations Trust Estate or the Second Lien Obligations Trust Estate.

#### **Section 502. Establishment of Funds, Accounts and Subaccounts.**

1. The Obligations Proceeds Fund, which shall be held and administered by the Issuer, is hereby established.

2. The Second Lien Obligations Proceeds Fund, which shall be held and administered by the Issuer, is hereby established.

3. The Senior Debt Service Fund, which shall be held and administered by the Trustee, is hereby established.

4. The Second Lien Debt Service Fund, which shall be held and administered by the Trustee or, if so provided in a Supplemental Resolution, the Second Lien Trustee, is hereby established.

5. Amounts held at any time by the Issuer, the Trustee or the Second Lien Trustee in any of the Funds or Accounts established pursuant to this Section shall be held in trust separate and apart from all other funds. Additional funds, accounts or subaccounts may be established by the Issuer in its discretion pursuant to this Section upon the delivery of a certificate to the Trustee or Second Lien Trustee, as applicable, or by Supplemental Resolution.

6. Except as otherwise provided herein or in a Supplemental Resolution, all investment income earned on amounts on deposit in the Funds, Accounts or Subaccounts established under the Resolution shall remain on deposit in such Funds, Accounts or Subaccounts and applied in accordance with the provisions applicable to such Funds, Accounts or Subaccounts.

#### **Section 503. Obligations Proceeds Fund and Application Thereof.**

1. There shall be established within the Obligations Proceeds Fund a separate account ("Obligations Proceeds Account") for each Series of Obligations and within each such Account a separate Obligations COI Subaccount. Additional Subaccounts may be established by certificate of an Authorized Officer within each such Obligations Proceeds Account.

2. The Issuer shall pay into the Obligations Proceeds Fund and each Obligations Proceeds Account, if any, and each Subaccount, if any, such amounts as shall be provided for by Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes. The portion of any such amount determined by Supplemental Resolution to be used for the payment of Costs of Issuance shall be paid into and disbursed from the related Obligations COI Subaccount. Excess amounts on any Obligation COI Subaccount may be transferred by the Issuer to the related Obligations Proceeds Account and applied to the payment of Capital Costs or transferred by the Issuer to the Senior Lien Debt Service Fund and applied to the payment of interest on the related Obligations.

3. Unless otherwise provided for in a Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes, amounts in each Obligations Proceeds Account and each Subaccount shall be applied solely to the payment of Capital Costs in the manner and upon such conditions, if any, as the Issuer may provide in such Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes; *provided, however, that*, subject to any priority for Obligation Anticipation Notes, if on any interest payment date or Principal Installment due date the amounts in the Senior Debt Service Fund shall be less than Debt Service payable on such date, the Issuer shall apply amounts from the Obligations Proceeds Fund to the extent necessary to make up the deficiency.

#### **Section 504. Second Lien Obligations Proceeds Fund and Application Thereof.**

1. There shall be established within the Second Lien Obligations Proceeds Fund a separate account ("Second Lien Obligations Proceeds Account") for each Series of Second Lien Obligations and within each such Account a separate Second Lien Obligations COI Subaccount. Additional Subaccounts may be established by certificate of an Authorized Officer within each such Second Lien Proceeds Account.

2. The Issuer shall pay into the Second Lien Obligations Proceeds Fund and each Second Lien Proceeds Account and each Second Lien Obligations COI Subaccount, such amounts as shall be provided for by Supplemental Resolution or in the resolution authorizing Second Lien Obligation Anticipation Notes. The portion of any such amount determined by Supplemental Resolution to be used for the payment of Second Lien Costs of Issuance shall be paid into and disbursed from the related Second Lien Obligations COI Subaccount. Excess amounts in any Second Lien Obligations COI Subaccount may be transferred by the Issuer to the related Second Lien Obligation Proceeds Account and applied to the payment of Capital Costs or transferred by the Issuer to the Second Lien Debt Service fund and applied to the payment of interest on the related Second Lien Obligations.

3. Unless otherwise provided for in a Supplemental Resolution or in the resolution authorizing Second Lien Obligation Anticipation Notes, amounts in each Second Lien Proceeds Account, if any, and each Subaccount, if any, shall be applied solely to the payment of

Capital Costs in the manner and upon such conditions, if any, as the Issuer may provide in such Supplemental Resolution or in the resolution authorizing Second Lien Obligation Anticipation Notes; *provided, however, that*, subject to any priority for Second Lien Obligation Anticipation Notes, if on any interest payment date or Second Lien Obligations Principal Installment due date the amounts in the Second Lien Debt Service Fund shall be less than Second Lien Debt Service payable on such date, the Issuer shall apply amounts from the Second Lien Obligations Proceeds Fund to the extent necessary to make up the deficiency.

**Section 505. MTA Finance Fund; Application Thereof.**

1. The Issuer has previously established the MTA Finance Fund held by the Issuer in accordance with Section 1270-h of the Issuer Act consisting of a Pledged Amounts Account and an Operating and Capital Costs Account.

2. So long as any Obligations, Parity Debt, Second Lien Obligations, Second Lien Parity Debt and Other Subordinated Obligations are Outstanding hereunder, the Issuer shall establish and maintain in the Pledged Amounts Account a Mobility Tax Receipts Subaccount and an ATA Receipts Subaccount. All Mobility Tax Receipts shall be immediately deposited into the Mobility Tax Receipts Subaccount and all ATA Receipts shall be immediately deposited into the ATA Receipts Subaccount. Amounts held at any time by the Issuer in the Pledged Amounts Account or any Subaccount therein shall be held in trust separate and apart from all other funds.

3. The Issuer shall immediately transfer any ATA Funds deposited to the Corporate Transportation Account to the ATA Receipts Subaccount in the Pledged Amounts Account in the MTA Finance Fund.

4. Amounts deposited in any Subaccount in the Pledged Amounts Account shall be immediately applied by the Issuer as follows:

*first*, transfer to the Trustee for deposit in the Senior Debt Service Fund the amount necessary so that the amount on deposit therein shall equal the Mobility Tax Senior Debt Service Fund Requirement;

*second*, transfer, free and clear of any lien, pledge or claim of the Resolution securing Obligations or Parity Debt, to the Second Lien Trustee for deposit in the Second Lien Debt Service Fund, the amount necessary so that the amount on deposit in the Second Lien Debt Service Fund shall equal the Mobility Tax Second Lien Debt Service Fund Requirement;

*third*, transfer to another Person in accordance with the provisions of any Supplemental Resolution or other authorizing document for the payment of Obligation Anticipation Notes, Other Subordinated Obligations and Second Lien Obligation Anticipation Notes; and

*fourth*, transfer, in the discretion of the Issuer, free and clear of any lien, pledge or claim of the Resolution, any remaining amounts, including investment income, if any,

remaining on deposit in the Pledged Amounts Account into the Operating and Capital Costs Account or as otherwise required or permitted by law.

5. Amounts deposited into the Operating and Capital Costs Account shall be applied by the Issuer as provided in the Issuer Act.

#### **Section 506. Senior Debt Service Fund.**

1. The Trustee shall deposit, upon receipt thereof, all amounts transferred to the Trustee by the Issuer for deposit in the Senior Debt Service Fund in accordance with Section 505.4.

2. The Trustee shall pay out of the Senior Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Obligations and any related Parity Debt, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment (including the portion thereof payable in respect of Parity Debt) payable on such due date; and (iii) on or before any redemption date for the Obligations or Parity Debt which occurs on any date other than an interest payment date, the amount required for the payment of interest on the Obligations or Parity Debt then to be redeemed. Such amounts shall be applied by the Paying Agents to such payments on and after the due dates thereof.

3. If on any date the sum of the amounts on deposit in the Senior Debt Service Fund exceeds the Mobility Tax Senior Debt Service Fund Requirement calculated as of such date, the Trustee shall, unless directed by the Issuer not to make such application or transfer, first apply or transfer to the Trustee to apply any or all of such excess to cure or reduce any deficiency then existing in any Fund or Account under the Resolution and then transfer any and all of the remaining amount of such excess to the Issuer for deposit, in the discretion of the Issuer, into the Operating and Capital Costs Account or as otherwise required or permitted by law free and clear of any lien, pledge and claim under the Resolution.

4. In the event of the refunding (including in connection with any payment at maturity, redemption, purchase, tender or exchange) of any Obligations, the Trustee shall, upon the direction of the Issuer, (a) withdraw from the Senior Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on the Obligations being refunded and deposit such amounts, free and clear of any lien, pledge or claim of the Resolution, with itself as Trustee or with an escrow agent to be held in trust solely for the purchase, exchange or payment of the principal or Redemption Price, if applicable, of and interest on the Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the Refunding Obligations, (c) deposit or transfer to the Trustee to deposit such amounts in any Fund or Account established hereunder, or (d) pay such amounts over to the Issuer free and clear of any lien, pledge or claim under the Resolution for deposit, in the discretion of the Issuer, into the Operating and Capital Costs Account or as otherwise required or permitted by law; *provided, however*, that no such withdrawal or deposit shall be made unless (i) upon such refunding, the Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in Section A-1101, and (ii) at the time of and giving effect to such withdrawal

and refunding, there shall exist no deficiency in any Fund or Account established under the Resolution.

**Section 507. Second Lien Debt Service Fund.**

1. The Second Lien Trustee shall deposit, upon receipt thereof, all amounts transferred to the Second Lien Trustee by the Issuer for deposit in the Second Lien Debt Service Fund in accordance with Section 505.4.

2. The Second Lien Trustee shall pay out of the Second Lien Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Second Lien Obligations and any related Second Lien Parity Debt, the amount required for the interest payable on such date; (ii) on or before each Second Lien Principal Installment due date, the amount required for the Second Lien Principal Installment (including the portion thereof payable in respect of a Second Lien Parity Debt) payable on such due date; and (iii) on or before any redemption date for the Second Lien Obligations or Second Lien Parity Debt which occurs on any interest payment date, the amount required for the payment of interest on the Second Lien Obligations or Second Lien Parity Debt then to be redeemed. Such amounts shall be applied by the Paying Agents to such payments on and after the due dates thereof.

3. If on any date the sum of the amounts on deposit in the Second Lien Debt Service Fund exceeds the Mobility Tax Second Lien Debt Service Fund Requirement calculated as of such date, the Second Lien Trustee shall, unless directed by the Issuer not to make such application or transfer, first apply or transfer to the Trustee or the Second Lien Trustee, as appropriate, to apply any or all of such excess to cure or reduce any deficiency then existing in any Fund or Account under the Resolution and then transfer any and all of the remaining amount of such excess to the Issuer for deposit, in the discretion of the Issuer, into the Operating and Capital Costs Account or as otherwise required or permitted by law free and clear of any lien, pledge and claim under the Resolution.

4. In the event of the refunding (including in connection with any payment at maturity, redemption, purchase, tender or exchange) of any Second Lien Obligations, the Second Lien Trustee shall, upon the direction of the Issuer, (a) withdraw from the Second Lien Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on the Second Lien Obligations being refunded and deposit such amounts, free and clear of any lien, pledge or claim of the Resolution, with itself as Second Lien Trustee or with an escrow agent to be held in trust solely for the purchase, exchange or payment of the principal or Redemption Price, if applicable, of and interest on the Second Lien Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the Refunding Second Lien Obligations, (c) deposit or transfer to the Second Lien Trustee to deposit such amounts in any Fund or Account established hereunder, or (d) pay such amounts over to the Issuer free and clear of any lien, pledge or claim under the Resolution for deposit, in the discretion of the Issuer, into the Operations and Capital Costs Account or as otherwise required or permitted by law; *provided, however, that* no such withdrawal or deposit shall be made unless (i) upon such refunding, the Second Lien Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in Section A-1101, and (ii) at the time of and giving effect to such



withdrawal and refunding, there shall exist no deficiency in any Fund or Account established under the Resolution.

5. The Issuer shall have the right to covenant with Persons to whom Second Lien Obligations and Second Lien Parity Debt run and with the Second Lien Owners or holders from time to time of Second Lien Obligations and Second Lien Parity Debt in order to add to the conditions, limitations and restrictions under which any additional Capital Cost Obligations or Refunding Obligations may be issued or Parity Debt may be incurred; *provided, however, that* the Supplemental Resolution or indenture or other agreement providing for the issuance of such Second Lien Obligations and Second Lien Parity Debt or the incurrence of such Second Lien Obligations and Second Lien Parity Debt shall not permit the holders of such obligations to declare the same, nor to instruct such holders' trustee to declare the same, to be immediately due and payable prior to any time that all Obligations and Parity Debt have become due and payable.

6. The Issuer shall have the right to covenant with Persons to whom Other Subordinated Obligations run and with the holders from time to time of Other Subordinated Obligations in order to add to the conditions, limitations and restrictions under which any additional Capital Cost Obligations, Refunding Obligations, Second Lien Capital Cost Obligations or Second Lien Refunding Obligations may be issued or Parity Debt or Second Lien Parity Debt may be incurred; *provided, however, that* the Supplemental Resolution or indenture or other agreement providing for the issuance of such Other Subordinated Obligations or the incurrence of such Other Subordinated Obligations shall not permit the holders of such obligations to declare the same, nor to instruct such holders' trustee to declare the same, to be immediately due and payable prior to any time that all Obligations, Second Lien Obligations, Parity Debt and Second Lien Parity Debt have become due and payable.

## **ARTICLE VI PARTICULAR COVENANTS OF THE ISSUER**

The Issuer covenants and agrees with the Trustee, the Second Lien Trustee and the Owners of all Obligations as follows:

### **Section 601. Power to Issue Obligations and Effect Pledge of Obligations Trust Estate.**

1. The Issuer is duly authorized under all applicable laws to create and issue the Obligations, adopt the Resolution and pledge the Obligations Trust Estate in the manner and to the extent provided in the Resolution. The Obligations Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Obligations and the provisions of the Resolution are and will be the legally valid and binding special obligations of the Issuer enforceable in accordance with their terms and the terms of the Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Obligations Trust Estate and all the rights of the Owners of Obligations under the Resolution against all claims and demands of all Persons whomsoever.

2. Until the pledge created in subsection 1 of Section 501 of the Resolution shall be discharged and satisfied as provided in Section A-1001, the Issuer shall not issue any bonds or other evidences of indebtedness, other than the Obligations and Parity Debt, secured by an equal or prior pledge of the Obligations Trust Estate or the Mobility Tax Receipts or the ATA Receipts, nor create or cause to be created any equal or prior pledge of, or lien, charge or encumbrance on, any of the items comprising the Obligations Trust Estate or the Mobility Tax Receipts or the ATA Receipts; *provided, however*, that nothing contained in the Resolution shall prevent the Issuer from at any time incurring any Parity Debt in accordance with Section A-201 or issuing Obligation Anticipation Notes secured as provided in Section A-203, Second Lien Obligations, in accordance with Section 206, Second Lien Parity Debt in accordance with Section B-202, or Second Lien Obligation Anticipation Notes secured as provided in Section B-203.

**Section 602. Compliance with Laws Relating to Appropriation and Related Matters.** The Issuer covenants and agrees to take all actions on its part and to comply with all laws required for the Issuer to receive any amounts appropriated to the MTA Finance Fund, including Section 92-ff of the State Finance Law.

**Section 603. Agreement of the State; No Bankruptcy.** In accordance with Section 1271 of the Issuer Act, the Issuer does hereby include the pledge and agreement of the State with the Owners of the Obligations and Second Lien Owners of Second Lien Obligations that the State will not limit or alter the denial of authority under subdivision 9 of Section 1269 of the Issuer Act, or the rights vested in the Issuer by the Issuer Act to fulfill the terms of any agreement made with such Owners and Second Lien Owners, or in any way impair the rights and remedies of such Owners and Second Lien Owners until such agreements, bonds, notes and obligations with such Owners and Second Lien Owners, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses for which the Issuer is liable in connection with any action or proceeding by or on behalf of such Owners and Second Lien Owners, are fully met and discharged; *provided, however*, nothing contained in this Section or elsewhere in the Resolution shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes producing revenues for deposit in the Financial Assistance Fund, or the appropriations relating thereto.

**Section 604. Power to Issue Second Lien Obligations and Effect Pledge of Second Lien Obligations Trust Estate.**

1. The Issuer is duly authorized under all applicable laws to create and issue the Second Lien Obligations, adopt the Resolution and pledge the Second Lien Obligations Trust Estate in the manner and to the extent provided in the Resolution. Except for the lien on the Obligations Trust Estate securing Obligations, the Second Lien Obligations Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Second Lien Obligations and the provisions of the Resolution are and will be the legally valid and binding special obligations of the Issuer enforceable in accordance with their terms and the terms of the Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and

protect the pledge of the Second Lien Obligations Trust Estate and all the rights of the Second Lien Owners under the Resolution against all claims and demands of all Persons whomsoever.

2. Until the pledge created in subsection 5 of Section 501 of the Resolution shall be discharged and satisfied as provided in Section B-1001, the Issuer shall not issue any bonds or other evidences of indebtedness, other than the Obligations, Parity Debt, Second Lien Obligations and Second Lien Parity Debt secured by an equal or prior pledge of the Second Lien Obligations Trust Estate or the Mobility Tax Receipts or the ATA Receipts, nor create or cause to be created any equal or prior pledge of, or lien, charge or encumbrance on, any of the items comprising the Second Lien Obligations Trust Estate or the Mobility Tax Receipts or the ATA Receipts; *provided, however, that* nothing contained in the Resolution shall prevent the Issuer from at any time incurring any Obligations or Parity Debt in accordance with Section A-201, issuing Obligation Anticipation Notes secured as provided in Section A-203, issuing Second Lien Obligations in accordance with Sections 206, Second Lien Parity Debt in accordance with Section B-202, or issuing Second Lien Obligation Anticipation Notes in accordance with Section B-203.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

**Section 701. Obligations Event of Default.** Each of the following events is defined as and shall constitute an "Obligations Event of Default" in respect of Obligations or Parity Debt under the Resolution:

1. There shall occur a default in the payment of principal, Sinking Fund Installment, interest or premium on any Obligation or, if so provided in the Supplemental Resolution, a default in the payment of a mandatory tender for purchase after the same shall have become due, whether at maturity or upon call for redemption or otherwise which default shall continue for a period of 30 days.

2. There shall occur a failure to observe, or a refusal to comply with, the terms of the Resolution or the Obligations, other than a failure or refusal constituting an event specified in any other subsection of this Section 701 and other than a failure to make all or any portion of any required deposit into any Fund or Account which failure is the result of the fact that the Issuer has not received sufficient Mobility Tax Receipts or ATA Receipts, as appropriate, to make such deposit; *provided, however, that* such failure or refusal shall have continued for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Issuer by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration, and *provided further that* if the failure stated in the notice cannot be remedied within the applicable period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action has been instituted by the Issuer within such period and is being diligently pursued.

3. The State or any Final Judgment shall limit or alter the denial of authority under subdivision 9 of Section 1269 of the Issuer Act to the Issuer or, subject to the proviso contained in Section 603, shall limit or alter the rights and powers vested in the Issuer by the

Issuer Act to fulfill the terms of any agreements made by it with the holders of any notes, bonds, or lease or other obligations, or in any way impair the rights and remedies of such holders until such agreements and all such obligations, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses for which the Issuer is liable in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

4. The pledge created in subsection 1 of Section 501 of the Resolution shall, at any time and for any reason, cease to be in full force and effect or a Final Judgment shall be rendered which shall declare the pledge to be null and void, or shall declare that the pledge does not establish in any material respect the lien it purports to establish, or that the pledge is not for the benefit of the Owners of the Obligations and Parity Debt, subject to the rights of no other parties (other than holders of Obligation Anticipation Notes and, to the extent provided in Section 206, Second Lien Obligations and Second Lien Parity Debt and Second Lien Obligation Anticipation Notes.

#### **Section 702. Powers of Trustee in Respect of an Obligations Event of Default.**

1. In the event that any Obligations Event of Default specified in Section 701 shall occur and be continuing, the Trustee may, and, upon written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, shall, in its name:

- (a) by suit, action or proceeding in accordance with the civil practice law and rules enforce all rights of the Owners of Obligations;
- (b) bring suit upon the Obligations against the Issuer;
- (c) by action or suit, require the Issuer to account as if it were the trustee of an express trust for the Owners of the Obligations; or
- (d) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Obligations.

2. Subject to the provisions of Sections 701 and A-1001 and the foregoing provisions of this Section 702, the remedies conferred upon or reserved to the Trustee in respect of any Obligations Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute; provided, however, that the Trustee or the Owners of the Obligations shall not have the right to declare all Obligations to be immediately due and payable. No delay or omission to exercise any right or power accruing upon any Obligations Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice as may be expressly required herein.

3. The Trustee shall, in addition to the foregoing powers, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth

herein or incidental to the general representation of Owners of Obligations in the enforcement and protection of their rights.

4. The Issuer covenants that if an Obligations Event of Default shall have happened and shall not have been remedied, the books of record and account of the Issuer and all other records relating to the Obligations Trust Estate shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys and, upon demand of the Trustee, the Issuer will account, as if it were the trustee of an express trust, for the Obligations Trust Estate for such period as shall be stated in such demand.

### **Section 703. Priority of Payments After Default on Obligations.**

1. In the event that the funds held by the Fiduciaries shall be insufficient for the payment of interest and principal or Redemption Price then due on the Obligations and for payments then due with respect to Parity Debt, such funds (excluding funds held for the payment or redemption of particular Obligations which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any Fund or Account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Obligation Anticipation Notes) and any other money received or collected by the Fiduciaries, or the Trustee, after making provision for the payment of any expenses necessary in the opinion of the Trustee to preserve the continuity of the amounts to be received under the Resolution or otherwise to protect the interest of the Owners of the Obligations, and for the payment of the charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Resolution, shall be applied as follows:

(a) Unless the principal of all of the Obligations shall have become due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due with respect to Obligations and the interest components of Parity Debt in the order of the maturity of such installments and interest components, and, if the amount available shall not be sufficient to pay in full any installments and interest components due on the same date, then to the payment thereof ratably, according to the amounts due on such installments and interest components, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Obligations and Parity Debt; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Obligations and the principal component of Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Obligations and Parity Debt due on any date, then to the payment thereof ratably, according to the amounts of principal and Redemption Price and

principal component due on such date, to the Persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Obligations and the principal component of Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations and Parity Debt without preference or priority of principal or principal component over interest or interest component or of interest or interest component over principal or principal component, or of any installment of interest or interest component over any other installment of interest or interest component, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

2. The provisions of this Section 703 are in all respects subject to the provisions of Section A-602.

**Section 704. Second Lien Obligations Event of Default.** Each of the following events is defined as and shall constitute a "Second Lien Obligations Event of Default" in respect of Second Lien Obligations and Second Lien Parity Debt under the Resolution:

1. There shall occur a default in the payment of principal, Second Lien Sinking Fund Installment, interest or premium on any Second Lien Obligation or, if so provided in the Supplemental Resolution, a default in the payment of a mandatory tender for purchase after the same shall have become due, whether at maturity or upon call for redemption or otherwise which default shall continue for a period of 30 days.

2. There shall occur a failure to observe, or a refusal to comply with, the terms of the Resolution or the Second Lien Obligations, other than a failure or refusal constituting an event specified in any other subsection of this Section 704 and other than a failure to make all or any portion of any required deposit into any Fund or Account which failure is the result of the fact that the Issuer has not received sufficient Mobility Tax Receipts or ATA Receipts, as appropriate, to make such deposit; *provided, however, that* such failure or refusal shall have continued for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Issuer by the Second Lien Trustee, unless the Second Lien Trustee shall agree in writing to an extension of such time prior to its expiration, and *provided further that* if the failure stated in the notice cannot be remedied within the applicable period, the Second Lien Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action has been instituted by the Issuer within such period and is being diligently pursued.

3. The State or any Final Judgment shall limit or alter the denial of authority under subdivision 9 of Section 1269 of the Issuer Act to the Issuer or, subject to the proviso contained in Section 603, shall limit or alter the rights and powers vested in the Issuer by the Issuer Act to fulfill the terms of any agreements made by it with the holders of any notes, bonds, or lease or other obligations, or in any way impair the rights and remedies of such holders until

such agreements and all such obligations, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses for which the Issuer is liable in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

4. The pledge created in subsection 5 of Section 501 of the Resolution shall, at any time and for any reason, cease to be in full force and effect or a Final Judgment shall be rendered which shall declare the pledge to be null and void, or shall declare that the pledge does not establish in any material respect the lien it purports to establish, or that the pledge is not for the benefit of the Second Lien Owners of the Second Lien Obligations and Second Lien Parity Debt, subject to the rights of no other parties (other than holders of Obligation Anticipation Notes, Obligations, Parity Debt and Second Lien Obligation Anticipation Notes).

**Section 705. Powers of Second Lien Trustee in Respect of a Second Lien Obligations Event of Default.**

1. In the event that any Second Lien Obligations Event of Default specified in Section 704 shall occur and be continuing, the Second Lien Trustee may, and, upon written request of the Second Lien Owners of a majority in aggregate principal amount of the Second Lien Obligations then Outstanding, shall, in its name,

- (a) by suit, action or proceeding in accordance with the civil practice law and rules enforce all rights of the Second Lien Owners;
- (b) bring suit upon the Second Lien Obligations against the Issuer;
- (c) by action or suit, require the Issuer to account as if it were the trustee of an express trust for the Second Lien Owners; or
- (d) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Second Lien Owners.

Such rights shall be subordinate, and subject to in all respects, the pledge of the Obligations Trust Estate securing Obligations and Parity Debt created pursuant to subsection 1 of Section 501.

2. Subject to the provisions of Sections 704 and B-1001 and the foregoing provisions of this Section 705, the remedies conferred upon or reserved to the Second Lien Trustee in respect of any Second Lien Obligations Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute; *provided, however*, that the Second Lien Trustee or the Second Lien Owners shall not have the right to declare all Second Lien Obligations to be immediately due and payable. No delay or omission to exercise any right or power accruing upon any Second Lien Obligations Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Second Lien Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice as may be expressly required herein.

3. The Second Lien Trustee shall in addition to the foregoing powers, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incidental to the general representation of Second Lien Owners in the enforcement and protection of their rights.

4. The Issuer covenants that if a Second Lien Obligations Event of Default shall have happened and shall not have been remedied, the books of record and account of the Issuer and all other records relating to the Second Lien Obligations Trust Estate shall at all times be subject to the inspection and use of the Second Lien Trustee and of its agents and attorneys and, upon demand of the Second Lien Trustee, the Issuer will account, as if it were the trustee of an express trust, for the Second Lien Obligations Trust Estate for such period as shall be stated in such demand.

**Section 706. Priority of Payments After Default on Second Lien Obligations.**

1. In the event that the funds held by the Fiduciaries shall be insufficient for the payment of interest and principal or Second Lien Redemption Price then due on the Second Lien Obligations and for payments then due with respect to Second Lien Parity Debt, such funds (excluding funds held for the payment or redemption of particular Second Lien Obligations which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any Fund or Account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any and interest on any series of Second Lien Obligation Anticipation Notes) and any other money received or collected by the Fiduciaries, or the Second Lien Trustee, after making provision for the payment of any expenses necessary in the opinion of the Second Lien Trustee to preserve the continuity of the amounts to be received under the Resolution or otherwise to protect the interest of the Second Lien Owners, and for the payment of the charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Resolution, shall be applied as follows:

(a) Unless the principal of all of the Second Lien Obligations shall have become due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due with respect to Second Lien Obligations and the interest components of Second Lien Parity Debt in the order of the maturity of such installments and interest components, and, if the amount available shall not be sufficient to pay in full any installments and interest components due on the same date, then to the payment thereof ratably, according to the amounts due on such installments and interest components, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Second Lien Obligations and Second Lien Parity Debt; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Second Lien Obligations and the principal component of Second Lien Parity Debt which shall have



become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Second Lien Obligations and Second Lien Parity Debt due on any date, then to the payment thereof ratably, according to the amounts of principal and Second Lien Redemption Price and principal component due on such date, to the Persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Second Lien Obligations and the principal component of Second Lien Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Second Lien Obligations and Second Lien Parity Debt without preference or priority of principal or principal component over interest or interest component or of interest or interest component over principal or principal component, or of any installment of interest or interest component over any other installment of interest or interest component, or of any Second Lien Obligations and Second Lien Parity Debt over any other Second Lien Obligations and Second Lien Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Second Lien Obligations and Second Lien Parity Debt.

2. Such rights set forth in this Section 706 shall be subordinate, and subject in all respects, to the prior pledge of the Obligations Trust Estate securing Obligations and Parity Debt created pursuant to subsection 1 of Section 501.

3. The provisions of this Section 706 are in all respects subject to the provisions of Section B-602.

## ARTICLE VIII

### SUPPLEMENTAL RESOLUTIONS

**Section 801. Supplemental Resolutions Effective Upon Filing With the Trustee and Second Lien Trustee.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, without the consent of or notice to any Owner or Second Lien Owner which, upon the filing with the Trustee and the Second Lien Trustee of a copy thereof certified by an Authorized Officer, or, if adopted prior to the appointment of a Trustee pursuant to Section A-701 or Second Lien Trustee pursuant to Section B-701, upon its adoption, shall be fully effective in accordance with its terms:

1. To add to the covenants and agreements of the Issuer in the Resolution, other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

2. To surrender any right, power or privilege reserved to or conferred upon the Issuer by the Resolution;

3. To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution of any additional security other than that granted or pledged under the Resolution;

4. To add to the Resolution any provisions required to preserve the exclusion from gross income for Federal income tax purposes of interest received on Tax-Exempt Obligations or Tax-Exempt Second Lien Obligations then Outstanding or to be issued or the exemption of interest received on any Obligations or Second Lien Obligations from State income taxation or the right to receive subsidies relating to Taxable Obligations or Taxable Second Lien Obligations then Outstanding or to be issued;

5. To modify, amend or supplement the Resolution in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Obligations or Second Lien Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Issuer so determines, to add hereto such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939 or similar Federal statute;

6. At any time prior to the first authentication and delivery of any Obligations under the Resolution or at any other time when no Obligations, Second Lien Obligations or Other Subordinated Obligations are Outstanding under the Resolution, to modify the provisions of the Resolution in such manner as the Issuer deems necessary or appropriate;

7. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

8. To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect, including, in the event the Issuer Act is amended or other legislation is enacted to so provide, the substitution of an alternate or different legal name for the current name of the Issuer or any other Related Entity in the Resolution or the form of Obligations, Second Lien Obligations or Other Subordinated Obligations;

9. To make any other modification or amendment of the Resolution which the Issuer shall in its sole discretion determine will not have a material adverse effect on the interests of the Owners of Outstanding Obligations, Second Lien Owners of Outstanding Second Lien Obligations and owners of Other Subordinated Obligations;

10. To authorize Obligations of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the provisions of the Resolution authorizing issuance of Obligations, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect, (b) in the case of Variable Interest Rate Obligations or Put Obligations, as applicable, set forth provisions specifying the manner in which interest on Variable Interest Rate Obligations or Put Obligations, as applicable, is to be calculated for the purposes of various definitions and provisions of the Resolution, provisions providing for changes in interest rates, interest rate periods or interest payment dates for any Variable Interest Rate Obligation of a Series or Put Obligations, as

applicable, provisions regarding an Owner's right or obligation to tender Put Obligations for redemption or purchase in lieu of redemption, and provisions governing the manner in which Variable Interest Rate Obligations or Put Obligations, as applicable, which the Owner thereof has the right to, or has exercised a right to, tender for redemption or purchase in lieu of redemption shall be treated for purposes of various definitions and provisions of the Resolution, (c) set forth provisions governing the administration of any Qualified Swap or Credit Facility, and provisions providing for the issuance of Reimbursement Obligations or the conversion of other Obligations to Reimbursement Obligations (and in connection with such conversion to change the interest rates, sinking fund provisions or maturity date on such Obligations) to secure or reimburse the provider of such Credit Facility, (d) in the case of either Taxable Obligations or Tax-Exempt Obligations, set forth defeasance provisions with respect thereto (including the manner of attaining such defeasance and the effect thereof), and (e) make such additional changes herein, not materially adverse to the rights of the Owners of the Obligations previously issued, as are necessary or appropriate; or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance and delivery of such Obligations;

11. To authorize Second Lien Obligations of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the provisions of the Resolution authorizing issuance of Second Lien Obligations, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect, (b) in the case of Variable Interest Rate Second Lien Obligations or Second Lien Put Obligations, as applicable, set forth provisions specifying the manner in which interest on Variable Interest Rate Second Lien Obligations or Second Lien Put Obligations, as applicable, is to be calculated for the purposes of various definitions and provisions of the Resolution, provisions providing for changes in interest rates, interest rate periods or interest payment dates for any Variable Interest Rate Second Lien Obligation of a Series or Second Lien Put Obligations, as applicable, provisions regarding a Second Lien Owner's right or obligation to tender Second Lien Put Obligations for redemption or purchase in lieu of redemption, and provisions governing the manner in which Variable Interest Rate Second Lien Obligations or Second Lien Put Obligations, as applicable, which the Second Lien Owner thereof has the right to, or has exercised a right to, tender for redemption or purchase in lieu of redemption shall be treated for purposes of various definitions and provisions of the Resolution, (c) set forth provisions governing the administration of any Qualified Second Lien Swap or Second Lien Obligation Credit Facility, and provisions providing for the issuance of Second Lien Reimbursement Obligations or the conversion of other Second Lien Obligations to Second Lien Reimbursement Obligations (and in connection with such conversion to change the interest rates, sinking fund provisions or maturity date on such Second Lien Obligations) to secure or reimburse the provider of such Second Lien Obligation Credit Facility, (d) in the case of either Taxable Second Lien Obligations or Tax-Exempt Second Lien Obligations, set forth defeasance provisions with respect thereto (including the manner of attaining such defeasance and the effect thereof), and (e) make such additional changes herein, not materially adverse to the rights of the Second Lien Owners of the Second Lien Obligations previously issued, as are necessary or appropriate; or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance and delivery of such Second Lien Obligations;

12. To authorize Obligation Anticipation Notes in accordance with Section A-203 and Second Lien Obligation Anticipation Notes in accordance with Section B-203 and, in connection therewith, specify and determine the matters and things referred to in Section A-203 or Section B-203, as applicable, and also any other matters and things relative to such Obligation Anticipation Notes or Second Lien Anticipation Notes, as applicable, which are not contrary to or inconsistent with the Resolution as theretofore in effect;

13. To (a) establish for any one or more Series of Obligations or Second Lien Obligations a separate debt service reserve fund which shall be permitted to be applied solely to the payment of specified Obligations or Second Lien Obligations, provided that (i) the specified Obligations or Second Lien Obligations shall have no claim or lien on nor be payable from any amounts in any other such debt service reserve fund, (ii) the specified Obligations or Second Lien Obligations shall be excluded from the calculation of any applicable debt service reserve fund requirement for any other Outstanding Obligations or Second Lien Obligations, and (iii) the amount required to be on deposit in such debt service reserve funds shall be specified in the Supplemental Resolutions authorizing the specified Obligations or Second Lien Obligations, but in no event shall such amount, after giving effect to any surety bond, insurance policy, letter of credit or similar obligation deposited in any such separate debt service reserve fund pursuant to the Resolution, be in excess of the amount that would otherwise be the debt service reserve fund requirement for such specified Obligations or Second Lien Obligations assuming that such Obligations or Second Lien Obligations were the only Obligations or Second Lien Obligations Outstanding under the Resolution; and (b) make such other amendments, changes or modifications to the Resolution as may be deemed necessary or desirable by the Issuer to insure that such debt service reserve funds function in the manner contemplated in this subsection;

14. To authorize Parity Debt and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things referred to in paragraphs (4) and (6) of Section A-202, and also any other matters and things relative to such Parity Debt which are not contrary to or inconsistent with the Resolution as then in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance or entering into of such Parity Debt, and at any time to rescind or limit any authorization for any such Parity Debt theretofore authorized but not issued or entered into; in connection with the authorization of Parity Swap Obligations and Parity Reimbursement Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of the Funds, Accounts and subaccounts established pursuant to Section 502 of the Resolution for the benefit of such Parity Swap Obligations and Parity Reimbursement Obligations; and may grant to the Owners of such Parity Debt the same rights granted to Owners of Obligations in Section 802 and Article A-IX herein;

15. To authorize Second Lien Parity Debt and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things referred to in paragraphs (4) and (6) of Section B-202 of the Resolution, and also any other matters and things relative to such Second Lien Parity Debt which are not contrary to or inconsistent with the Resolution as then in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance or entering into of such Second Lien Parity Debt, and at any time to rescind or limit any authorization for any such Second Lien Parity Debt theretofore authorized but not issued or entered into; in

connection with the authorization of Second Lien Parity Swap Obligations and Second Lien Parity Reimbursement Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of the Funds, Accounts and subaccounts established pursuant to Section 502 of the Resolution for the benefit of such Second Lien Parity Swap Obligations and Second Lien Parity Reimbursement Obligations; and may grant to the Second Lien Owners of such Second Lien Parity Debt the same rights granted to Second Lien Owners of Second Lien Obligations in Section 802 and Article B-VIII herein;

16. To authorize Other Subordinated Obligations and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Other Subordinated Obligations which are not contrary to or inconsistent with the Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Other Subordinated Obligations thereto be authorized but not issued or entered into; and in connection with the authorization of Other Subordinated Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Other Subordinated Obligations and any other funds, accounts or subaccounts created for the benefit of such Other Subordinated Obligations;

17. To modify any of the provisions of the Resolution in any respect whatsoever, *provided that* (i) such modification shall be, and be expressed to be, effective only after all Obligations and/or Second Lien Obligations affected thereby and Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Obligations and/or Second Lien Obligations, as applicable, delivered on original issuance after the date of the adoption of such Supplemental Resolution and of the Obligations and Second Lien Obligations issued in exchange therefor or in place thereof;

18. To modify, amend or supplement the Resolution in any manner, not already provided for in or pursuant to the Supplemental Resolution authorizing the related Series of Obligations in order to provide for a Credit Facility, Qualified Swap, or other similar arrangement with respect to any Series of Obligations, under the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Owners of Outstanding Obligations;

19. To modify, amend or supplement the Resolution in any manner, not already provided for in or pursuant to the Supplemental Resolution authorizing the related Series of Second Lien Obligations in order to provide for a Second Lien Obligation Credit Facility, Qualified Second Lien Swap, or other similar arrangement with respect to any Series of Second Lien Obligations, under the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Second Lien Owners of Outstanding Second Lien Obligations;

20. To amend or modify any Supplemental Resolution authorizing Obligations of a Series or Second Lien Obligations of a Series to reflect the substitution of a new Credit Facility

for the Credit Facility then in effect or a new Second Lien Obligation Credit Facility for the Second Lien Obligation Credit Facility then in effect, as applicable; and

21. To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the issuance and delivery of the Obligations or Second Lien Obligations, or the issuance or entering into of other evidences of indebtedness.

In making any determination under paragraph (9) of this Section 801, the Issuer may conclusively rely upon an Opinion of Counsel or opinions of other experts or professionals.

**Section 802. Supplemental Resolutions Effective With Consent of Owners of Obligations and Second Lien Owners of Second Lien Obligations.** At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Owners of Obligations and Second Lien Owners of Second Lien Obligations in accordance with and subject to the provisions of Article A-IX or Article B-VIII, which Supplemental Resolution, upon the filing with the Trustee and Second Lien Trustee of a copy thereof certified by an Authorized Officer of the Issuer and upon compliance with the provisions of said Article A-IX or Article B-VIII, shall become fully effective in accordance with its terms as provided in said Article A-IX or Article B-VIII.

**Section 803. General Provisions.**

1. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article VIII and Article A-IX and B-VIII hereof. Nothing contained in this Article VIII or in Article A-IX or B-IX shall affect or limit the right or obligation of the Issuer to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Section 801 may be adopted by the Issuer without the consent of any of the Owners or Second Lien Owners, but shall become effective only on the conditions, to the extent and at the time provided in said Section. The copy of every Supplemental Resolution when filed with each of the Trustee and Second Lien Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms; *provided, however*, that the concurrent delivery of an Opinion of Bond Counsel required by Section A-201.2(a) or Section B-201.2(a), as applicable, shall satisfy this requirement.

No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written consent.

**ANNEX A**  
**STANDARD RESOLUTION PROVISIONS**

**ANNEX B**  
**SUPPLEMENTAL STANDARD RESOLUTION PROVISIONS**



**EXHIBIT ONE**

**FORM OF OBLIGATIONS**

**THE BONDS SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK AND NEITHER THE STATE NOR THE CITY SHALL BE LIABLE THEREON.**

*Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

*As provided in the Resolution referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Resolution to the contrary, a portion of the principal amount of this Bond may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC of this Bond may not rely upon the principal amount indicated hereon as the principal amount hereof outstanding and unpaid. The principal amount hereof outstanding and unpaid shall for all purposes be the amount determined in the manner provided in the Resolution.*

**METROPOLITAN TRANSPORTATION AUTHORITY  
REGIONAL PAYROLL MOBILITY TAX BOND,  
SERIES \_\_\_\_\_**

No. \_\_\_\_\_

\$

Interest Rate

Maturity Date

Dated Date

CUSIP

Registered Owner: Cede & Co.

Principal Amount: \_\_\_\_\_ Dollars

METROPOLITAN TRANSPORTATION AUTHORITY (herein called the "MTA"), a body corporate and politic constituting a public benefit corporation, organized and existing under and by virtue of the laws of the State of New York, acknowledges itself indebted to, and for value received hereby promises to pay to the Registered Owner stated above, or registered

assigns, on the Maturity Date set forth above, but solely from the Obligations Trust Estate defined below, upon presentation and surrender of this Bond at the office or agency of MTA designated for such payment in the Borough of Manhattan, City and State of New York, or, at the option of the Registered Owner hereof, at any other office or agency of MTA designated by the MTA for such payment, the Principal Amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay to the Registered Owner hereof interest on such Principal Amount, such payment to be made by \_\_\_\_\_, as Paying Agent, from the Dated Date set forth above or such later date to which interest has been paid, at the Interest Rate per annum set forth above, payable on \_\_\_\_\_ and semi-annually thereafter on the \_\_\_\_\_ day of \_\_\_\_\_ and \_\_\_\_\_ in each year, until the MTA's obligation with respect to the payment of such Principal Amount shall be discharged. Interest on the Series \_\_\_\_\_ Bonds shall be computed on the basis of a 360-day year consisting of 12 30-day months. Interest will be paid by check mailed on the interest payment date by the Paying Agent to the Registered Owner at his address as it appears on the registration records or, at the option of any Owner of at least one million dollars (\$1,000,000) in principal amount of the Series \_\_\_\_\_ Bonds, by wire transfer in immediately available funds on each interest payment date to such Owner, provided such Owner has notified the Trustee (as hereinafter defined) in writing of such Owner's wire transfer address (which shall be in the continental United States) at least 15 days prior to the relevant payment date. *In the event that any payment date is not a business day, payment will be made on the next business day with the same force and effect as if made on the nominal date provided in the Resolution and no interest shall accrue during the intervening period with respect to any payment so deferred.*

This bond is one of a duly authorized issue of obligations of the MTA designated as its "Regional Payroll Mobility Tax Obligations" (herein called the "Bonds") issued under and pursuant to the Metropolitan Transportation Authority Act, Title 11 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (herein called the "MTA Act"), and under and pursuant to a resolution of the MTA adopted on \_\_\_\_\_, 2014, entitled "Regional Payroll Mobility Tax Obligation Resolution", as supplemented. Said resolution, as supplemented and amended, is herein called the "Resolution". This Bond is one of a series of Bonds designated as "Regional Payroll Mobility Tax Bonds, Series \_\_\_\_\_" (herein called the "Series \_\_\_\_\_ Bonds"), issued in the aggregate principal amount of \$ \_\_\_\_\_ under said Resolution. All capitalized terms used but not otherwise defined have the respective meanings ascribed by the Resolution.

*Copies of the Resolution are on file at the office of the MTA and at the principal corporate trust office of \_\_\_\_\_, New York, New York, as Trustee under the Resolution, or its successor as Trustee (herein called the "Trustee"), in the Borough of Manhattan, City and State of New York, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the MTA Act is hereby made for a complete description of the pledge and covenants securing the Series \_\_\_\_\_ Bonds, the nature, extent and manner of enforcement of, and limitations with respect to, such pledge, the rights and remedies of the registered owners of the Series \_\_\_\_\_ Bonds with respect thereto, and the terms and conditions upon which the Bonds are issued and Bonds may be issued thereunder.*

This Series \_\_\_\_ Bond is a special obligation of the MTA, secured by a pledge, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, of all right, title and interest of the MTA in the "Obligations Trust Estate", being (i) the proceeds of the sale of the Obligations, (ii) the Pledged Amounts Account in the MTA Finance Fund, any money on deposit therein and any money received and held by the MTA which are required to be deposited therein and (iii) all Funds, Accounts and Subaccounts established by the Resolution (other than the Second Lien Obligations Proceeds Fund and the Second Lien Debt Service Fund and subject to specified provisions of the Resolution) including the investments, if any, thereof.

To the extent provided in the Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more series, or subseries, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Resolution. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Resolution and the MTA Act, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

The events specified in the Resolution as such shall constitute Obligations Events of Default and the Trustee and the Owners shall have the rights and remedies provided by the Resolution. Neither the Trustee nor the Owners of the Series \_\_ Bonds shall have the right to declare all of the Bonds to be immediately due and payable in the event of a default with respect to the Resolution or any of the Bonds.

To the extent provided in the Resolution, Parity Debt, secured on a parity with the Bonds with respect to all right, title and interest of the MTA in the Obligations Trust Estate may be issued or entered into by the MTA. The aggregate principal amount of Parity Debt which may be issued or entered into under the Resolution is not limited except as provided in the Resolution and the MTA Act.

To the extent and in the manner permitted by the terms of the Resolution, modification or amendment of the Resolution and of the rights and obligations of the MTA and of the Owners of the Bonds may be made by a Supplemental Resolution, in certain instances without the written consent of the Owners of the Bonds. Reference is made to the Resolution for the terms and provisions thereof relating to amendments and supplements.

The registration of this Bond is transferable, as provided in the Resolution, only upon the books of the MTA kept for that purpose at the above mentioned office of the Trustee by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Registered Owner or his duly authorized attorney, and thereupon a new registered Series \_\_\_\_ Bond or Series \_\_\_\_ Bonds in the same aggregate principal amount, interest rate and maturity shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The MTA and each Fiduciary, including the Trustee and any Paying Agent, may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on

account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

The Series \_\_\_\_\_ Bonds are issued by means of a book-entry-only system, with no physical distribution of bond certificates to be made except as provided in the Resolution. One or more bond certificates for each maturity, registered in the name of the Securities Depository Nominee, is being issued for deposit with the Securities Depository and immobilized in its custody. The book-entry-only system will evidence positions held in the Series \_\_\_\_\_ Bonds by the Securities Depository's participants; beneficial ownership of the Series \_\_\_\_\_ Bonds, in the principal amount of \$5,000 or any integral multiple thereof, shall be evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The MTA and the Trustee will recognize the Securities Depository Nominee, while the Registered Owner of this Bond, as the owner of this Bond for all purposes, including payments of principal of and Redemption Price and interest on this Bond, notices and voting. Transfers of principal, interest and any Redemption Price payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfers of principal, interest and any Redemption Price payments to beneficial owners of the Series \_\_\_\_\_ Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. Neither the MTA nor the Trustee will be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding any provisions herein contained to the contrary, payments of principal of and Redemption Price and interest on this Bond shall be made in accordance with existing arrangements among the Trustee, the MTA and the Securities Depository. In the event the Series \_\_\_\_\_ Bonds are no longer held in book-entry-only form, the Series \_\_\_\_\_ Bonds would be issuable in the form of fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

The Series \_\_\_\_\_ Bonds maturing on \_\_\_\_\_ are subject to redemption, in part (in accordance with procedures of DTC, so long as DTC is the Owner, and otherwise by lot in such manner as the Trustee in its discretion deems fair and appropriate) on any \_\_\_\_\_ on and after \_\_\_\_\_ at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Sinking Fund Installments that are required to be made in amounts sufficient to redeem on \_\_\_\_\_ of each year the principal amount of such Series \_\_\_\_\_ Bonds shown below:

<u>Year</u>	<u>Sinking Fund Installment</u>
first payment	
final maturity	

The Series \_\_\_\_\_ Bonds maturing on or after \_\_\_\_\_ are subject to redemption prior to maturity on any date on or after \_\_\_\_\_, at the option of MTA, in whole or in part on any date (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) at 100% of the principal amount thereof, together with accrued interest thereon up to but not including the redemption date.

Either the State of New York or The City of New York may, upon furnishing sufficient funds therefor, require the MTA to redeem all or any portion of the Series \_\_\_\_\_ Bonds as provided in the MTA Act and the Resolution.

This Bond is payable upon redemption at the above mentioned office or agency of the MTA. So long as DTC is the securities depository for the Series \_\_\_\_\_ Bonds, the Trustee must mail redemption notices to DTC at least 20 days before the redemption date. If the Series \_\_\_\_\_ Bonds are not held in book-entry-only form, then the Trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Series \_\_\_\_\_ Bonds is valid and effective even if DTC's procedures for notice should fail. Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before the payment of the Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. All redemptions are final - even if beneficial owners did not receive their notice, and even if that notice had a defect.

If the Trustee gives an unconditional notice of redemption, then on the redemption date the Series \_\_\_\_\_ Bonds called for redemption will become due and payable. If the Trustee gives a conditional notice of redemption and holds money to pay the redemption price of the affected Series \_\_\_\_\_ Bonds, then on the redemption date the Series \_\_\_\_\_ Bonds called for redemption will become due and payable. In either case, if on the redemption date the Trustee holds money to pay the Series \_\_\_\_\_ Bonds called for redemption, thereafter, no interest will accrue on those Series \_\_\_\_\_ Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series \_\_\_\_\_ Bonds.

The MTA Act provides that neither the members of the MTA nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the issue of the Series \_\_\_\_\_ Bonds, together with all other indebtedness of the MTA, is within every debt and other limit prescribed by the laws of the State of New York.

This Bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

**IN WITNESS WHEREOF, METROPOLITAN TRANSPORTATION AUTHORITY**  
has caused this Bond to be signed in its name and on its behalf by the manual or facsimile  
signature of its Authorized Officer as of the Dated Date.

**METROPOLITAN TRANSPORTATION  
AUTHORITY**

By: \_\_\_\_\_  
Director, Finance and an Authorized  
Officer

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within-mentioned Resolution.

Date of Authentication: \_\_\_\_\_

\_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please print or typewrite name of undersigned transferor)

\_\_\_\_\_  
PLEASE INSERT SOCIAL SECURITY OR OTHER TAX IDENTIFYING NUMBER OF  
TRANSFeree

\_\_\_\_\_  
(Please print or typewrite name and address, including zip code, of transferee)

the within mentioned Bond and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
attorney-in-fact, to transfer the within Bond on the books kept for registration thereof, with full  
power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTICE:** The signature must be guaranteed  
by an officer of a commercial bank, trust  
company, or a member of the New York  
Stock Exchange or other national securities  
exchange. Notarized or witnessed signatures  
not acceptable.

**NOTICE:** The signature to this assignment  
must correspond with the name as it appears  
upon the face of the within bond in every  
particular, without alteration or enlargement,  
or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
\_\_\_\_\_



## EXHIBIT TWO

### FORM OF SECOND LIEN OBLIGATIONS

**THE BONDS SHALL NOT BE A DEBT OF THE STATE OF NEW YORK OR THE CITY OF NEW YORK AND NEITHER THE STATE NOR THE CITY SHALL BE LIABLE THEREON.**

*Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

*As provided in the Resolution referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Resolution to the contrary, a portion of the principal amount of this Bond may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC of this Bond may not rely upon the principal amount indicated hereon as the principal amount hereof outstanding and unpaid. The principal amount hereof outstanding and unpaid shall for all purposes be the amount determined in the manner provided in the Resolution.*

**METROPOLITAN TRANSPORTATION AUTHORITY  
REGIONAL PAYROLL MOBILITY TAX SECOND LIEN BOND,  
SERIES \_\_\_\_\_**

No. \_\_\_\_\_

\$

Interest Rate

Maturity Date

Dated Date

CUSIP

Registered Owner: Cede & Co.

Principal Amount: \_\_\_\_\_ Dollars

METROPOLITAN TRANSPORTATION AUTHORITY (herein called the "MTA"), a body corporate and politic constituting a public benefit corporation, organized and existing under and by virtue of the laws of the State of New York, acknowledges itself indebted to, and for value received hereby promises to pay to the Registered Owner stated above, or registered

assigns, on the Maturity Date set forth above, but solely from the Second Lien Obligations Trust Estate defined below, upon presentation and surrender of this Bond at the office or agency of MTA designated for such payment in the Borough of Manhattan, City and State of New York, or, at the option of the Registered Owner hereof, at any other office or agency of MTA designated by the MTA for such payment, the Principal Amount set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay to the Registered Owner hereof interest on such Principal Amount, such payment to be made by \_\_\_\_\_, as Paying Agent, from the Dated Date set forth above or such later date to which interest has been paid, at the Interest Rate per annum set forth above, payable on \_\_\_\_\_ and semi-annually thereafter on the \_\_\_\_\_ day of \_\_\_\_\_ and \_\_\_\_\_ in each year, until the MTA's obligation with respect to the payment of such Principal Amount shall be discharged. Interest on the Series \_\_\_\_\_ Bonds shall be computed on the basis of a 360-day year consisting of 12 30-day months. Interest will be paid by check mailed on the interest payment date by the Second Lien Paying Agent to the Registered Owner at his address as it appears on the registration records or, at the option of any Owner of at least one million dollars (\$1,000,000) in principal amount of the Series \_\_\_\_\_ Bonds, by wire transfer in immediately available funds on each interest payment date to such Second Lien Owner, provided such Second Lien Owner has notified the Second Lien Trustee (as hereinafter defined) in writing of such Second Lien Owner's wire transfer address (which shall be in the continental United States) at least 15 days prior to the relevant payment date. *In the event that any payment date is not a business day, payment will be made on the next business day with the same force and effect as if made on the nominal date provided in the Resolution and no interest shall accrue during the intervening period with respect to any payment so deferred.*

This bond is one of a duly authorized issue of obligations of the MTA designated as its "Regional Payroll Mobility Tax Second Lien Obligations" (herein called the "Bonds") issued under and pursuant to the Metropolitan Transportation Authority Act, Title 11 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (herein called the "MTA Act"), and under and pursuant to a resolution of the MTA adopted on \_\_\_\_\_, 2014, entitled "Regional Payroll Mobility Tax Obligation Resolution", as supplemented. Said resolution, as supplemented and amended, is herein called the "Resolution". This Bond is one of a series of Bonds designated as "Regional Payroll Mobility Tax Second Lien Bonds, Series \_\_\_\_\_" (herein called the "Series \_\_\_\_\_ Bonds"), issued in the aggregate principal amount of \$ \_\_\_\_\_ under said Resolution. All capitalized terms used but not otherwise defined have the respective meanings ascribed by the Resolution.

*Copies of the Resolution are on file at the office of the MTA and at the principal corporate trust office of \_\_\_\_\_, New York, New York, as Second Lien Trustee under the Resolution, or its successor as Trustee (herein called the "Second Lien Trustee"), in the Borough of Manhattan, City and State of New York, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the MTA Act is hereby made for a complete description of the pledge and covenants securing the Series \_\_\_\_\_ Bonds, the nature, extent and manner of enforcement of, and limitations with respect to, such pledge, the rights and remedies of the registered owners of the Series \_\_\_\_\_ Bonds with respect thereto, and the terms and conditions upon which Second Lien Bonds are issued and Second Lien Bonds may be issued thereunder.*

This Bond is a special obligation of the MTA, secured by a pledge, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, of all right, title and interest of the MTA in the "Second Lien Obligations Trust Estate", being (i) the proceeds of the sale of the Second Lien Obligations, (ii) the Pledged Amounts Account in the MTA Finance Fund, any money on deposit therein and any money received and held by the MTA which is required to be deposited therein and (iii) the Second Lien Obligations Proceeds Fund and the Second Lien Debt Service Fund established by the Resolution (subject to specified provisions of the Resolution) including the investments, if any, thereof. *Any lien on and pledge of any portion of the Second Lien Obligations Trust Estate securing Second Lien Obligations is, and is hereby expressly declared to be, junior and inferior to the lien on and pledge of the Obligations Trust Estate created in the Resolution for the payment of the Obligations and Parity Debt.*

To the extent provided in the Resolution, the Second Lien Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more series, or subseries, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Resolution. The aggregate principal amount of Second Lien Bonds which may be issued under the Resolution is not limited except as provided in the Resolution and the MTA Act, and all Second Lien Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

The events specified in the Resolution as such shall constitute Second Lien Obligations Events of Default and the Second Lien Trustee and the Second Lien Owners shall have the rights and remedies provided by the Resolution. Neither the Second Lien Trustee nor the Second Lien Owners of the Bonds shall have the right to declare all of the Bonds to be immediately due and payable in the event of a default with respect to the Resolution or any of the Bonds.

To the extent and in the manner permitted by the terms of the Resolution, modification or amendment of the Resolution and of the rights and obligations of the MTA and of the Second Lien Owners of the Bonds may be made by a Supplemental Resolution, in certain instances without the written consent of the Second Lien Owners of the Bonds. Reference is made to the Resolution for the terms and provisions thereof relating to amendments and supplements.

The registration of this Bond is transferable, as provided in the Resolution, only upon the books of the MTA kept for that purpose at the above mentioned office of the Second Lien Trustee by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Second Lien Trustee, duly executed by the Registered Owner or his duly authorized attorney, and thereupon a new registered Series \_\_\_\_\_ Bond or Series \_\_\_\_\_ Bonds in the same aggregate principal amount, interest rate and maturity shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The MTA and each Fiduciary, including the Second Lien Trustee and any Second Lien Paying Agent, may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Second Lien Redemption Price hereof and interest due hereon and for all other purposes.

The Series \_\_\_\_\_ Bonds are issued by means of a book-entry-only system, with no physical distribution of bond certificates to be made except as provided in the Resolution. One or more bond certificates for each maturity, registered in the name of the Securities Depository Nominee, is being issued for deposit with the Securities Depository and immobilized in its custody. The book-entry-only system will evidence positions held in the Series \_\_\_\_\_ Bonds by the Securities Depository's participants; beneficial ownership of the Series \_\_\_\_\_ Bonds, in the principal amount of \$5,000 or any integral multiple thereof, shall be evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The MTA and the Second Lien Trustee will recognize the Securities Depository Nominee, while the Registered Owner of this Bond, as the Second Lien Owner of this Bond for all purposes, including payments of principal of and Second Lien Redemption Price and interest on this Bond, notices and voting. Transfers of principal, interest and any Second Lien Redemption Price payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfers of principal, interest and any Second Lien Redemption Price payments to beneficial owners of the Series \_\_\_\_\_ Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. Neither the MTA nor the Second Lien Trustee will be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the Second Lien Owner of this Bond, notwithstanding any provisions herein contained to the contrary, payments of principal of and Second Lien Redemption Price and interest on this Bond shall be made in accordance with existing arrangements among the Second Lien Trustee, the MTA and the Securities Depository. In the event the Series \_\_\_\_\_ Bonds are no longer held in book-entry-only form, the Series \_\_\_\_\_ Bonds would be issuable in the form of fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

The Series \_\_\_\_\_ Bonds maturing on \_\_\_\_\_ are subject to redemption, in part (in accordance with procedures of DTC, so long as DTC is the Second Lien Owner, and otherwise by lot in such manner as the Second Lien Trustee in its discretion deems fair and appropriate) on any \_\_\_\_\_ on and after \_\_\_\_\_ at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Second Lien Sinking Fund Installments that are required to be made in amounts sufficient to redeem on \_\_\_\_\_ of each year the principal amount of such Series \_\_\_\_\_ Bonds shown below:

<u>Year</u>	<u>Second Lien Sinking Fund Installment</u>
first payment	
final maturity	

The Series \_\_\_\_\_ Bonds maturing on or after \_\_\_\_\_ are subject to redemption prior to maturity on any date on or after \_\_\_\_\_, at the option of MTA, in whole or in part on any date (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Second Lien Trustee in its discretion deems proper) at 100% of the principal amount thereof, together with accrued interest thereon up to but not including the redemption date.

Either the State of New York or The City of New York may, upon furnishing sufficient funds therefor, require the MTA to redeem all or any portion of the Series \_\_\_\_\_ Bonds as provided in the MTA Act and the Resolution.

This Bond is payable upon redemption at the above mentioned office or agency of the MTA. So long as DTC is the securities depository for the Series \_\_\_\_\_ Bonds, the Trustee must mail redemption notices to DTC at least 20 days before the redemption date. If the Series \_\_\_\_\_ Bonds are not held in book-entry-only form, then the Trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Series \_\_\_\_\_ Bonds is valid and effective even if DTC's procedures for notice should fail. Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before the payment of the Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. All redemptions are final - even if beneficial owners did not receive their notice, and even if that notice had a defect.

If the Trustee gives an unconditional notice of redemption, then on the redemption date the Series \_\_\_\_\_ Bonds called for redemption will become due and payable. If the Trustee gives a conditional notice of redemption and holds money to pay the redemption price of the affected Series \_\_\_\_\_ Bonds, then on the redemption date the Series \_\_\_\_\_ Bonds called for redemption will become due and payable. In either case, if on the redemption date the Trustee holds money to pay the Series \_\_\_\_\_ Bonds called for redemption, thereafter, no interest will accrue on those Series \_\_\_\_\_ Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series \_\_\_\_\_ Bonds.

The MTA Act provides that neither the members of the MTA nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the issue of the Series \_\_\_\_\_ Bonds, together with all other indebtedness of the MTA, is within every debt and other limit prescribed by the laws of the State of New York.

This Bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Second Lien Trustee of the Second Lien Trustee's Certificate of Authentication hereon.

**IN WITNESS WHEREOF, METROPOLITAN TRANSPORTATION  
AUTHORITY** has caused this Bond to be signed in its name and on its behalf by the manual or  
facsimile signature of its Authorized Officer as of the Dated Date.

**METROPOLITAN TRANSPORTATION  
AUTHORITY**

By: \_\_\_\_\_  
Director, Finance an Authorized Officer

SECOND LIEN TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Resolution.

Date of Authentication: \_\_\_\_\_

\_\_\_\_\_,  
as Second Lien Trustee

By: \_\_\_\_\_  
Authorized Signatory

## ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

---

(Please print or typewrite name of undersigned transferor)

---

PLEASE INSERT SOCIAL SECURITY OR OTHER TAX IDENTIFYING NUMBER OF  
TRANSFeree

---

(Please print or typewrite name and address, including zip code, of transferee)

the within-mentioned Bond and hereby irrevocably constitutes and appoints

---

attorney-in-fact, to transfer the within Bond on the books kept for registration thereof, with full  
power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTICE:** The signature must be guaranteed  
by an officer of a commercial bank, trust  
company, or a member of the New York  
Stock Exchange or other national securities  
exchange. Notarized or witnessed signatures  
not acceptable.

**NOTICE:** The signature to this assignment  
must correspond with the name as it appears  
upon the face of the within bond in every  
particular, without alteration or enlargement,  
or any change whatsoever.

Signature Guaranteed:

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**ANNEX A**

**STANDARD RESOLUTION PROVISIONS**

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## STANDARD RESOLUTION PROVISIONS

### ARTICLE A-I

#### DEFINITIONS AND STATUTORY AUTHORITY

**Section A-101. Definitions.** Capitalized terms used but not otherwise defined in this Annex A shall have the meanings set forth in the Resolution to which this Annex A is appended. The following terms shall, for all purposes herein and (except as the context may otherwise require) in the Resolution to which this Annex A is appended, have the following meanings:

**Account or Accounts** shall mean each account or all of the accounts established in Article V of the Resolution.

**Accreted Value** shall mean with respect to any Capital Appreciation Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Obligations and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

**Accrued Debt Service** shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued and unpaid Debt Service with respect to all Obligations and Parity Debt, calculating the accrued Debt Service with respect to each obligation at an amount equal to the sum of (i) as estimated by an Authorized Officer, interest on the Obligations and interest components of Parity Debt accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such Obligations and Parity Debt next due which would have accrued (if deemed to accrue in the manner set forth in the definition of "Debt Service") to the end of such calendar month. For purposes of calculating Debt Service Fund deposits, Principal Installments shall not include amounts that an Authorized Officer has notified the Trustee are to be paid from sources other than Revenues, nor shall Accrued Debt Service include any amounts that, as certified by an Authorized Officer, have been set aside hereunder or otherwise in trust for the payment thereof.

**Amortized Value**, when used with respect to Authorized Investments purchased at a premium above or a discount below par, shall mean the value of such Authorized Investments computed by using an industry standard constant yield method selected by an Authorized Officer of the Issuer.

**Appreciated Value** shall mean with respect to any Deferred Income Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Deferred Income Obligations, (ii) as of any date prior to the Interest Commencement Date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

**Authorized Investments** shall mean and include any of the following, to the extent the same are legal for investment of the Issuer's funds:

- (i) obligations of the State or the United States government;
- (ii) obligations the timely payment of the principal and interest on which are unconditionally guaranteed by the State or the United States government;
- (iii) certificates of deposit of banks or trust companies in the State, secured, if the Issuer shall so require, by obligations of the United States or of the State of a market value equal at all times to the amount of the deposit;
- (iv) banker's acceptances with a maturity of 90 days or less which are eligible for purchase by the federal reserve banks and whose rating at the time of purchase is in the highest Rating Category of each of the Rating Agencies that then rates such banker's acceptances;
- (v) obligations of any bank or corporation created under the laws of either the United States or any state of the United States maturing within 270 days, provided that such obligations are rated in the highest Rating Category of each of the Rating Agencies that then rates such obligations;
- (vi) notes, bonds, debentures, mortgages and other evidences of indebtedness, issued or guaranteed at the time of the investment by the United States Postal Service, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association, the Federal Farm Credit System, or any other United States government sponsored agency, provided that at the time of the investment such agency or its obligations are rated and the agency receives, or its obligations receive, ratings in the highest Rating Category of each of the Rating Agencies that then rates such agency or its obligations;
- (vii) (A) general obligation bonds and notes of any state other than the State, provided that such bonds and notes are rated in the highest Rating Category of each of the Rating Agencies that then rates such bonds and notes, and (B) bonds and notes of

any county, town, city, village, fire district or school district of the State, provided that such bonds and notes are rated in either of the 2 highest Rating Categories of each of the Rating Agencies that then rates such bonds and notes;

- (viii) mutual funds registered with the United States Securities and Exchange Commission, whose investments are limited to obligations of the State described in clause (i) above, obligations the principal and interest of which are guaranteed by the State as described in clause (ii) above, and those securities described in clause (vii) above, and that are rated in the highest Rating Category of each of the Rating Agencies that then rates such funds;
- (ix) repurchase agreements with any dealer or bank, which agreement is secured by any one or more of the securities described in clauses (i), (ii) or (vi) above, which securities shall (A) at all times have a market value of not less than the full amount held or invested pursuant to the agreement and (B) be delivered to a Bank as defined in clause (i) or (ii) of the definition thereof, as custodian, that is independent from the dealer or bank with whom the repurchase agreement is executed; and
- (x) any other investment in which the Issuer is authorized from time to time to invest under applicable law with respect to which an Authorized Officer has, on or before the date thereof, delivered to the Trustee (A) a certificate to the Trustee designating the additional investment as an Authorized Investment and (B) Rating Confirmation.

In addition to the foregoing, in the case of any money held in reserve and sinking funds "Authorized Investments" shall include any other securities in which the trustee or trustees of any public retirement system or pension fund has the power to invest the money thereof pursuant to Article four-a of the Retirement and Social Security Law of the State. each such reserve and sinking fund being treated as a separate fund for the purposes of Article four-a of the Retirement and Social Security Law of the State.

Any investment in any of the foregoing obligations may be made in the form of an entry made on the records of the issuer of the particular obligations or of a recognized securities depository.

**Authorized Officer** shall mean (i) the Chairman and the Vice Chairman, (ii) the Executive Director, the Comptroller, the Chief Financial Officer, the Secretary and any Assistant Secretary of the Issuer, (iii) the Chief Financial Officer, the Director of Finance, and the Director of Budget and Financial Management of the MTA, and (iv) any other Person authorized by the Issuer to perform the act or sign the document in question.

**Bank** shall mean any (i) bank or trust company organized under the laws of any A: to of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or

agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

**Business Day** shall mean any day of the year other than (i) Saturday or Sunday, (ii) any day on which Banks located in New York, New York or the city in which the Principal Office of the Trustee is located are required or authorized by law to remain closed, or (iii) any day on which the New York Stock Exchange is closed.

**Calculated Debt Service** for any period shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt, the sum of Debt Service for such period determined by the Issuer based on the following adjustments:

(1) Interest on Variable Interest Rate Obligations shall be based on the Estimated Average Interest Rate applicable thereto.

(2) Interest on any **Obligation or Parity Debt** in respect of which the Issuer has entered into a **Qualified Swap** shall be based on:

(a) the fixed rate or rates of the Qualified Swap if the Issuer has entered into what is generally referred to as a **"floating-to-fixed"** Qualified Swap (where the Issuer pays a fixed rate and receives a floating rate); or

(b) the lower of (i) the Estimated Average Interest Rate and (ii) the effective capped rate of any Obligation or Parity Debt if the Issuer has entered into a Qualified Swap that is generally referred to as an **"interest rate cap"** (where the Issuer receives a payment if a variable rate exceeds a certain amount); or

(c) the Estimated Average Interest Rate of the Qualified Swap if the Issuer has entered into either what is generally referred to as a **"fixed-to-floating"** Qualified Swap (where the Issuer pays a variable rate and receives a fixed rate) or a **"floating-to-floating"** Qualified Swap (where the Issuer pays a variable rate and receives a different variable rate).

(3) With respect to **Put Obligations** and any Obligations of a Series the interest on which is payable periodically and at least twenty-five per centum (25%) of the original principal amount of which is stated to mature at one time and for which maturing principal amount amortization requirements have not been designated, (i) Principal Installments shall be deemed to amortize over a 30-year period from their date of issuance (or any shorter period provided by Supplemental Resolution) based on substantially level debt service as estimated by the Issuer, and (ii) interest shall be based on the actual interest rate or the Estimated Average Interest Rate, as applicable.

(4) If the Issuer has **irrevocably deposited Authorized Investments or money** with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Authorized Investments and money shall be deducted from Debt Service.

(5) If the Issuer has, at any time, **irrevocably called for redemption** one or more Series of Obligations, including pursuant to a covenant to apply any portion of the



Trust Estate to redeem Obligations or Parity Debt (which particular Obligations or Parity Debt need not be specifically identified in advance, except as to interest rate and maturity), the Issuer shall take into account such redemption for purposes of determining Calculated Debt Service.

(6) With respect to **Parity Reimbursement Obligations**, accelerated payments of principal shall only be taken into account if, at the time of calculation, such amounts are payable due to a draw under a credit or liquidity facility.

**Capital Appreciation Obligations** shall mean any Obligations denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Obligations. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Capital Appreciation Obligation in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Obligation shall be deemed to be its Accreted Value (which in the case of clause (ii) may be the Accreted Value as of the immediately preceding Valuation Date).

**Certificate of Determination** shall mean a certificate of an Authorized Officer of the Issuer fixing terms, conditions and other details of Obligations, Parity Debt, Credit Facilities, Subordinated Indebtedness or Subordinated Contract Obligations in accordance with the delegation of power to do so under a Supplemental Resolution.

**City** shall mean The City of New York.

**Costs of Issuance** shall mean the costs of the authorization, sale and issuance of a Series of Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, including with respect to any party to a transaction State bond issuance charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, fees and charges of the Trustee and other Fiduciaries and agents, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution, transportation and safekeeping of Obligations, premiums, fees and charges in order to obtain, renew, extend or terminate Credit Facilities and Qualified Swaps and other financial arrangements, costs and expenses of refunding such Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under this Resolution, and other costs, charges and fees, including those of the Issuer and any other Related Entities, in connection with the foregoing.

**Counsel's Opinion or Opinion of Counsel or Opinion** shall mean an opinion signed by an attorney or firm of attorneys of recognized standing (who may be counsel to the Issuer) selected by the Issuer.

**Credit Facility** shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement

relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Issuer and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Obligations, Parity Debt or Obligation Anticipation Notes.

**Debt Service** for any period shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt outstanding, the sum of: (i) interest on the Obligations of such Series and the interest components of Parity Debt accruing during such period and (ii) that portion of each Principal Installment for such Obligations and Parity Debt that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the preceding Principal Installment payment date on Outstanding Obligations and Parity Debt; provided, however, that, unless otherwise set forth in a Supplemental Resolution, no Principal Installment shall be deemed to begin accruing until the later of one year prior to such Principal Installment's due date and the date of issuance or incurrence of the related Obligation or Parity Debt.

**Debt Service Payment Date** shall mean, with respect to any portion of Debt Service, the date on which the Debt Service shall be payable.

**Defeasance Security** shall mean

(a) an Authorized Investment as specified in clause (i) of the definition thereof (other than an obligation of the State), which is not redeemable at the option of the issuer thereof,

(b) an Authorized Investment as specified in clause (i) (which is an obligation of the State), (ii), (iii), (vi) or (vii) of the definition thereof, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency,

(c) any depositary receipt issued by a Bank as custodian with respect to any Defeasance Security which is specified in clause (a) above and held by such Bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any such Defeasance Security which is so specified and held.

provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Defeasance Security or the specific payment of principal or interest evidenced by such depositary receipt,

(d) any certificate of deposit specified in clause (iii) of the definition of Authorized Investments in Section A-101, including certificates of deposit issued by the Trustee or by a Paying Agent, secured by obligations specified in clause (a) above of a market value equal at all times to the amount of the deposit, which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency, or

(e) any other Authorized Investment designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Obligations authorized by such Supplemental

Resolution, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency.

**Deferred Income Obligation** shall mean any Obligation (A) as to which interest accruing thereon prior to the Interest Commencement Date of such Obligation is (i) compounded on each Valuation Date for such Deferred Income Obligation and (ii) payable only at the maturity or prior redemption of such Obligations and (B) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date succeeding the Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Deferred Income Obligation in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Deferred Income Obligation shall be deemed to be its Appreciated Value (which in the case of clause (ii) may be the Appreciated Value as of the immediately preceding Valuation Date).

**Estimated Average Interest Rate** shall mean, as to any Variable Interest Rate Obligations or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Obligations or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer.

**Fiduciary or Fiduciaries** shall mean the Trustee, any Registrar, any Paying Agent, any tender agent or any or all of them, as may be appropriate, or any Person appointed to act as a Fiduciary as provided in the Resolution.

**Final Judgment** shall mean any judgment or order of any court of competent jurisdiction, or of any arbitrator or panel of arbitrators, as to which all appeals have been exhausted.

**Fund or Funds** shall mean each fund or all of the funds established in or pursuant to Article V of the Resolution.

**Interest Commencement Date** shall mean, with respect to any particular Deferred Income Obligation, the date determined by Supplemental Resolution after which interest accruing on such Obligation shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

**Issuer Act** shall mean the MTA Act in the event that the MTA is defined in the Resolution as the Issuer or the TBTA Act in the event that the TBTA is defined in the Resolution as the Issuer, together with any other applicable law of the State authorizing the issuance of the related Obligations by the Issuer or expressly limiting the issuance thereof or governing the security therefor.

**LIRR** shall mean The Long Island Rail Road Company and any successor thereto.

**MaBSTOA** shall mean the Manhattan and Bronx Surface Transit Operating Authority and any successor thereto.

**MNCRC** shall mean the Metro-North Commuter Railroad Company and any successor thereto.

**MSBA** shall mean the Metropolitan Suburban Bus Authority and any successor thereto.

**MTA** shall mean the Metropolitan Transportation Authority, the corporation organized and existing under the MTA Act, and any successor thereto.

**MTA Act** shall mean the Metropolitan Transportation Authority Act, being Title 11 of Article 5 of the New York Public Authorities Law, as from time to time amended.

**Obligation Anticipation Notes** shall mean any such notes issued and delivered pursuant to Section A-203, except to the extent (but only to the extent) that all or any portion of such notes either are not payable, or are anticipated by the Issuer not to be paid, from the proceeds of the Obligations in anticipation of which such notes are being issued.

**Opinion of Bond Counsel** shall mean an opinion signed by Hawkins, Delafield & Wood or any other attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of obligations by state and municipal entities, selected by the Issuer.

**Outstanding**, when used with reference to Obligations or Obligations of a Series, shall mean, as of any date, Obligations or Obligations of such Series theretofore or thereupon to be delivered under the Resolution except:

- (i) Any Obligations canceled at or prior to such date;
- (ii) Obligations the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof;
- (iii) Obligations in lieu of or in substitution for which other Obligations shall have been delivered pursuant to Article A-III or Section A-406 or Section A-905;
- (iv) Obligations deemed to have been paid as provided in subsection 2 of Section A-1101;
- (v) Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Obligations on the applicable tender date, if the Purchase Price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution; and

- (vi) For the purpose of any consent to be given or other action to be taken by or upon the direction of Owners of a specified portion of Obligations Outstanding, Obligations excluded pursuant to Section A-1111.

The principal component of any Parity Debt shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Issuer thereunder in lieu of the related Obligation, regardless of the authorized amount of the principal component of such Parity Debt or the related Obligation and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Parity Debt shall not by itself increase the Outstanding principal amount of Obligations.

**Owner**, or any similar terms, shall mean the registered owner of any Obligation as shown on the books for the registration and transfer of Obligations maintained in accordance with Section A-305.

**Parity Debt** shall mean any Parity Reimbursement Obligation, any Parity Swap Obligation or any other contract, agreement or other obligation of the Issuer designated as constituting "Parity Debt" in a certificate of an Authorized Officer delivered to the Trustee; provided, however, that any such Parity Reimbursement Obligation, Parity Swap Obligation, or other contract, agreement or other obligation shall not constitute Parity Debt solely to the extent of any obligations to pay termination or other fees, expenses, indemnification or other similar payments to the counterparty to such arrangement; provided further that Parity Reimbursement Obligations may include accelerated principal amortization provisions to the extent permitted by subsection 4 of Section A-202.

**Parity Reimbursement Obligation** has the meaning provided in subsection 4 of Section A-202.

**Parity Swap Obligation** has the meaning provided in subsection 6 of Section A-202.

**Paying Agent** shall mean any paying agent for the Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

**Person** shall mean any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company or other legal entity or group of entities, including any public benefit corporation, public instrumentality, quasi-governmental or governmental entity or any agency or subdivision thereof.

**Pre-existing Indebtedness** shall mean any bonds, notes or other obligations of the Issuer or any Related Entity that are issued or incurred under an authorizing resolution or other document in effect prior to the date of issuance of the initial Series of Obligations under the Resolution, including any Prior Lien Obligations.

**Principal Installments** shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt, as applicable, (a) the principal amount of Outstanding Obligations of such Series, due on the dates and in the amounts specified by Supplemental

Resolution, reduced by the principal amount of such Obligations which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance (determined as provided in Section A-502 of the Resolution) of any Sinking Fund Installments due on any certain future date for Obligations of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Parity Debt, the amount due thereunder on the dates and in the amounts established in accordance with Section A-202 as a principal component of such Parity Debt payable on a parity with the Obligations.

**Principal Office of the Trustee** shall mean the designated corporate trust office of the Trustee.

**Purchase Price** shall mean, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

**Put Obligations** shall mean Obligations which by their terms may be tendered at the option of the Owner thereof, or are subject to a mandatory tender other than at the election of the Issuer or a Related Entity, for payment or purchase prior to the stated maturity or redemption date thereof.

**Qualified Swap** shall mean, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Swap Provider at the time the arrangement is entered into. (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Issuer for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Obligations or Variable Interest Rate Obligations on a synthetic basis or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to such Obligations.

**Qualified Swap Provider** shall mean an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either at least as high as (i) the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider or (ii) any such lower Rating Categories which each such Rating Agency indicates in writing to the Issuer and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

**Rating Agency** shall mean each nationally recognized statistical rating organization then maintaining a rating on the Obligations at the request of the Issuer.

**Rating Category** shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

**Rating Confirmation** shall mean evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken hereunder; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Obligations.

**Record Date**, except as otherwise provided by Supplemental Resolution or a certificate of an Authorized Officer, shall mean the last Business Day preceding a payment date or other date on which an action is to be taken.

**Redemption Price** shall mean, with respect to any Obligation, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the Resolution.

**Registrar** shall mean any registrar for the Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

**Reimbursement Obligation** has the meaning provided in subsection 4 of Section A-202.

**Related Entity** shall mean any of the MTA, TBTA, MaBSTOA, the Transit Authority, MNCRC, LIRR, SIRTOA, MSBA and any affiliate or subsidiary of any of the foregoing now or hereafter established and designated as a Related Entity by an Authorized Officer.

**Responsible Officer** shall mean any officer assigned to the corporate trust office of the Trustee, or any other officer of the Trustee customarily performing functions similar to those performed by any of such officers and who has direct responsibility for the administration of the Resolution, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

**Securities Depository** shall mean a recognized securities depository selected by the Issuer to maintain a book-entry system in respect to all or any portion of a Series of Obligations (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

**Series** shall mean all of the Obligations delivered on original issuance pursuant to a single Supplemental Resolution and denominated therein a single series, and any Obligations thereafter delivered in lieu of or in substitution therefor pursuant to Article A-III or Section A-406 or Section A-906, regardless of variations in maturity, interest rate, or other provisions.

**Sinking Fund Installment** shall mean, as of a particular date, any Sinking Fund Installment established pursuant to paragraph (m) of subsection 1 of Section A-201.

**SIRTOA** shall mean the Staten Island Rapid Transit Operating Authority and any successor thereto.

**State** shall mean the State of New York.

**Subordinated Contract Obligation** shall mean any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, (h) any Qualified Swap or portion thereof which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, and (c) any other contract, agreement or other obligation of the Issuer designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee. Each Subordinated Contract Obligation shall be payable and secured in a manner permitted by Article V, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Contract Obligations shall be junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

**Subordinated Indebtedness** shall mean any bond, note or other indebtedness authorized by Supplemental Resolution or other resolution of the Issuer and dissipated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer delivered to the Trustee, which shall be payable and secured in a manner permitted by Article V of the Resolution, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Indebtedness shall be junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

**Supplemental Resolution** shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Issuer in accordance with the Resolution and, except as the context may otherwise require, including any related Certificate of Determination.

**TA Act** shall mean the New York City Transit Authority Act being Title 9 of Article 5 of the New York Public Authorities law, as amended from time to time.

**Taxable Obligations** shall mean any Obligations which are not Tax-Exempt Obligations.

**Tax-Exempt Obligations** shall mean any Obligations the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Obligations in the Supplemental Resolution authorizing such obligations.

**TBTA** shall mean the Triborough Bridge and Tunnel Authority, the corporation organized and existing under the TBTA Act, and any successor thereto.

**TBTA Act** shall mean the Triborough Bridge and Tunnel Authority Act, being Title 3 of Article 3 of the New York Public Authorities Law, as amended from time to time.

**Transit Authority** shall mean the New York City Transit Authority, the corporation organized and existing under the TA Act, and any successor thereto.



**Transportation District** shall mean the Metropolitan Commuter Transportation District created by Section 1262 of the MTA Act.

**Transportation District Project** shall mean any project, program or facility that the Issuer or any other Related Entity (in either case, by itself or with any other Person) is authorized from time to time by law to plan, design, acquire, establish, construct, effectuate, operate, maintain, renovate, improve, extend, rehabilitate or repair within, or for the benefit of, the Transportation District.

**Trustee** shall mean the trustee appointed by the Issuer pursuant to Section A-701, and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

**Valuation Date** shall mean (i) with respect to any Capital Appreciation Obligations the date or dates set forth in the Supplemental Resolution authorizing such Obligations on which specific Accreted Values are assigned to the Capital Appreciation Obligations and (ii) with respect to any Deferred Income Obligations, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Resolution authorizing such Obligations on which specific Appreciated Values are assigned to the Deferred Income Obligations.MTA

**Variable Interest Rate** shall mean a variable interest rate to be borne by any Obligation. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Obligations.

**Variable Interest Rate Obligations** shall mean Obligations which bear a Variable Interest Rate.

**Section A-102. Rules of Construction.**

1. Words of one gender shall be deemed and construed to include correlative words of any other gender. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations.

2. Except as otherwise specified herein, all references in the Resolution (including this Annex A) to Articles, Sections, and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Resolution (including this Annex A), and the words herein, hereof, hereunder and other words of similar import refer to the Resolution as a whole (including this Annex A) and not to any particular Article, Section or subdivision of the Resolution or of this Annex A. References in the Resolution to Articles or Sections with "A-" preceding the number of an Article or Section are to such Article or Section of this Annex A.

3. This Annex A constitutes an integral part of the Resolution and, except to the extent provided in the next 2 sentences, has the same force and effect as if set forth in the forepart of the Resolution. To the extent expressly provided in the Resolution (not including this Annex A), the Issuer may negate, amend or modify any provision of this Annex A. In the event of any conflict between this Annex A and the forepart of the Resolution, the forepart of the Resolution shall control.

4. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof (including any table of contents in the Resolution), shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of the Resolution (including this Annex A) or describe the scope or intent of any provisions hereof.

5. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with applicable generally accepted accounting principles as in effect from time to time.

6. All references herein to resolutions, contracts or other agreements shall be deemed to include any amendments to such documents that are approved in accordance with the terms thereof and hereof

7. Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature, which may be delivered and "signed" pursuant to facsimile or other electronic-mail transmission in accordance with applicable law and practice.

8. The word "or" is not exclusive.

9. The word "including" means including without limitation.

**Section A-103. Authority for the Resolution.** The Resolution is adopted pursuant to the Issuer Act.

**Section A-104. Resolution to Constitute Contract.** In consideration of the purchase and acceptance of any and all of the Obligations and Parity Debt authorized to be issued hereunder by those who are Owners of the Obligations and Parity Debt from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Obligations and Parity Debt; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Owners of any and all of the Obligations and Parity Debt, all of which, regardless of the time or times of their authentication, issuance and delivery, or maturity, shall be of equal rank without preference, priority or distinction of any of the Obligations or Parity Debt over any other Obligations or Parity Debt, except as expressly provided in or permitted by the Resolution.

## ARTICLE A-II

### GENERAL PROVISIONS FOR ISSUANCE OR INCURRENCE OF OBLIGATIONS, PARITY DEBT AND OBLIGATION ANTICIPATION NOTES

#### Section A-201. General Provisions for Issuance of Obligations.

1. Obligations may be issued pursuant to a Supplemental Resolution in such principal amount or amounts for each Series or subseries as may be specified in such Supplemental Resolution. Obligations of any Series or subseries shall be authorized by a Supplemental Resolution which shall specify, among other things, the following matters (or the manner of determining such matters):

(a) The authorized principal amount, designation and Series of such Obligations;

(b) The purpose or purposes for which such Obligations are being issued which shall be one or more of the purposes set forth in Section 201;

(c) The dates and the maturity dates of the Obligations of such Series;

(d) If the Obligations of such Series are interest bearing Obligations, the interest rates of the Obligations of such Series and the interest payment dates therefor;

(e) If Obligations of such Series are Capital Appreciation Obligations, the Valuation Dates for such Obligations and the Accreted Value on each such Valuation Date;

(f) If Obligations of such Series are Deferred Income Obligations, the Interest Commencement Date for such Obligations, the Valuation Dates prior to the Interest Commencement Date for such Obligations and the Appreciated Value on each such Valuation Date;

(g) If Obligations of such Series are Capital Appreciation Obligations or Deferred Income Obligations, the manner in which and the period during which principal and interest shall be deemed to accrue on such Obligations;

(h) If Obligations of such Series are Variable Interest Rate Obligations, the maximum interest rate, if any, or the method of calculating such maximum rate for such Obligations, and the provisions, if any, as to the calculation or change of Variable Interest Rates;

(i) If Obligations of such Series are Put Obligations, provisions regarding tender for purchase or redemption thereof and payment of the purchase or Redemption Price thereof;

(j) The denominations of, and the manner of dating, numbering and lettering, the Obligations of such Series;

(k) The Paying Agents, if any, and the places of payment of the principal and Redemption Price, if any, of, and interest on, the Obligations of such Series;

(l) The Redemption Prices, if any, and the redemption terms, if any, for the Obligations of such Series, provided that Obligations of any maturity for which Sinking Fund Installments shall be established pursuant to paragraph (m) of this subsection I shall in any event be redeemable, or payable at maturity, by application of the Sinking Fund Installments for such Obligations on the due dates of such Sinking Fund Installments;

(m) The amount and due date of each Sinking Fund Installment, if any, for Obligations of like maturity of such Series;

(n) Provisions necessary to authorize, in compliance with all applicable law, Obligations of such Series to be issued in the form of Obligations issued and held in book-entry form on the books of the Issuer or any Fiduciary appointed for that purpose by the Issuer and, in connection therewith, make such additional changes in the Resolution, not adverse to the rights of the Owners of the Obligations, as are necessary or appropriate to accomplish or recognize such book-entry form Obligations and specify and determine the matters and things relative to the issuance of such book-entry form Obligations as are appropriate or necessary;

(o) To the extent applicable, the provisions relating to (a) any Credit Facility, Qualified Swap or other financial arrangement entered into in connection with the issuance of the Obligations of such Series and (b) the obligations payable thereunder;

(p) The amount, if any, to be deposited in the Proceeds Fund or any Account therein;

(q) If so determined by the Issuer, provisions for the application of any money available therefor to the purchase, exchange or redemption of Obligations of such Series and for the order of purchase, exchange or redemption of such Obligations;

(r) If so determined by the Issuer, provisions for the sale of the Obligations of such Series;

(s) The forms of the Obligations of such Series and of the Trustee's certificate of authentication if other than as provided in Section 301; and

(t) Such other matters, not contrary to or inconsistent with the Resolution, as the Issuer may deem advisable or necessary in connection with the authorization, issuance, sale, or delivery of such Series of Obligations.

An Authorized Officer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to the delegation under such Supplemental Resolution, and such Certificate of Determination shall be conclusive evidence of the terminations or actions of such Authorized Officer as to the matters stated therein. The matters set forth in any such Certificate of Determination shall have the same effect as if set forth in the related Supplemental Resolution.

2. The Obligations may be sold in one or more Series or subseries (each of which shall contain a designation distinguishing it from other Series or subseries), and shall be delivered by the Issuer under the Resolution but only upon receipt by the Trustee of

(a) An Opinion of Bond Counsel in customary form to the effect that (i) the Issuer has the right and power under the Issuer Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect, and is valid and binding upon the Issuer, and enforceable in accordance with its terms, and no other authorization for the Resolution is required as of the date thereof; (ii) the Resolution creates the valid pledge which it purports to create of the Trust Estate in the manner and to the extent provided in Section 501; and (iii) the Obligations are valid and binding obligations of the Issuer, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Issuer Act as amended to the date of such Opinion of Bond Counsel, and (iv) such Obligations have been duly and validly authorized and issued in accordance with law and the Resolution;

(b) A copy of the Supplemental Resolution authorizing such Obligations, certified by an Authorized Officer;

(c) A written order of the Issuer as to the delivery of the Obligations, signed by an Authorized Officer;

(d) A certificate of an Authorized Officer to the effect that, upon the delivery of the Obligations of such Series (i) no event which constitutes a default under the Resolution or any of the Obligations shall have occurred and be continuing or, if such an event is continuing, upon issuance of the Obligations such default shall be cured, and (ii) no such event would result from the authentication and delivery of the Obligations of such Series;

(e) If any Obligations are Variable Interest Rate Obligations or a Qualified Swap is being entered into that will result in a variable interest rate obligation of the Issuer, a determination by an Authorized Officer of the Estimated Average Interest Rate;

(f) If any Obligations of such Series are Put Obligations, a determination by an Authorized Officer of the method or methods to be employed to provide for the purchase or redemption of all Put Obligations of such Series if the Owners thereof elected to tender for purchase or redemption the entire aggregate Outstanding principal amount of the Put Obligations of such Series; and

(g) Such further documents and money as are required by the provisions of Article II, this Article A-II or Article A-VIII.

3. If Obligations are to be listed on a domestic or foreign stock exchange, the Authorized Officers are hereby authorized to take all such actions as they deem necessary or appropriate to comply with the listing requirements of such exchange, including the appointment of a member of such exchange as listing agent, the publication where required by such exchange of all redemption notices, the appointment of a special clearing agent and paying agent, and the execution of an undertaking letter with such exchange.

4. The Obligations shall not be a debt of the State or the City and neither the State nor the City shall be liable thereon, nor shall Obligations be payable out of any funds other than those of the Issuer as provided in the Resolution.

**Section A-202. Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt.**

1. The Issuer may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Issuer deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Resolution requiring action under Article or Article A-IX, including:

(a) So long as the Credit Facility is in full force and effect and payment on the Credit Facility is not in default, then (i) the issuer of the Credit Facility shall be deemed to be the sole Owner of the Outstanding Obligations the payment of which such Credit Facility secures or (ii) in the alternative or with respect to particular matters, the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Owners of the Outstanding Obligations, in either case when the approval, consent or action of the Owners for such Obligations is required or may be exercised under the Resolution including Section A-802 hereof and following an Event of Default hereunder; provided, however, that no issuer of a Credit Facility shall be deemed to be the sole Owner of Outstanding Obligations pursuant to this provision in the event that the Credit Facility or Credit Facilities securing such Obligations provide only liquidity support.

(b) In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Outstanding Obligations (or Purchase Price of any Outstanding Obligations to the extent the issuer of the Credit Facility has not been reimbursed) shall be paid under the provisions of the Credit Facility, all covenants, agreements and other obligations of the Issuer to the Owners of such Obligations shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Owners in accordance with the terms of such Credit Facility.

2. In addition, such Supplemental Resolution may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the issuer of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on Obligations secured by the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility.

3. The Issuer may enter into such agreements with the issuer of such Credit Facility providing for, *inter alia*: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility, (ii) the terms and conditions of such Credit Facility and the Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

4. The Issuer may secure such Credit Facility by an agreement providing for the purchase of the Obligations secured thereby with such adjustments to the rate of interest, method

of determining interest, maturity, or redemption provisions as specified by the Issuer in the applicable Supplemental Resolution. The Issuer may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility (together with interest thereon, the **"Reimbursement Obligation"**); *provided, however*, that no amounts shall be payable by the Issuer under a Reimbursement Obligation for purposes of the Resolution, until amounts are paid under such Credit Facility by the issuer thereof. As determined by Supplemental Resolution, any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Obligation and accelerated principal amortization, (1) may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by Section 501 of the Resolution to secure the Obligations (a **"Parity Reimbursement Obligation"**), but only to the extent that (prior to any acceleration of all Obligations, if permitted) any principal amortization requirements are *either* (A) commensurate with the amortization requirements for such related Obligations, without acceleration or (B) accelerated to no greater extent than to require repayment in equal principal installments over 5 or more years, or (ii) may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Reimbursement Obligations shall not include any payments (other than interest calculated at a higher rate pursuant to a Credit Facility) (i) of any fees or expenses, (ii) pursuant to any indemnification provisions or (iii) pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than permitted by clauses (A) and (B) of the preceding sentence, and any such payments of the items specified in clauses (1), (ii) or (iii) shall constitute Subordinated Contract Obligations.

5. Any such Credit Facility shall be for the benefit of and secure such Obligations or portion thereof as specified in any applicable Supplemental Resolution.

6. In connection with the issuance of any Obligations or at any time thereafter so long as Obligations remain Outstanding, the Issuer may, to the extent permitted pursuant to law, from time to time enter into Qualified Swaps. The Issuer's obligation to pay any amount under any Qualified Swap may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by Section 501 of the Resolution to secure the Obligations (a **"Parity Swap Obligation"**), or may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract Obligations.

7. Parity Debt shall not be a debt of the State or the City and neither the State nor the City shall be liable thereon, nor shall Parity Debt be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

8. Except to the extent that an Authorized Officer directs that such amounts be deposited in any other Fund or Account pledged to the payment of Obligations, any amounts paid to the Issuer under a Qualified Swap shall be deposited in the Debt Service Fund.

9. To the extent applicable and not readily apparent with respect any Parity Debt, either the terms of such Parity Debt shall specify (or an Authorized Officer shall specify in

writing) the interest and principal components of or the scheduled payments corresponding to principal and interest under, such Parity Debt or the manner of determining the foregoing.

**Section A-203. Obligation Anticipation Notes.** Whenever the Issuer shall have, by Supplemental Resolution, authorized the issuance of a Series of Obligations, the Issuer may by resolution authorize the issuance of Obligation Anticipation Notes in anticipation of the issuance of such authorized Series of Obligations, in a principal amount not exceeding the Principal amount of the Obligations of such Series so authorized. The principal of and premium, of any, and interest on such Obligation Anticipation Notes and any renewals of such Obligation Anticipation Notes shall be payable only from any or all of the following items designated by the Issuer at or prior to issuance of any such series of Obligation Anticipation Notes (i) the proceeds of any renewals of such Obligation Anticipation Notes issued to repay such Obligation Anticipation Notes, (ii) the proceeds of the sale of the Series of Obligations in anticipation of which such Obligation Anticipation Notes are issued, (iii) amounts available to pay Subordinated Indebtedness, or (iv) any other money available therefor and not pledged under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Obligation Anticipation Notes, and any such pledge of the items set forth in clauses (i) and (ii) shall have priority over any other pledge created by the Resolution, including Section 501. In any case, such Obligation Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Series of Obligations in anticipation of which they are issued. The proceeds of the sale of Obligation Anticipation Notes other than renewals thereof shall be applied to the purposes for which the Obligations in anticipation of which such Obligation Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Resolution for such purposes or, if so provided in the resolution authorizing renewals of Obligation Anticipation Notes issued to pay outstanding Obligation Anticipation Notes, applied directly to such payment. Investment earnings from any amounts on deposit in any Fund or Account under the Resolution representing the proceeds of any Obligation Anticipation Notes shall be applied in the manner set forth in the resolution authorizing such Obligation Anticipation Notes.

## **ARTICLE A-III**

### **GENERAL TERMS AND PROVISIONS OF OBLIGATIONS**

Except as otherwise provided by Supplemental Resolution, the Obligations shall be subject to the terms and provisions of these Standard Resolution Provisions.

#### **Section A-301. Medium of Payment; Form and Date.**

1. The Obligations and Parity Debt shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts (or to the extent permitted by law, in any other coin or currency authorized pursuant to a Supplemental Resolution for related Obligations and Parity Debt).



2. Obligations shall be issued in the form of fully registered Obligations without coupons. Obligations, the certificate of authentication, if any, and the form of assignment shall be in substantially the form provided for in Exhibit One with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or thereby or are required by law, and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officers executing such Obligations, as evidenced by their execution of the Obligations. Any portion of the text of any Obligation may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Obligation, or as multiple pages (with or without such a reference). Obligations may be typewritten, printed, engraved, lithographed or otherwise produced.

3. Obligations shall be dated, and shall bear or not bear interest, as provided in the Supplemental Resolution authorizing such Obligations.

**Section A-302. Legends.** Obligations may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Issuer.

**Section A-303. Execution and Authentication.**

1. The Obligations shall be executed in the name of the Issuer by the manual or facsimile signature of an Authorized Officer or in such other manner as may be required by law or specified in a Supplemental Resolution. In case any of the officers who shall have signed any of the Obligations shall cease to be such officer before the Obligations so signed shall have been actually delivered, such Obligations may, nevertheless, be delivered as herein provided, and may be issued as if the Persons who signed such Obligations had not ceased to hold such offices. Any Obligation may be signed on behalf of the Issuer by such Persons as at the actual time of the execution of such Obligation shall be duly authorized or hold the proper office in the Issuer, although at the date of the Obligations such Persons may not have been so authorized or have held such office.

2. Obligations of each Series shall bear thereon a certificate of authentication, executed manually by the Trustee. Only such Obligations as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no Obligation shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Obligation executed on behalf of the Issuer shall be conclusive evidence that the Obligation so authenticated has been duly authenticated and delivered under the Resolution and that the Owner thereof is entitled to the benefits of the Resolution.

**Section A-304. Interchangeability of Obligations.** Obligations, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or his duly authorized attorney, may, at the option of such Owner, be exchanged for an equal aggregate principal amount of Obligations of the same Series, maturity and interest rate of any other authorized denomination.

**Section A-305. Negotiability, Transfer and Registry.** All the Obligations issued under the Resolution shall be negotiable, subject to the provisions for registration and registration of transfer contained in the Resolution and in the Obligations. So long as any of the Obligations shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and registration of transfer of Obligations; and, upon presentation thereof for such purpose at said office and under such reasonable regulations as it or the Registrar may prescribe, the Issuer shall register or cause to be registered therein, and permit to be transferred thereon, the registration of any Obligation entitled to registration or registration of transfer. So long as any of the Obligations remain Outstanding, the Issuer shall make all necessary provision to permit the exchange of Obligations at the office of the Registrar.

**Section A-306. Transfer of Obligations.**

1. The transfer of each Obligation shall be registerable only upon the books of the Issuer, which shall be kept by the Registrar, by the Owner thereof in person or by his attorney authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar executed by the Owner or his authorized attorney. Upon the registration of transfer of any such Obligation, the Issuer shall issue in the name of the transferee a new Obligation of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Obligation.

2. The Issuer and each Fiduciary may deem and treat the Person in whose name any Outstanding Obligation shall be registered upon the books of the Issuer as the absolute owner of such Obligation, whether such Obligation shall be overdue or not, for the purpose of receiving payment of, or on account of the principal and Redemption Price, if any, of and interest on such Obligation and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the sum or sums so paid, and neither the Issuer nor any Fiduciary shall be affected by any notice to the contrary. The Issuer agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, unless acting in bad faith or with negligence under the Resolution, in so treating such registered owner.

**Section A-307. Regulations With Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Obligations or registering the transfer of Obligations is exercised, the Issuer shall execute and the Registrar shall deliver Obligations in accordance with the provisions of the Resolution. All Obligations surrendered in any such exchanges or registrations of transfer shall forthwith be canceled by the Registrar. For every such exchange or registration of transfer of Obligations, whether temporary or definitive, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

**Section A-308. Obligations Mutilated, Destroyed, Stolen or Lost.** In case any Obligation shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee and Registrar shall deliver, a new Obligation of like tenor, Series, maturity, interest rate and principal amount as the Obligation so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Obligation, upon surrender and cancellation

of such mutilated Obligation, or in lieu of and substitution for the Obligation destroyed, stolen or lost, upon filing with the Trustee and Registrar evidence satisfactory to the Issuer and the Trustee and Registrar that such Obligation has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Issuer and the Trustee and Registrar with indemnity satisfactory to them and complying with such other reasonable regulations as the Issuer and the Trustee and Registrar may prescribe and paying such expenses as the Issuer and Trustee and Registrar may incur. All Obligations so surrendered to the Registrar shall be canceled by it. If any such Obligation shall have matured, or if such Obligation shall have been called for redemption or a redemption date pertaining thereto shall have passed, instead of issuing a new Obligation the Issuer may cause the same to be paid without surrender thereof upon indemnity satisfactory to the Issuer and the Trustee. Any such new Obligations issued pursuant to this Section in substitution for Obligations alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Issuer, whether or not the Obligations so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Obligations issued under the Resolution, in any money or securities held by the Issuer or the Fiduciary for the benefit of the Owners of Obligations.

**Section A-309. Book-Entry-Only System.** The Issuer may employ a book-entry-only system of registration with respect to any Obligations and may utilize the procedures regarding such registration set forth in this Section A-309, as such procedures may be modified or superseded pursuant to the Supplemental Resolution authorizing such Obligations. Any provisions of the Resolution inconsistent with book-entry-only Obligations shall not be applicable to such book-entry-only Obligations.

Any Authorized Officer is hereby authorized to take all actions required for each Series of Obligations to be eligible under the rules and regulations of The Depository Trust Company ("DTC"), 55 Water Street, New York, New York, for investment and trading as uncertificated securities. DTC is hereby appointed as the initial Securities Depository for the obligations, with Cede & Co., a nominee thereof, being the initial registered owner of the Obligations. In the event that any Securities Depository resigns or is removed, any Authorized Officer may select a substitute Securities Depository. The Issuer and any Fiduciary, and any agent of the Issuer or any Fiduciary, may treat any Securities Depository in whose name any Obligations is registered as the owner of such Obligation for all purposes under the Resolution. For so long as the Securities Depository is the registered owner of the Obligations, procedures with respect to the transmission of notices and the transfer of ownership of, redemption of and payment of principal or Redemption Price, if any, of and interest on such Obligations so held shall be in accordance with arrangements among the Trustee, the Issuer and the Securities Depository.

So long as the Obligations are registered in the name of the Securities Depository, the Issuer and the Trustee shall have no responsibility or obligation to any Securities Depository participant, indirect participant or beneficial owner of the Obligations. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of any Securities Depository or any Securities Depository participant or indirect participant with respect to any beneficial ownership interest in the Obligations, (ii) the delivery to any Securities Depository participant, indirect participant, beneficial owner or any other person, other than the Securities Depository, of any

notice with respect to the Obligations, including any notice of redemption or tender, or (iii) the payment to any Securities Depository participant, indirect participant, beneficial owner or any other person, other than the Securities Depository, of any amount with respect to the principal of or Redemption Price or interest on the Obligations.

The Issuer, in its sole discretion and without the consent of any other person, may terminate the services of any Securities Depository with respect to any Series of Obligations. Notice of such termination shall be given by the Issuer to the Trustee prior to or simultaneously with such termination. In the event the book-entry only system is discontinued with respect to the Obligations, principal and Redemption Price of and interest on the Obligations shall be paid as provided in the Resolution.

Consistent with DTC book-entry provisions, one or more typewritten certificates shall be prepared for each maturity of the Obligations of a Series and registered in the name of the Securities Depository. There shall be no physical distribution of bond or other certificates to beneficial owners of such Obligations. In the event that the Obligations do not qualify to be held by the Securities Depository or that either the Issuer determines to discontinue the book-entry only system or DTC determines to discontinue providing its service with respect to the Obligations and there is no successor Securities Depository, the bond or other certificates shall be delivered in the form required by the Resolution.

Unless otherwise directed by an Authorized Officer, "CUSIP" identification numbers will be imprinted on the Obligations, but such numbers shall not constitute a part of the contract evidenced by the Obligations and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Obligations. As a convenience to the Owners of the Obligations, the Issuer and the Trustee may use such CUSIP numbers in any notices to the Owners of the Obligations, including any notices of redemption of the Obligations. Failure on the part of the Issuer or the Trustee to use such CUSIP numbers in any notice to Owners of the Obligations shall not constitute an Event of Default or any similar violation of the Issuer's contract with such Owners. The Issuer will promptly notify the Trustee of any change in the CUSIP numbers.

## ARTICLE A-IV

### REDEMPTION AND TENDER OF OBLIGATIONS

**Section A-401. Privilege of Redemption and Redemption Price.** Except as otherwise provided in the Resolution or a Supplemental Resolution, Obligations subject to redemption pursuant to a Supplemental Resolution shall be subject to redemption only in accordance with this Article A-IV.

Obligations subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon written notice as provided in this Article A-IV, at such times, at such Redemption Prices and upon such terms as may be specified in the Supplemental Resolution authorizing such Obligations.

**Section A-402. Redemption at the Election of the Issuer; Tender to Related Entities.** In the case of any redemption of Obligations at the election of the Issuer, the Issuer shall give written notice to the Trustee of its election so to redeem, of the redemption date, of the Series, of the principal amounts of the Obligations of each maturity and interest rate of such Series to be redeemed (which Series, maturities, interest rates and principal amounts thereof to be redeemed shall be determined by the Issuer in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Resolution). Such notice shall be given at least 45 days prior to the redemption date or such shorter period as may be provided in the Supplemental Resolution or as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section A-405 provided but subject to the second paragraph of Section A-405, the Issuer shall on or prior to the redemption date cause to be paid out to the appropriate Paying Agent or Paying Agents out of money available therefor an amount in cash which, in addition to other money, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Obligations to be redeemed.

To the extent provided by Supplemental Resolution the Issuer may, in its sole discretion, purchase or grant to any Related Entity the option to purchase, at any time and from time to time, any Obligations which are redeemable at the election of the Issuer at a purchase price equal to the redemption price therefor. To exercise any such option, the Issuer or the Related Entity shall give the Trustee a written request exercising such option within the time periods specified in the related Supplemental Resolution as though such written request were a written request of the related Issuer for redemption, and the Trustee shall thereupon give the Owners of the Obligations to be purchased notice of such purchase in the manner specified in the related Supplemental Resolution as though such purchase were a redemption. On the date fixed for purchase pursuant to any exercise of such an option, the Issuer or the Related Entity shall pay the purchase price of the Obligations then being purchased to the Trustee in immediately available funds, and the Trustee shall pay the same to the sellers of such Obligations against delivery thereof. Following such purchase, the Trustee shall cause such Obligations to be registered in the name of the Issuer or the Related Entity or its nominee and shall deliver them to the Issuer, the Related Entity or its nominee. Except to the extent otherwise directed by an Authorized Officer, no purchase of Obligations pursuant to such an option shall operate to extinguish the indebtedness of the Issuer evidenced thereby. Any such option to purchase by a Related Entity either shall be conditioned

on the provision of sufficient money therefor by the Related Entity or shall be an obligation of the Issuer in the event that the Related Entity does not provide sufficient money therefor.

**Section A-403. Redemption Otherwise Than at the Issuer's Election.** Whenever by the terms of the Resolution: Obligations are required to be redeemed otherwise than at the election of the Issuer, the Trustee shall select the Obligations to be redeemed, give the notice of redemption and pay out of money available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of this Article A-IV. The Trustee shall have no liability in making such selection.

**Section A-404. Selection of Obligations to Be Redeemed.** In the event of redemption of less than all the Outstanding Obligations of like tenor, Series, maturity and interest rate, the Trustee shall select, as directed by the Issuer (as to the timing of such selection, manner of such selection or otherwise) or otherwise in such manner as the Trustee in its discretion shall deem appropriate and fair, the numbers of the Obligations to be redeemed and portions of any thereof to be redeemed in part. Obligations of denominations equal or less than the minimum authorized denomination thereof may be redeemed only as a whole. Obligations of denominations of more than the minimum authorized denomination thereof may be redeemed either as a whole or in part (which, if redeemed in part, must assure that the portion of the Obligation which is not redeemed is an authorized denomination). For the purposes of this action A-404, Obligations, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

**Section A-405. Notice of Redemption.** When the Trustee shall receive notice from the Issuer of its election to redeem Obligations pursuant to Section A-402, and when redemption of Obligations is required by the Resolution pursuant to Section A-403, the Trustee shall give notice, in the name of the Issuer, of the redemption of such Obligations, which notice shall specify the Series (including CUSIP numbers), maturities and, if any maturity shall include Obligations bearing different interest rates and all Obligations of such maturity are not being redeemed, the interest rate of the Obligations to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Obligations of any like tenor, Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Obligations so to be redeemed, and, in the case of Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed, and, if applicable, that such notice is conditional and the conditions that must be satisfied. Such notice shall further state that on such date there shall become due and payable upon each Obligation to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Obligations to be redeemed in part only, together with interest accrued to the redemption date. and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given not less than 30 days nor more than 45 days, or for such other period as may be specified in a Supplemental Resolution authorizing a particular Series, before the redemption date, to the Owners of any Obligations or portions of Obligations which are to be redeemed. Failure so to give any such notice to any particular Owner shall not affect the validity of the proceedings for the redemption of Obligations not owned by such Owner and failure of any Owner to receive such notice shall not affect the validity of the proposed redemption of

Obligations. The Issuer may provide notices of redemption at such additional times as it may determine necessary or appropriate.

Any notice of optional redemption given pursuant to this Section may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Obligations or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Owners of Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Unless otherwise provided by Supplemental Resolution, notices of redemption shall be sent by first class mail, postage prepaid.

Notice of redemption of any Series of Obligations shall also be sent by the Trustee to such additional Persons as may be specified in the Supplemental Resolution authorizing such Series.

**Section A-406. Payment of Redeemed Obligations.** Notice having been given in the manner provided in Section A-405, the Obligations or portions thereof so called for redemption shall, subject to the second paragraph of Section A-405, become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Obligations, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of an Obligation, the Issuer shall execute and cause to be delivered, upon the surrender of such Obligation, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Obligation so surrendered, at the option of the owner thereof, Obligations of like tenor, Series, maturity and interest rate in any of the authorized denominations. If, on the redemption date, money for the redemption of all the Obligations or portions thereof of any like tenor, Series, maturity and interest rate to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Obligations or portions thereof of such Series, maturity and interest rate so called for redemption shall cease to accrue. If said money shall not be so available on the redemption date, such Obligations or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## **ARTICLE A-V**

### **INVESTMENT OF FUNDS; SINKING FUND INSTALLMENTS; CANCELLATION AND DISPOSITION OF OBLIGATIONS**

#### **Section A-501. Investment of Funds.**

1. Subject to the provisions of Section A-1104, amounts in the Funds and Accounts established by Section 502 of the Resolution may be invested only in Authorized Investments and only when and as specifically directed in writing by an Authorized Officer.

2. The Trustee or the Issuer shall sell any Authorized Investments held in any Fund, Account or subaccount to the extent required for payments from such Fund, Account or subaccount. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund, Account or subaccount to the extent required to meet the requirements of such Fund, Account or subaccount. Except as provided by Supplemental Resolution, in computing the amount of such Funds, Accounts and subaccounts, investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value. Accrued interest received upon the sale of any Authorized Investment to the extent such amount exceeds any accrued interest paid on the purchase of such Authorized Investment shall be treated as interest earned on such Authorized Investment for purposes of this Section.

3. Nothing in the Resolution shall prevent any Authorized Investments required as investments of or security for any Fund, Account or subaccount held under the Resolution from being held in book-entry form.

4. In making any investment in any Authorized Investments with money in any Fund or Account established under the Resolution, the Trustee or the Issuer may combine such money with money in any other Fund or Account held by it, but solely for purposes of making such investment in such Authorized Investments.

#### **Section A-502. Satisfaction of Sinking Fund Installments.**

1. Any amount accumulated in the Debt Service Fund in respect of and up to the unsatisfied balance of each Sinking Fund Installment shall be applied by the Trustee to either (a) or (b) below as directed by the Issuer (together with amounts accumulated in the Debt Service Fund with respect to interest on the Series of Obligations for which such Sinking Fund Installment was established) if so directed by an Authorized Officer prior to the 45th day preceding the due date of such Sinking Fund Installment as follows:

(a) to the purchase of Obligations for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Obligations plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Issuer shall direct; or



(b) to the redemption of Obligations for which such Sinking Fund Installment was established, if then redeemable by their terms at the prices referred to in clause (a) of this subsection 1 of this Section A-502.

All Obligations so purchased or redeemed shall be canceled by the Trustee prior to the 45th day preceding the due date of such Sinking Fund Installment.

2. Upon the purchase or redemption of any Obligation pursuant to subsection 1 of this Section, an amount equal to the principal amount of the Obligations so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Obligations of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments for such Series as specified by an Authorized Officer. Prior to the purchase or redemption of such Obligations, the Issuer shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Obligations so to be purchased or redeemed, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Obligations are so to be purchased or redeemed, (iii) the aggregate principal amount of the Obligations so to be purchased or redeemed, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Obligations.

3. In satisfaction, in whole or in part, of any Sinking Fund Installment, the Issuer may deliver to the Trustee at least 45 days prior to the date of such Sinking Fund Installment, for cancellation, Obligations acquired by purchase or redemption, except Obligations acquired by purchase or redemption pursuant to the provisions of subsection 1 of this Section, of the maturity and interest rate entitled to such Sinking Fund Installment. All Obligations so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Obligations. Concurrently with such delivery of such Obligations the Issuer shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer, specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Obligations so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Obligations are so delivered, (iii) the aggregate principal amount of the Obligations so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Obligations.

4. The Trustee shall, upon receipt of the notice and in the manner required by the Resolution, call for redemption, on the date of each Sinking Fund Installment falling due prior to maturity, such principal amount of Obligations of the Series, interest rate and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

**Section A-503. Cancellation and Disposition of Obligations.** All Obligations that have been paid (whether at maturity or by acceleration, call for redemption, purchase by the Issuer and presentation for cancellation, or otherwise) or delivered to the Trustee for cancellation shall be canceled and not reissued, except as otherwise provided in a Supplemental Resolution with respect to Put Obligations. Unless otherwise directed by the Issuer, the Trustee shall treat canceled Obligations in accordance with its document retention policies. Notwithstanding any

other provision of the Resolution, the Issuer may in its sole discretion purchase any obligations of the Issuer or any Related Entity for investment purposes and any such obligations shall remain outstanding unless and until presented for cancellation.

## ARTICLE A-VI

### PARTICULAR COVENANTS OF THE ISSUER

The Issuer covenants and agrees with the Trustee and the Owners of Obligations as follows:

**Section A-601. Payment of Obligations and Parity Debt.** The Issuer shall duly and punctually pay or cause to be paid from the Trust Estate as provided in the Resolution the principal or Redemption Price, if any, of every Obligation and the interest thereon and all Parity Debt, at the dates and places, and in the manner provided in the Obligations and Parity Debt, according to the true intent and meaning thereof.

**Section A-602. Extension of Payment of Obligations.** The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Obligations or the time of payments of any claims for interest by the purchase or funding of such Obligations or claims for interest or by any other arrangement and in case the maturity of any of the Obligations or the time for payment of such claims for interest shall be extended, such Obligations or claims for interest shall not be entitled, in case of any Event of Default, to the benefit of the Resolution or to any payment out of the Trust Estate, except subject to the prior payment of the principal of all Obligations Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Obligations as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Issuer (i) to issue refunding obligations as provided in the Resolution and such issuance shall not be deemed to constitute an extension of maturity of the Obligations, (ii) to issue Put Obligations and neither such issuance nor the operation of the provisions of such Put Obligations shall be deemed to constitute an extension of maturity of the Obligations, (iii) to apply any amount in any Fund held under the Resolution for such purpose to the purchase or redemption of Obligations or (iv) to issue securities having a maturity date, including any extension of maturity contemplated at the time of issuance, of no more than 270 days from the issue date.

**Section A-603. Offices for Servicing Obligations.** Except as otherwise provided in the Resolution, the Issuer shall at all times maintain one or more offices or agencies in the City and State of New York where Obligations may be presented for payment, registration, transfer or exchange, and where notices, demands and other documents may be served upon the Issuer in respect of the Obligations or of the Resolution. The Issuer may appoint the Trustee or any other Fiduciary as its agent to maintain such office or agency for the payment, redemption, registration, transfer or exchange of Obligations and for the service upon the Issuer of such notices, demands and other documents. The Issuer may also maintain one or more offices or agencies outside of the City or State for the same purposes.

**Section A-604. Further Assurance.** To the extent permitted by law, the Issuer from time to time shall make, do, execute, adopt, acknowledge and deliver, and take all and every such further acts, deeds, conveyances, assignments, resolutions, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and

confirming all and singular the rights and interests in the Trust Estate or assigned, or intended so to be, or which the Issuer may become bound to pledge or assign.

**Section A-605. Accounts and Reports.**

1. The Issuer shall keep proper books of record and account of its operations. Such books of account are to be audited at least annually by independent certified public accountants experienced in governmental accounting selected by the Issuer. A copy of each audit report, annual balance sheet and income and expense statement shall be filed with the Trustee and sent to any Owner filing with the Issuer a written request therefor.

2. The Issuer shall annually, within 6 months after the close of each fiscal year or at such other time required under applicable law or a subsequent contract with all or certain Owners (or, if not available by such date, when and if available), file with the Trustee, and otherwise as provided by law, a copy of an annual report for such year, accompanied by the opinion of the accountants specified in subsection 1 of this Section.

**Section A-606. General.**

1. The Issuer shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Resolution and, to the extent material to the interests of Owners, the Issuer Act.

2. Upon the date of authentication and delivery of any of the Obligations, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in connection with the issuance of such Obligations (and any related Parity Debt then being incurred) shall exist, shall have happened and shall have been performed and the issuance of such Obligations (and any related Parity Debt then being incurred), together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by the laws of the State, as applicable.

## ARTICLE A-VII

### CONCERNING THE TRUSTEE, PAYING AGENTS AND THE REGISTRAR

**Section A-701. Trustee; Appointment and Acceptance of Duties.** On or prior to the delivery of any Obligations, the Issuer shall appoint a Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Issuer a written acceptance thereof

**Section A-702. Section A-702. Duties, Liabilities and Rights of the Trustee.**

(a) Prior to the occurrence of an Event of Default of which a Responsible Officer of the Trustee has written notice or actual knowledge, and after the curing or waiver of any Event of Default which may have occurred:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Resolution, and no implied covenants or obligations shall be read into the Resolution against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Resolution; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee is under a duty to examine same to determine whether or not they conform to the requirements of the Resolution.

(b) In case an Event of Default of which a Responsible Officer of the Trustee has written notice or actual knowledge has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use in the conduct of such Person's own affairs.

(c) No provision of the Resolution shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

1. this subsection (c) shall not be construed to limit the effect of subsection (a) of this Section A-702;

2. the Trustee is not and shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it is proven that the Trustee was negligent in ascertaining the pertinent facts;

3. the Trustee is not and shall not be liable with respect to any action taken or omitted to be taken by it in good faith (i) in accordance with the direction of the Owners of the applicable percentage of Obligations then Outstanding relating to the time, method and

place of conducting any proceeding for any remedy available to the Trustee, or (ii) which it believes to be authorized or within its rights or powers under the Resolution;

4. no provision of the Resolution shall require the Trustee to expend or risk its own funds or otherwise incur any personal or financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, for which it has not received a satisfactory indemnity;

5. the Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper Person and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

6. the Trustee shall not be charged with knowledge of an Event of Default unless a Responsible Officer of the Trustee shall have received written notice from an Owner or the Issuer or have actual knowledge; provided that the Trustee shall be deemed to have actual knowledge of any failure to pay principal or Redemption Price of or interest on Obligations when due;

7. the Trustee shall not be under any obligation, to take any action that is discretionary hereunder;

8. neither the Trustee nor any of its directors, officers, employees or agents shall be personally liable for any action taken, suffered or omitted by the Trustee in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon the Trustee by the Resolution;

9. the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians, or nominees and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodians or nominees appointed with due care by it hereunder; and

10. the Trustee may request that the Issuer deliver a certificate of an Authorized Officer setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant hereto, which certificate may be signed by any Person authorized to sign such a certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

(d) Whether or not expressly so provided, every provision of the Resolution relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section A-702.

(e) In the event that the Trustee is also acting as Paying Agent or Registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article A-V II shall also be afforded to the Paying Agent and Registrar.

**Section A-703.      Paying Agents and Registrars; Appointment and Acceptance of Duties.**

1.      The Trustee is hereby appointed the Registrar and a Paying Agent with respect to the Obligations. The Issuer may at any time or from time to time appoint one or more other Paying Agents and Registrars in the manner and subject to the conditions set forth in Section A-713 for the appointment of a successor Paying Agent or Registrar. The Issuer may be appointed a Paying Agent or Registrar.

2.      Each Paying Agent and Registrar other than the Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Issuer and to the Trustee a written acceptance thereof.

**Section A-704.      Responsibilities of Fiduciaries.** The recitals of fact contained in the Resolution and in the Obligations shall be taken as the statements of the Issuer and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Obligations issued thereunder or in respect of the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Obligations for value or the application of the proceeds thereof or the application of any money paid to the Issuer. No Fiduciary shall be under any responsibility or duty with respect to the application of any money paid to any other Fiduciary. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution, or for any losses, fees, taxes or other charges incurred upon the purchase or sale or redemption of any securities purchased for or held in any Fund under the Resolution, including any losses incurred by reason of having to sell securities prior to their maturity date, except in each case for its own willful misconduct, negligent action or negligent failure to act.

**Section A-705.      Evidence on Which Fiduciaries May Act.**

1.      Each Fiduciary shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel of its selection, who may or may not be counsel to the Issuer, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, omitted to be taken or suffered by it under the Resolution in good faith and in accordance therewith.

2.      Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Issuer to any Fiduciary shall be sufficiently executed if executed in the name of the Issuer by an Authorized Officer.

**Section A-706. Compensation.** The Issuer shall pay to each Fiduciary from time to time such compensation as shall be agreed to in writing between the Fiduciary and the Issuer for all services rendered under the Resolution (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Resolution. To the extent permitted by law, the Issuer further agrees to indemnify and save each Fiduciary and its officers, directors, agents, and employees harmless against any and all liabilities, losses, damages, claims or expenses which it may incur in the acceptance, exercise and performance of its powers and duties hereunder and which are not due to its willful misconduct, negligence or bad faith. The obligations of this Section A-706 shall survive the discharge of the Resolution. No obligation of the Issuer to make any payment to any fiduciary shall have the benefit of any lien on or pledge or assignment of the Trust Estate.

A Fiduciary shall notify the Issuer promptly of any claim for which it may seek indemnity. The Issuer shall defend the claim and the Trustee shall cooperate in the defense. The Fiduciary may have separate counsel and the Issuer shall pay the reasonable fees and expenses of such counsel.

**Section A-707. Certain Permitted Acts.** Any Fiduciary may become the owner of any Obligations or any other obligations of the Issuer, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law and pursuant to the Resolution, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations or the holders of any other obligations of the Issuer or to effect or aid in any reorganization growing out of the enforcement of the Obligations or any other obligations the Issuer or the Resolution, whether or not any such committee shall represent the Owners of a majority in principal amount of the Obligations then Outstanding.

**Section A-708. Resignation of Trustee.** The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Issuer and mailing notice thereof to the Owners of the Obligations, specifying the date when such resignation shall take effect, at least 45 days prior to the effective date, provided that such resignation shall take effect upon *the later of* (i) the day specified in such notice and (ii) the day a successor shall have been appointed by the Issuer or the Owners of Obligations as provided in Section A-710 and shall have qualified therefor.

**Section A-709. Removal of Trustee.** The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Obligations then Outstanding or their attorneys-in-fact duly authorized, excluding any Obligations held by or for the account of the Issuer or any Related Entity. In addition, so long as no Event of Default shall have occurred and be continuing



hereunder and the Trustee is not pursuing any right or remedy available to it pursuant to the Resolution, the Trustee may be removed by the Issuer at any time for failure to provide reasonably acceptable services, failure to charge reasonably acceptable fees or any other reasonable cause, all as determined by a certificate of an Authorized Officer filed with the Trustee. Any such removal shall not be effective until a successor shall have been appointed by the Issuer or the Owners of Obligations as provided in Section A-710 and shall have qualified therefor.

**Section A-710. Appointment of Successor Trustee.**

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Obligations then Outstanding, excluding any Obligations held by or for the account of the Issuer, by an instrument or concurrent instruments in writing signed and acknowledged by such Owners of Obligations or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Issuer and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Owners of Obligations as aforesaid, the Issuer by a duly executed written instrument signed by an Authorized Officer of the Issuer shall therewith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners of Obligations as authorized in this Section A-710. The Issuer shall mail notice of any such appointment made by it to all Owners within 20 days after such appointment. Any successor Trustee appointed by the Issuer shall, immediately and without further act, be superseded by a Trustee appointed by the Owners of Obligations.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Issuer written notice as provided in Section A-708 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Owner of any Obligation may, at the expense of the Issuer, apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section A-710 in succession to the Trustee shall be a Bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America, doing business and having a corporate trust office in The City of New York, and having a capital and surplus aggregating at least \$100 million, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

**Section A-711. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under the resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become

fully vested with all money, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, or of the successor Trustee, and, upon the payment of all of its charges hereunder, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Registrar and the Paying Agents of its appointment as Trustee.

**Section A-712. Merger or Consolidation.** Any Person into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its municipal corporate trust business, provided such Person shall be a Bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America, doing business and having a corporate trust office in The City of New York, and having a capital and surplus aggregating at least \$100 million, and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

**Section A-713. Resignation or Removal of Paying Agent or Registrar and Appointment of Successor.**

1. Any Paying Agent or Registrar may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the Issuer, the Trustee, and the other Paying Agents or Registrar, as the case may be. Any Paying Agent or Registrar may be removed at any time by an instrument filed with such Paying Agent or Registrar and the Trustee and signed by the Issuer. Any successor Paying Agent or Registrar shall be appointed by the Issuer, with the approval of the Trustee, and (subject to the requirements of Section A-603) shall be a Bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America doing business and having a corporate trust office in The City of New York and having a capital and surplus aggregating at least \$100 million, which is willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any money held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

3. In the event of the resignation or removal of any Registrar, such Registrar shall transfer and deliver all records, certificates and documents held by it as Registrar to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Registrar, the Trustee shall act as such Registrar.

**Section A-714. Adoption of Authentication.** In case any of the Obligations contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Obligations and deliver the Obligations so authenticated; and in case any of such Obligations shall not have been authenticated, any successor Trustee may authenticate such Obligations in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Obligations or in the Resolution provided that the certificate of the Trustee shall have.

**Section A-715. Continuing Disclosure Agreements.** The Trustee shall be entitled to the same rights and the same degree of indemnification in its execution and performance of each continuing disclosure agreement entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, as it is under the Resolution.

## ARTICLE A-VIII

### SUPPLEMENTAL RESOLUTIONS

**Section A-801. Supplemental Resolutions Effective Upon Filing With the Trustee.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, without the consent of or notice to any Owner, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, or, if adopted prior to the appointment of a Trustee pursuant to Section A-701, upon its adoption, shall be fully effective in accordance with its terms:

1. To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the issuance and delivery of the Obligations, or the issuance or entering into of other evidences of indebtedness; or to close any resolution authorizing Pre-existing Indebtedness of the Issuer against, or provide limitations and restrictions in addition to the limitations and restrictions contained in such resolution on, the issuance and delivery of obligations under such resolutions, or the issuance or entering into of other evidences of indebtedness;

2. To add to the covenants and agreements of the Issuer in the Resolution, other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

3. To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

4. To surrender any right, power or privilege reserved to or conferred upon the Issuer by the Resolution;

5. To authorize Obligations of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the provisions of the Resolution authorizing issuance of Obligations, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect, (b) in the case of Variable Interest Rate Obligations or Put Obligations, as applicable, set forth provisions specifying the manner in which interest on Variable Interest Rate Obligations or Put Obligations, as applicable, is to be calculated for the purposes of various definitions and provisions of the Resolution, provisions providing for changes in interest rates, interest rate periods or interest payment dates for any Variable Interest Rate Obligation of a Series or Put Obligations, as applicable, provisions regarding an Owner's right or obligation to tender Put Obligations for redemption or purchase in lieu of redemption, and provisions governing the manner in which Variable Interest Rate Obligations or Put Obligations, as applicable, which the Owner thereof has the right to, or has exercised a right to, tender for redemption or purchase in lieu of redemption shall be treated for purposes of various definitions and provisions of the Resolution, (c) set forth provisions governing the administration of any Qualified Swap or Credit Facility, and provisions providing for the issuance of Reimbursement Obligations or the conversion of other Obligations to Reimbursement Obligations (and in connection with such conversion to

change the interest rates, sinking fund provisions or maturity date on such Obligations) to secure or reimburse the provider of such Credit Facility, (d) in the case of either Taxable Obligations or Tax-Exempt Obligations, set forth defeasance provisions with respect thereto (including the manner of attaining such defeasance and the effect thereof), and (e) make such additional changes herein, not materially adverse to the rights of the Owners of the Obligations previously issued, as are necessary or appropriate; or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance and delivery of such Obligations;

6. To authorize Obligation Anticipation Notes in accordance with Section A-203 and, in connection therewith, specify and determine the matters and things referred to in Section A-203, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect;

7. To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution of any additional security other than that granted or pledged under the Resolution;

8. To (a) establish for any one or more Series of Obligations a separate debt service reserve fund which shall be permitted to be applied solely to the payment of specified Obligations, provided that (i) the specified Obligations shall have no claim or lien on nor be payable from any amounts in any other such debt service reserve fund, (ii) the specified Obligations shall be excluded from the calculation of any applicable debt service reserve fund requirement for any other Outstanding Obligations, and (iii) the amount required to be on deposit in such debt service reserve funds shall be specified in the Supplemental Resolutions authorizing the specified Obligations, but in no event shall such amount, after giving effect to any surety bond, insurance policy, letter of credit or similar obligation deposited in any such separate debt service reserve fund pursuant to the Resolution, be in excess of the amount that would otherwise be the debt service reserve fund requirement for such specified Obligations assuming that such Obligations were the only Obligations Outstanding under the Resolution; and (b) make such other amendments, changes or modifications to the Resolution as may be deemed necessary or desirable by the Issuer to insure that such debt service reserve funds function in the manner contemplated in this subsection;

9. To authorize Parity Debt and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things referred to in paragraphs (4) and (6) of Section A-202 of the Resolution, and also any other matters and things relative to such Parity Debt which are not contrary to or inconsistent with the Resolution as then in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance or entering into of such Parity Debt, and at any time to rescind or limit any authorization for any such Parity Debt theretofore authorized but not issued or entered into; in connection with the authorization of Parity Swap Obligations and Parity Reimbursement Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of the Funds, Accounts and subaccounts established pursuant to Section 502 of the Resolution for the benefit of such Parity Swap Obligations and Parity Reimbursement Obligations; and shall grant to the Owners of such Parity

Debt the same rights granted to Owners of Obligations in Section A-802 and Article A-1X herein;

10. To authorize Subordinated Indebtedness or Subordinated Contract Obligations and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness or Subordinated Contract Obligations which are not contrary to or inconsistent with the Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness or Subordinated Contract Obligations thereto be authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness or Subordinated Contract Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness or Subordinated Contract Obligations and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness or Subordinated Contract Obligations;

11. To modify any of the provisions of the Resolution in any respect whatsoever, *provided that* (i) such modification shall be, and be expressed to be, effective only after all Obligations affected thereby and Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Obligations delivered on original issuance after the date of the adoption of such Supplemental Resolution and of the Obligations issued in exchange therefor or in place thereof;

12. To add to the Resolution any provisions required by law to preserve the exclusion from gross income for Federal income tax purposes of interest received on Tax-Exempt Obligations then Outstanding or to be issued or the exemption of interest received on any Obligations from State income taxation;

13. To modify, amend or supplement the Resolution in any manner, not already provided for in or pursuant to the Supplemental Resolution authorizing the related Series of Obligations in order to provide for a Credit Facility, Qualified Swap, or other similar arrangement with respect to any Series of Obligations, under the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Owners of Outstanding Obligations;

14. To modify, amend or supplement the Resolution in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Issuer so determines, to add hereto such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939 or similar Federal statute;

15. To amend or modify any Supplemental Resolution authorizing Obligations of a Series to reflect the substitution of a new Credit Facility for the Credit Facility then in effect;

16. At any time prior to the first authentication and delivery of any Obligations under the Resolution or at any other time when no Obligations are Outstanding under the Resolution, to modify the provisions of the Resolution in such manner as the Issuer deems necessary or appropriate;

17. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

18. To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect, including, in the event the Issuer Act is amended or other legislation is enacted to so provide, the substitution of an alternate or different legal name for the current name of the Issuer or any other Related Entity in the Resolution or the form of Obligations; or

19. With Rating Confirmation, to make any other modification or amendment of the Resolution which the Issuer shall in its sole discretion determine will not have a material adverse effect on the interests of the Owners of Outstanding Obligations.

In making any determination under paragraph (19) of this Section A-80I, the Issuer may conclusively rely upon an Opinion of Counsel or opinions of other experts or professionals.

**Section A-802. Supplemental Resolutions Effective With Consent of Owners of Obligations.** At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Owners of Obligations in accordance with and subject to the provisions of Article A-IX hereof, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Issuer and upon compliance with the provisions of said Article A-IX, shall become fully effective in accordance with its terms as provided in said Article A-IX.

**Section A-803. General Provisions.**

1. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article A-VIII and Article A-IX hereof. Nothing contained in this Article A-VIII or in Article A-IX shall affect or limit the right or obligation of the Issuer to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Section A-801 may be adopted by the Issuer without the consent of any of the Owners, but shall become effective only on the conditions, to the extent and at the time provided in said Section. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms; *provided, however*, that the concurrent delivery of an Opinion of Bond Counsel required by Section A-201.2(a) shall satisfy this requirement.

3. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written consent.



## ARTICLE A-IX

### AMENDMENTS

**Section A-901. Mailing.** Any provision in this Article for the mailing of a notice or other paper to Owners shall be fully complied with if it is mailed postage prepaid to each Owner of any affected Obligation then Outstanding at such Owner's address, if any, appearing upon the registry books of the Issuer, and (ii) to the Trustee; or, in each case, to such parties by facsimile or other means to the extent permitted by applicable law and arrangements.

**Section A-902. Powers of Amendment.** Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Owners, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section A-903, (i) of the Owners of a majority in principal amount of the Obligations Outstanding at the time such consent is given, and (ii) in case less than all of the Obligations then Outstanding are affected by the modification or amendment, of the Owners of a majority in principal amount of the Obligations so affected and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as particular Obligations remain Outstanding, the consent of the Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under this Section. No such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal of any Outstanding Obligation or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Obligation, (b) reduce the percentages or otherwise affect the classes of Obligations the consent of the Owners of which is required to waive an Event of Default or otherwise effect any such modification or amendment, (c) create a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Owners of all such Obligations, (d) create a lien prior to or on parity with the lien of the Resolution securing Obligations, without the consent of the Owners of all of the Obligations then Outstanding, or (e) change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, an Obligation shall be deemed to be affected by a modification or amendment of the Resolution if the same materially and adversely affects the rights of the Owner of such Obligation. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment particular Obligations would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Issuer and all Owners of Obligations. The Trustee may request and receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether particular Obligations would be so affected by any such modification or amendment of the Resolution and the Trustee shall have no duty or obligation to take any action hereunder unless and until it has received such opinion. Notwithstanding anything in this Section or the Resolution to the contrary, the consent of Owners of any Series of additional Obligations to be issued hereunder shall be deemed given if the underwriters or initial purchasers for resale thereof consent in writing to any modification or amendment effected thereby, and such modification or amendment, as well as such consent, is disclosed in the official statement or other offering document pursuant to which such Series of additional Obligations is offered and sold.

**Section A-903. Consent of Owners of Obligations.** The Issuer at any time may adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section A-902 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Issuer to the Owners (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Obligations specified in Section A-902 and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Issuer in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms, and (ii) a notice shall have been mailed to Owners as hereinafter in this Section A-903 provided. Any such consent, including any consent provided by the initial purchaser of an Obligation from the Issuer, shall be binding upon the Owner of the Obligations giving such consent and, anything in Section A-1102 to the contrary notwithstanding, upon any subsequent Owner of such Obligations and of any Obligations issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof). At any time after the Owners of the required percentages of obligations shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Issuer and the Trustee a written statement that the Owners of such required percentages of Obligations have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Obligations and will be effective as provided in this Section A-903, may be given to Owners of Obligations by the Issuer by mailing such notice to Owners of Obligations (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section A-903 provided). The Issuer shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section A-903 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Fiduciaries and the Owners of all Obligations at the expiration of 40 days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40-day period; provided, however, that any Fiduciary and the Issuer during such 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

**Section A-904. Modifications by Unanimous Consent.** The terms and provisions of the Resolution and the rights and obligations of the Issuer and of the Owners of Obligations may be modified or amended in any respect upon the adoption and filing by the Issuer of a Supplemental Resolution and the consent of the Owners of all of the Obligations then Outstanding, such consent to be given as provided in Section A-903 except that no notice to

Owners of Obligations shall be required; *provided, however*, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written consent thereto of such Fiduciary in addition to the consent of the Owners of Obligations.

**Section A-905. Notation on Obligations.** Obligations issued and delivered after the effective date of any action taken as in Article A-VIII or this Article provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved to the Issuer and the Trustee as to such action, and in that case upon demand of the Owner of any Obligation Outstanding at such effective date and presentation of its Obligation for the purpose at the corporate trust office of the Trustee, suitable notation shall be made on such Obligation by the Trustee as to any such action. If the Issuer or the Trustee shall so determine, Obligations so modified as in the opinion of the Trustee and the Issuer to conform to such action shall be prepared, authenticated and delivered. Upon demand of the Owner of any Obligations then Outstanding and the surrender of such Obligations, there shall be authenticated and exchanged therefor, new Obligations having the same terms, other than the noted modification, as the Obligations surrendered.

## **ARTICLE A-X**

### **DEFAULT AND REMEDIES**

**Section A-1001. Abrogation of Right to Appoint Statutory Trustee; Preservation of Statutory Rights and Remedies.** Any right of the Owners of Obligations to appoint a trustee under the Issuer Act is hereby abrogated. Subject to the foregoing sentence of this Section A-1001 and the provisions of Section 701 of the Resolution, the Owners of Obligations and the Trustee acting on behalf of the Owners of Obligations shall be entitled to all of the rights and remedies provided or permitted by law.

## ARTICLE A-XI

### MISCELLANEOUS

#### Section A-1101. Defeasance.

1. If the Issuer shall pay or cause to be paid to the Owners of all Obligations then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Issuer, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Issuer to the Owners of Obligations shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Issuer, execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Issuer all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Obligations not theretofore surrendered for such payment or redemption.

2. Outstanding Obligations or any portions thereof for the payment or redemption of which money shall have been set aside and shall be held in trust by the Paying Agents shall at the respective maturity or redemption dates thereof be deemed to have been paid within the meaning and with the effect expressed in subsection I of this Section. Outstanding Obligations or any portions thereof shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection I of this Section either (A) with respect to the defeasance of Taxable Obligations, Tax-Exempt Obligations or otherwise, as provided in the Supplemental Resolution authorizing their issuance or (B) if (a) in case any of said Obligations are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article A-IV notice of redemption on said date of such Obligations, (b) there shall have been irrevocably deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Redemption Price, if applicable, and interest due and to become due on such Obligations or such portions thereof on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Obligations are not by their terms maturing or are not subject to redemption within the next succeeding 60 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Obligations that the deposit required by (b) above has been made with the Trustee and that said Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment of the principal or Redemption Price, if applicable, on such Obligations. Neither Defeasance Securities nor money deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Obligations; *provided, however*, that any money on deposit with the Trustee, (i) to the extent

such money will not be required at any time for such purpose, shall be paid over to the issuer as received by the Trustee, free and clear of any trust, lien or pledge securing said Obligations or otherwise existing under the Resolution, and (ii) to the extent such money will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient, together with any money available to the Trustee for such purpose, to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Obligations on and prior to such redemption date or maturity date thereof, as the case may be. Notwithstanding any other provision hereof, the Issuer may at the time of defeasance elect to retain the right to redeem or require the tender of Any obligations deemed paid pursuant to this Section A-1101.2. The Trustee shall, at the direction of the Issuer, select the Obligations or portions thereof that are deemed to have been paid in advance of the redemption of such Obligations.

3. Anything in the Resolution to the contrary notwithstanding, any money held by a Fiduciary in trust for the payment and discharge of the principal or Redemption Price of or interest on any of the Obligations which remains unclaimed for 2 years after the date when such principal, Redemption Price or interest, respectively, has become due and payable, either at stated maturity dates or by call for earlier redemption, if such money was held by the Fiduciary At such date, or for 2 years after the date of deposit of such money if deposited with the Fiduciary after the date when such principal, Redemption Price, or interest, respectively, became due and payable, shall, at the written request of the Issuer, be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Issuer for the payment of such principal, Redemption Price, or interest, respectively. Notwithstanding the foregoing or anything in the Resolution to the contrary, any money held by a Fiduciary in trust for the payment and discharge of any Obligations which remains unclaimed after such money was to be applied to the payment of such Obligations in accordance with the Resolution may be applied in accordance with the provisions of the Abandoned Property Law of the State, being Chapter 1 of the Consolidated Laws of the State or any successor provision thereto, and upon such application, the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Issuer or the Comptroller of the State for the payment of such Obligations. Before being required to make any such payment to the Issuer or to apply such money in accordance with the Abandoned Property Law of the State, the Fiduciary shall, at the expense of the Issuer, cause to be mailed to the Owners entitled to receive such money a notice that said money remains unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing, the balance of such money then unclaimed will be returned to the Issuer or applied in accordance with the Abandoned Property Law of the State, as the case may be.

#### **Section A-1102. Evidence of Signatures of Owners of Obligations and Ownership of Obligations.**

1. Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Owners of Obligations may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners of Obligations in Person or by their attorneys-in-fact appointed in writing or by such electronic or other means as may be recognized pursuant to applicable law. Proof of (i) the execution of

any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Obligations shall be sufficient for any purpose of the Resolution except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Owner or his attorney-in-fact of such instrument may be proved by the certificate of a signature guarantor, or of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership such certificate or affidavit shall also constitute sufficient proof of his authority;

(b) The ownership of Obligations and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

2. Any request or consent by the Owner of any Obligation shall bind all future Owners of such Obligation in respect of anything done or suffered to be done by the Issuer or any Fiduciary in accordance therewith.

**Section A-1103. Money field for Particular Obligations.** The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Obligations shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of Obligations entitled thereto.

**Section A-1104. General Regulations as to Money and Funds.**

1. Each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

2. All amounts of the Issuer held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Issuer in its name, on demand or time deposit, in such Banks as shall be selected by the Issuer. Any amounts held by any Fiduciary under the Resolution shall be deposited in such Banks as the Issuer may select. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks on such deposit with the same force and effect as if it were not such Fiduciary, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution. Such deposits shall be continuously secured by the obligations of the United States of America or of the State, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits, which obligations shall be segregated in trust for the account of the Issuer, or shall be otherwise held as the Issuer and the depository may agree. Securities deposited with the Federal Reserve Bank to secure all trust accounts of a depository shall be deemed to comply with the foregoing requirement.

3. Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Obligations, all money held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Issuer and acceptable to such Fiduciary, on time deposit, and all such deposits shall be continuously secured by the obligations of the United States of America or of the State which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits. Securities deposited with the Federal Reserve Bank to secure all trust accounts of the Fiduciary shall be deemed to comply with the foregoing requirement. Such Fiduciary shall allow and credit on such money such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

**Section A-1105. Preservation and Inspection of Documents.** All documents received by a Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, any other Fiduciary, and any Owners of at least 5% aggregate principal amount of Obligations and their agents and their representatives, any of whom may make copies thereof

**Section A-1106. Parties Interest Herein.** Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to any Person, other than the Issuer, the Fiduciaries, the Owners of Obligations and the holders of Parity Debt, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof, and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Fiduciaries, the Owners of Obligations and the holders of Parity Debt.

**Section A-1107. No Recourse on the Obligations.** No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Obligations or Parity Debt or for any claim based thereon or on the Resolution against any member, officer, or employee of the Issuer or any Person executing the Obligations.

**Section A-1108. Successors and Assigns.** Whenever in the Resolution the Issuer is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in the Resolution contained by or on behalf of the Issuer shall bind and ensure to the benefit of its successors and assigns whether so expressed or not.

**Section A-1109. Business Days.** Except as otherwise provided pursuant to a Supplemental Resolution, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Resolution, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if made or done on the nominal date provided in the Resolution and no interest shall accrue during the intervening period with respect to any payment so deferred.

**Section A-1110. Severability of Invalid Provisions.** If any term or provision of this Annex A or the Resolution shall be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of



public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever, and such term and provision shall be valid and enforced to the fullest extent permitted by law.

The invalidity of any one or more phrases, sentences, clauses or Sections of the Resolution shall not affect the remaining portions of the Resolution, or any part hereof, including any part of this Annex A.

**Section A-1111. Exclusion of Obligations.** Obligations owned or held by or for the account of the Issuer or any Related Entity shall not be deemed Outstanding for the purpose of any consent to be given or other action to be taken by or upon the direction of Owners of a specified portion of Obligations Outstanding, and the Issuer or any Related Entity shall not be entitled with respect to such Obligations to give any such consent or to take, or direct the taking of, any such action. At the time of any such consent or action, the Issuer shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, describing all Obligations so to be excluded.

**Section A-1112. Governing Law.** The Resolution, including this Annex A, shall be governed by and interpreted in accordance with internal laws of the State, without regard to conflict of law principles thereof.

**DRAFT DATED 3/9/14**

**ANNEX B**

**SUPPLEMENTAL STANDARD RESOLUTION PROVISIONS FOR REGIONAL  
PAYROLL MOBILITY TAX SECOND LIEN OBLIGATIONS AND SECOND LIEN  
PARITY DEBT**

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**SUPPLEMENTAL STANDARD RESOLUTION PROVISIONS FOR REGIONAL  
PAYROLL MOBILITY TAX SECOND LIEN OBLIGATIONS AND SECOND LIEN  
PARITY DEBT**

**ARTICLE B-I**

**DEFINITIONS AND STATUTORY AUTHORITY**

**Section B-101. Definitions.** Capitalized terms used but not otherwise defined in this Annex B shall have the meanings set forth in the Resolution, including Annex A appended thereto, to which this Annex B is appended. The following terms shall, for all purposes herein and (except as the context may otherwise require) in the Resolution to which this Annex B is appended, have the following meanings:

**Accrued Second Lien Debt Service** shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued and unpaid Second Lien Obligation Debt Service with respect to all Second Lien Obligations and Second Lien Parity Debt, calculating the accrued Second Lien Obligation Debt Service with respect to Second Lien Obligations at an amount equal to the sum of (i) as estimated by an Authorized Officer, interest on the Second Lien Obligations and interest components of Second Lien Parity Debt accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Second Lien Obligation Principal Installments due and unpaid and that portion of the Second Lien Obligation Principal Installment for such Second Lien Obligations and Second Lien Parity Debt next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Second Lien Obligation Debt Service) to the end of such calendar month. For purposes of calculating deposits relating to Second Lien Debt Service Fund, Second Lien Obligation Principal Installments shall not include amounts that an Authorized Officer has notified the Second Lien Trustee are to be paid from sources other than Mobility Tax Receipts and ATA Tax Receipts, nor shall Accrued Second Lien Debt Service include any amounts that, as certified by an Authorized Officer, have been set aside hereunder or otherwise in trust for the payment thereof.

**Calculated Second Lien Debt Service** for any period shall mean, as of any date of calculation and with respect to any Series of Second Lien Obligations or any Second Lien Parity Debt, the sum of Second Lien Obligation Debt Service for such period determined by the Issuer based on the following adjustments:

(i) Interest on Variable Interest Rate Second Lien Obligations shall be based on the Second Lien Obligation Estimated Average Interest Rate applicable thereto.

(ii) Interest on any Second Lien Obligations or Second Lien Parity Debt in respect of which the Issuer has entered into a Qualified Second Lien Swap shall be based on:

(a) the fixed rate or rates of the Qualified Second Lien Swap if the Issuer has entered into what is generally referred to as a "floating-to-fixed" Qualified Second Lien Swap (where the Issuer pays a fixed rate and receives a floating rate); or

(b) the lower of (i) the Second Lien Obligation Estimated Average Interest Rate and (ii) the effective capped rate of any Second Lien Obligations or Second Lien Parity Debt if the Issuer has entered into a Qualified Second Lien Swap that is generally referred to as an "interest rate cap" (where the Issuer receives a payment if a variable rate exceeds a certain amount); or

(c) the Second Lien Obligation Estimated Average Interest Rate of the Qualified Second Lien Swap if the Issuer has entered into either what is generally referred to as a "fixed-to-floating" Qualified Second Lien Swap (where the Issuer pays a variable rate and receives a fixed rate) or a "floating-to-floating" Qualified Second Lien Swap (where the Issuer pays a variable rate and receives a different variable rate).

(iii) With respect to Second Lien Put Obligations and any Second Lien Obligations of a Series the interest on which is payable periodically and at least fifteen per centum (15%) of the original principal amount of which is stated to mature at one time and for which maturing principal amount amortization requirements have not been designated, (i) Second Lien Obligation Principal Installments shall be deemed to amortize over a 30-year period from their date of issuance (or any shorter period provided by Supplemental Resolution) based on substantially level debt service as estimated by the Issuer, and (ii) interest shall be based on the actual interest rate or the Second Lien Obligation Estimated Average Interest Rate, as applicable.

(iv) If the Issuer has irrevocably deposited Authorized Investments or money with the Second Lien Trustee (or otherwise in trust) for the payment of any portion of Second Lien Obligation Debt Service, the expected future cash flow from such Authorized Investments and money shall be deducted from Second Lien Obligation Debt Service.

(v) If the Issuer has, at any time, irrevocably called for redemption one or more Series of Second Lien Obligations, including pursuant to a covenant to apply any portion of the Second Lien Obligations Trust Estate to redeem Second Lien Obligations or Second Lien Parity Debt (which particular Second Lien Obligations or Second Lien Parity Debt need not be specifically identified in advance, except as to interest rate and maturity), the Issuer shall take into account such redemption for purposes of determining Calculated Second Lien Debt Service.

(vi) With respect to Parity Reimbursement Second Lien Obligations, accelerated payments of principal shall only be taken into account if, at the time of calculation, such amounts are payable due to a draw under a credit or liquidity facility.

**Capital Appreciation Second Lien Obligations** shall mean any Second Lien Obligations denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Second Lien Obligations. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Second Lien Obligation Redemption Price if Capital Appreciation Second Lien Obligations are redeemed prior to maturity, (ii) computing the principal amount of Second Lien Obligations held by the

registered owner of a Capital Appreciation Second Lien Obligations in giving to the Issuer or the Second Lien Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Second Lien Obligation Debt Service, the principal amount of a Capital Appreciation Second Lien Obligations shall be deemed to be its Second Lien Obligation Accreted Value (which in the case of clause (ii) may be the Second Lien Obligation Accreted Value as of the immediately preceding Second Lien Obligation Valuation Date).

**Certificate of Determination**, when used with reference to Second Lien Obligations or Second Lien Parity Debt, shall mean a certificate of an Authorized Officer of the Issuer fixing terms, conditions and other details of Second Lien Obligations, Second Lien Parity Debt, Second Lien Obligation Anticipation Notes or Second Lien Obligation Credit Facilities or such other matters in accordance with the delegation of power to do so under the Resolution or a Supplemental Resolution.

**Deferred Income Second Lien Obligations** shall mean any Second Lien Obligations (A) as to which interest accruing thereon prior to the Second Lien Obligation Interest Commencement Date of such Second Lien Obligations is (i) compounded on each Second Lien Obligation Valuation Date for such Deferred Income Second Lien Obligations and (ii) payable only at the maturity or prior redemption of such Second Lien Obligations and (B) as to which interest accruing after the Second Lien Obligation Interest Commencement Date is payable on the first interest payment date succeeding the Second Lien Obligation Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Second Lien Obligation Redemption Price if Deferred Income Second Lien Obligations are redeemed prior to maturity, (ii) computing the principal amount of Second Lien Obligations held by the registered owner of a Deferred Income Second Lien Obligations in giving to the Issuer or the Second Lien Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Second Lien Obligation Debt Service, the principal amount of a Deferred Income Second Lien Obligations shall be deemed to be its Second Lien Obligation Appreciated Value (which in the case of clause (ii) may be the Second Lien Obligation Appreciated Value as of the immediately preceding Second Lien Obligation Valuation Date).

**DTC** has the meaning provided in Section B-309.

**Fiduciary or Fiduciaries**, when used with reference to Second Lien Obligations or Second Lien Parity Debt, shall mean the Trustee, the Second Lien Trustee, any Registrar or Second Lien Registrar, any Paying Agent, any Second Lien Paying Agent, any tender agent or any or all of them, as may be appropriate, or any Person appointed to act as a Fiduciary as provided in the Resolution.

**Issuer Act**, when used with reference to Second Lien Obligations or Second Lien Parity Debt, shall mean the MTA Act in the event that the MTA is defined in the Resolution as the Issuer or the TBTA Act in the event that the TBTA is defined in the Resolution as the Issuer, together with any other applicable law of the State authorizing the issuance of the related Second Lien Obligations by the Issuer or expressly limiting the issuance thereof or governing the security therefor.



**Opinion of Bond Counsel**, when used with reference to Second Lien Obligations or Second Lien Parity Debt, shall mean an opinion signed by Nixon Peabody LLP, Hawkins Delafield & Wood LLP or any other attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of Second Lien Obligations by state and municipal entities, selected by the Issuer.

**Outstanding**, when used with reference to Second Lien Obligations or Second Lien Obligations of a Series, shall mean, as of any date, Second Lien Obligations or Second Lien Obligations of such Series theretofore or thereupon to be delivered under the Resolution except:

- (i) Any Second Lien Obligations canceled at or prior to such date;
- (ii) Second Lien Obligations the principal and Second Lien Obligation Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof;
- (iii) Second Lien Obligations in lieu of or in substitution for which other Second Lien Obligations shall have been delivered pursuant to Article B-III or Section B-406 or Section B-805;
- (iv) Second Lien Obligations deemed to have been paid as provided in subsection 2 of Section B-1001;
- (v) Second Lien Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Second Lien Obligations on the applicable tender date, if the Second Lien Obligation Purchase Price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Second Lien Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution; and
- (vi) For the purpose of any consent to be given or other action to be taken by or upon the direction of Second Lien Owners of a specified portion of Second Lien Obligations Outstanding, Second Lien Obligations excluded pursuant to Section B-1008.

The principal component of any Second Lien Parity Debt shall be deemed to be Outstanding in a principal amount equal to the principal amount of the Second Lien Obligations then owed by the Issuer thereunder in lieu of the related Second Lien Obligations, regardless of the authorized amount of the principal component of such Second Lien Parity Debt or the related Second Lien Obligations and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Second Lien Parity Debt shall not by itself increase the Outstanding principal amount of Second Lien Obligations.

**Parity Reimbursement Second Lien Obligation** has the meaning provided in subsection 4 of Section B-202.

**Parity Swap Second Lien Obligation** has the meaning provided in subsection 6 of Section B-202.

**Principal Office of the Second Lien Trustee** shall mean the designated corporate trust office of the Second Lien Trustee.

**Qualified Second Lien Swap** shall mean, to the extent from time to time permitted by law, with respect to Second Lien Obligations, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Second Lien Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate or future rate swap (such swap may be based on an amount equal either to the principal amount of such Second Lien Obligations of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Second Lien Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Issuer for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Second Lien Obligations or Variable Interest Rate Second Lien Obligations on a synthetic basis or otherwise, and (iii) which has been designated in writing to the Second Lien Trustee by an Authorized Officer as a Qualified Second Lien Swap with respect to such Second Lien Obligations.

**Qualified Second Lien Swap Provider** shall mean an entity whose senior long-term obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either at least as high as (i) the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Second Lien Swap Provider or (ii) any such lower Rating Categories which each such Rating Agency indicates in writing to the Issuer and the Second Lien Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Second Lien Obligations subject to such Qualified Second Lien Swap that is in effect prior to entering into such Qualified Second Lien Swap.

**Rating Agency**, when used with reference to Second Lien Obligations or Second Lien Parity Debt, shall mean each nationally recognized statistical rating organization then maintaining a rating on the Second Lien Obligations at the request of the Issuer.

**Rating Confirmation**, when used with reference to Second Lien Obligations or Second Lien Parity Debt, shall mean evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken hereunder; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Second Lien Obligations.

**Reimbursement Second Lien Obligations** has the meaning provided in subsection 4 of Section B-202.

**Responsible Second Lien Obligation Officer** shall mean any officer assigned to the corporate trust office of the Second Lien Trustee, or any other officer of the Second Lien Trustee customarily performing functions similar to those performed by any of such officers and who has direct responsibility for the administration of the Resolution, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

**Second Lien Costs of Issuance** shall mean Costs of Issuance as defined in the Standard Resolution Provisions relating to Second Lien Obligations, Second Lien Parity Debt or Second Lien Obligation Anticipation Notes.

**Second Lien Obligation Accreted Value** shall mean with respect to any Capital Appreciation Second Lien Obligations (i) as of any Second Lien Obligation Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Second Lien Obligations and (ii) as of any date other than a Second Lien Obligation Valuation Date, the sum of (a) the Second Lien Obligation Accreted Value on the preceding Second Lien Obligation Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Second Lien Obligation Valuation Date and the denominator of which is the number of days from such preceding Second Lien Obligation Valuation Date to the next succeeding Second Lien Obligation Valuation Date and (2) the difference between the Second Lien Obligation Accreted Values for such Second Lien Obligation Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Second Lien Obligation Valuation Date and the number of days from the preceding Second Lien Obligation Valuation Date to the next succeeding Second Lien Obligation Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

**Second Lien Obligation Anticipation Notes** shall mean any such notes issued and delivered pursuant to Section B-203, except to the extent (but only to the extent) that all or any portion of such notes either are not payable, or are anticipated by the Issuer not to be paid, from the proceeds of the Second Lien Obligations in anticipation of which such notes are being issued.

**Second Lien Obligation Appreciated Value** shall mean with respect to any Deferred Income Second Lien Obligations (i) as of any Second Lien Obligation Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Deferred Income Second Lien Obligations, (ii) as of any date prior to the Second Lien Obligation Interest Commencement Date other than a Second Lien Obligation Valuation Date, the sum of (a) the Second Lien Obligation Appreciated Value on the preceding Second Lien Obligation Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Second Lien Obligation Valuation Date and the denominator of which is the number of days from such preceding Second Lien Obligation Valuation Date to the next succeeding Second Lien Obligation Valuation Date and (2) the difference between the Second Lien Obligation Appreciated Values for such Second Lien Obligation Valuation Dates, and (iii) as of any date on and after the Second Lien Obligation Interest Commencement Date, the Second Lien Obligation Appreciated Value on the Second Lien Obligation Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Second Lien Obligation Valuation Date and the number of days from the

preceding Second Lien Obligation Valuation Date to the next succeeding Second Lien Obligation Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

**Second Lien Obligation Business Day** shall mean any day of the year other than (i) Saturday or Sunday, (ii) any day on which Banks located in New York, New York or the cities in which the Principal Office of the Trustee and the Second Lien Trustee are located are required or authorized by law to remain closed, or (iii) any day on which the New York Stock Exchange is closed.

**Second Lien Obligation Credit Facility** shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Issuer and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Second Lien Obligations, Second Lien Parity Debt or Second Lien Obligation Anticipation Notes.

**Second Lien Obligation Debt Service** for any period shall mean, as of any date of calculation and with respect to any Series of Second Lien Obligations or any Second Lien Parity Debt Outstanding, the sum of: (i) interest on the Second Lien Obligations of such Series and the interest components of Second Lien Parity Debt accruing during such period and (ii) that portion of each Second Lien Obligation Principal Installment for such Second Lien Obligations and Second Lien Parity Debt that would accrue during such period if such Second Lien Obligation Principal Installment were deemed to accrue daily in equal amounts from the preceding Second Lien Obligation Principal Installment payment date on Outstanding Second Lien Obligations and Second Lien Parity Debt; provided, however, that, unless otherwise set forth in a Supplemental Resolution, no Second Lien Obligation Principal Installment shall be deemed to begin accruing until the later of one year prior to such Second Lien Obligation Principal Installment's due date and the date of issuance or incurrence of the related Second Lien Obligations or Second Lien Parity Debt.

**Second Lien Obligation Debt Service Payment Date** shall mean, with respect to any portion of Second Lien Obligation Debt Service, the date on which the Second Lien Obligation Debt Service shall be payable.

**Second Lien Obligation Defeasance Security** shall mean

(i) an Authorized Investment as specified in clause (i) of the definition thereof (other than an obligation of the State), which is not redeemable at the option of the issuer thereof,

(ii) an Authorized Investment as specified in clause (i) (which is an obligation of the State), (ii), (iii), (vi) or (vii) of the definition thereof, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency,

(iii) any depositary receipt issued by a Bank as custodian with respect to any Second Lien Obligation Defeasance Security which is specified in clause (i) above and held by such Bank for the account of the holder of such depositary receipt or with respect to any specific payment of principal of or interest on any such Second Lien Obligation Defeasance Security which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Second Lien Obligation Defeasance Security or the specific payment of principal or interest evidenced by such depositary receipt,

(iv) any certificate of deposit specified in clause (iii) of the definition of Authorized Investments in Section A-101, including certificates of deposit issued by the Trustee, Second Lien Trustee, a Paying Agent or a Second Lien Paying Agent, secured by obligations specified in clause (i) above of a market value equal at all times to the amount of the deposit, which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency, or

(v) any other Authorized Investment designated in a Supplemental Resolution as a Second Lien Obligation Defeasance Security for purposes of defeasing the Second Lien Obligations authorized by such Supplemental Resolution, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency.

**Second Lien Obligation Estimated Average Interest Rate** shall mean, as to any Variable Interest Rate Second Lien Obligations or Qualified Second Lien Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Second Lien Obligations or Qualified Second Lien Obligation Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer.

**Second Lien Obligation Interest Commencement Date** shall mean, with respect to any particular Deferred Income Second Lien Obligations, the date determined by Supplemental Resolution after which interest accruing on such Second Lien Obligations shall be payable on the first interest payment date succeeding such Second Lien Obligation Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

**Second Lien Obligation Principal Installments** shall mean, as of any date of calculation and with respect to any Series of Second Lien Obligations or any Second Lien Parity Debt, as applicable, (a) the principal amount of Outstanding Second Lien Obligations of such Series, due on the dates and in the amounts specified by Supplemental Resolution, reduced by the principal amount of such Second Lien Obligations which would be retired by reason of the payment when due and application in accordance with the Resolution of Second Lien Sinking Fund Installments payable before such dates, plus the unsatisfied balance (determined as provided in Section B-501 of the Resolution) of any Second Lien Sinking Fund Installments due on any certain future date for Second Lien Obligations of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any

**Second Lien Parity Debt**, the amount due thereunder on the dates and in the amounts established in accordance with Section B-202 as a principal component of such Second Lien Parity Debt payable on a parity with the Second Lien Obligations.

**Second Lien Obligation Purchase Price** shall mean, with respect to any Second Lien Obligations, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of a Second Lien Obligation subject to mandatory tender for purchase on a date when such Second Lien Obligations are also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Second Lien Obligations if redeemed on such date.

**Second Lien Obligation Redemption Price** shall mean, with respect to any Second Lien Obligations, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the Resolution.

**Second Lien Obligation Valuation Date** shall mean (i) with respect to any Capital Appreciation Second Lien Obligations the date or dates set forth in the Supplemental Resolution authorizing such Second Lien Obligations on which specific Second Lien Obligation Accreted Values are assigned to the Capital Appreciation Second Lien Obligations and (ii) with respect to any Deferred Income Second Lien Obligations, the date or dates on or prior to the Second Lien Obligation Interest Commencement Date set forth in the Supplemental Resolution authorizing such Second Lien Obligations on which specific Second Lien Obligation Appreciated Values are assigned to the Deferred Income Second Lien Obligations.

**Second Lien Obligation Variable Interest Rate** shall mean a variable interest rate to be borne by any Second Lien Obligations. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Second Lien Obligations.

**Second Lien Owner**, or any similar terms, shall mean the registered owner of any Second Lien Obligations as shown on the books for the registration and transfer of Second Lien Obligations maintained in accordance with Section B-305.

**Second Lien Parity Debt** shall mean any Parity Reimbursement Second Lien Obligations, any Parity Swap Second Lien Obligations or any other contract, agreement or other Second Lien Obligations of the Issuer designated as constituting "Second Lien Parity Debt" in a certificate of an Authorized Officer delivered to the Second Lien Trustee; provided, however, that any such Parity Reimbursement Second Lien Obligations, Parity Swap Second Lien Obligations, or other contract, agreement or other Second Lien Obligations shall not constitute Second Lien Parity Debt solely to the extent of any obligation to pay termination or other fees, expenses, indemnification or other similar payments to the counterparty to such arrangement; provided further that Parity Reimbursement Second Lien Obligations may include accelerated principal amortization provisions to the extent permitted by subsection 4 of Section B-202. Each Second Lien Parity Debt shall be payable and secured in a manner permitted by Article V, and any lien on and pledge of any portion of the Second Lien Obligations Trust Estate securing Second Lien Parity Debt shall be junior and inferior to the lien on and pledge of the Obligations Trust Estate created for the payment of the Obligations and Parity Debt.

**Second Lien Paying Agent** shall mean any paying agent for the Second Lien Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

**Second Lien Put Obligations** shall mean Second Lien Obligations which by their terms may be tendered at the option of the Second Lien Owner thereof, or are subject to a mandatory tender other than at the election of the Issuer or a Related Entity, for payment or purchase prior to the stated maturity or redemption date thereof.

**Second Lien Registrar** shall mean any registrar for the Second Lien Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

**Second Lien Sinking Fund Installment** shall mean, as of a particular date, any Second Lien Sinking Fund Installment established pursuant to paragraph (m) of subsection 1 of Section B-201.

**Securities Depository** shall mean a recognized securities depository selected by the Issuer to maintain a book-entry system in respect to all or any portion of a Series of Second Lien Obligations (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

**Series**, when used with reference to Second Lien Obligations or Second Lien Parity Debt, shall mean all of the Second Lien Obligations delivered on original issuance pursuant to a single Supplemental Resolution and denominated therein a single series, and any Second Lien Obligations thereafter delivered in lieu of or in substitution therefor pursuant to Article B-III or Section B-406 or Section B-805, regardless of variations in maturity, interest rate, or other provisions.

**Taxable Second Lien Obligations** shall mean any Second Lien Obligations which are not Tax-Exempt Second Lien Obligations.

**Tax-Exempt Second Lien Obligations** shall mean any Second Lien Obligations the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Second Lien Obligations in the Supplemental Resolution authorizing such Second Lien Obligations.

**Variable Interest Rate Second Lien Obligations** shall mean Second Lien Obligations which bear a Variable Interest Rate.

#### **Section B-102. Rules of Construction.**

1. This Annex B constitutes an integral part of the Resolution and, except to the extent provided in the next two sentences, has the same force and effect as if set forth in the forepart of the Resolution. To the extent expressly provided in the Resolution (not including this Annex B), the Issuer may negate, amend or modify any provision of this Annex B. In the event of any conflict between this Annex B and the forepart of the Resolution, the forepart of the

Resolution shall control. In the event of any conflict between this Annex B and Annex A in respect of Second Lien Obligations or Second Lien Parity Debt, this Annex B shall control.

2. Second Lien Obligations shall constitute Subordinated Indebtedness for all purposes of Annex A.

**Section B-103. Resolution to Constitute Contract.** In consideration of the purchase and acceptance of any and all of the Second Lien Obligations and Second Lien Parity Debt authorized to be issued hereunder by those who are Second Lien Owners of the Second Lien Obligations and Second Lien Parity Debt from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Second Lien Owners and the holders of Second Lien Parity Debt from time to time; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Second Lien Owners of any and all of the Second Lien Obligations and Second Lien Parity Debt, all of which, regardless of the time or times of their authentication, issuance and delivery, or maturity, shall be of equal rank without preference, priority or distinction of any of the Second Lien Obligations or Second Lien Parity Debt over any other Second Lien Obligations or Second Lien Parity Debt, except as expressly provided in or permitted by the Resolution.

## **ARTICLE B-II**

### **GENERAL PROVISIONS FOR ISSUANCE OR INCURRENCE OF SECOND LIEN OBLIGATIONS, SECOND LIEN PARITY DEBT AND SECOND LIEN OBLIGATION ANTICIPATION NOTES**

#### **Section B-201. General Provisions for Issuance of Second Lien Obligations.**

1. Second Lien Obligations may be issued pursuant to a Supplemental Resolution in such principal amount or amounts for each Series or subseries as may be specified in such Supplemental Resolution. Second Lien Obligations of any Series or subseries shall be authorized by a Supplemental Resolution which shall specify, among other things, the following matters (or the manner of determining such matters):

(a) The authorized principal amount, designation and Series of such Second Lien Obligations;

(b) The purpose or purposes for which such Second Lien Obligations are being issued which shall be one or more of the purposes set forth in Section 201;

(c) The dates and the maturity dates of the Second Lien Obligations of such Series;

(d) If the Second Lien Obligations of such Series are interest bearing Second Lien Obligations, the interest rates of the Second Lien Obligations of such Series and the interest payment dates therefor;



(e) If Second Lien Obligations of such Series are Capital Appreciation Second Lien Obligations, the Second Lien Obligation Valuation Dates for such Second Lien Obligations and the Second Lien Obligation Accreted Value on each such Second Lien Obligation Valuation Date;

(f) If Second Lien Obligations of such Series are Deferred Income Second Lien Obligations, the Second Lien Obligation Interest Commencement Date for such Second Lien Obligations, the Second Lien Obligation Valuation Dates prior to the Second Lien Obligation Interest Commencement Date for such Second Lien Obligations and the Second Lien Obligation Appreciated Value on each such Second Lien Obligation Valuation Date;

(g) If Second Lien Obligations of such Series are Capital Appreciation Second Lien Obligations or Deferred Income Second Lien Obligations, the manner in which and the period during which principal and interest shall be deemed to accrue on such Second Lien Obligations;

(h) If Second Lien Obligations of such Series are Variable Interest Rate Second Lien Obligations, the maximum interest rate, if any, or the method of calculating such maximum rate for such Second Lien Obligations, and the provisions, if any, as to the calculation or change of Second Lien Obligation Variable Interest Rates;

(i) If Second Lien Obligations of such Series are Second Lien Put Obligations, provisions regarding tender for purchase or redemption thereof and payment of the purchase or Second Lien Obligation Redemption Price thereof;

(j) The denominations of, and the manner of dating, numbering and lettering, the Second Lien Obligations of such Series;

(k) The Second Lien Paying Agents, if any, and the places of payment of the principal and Second Lien Obligation Redemption Price, if any, of, and interest on, the Second Lien Obligations of such Series;

(l) The Second Lien Obligation Redemption Prices, if any, and the redemption terms, if any, for the Second Lien Obligations of such Series, provided that Second Lien Obligations of any maturity for which Second Lien Sinking Fund Installments shall be established pursuant to paragraph (m) of this subsection 1 shall in any event be redeemable, or payable at maturity, by application of the Second Lien Sinking Fund Installments for such Second Lien Obligations on the due dates of such Second Lien Sinking Fund Installments;

(m) The amount and due date of each Second Lien Sinking Fund Installment, if any, for Second Lien Obligations of like maturity of such Series;

(n) Provisions necessary to authorize, in compliance with all applicable law, Second Lien Obligations of such Series to be issued in the form of Second Lien Obligations issued and held in book-entry form on the books of the Issuer or any Fiduciary appointed for that purpose by the Issuer and, in connection therewith, make

such additional changes in the Resolution, not adverse to the rights of the Second Lien Owners, as are necessary or appropriate to accomplish or recognize such book-entry form Second Lien Obligations and specify and determine the matters and things relative to the issuance of such book-entry form Second Lien Obligations as are appropriate or necessary;

(o) To the extent applicable, the provisions relating to (a) any Second Lien Obligation Credit Facility, Qualified Second Lien Swap or other financial arrangement entered into in connection with the issuance of the Second Lien Obligations of such Series and (b) the obligations payable thereunder;

(p) The amount, if any, to be deposited in the Second Lien Obligations Proceeds Fund or any Account therein;

(q) If so determined by the Issuer, provisions for the application of any money available therefor to the purchase, exchange or redemption of Second Lien Obligations of such Series and for the order of purchase, exchange or redemption of such Second Lien Obligations;

(r) If so determined by the Issuer, provisions for the sale of the Second Lien Obligations of such Series;

(s) The forms of the Second Lien Obligations of such Series and of the Second Lien Trustee's certificate of authentication if other than as provided in Section 301; and

(t) Such other matters, not contrary to or inconsistent with the Resolution, as the Issuer may deem advisable or necessary in connection with the authorization, issuance, sale, or delivery of such Series of Second Lien Obligations.

An Authorized Officer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to the delegation under such Supplemental Resolution, and such Certificate of Determination shall be conclusive evidence of the terminations or actions of such Authorized Officer as to the matters stated therein. The matters set forth in any such Certificate of Determination shall have the same effect as if set forth in the related Supplemental Resolution.

2. The Second Lien Obligations may be sold in one or more Series or subseries (each of which shall contain a designation distinguishing it from other Series or subseries) and shall be delivered by the Issuer under the Resolution but only upon receipt by the Second Lien Trustee of

(a) An Opinion of Bond Counsel in customary form to the effect that (i) the Issuer has the right and power under the Issuer Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect, and is valid and binding upon the Issuer, and enforceable in accordance with its terms, and no other authorization for the Resolution is required as of the date thereof; (ii) the

Resolution creates the valid pledge which it purports to create of the Second Lien Obligations Trust Estate in the manner and to the extent provided in Section 501; (iii) the Second Lien Obligations are valid and binding obligations of the Issuer, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Issuer Act and the Resolution, each as amended to the date of such Opinion of Bond Counsel; and (iv) such Second Lien Obligations have been duly and validly authorized and issued in accordance with law and the Resolution;

(b) A copy of the Supplemental Resolution authorizing such Second Lien Obligations, certified by an Authorized Officer;

(c) A written order of the Issuer as to the delivery of the Second Lien Obligations, signed by an Authorized Officer;

(d) A certificate of an Authorized Officer to the effect that, upon the delivery of the Second Lien Obligations of such Series (i) no event which constitutes a default under the Resolution or any of the Second Lien Obligations shall have occurred and be continuing or, if such an event is continuing, upon issuance of the Second Lien Obligations such default shall be cured, and (ii) no such event would result from the authentication and delivery of the Second Lien Obligations of such Series;

(e) If any Second Lien Obligations are Variable Interest Rate Second Lien Obligations or a Qualified Second Lien Swap is being entered into that will result in a variable interest rate obligation of the Issuer, a determination by an Authorized Officer of the Second Lien Obligation Estimated Average Interest Rate;

(f) If any Second Lien Obligations of such Series are Second Lien Put Obligations, a determination by an Authorized Officer of the method or methods to be employed to provide for the purchase or redemption of all Second Lien Put Obligations of such Series if the Second Lien Owners thereof elected to tender for purchase or redemption the entire aggregate Outstanding principal amount of the Second Lien Put Obligations of such Series; and

(g) Such further documents and money as are required by the provisions of Article II, this Article B-II or Article VIII.

3. If Second Lien Obligations are to be listed on a domestic or foreign stock exchange, the Authorized Officers are hereby authorized to take all such actions as they deem necessary or appropriate to comply with the listing requirements of such exchange, including the appointment of a member of such exchange as listing agent, the publication where required by such exchange of all redemption notices, the appointment of a special clearing agent and paying agent, and the execution of an undertaking letter with such exchange.

4. The Second Lien Obligations shall not be a debt of the State or the City and neither the State nor the City shall be liable thereon, nor shall Second Lien Obligations be payable out of any funds other than those of the Issuer as provided in the Resolution.

**Section B-202. Second Lien Obligation Credit Facilities; Qualified Second Lien Swaps and Other Similar Arrangements; Second Lien Parity Debt.**

1. The Issuer may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Second Lien Obligations secured by a Second Lien Obligation Credit Facility as the Issuer deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Resolution requiring action under Article VIII, Article A-IX or Article B-VIII, including:

(a) So long as the Second Lien Obligation Credit Facility is in full force and effect and payment on the Second Lien Obligation Credit Facility is not in default, then (i) the issuer of the Second Lien Obligation Credit Facility shall be deemed to be the sole owner of the Outstanding Second Lien Obligations the payment of which such Second Lien Obligation Credit Facility secures or (ii) in the alternative or with respect to particular matters, the approval, consent or action of the issuer of the Second Lien Obligation Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Second Lien Owners of the Outstanding Second Lien Obligations, in either case when the approval, consent or action of the Second Lien Owners for such Second Lien Obligations is required or may be exercised under the Resolution including Section B-803 hereof and following a Second Lien Obligations Event of Default hereunder; provided, however, that no issuer of a Second Lien Obligation Credit Facility shall be deemed to be the sole owner of Outstanding Second Lien Obligations pursuant to this provision in the event that the Second Lien Obligation Credit Facility or Second Lien Obligation Credit Facilities securing such Second Lien Obligations provide only liquidity support.

(b) In the event that the principal, Second Lien Sinking Fund Installments, if any, and Second Lien Obligation Redemption Price, if applicable, and interest due on any Outstanding Second Lien Obligations (or Second Lien Obligation Purchase Price of any Outstanding Second Lien Obligations to the extent the issuer of the Second Lien Obligation Credit Facility has not been reimbursed) shall be paid under the provisions of the Second Lien Obligation Credit Facility, all covenants, agreements and other Second Lien Obligations of the Issuer to the Second Lien Owners of such Second Lien Obligations shall continue to exist and such issuer of the Second Lien Obligation Credit Facility shall be subrogated to the rights of such Second Lien Owners in accordance with the terms of such Second Lien Obligation Credit Facility.

2. In addition, such Supplemental Resolution may establish such provisions as are necessary (i) to comply with the provisions of each such Second Lien Obligation Credit Facility, (ii) to provide relevant information to the issuer of the Second Lien Obligation Credit Facility, (iii) to provide a mechanism for paying Second Lien Obligation Principal Installments and interest on Second Lien Obligations secured by the Second Lien Obligation Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Second Lien Obligation Credit Facility.

3. The Issuer may enter into such agreements with the issuer of such Second Lien Obligation Credit Facility providing for, *inter alia*: (i) the payment of fees and expenses to such issuer for the issuance of such Second Lien Obligation Credit Facility, (ii) the terms and

conditions of such Second Lien Obligation Credit Facility and the Second Lien Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Second Lien Obligation Credit Facility.

4. The Issuer may secure such Second Lien Obligation Credit Facility by an agreement providing for the purchase of the Second Lien Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Issuer in the applicable Supplemental Resolution. The Issuer may also in an agreement with the issuer of such Second Lien Obligation Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Second Lien Obligation Credit Facility (together with interest thereon, the **"Reimbursement Second Lien Obligations"**); *provided, however*, that no amounts shall be payable by the Issuer under a Reimbursement Second Lien Obligation for purposes of the Resolution, until amounts are paid under such Second Lien Obligation Credit Facility by the issuer thereof as determined by Supplemental Resolution, any such Reimbursement Second Lien Obligations, which may include interest calculated at a rate higher than the interest rate on the related Second Lien Obligations and accelerated principal amortization, (i) may be secured by a pledge of, and a lien on, the Second Lien Obligations Trust Estate on a parity with the lien created by Section 501 of the Resolution to secure the Second Lien Obligations (a **"Parity Reimbursement Second Lien Obligation"**), but only to the extent that (prior to any acceleration of all Second Lien Obligations, if permitted) any principal amortization requirements are *either* (A) commensurate with the amortization requirements for such related Second Lien Obligations, without acceleration or (B) accelerated to no greater extent than to require repayment in equal principal installments over 5 or more years, or (ii) may constitute an Other Subordinated Contract Obligation, as determined by the Issuer. Parity Reimbursement Second Lien Obligations shall not include any payments (other than interest calculated at a higher rate pursuant to a Second Lien Obligation Credit Facility) (x) of any fees or expenses, (y) pursuant to any indemnification provisions or (z) pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than permitted by clauses (A) and (B) of the preceding sentence, and any such payments of the items specified in clauses (x), (y) or (z) shall be paid from amounts available to be transferred pursuant to clause third of subsection 4 of Section 505 of the Resolution.

5. Any such Second Lien Obligation Credit Facility shall be for the benefit of and secure such Second Lien Obligations or portion thereof as specified in any applicable Supplemental Resolution.

6. In connection with the issuance of any Second Lien Obligations or at any time thereafter so long as Second Lien Obligations remain Outstanding, the Issuer may, to the extent permitted pursuant to law, from time to time enter into Qualified Second Lien Swaps. The Issuer's obligation to pay any amount under any Qualified Second Lien Swap may be secured by a pledge of, and a lien on the Second Lien Obligations Trust Estate on a parity with the lien created by Section 501 of the Resolution to secure the Second Lien Obligations (a **"Parity Swap Second Lien Obligation"**), or may constitute a Second Lien Parity Debt, as determined by the Issuer. Parity Swap Second Lien Obligations shall not include any payments of (x) of any fees or expenses, (y) pursuant to any indemnification provisions or (z) any termination payments or other obligations to a counterparty to a Qualified Second Lien Swap, which payments shall be

paid from amounts available to be transferred pursuant to clause third of subsection 4 of Section 505 of the Resolution.

7. Second Lien Parity Debt shall not be a debt of the State or the City and neither the State nor the City shall be liable thereon, nor shall Second Lien Parity Debt be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

8. Except to the extent that an Authorized Officer directs that such amounts be deposited in any other Fund or Account pledged to the payment of Second Lien Obligations, any amounts paid to the Issuer under a Qualified Second Lien Swap shall be deposited in the Second Lien Obligations Debt Service Fund.

9. To the extent applicable and not readily apparent with respect any Second Lien Parity Debt, either the terms of such Second Lien Parity Debt shall specify (or an Authorized Officer shall specify in writing) the interest and principal components of or the scheduled payments corresponding to principal and interest under such Second Lien Parity Debt or the manner of determining the foregoing.

**Section B-203. Second Lien Obligation Anticipation Notes.** Whenever the Issuer shall have, by Supplemental Resolution, authorized the issuance of a Series of Second Lien Obligations, the Issuer may by resolution authorize the issuance of Second Lien Obligation Anticipation Notes in anticipation of the issuance of such authorized Series of Second Lien Obligations, in a principal amount not exceeding the principal amount of the Second Lien Obligations of such Series so authorized. The principal of and premium, if any, and interest on such Second Lien Obligation Anticipation Notes and any renewals of such Second Lien Obligation Anticipation Notes shall be payable only from any or all of the following items designated by the Issuer at or prior to issuance of any such series of Second Lien Obligation Anticipation Notes: (i) the proceeds of any renewals of such Second Lien Obligation Anticipation Notes issued to repay such Second Lien Obligation Anticipation Notes, (ii) the proceeds of the sale of the Series of Second Lien Obligations in anticipation of which such Second Lien Obligation Anticipation Notes are issued, (iii) amounts available to pay Other Subordinated Obligations, or (iv) any other money available therefor and not pledged under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Second Lien Obligation Anticipation Notes, and any such pledge of the items set forth in clauses (i) and (ii) shall have priority over any other pledge created by the Resolution, including Section 501. In any case, such Second Lien Obligation Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Series of Second Lien Obligations in anticipation of which they are issued. The proceeds of the sale of Second Lien Obligation Anticipation Notes other than renewals thereof shall be applied to the purposes for which the Second Lien Obligations in anticipation of which such Second Lien Obligation Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Resolution for such purposes or, if so provided in the resolution authorizing renewals of Second Lien Obligation Anticipation Notes issued to pay outstanding Second Lien Obligation Anticipation Notes, applied directly to such payment. Investment earnings from any amounts on deposit in any Fund or Account under the Resolution representing

the proceeds of any Second Lien Obligation Anticipation Notes shall be applied in the manner set forth in the resolution authorizing such Second Lien Obligation Anticipation Notes.

## **ARTICLE B-III**

### **GENERAL TERMS AND PROVISIONS OF SECOND LIEN OBLIGATIONS**

Except as otherwise provided by Supplemental Resolution, the Second Lien Obligations and Second Lien Parity Debt shall be subject to the terms and provisions of the Standard Resolutions Provisions and these Supplemental Standard Resolution Provisions.

#### **Section B-301. Medium of Payment; Form and Date.**

1. The Second Lien Obligations and Second Lien Parity Debt shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts (or to the extent permitted by law, in any other coin or currency authorized pursuant to a Supplemental Resolution for Second Lien Obligations and related Second Lien Parity Debt).

2. Second Lien Obligations shall be issued in the form of fully registered Second Lien Obligations without coupons. Second Lien Obligations, the certificate of authentication, if any, and the form of assignment shall be in substantially the form provided for in Exhibit Two of the Resolution with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or thereby or are required by law, and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officers executing such Second Lien Obligations, as evidenced by their execution of the Second Lien Obligations. Any portion of the text of any Second Lien Obligations may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such security evidencing Second Lien Obligations, or as multiple pages (with or without such a reference). Second Lien Obligations may be typewritten, printed, engraved, lithographed or otherwise produced.

3. Second Lien Obligations shall be dated, and shall bear or not bear interest, as provided in the Supplemental Resolution authorizing such Second Lien Obligations.

**Section B-302. Legends.** Second Lien Obligations may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Issuer.

#### **Section B-303. Execution and Authentication.**

1. The Second Lien Obligations shall be executed in the name of the Issuer by the manual or facsimile signature of an Authorized Officer or in such other manner as may be required by law or specified in a Supplemental Resolution. In case any of the officers who shall have signed any of the Second Lien Obligations shall cease to be such officer before the Second

Lien Obligations so signed shall have been actually delivered, such Second Lien Obligations may, nevertheless, be delivered as herein provided, and may be issued as if the Persons who signed such Second Lien Obligations had not ceased to hold such offices. Any Second Lien Obligations may be signed on behalf of the Issuer by such Persons as at the actual time of the execution of such Second Lien Obligations shall be duly authorized or hold the proper office in the Issuer, although at the date of the Second Lien Obligations such Persons may not have been so authorized or have held such office.

2. Second Lien Obligations of each Series shall bear thereon a certificate of authentication, executed manually by the Second Lien Trustee. Only such Second Lien Obligations as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no Second Lien Obligations shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Second Lien Trustee. Such certificate of the Second Lien Trustee upon any Second Lien Obligations executed on behalf of the Issuer shall be conclusive evidence that the Second Lien Obligations so authenticated has been duly authenticated and delivered under the Resolution and that the Second Lien Owner thereof is entitled to the benefits of the Resolution.

**Section B-304. Interchangeability of Second Lien Obligations.** Second Lien Obligations, upon surrender thereof at the office of the Second Lien Registrar with a written instrument of transfer satisfactory to the Second Lien Registrar, duly executed by the Second Lien Owner or his duly authorized attorney, may, at the option of such Second Lien Owner, be exchanged for an equal aggregate principal amount of Second Lien Obligations of the same Series, maturity and interest rate of any other authorized denomination.

**Section B-305. Negotiability, Transfer and Registry.** All the Second Lien Obligations issued under the Resolution shall be negotiable, subject to the provisions for registration and registration of transfer contained in the Resolution and in the Second Lien Obligations. So long as any of the Second Lien Obligations shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Second Lien Registrar, books for the registration and registration of transfer of Second Lien Obligations; and, upon presentation thereof for such purpose at said office and under such reasonable regulations as it or the Second Lien Registrar may prescribe, the Issuer shall register or cause to be registered therein, and permit to be transferred thereon, the registration of any Second Lien Obligations entitled to registration or registration of transfer. So long as any of the Second Lien Obligations remain Outstanding, the Issuer shall make all necessary provision to permit the exchange of Second Lien Obligations at the office of the Second Lien Registrar.

**Section B-306. Transfer of Second Lien Obligations.**

1. The transfer of each Second Lien Obligations shall be registerable only upon the books of the Issuer, which shall be kept by the Second Lien Registrar, by the Second Lien Owner thereof in person or by his attorney authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Second Lien Registrar executed by the Second Lien Owner or his authorized attorney. Upon the registration of transfer of any such Second Lien Obligations, the Issuer shall issue in the name of the transferee a new Second Lien



Obligation of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Second Lien Obligation.

2. The Issuer and each Fiduciary may deem and treat the Person in whose name any Outstanding Second Lien Obligations shall be registered upon the books of the Issuer as the absolute owner of such Second Lien Obligations, whether such Second Lien Obligations shall be overdue or not, for the purpose of receiving payment of or on account of the principal and Second Lien Obligation Redemption Price, if any, of and interest on such Second Lien Obligations and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Second Lien Obligations to the extent of the sum or sums so paid, and neither the Issuer nor any Fiduciary shall be affected by any notice to the contrary. The Issuer agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, unless acting in bad faith or with negligence under the Resolution, in so treating such registered owner.

**Section B-307. Regulations With Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Second Lien Obligations or registering the transfer of Second Lien Obligations is exercised, the Issuer shall execute and the Second Lien Registrar shall deliver Second Lien Obligations in accordance with the provisions of the Resolution. All Second Lien Obligations surrendered in any such exchanges or registrations of transfer shall forthwith be canceled by the Second Lien Registrar. For every such exchange or registration of transfer of Second Lien Obligations, whether temporary or definitive, the Issuer or the Second Lien Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

**Section B-308. Second Lien Obligations Mutilated, Destroyed, Stolen or Lost.** In case any Second Lien Obligations shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Second Lien Trustee and Second Lien Registrar shall deliver, a new Second Lien Obligations of like tenor, Series, maturity, interest rate and principal amount as the Second Lien Obligations so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Second Lien Obligations, upon surrender and cancellation of such mutilated Second Lien Obligations, or in lieu of and substitution for the Second Lien Obligations destroyed, stolen or lost, upon filing with the Second Lien Trustee and Second Lien Registrar evidence satisfactory to the Issuer and the Second Lien Trustee and Second Lien Registrar that such Second Lien Obligations has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Issuer and the Second Lien Trustee and Second Lien Registrar with indemnity satisfactory to them and complying with such other reasonable regulations as the Issuer and the Second Lien Trustee and Second Lien Registrar may prescribe and paying such expenses as the Issuer and Second Lien Trustee and Second Lien Registrar may incur. All Second Lien Obligations so surrendered to the Second Lien Registrar shall be canceled by it. If any such Second Lien Obligations shall have matured, or if such Second Lien Obligations shall have been called for redemption or a redemption date pertaining thereto shall have passed, instead of issuing a new Second Lien Obligation the Issuer may cause the same to be paid without surrender thereof upon indemnity satisfactory to the Issuer and the Second Lien Trustee. Any such new Second Lien Obligations issued pursuant to this Section in substitution for Second Lien Obligations alleged to be destroyed, stolen or lost shall constitute original additional

contractual obligations on the part of the Issuer, whether or not the Second Lien Obligations so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Second Lien Obligations issued under the Resolution, in any money or securities held by the Issuer or the Fiduciary for the benefit of the Second Lien Owners.

**Section B-309. Book-Entry-Only System.** The Issuer may employ a book-entry-only system of registration with respect to any Second Lien Obligations and may utilize the procedures regarding such registration set forth in this Section B-309, as such procedures may be modified or superseded pursuant to the Supplemental Resolution authorizing such Second Lien Obligations. Any provisions of the Resolution inconsistent with book-entry-only Second Lien Obligations shall not be applicable to such book-entry-only Second Lien Obligations.

Any Authorized Officer is hereby authorized to take all actions required for each Series of Second Lien Obligations to be eligible under the rules and regulations of The Depository Trust Company ("DTC"), 55 Water Street, New York, New York, for investment and trading as uncertificated securities. DTC is hereby appointed as the initial Securities Depository for the obligations, with Cede & Co., a nominee thereof, being the initial registered owner of the Second Lien Obligations. In the event that any Securities Depository resigns or is removed, any Authorized Officer may select a substitute Securities Depository. The Issuer and any Fiduciary, and any agent of the Issuer or any Fiduciary, may treat any Securities Depository in whose name any Second Lien Obligation is registered as the owner of such Second Lien Obligations for all purposes under the Resolution. For so long as the Securities Depository is the registered owner of the Second Lien Obligations, procedures with respect to the transmission of notices and the transfer of ownership of, redemption of and payment of principal or Second Lien Obligation Redemption Price, if any, of and interest on such Second Lien Obligations so held shall be in accordance with arrangements among the Second Lien Trustee, the Issuer and the Securities Depository.

So long as the Second Lien Obligations are registered in the name of the Securities Depository, the Issuer and the Second Lien Trustee shall have no responsibility or obligation to any Securities Depository participant, indirect participant or beneficial owner of the Second Lien Obligations. Without limiting the immediately preceding sentence, the Issuer and the Second Lien Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of any Securities Depository or any Securities Depository participant or indirect participant with respect to any beneficial ownership interest in the Second Lien Obligations, (ii) the delivery to any Securities Depository participant, indirect participant, beneficial owner or any other person, other than the Securities Depository, of any notice with respect to the Second Lien Obligations, including any notice of redemption or tender, or (iii) the payment to any Securities Depository participant, indirect participant, beneficial owner or any other person, other than the Securities Depository, of any amount with respect to the principal of or Second Lien Obligation Redemption Price or interest on the Second Lien Obligations.

The Issuer, in its sole discretion and without the consent of any other person, may terminate the services of any Securities Depository with respect to any Series of Second Lien Obligations. Notice of such termination shall be given by the Issuer to the Second Lien Trustee prior to or simultaneously with such termination. In the event the book-entry only system is

discontinued with respect to the Second Lien Obligations, principal and Redemption Price of and interest on the Second Lien Obligations shall be paid as provided in the Resolution.

Consistent with DTC book-entry provisions, one or more typewritten certificates shall be prepared for each maturity of the Second Lien Obligations of a Series and registered in the name of the Securities Depository. There shall be no physical distribution of bond or other certificates to beneficial owners of such Second Lien Obligations. In the event that the Second Lien Obligations do not qualify to be held by the Securities Depository or that either the Issuer determines to discontinue the book-entry only system or DTC determines to discontinue providing its service with respect to the Second Lien Obligations and there is no successor Securities Depository, the bond or other certificates shall be delivered in the form required by the Resolution.

Unless otherwise directed by an Authorized Officer, "CUSIP" or other recognized identification numbers ("CUSIP numbers") will be imprinted on the Second Lien Obligations, but such numbers shall not constitute a part of the contract evidenced by the Second Lien Obligations and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Second Lien Obligations. As a convenience to the Second Lien Owners, the Issuer and the Second Lien Trustee may use such CUSIP numbers in any notices to the Second Lien Owners, including any notices of redemption of the Second Lien Obligations. Failure on the part of the Issuer or the Second Lien Trustee to use such CUSIP numbers in any notice to Second Lien Owners shall not constitute a Second Lien Obligations Event of Default or any similar violation of the Issuer's contract with such Second Lien Owners. The Issuer will promptly notify the Second Lien Trustee of any change in the CUSIP numbers.

## **ARTICLE B-IV**

### **REDEMPTION AND TENDER OF SECOND LIEN OBLIGATIONS**

**Section B-401. Privilege of Redemption and Second Lien Obligation Redemption Price.** Except as otherwise provided in the Resolution or a Supplemental Resolution, Second Lien Obligations subject to redemption pursuant to a Supplemental Resolution shall be subject to redemption only in accordance with this Article B-IV.

Second Lien Obligations subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon written notice as provided in this Article B-IV, at such times, at such Second Lien Obligation Redemption Prices and upon such terms as may be specified in the Supplemental Resolution authorizing such Second Lien Obligations.

**Section B-402. Redemption at the Election of the Issuer; Tender to Related Entities.** In the case of any redemption of Second Lien Obligations at the election of the Issuer, the Issuer shall give written notice to the Second Lien Trustee of its election so to redeem, of the redemption date, of the Series, of the principal amounts of the Second Lien Obligations of each maturity and interest rate of such Series to be redeemed (which Series, maturities, interest rates and principal amounts thereof to be redeemed shall be determined by the Issuer in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental

Resolution). Such notice shall be given at least 45 days prior to the redemption date or such shorter period as may be provided in the Supplemental Resolution or as shall be acceptable to the Second Lien Trustee. In the event notice of redemption shall have been given as in Section B-405 provided but subject to the second paragraph of Section B-405, the Issuer shall on or prior to the redemption date cause to be paid out to the appropriate Second Lien Paying Agent or Second Lien Paying Agents out of money available therefor an amount in cash which, in addition to other money, if any, available therefor held by such Second Lien Paying Agent or Second Lien Paying Agents, will be sufficient to redeem on the redemption date at the Second Lien Obligation Redemption Price thereof, all of the Second Lien Obligations to be redeemed.

To the extent provided by Supplemental Resolution the Issuer may, in its sole discretion, purchase or grant to any Related Entity the option to purchase, at any time and from time to time, any Second Lien Obligations which are redeemable at the election of the Issuer at a purchase price equal to the redemption price therefor. To exercise any such option, the Issuer or the Related Entity shall give the Second Lien Trustee a written request exercising such option within the time periods specified in the related Supplemental Resolution as though such written request were a written request of the related Issuer for redemption, and the Second Lien Trustee shall thereupon give the Second Lien Owners of the Second Lien Obligations to be purchased notice of such purchase in the manner specified in the related Supplemental Resolution as though such purchase were a redemption. On the date fixed for purchase pursuant to any exercise of such an option, the Issuer or the Related Entity shall pay the purchase price of the Second Lien Obligations then being purchased to the Second Lien Trustee in immediately available funds, and the Second Lien Trustee shall pay the same to the sellers of such Second Lien Obligations against delivery thereof. Following such purchase, the Second Lien Trustee shall cause such Second Lien Obligations to be registered in the name of the Issuer or the Related Entity or its nominee and shall deliver them to the Issuer, the Related Entity or its nominee. Except to the extent otherwise directed by an Authorized Officer, no purchase of Second Lien Obligations pursuant to such an option shall operate to extinguish the indebtedness of the Issuer evidenced thereby. Any such option to purchase by a Related Entity either shall be conditioned on the provision of sufficient money therefor by the Related Entity or shall be an obligation of the Issuer in the event that the Related Entity does not provide sufficient money therefor.

**Section B-403. Redemption Otherwise Than at the Issuer's Election.** Whenever by the terms of the Resolution Second Lien Obligations are required to be redeemed otherwise than at the election of the Issuer, the Second Lien Trustee shall select the Second Lien Obligations to be redeemed, give the notice of redemption and pay out of money available therefor the Second Lien Obligation Redemption Price to the appropriate Second Lien Paying Agents in accordance with the terms of this Article B-IV. The Second Lien Trustee shall have no liability in making such selection.

**Section B-404. Selection of Second Lien Obligations to Be Redeemed.** In the event of redemption of less than all the Outstanding Second Lien Obligations of like tenor, Series, maturity and interest rate, the Second Lien Trustee shall select, as directed by the Issuer (as to the timing of such selection, manner of such selection or otherwise) or otherwise in such manner as the Second Lien Trustee in its discretion shall deem appropriate and fair, the numbers of the Second Lien Obligations to be redeemed and portions of any thereof to be redeemed in part. Second Lien Obligations of denominations equal or less than the minimum authorized

denomination thereof may be redeemed only as a whole. Second Lien Obligations of denominations of more than the minimum authorized denomination thereof may be redeemed either as a whole or in part (which, if redeemed in part, must assure that the portion of the Second Lien Obligations which is not redeemed is an authorized denomination). For the purposes of this Section B-404, Second Lien Obligations, or portions thereof, theretofore selected for redemption shall not be deemed Outstanding.

**Section B-405. Notice of Redemption.** When the Second Lien Trustee shall receive notice from the Issuer of its election to redeem Second Lien Obligations pursuant to Section B-402, and when redemption of Second Lien Obligations is required by the Resolution pursuant to Section B-403, the Second Lien Trustee shall give notice, in the name of the Issuer, of the redemption of such Second Lien Obligations, which notice shall specify the Series (including CUSIP numbers), maturities and, if any maturity shall include Second Lien Obligations bearing different interest rates and all Second Lien Obligations of such maturity are not being redeemed, the interest rate of the Second Lien Obligations to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Second Lien Obligations of any like tenor, Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Second Lien Obligations so to be redeemed, and, in the case of Second Lien Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed, and, if applicable, that such notice is conditional and the conditions that must be satisfied. Such notice shall further state that on such date there shall become due and payable upon the Second Lien Obligations to be redeemed the Second Lien Obligation Redemption Price thereof, or the Second Lien Obligation Redemption Price of the specified portions of the principal thereof in the case of Second Lien Obligations to be redeemed in part only, together with interest accrued to the redemption date; and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given not less than 30 days nor more than 45 days, or for such other period as may be specified in a Supplemental Resolution authorizing a particular Series, before the redemption date, to the Second Lien Owners of any Second Lien Obligations or portions of Second Lien Obligations which are to be redeemed. Failure so to give any such notice to any particular Owner shall not affect the validity of the proceedings for the redemption of Second Lien Obligations not owned by such Second Lien Owner and failure of any Second Lien Owner to receive such notice shall not affect the validity of the proposed redemption of Second Lien Obligations. The Issuer may provide notices of redemption at such additional times as it may determine necessary or appropriate.

Any notice of optional redemption given pursuant to this Section may state that it is conditional upon receipt by the Second Lien Trustee of money sufficient to pay the Second Lien Obligation Redemption Price of such Second Lien Obligations or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Second Lien Obligation Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Second Lien Trustee to affected Second Lien Owners as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Unless otherwise provided by Supplemental Resolution, notices of redemption shall be sent by first class mail, postage prepaid.

Notice of redemption of any Series of Second Lien Obligations shall also be sent by the Second Lien Trustee to such additional Persons as may be specified in the Supplemental Resolution authorizing such Series.

**Section B-406. Payment of Redeemed Second Lien Obligations.** Notice having been given in the manner provided in Section B-405, the Second Lien Obligations or portions thereof so called for redemption shall, subject to the second paragraph of Section B-405, become due and payable on the redemption date so designated at the Second Lien Obligation Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Second Lien Obligations, or portions thereof, shall be paid at the Second Lien Obligation Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Second Lien Obligation, the Issuer shall execute and cause to be delivered, upon the surrender of such Second Lien Obligation, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Second Lien Obligation so surrendered, at the option of the owner thereof, Second Lien Obligations of like tenor, Series, maturity and interest rate in any of the authorized denominations. If, on the redemption date, money for the redemption of all the Second Lien Obligations or portions thereof of any like tenor, Series, maturity and interest rate to be redeemed, together with interest to the redemption date, shall be held by the Second Lien Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Second Lien Obligations or portions thereof of such Series, maturity and interest rate so called for redemption shall cease to accrue. If said money shall not be so available on the redemption date, such Second Lien Obligations or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

## **ARTICLE B-V**

### **SECOND LIEN SINKING FUND INSTALLMENTS; CANCELLATION AND DISPOSITION OF SECOND LIEN OBLIGATIONS**

#### **Section B-501. Satisfaction of Second Lien Sinking Fund Installments.**

1. Any amount accumulated in the Second Lien Debt Service Fund in respect of and up to the unsatisfied balance of each Second Lien Sinking Fund Installment shall be applied by the Second Lien Trustee to either (a) or (b) below as directed by the Issuer (together with amounts accumulated in the Second Lien Debt Service Fund with respect to interest on the Series of Second Lien Obligations for which such Second Lien Sinking Fund Installment was established) if so directed by an Authorized Officer prior to the 45th day preceding the due date of such Second Lien Sinking Fund Installment as follows:

(a) to the purchase of Second Lien Obligations for which such Second Lien Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Second Lien Obligations plus unpaid

interest accrued to the date of purchase, such purchases to be made in such manner as the Issuer shall direct; or

(b) to the redemption of Second Lien Obligations for which such Second Lien Sinking Fund Installment was established, if then redeemable by their terms at the prices referred to in clause (a) of this subsection 1 of this Section B-501.

All Second Lien Obligations so purchased or redeemed shall be canceled by the Second Lien Trustee prior to the 45th day preceding the due date of such Second Lien Sinking Fund Installment.

2. Upon the purchase or redemption of any Second Lien Obligations pursuant to subsection 1 of this Section, an amount equal to the principal amount of the Second Lien Obligations so purchased or redeemed shall be credited toward the next Second Lien Sinking Fund Installment thereafter to become due with respect to the Second Lien Obligations of such maturity and the amount of any excess of the amounts so credited over the amount of such Second Lien Sinking Fund Installment shall be credited by the Second Lien Trustee against future Second Lien Sinking Fund Installments for such Series as specified by an Authorized Officer. Prior to the purchase or redemption of such Second Lien Obligations, the Issuer shall deliver to the Second Lien Paying Agent and to the Second Lien Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Second Lien Obligations so to be purchased or redeemed, (ii) the date and Series of the Second Lien Sinking Fund Installment in satisfaction of which such Second Lien Obligations are so to be purchased or redeemed, (iii) the aggregate principal amount of the Second Lien Obligations so to be purchased or redeemed, and (iv) the unsatisfied balance of each such Second Lien Sinking Fund Installment after giving effect to the delivery of such Second Lien Obligations.

3. In satisfaction, in whole or in part, of any Second Lien Sinking Fund Installment, the Issuer may deliver to the Second Lien Trustee at least 45 days prior to the date of such Second Lien Sinking Fund Installment, for cancellation, Second Lien Obligations acquired by purchase or redemption, except Second Lien Obligations acquired by purchase or redemption pursuant to the provisions of subsection 1 of this Section, of the maturity and interest rate entitled to such Second Lien Sinking Fund Installment. All Second Lien Obligations so delivered to the Second Lien Trustee in satisfaction of a Second Lien Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Second Lien Obligations. Concurrently with such delivery of such Second Lien Obligations the Issuer shall deliver to the Second Lien Paying Agent and to the Second Lien Trustee a certificate of an Authorized Officer, specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Second Lien Obligations so delivered, (ii) the date and Series of the Second Lien Sinking Fund Installment in satisfaction of which such Second Lien Obligations are so delivered, (iii) the aggregate principal amount of the Second Lien Obligations so delivered, and (iv) the unsatisfied balance of each such Second Lien Sinking Fund Installment after giving effect to the delivery of such Second Lien Obligations.

4. The Second Lien Trustee shall, upon receipt of the notice and in the manner required by the Resolution, call for redemption, on the date of each Second Lien Sinking Fund

Installment falling due prior to maturity, such principal amount of Second Lien Obligations of the Series, interest rate and maturity entitled to such Second Lien Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Second Lien Sinking Fund Installment.

**Section B-502. Cancellation and Disposition of Second Lien Obligations.** All Second Lien Obligations that have been paid (whether at maturity or by acceleration, call for redemption, purchase by the Issuer and presentation for cancellation, or otherwise) or delivered to the Second Lien Trustee for cancellation shall be canceled and not reissued, except as otherwise provided in a Supplemental Resolution with respect to Second Lien Put Obligations. Unless otherwise directed by the Issuer, the Second Lien Trustee shall treat canceled Second Lien Obligations in accordance with its document retention policies. Notwithstanding any other provision of the Resolution, the Issuer may in its sole discretion purchase any Second Lien Obligations of the Issuer or any Related Entity for investment purposes and any such Second Lien Obligations shall remain outstanding unless and until presented for cancellation.

## **ARTICLE B-VI**

### **PARTICULAR COVENANTS OF THE ISSUER**

The Issuer covenants and agrees with the Second Lien Trustee and the Second Lien Owners as follows:

**Section B-601. Payment of Second Lien Obligations and Second Lien Parity Debt.** The Issuer shall duly and punctually pay or cause to be paid from the Second Lien Obligations Trust Estate as provided in the Resolution the principal or Second Lien Obligation Redemption Price, if any, of every Second Lien Obligations and the interest thereon and all Second Lien Parity Debt, at the dates and places, and in the manner provided in the Second Lien Obligations and Second Lien Parity Debt, according to the true intent and meaning thereof.

**Section B-602. Extension of Payment of Second Lien Obligations.** The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Second Lien Obligations or the time of payments of any claims for interest by the purchase or funding of such Second Lien Obligations or claims for interest or by any other arrangement, and in case the maturity of any of the Second Lien Obligations or the time for payment of such claims for interest shall be extended, such Second Lien Obligations or claims for interest shall not be entitled, in case of any Second Lien Obligations Event of Default, to the benefit of the Resolution or to any payment out of the Second Lien Obligations Trust Estate, except subject to the prior payment of the principal of all Second Lien Obligations Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Second Lien Obligations as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Issuer (i) to issue refunding Second Lien Obligations as provided in the Resolution and such issuance shall not be deemed to constitute an extension of maturity of the Second Lien Obligations, (ii) to issue Second Lien Put Obligations and neither such issuance nor the operation of the provisions of such Second Lien Put Obligations shall be deemed to constitute an extension of maturity of the Second Lien Obligations, (iii) to apply any amount in any Fund held under the Resolution for such purpose to the purchase or redemption of



Second Lien Obligations or (iv) to issue securities having a maturity date, including any extension of maturity contemplated at the time of issuance, of no more than 270 days from the issue date.

**Section B-603. Offices for Servicing Second Lien Obligations.** Except as otherwise provided in the Resolution, the Issuer shall at all times maintain one or more offices or agencies in the City and State where Second Lien Obligations may be presented for payment, registration, transfer or exchange, and where notices, demands and other documents may be served upon the Issuer in respect of the Second Lien Obligations or of the Resolution. The Issuer may appoint the Second Lien Trustee or any other Fiduciary as its agent to maintain such office or agency for the payment, redemption, registration, transfer or exchange of Second Lien Obligations and for the service upon the Issuer of such notices, demands and other documents. The Issuer may also maintain one or more offices or agencies outside of the City or State for the same purposes.

**Section B-604. Further Assurance.** To the extent permitted by law, the Issuer from time to time shall make, do, execute, adopt, acknowledge and deliver, and take all and every such further acts, deeds, conveyances, assignments, resolutions, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights and interests in the Second Lien Obligations Trust Estate or assigned, or intended so to be, or which the Issuer may become bound to pledge or assign.

**Section B-605. Accounts and Reports.**

1. The Issuer shall keep proper books of record and account of its operations. Such books of account are to be audited at least annually by independent certified public accountants experienced in governmental accounting selected by the Issuer. A copy of each audit report, annual balance sheet and income and expense statement shall be filed with the Second Lien Trustee and sent to any Second Lien Owner filing with the Issuer a written request therefor.

2. The Issuer shall annually, within 6 months after the close of each fiscal year or at such other time required under applicable law or a subsequent contract with all or certain Second Lien Owners (or, if not available by such date, when and if available), file with the Second Lien Trustee, and otherwise as provided by law, a copy of an annual report for such year, accompanied by the opinion of the accountants specified in subsection 1 of this Section.

**Section B-606. General.**

1. The Issuer shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Resolution and, to the extent material to the interests of Second Lien Owners, the Issuer Act.

2. Upon the date of authentication and delivery of any of the Second Lien Obligations, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in connection with the issuance of such Second Lien Obligations (and any related Second Lien Parity Debt then being incurred) shall exist, shall have happened and shall have been performed and the issuance of such Second Lien Obligations (and any related Second Lien Parity Debt then being incurred), together with all

other indebtedness of the Issuer, shall be within every debt and other limit prescribed by the laws of the State, as applicable.

## **ARTICLE B-VII**

### **CONCERNING THE SECOND LIEN TRUSTEE, SECOND LIEN PAYING AGENTS AND THE SECOND LIEN REGISTRAR**

**Section B-701. Second Lien Trustee; Appointment and Acceptance of Duties.**  
On or prior to the delivery of any Second Lien Obligations, the Issuer shall appoint a Second Lien Trustee. The Second Lien Trustee shall signify its acceptance of the duties and Second Lien Obligations imposed upon it by the Resolution by executing and delivering to the Issuer a written acceptance thereof.

#### **Section B-702. Duties, Liabilities and Rights of the Second Lien Trustee.**

1. Prior to the occurrence of a Second Lien Obligations Event of Default of which a Responsible Second Lien Obligation Officer has written notice or actual knowledge, and after the curing or waiver of any Second Lien Obligations Event of Default which may have occurred:

(a) the Second Lien Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Resolution, and no implied covenants or Second Lien Obligations shall be read into the Resolution against the Second Lien Trustee; and

(b) in the absence of bad faith on its part, the Second Lien Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Second Lien Trustee and conforming to the requirements of the Resolution; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Second Lien Trustee, the Second Lien Trustee is under a duty to examine same to determine whether or not they conform to the requirements of the Resolution.

2. In case a Second Lien Obligations Event of Default of which a Responsible Second Lien Obligation Officer has written notice or actual knowledge has occurred and is continuing, the Second Lien Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use in the conduct of such Person's own affairs.

3. No provision of the Resolution shall be construed to relieve the Second Lien Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) this subsection 3 shall not be construed to limit the effect of subsection 1 of this Section B-702;

(b) the Second Lien Trustee is not and shall not be liable for any error of judgment made in good faith by a Responsible Second Lien Obligation Officer, unless it is proven that the Second Lien Trustee was negligent in ascertaining the pertinent facts;

(c) the Second Lien Trustee is not and shall not be liable with respect to any action taken or omitted to be taken by it in good faith (i) in accordance with the direction of the Second Lien Owners of the applicable percentage of Second Lien Obligations then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Second Lien Trustee, or (ii) which it believes to be authorized or within its rights or powers under the Resolution;

(d) no provision of the Resolution shall require the Second Lien Trustee to expend or risk its own funds or otherwise incur any personal or financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, for which it has not received a satisfactory indemnity;

(e) the Second Lien Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper Person and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Second Lien Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(f) the Second Lien Trustee shall not be charged with knowledge of a Second Lien Obligations Event of Default unless a Responsible Second Lien Obligation Officer shall have received written notice from a Second Lien Owner or the Issuer or have actual knowledge; provided that the Second Lien Trustee shall be deemed to have actual knowledge of any failure to pay principal or Second Lien Obligation Redemption Price of or interest on Second Lien Obligations when due;

(g) the Second Lien Trustee shall not be under any obligation to take any action that is discretionary hereunder;

(h) neither the Second Lien Trustee nor any of its directors, officers, employees or agents shall be personally liable for any action taken, suffered or omitted by the Second Lien Trustee in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon the Second Lien Trustee by the Resolution;

(i) the Second Lien Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians, or nominees and the Second Lien Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodians or nominees appointed with due care by it hereunder; and

(j) the Second Lien Trustee may request that the Issuer deliver a certificate of an Authorized Officer setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant hereto, which certificate may be signed by any Person authorized to sign such a certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

4. Whether or not expressly so provided, every provision of the Resolution relating to the conduct or affecting the liability of or affording protection to the Second Lien Trustee is subject to the provisions of this Section B-702.

5. In the event that the Second Lien Trustee is also acting as Second Lien Paying Agent or Second Lien Registrar hereunder, the rights and protections afforded to the Second Lien Trustee pursuant to this Article B-VII shall also be afforded to the Second Lien Paying Agent and Second Lien Registrar.

**Section B-703. Second Lien Paying Agents and Second Lien Registrars; Appointment and Acceptance of Duties.**

1. The Second Lien Trustee is hereby appointed the Second Lien Registrar and a Second Lien Paying Agent with respect to the Second Lien Obligations. The Issuer may at any time or from time to time appoint one or more other Second Lien Paying Agents and Second Lien Registrars in the manner and subject to the conditions set forth in Section B-713 for the appointment of a successor Second Lien Paying Agent or Second Lien Registrar. The Issuer may be appointed a Second Lien Paying Agent or Second Lien Registrar.

2. Each Second Lien Paying Agent and Second Lien Registrar other than the Second Lien Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Issuer and to the Second Lien Trustee a written acceptance thereof.

**Section B-704. Responsibilities of Fiduciaries.** The recitals of fact contained in the Resolution and in the Second Lien Obligations shall be taken as the statements of the Issuer and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Second Lien Obligations issued thereunder or in respect of the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Second Lien Obligations for value or the application of the proceeds thereof or the application of any money paid to the Issuer. No Fiduciary shall be under any responsibility or duty with respect to the application of any money paid to any other Fiduciary. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution, or for any losses, fees, taxes or other charges incurred upon the purchase or sale or redemption of any securities purchased for or held in any Fund under the Resolution, including any losses incurred by reason of having to sell securities prior to their maturity date, except in each case for its own willful misconduct, negligent action or negligent failure to act.

**Section B-705. Evidence on Which Fiduciaries May Act.**

1. Each Fiduciary shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel of its selection, who may or may not be counsel to the Issuer, and the opinion of such counsel shall be full and complete authorization

and protection in respect of any action taken, omitted to be taken or suffered by it under the Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Issuer to any Fiduciary shall be sufficiently executed if executed in the name of the Issuer by an Authorized Officer.

**Section B-706. Compensation.** The Issuer shall pay to each Fiduciary from time to time such compensation as shall be agreed to in writing between the Fiduciary and the Issuer for all services rendered under the Resolution (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Resolution. To the extent permitted by law, the Issuer further agrees to indemnify and save each Fiduciary and its officers, directors, agents, and employees harmless against any and all liabilities, losses, damages, claims or expenses which it may incur in the acceptance, exercise and performance of its powers and duties hereunder and which are not due to its willful misconduct, negligence or bad faith. The obligations of this Section B-706 shall survive the discharge of the Resolution. No obligations of the Issuer to make any payment to any Fiduciary shall have the benefit of any lien on or pledge or assignment of the Obligations Trust Estate or the Second Lien Obligations Trust Estate.

A Fiduciary shall notify the Issuer promptly of any claim for which it may seek indemnity. The Issuer shall defend the claim and the Second Lien Trustee shall cooperate in the defense. The Fiduciary may have separate counsel and the Issuer shall pay the reasonable fees and expenses of such counsel.

**Section B-707. Certain Permitted Acts.** Any Fiduciary may become the owner of any Second Lien Obligations or any other obligations of the Issuer, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law and pursuant to the Resolution, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Second Lien Owners or the holders of any other obligations of the Issuer or to effect or aid in any reorganization growing out of the enforcement of the Second Lien Obligations or any other obligations of the Issuer under the Resolution, whether or not any such committee shall represent the Second Lien Owners of a majority in principal amount of the Second Lien Obligations then Outstanding.

**Section B-708.      Resignation of Second Lien Trustee.** The Second Lien Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Issuer and mailing notice thereof to the Second Lien Owners of the Second Lien Obligations, specifying the date when such resignation shall take effect, at least 45 days prior to the effective date, provided that such resignation shall take effect upon *the later of* (i) the day specified in such notice and (ii) the day a successor shall have been appointed by the Issuer or the Second Lien Owners as provided in Section B-710 and shall have qualified therefor.

**Section B-709.      Removal of Second Lien Trustee.** The Second Lien Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Second Lien Trustee, and signed by the Second Lien Owners of a majority in principal amount of the Second Lien Obligations then Outstanding or their attorneys-in-fact duly authorized, excluding any Second Lien Obligations held by or for the account of the Issuer or any Related Entity. In addition, so long as no Second Lien Obligations Event of Default shall have occurred and be continuing hereunder and the Second Lien Trustee is not pursuing any right or remedy available to it pursuant to the Resolution, the Second Lien Trustee may be removed by the Issuer at any time for failure to provide reasonably acceptable services, failure to charge reasonably acceptable fees or any other reasonable cause, all as determined by a certificate of an Authorized Officer filed with the Second Lien Trustee. Any such removal shall not be effective until a successor shall have been appointed by the Issuer or the Second Lien Owners as provided in Section B-710 and shall have qualified therefor.

**Section B-710.      Appointment of Successor Second Lien Trustee.**

1. In case at any time the Second Lien Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Second Lien Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Second Lien Trustee, or of its property or affairs, a successor may be appointed by the Second Lien Owners of a majority in principal amount of the Second Lien Obligations then Outstanding, excluding any Second Lien Obligations held by or for the account of the Issuer, by an instrument or concurrent instruments in writing signed and acknowledged by such Second Lien Owners or by their attorneys-in-fact duly authorized and delivered to such successor Second Lien Trustee, notification thereof being given to the Issuer and the predecessor Second Lien Trustee; provided, nevertheless, that unless a successor Second Lien Trustee shall have been appointed by the Second Lien Owners as aforesaid, the Issuer by a duly executed written instrument signed by an Authorized Officer of the Issuer shall therewith appoint a Second Lien Trustee to fill such vacancy until a successor Second Lien Trustee shall be appointed by the Second Lien Owners as authorized in this Section B-710. The Issuer shall mail notice of any such appointment made by it to all Second Lien Owners within 20 days after such appointment. Any successor Second Lien Trustee appointed by the Issuer shall, immediately and without further act, be superseded by a Second Lien Trustee appointed by the Second Lien Owners.

2. If in a proper case no appointment of a successor Second Lien Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Second Lien Trustee shall have given to the Issuer written notice as provided in Section B-708 or after a

vacancy in the office of the Second Lien Trustee shall have occurred by reason of its inability to act, the Second Lien Trustee or the Second Lien Owner of any Second Lien Obligations may, at the expense of the Issuer, apply to any court of competent jurisdiction to appoint a successor Second Lien Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Second Lien Trustee.

3. Any Second Lien Trustee appointed under the provisions of this Section B-710 in succession to the Second Lien Trustee shall be a Bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America, doing business and having a corporate trust office in The City of New York, and having a capital and surplus aggregating at least \$100 million, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

**Section B-711. Transfer of Rights and Property to Successor Second Lien Trustee.** Any successor Second Lien Trustee appointed under the resolution shall execute, acknowledge and deliver to its predecessor Second Lien Trustee, and also to the Issuer, an instrument accepting such appointment, and thereupon such successor Second Lien Trustee, without any further act, deed or conveyance, shall become fully vested with all money, estates, properties, rights, powers, duties and obligations of such predecessor Second Lien Trustee, with like effect as if originally named as Second Lien Trustee; but the Second Lien Trustee ceasing to act shall nevertheless, on the written request of the Issuer, or of the successor Second Lien Trustee, and, upon the payment of all of its charges hereunder, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Second Lien Trustee all the right, title and interest of the predecessor Second Lien Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Second Lien Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Second Lien Trustee for more fully and certainly vesting in and confirming to such successor Second Lien Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer. Any successor Second Lien Trustee shall promptly notify the Second Lien Registrar and the Second Lien Paying Agents of its appointment as Second Lien Trustee.

**Section B-712. Merger or Consolidation.** Any Person into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its municipal corporate trust business, provided such Person shall be a Bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America, doing business and having a corporate trust office in the City, and having a capital and surplus aggregating at least \$100 million, and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

**Section B-713. Resignation or Removal of Second Lien Paying Agent or Second Lien Registrar and Appointment of Successor.**

1. Any Second Lien Paying Agent or Second Lien Registrar may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the Issuer, the Second Lien Trustee, and the other Second Lien Paying Agents or Second Lien Registrar, as the case may be. Any Second Lien Paying Agent or Second Lien Registrar may be removed at any time by an instrument filed with such Second Lien Paying Agent or Second Lien Registrar, the Second Lien Trustee and the Trustee and signed by the Issuer. Any successor Second Lien Paying Agent or Second Lien Registrar shall be appointed by the Issuer, with the approval of the Second Lien Trustee, and (subject to the requirements of Section B-603) shall be a bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America doing business and having a corporate trust office in The City of New York and having a capital and surplus aggregating at least \$100 million, which is willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

2. In the event of the resignation or removal of any Second Lien Paying Agent, such Second Lien Paying Agent shall pay over, assign and deliver any money held by it as Second Lien Paying Agent to its successor, or if there be no successor, to the Second Lien Trustee. In the event that for any reason there shall be a vacancy in the office of any Second Lien Paying Agent, the Second Lien Trustee shall act as such Second Lien Paying Agent.

3. In the event of the resignation or removal of any Second Lien Registrar, such Second Lien Registrar shall transfer and deliver all records, certificates and documents held by it as Second Lien Registrar to its successor, or if there be no successor, to the Second Lien Trustee. In the event that for any reason there shall be a vacancy in the office of any Second Lien Registrar, the Second Lien Trustee shall act as such Second Lien Registrar.

**Section B-714. Adoption of Authentication.** In case any of the Second Lien Obligations contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Second Lien Trustee may adopt the certificate of authentication of any predecessor Second Lien Trustee so authenticating such Second Lien Obligations and deliver the Second Lien Obligations so authenticated; and in case any of such Second Lien Obligations shall not have been authenticated, any successor Second Lien Trustee may authenticate such Second Lien Obligations in the name of the predecessor Second Lien Trustee, or in the name of the successor Second Lien Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Second Lien Obligations or in the Resolution provided that the certificate of the Second Lien Trustee shall have.

**Section B-715. Continuing Disclosure Agreements.** The Second Lien Trustee shall be entitled to the same rights and the same degree of indemnification in its execution and performance of each continuing disclosure agreement entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, as it is under the Resolution.



## ARTICLE B-VIII

### AMENDMENTS

**Section B-801. Mailing.** Any provision in this Article for the mailing of a notice or other paper to Second Lien Owners shall be fully complied with if it is mailed, postage prepaid, (i) to each Second Lien Owner of any affected Second Lien Obligations then Outstanding at such Second Lien Owner's address, if any, appearing upon the registry books of the Issuer, and (ii) to the Second Lien Trustee; or, in each case, to such parties by facsimile or other means to the extent permitted by applicable law and arrangements.

**Section B-802. Powers of Amendment.** Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Second Lien Owners, in any particular, requiring the consent of the Second Lien Owners may be made by a Supplemental Resolution, with the written consent given as provided in Section B-803, (i) of the Second Lien Owners of a majority in principal amount of the Second Lien Obligations Outstanding at the time such consent is given, and (ii) in case less than all of the Second Lien Obligations then Outstanding are affected by the modification or amendment, of the Second Lien Owners of a majority in principal amount of the Second Lien Obligations so affected and Outstanding at the time such consent is given; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as particular Second Lien Obligations remain Outstanding, the consent of the Second Lien Owners of such Second Lien Obligations shall not be required and such Second Lien Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Second Lien Obligations under this Section. No such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal of any Outstanding Second Lien Obligations or of any installment of interest thereon or a reduction in the principal amount or the Second Lien Obligation Redemption Price thereof or in the rate of interest thereon without the consent of the Second Lien Owner of such Second Lien Obligations, (b) reduce the percentages or otherwise affect the classes of Second Lien Obligations the consent of the Second Lien Owners of which is required to waive a Second Lien Obligations Event of Default or otherwise effect any such modification or amendment, (c) create a preference or priority of any Second Lien Obligations over any other Second Lien Obligations, without the consent of the Second Lien Owners of all such Second Lien Obligations, (d) create a lien prior to or on parity with the lien of the Resolution securing Second Lien Obligations, other than the lien on the Obligations Trust Estate securing Obligations, without the consent of the Second Lien Owners of all of the Second Lien Obligations then Outstanding, or (e) change or modify any of the rights or Second Lien Obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, Second Lien Obligations shall be deemed to be affected by a modification or amendment of the Resolution if the same materially and adversely affects the rights of the Second Lien Owner of such Second Lien Obligations. The Second Lien Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment particular Second Lien Obligations would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Issuer and all Second Lien Owners. The Second Lien Trustee may request and receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether particular Second Lien Obligations would be so affected by any such modification or amendment of the Resolution and the Second Lien Trustee shall have no duty or obligation to take any action

hereunder unless and until it has received such opinion. Notwithstanding anything in this Section or the Resolution to the contrary, the consent of Second Lien Owners of any Series of additional Second Lien Obligations to be issued hereunder to any amendment or modification of the Resolution, which modification or amendment, as well as such consent, is disclosed in the official statement or other offering document prepared in connection with the primary offering of such Series of additional Second Lien Obligations, shall be deemed given and irrevocable, and no other evidence of such consent shall be required.

**Section B-803. Consent of Second Lien Owners.** The Issuer at any time may adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section B-802 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Second Lien Trustee) together with a request to the Second Lien Owners for their consent thereto in form satisfactory to the Second Lien Trustee, shall be mailed by the Issuer to the Second Lien Owners (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Second Lien Trustee (a) the written consents of Second Lien Owners of the percentages of Outstanding Second Lien Obligations specified in Section B-802 and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Issuer in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms, and (ii) a notice shall have been mailed to Second Lien Owners as hereinafter in this Section B-803 provided. Any such consent, including any consent provided pursuant to the last sentence of Section 802, shall be irrevocable and binding upon the Second Lien Owner of the Second Lien Obligations giving such consent and, anything in Section B-1002 to the contrary notwithstanding, upon any subsequent Second Lien Owner of such Second Lien Obligations and of any Second Lien Obligations issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof). At any time after the Second Lien Owners of the required percentages of Second Lien Obligations shall have filed their consents to the Supplemental Resolution, the Second Lien Trustee shall make and file with the Issuer and the Second Lien Trustee a written statement that the Second Lien Owners of such required percentages of Second Lien Obligations have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Second Lien Trustee) has been consented to by the Second Lien Owners of the required percentages of Second Lien Obligations and will be effective as provided in this Section B-803, may be given to Second Lien Owners by the Issuer by mailing such notice to Second Lien Owners (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section B-803 provided). The Issuer shall file with the Second Lien Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section B-803 to be filed with the Second Lien Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Fiduciaries and the Second Lien Owners of all Second Lien Obligations at the expiration of 40 days after the filing with the Second Lien Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of

competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40-day period; provided, however, that any Fiduciary and the Issuer during such 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

**Section B-804. Modifications by Unanimous Consent.** The terms and provisions of the Resolution and the rights and obligations of the Issuer and of the Second Lien Owners may be modified or amended in any respect upon the adoption and filing by the Issuer of a Supplemental Resolution and the consent of the Second Lien Owners of all of the Second Lien Obligations then Outstanding, such consent to be given as provided in Section B-803 except that no notice to Second Lien Owners shall be required; *provided, however*, that no such modification or amendment shall change or modify any of the rights or obligation of any Fiduciary without the filing with the Second Lien Trustee of the written consent thereto of such Fiduciary in addition to the consent of the Second Lien Owners.

**Section B-805. Notation on Second Lien Obligations.** Second Lien Obligations issued and delivered after the effective date of any action taken as in this Article B-VIII provided may, and, if the Second Lien Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved to the Issuer and the Second Lien Trustee as to such action, and in that case upon demand of the Second Lien Owner of any Second Lien Obligations Outstanding at such effective date and presentation of its Second Lien Obligations for the purpose at the corporate trust office of the Second Lien Trustee, suitable notation shall be made on such Second Lien Obligations by the Second Lien Trustee as to any such action. If the Issuer or the Second Lien Trustee shall so determine, Second Lien Obligations so modified as in the opinion of the Second Lien Trustee and the Issuer to conform to such action shall be prepared, authenticated and delivered. Upon demand of the Second Lien Owner of any Second Lien Obligations then Outstanding and the surrender of such Second Lien Obligations, there shall be authenticated and exchanged therefor, new Second Lien Obligations having the same terms, other than the noted modification, as the Second Lien Obligations surrendered.

## **ARTICLE B-IX**

### **DEFAULT AND REMEDIES**

**Section B-901. Abrogation of Right to Appoint Statutory Second Lien Trustee; Preservation of Statutory Rights and Remedies.** Any right of the Second Lien Owners to appoint a trustee under the Issuer Act is hereby abrogated. Subject to the foregoing sentence of this Section B-901 and the provisions of Section 704, the Second Lien Owners and the Second Lien Trustee acting on behalf of the Second Lien Owners shall be entitled to all of the rights and remedies provided or permitted by law.

## ARTICLE B-X

### MISCELLANEOUS

#### Section B-1001. Defeasance.

1. If the Issuer shall pay or cause to be paid to the Second Lien Owners of all Second Lien Obligations then Outstanding the principal and interest and Second Lien Obligation Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Issuer, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Second Lien Trustee, the covenants, agreements and other obligations of the Issuer to the Second Lien Owners shall be discharged and satisfied. In such event, the Second Lien Trustee shall, upon the request of the Issuer, execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries for the Second Lien Obligations shall pay over or deliver to the Issuer all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemptions of Second Lien Obligations not theretofore surrendered for such payment or redemption.

2. Outstanding Second Lien Obligations or any portions thereof for the payment or redemption of which money shall have been set aside and shall be held in trust by the Second Lien Paying Agents shall at the respective maturity or redemption dates thereof be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section. Outstanding Second Lien Obligations or any portions thereof shall, prior to the respective maturity or redemption dates thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section either (A) as provided in the Supplemental Resolution authorizing their issuance or (B) if not so provided, if (a) in case any of said Second Lien Obligations are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Second Lien Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article B-IV notice of redemption on said date of such Second Lien Obligations, (b) there shall have been irrevocably deposited with the Second Lien Trustee either money in an amount which shall be sufficient, or Second Lien Obligation Defeasance Securities the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Second Lien Trustee at the same time, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Second Lien Obligation Redemption Price, if applicable, and interest due and to become due on such Second Lien Obligations or such portions thereof on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Second Lien Obligations are not by their terms maturing or are not subject to redemption within the next succeeding 60 days, the Issuer shall have given the Second Lien Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Second Lien Owners of such Second Lien Obligations that the deposit required by (b) above has been made with the Second Lien Trustee and that said Second Lien Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment of the principal or Second Lien Obligation Redemption Price, if applicable, on such Second Lien Obligations. Neither Second Lien Obligation Defeasance Securities nor money deposited with the Second Lien Trustee pursuant to

this Section nor principal or interest payments on any such Second Lien Obligation Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Second Lien Obligation Redemption Price, if applicable, and interest on said Second Lien Obligations; *provided, however*, that any money on deposit with the Second Lien Trustee, (i) to the extent such money will not be required at any time for such purpose, shall be paid over to the Issuer as received by the Second Lien Trustee, free and clear of any trust, lien or pledge securing said Second Lien Obligations or otherwise existing under the Resolution, and (ii) to the extent such money will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Second Lien Obligation Defeasance Securities maturing at times and in amounts sufficient, together with any money available to the Second Lien Trustee for such purpose, to pay when due the principal or Second Lien Obligation Redemption Price, if applicable, and interest to become due on said Second Lien Obligations on and prior to such redemption date or maturity date thereof, as the case may be. Notwithstanding any other provision hereof, the Issuer may at the time of defeasance elect to retain the right to redeem or require the tender of obligations deemed paid pursuant to this Section B-1001.2. The Second Lien Trustee shall, at the direction of the Issuer, select the Second Lien Obligations or portions thereof that are deemed to have been paid in advance of the redemption of such Second Lien Obligations.

3. Anything in the Resolution to the contrary notwithstanding, any money held by a Fiduciary in trust for the payment and discharge of the principal or Second Lien Obligation Redemption Price or interest on any of the Second Lien Obligations which remains unclaimed for 2 years after the date when such principal, Second Lien Obligation Redemption Price or interest, respectively, has become due and payable, either at stated maturity dates or by call for earlier redemption, if such money was held by the Fiduciary at such date, or for 2 years after the date of deposit of such money if deposited with the Fiduciary after the date when such principal, Second Lien Obligation Redemption Price, or interest, respectively, became due and payable, shall, at the written request of the Issuer, be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Second Lien Owners shall look only to the Issuer for the payment of such principal, Second Lien Obligation Redemption Price, or interest, respectively. Notwithstanding the foregoing or anything in the Resolution to the contrary, any money held by a Fiduciary in trust for the payment and discharge of any Second Lien Obligations which remains unclaimed after such money was to be applied to the payment of such Second Lien Obligations in accordance with the Resolution may be applied in accordance with the provisions of the Abandoned Property Law of the State, being Chapter 1 of the Consolidated Laws of the State or any successor provision thereto, and upon such application, the Fiduciary shall thereupon be released and discharged with respect thereto and the Second Lien Owners shall look only to the Issuer or the Comptroller of the State for the payment of such Second Lien Obligations. Before being required to make any such payment to the Issuer or to apply such money in accordance with the Abandoned Property Law of the State, the Fiduciary shall, at the expense of the Issuer, cause to be mailed to the Second Lien Owners entitled to receive such money a notice that said money remains unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing, the balance of such money then unclaimed will be returned to the Issuer or applied in accordance with the Abandoned Property Law of the State, as the case may be.

**Section B-1002. Evidence of Signatures of Second Lien Owners and Ownership of Second Lien Obligations.**

1. Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Second Lien Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Second Lien Owners in Person or by their attorneys-in-fact appointed in writing or by such electronic or other means as may be recognized pursuant to applicable law. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Second Lien Obligations shall be sufficient for any purpose of the Resolution, except as otherwise therein expressly provided, if made in the following manner, or in any other manner satisfactory to the Second Lien Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Second Lien Owner or his attorney-in-fact of such instrument may be proved by the certificate of a signature guarantor, or of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership such certificate or affidavit shall also constitute sufficient proof of his authority; and

(b) The ownership of Second Lien Obligations and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

2. Any request or consent by a Second Lien Owner of Second Lien Obligations shall bind all future Second Lien Owners of such Second Lien Obligations in respect of anything done or suffered to be done by the Issuer or any Fiduciary in accordance therewith.

**Section B-1003. Money Held for Particular Second Lien Obligations.** The amounts held by any Fiduciary for the payment of the interest, principal or Second Lien Obligation Redemption Price due on any date with respect to particular Second Lien Obligations shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Second Lien Owners entitled thereto.

**Section B-1004. Preservation and Inspection of Documents.** All documents received by a Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, any other Fiduciary, and any Second Lien Owners of at least 5% aggregate principal amount of Second Lien Obligations and their agents and their representatives, any of whom may make copies thereof.

**Section B-1005. Interest of Parties Herein.** Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to any Person, other than the Issuer, the Fiduciaries, the Second Lien Owners and the holders of Second Lien Parity Debt, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof, and all the covenants, stipulations, promises and agreements in the

Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Fiduciaries, the Second Lien Owners and the holders of Second Lien Parity Debt.

**Section B-1006. No Recourse on the Second Lien Obligations.** No recourse shall be had for the payment of the principal or Second Lien Obligation Redemption Price of or interest on the Second Lien Obligations or Second Lien Parity Debt or for any claim based thereon or on the Resolution against any member, officer, or employee of the Issuer or any Person executing the Second Lien Obligations.

**Section B-1007. Severability of Invalid Provisions.** If any term or provision of Annex A, this Annex B or the Resolution shall be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever, and such term and provision shall be valid and enforced to the fullest extent permitted by law.

The invalidity of any one or more phrases, sentences, clauses or Sections of the Resolution shall not affect the remaining portions of the Resolution, or any part thereof, including any part of Annex A or this Annex B.

**Section B-1008. Exclusion of Second Lien Obligations.** Second Lien Obligations owned or held by or for the account of the Issuer or any Related Entity shall not be deemed Outstanding for the purpose of any consent to be given or other action to be taken by or upon the direction of Second Lien Owners of a specified portion of Second Lien Obligations Outstanding, and the Issuer or any Related Entity shall not be entitled with respect to such Second Lien Obligations to give any such consent or to take, or direct the taking of, any such action. At the time of any such consent or action, the Issuer shall furnish to the Second Lien Trustee a certificate of an Authorized Officer, upon which the Second Lien Trustee may conclusively rely, describing all Second Lien Obligations so to be excluded.

**Section B-1009. Governing Law.** The Resolution, including Annex A and this Annex B, shall be governed by and interpreted in accordance with internal laws of the State, without regard to conflict of law principles thereof.

# Staff Summary



Metropolitan Transportation Authority

Page 1 of 1

<b>Subject</b> Request for Authorization to Award Various Procurements
<b>Department</b> Executive
<b>Department Head Name</b> Bob Foran
<b>Department Head Signature</b> 
<b>Division Head Name</b> Angel Barbosa

<b>Date</b> April 23, 2014
<b>Vendor Name</b> Various
<b>Contract Number</b> Various
<b>Contract Manager Name</b> Various
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance	4/28/2014			
2	Board	4/30/2014			

Internal Approvals			
Order	Approval	Order	Approval
1	Procurement	3	CFO
2	Legal		

**PURPOSE:**  
To obtain approval of the Board to award various contracts/contract modifications and purchase orders, as reviewed by the MTA Finance Committee.

**DISCUSSION:**

	<b># of Actions</b>	<b>\$ Amount</b>
--	---------------------	------------------

MTAHQ proposes to award Non-competitive procurements in the following categories:

	None	None
--	------	------

MTAHQ proposes to award Competitive procurements in the following categories:

Schedules Requiring Majority Vote

Schedule B: Request to Use RFP	1	TBD
Schedule F: Personal Services Contracts	1	\$1,235,000

<b>SUBTOTAL</b>	2	\$1,235,000
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MTAHQ presents the following procurement actions for Ratification:

	None	None
--	------	------

<b>TOTAL</b>	2	\$1,235,000
--------------	---	-------------

**BUDGET IMPACT:** The purchases/contracts will result in obligating MTAHQ operating and capital funds in the amount listed. Funds are available in the current MTAHQ operating/capital budgets for this purpose.

**RECOMMENDATION:** That the purchases/contracts be approved as proposed. (Items are included in the resolution of approval at the beginning of the Procurement Section.)



## BOARD RESOLUTION

### METROPOLITAN TRANSPORTATION AUTHORITY

WHEREAS, in accordance with Section 1265-a and Section 1209 of the Public Authorities Law and the All Agency Procurement Guidelines, the Board authorizes the award of certain non-competitive purchase and public work contracts, and the solicitation and award of request for proposals in regard to purchase and public work contracts; and

WHEREAS, in accordance with the All Agency Procurement Guidelines, the Board authorizes the award of certain non-competitive miscellaneous procurement contracts, and certain change orders to procurement, public work, and miscellaneous procurement contracts; and

WHEREAS, in accordance with Section 2879 of the Public Authorities Law and the All Agency Guidelines for Procurement of Services, the Board authorizes the award of certain service contracts and certain change orders to service contracts.

NOW, the Board resolves as follows:

1. As to each purchase and public work contract set forth in the annexed Schedule A, the Board declares competitive bidding to be impractical or inappropriate for the reasons specified therein and authorizes the execution of each such contract.
2. As to each request for proposals (for purchase and public work contracts) set forth in Schedule B for which authorization to solicit proposals is requested, for the reasons specified therein the Board declares competitive bidding to be impractical or inappropriate, declares it is in the public interest to solicit competitive request for proposals and authorizes the solicitation of such proposals.
3. As to each request for proposals (for purchase and public work contracts) set forth in Schedule C for which a recommendation is made to award the contract, the Board authorizes the execution of said contract.
4. The Board ratifies each action taken set forth in Schedule D for which ratification is requested.
5. The Board authorizes the execution of each of the following for which Board authorization is required: i) the miscellaneous procurement contracts set forth in Schedule E; ii) the personal service contracts set forth in Schedule F; iii) the miscellaneous service contracts set forth in Schedule G; iv) the modifications to personal/miscellaneous service contracts set forth in Schedule H; v) the contract modifications to purchase and public work contracts set forth in Schedule I; and vi) the modifications to miscellaneous procurement contracts set forth in Schedule J.
6. The Board ratifies each action taken set forth in Schedule K for which ratification is requested.
7. The Board authorizes the budget adjustments to estimated quantity contracts set forth in Schedule L.

**LIST OF PROCUREMENTS FOR BOARD APPROVAL, APRIL 2014**  
**COMPETITIVE PROCUREMENTS**

**METROPOLITAN TRANSPORTATION AUTHORITY**

*Procurements Requiring Majority Vote:*

**B. Request to Use RFP for Procurement of Purchases and Public Work in lieu of Sealed Bids**  
(Staff Summaries only required for items estimated to be greater than \$1 million)

**1. Emergency Bus Services**  
**Contract No. TBD**

**TBD**

**Staff Summary Attached**

Approval is requested to use the RFP process to solicit and evaluate proposals from prospective vendors to provide and operate weekday bus services under the direction of the MTA in the event of a strike at Long Island Rail Road later this year. Although MTA recognizes that a strike would be tremendously disruptive to LI RR customers and the regional economy and remains committed to reaching a settlement with the LIRR unions, it is nonetheless prudent to make necessary preparations in the event of the cessation of LIRR service later this year. One strategy would be to offer limited bus service on weekdays only between certain sites in the LIRR service territory and locations within the City of New York with connecting NYCT subway and/or bus service. Because of the uncertainty as to the precise timing and duration of any work stoppage, it is important to act now to identify vendors who are sufficiently flexible to be able to offer these services on an as-needed basis.

**F. Personal Service Contracts**

Staff Summaries required for items greater than: \$100K Sole Source; \$250K Other Non-Competitive, \$1M Competitive)

**2. Willdan Homeland Solutions**  
**Security, Emergency Response and Related Training**  
**Contract No. 13306-0100**

**\$1,235,000**

**Staff Summary Attached**

(Not-to-Exceed)

Competitively negotiated – 2 proposals – 24 months

It is recommended that the Board approve the award of a federally-funded (Department of Homeland Security) competitively negotiated, all-agency personal service contract to Willdan Inc. for the development and delivery of continuing security and emergency response training courses, workshops and exercises for MTA employees for a twenty-four month period from May 1, 2014 thru April 30, 2016 at a combined total amount not to exceed \$1,235,000.

# Staff Summary

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Item Number:					
Dept & Dept Head Name: Planning/W. Wheeler					
Division & Division Head Name: .....					
<b>Board Reviews</b>					
Order	To	Date	Approval	Info	Other
1	LI Committee	4/28/14		x	
2	Finance	4/28	x		
3	Board	4/30	x		
<b>Internal Approvals</b>					
Order	Approval	Order	Approval		
1	General Counsel				
2	Chief Financial Officer				
3	Dir Labor Relations				
4	Chief of Staff				

<b>SUMMARY INFORMATION</b>	
Vendor Name: TBD	Contract Number:
Description: Emergency Bus Services	
Total Amount: TBD	
Contract Term (including Options, if any)	
Option(s) included in Total Amount? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Procurement Type: <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Non-competitive	
Solicitation Type: <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other:	
Funding Source: <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	

## PURPOSE/RECOMMENDATION:

Approval is requested to use the Request for Proposals (RFP) process to solicit and evaluate proposals from prospective vendors to provide and operate weekday bus services under the direction of the MTA in the event of a strike at Long Island Rail Road later this year.

## II. DISCUSSION:

MTA has been negotiating with Long Island Rail Road unions since their contracts expired in June of 2010. A coalition of eight LIRR unions comprised of 5,300 employees proceeded to mediation under the Railway Labor Act and were released from mediation at the end of 2013. Since that time, two separate Presidential Emergency Boards have been convened in an effort to resolve the outstanding issues between the parties. The second Presidential Emergency Board conducted hearings last week and will issue a recommendation to the parties in May. A 60-day cooling off period will follow, and both labor and management will have the right to exercise self-help if they are unable to reach a settlement by mid-July.

Although MTA recognizes that a strike would be tremendously disruptive to LIRR customers and the regional economy and remains committed to reaching a settlement with the LIRR unions, it is nonetheless prudent to make necessary preparations the event of the cessation of LIRR service later this year. One strategy would be to offer limited bus service on weekdays only between certain sites in the LIRR service territory and locations within the City of New York with connecting NYCT subway and/or bus service. Because of the uncertainty as to the precise timing and duration of any work stoppage, it is important to act now to identify vendors who are sufficiently flexible to be able to offer these services on an as-needed basis.

Upon completion of the RFP process, Board approval will be sought.

## III. D/M/WBE INFORMATION:

MTA Planning will work with the MTA Department of Diversity and Civil Rights with respect to the assignment of goals for these contract(s).

## IV. IMPACT ON FUNDING: TBD

## V. ALTERNATIVES:

1. Not to provide emergency bus service in the event of an LIRR strike. This is not recommended, as emergency bus service, together with encouraging telecommuting and carpooling, will form part of an overall strategy to assist LIRR customers with their travel needs for the duration of any work stoppage.

## Staff Summary

Page 2 of 2

2. Use NYCT and/or MTA Bus resources to provide the emergency service. This is not practical. MTA bus transit resources are completely committed to providing daily service to over 2.6m customers.

## Staff Summary

### Schedule F: Personal Service Contracts



Metropolitan Transportation Authority

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<b>Item Number:</b> <b>Dept &amp; Dept Head Name:</b> Security/ Raymond Diaz <b>Division &amp; Division Head Name:</b> Office of Security/Anthony Mercogliano						<b>SUMMARY INFORMATION</b> <b>Vendor Name:</b> Willdan Homeland Solutions <b>Contract Number:</b> 13306-0100 <b>Description:</b> Security, Emergency Response and Related Training <b>Total Amount:</b> \$ 1,235,000 <b>Contract Term (Including Options, if any):</b> Twenty-Four (24) months <b>Option(s) included in Total Amount?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>Renewal?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>Procurement Type:</b> <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Non-competitive <b>Solicitation Type:</b> <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other: <b>Funding Source:</b> <input type="checkbox"/> Operating <input type="checkbox"/> Capital <input checked="" type="checkbox"/> Federal <input type="checkbox"/> Other:																			
<b>Board Reviews</b> <table border="1"> <thead> <tr> <th>Order</th> <th>To</th> <th>Date</th> <th>Approval</th> <th>Info</th> <th>Other</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Finance</td> <td>4/28/2014</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td>Board</td> <td>4/30/2014</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>								Order	To	Date	Approval	Info	Other	1	Finance	4/28/2014				2	Board	4/30/2014			
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2	Security <i>AS</i>	5	Legal <i>RA</i>																						
3	CFO <i>PD</i>																								

#### Narrative

#### I. PURPOSE/RECOMMENDATION

It is recommended that the Board approve the award of a federally-funded (Department of Homeland Security) competitively negotiated, all-agency personal service contract to Willdan Inc. for the development and delivery of continuing security and emergency response training courses, workshops and exercises for MTA employees for a twenty-four month period from May 1, 2014 thru April 30, 2016 at a combined total amount not to exceed \$1,235,000.

#### II. DISCUSSION

In 2007, the Board approved a federally-funded comprehensive security and emergency response training program for employees from MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North, MTA Bus and MTA Staten Island Rapid Transit. This contract will continue this training by serving as a refresher and enhancing previously trained employees and offering training for new employees. Specifically, this training is to develop scenarios that will train and prepare employees how to react to real emergency situations either through prevention or response.

Request for Proposals (RFP) was publicly advertised and letters advising potential proposers of the RFP's availability were mailed to nine (9) vendors. Two (2) proposals were received. A Selection Committee consisting of representatives from MTA Headquarters, New York City Transit, Long Island Rail Road Metro-North Railroad and MTA Bus evaluated the proposals and determined that Willdan Inc. is the most technically qualified and best suited to perform the services identified by the RFP.

Fourteen thousand (14,000) employees will be trained (36,000 were previously trained) namely train operators, conductors, station agents, cleaners, rail control center personnel, dispatchers, and supervisors. These are the operating personnel who could prevent an incident from even happening by learning how to identify a plot, and are the ones who would be on the scene before and after an incident occurs. Training MTA operating personnel in prevention and response actions is probably the most cost effective use of such funding possible: working to prevent an incident from occurring in the first place.

# Staff Summary

As a result of negotiations, the original proposed cost for a half-day training class of \$805.00 was reduced to \$790.00 and the cost for a full-day training class of \$1,427.00 was reduced to \$1,398, a difference of \$15.00 to \$29.00 respectively; this represents a 2% price reduction. Under the previous contract issued eight (8) years ago, the average costs for a half and full day classes were \$695.00 and 1,297.00 respectively. Compared to the prior contract, the half day course has increased by \$95 or 12.02% from \$695.00 to \$790.00 and the full day course increased by \$101 or 7.22% from \$1,297.00 to \$1,398.00. The above pricing is the same as offered to State agencies and the Federal government and is thus considered fair and reasonable.

### III. D/M/WBE INFORMATION

The MTA's Department of Diversity and Civil Rights established 17% DBE goals for this contract.

### IV. IMPACT ON FUNDING

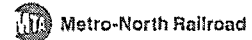
Funding will be provided through Grant Award 2013-RA- 00012 from the Department of Homeland Security.

### V. ALTERNATIVES

1. Use of in-house staff. This alternative is not feasible. MTA does not have the staff nor the technical expertise to conduct this training.
2. Do not provide services. This is not a recommended alternative. MTA employees must be trained in specific areas in order to provide protection for its employees, customers and infrastructure. Additionally, in response to recommendations of the 9/11 Commission Report, the Transit Security Administration is in the process of promulgating training standards that will make such training mandatory.

Schedule G: Miscellaneous Service Contracts

Staff Summary



Page 1 of 2

Item Number <b>G</b>					
Dept & Dept. Head Name: <i>[Signature]</i> Procurement & Material Management, Anthony J. Bombace, Jr.					
Division & Division Head Name:					
<b>Board Reviews</b>					
Order	To	Date	Approval	Info	Other
1	M-N Comm.Mtg.	04-28-14	x		
2	MTA Board Mtg.	04-30-14	x		
<b>Internal Approvals</b>					
Order	Approval	Order	Approval		
x	President <i>[Signature]</i>	x	V.P. General Counsel <i>[Signature]</i>		
x	Sr. V.P. Operations <i>[Signature]</i>		V.P. Planning		
x	V.P. Finance & IT <i>[Signature]</i>				
	Capital Programs				

<b>SUMMARY INFORMATION</b>	
Vendor Name Siemens Industry, Inc	Contract Number 26232/26233
Description Maintenance & System Upgrades for the Siemens GCT Building Management System (BMS) and GCT Fire Alarm and Life Safety System (FAS)	
Total Amount Total: \$3,419,779 (BMS: \$1,557,838 & FAS: \$1,861,941)	
Contract Term (Including Options, if any) Five years	
Option(s) included in Total Amount? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Renewal? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Procurement Type <input type="checkbox"/> Competitive <input checked="" type="checkbox"/> Non-competitive	
Solicitation Type <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Sole Source	
Funding Source <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	

Narrative

**I. PURPOSE/RECOMMENDATION:**

Approval is requested to award two, non-competitive, five year miscellaneous service contracts for maintenance and system upgrades for the Grand Central Terminal (GCT) Siemens Building Management System (BMS) and the GCT Fire Alarm and Life Safety System (FAS).

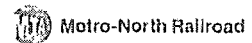
**II. DISCUSSION:**

MNR requests MTA Board approval to award two, non-competitive, five year miscellaneous service contracts for maintenance and system upgrades for the Grand Central Terminal (GCT) Siemens Building Management System (BMS) and the GCT Fire Alarm and Life Safety System (FAS). The BMS primarily controls most of the GCT heating, ventilation, air conditioning systems, and monitors many critical alarms. It also controls various other mechanical/electrical equipment throughout GCT. The FAS can pinpoint alarm conditions anywhere throughout GCT, which facilitates a rapid response to fire and life safety events.

Siemens is the Original Equipment Manufacturer (OEM) for both systems and is the only authorized company to maintain the proprietary software that runs them. The contracts will provide continuous preventive maintenance, technical support, troubleshooting, repairs and replacement, and testing and inspection services. Various parts and equipment for each system are either being replaced to maintain leading edge technology or parts are being replaced due to obsolescence. Additionally, the contracts will include a provision for necessary upgrades as directed and approved solely by MNR. The maintenance and upgrades are expected to extend the life of the systems approximately 10 years. Also, during the period of these contracts, MNR will begin the process of a comprehensive evaluation of the technologies that are available to possibly replace the systems.

## Schedule G: Miscellaneous Service Contracts

### Staff Summary



Page 2 of 2

In accordance with MNR and MTA procurement guidelines, a notification of the sole source procurement was placed in the New York State Contract Reporter, the New York Post, the Daily Challenge, and on the MNR website. MNR has complied with PAL§ 1265-a (3) regarding the posting of advertisements in order to identify potential alternate suppliers and with MTA All-Agency Procurement Guidelines for this sole source procurement. No alternate suppliers responded to the notification.

Siemens submitted a Contractor Responsibility Form as a requirement for the new contract and disclosed information constituting "Significant Adverse Information" ("SAI") under the MTA All-Agency Responsibility Guidelines. MNR prepared a Responsibility Waiver and with MNR recommendation the MTA Chairman approved same on February 25, 2014.

Siemens proposed pricing for the five year contract term for the BMS is \$1,557,838, which includes costs for: maintenance = \$590,592, upgrades = \$842,246 and an allowance = \$125,000. The cost for the FAS is \$1,861,941, which includes maintenance = \$1,006,486, upgrades = \$730,455, and an allowance = \$125,000. MNR Procurement negotiated a 20% discount on the labor rates and a 60% discount on parts for the system upgrades, from the proposed amounts as submitted by Siemens. All prices are to be deemed fair and reasonable.

### **III. D/M/WBE INFORMATION:**

The MTA Department of Diversity and Civil Rights set 0% MWBE goals for these contracts.

### **IV. IMPACT ON FUNDING:**

The cost for the Building Management System is \$1,557,838 and the cost for the Fire Alarm and Life Safety System agreement is \$1,861,941. The total cost for both contracts is \$3,419,779. These procurements are to be funded by the MNR Operating Budget.

### **V. ALTERNATIVES:**

MNR does not have the available in-house staff with both the expertise and capability to perform the required maintenance/upgrades on the Siemens' Building Management System and Fire Alarm and Life Safety Systems.



# Staff Summary



Metro-North Railroad

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Item Number G		<b>SUMMARY INFORMATION</b>																					
Dept. & Dept. Head Name: <i>[Signature]</i>		Vendor Name	Contract #																				
Procurement & Material Management, Anthony J. Bombace, Jr.		Masabi, LLC.	8836-A																				
Division & Division Head Name:		Description																					
Date Submitted: April 8, 2014		Mobile Ticketing Program for MNR & LIRR																					
<b>Board Reviews</b> <table border="1"> <thead> <tr> <th>Order</th> <th>To</th> <th>Date</th> <th>Approval</th> <th>Info</th> <th>Other</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>M-N Comm. Mtg.</td> <td>4-28-14</td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td>MTA Board Mtg.</td> <td>4-30-14</td> <td>X</td> <td></td> <td></td> </tr> </tbody> </table>		Order	To	Date	Approval	Info	Other	1	M-N Comm. Mtg.	4-28-14	X			2	MTA Board Mtg.	4-30-14	X			Total Amount - \$2,000,000 estimated (MNR \$1.0M, LIRR \$1.0M)			
Order	To	Date	Approval	Info	Other																		
1	M-N Comm. Mtg.	4-28-14	X																				
2	MTA Board Mtg.	4-30-14	X																				
<b>Internal Approvals</b> <table border="1"> <thead> <tr> <th>Order</th> <th>Approval</th> <th>Order</th> <th>Approval</th> </tr> </thead> <tbody> <tr> <td>X</td> <td>President <i>[Signature]</i></td> <td>X</td> <td>V.P. General Counsel <i>[Signature]</i></td> </tr> <tr> <td>X</td> <td>Sr. V.P. Operations <i>[Signature]</i></td> <td>X</td> <td>V.P. Planning <i>[Signature]</i></td> </tr> <tr> <td>X</td> <td>V.P. Finance &amp; IT <i>[Signature]</i></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Capital Programs</td> <td></td> <td></td> </tr> </tbody> </table>		Order	Approval	Order	Approval	X	President <i>[Signature]</i>	X	V.P. General Counsel <i>[Signature]</i>	X	Sr. V.P. Operations <i>[Signature]</i>	X	V.P. Planning <i>[Signature]</i>	X	V.P. Finance & IT <i>[Signature]</i>				Capital Programs			Contract Term (including Options, if any) Six Years Option(s) included in Total Amount? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Renewal? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Procurement Type <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Non-competitive Solicitation Type <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other: Funding Source <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	
Order	Approval	Order	Approval																				
X	President <i>[Signature]</i>	X	V.P. General Counsel <i>[Signature]</i>																				
X	Sr. V.P. Operations <i>[Signature]</i>	X	V.P. Planning <i>[Signature]</i>																				
X	V.P. Finance & IT <i>[Signature]</i>																						
	Capital Programs																						

## I. PURPOSE/RECOMMENDATION:

Approval is requested to award a negotiated six-year miscellaneous service contract (RFP process, 11 proposals received, four firms were short-listed) to Masabi, LLC for Implementation of the Mobile Ticketing Program, providing customers with the ability to purchase tickets that can be downloaded to mobile devices. This is a Metro-North-led joint agency RFP with the Long Island Rail Road.

## II. DISCUSSION:

Metro-North Railroad (MNR) and Long Island Rail Road (LIRR) (the "Railroads") seek to adopt a new ticketing and fare payment alternative that would allow customers to purchase tickets using their mobile devices and display them to train crews on-board for validation.

### Overview of Current Railroad Systems

Both Railroads operate 'open systems' i.e. there are no fare barriers (fare gates/ validators) at the stations. Currently, customers purchase tickets for travel between specific stations within the individual railroad fare zones and for specific peak and off-peak travel periods. Ticket prices are calculated according to each railroad's tariff that encourages use of pre-paid tickets (i.e. tickets purchased prior to boarding the trains). All tickets are required to be inspected, and as appropriate, collected by on-train crew. Customers who do not have pre-purchased tickets purchase them on-board from train crews after paying a premium.

The Railroads offer customers several ticket purchasing venues that include station ticket office windows, automated ticket vending machines at stations, ticket-by-mail, online via the WebTicket program and on-board purchasing. Depending on the venue, a variety of payment options are available (cash, checks, debit/ATM cards, major credit cards and transit benefit cards). The Railroads also maintain separate proprietary back office systems supporting ticket sales and revenue collection.

## Staff Summary



Metro-North Railroad

Page 2 of 3

### Benefits of the Mobile Ticketing Program

The primary objective of the program is to develop and implement a customer-friendly and thoroughly tested software application that provides railroad customers with the ability to purchase tickets and receive the purchased ticket in visual and barcoded displays on their mobile devices. The introduction and system-wide implementation of the mobile ticketing program at the Railroads will:

- Enhance customer service by providing the Railroads' customers with additional convenient ticket purchasing options
- Utilize technology to facilitate on-board train inspection, validation and collection functions and ensure that revenue collection is maximized
- Reduce costs of future ticket selling infrastructure and equipment replacement
- Set the stage for future interoperability across the MTA

The vendor will provide the Mobile App, Ticket Validation Software to scan and validate tickets, a Web portal providing a print-at-home option (to be implemented at the Railroads' discretion), and a Host Server supporting both railroads. The Railroads' Ticket Issuing Machines (TIMs) utilized by train crew for on-board fare collection will be modified to accommodate barcode scanning for on-board validation of mobile and print-at-home tickets.

Each railroad would roll-out mobile ticketing through a phased-in approach. The vendor would be permitted to roll-out mobile ticketing to specific branch segments and/or ticket types only after successful pilot testing. Expansion to additional branch segments and/or ticket types would proceed only after successful deployment in preceding phases.

### Procurement Discussion

On December 27, 2012, RFP No. 8836-A was advertised in the New York State Contract Reporter, El Diario, the Daily Challenge, New York Post and on the Metro-North Website. On March 22, 2013, 11 technical proposals were received from the following firms: Accenture, ACS-Xerox, Clark Universal, Cubic, DMI, IBM/CooCoo, Masabi, LLC, NTT Data, Portafare, Trapeze and Unwire.

A Selection Committee comprised of nine members representing the Railroads Customer Services, Information Technology, Operations Planning, Market Development, Transportation, Passenger Revenue, Controller, and Procurement & Material Management Departments evaluated the proposals using a two phase approach. Additional stakeholders from key MNR/LIRR departments were appointed as Technical and Financial Advisors to the Committee.

### Proposals Evaluation:

The vendor proposals were evaluated under a two-phased approach outlined below.

The Phase 1 evaluation criteria, listed in order of importance, were as follows:

*Technical Proposal*--Demonstrate understanding of the Technical Specification Requirement and Technical Capability; *Past Experience* and performance on similar projects; *Demonstrate Confidence Level* in the vendor capability and financial resources to perform the assigned Scope of Work in the time projected; and *Responsiveness* to the requirements of the RFP.

The Selection Committee evaluated all 11 proposals under the Phase 1 criteria and made the determination to short-list the following four firms: ACS Transport Solutions, Inc. (a Xerox Company), IBM Corporation (partnered with CooCoo), Cubic Transportation Systems, Inc. and Masabi, LLC.

The RFP Phase 2 evaluation criteria, listed in order of importance, were as follows:

*Technical Capability* - Ability to provide technical services, equipment and systems as required in this RFP, including presentations and product demonstration; *Past Experience*/Demonstrated experience and products with similar railroad or transportation services, *Cost & Schedule* - overall costs and duration of project development as well as ongoing maintenance and *Project Management* - Proposed Management/Design Team.

## Staff Summary

On April 17, 2013 all short-listed firms submitted their cost proposals. After the Selection Committee evaluated all four cost proposals under Phase 2, the short-listed firms were invited for Oral Presentations and to demonstrate their products. The Oral Presentations allowed each short-listed firm to address questions as well as provide a live demonstration of their proposed product and solution for the Railroads' Mobile Ticketing needs.

### Cost Proposals & Analysis

All four short-listed vendors were asked to propose a mobile ticketing application at a fixed price per transaction or other alternative cost structure. Various business models were proposed including cost structures based on fixed price per transaction, percent of sales, turnkey scenarios. The Selection Committee determined that Masabi's proposal was the most cost-effective. Masabi was the only firm that offered to absorb startup, developmental and maintenance costs. Masabi's cost proposal is based upon a \$0.059 fixed fee per transaction, inclusive of developmental, implementation, hosting and ongoing systems maintenance/upgrade costs, and remains the same regardless of the number of tickets or the value per transaction. No fees are paid unless the application is used. Based on a conservative estimate of the Railroads customers that will utilize the option to purchase tickets on their mobile devices, the Railroads are estimating the adoption rate to be 5% per year of current and projected ticket sales (or 25% over 5 years). The estimated total contract value is \$2.0M (MNR \$1.0M, LIRR \$1.0M) over the six-year term.

Only one other firm offered a per ticket fee ranging from \$0.12 per ticket to \$0.18 per ticket (not per transaction). The three other firms proposed upfront development costs ranging from \$4.8M-\$9.6M, and ongoing maintenance costs that ranged from \$1.5M-\$14.2M for various turnkey scenarios.

### Recommendation

Based on in-depth review of all Technical Proposals, Oral Presentations, product demonstrations, and cost analysis, the Selection Committee selected Masabi LLC as the best overall firm to provide a Mobile Ticketing Application. Masabi's expertise and background includes: recent implementation of a successful mobile ticketing application for MBTA-Boston (the foundation of the system Masabi proposes for MNR/LIRR), development of a mobile ticketing application for NICE Bus in Nassau County, Long Island, and prior deployment of mobile ticketing at nine railroads in the UK (half of the UK market). Masabi's application is easy to use, customer friendly and is a proven technology that has been used for several years in the London Transport realm. Additionally, Masabi presented solutions to the security and anti-fraud challenges associated with a print-at-home ticketing option.

In addition, the NYC Transit's New Fare Payment System Group, and the MTA Enterprise Architecture Committee evaluated Masabi's technical proposal and found that the Masabi solution uses open architecture and open standards, which is consistent with the MTA's goal of agency-wide fare payment interoperability.

**III. D/M/WBE INFORMATION:** The MTA Department of Diversity and Civil Rights (DDCR) established 10% MBE and 10% WBE goals for this contract. Masabi has met the pre-award goal qualification requirements set by MTA DDCR.

**IV. IMPACT ON FUNDING:** The total cost for this Mobile Ticketing Program is estimated at \$2.0M (MNR \$1.0M, LIRR \$1.0M). This procurement is to be funded by each Railroad's Operating Budget.

**V. ALTERNATIVES:** None. MNR & LIRR do not have the technical expertise to implement a Mobile Ticketing application in a cost and time effective manner.

# Schedule I: Modifications to Purchase and Public Works Contracts

## Staff Summary



Long Island Rail Road

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Item Number: 6

<b>Vendor Name (&amp; Location)</b>	
Bombardier Transportation / Siemens Rail Automation (I/R/a InvenaysRail)	
<b>Description</b>	
Positive Train Control System Integrator	
<b>Contract Term (Including Options, If any)</b>	
<b>Option(s) Included in Total Amount?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Procurement Type</b> <input type="checkbox"/> Competitive <input checked="" type="checkbox"/> Non-Competitive	
<b>Solicitation Type</b> <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other:	
<b>Funding Source</b>	
<input type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input checked="" type="checkbox"/> Federal <input type="checkbox"/> Other:	
<b>Requesting Dep/Div &amp; Dept/Div Head Name:</b>	
Chris Calvagna	

Contact Number	AWO/Modification #
1712 / 29544	2
<b>Original Amount:</b>	
\$428,477,247	
<b>Prior Modifications:</b>	
\$0	
<b>Prior Budgetary Increases:</b>	
\$0	
<b>Current Amount:</b>	
\$428,477,247	
<b>This Request:</b>	
\$11,321,166	
<b>% of This Request to Current Amount:</b>	
2.6%	
<b>% of Modifications (Including This Request) to Original Amount:</b>	
2.6%	

**Purpose and Recommendation:** LIRR requests Board approval to issue contract modifications to accelerate performance of the Positive Train Control System Integrator ("SI") contract to increase delivery rates for (i) PTC On-Board Equipment Kits for M-7 cars (LIRR and MNR) and M-3 cars (MNR only), and (ii) PTC Wayside Equipment Kits (both Railroads), and (iii) to obtain earlier delivery of MNR wayside transponders, at a total combined lump sum cost of \$11,321,166

### Discussion:

At the November 2013 meeting of the Board, LIRR and MNR obtained approval to award contracts to a joint venture of Bombardier Transportation/Siemens Rail Automation in the not-to-exceed amount, inclusive of phases and options, of \$218,015,977 for LIRR and \$210,461,270 for MNR to design, integrate and furnish Positive Train Control ("PTC") systems necessary to comply with the Railroads' obligations as commuter railroads under the Rail Safety Improvement Act of 2008 and the implementing FRA Regulations. Due to the complexities of the systems to be installed on the Railroads, the substantial engineering challenges presented by the project and the large volume of installation work involving Railroad forces, the contract targeted completion of most project elements by the end of 2018. Following the Spuyten Duyvil derailment and in keeping with the Chairman's and the Board's emphasis on aggressive advancement of safety priorities, the Railroads were directed to engage the SI in discussion seeking to obtain significant acceleration in the PTC project.

Working with the SI, the Railroads developed a plan to achieve the following important and significant acceleration of equipment deliveries (thereby allowing earlier installation by Railroad forces):

#### ON-BOARD KITS (ADDITIONAL COST: 4.5M - \$3M LIRR/\$1.5M MNR):

These are computers and associated hardware which must be installed on the Railroads' existing fleet of rolling stock. This proposal accelerates the PTC On-Board equipment delivery rates by 100% for LIRR's M7 cars, which represent 74% of LIRR's Rolling Stock, and MNR's M7A and M3A cars, which represent 49% of MNR's Rolling Stock (MNR M-8 Cars and other portions of the fleet are being separately provisioned). (LIRR's future M-9 fleet will be equipped at manufacturing.) Specifically, current contract schedules show the completion of installation of kits on (i) MNR's 336 M-7 cars by December 2018, and 138 M-3 cars by June 2018 and (ii) LIRR's 836 M-7 cars by October 2018. This modification will accelerate scheduled delivery dates by 21 months (to March 2017) for MNR M-7A cars, and by 17 months (to April 2017) for LIRR M-7 cars.

#### WAYSIDE KITS (ADDITIONAL COST: \$5.8M - \$2.9M LIRR/\$2.9M MNR):

These are the units placed on the Railroads' right-of-way which facilitate the communication between the PTC central office computers and the on-board computers. Overall delivery rates are accelerated under this change order, supporting completion of installations on the final significant track segments approximately 12 months earlier than currently scheduled. Together, the acceleration of on-board and wayside equipment delivery will result in the acceleration of PTC installation by more than 12 months relative to the current contract schedule, over territory traveled by about 90% of LIRR's and 85% of MNR's respective weekday customers.

## Schedule I: Modifications to Purchase and Public Works Contracts

### Staff Summary



Long Island Rail Road

Page 2 of 2

#### MNR TRANSPONDERS TO ENFORCE CIVIL AND MAXIMUM AUTHORIZED SPEEDS (ADDITIONAL COST: \$1.0M):

MNR has the ability to operate ACSES (PTC) on certain equipped M8 cars, P32 Locos, BL 20s and cab cars to enforce Civil and Maximum Authorized Speeds. This modification will support the deployment of transponders on the MNR rights-of-way starting early in 2015, in advance of full PTC implementation. Note that LIRR will evaluate a future change order for early delivery of transponders, i.e., before installation of PTC on all wayside segments to enforce curves or tangent segments.

#### RISKS AND EVALUATION OF ACCELERATION COSTS:

The contract schedule associated with the original contract award already challenged both SI and Railroad forces. Thus, accelerating deliveries and installations introduces additional risk elements. Railroad MoE and MoW resources will have to be augmented through hiring and training of additional workforce personnel, and there will be costs to the Railroads beyond the third-party SI costs. MNR is currently seeking additional options to meet the accelerated schedule. As part of that process and consistent with MNR labor agreements, third party contractors, including OEM car builders, are being evaluated for possible off-property installation of on-board kits. In the event this evaluation proves advantageous, MTA Board approval will be sought at that time to implement those agreements.

The SI must identify and obtain additional engineering and manufacturing personnel, facilities and other resources. The contract modifications proposed here represent all involved parties' best efforts at balancing these risks and concerns with the important safety benefits inherent to acceleration of the overall project. The parties recognize that significant pilot testing must prove successful for acceleration of kits to have a benefit to the overall project schedule.

Contractually, the parties have agreed to a reasonable apportionment of these risk factors. Thus, the SI bears the full risk of late delivery of the accelerated on-board units, through the imposition of liquidated damages ("LDs") based on the revised, earlier delivery dates; while the risk of late deliveries associated with the wayside equipment is shared, as LD's will not be imposed unless the SI falls at least 50% behind the new accelerated schedule. This agreement reflects the SI's legitimate concerns about meeting the new and aggressive time frames.

The Railroads have worked diligently to verify the SI's expected increased costs related to these modifications, although it is inherently difficult to cost out the acceleration of certain elements within a large and complex design and manufacturing contract. Nevertheless, the pricing is deemed acceptable given that (i) the SI has reluctantly taken on considerable additional risk by agreeing to the acceleration of delivery kits, particularly in view of the R&D nature of the project; which adds a difficult-to-quantify element to the pricing, (ii) the combined cost of these modifications is approximately 2.6% of the overall contract value, and (iii) as noted in the November 2013 Staff Summary, the SI's overall contract price was approximately \$52M less than the other proposer, such that the revised contract price, including these acceleration costs, are still substantially below the other proposers' price.

#### **Alternative:**

The Railroads could elect not to accelerate the performance of this contract. Given the substantial safety-related benefits to earlier implementation of PTC, this alternative is not recommended.

In lieu of the lump sum pricing as described herein, the Railroads could request that the SI accelerate with payment to be made on a time and material basis, but it is believed that this approach will result in a less coordinated and successful project, with the prospect of delays and monetary claims significantly in excess of what we have negotiated with the SI.

# Schedule A: Non-Competitive Purchases and Public Works



## Staff Summary

Item Number: 1

<b>Vendor Name</b>
LB Foster Rail Technologies, Inc. Pittsburgh, PA
<b>Description</b>
Spare Parts Required to Perform Maintenance and Repairs of LB Foster Lubricators and Traction Gel Applicators
<b>Contract Term (Including Options, if any)</b>
3 Years
<b>Option(s) Included in Total Amount?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Procurement Type</b>
<input type="checkbox"/> Competitive <input checked="" type="checkbox"/> Non-Competitive
<b>Solicitation Type</b>
<input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Sole Source

<b>Contact Number</b>	<b>Renewal?</b>								
IT04116	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No								
<b>Total Amount:</b>	<table> <tr> <td>LIRR</td> <td>\$580,000</td> </tr> <tr> <td>MNR</td> <td>\$ 72,000</td> </tr> <tr> <td>NYCT</td> <td><u>\$105,000</u></td> </tr> <tr> <td>Not-to-Exceed</td> <td>\$757,000</td> </tr> </table>	LIRR	\$580,000	MNR	\$ 72,000	NYCT	<u>\$105,000</u>	Not-to-Exceed	\$757,000
LIRR	\$580,000								
MNR	\$ 72,000								
NYCT	<u>\$105,000</u>								
Not-to-Exceed	\$757,000								
<b>Funding Source</b>									
<input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input checked="" type="checkbox"/> Federal <input type="checkbox"/> Other:									
<b>Requesting Dept/Div &amp; Dept/Div Head Name:</b>									
Maintenance of Way - John Collins, Chief Engineer									
<b>Contract Manager:</b>									
Richard Barone									

### Discussion:

LIRR, on behalf of itself, Metro-North Railroad (MNR) and New York City Transit (NYCT) requests approval to award three separate three-year Sole Source estimated quantity contracts, to L. B. Foster Rail Technologies, Inc. (LB Foster), in the following not-to-exceed amounts: LIRR - \$580,000, MNR - \$72,000 and NYCT - \$105,000. Under the contracts, L.B. Foster will provide the LIRR, MNR and NYCT (collectively, the Agencies) with rail lubrication and traction applicators as well as replacement parts on an as-needed basis allowing each Agency to repair and maintain its existing respective rail lubrication and friction management systems manufactured by Portec Rail Products, Inc. (Portec). (At the end of December 2010, LB Foster acquired Portec and its catalog of track lubricating and friction management equipment).

LIRR advertised its intent to award a Joint Sole Source procurement to LB Foster in the NYS Contract Reporter on February 12, 2014, in the New York Post on February 20, 2014 and on the Web on February 20, 2014. No other vendor expressed interest in competing for this procurement. The prices submitted by LB Foster were reviewed and compared to the Producer Price Index (PPI) for finished goods - Series Id: WPSSOP3000. LB Foster's overall prices have increased no more than 1.2% annually, which is in line with PPI index annual increase of 1.2%. The LB Foster price list will be fixed for the first year of the contract and will then be adjusted on the contract anniversary date utilizing a previously agreed upon PPI. LB Foster has certified that all prices offered to the Agencies are equal to or not greater than prices charged to their most favored transit customer or any other commuter railroad or transit agency. As a result of the above, prices have been determined to be fair and reasonable.

## Schedule A: Non-Competitive Purchases and Public Works

### Staff Summary



Long Island Rail Road

Item Number: 2

<b>Vendor Name</b>	
North American Equipment – Bucyrus, Ohio	
<b>Description</b>	
Various Replacement Parts	
<b>Contract Term (Including Options, If any)</b>	
3 Year Contract	
<b>Option(s) Included in Total Amount?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Procurement Type</b>	
<input type="checkbox"/> Competitive <input checked="" type="checkbox"/> Non-Competitive	
<b>Solicitation Type</b>	
<input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Sole Source	

<b>Contact Number</b>	<b>Renewal?</b>	
IT05850	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Total Amount:</b>	LIRR	\$415,000
	MNR	\$270,000
	Not-to-Exceed	\$685,000
<b>Funding Source</b>		
<input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:		
<b>Requesting Dept/Div &amp; Dept/Div Head Name:</b>		
Maintenance of Way – John Collins, Chief Engineer		
<b>Contract Manager:</b>		
Richard Barone		

#### Discussion:

LIRR, on behalf of itself and Metro-North Railroad (MNR) (collectively the "Railroads"), requests MTA Board approval to award individual sole source contracts to North American Equipment Sales Co., Inc. (North American) for the supply of parts required on an as-needed basis to maintain Little Giant/Badger cranes, American & Ohio Locomotive cranes, Teleweld rail heaters, and Airtec impact tools. The Railroads will issue individual orders to North American for a three-year period each in the not-to-exceed amounts of \$415,000 (LIRR) and \$270,000 (MNR).

North American is the exclusive distributor of these highly specialized pieces of equipment, which must be maintained in good operating condition to support on-going infrastructure maintenance programs. LIRR advertised its intent to award sole source contracts to North American in the NYS Contract Reporter on July 26, 2013, in the NY Post on August 8, 2013 and on the Web on August 15, 2013. No other manufacturer expressed an interest in competing for this contract.

North American offered list price plus delivery costs for Teleweld rail heaters, Airtec impact tools, American & Ohio Locomotive crane parts and a 5% discount off list on Little Giant/Badger parts plus delivery costs for the contract term. The price lists are subject to change by manufacturer. A comparison of the current price lists for Teleweld rail heaters parts over pricing for 2012 reflects an average price increase of 1.16%. The Producer Price Index (PPI) for heat transfer equipment, including heat pumps increased by 1.78%. The 2013 price for Airtec impact tool parts increase over the previous pricing by 2.77%, whereas the PPI for Power-driven hand tools, pneumatic, hydraulic, and power-actuated increased by 5.31%. American & Ohio Locomotive and Little Giant/Badger parts price list increased by 6.05%, while the PPI for parts for cranes, draglines, and shovels (sold separately) increased by 8.2%. Overall, the price list was found acceptable when compared to the appropriate PPI. North American has certified that all prices offered to the Agencies are equal to or not greater than prices charged to their most favored transit customer or any other Commuter Railroad or Transit Agency. As a result of the above, prices are determined to be fair and reasonable.

**Schedule B: Competitive Requests for Proposals  
Staff Summary**



<b>Item Number:</b> 1				
<b>Dept &amp; Dept Head Name:</b> Law & Procurement, E. Eisland				
<b>Division &amp; Division Head Name:</b> Procurement, D. Cannon				
<b>Board Reviews</b>				
<b>Order</b>	<b>To</b>	<b>Date</b>	<b>Approval</b>	<b>Info, Other</b>
1	MNR & LI Committee	4/28/14	X	
2	Board	4/30/14	X	
<b>Internal Approvals</b>				
<b>Approval</b>		<b>Approval</b>		
2	Executive Vice President	3	President	
1	MTA VP & Sr. Program Executive, East Side Access			

<b>SUMMARY INFORMATION</b>	
<b>Vendor Name</b> RFP Authorizing Resolution	<b>Contract Number</b> CM007
<b>Description</b> GCT Station Caverns for the East Side Access Project	
<b>Total Amount</b> N/A	
<b>Contract Term (Including Options, if any)</b> To Be Determined	
<b>Option(s) included in Total Amount?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Renewal?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Procurement Type</b> <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Non-competitive	
<b>Solicitation Type</b> <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other:	
<b>Funding Source</b> <input type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input checked="" type="checkbox"/> Federal <input type="checkbox"/> Other:	

**I. PURPOSE/RECOMMENDATION**

To request and recommend that the Board adopt a resolution declaring that competitive bidding is impractical or inappropriate and that, pursuant to Subdivision 4(f) of Section 1265-a of the Public Authorities Law and Article IIIA (6) of the All Agency Procurement Guidelines, it is in the public interest to issue a competitive Request for Proposal ("RFP") for Contract CM007, GCT Station Caverns for the East Side Access Project.

**II. DISCUSSION**

On October 24, 2012, bids were received for the Contract "Manhattan Structures II and Facilities Fit-Out CM012". The bids were considerably higher than the East Side Access Program Budget and Estimate and were therefore rejected on November 21, 2012. The revised strategy for procurement of the work that was included in CM012 is to issue several minor Additional Work Orders under current Contracts, and to award three new Contracts for the remaining work. The proposed CM007 - GCT Station Caverns Contract is the last of the new smaller Contracts.

Based on MTACC's analysis of the bids received on CM012, subsequent conversations with the bidding contractors, and the award of the first two smaller Contracts, CM005 and CM006, it was determined that access to the work site, productivity of the work force and coordination with adjacent contractors were, among other items, major contributors to the risks attributed to this work by the bidding contractors. The high level of risk translated into a high level of contingency reflected in the bid prices on CM012.

The access and coordination required by each contractor to facilitate the best price for the work depends on each contractor's planned sequence of performance, technical approaches to the work and other anticipated means and methods. Procurement through the RFP process will allow the MTA to receive means and methods proposals from contractors and afford the MTA with the opportunity to work through access, coordination and other perceived risks with each contractor in an effort to achieve the lowest price possible for the work. The RFP process will also permit MTACC to evaluate the relative benefits of alternative technical proposals and weigh alternatives that are in the best interest of the MTA.

The RFP process will require the interested firms to submit a technical proposal, which will include their technical approach, qualifications, experience and schedule. The technical proposals will be evaluated against MTACC's established criteria and negotiations on technical and commercial issues will be held with those firms considered to be in a competitive range. Upon completion of the negotiations, those firms will be invited to submit a cost proposal. Award will be made to the responsible firm whose cost proposal offers the best value.

**II. IMPACT ON FUNDING**

Funding for this Contract will be from the Capital Program.

**III. ALTERNATIVES**

The use of a sealed bid process in which factors other than cost cannot be considered is not recommended as it does not provide a means to evaluate different technical matters or to consider or negotiate alternative proposals to achieve the overall best value to the MTA.



## Schedule H: Modifications to Personal Service &amp; Miscellaneous Service Contracts



New York City Transit

Item Number: 1

<b>Vendor Name (&amp; Location)</b> Dental Pay Plus, Inc. d/b/a Pro Benefits Administrators (Amherst, NY)	
<b>Description</b> Third Party Dental Administrative Services	
<b>Contract Term (Including Options, If any)</b> May 15, 2008 – May 14, 2014	
<b>Option(s) Included in Total Amount?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a	
<b>Procurement Type</b> <input type="checkbox"/> Competitive <input checked="" type="checkbox"/> Non-competitive	
<b>Solicitation Type</b> <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Modification	
<b>Funding Source</b> <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	
<b>Requesting Dept/Div &amp; Dept/Div Head Name:</b> Division of Human Resources, Dawn Pinnock	

<b>Contract Number</b>	<b>AWO/Modification #</b>
08E9879	7
<b>Original Amount:</b> \$ 5,200,000	
<b>Prior Modifications:</b> \$ 26,000,000	
<b>Prior Budgetary Increases:</b> \$ 0	
<b>Current Amount:</b> \$ 31,200,000	
<b>This Request:</b> \$ 10,000,000 (Including option) (Est.)	
<b>% of This Request to Current Amount:</b> 32.1%	
<b>% of Modifications (Including This Request) to Original Amount:</b> 692.3%	

**Discussion:**

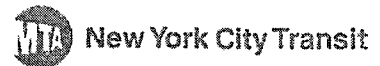
This modification is to extend the contract term with Dental Pay Plus, Inc. (Dental Pay Plus) to continue to provide third-party dental administration services for one year from May 15, 2014 through May 14, 2015, with an option to extend the contract term for up to an additional twelve months. Exercise of the option will be subject to NYC Transit Procurement authorization.

Under the contract, Dental Pay Plus processes claims for NYC Transit's enrollees, monitors membership, and maintains the provider network. Dental Pay Plus receives an administrative fee for their services and the balance of funds allocated to the contract are used to reimburse dental providers based upon a fixed reimbursement schedule that has remained constant. The projected annual expenditure for administrative costs is \$330,000, or 7% of annual expenditures of \$5,000,000 for the entire contract. Approximately \$4,670,000 per year, or 93% of projected annual expenditures, is for dental provider reimbursements.

As part of their collective bargaining agreement, members of Transport Workers Union Local 100, the Subway Surface Supervisors Association, the Transit Supervisors Organization, and represented employees are entitled to receive dental benefits. To ensure these union members continue to have dental coverage, it is necessary to extend the contract with Dental Pay Plus until an RFP can be completed based on the plan coverage provisions agreed to in labor negotiations.

NYC Transit currently has approximately 22,000 members and 25,000 dependents enrolled in the Dental Pay Plus plan. For this extension and option, Dental Pay Plus agreed to maintain the administrative fee of \$1.25 per enrolled member per month established in 2009. Dental Pay Plus only charges an administrative fee for members, not for their dependents. In 2013, Dental Pay Plus processed 49,500 claims, which is approximately 4,100 claims per month. Based on the above, Dental Pay Plus' fees are deemed fair and reasonable.

# Schedule D: Ratification of Completed Procurement Actions



Item Number: 1

<b>Vendor Name (&amp; Location)</b> Kratos Public Safety & Security Solutions, Inc. (Fair Lawn, NJ)		<b>Contract Number</b> C-52120	<b>Renewal?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Description</b>  Furnish, install and integrate an Electronic Security System at the Court Street/Borough Hall Station Complex		Total Amount: \$7,777,000	
<b>Contract Term (including Options, if any)</b> Eighteen months		<b>Funding Source</b> <input type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input checked="" type="checkbox"/> Federal <input type="checkbox"/> Other:	
<b>Option(s) Included In Total Amount?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> n/a		<b>Requesting Dept/Div &amp; Dept/Div Head Name:</b> Capital Program Management, Frederick E. Smith	
<b>Procurement Type</b> <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Non-competitive			
<b>Solicitation Type</b> <input type="checkbox"/> RFP <input checked="" type="checkbox"/> Bid <input type="checkbox"/> Other:			

## Discussion:

It is requested that the Board formally ratify the award of this contract to Kratos Public Safety & Security Solutions, Inc. (KPSS) to furnish, install, and integrate an Electronic Security System (ESS) at the Court Street/Borough Hall Station Complex. The MTA Security Program is developing an integrated Inter-Agency ESS infrastructure to allow for commonality across all MTA agencies as well as direct communication to the NYC Police Department (NYPD). The ESS is an infrastructure consisting of hardware and software that will integrate all NYC Transit legacy security subsystems as well as new applications onto a single platform.

Contract C-52120 will furnish, install and integrate an ESS at the Court Street/Borough Hall Station Complex. This contract has been awarded pursuant to an Emergency Declaration signed by all agency presidents in December 2002. The contract was solicited using a two-step selection process whereby interested bidders were evaluated and selected based on their technical experience and integrity. This pre-selection process afforded NYC Transit the ability to control the distribution of its security sensitive information and have competition for this procurement. Twenty-eight contractors were identified as being capable of performing this work. All of the contractors were required to sign non-disclosure agreements and have previously worked with NYC Transit.

Following advertisement, seven bids were received. KPSS submitted the lowest bid of \$7,777,000. The price was found to be fair and reasonable. KPSS' subsidiary, Henry Brothers Electronics, Inc., has three ongoing NYC Transit construction contracts as a prime contractor.

Background investigations and materials revealed "significant adverse information" (SAI) within the meaning of the All-Agency Responsibility Guidelines for KPSS, but MTA Management approval was subsequently received. Accordingly, KPSS was found fully responsible for award.

KPSS (as Henry Brothers Electronics, Inc.) has achieved its M/W/DBE goals on its previous MTA Contracts.

## Schedule J: Modifications to Miscellaneous Procurement Contracts

Item Number: **2** (Final)

<b>Vendor Name (&amp; Location)</b> Sprague Operating Resources, LLC, White Plains, NY		<b>Contract Number</b> 101074	<b>AWO/Modification #7</b>
<b>Description</b> All-Agency On-Site Fuel Deliveries, Fuel Station Monitoring/Maintenance Services and Off-Site Fuel Card		<b>Original Amount:</b> \$5,612,237.00	
<b>Contract Term (including Options, if any)</b> May 31, 2010 – May 15, 2015		<b>Prior Modifications:</b> \$722,261.89	
<b>Option(s) included in Total Amount?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<b>Prior Budgetary Increases:</b> \$0.00	
<b>Procurement Type</b> <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Non-competitive		<b>Current Amount:</b> \$6,334,498.89	
<b>Solicitation Type</b> <input type="checkbox"/> RFP <input checked="" type="checkbox"/> Bid <input type="checkbox"/> Other:		<b>This Request:</b> \$1,450,000.00	
<b>Funding Source</b> <input checked="" type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:		<b>% of This Request to Current Amount:</b> 22.9%	
<b>Requesting Dept/Div &amp; Dept/Div Head Name:</b> Operations, Patrick Parisi		<b>% of Modifications (including This Request) to Original Amount:</b> 38.7%	

### Discussion:

B&T is seeking approval in accordance with the All-Agency Procurement Guidelines for additional funds in an amount of \$1,450,000 under delivery order, PO 101074, with Sprague Operating Resources, LLC (Sprague) issued under the Metro-North All-Agency On-Site Fuel Deliveries, Fuel Station Monitoring/Maintenance Services and Off-Site Fuel Card Contract No. 66993C. On May 14, 2010 pursuant to sealed competitive bidding, MNR approved the award of a five year MTA All-Agency Master Agreement (Contract No. 66993C) consisting of fuel delivery, on-site fuel station maintenance and monitoring and fuel card services to Sprague. B&T awarded PO 101074 to Sprague in the amount of \$5,612,237 for five years from May 31, 2010 through May 15, 2015 in accordance with the MNR Contract. In addition to B&T, the participating agencies for the services described above were Metro-North Railroad and Long Island Rail Road. The Contractor is required to provide: (i) on-site delivery of fuel products (87 octane gasoline, ultra low sulfur diesel #2, E-85, and biodiesel) on a consignment basis; (ii) monitoring, maintenance and repair of all on-site hardware and equipment supporting the fuel stations; and (iii) fuel cards to access both on-site and off-site fueling stations. PO 101074 has subsequently been amended for additional work primarily related to repairs and upgrades to fuel station equipment in an amount of \$722,261.89. The current value of the contract is \$6,334,498.89. The proposed Amendment will add funding in the amount of \$1,450,000 to cover increased fuel costs through the expiration of the contract. The additional funding is necessary based on market conditions as the price of fuel in all categories (Unleaded, Ultra Low Sulfur Diesel #2 and E85) has increased substantially since the inception of the contract. The adjusted rates payable under the purchase order are consistent with the pricing structure contained in MNR Contract 66993C and are therefore fair and reasonable. Funding for this amendment is available in the Operating Budget under GL #706602.

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**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - 2014 ADOPTED BUDGET**  
**Consolidated Accrual Statement of Operations by Category**  
**February 2014**  
(\$ in millions)

	Nonreimbursable				Reimbursable				Total			
	Adopted Budget	Actual	Favorable (Unfavorable)		Adopted Budget	Actual	Favorable (Unfavorable)		Adopted Budget	Actual	Favorable (Unfavorable)	
			Variance	Percent			Variance	Percent			Variance	Percent
<b>Revenue</b>												
Farebox Revenue	\$423.0	\$415.3	(\$7.6)	(1.8)	\$0.0	\$0.0	\$0.0	-	\$423.0	\$415.3	(\$7.6)	(1.8)
Vehicle Toll Revenue	115.7	109.5	(6.3)	(5.4)	0.0	0.0	0.0	-	115.7	109.5	(6.3)	(5.4)
Other Operating Revenue	50.3	51.2	0.9	1.9	0.0	0.0	0.0	-	50.3	51.2	0.9	1.9
Capital & Other Reimbursements	0.0	0.0	0.0	-	111.5	100.2	(11.3)	(10.1)	111.5	100.2	(11.3)	(10.1)
<b>Total Revenue</b>	<b>\$589.0</b>	<b>\$576.0</b>	<b>(\$13.0)</b>	<b>(2.2)</b>	<b>\$111.5</b>	<b>\$100.2</b>	<b>(\$11.3)</b>	<b>(10.1)</b>	<b>\$700.5</b>	<b>\$676.2</b>	<b>(\$24.3)</b>	<b>(3.5)</b>
<b>Expenses</b>												
<b>Labor:</b>												
Payroll	\$337.2	\$326.9	\$10.3	3.1	\$41.8	\$32.8	\$9.0	21.5	\$379.1	\$359.7	\$19.3	5.1
Overtime	45.8	64.3	(18.6)	(40.5)	7.8	8.7	(0.9)	(11.5)	53.6	73.1	(19.5)	(36.3)
Health and Welfare	83.8	82.3	1.6	1.8	4.8	4.0	0.8	16.0	88.6	86.3	2.3	2.6
OPEB Current Payment	39.4	33.5	5.8	14.8	0.0	0.0	(0.0)	-	39.4	33.6	5.8	14.8
Pensions	46.4	46.6	(0.2)	(0.4)	2.8	2.5	0.3	12.1	49.3	49.1	0.2	0.4
Other Fringe Benefits	47.5	49.5	(2.0)	(4.2)	12.7	10.4	2.2	17.7	60.2	60.0	0.2	0.4
Reimbursable Overhead	(23.5)	(24.4)	0.9	3.9	23.4	24.4	(1.0)	(4.4)	(0.1)	0.0	(0.1)	-
<b>Total Labor Expenses</b>	<b>\$576.7</b>	<b>\$578.8</b>	<b>(\$2.1)</b>	<b>(0.4)</b>	<b>\$93.4</b>	<b>\$83.0</b>	<b>\$10.4</b>	<b>11.2</b>	<b>\$670.1</b>	<b>\$661.8</b>	<b>\$8.3</b>	<b>1.2</b>
<b>Non-Labor:</b>												
Electric Power	\$45.3	\$45.4	(\$0.0)	(0.1)	\$0.0	\$0.0	(\$0.0)	(62.7)	\$45.3	\$45.4	(\$0.1)	(0.1)
Fuel	22.9	23.5	(0.5)	(2.4)	0.0	0.0	0.0	-	22.9	23.5	(0.5)	(2.4)
Insurance	4.1	4.3	(0.2)	(5.4)	0.5	0.3	0.2	40.4	4.6	4.6	(0.0)	(0.4)
Claims	16.6	17.7	(1.0)	(6.1)	0.0	0.0	0.0	-	16.6	17.7	(1.0)	(6.1)
Paratransit Service Contracts	31.0	28.5	2.5	8.2	0.0	0.0	0.0	-	31.0	28.5	2.5	8.2
Maintenance and Other Operating Contracts	40.8	37.6	3.2	7.9	3.9	3.6	0.3	7.0	44.7	41.2	3.5	7.8
Professional Service Contracts	25.2	22.1	3.2	12.5	3.6	5.0	(1.4)	(37.6)	28.9	27.1	1.8	6.2
Materials & Supplies	41.5	34.2	7.3	17.7	9.3	7.6	1.7	18.7	50.8	41.7	9.1	17.9
Other Business Expenses	12.3	12.3	(0.0)	(0.2)	0.8	0.7	0.0	3.9	13.1	13.0	0.0	0.1
<b>Total Non-Labor Expenses</b>	<b>\$239.8</b>	<b>\$225.4</b>	<b>\$14.4</b>	<b>6.0</b>	<b>\$18.1</b>	<b>\$17.2</b>	<b>\$0.9</b>	<b>4.8</b>	<b>\$257.9</b>	<b>\$242.6</b>	<b>\$15.3</b>	<b>5.9</b>
<b>Other Expense Adjustments:</b>												
Other	3.6	2.2	1.5	40.2	0.0	0.0	0.0	-	3.6	2.2	1.5	40.2
General Reserve	0.0	0.0	0.0	-	0.0	0.0	0.0	-	0.0	0.0	0.0	-
<b>Total Other Expense Adjustments</b>	<b>\$3.6</b>	<b>\$2.2</b>	<b>\$1.5</b>	<b>40.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>-</b>	<b>\$3.6</b>	<b>\$2.2</b>	<b>\$1.5</b>	<b>40.2</b>
<b>Total Expenses before Non-Cash Liability Adj.</b>	<b>\$820.2</b>	<b>\$806.4</b>	<b>\$13.8</b>	<b>1.7</b>	<b>\$111.5</b>	<b>\$100.2</b>	<b>\$11.3</b>	<b>10.1</b>	<b>\$931.7</b>	<b>\$906.6</b>	<b>\$25.0</b>	<b>2.7</b>
Depreciation	177.9	181.8	(3.9)	(2.2)	0.0	0.0	0.0	-	177.9	181.8	(3.9)	(2.2)
OPEB Obligation	32.3	25.8	6.5	20.2	0.0	0.0	0.0	-	32.3	25.8	6.5	20.2
Environmental Remediation	0.2	0.2	0.0	0.2	0.0	0.0	0.0	-	0.2	0.2	0.0	0.2
<b>Total Expenses</b>	<b>\$1,030.4</b>	<b>\$1,014.1</b>	<b>\$16.2</b>	<b>1.6</b>	<b>\$111.5</b>	<b>\$100.2</b>	<b>\$11.3</b>	<b>10.1</b>	<b>\$1,141.8</b>	<b>\$1,114.3</b>	<b>\$27.5</b>	<b>2.4</b>
<b>Net Surplus/(Deficit) excluding Subsidies and Debt Service</b>	<b>(\$441.4)</b>	<b>(\$438.1)</b>	<b>\$3.3</b>	<b>0.7</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>*</b>	<b>(\$441.4)</b>	<b>(\$438.1)</b>	<b>\$3.3</b>	<b>0.7</b>
Subsidies	354.1	472.4	118.3	33.4	0.0	0.0	0.0	-	354.1	472.4	118.3	33.4
Debt Service	211.4	167.8	43.6	20.6	0.0	0.0	0.0	-	211.4	167.8	43.6	20.6

- Results are preliminary and subject to audit review

- Differences are due to rounding.

\* Variance exceeds 100%.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - 2014 ADOPTED BUDGET**  
**Consolidated Accrual Statement of Operations by Category**  
**February Year-to-Date**  
(\$ in millions)

	Nonreimbursable				Reimbursable				Total			
	Adopted Budget	Actual	Favorable (Unfavorable)		Adopted Budget	Actual	Favorable (Unfavorable)		Adopted Budget	Actual	Favorable (Unfavorable)	
			Variance	Percent			Variance	Percent			Variance	Percent
<b>Revenue</b>												
Farebox Revenue	\$872.9	\$850.1	(\$22.8)	(2.6)	\$0.0	\$0.0	\$0.0	-	\$872.9	\$850.1	(\$22.8)	(2.6)
Vehicle Toll Revenue	239.4	231.3	(8.1)	(3.4)	0.0	0.0	0.0	-	239.4	231.3	(8.1)	(3.4)
Other Operating Revenue	102.3	108.0	5.7	5.6	0.0	0.0	0.0	-	102.3	108.0	5.7	5.6
Capital & Other Reimbursements	0.0	0.0	0.0	-	229.9	184.7	(45.1)	(19.6)	229.9	184.7	(45.1)	(19.6)
<b>Total Revenue</b>	<b>\$1,214.5</b>	<b>\$1,189.4</b>	<b>(\$25.2)</b>	<b>(2.1)</b>	<b>\$229.9</b>	<b>\$184.7</b>	<b>(\$45.1)</b>	<b>(19.6)</b>	<b>\$1,444.4</b>	<b>\$1,374.1</b>	<b>(\$70.3)</b>	<b>(4.9)</b>
<b>Expenses</b>												
<b>Labor:</b>												
Payroll	\$715.6	\$707.1	\$8.5	1.2	\$87.2	\$65.9	\$21.4	24.5	\$802.8	\$773.0	\$29.9	3.7
Overtime	95.6	134.0	(38.5)	(40.3)	16.1	16.5	(0.4)	(2.5)	111.6	150.5	(38.9)	(34.8)
Health and Welfare	169.5	160.8	8.7	5.1	9.8	7.5	2.3	23.7	179.3	168.3	11.0	6.1
OPEB Current Payment	79.0	71.7	7.3	9.2	0.0	0.0	(0.0)	-	79.0	71.7	7.3	9.2
Pensions	94.2	94.1	0.1	0.1	5.9	4.9	1.0	16.4	100.1	99.0	1.1	1.1
Other Fringe Benefits	99.3	104.3	(5.0)	(5.0)	26.5	20.5	6.0	22.8	125.8	124.8	1.1	0.8
Reimbursable Overhead	(48.6)	(37.3)	(11.3)	(23.3)	48.5	37.3	11.2	23.1	(0.1)	(0.0)	(0.1)	(90.4)
<b>Total Labor Expenses</b>	<b>\$1,204.5</b>	<b>\$1,234.8</b>	<b>(\$30.3)</b>	<b>(2.5)</b>	<b>\$193.9</b>	<b>\$162.4</b>	<b>\$31.5</b>	<b>21.4</b>	<b>\$1,398.5</b>	<b>\$1,387.3</b>	<b>\$11.2</b>	<b>0.8</b>
<b>Non-Labor:</b>												
Electric Power	\$90.0	\$88.0	\$2.0	2.2	\$0.1	\$0.1	(\$0.0)	(64.2)	\$90.0	\$88.1	\$1.9	2.2
Fuel	47.2	47.1	0.1	0.3	0.0	0.0	0.0	25.0	47.2	47.1	0.1	0.3
Insurance	8.3	8.8	(0.5)	(5.9)	1.0	0.6	0.4	41.3	9.3	9.4	(0.1)	(0.6)
Claims	33.3	33.0	0.2	0.7	0.0	0.0	0.0	-	33.3	33.0	0.2	0.7
Paratransit Service Contracts	63.7	56.4	7.3	11.4	0.0	0.0	0.0	-	63.7	56.4	7.3	11.4
Maintenance and Other Operating Contracts	78.0	72.6	5.4	6.9	7.2	7.4	(0.2)	(2.2)	85.2	80.0	5.2	6.1
Professional Service Contracts	46.1	49.6	(3.5)	(7.6)	7.1	8.5	(1.4)	(19.7)	53.2	58.1	(4.9)	(9.2)
Materials & Supplies	84.2	80.9	3.3	3.9	19.0	14.3	4.7	24.9	103.2	95.2	8.0	7.7
Other Business Expenses	28.6	25.9	2.7	9.3	1.5	1.4	0.1	5.3	30.1	27.4	2.7	9.1
<b>Total Non-Labor Expenses</b>	<b>\$478.3</b>	<b>\$482.4</b>	<b>\$4.1</b>	<b>3.5</b>	<b>\$36.0</b>	<b>\$32.3</b>	<b>\$3.7</b>	<b>10.2</b>	<b>\$514.3</b>	<b>\$494.7</b>	<b>\$20.6</b>	<b>4.0</b>
<b>Other Expense Adjustments:</b>												
Other	7.3	4.6	2.7	36.9	0.0	0.0	0.0	-	7.3	4.6	2.7	36.9
General Reserve	0.0	0.0	0.0	-	0.0	0.0	0.0	-	0.0	0.0	0.0	-
<b>Total Other Expense Adjustments</b>	<b>\$7.3</b>	<b>\$4.6</b>	<b>\$2.7</b>	<b>36.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>-</b>	<b>\$7.3</b>	<b>\$4.6</b>	<b>\$2.7</b>	<b>36.9</b>
<b>Total Expenses before Non-Cash Liability Adjs.</b>	<b>\$1,691.2</b>	<b>\$1,701.8</b>	<b>(\$10.6)</b>	<b>(0.6)</b>	<b>\$229.9</b>	<b>\$184.7</b>	<b>\$45.1</b>	<b>19.6</b>	<b>\$1,921.0</b>	<b>\$1,886.6</b>	<b>\$34.5</b>	<b>1.8</b>
Depreciation	355.4	363.4	(7.9)	(2.2)	0.0	0.0	0.0	-	355.4	363.4	(7.9)	(2.2)
OPEB Obligation	64.5	54.7	9.9	15.3	0.0	0.0	0.0	-	64.5	54.7	9.9	15.3
Environmental Remediation	0.3	0.3	0.0	0.2	0.0	0.0	0.0	-	0.3	0.3	0.0	0.2
<b>Total Expenses</b>	<b>\$2,111.4</b>	<b>\$2,120.2</b>	<b>(\$8.8)</b>	<b>(0.4)</b>	<b>\$229.9</b>	<b>\$184.7</b>	<b>\$45.1</b>	<b>19.6</b>	<b>\$2,341.2</b>	<b>\$2,304.9</b>	<b>\$36.3</b>	<b>1.6</b>
<b>Net Surplus/(Deficit) excluding Subsidies and Debt Service</b>	<b>(\$896.8)</b>	<b>(\$930.8)</b>	<b>(\$34.0)</b>	<b>(3.8)</b>	<b>(\$0.0)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>99.6</b>	<b>(\$896.8)</b>	<b>(\$930.8)</b>	<b>(\$34.0)</b>	<b>(3.8)</b>
Subsidies	665.9	613.9	(52.0)	(7.8)	0.0	0.0	0.0	-	665.9	613.9	(52.0)	(7.8)
Debt Service	387.7	348.7	39.0	10.1	0.0	0.0	0.0	-	387.7	348.7	39.0	10.1

- Results are preliminary and subject to audit review

- Differences are due to rounding.

\* Variance exceeds 100%

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**(\$ in millions)**

Generic Revenue or Expense Category	Nonreimb or Reimb	February		Reason for Variance	YEAR-TO-DATE		Reason for Variance
		Favorable (Unfavorable)			Favorable (Unfavorable)		
		\$	%		\$	%	
Farebox Revenue	NR	(7.6)	(1.8)	Lower ridership due to inclement winter weather (higher-than-average snowfall) resulted in unfavorable variances of (\$7.2M), (\$0.8M), and (\$0.4M) at NYCT, MNR and MTA Bus, respectively. These results were partially offset by a favorable variance of \$0.8M at the LIRR due to higher yields and ridership.	(22.8)	(2.6)	Lower ridership due to inclement winter weather (higher-than-average snowfall) resulted in unfavorable variances of (\$20.0M), (\$2.8M), and (\$1.5M) at NYCT, MNR and MTA Bus, respectively. These results were partially offset by a favorable variance of \$1.5M at the LIRR due to higher yields and ridership.
Vehicle Toll Revenue	NR	(6.3)	(5.4)	Toll revenues were unfavorable due to lower traffic resulting from inclement winter weather.	(8.1)	(3.4)	Toll revenues were unfavorable due to lower traffic resulting from inclement winter weather.
Other Operating Revenue	NR	0.9	1.9	The overall favorable outcome reflects the impacts of a positive shift in the market value of the invested asset portfolio – \$2.7M at FMTAC; higher advertising and rental revenue – \$1.2M at the LIRR; higher net GCT retail revenue – \$0.4M at MNR; and higher wireless communication equipment rental fees at the Hugh L. Carey Tunnel (HCT) and the Queens Midtown Tunnel (QMT) – \$0.3M at B&T. These results were partially offset by unfavorable variances resulting from lower Paratransit Urban Tax revenue, MetroCard surcharges, and prior period adjustments – (\$2.7M) at NYCT and the timing of Sandy recoveries – (\$0.9M) at MTA Bus.	5.7	5.6	The favorable YTD outcome reflects the impacts of a positive shift in the market value of the invested asset portfolio – \$6.0M at FMTAC; higher E-ZPass administrative fees and wireless communication equipment rental fees at the Hugh L. Carey Tunnel (HCT) and the Queens Midtown Tunnel (QMT) – \$1.3M at B&T; higher advertising revenue and the timing of miscellaneous income – \$0.7M at the LIRR. These results were partially offset by unfavorable variances resulting from the timing of Sandy recoveries – (\$1.5M) at MTA Bus and lower MetroCard surcharges (mostly attributable to lower ridership resulting from adverse weather) and real estate revenue underruns – (\$0.9M) at NYCT.
Payroll	NR	10.3	3.1	The favorable outcome reflects lower expenses against the monthly budget due to accrual adjustments and vacancies – \$8.1M at NYCT and lower expenses due to vacancies – \$1.2M B&T, \$0.7M at MTA HQ, and \$0.4M at SIR. These results were partially offset by an unfavorable variance of (\$0.4M) at MTA Bus due to greater-than-budgeted miscellaneous base payments (e.g. sick, maternity leave, vacation, etc.) and a reallocation of reimbursable payroll charges to operating payroll, due to delayed Capital funding.	8.5	1.2	The favorable outcome reflects lower expenses against the YTD budget due to accrual adjustments and vacancies – \$4.0M at NYCT and lower expenses due to vacancies – \$2.2M B&T, \$1.6M at MTA HQ, \$1.0M at SIR, and \$0.6M at the LIRR. These results were partially offset by an unfavorable variance of (\$1.1M) at MTA Bus due to greater-than-budgeted miscellaneous base payments (e.g. sick, maternity leave, vacation, etc.) and a reallocation of reimbursable payroll charges to operating payroll, due to delayed Capital funding.
Overtime	NR	(18.6)	(40.5)	Approximately \$13.0M or 70% of the unfavorable variance is attributable to weather emergencies, specifically, NYCT (\$9.0M), the LIRR (\$2.2M), MNR (\$1.4M), and MTA Bus (\$0.3M). The remaining overage of \$5.6M mostly reflects the impact of vacancy/absentee coverage and unscheduled service requirements at NYCT (\$3.7M), weather-related scheduled service changes and increased tour length at MNR (\$1.2M), and vacancy/absentee coverage and accelerated maintenance at MTA Bus (\$0.8M). (See Overtime Decomposition Report for more details)	(38.5)	(40.3)	Approximately \$24.2M or 63% of the unfavorable YTD variance is attributable to weather emergencies, specifically, NYCT (\$15.8M), the LIRR (\$5.1M), MNR (\$2.5M), and MTA Bus (\$0.5M). The remaining overage \$14.3M mostly reflects the impact of vacancy/absentee coverage and unscheduled service requirements at NYCT (\$10.4M), vacancy/absentee and programmatic/routine maintenance at MNR (\$2.5M), and accelerated maintenance at MTA Bus (\$1.6M). (See Overtime Decomposition Report for more details)
Health and Welfare	NR	1.6	1.8	The LIRR was favorable by \$0.8M primarily due to higher vacancy levels and lower rates. Timing and higher vacancies were responsible for favorable variances of \$0.4M at B&T and \$0.3M at MTA HQ. Timing was responsible for the favorable variance of \$0.3M at MTA Bus and an unfavorable variance of (\$0.4M) at NYCT.	8.7	5.1	Timing was responsible for the favorable variances of \$4.8M at NYCT and \$0.7M at MTA Bus. The LIRR was favorable by \$1.3M primarily due to higher vacancies and lower rates. Timing and higher vacancies were responsible for a favorable variance of \$0.5M at MTA HQ. MNR was favorable by \$0.4M in part due to lower rates.

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**(\$ In millions)**

Generic Revenue or Expense Category	Nonreimb or Reimb	February		Reason for Variance	YEAR-TO-DATE		Reason for Variance
		Favorable (Unfavorable)			Favorable (Unfavorable)		
		\$	%		\$	%	
OPEB - Current Payment	NR	5.8	14.8	NYCT was favorable by \$4.9M primarily due to credits from a prior year claims settlement. Lower rates and fewer retirees were primarily responsible for a favorable variance of \$0.8M at the LIRR.	7.3	9.2	NYCT was favorable by \$5.3M primarily due to credits from a prior year claims settlement. Lower rates and fewer retirees were primarily responsible for a favorable variance of \$1.6M at the LIRR. MTA Bus was favorable by \$0.4M primarily due to timing.
Pensions	NR	(0.2)	(0.4)	Timing was responsible for the unfavorable variance of (\$0.3M) at MTA Bus and the \$0.6M favorable variance at MTAHQ. Other agency variances were minor.	0.1	0.1	MTAHQ was \$1.1M favorable due to the timing of accruals for MTA Police pensions. NYCT and MNR were unfavorable by (\$0.5M) and (\$0.3M) respectively, in part due to timing.
Other Fringe Benefits	NR	(2.0)	(4.2)	NYCT was (\$1.8M) unfavorable primarily due to lower direct overhead credits resulting from reimbursable payroll underruns. MNR was (\$0.6M) unfavorable primarily due to higher uniform, shoe and tool allowance payments. These results were partially offset by a favorable variance of \$0.3M at MTA Bus due to timing.	(5.0)	(5.0)	NYCT was (\$5.4M) unfavorable primarily due to lower direct overhead credits resulting from reimbursable payroll underruns. MNR was (\$0.5M) unfavorable mostly due to higher uniform, shoe and tool allowance payments. The LIRR was (\$0.4M) unfavorable primarily due to higher FELA indemnity reserve adjustments. These results were partially offset by favorable variances of \$0.9M at MTA Bus due to timing and \$0.4M at B&T primarily due to higher vacancies.
X - 4 Reimbursable Overhead	NR	0.9	3.9	The favorable result mainly reflects the impact of the timing of expense recovery billings -- \$4.0M at MTA HQ. This outcome was partially offset by unfavorable variances attributable to lower overhead credits resulting from reimbursable payroll underruns caused primarily by adverse weather -- (\$2.4M) at NYCT, and lower project activity -- (\$0.5M) at the LIRR and (\$0.3M) at MNR.	(11.3)	(23.3)	The unfavorable YTD result mainly reflects the impact of lower overhead credits resulting from reimbursable payroll underruns caused primarily by adverse weather -- (\$7.5M) at NYCT, the timing of expense recovery billings -- (\$2.0M) at MTA HQ, and lower project activity -- (\$1.0M) at MNR and (\$0.9) at the LIRR.
Electric Power	NR	(0.0)	(0.1)	The overall expense was on target. MTA HQ was (\$1.3M) unfavorable due to the timing of billings for 2 Broadway and MNR was (\$0.8M) unfavorable due to higher rates on the NHL. These unfavorable outcomes were partially offset by the impact of timing and lower rates -- \$1.5M at NYCT and \$0.5M at the LIRR.	2.0	2.2	The favorable YTD variance reflects the impact of timing and lower rates of \$4.1M at NYCT. This favorable outcome was partially offset by unfavorable results of (\$1.3M) at MNR due to higher rates on the NHL and (\$0.9M) at MTA HQ due to the timing of billings for 2 Broadway.
Fuel	NR	(0.5)	(2.4)	Timing accounted for most of the unfavorable variance of (\$0.6M) at NYCT and the favorable variance of \$0.3M at MTA Bus. Other agency variances were minor.	0.1	0.3	MTA Bus accounted for \$0.9M of the favorable variance, resulting mostly from a CNG rebate and lower CNG rates. Partially offsetting this were unfavorable variances of (\$0.5M) at NYCT, mostly due to timing, and (\$0.3M) at MNR due to higher heating fuel consumption. Other Agency variances were minor.
Insurance	NR	(0.2)	(5.4)	Timing was responsible for unfavorable variances at FMTAC and MTA HQ of (\$0.8M) and (\$0.3M), respectively, and a favorable variance at NYCT of \$0.7M.	(0.5)	(5.9)	Timing was responsible for unfavorable variances at FMTAC and MTA HQ of (\$1.7M) and (\$0.5M), respectively, and a favorable variance at NYCT of \$1.4M.
Claims	NR	(1.0)	(6.1)	FMTAC was (\$1.5M) unfavorable based on an actuarial re-estimate. Timing was responsible for a favorable variance of \$0.5M at MTA Bus.	0.2	0.7	Timing was responsible for favorable variances at MTA Bus and the LIRR of \$1.0M and \$0.8M, respectively. FMTAC was (\$1.1M) unfavorable based on an actuarial re-estimate. MNR was (\$0.4M) unfavorable due to higher payouts.



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February					YEAR-TO-DATE		
Generic Revenue or Expense Category	Nonreimb or Reimb	Favorable (Unfavorable)		Reason for Variance	Favorable (Unfavorable)		Reason for Variance
		\$	%		\$	%	
Paratransit Service Contracts	NR	2.5	8.2	Lower expenses due to fewer completed trips caused in part by adverse weather.	7.3	11.4	Lower expenses due to fewer completed trips caused in part by adverse weather.
Maintenance and Other Operating Contracts	NR	3.2	7.9	The overall favorable result was mainly attributable to timing: \$2.8M at B&T primarily due to major maintenance and painting, Sandy-related repairs, E-ZPass Customer Service Center costs and E-ZPass tag service costs; \$1.1M at NYCT largely due to the timing of building maintenance and auto purchases; and \$0.5M at the LIRR primarily for elevator & escalator maintenance, non-revenue vehicle repairs and security. Partially offsetting these results were unfavorable variances of (\$0.9M) at MTA HQ, primarily due to the timing of rental expenses and janitorial services at Two Broadway; and (\$0.4M) at SIR due to the purchase of non-revenue vehicles.	5.4	6.9	The overall favorable result was mainly attributable to timing: \$3.6M at B&T primarily due to major maintenance and painting, E-ZPass Customer Service Center costs, Sandy-related repairs and E-ZPass tag service costs; \$2.6M at the LIRR primarily for elevator & escalator maintenance, IT communications, HVAC maintenance and security; \$1.4M at MNR due to lower maintenance contract costs, telephone services and ferry services (brings rail passengers across the Hudson River from Haverstraw to Ossining and Newburgh to Beacon); and \$1.1M at MTA Bus due in part to the timing of facility maintenance. Partially offsetting these results were unfavorable variances of (\$2.1M) at NYCT, largely due to the timing of maintenance services; and (\$0.9M) at MTA HQ, primarily due to the timing of rental expenses and janitorial services at Two Broadway.
X - 5 Professional Service Contracts	NR	3.2	12.5	The overall favorable result was primarily attributable to timing: \$3.8M at MTA HQ primarily for hardware and software purchases; \$1.5M at the LIRR primarily for IT hardware and software purchases and prior-year accrual reversals; and \$0.6M at MNR for IT expenses, legal services and engineering services. Partially offsetting these results were unfavorable timing variances of: (\$2.4M) at B&T primarily due to higher bond issuance costs; and (\$0.4M) at NYCT, reflecting the timing of office-related expenses.	(3.5)	(7.6)	The overall unfavorable result was primarily attributable to timing: (\$13.1M) at NYCT, reflecting the timing of IT-related expenses and bond services; and (\$1.4M) at B&T primarily for bond issuance costs. Partially offsetting these results were favorable timing variances of: \$7.4M at MTA HQ due to hardware and software purchases and engineering services; \$3.1M at the LIRR for IT hardware and software purchases and consulting services; and \$0.7M at MNR for IT expenses, legal services and engineering services.
Materials & Supplies	NR	7.3	17.7	The favorable result largely reflects the timing of maintenance material requirements and increased scrap sales – \$4.3M at NYCT, lower material usage for fleet modifications and running repair on the Multiple Unit (MU) and Diesel fleets and the delay of M7 Propulsion startup – \$2.2M at the LIRR, and lower rolling stock mechanical material usage and purchases – \$1.2M at MNR. These results were partly offset by higher expenses primarily for de-icing materials due to adverse weather conditions – (\$0.3M) at B&T.	3.3	3.9	The favorable result largely reflects the impacts of lower rolling stock mechanical material usage and purchases – \$2.6M at MNR and lower material usage for fleet modifications and running repair on the Multiple Unit (MU) and Diesel fleets and the delay of M7 Propulsion startup – \$2.2M at the LIRR. These favorable results were partially offset by unfavorable inventory adjustments – (\$1.1M) at NYCT.
Other Business Expenses	NR	(0.0)	(0.2)	The timing of miscellaneous expenses resulted in unfavorable variances of (\$0.5M) at NYCT, (\$0.3M) at MNR and a favorable variance of \$0.4M at the LIRR. B&T was \$0.6M favorable mainly due to lower credit card fees.	2.7	9.3	The LIRR was \$1.3M favorable primarily due to property restitution for damages caused by a third party at a Southampton bridge and the timing of expenses. B&T was \$0.6M favorable mainly due to lower credit card fees. MTAHQ was \$0.6M favorable due to the timing of membership and dues, and purchases.
Other Expense Adjustments	NR	1.5	40.2	Variance due to timing differences in project completions.	2.7	36.9	Variance due to timing differences in project completions.

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Generic Revenue or Expense Category	Nonreimb or Reimb	February		Reason for Variance	YEAR-TO-DATE		Reason for Variance
		Favorable (Unfavorable)			Favorable (Unfavorable)		
		\$	%		\$	%	
Depreciation	NR	(3.9)	(2.2)	Timing differences in project completions and assets reaching beneficial use resulted in unfavorable variances of (\$1.7M) at NYCT, (\$1.3M) at the LIRR, (\$0.6M) at B&T and (\$0.5M) at MTA Bus.	(7.9)	(2.2)	Timing differences in project completions and assets reaching beneficial use resulted in unfavorable variances of (\$4.4M) at NYCT, (\$2.5M) at the LIRR, (\$0.9M) at MTA Bus, (\$0.4M) at B&T and (\$0.3M) at SIR and a favorable variance of \$0.4M at MTAHQ.
Other Post-Employment Benefits	NR	6.5	20.2	The GASB adjustment reflects the value associated with the unfunded accrued liability for post employment health benefits.	9.9	15.3	The GASB adjustment reflects the value associated with the unfunded accrued liability for post employment health benefits.
Environmental Remediation	NR	0.0	0.2	Minor variance.	0.0	0.2	Minor variance.
Capital & Other Reimbursements	R	(11.3)	(10.1)	Reduced project activity, mostly reflective of the impact of adverse weather conditions and vacancies, resulted in unfavorable variances of (\$6.0M) at the LIRR, (\$5.0M) at NYCT, (\$3.2M) at MNR and (\$0.8M) at MTACC. These results were partially offset by a favorable variance of \$3.9M at MTAHQ attributable to timing, the level of recoverable expense billings and a prior year adjustment.	(45.1)	(19.6)	Reduced project activity, mostly reflective of the impact of adverse weather conditions and vacancies, resulted in unfavorable variances of (\$19.5M) at NYCT, (\$11.1M) at the LIRR, (\$8.5M) at MNR, (\$2.5M) at MTACC, (\$1.8M) at MTAHQ, (\$1.0M) at B&T and (\$0.6M) at MTA Bus
Payroll	R	9.0	21.5	The overall favorable variance reflects the impacts of capital construction and engineering underruns, caused in part by adverse weather and vacancies – \$5.6M at NYCT, vacant positions, the timing of project activity and other reimbursements – \$2.0M at the LIRR, and also reflects the reallocation of forces to operations coverage for inclement weather conditions, vacant administrative positions and the timing of project activity – \$0.8M at MNR.	21.4	24.5	The overall favorable YTD variance reflects the impacts of capital construction and engineering underruns, caused in part by adverse weather and vacancies – \$13.2M at NYCT, vacant positions, the timing of project activity and other reimbursements – \$3.9M at the LIRR, reflects the reallocation of forces to operations coverage for inclement weather conditions, vacant administrative positions and the timing of project activity – \$1.9M at MNR, vacant engineering/capital positions – \$0.8M at MTA CC, and lower project activity at MTA Bus and B&T – both \$0.6M favorable.
Overtime	R	(0.9)	(11.5)	NYCT was (\$1.1M) unfavorable due to Sandy-related repairs and coverage necessitated by vacancies. Other variances were minor.	(0.4)	(2.5)	NYCT was (\$0.9M) unfavorable mostly due to Sandy-related repairs and coverage necessitated by vacancies. This outcome was partly offset by a favorable variance of \$0.3M at MNR and reflects the reallocation of forces to operations coverage for inclement weather conditions as well as the timing of project activity.
Health and Welfare	R	0.8	16.0	Lower project activity was responsible for a favorable variance at MNR of \$0.3M. Other agency variances were minor.	2.3	23.7	Lower project activity was responsible for favorable variances at NYCT, MNR and the LIRR of \$0.8M, \$0.7M and \$0.4M, respectively.
Pensions	R	0.3	12.1	Minor variance.	1.0	16.4	The timing of project activity was responsible for the favorable variances of \$0.4M at MTACC and \$0.3M at MNR.
Other Fringe Benefits	R	2.2	17.7	Lower project activity was responsible for favorable variances at NYCT and the LIRR of \$1.4M and \$0.5M, respectively.	6.0	22.8	Lower project activity was responsible for favorable variances at NYCT, the LIRR and MNR of \$4.1M, \$0.9M and \$0.4M, respectively. MTACC was favorable by \$0.6M primarily due to lower overhead rates.

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		\$	%		\$	%	
Reimbursable Overhead	R	(1.0)	(4.4)	The unfavorable variance reflects the timing of expense recovery billings--(\$4.0M) at MTA HQ. This outcome was partially offset by favorable variances due to lower project activity--\$2.4M at NYCT and \$0.5M at the LIRR.	11.2	23.1	The favorable variance reflects lower project activity and the timing of expense recovery billings--\$7.5M at NYCT, \$2.0M at MTA HQ, and \$0.9M at both MNR and the LIRR.
Electric Power	R	(0.0)	(62.7)	Minor variance.	(0.0)	(64.2)	Minor variance.
Insurance	R	0.2	40.4	Minor variance.	0.4	41.3	The LIRR was favorable by \$0.3M due to lower project activity. Other agency variances were minor.
Maintenance and Other Operating Contracts	R	0.3	7.0	The timing of project activity was responsible for favorable variances of \$0.6M at MNR and \$0.2M at the LIRR. Partially offsetting these results was an unfavorable variance of (\$0.5M) at NYCT due to the timing of building maintenance expenses.	(0.2)	(2.2)	NYCT was unfavorable by (\$1.1M) largely due to the timing of building maintenance expenses. Partially offsetting this result was a favorable variance of \$0.8M at MNR due to the timing of project activity. Other Agency variances were minor.
Professional Service Contracts	R	(1.4)	(37.6)	NYCT was unfavorable by (\$2.5M) primarily due to the timing of IT hardware expenses. Partially offsetting this result were favorable variances of \$0.7M at MNR and \$0.5M at the LIRR due to the timing of project activity.	(1.4)	(19.7)	NYCT was unfavorable by (\$2.7M) primarily due to the timing of IT hardware expenses. MTA HQ was (\$0.6M) unfavorable primarily due to higher West Side and East Side Yard project activity. Partially offsetting these results were favorable variances of \$1.0M at the LIRR and \$0.9M at MNR due to the timing of project activity.
Materials & Supplies	R	1.7	18.7	Changes in project activity levels, maintenance material requirements, and the timing of payments contributed to favorable results of \$1.8M at the LIRR, \$0.4M at MNR, and an unfavorable result of (\$0.4M) at NYCT.	4.7	24.9	Changes in project activity levels, maintenance material requirements, and the timing of payments contributed to favorable results of \$3.5M at the LIRR, \$2.2M at MNR, and an unfavorable result of (\$0.9M) at NYCT.
Other Business Expenses	R	0.0	3.9	Minor variance.	0.1	5.3	MTACC was \$0.5M favorable due to timing and NYCT was (\$0.4M) unfavorable due to overruns in miscellaneous expenses.
Subsidies	NR	118.3	33.4	The favorable variance for the month of \$118.3 million was mainly due to timing of booking accruals by MTA Accounting for PMT (\$113.0 million) and PBT (\$28.3 million), offset by unfavorable Urban Tax revenues (\$13.4 million) and MRT revenues (\$12.3 million) due to weaker-than-expected real estate activity for the month.	(52.0)	(7.8)	The unfavorable YTD variance of \$52.0 million was mainly due to the timing of booking accruals for PBT (\$22.6 million), and lower MRT transactions (\$12.6 million) due to weaker than expected mortgage activity. This was offset by favorable Urban Tax revenues (\$16.4 million) due to stronger-than-expected real estate activity in New York City.
Debt Service	NR	43.6	20.6	Favorable variance is predominantly the result of a reversal of January's unfavorable timing variance for Transportation Revenue Bond deposits (\$51.8 million), offset by lower than budgeted rates.	39.0	10.1	Favorable Year-to-date variance of \$39 million is primarily due to the timing of the new bond issues (\$28.5 million) and lower than budgeted rates.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**Overtime Decomposition Report**  
**Adopted Budget vs. Actuals**

**February 2014**

The attached table presents consolidated results of overtime on the basis of hours and costs, followed by an overtime legend.

For detailed overtime results please refer to the Agency reports located in the financial reporting sections of Agency operating committee agendas.

Below is a summary of the major consolidated variances for February 2014 (year-to-date).

**2014 OVERTIME REPORTING - PRELIMINARY FEBRUARY RESULTS (NON-REIMBURSABLE)**

**Month**

Total overtime was (\$18.6M), or (41%), unfavorable to the Adopted Budget.

*Weather Emergencies* was (\$13.0M) unfavorable and accounted for 70% of the total overtime variance. Significant Agency variances were: NYCT (\$9.0M), the LIRR (\$2.2M), MNR (\$1.4M), and MTA Bus (\$0.3M). February experienced 29.0 inches of snowfall, 20.2 inches more than the long-term average for the month.

*Vacancy/Absentee Coverage* was (\$4.4M) unfavorable, reflecting the impact of higher vacancies and levels of absenteeism at NYCT, MNR and MTA Bus.

*Unscheduled Service* was (\$1.4M) unfavorable, primarily due to traffic congestion, breakdowns, and related ramp delays experienced in the Department of Buses, as well as coverage required for train operators (hired in the latter months of 2013) undergoing induction training at NYCT.

*Programmatic/Routine Maintenance* was (\$0.4M) unfavorable, primarily due to accelerated completion of defects found on scheduled inspections at MTA Bus.

**Year-to-Date**

Total overtime was (\$38.5M), or (40%), unfavorable to the Adopted Budget.

*Weather Emergencies* was (\$24.2M) unfavorable and accounted for 63% of the total overtime variance. Significant Agency variances were: NYCT (\$15.8M), the LIRR (\$5.1M), MNR (\$2.5M), and MTA Bus (\$0.5M). January and February experienced 48.7 inches of snowfall, 33 inches more than the long-term average year-to-date.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**Overtime Decomposition Report**  
**Adopted Budget vs. Actuals**

**February 2014**

*Vacancy/Absentee Coverage* was (\$5.8M) unfavorable, reflecting the impact of higher vacancies and levels of absenteeism at NYCT, MTA Bus and MNR.

*Programmatic/Routine Maintenance* was (\$3.0M) unfavorable, primarily due to the inspection, testing, and maintenance of signal systems, as well as track defect backlogs at NYCT, and at MTA Bus primarily due to accelerated completion of defects found on scheduled inspections.

*Unscheduled Service* was (\$2.8M) unfavorable, primarily due to traffic congestion, breakdowns, and related ramp delays experienced in the Department of Buses, as well as coverage required for train operators (hired in the latter months of 2013) undergoing induction training at NYCT.

*Other* was (\$2.7M) unfavorable, mostly due to the cash-in of 2013 "banked" overtime in January at NYCT, and a timing adjustment at B&T.

**Metropolitan Transportation Authority**  
**2014 February Financial Plan**  
**Non-Reimbursable/Reimbursable Overtime**  
(\$ in millions)

	February			February Year-to-Date		
	Adopted Budget	Actuals	Var. - Fav./Unfav)	Adopted Budget	Actuals	Var. - Fav./Unfav)
<b>NON-REIMBURSABLE OVERTIME</b>						
<u>Scheduled Service</u>	\$15.5	\$15.7	(\$0.2) (1.4%)	\$32.6	\$33.4	(\$0.8) (2.5%)
<u>Unscheduled Service</u>	\$7.0	\$8.3	(\$1.4) (20.0%)	\$14.2	\$17.0	(\$2.8) (20.1%)
<u>Programmatic/Routine Maintenance</u>	\$11.8	\$12.2	(\$0.4) (3.6%)	\$25.7	\$28.7	(\$3.0) (11.6%)
<u>Unscheduled Maintenance</u>	\$0.2	\$0.1	\$0.1 32.0%	\$0.3	\$0.3	\$0.1 28.2%
<u>Vacancy/Absentee Coverage</u>	\$5.5	\$9.9	(\$4.4) -80.7%	\$10.5	\$16.3	(\$5.8) -55.6%
<u>Weather Emergencies</u>	\$4.0	\$16.9	(\$13.0) *	\$7.8	\$32.0	(\$24.2) *
<u>Safety/Security/Law Enforcement</u>	\$0.8	\$0.5	\$0.3 32.6%	\$2.0	\$1.2	\$0.8 41.5%
<u>Other</u>	\$1.1	\$0.5	\$0.6 56.1%	\$2.4	\$5.1	(\$2.7) *
Subtotal	\$45.8	\$64.3	(\$18.6) (40.7%)	\$95.6	\$134.0	(\$38.5) (40.3%)
<b>REIMBURSABLE OVERTIME</b>	\$7.8	\$8.7	(\$0.9)	\$16.1	\$16.5	(\$0.4)
<b>TOTAL OVERTIME</b>	<b>\$53.6</b>	<b>\$73.1</b>	<b>(\$19.5)</b>	<b>\$111.6</b>	<b>\$150.5</b>	<b>(\$38.9)</b>

\* Exceeds 100%

NOTES: Totals may not add due to rounding.

Percentages are based on each type of Overtime and not on Total Overtime.

SIR Overtime data is included in "Other"

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**2014 Overtime Reporting**  
**Overtime Legend**

**Type**

**Definition**

<i>Scheduled Service</i>	Crew book/Regular Run/Shift hours (above 8 hours) required by train crews, bus/tower/block operators, transportation supervisors/dispatchers, fare sales and collection, Train & Engineers, as well as non-transportation workers whose work is directly related to providing service (includes coverage for holidays).
<i>Unscheduled Service</i>	Service coverage resulting from extraordinary events not related to weather, such as injuries, mechanical breakdowns, unusual traffic, tour length, late tour relief, and other requirements that arise that are non-absence related.
<i>Programmatic/Routine Maintenance</i>	<i>Program Maintenance</i> work for which overtime is planned (e.g. Railroad Tie Replacement, Sperry Rail Testing, Running Board Replacement Programs). This also includes <i>Routine Maintenance</i> work for which OT has been planned, as well as all other maintenance <u>not resulting from extraordinary events</u> , including running repairs. Program/Routine maintenance work is usually performed during hours that are deemed more practical in order to minimize service disruptions, and includes contractual scheduled pay over 8 hours.
<i>Unscheduled Maintenance</i>	Resulting from an <u>extraordinary event</u> (not weather-related) requiring the use of unplanned maintenance to perform repairs on trains, buses, subway and bus stations, depots, tracks and administrative and other facilities, including derailments, tour length and weekend coverage.
<i>Vacancy/Absentee Coverage</i>	Provides coverage for an absent employee or a vacant position.
<i>Weather Emergencies</i>	Coverage necessitated by extreme weather conditions (e.g. snow, flooding, hurricane, and tornadoes), as well as preparatory and residual costs.
<i>Safety/Security/Law Enforcement</i>	Coverage required to provide additional customer & employee protection and to secure MTA fleet facilities, transportation routes, and security training.
<i>Other</i>	Includes overtime coverage for clerical, administrative positions that are eligible for overtime, and miscellaneous overtime.
<i>Reimbursable Overtime</i>	Overtime incurred to support projects that are reimbursed from the MTA Capital Program and other funding sources.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2014 Adopted Budget**  
**Consolidated Accrual Subsidy Detail**  
**February 2014**  
(\$ in millions)

	Current Month			Year-to-Date		
	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance
<b>Accrued Subsidies:</b>						
<b>Dedicated Taxes</b>						
Mass Transportation Operating Assistance Fund (MMTOA)	-	-	-	-	-	-
Petroleum Business Tax	\$42.9	71.2	28.3	\$93.8	71.2	(22.6)
MRT 1 (Gross)	23.0	14.7	(8.3)	45.9	39.7	(6.2)
MRT 2 (Gross)	10.4	8.4	(4.0)	20.8	14.2	(6.6)
Urban Tax	44.1	30.7	(13.4)	88.1	104.6	16.4
	\$120.4	\$123.0	\$2.6	\$248.7	\$229.7	(\$19.1)
<b>New State Taxes and Fees</b>						
Payroll Mobility Taxes	183.0	296.0	113.0	316.3	293.9	(22.4)
Payroll Mobility Tax Replacement Funds	-	-	-	-	-	-
MTA Aid Taxes <sup>1</sup>	-	-	-	-	-	-
	\$183.0	\$296.0	\$113.0	\$316.3	\$293.9	(\$22.4)
<b>State and Local Subsidies</b>						
NYS Operating Assistance	-	-	-	-	-	-
NYC and Local 18b						
New York City	-	-	-	-	-	-
Nassau County	-	-	-	-	-	-
Suffolk County	-	-	-	-	-	-
Westchester County	-	-	-	-	-	-
Putnam County	-	-	-	-	-	-
Dutchess County	-	-	-	-	-	-
Orange County	-	-	-	-	-	-
Rockland County	-	-	-	-	-	-
CDOT Subsidies	9.3	15.4	6.1	18.6	24.3	5.5
Station Maintenance	13.6	13.3	(0.2)	27.1	28.7	(0.4)
	\$22.9	\$28.7	\$5.8	\$46.0	\$51.0	\$5.1
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$326.2</b>	<b>\$447.8</b>	<b>\$121.6</b>	<b>\$611.0</b>	<b>\$674.6</b>	<b>(\$63.4)</b>
City Subsidy to MTA Bus	27.9	24.8	(3.2)	\$54.9	39.3	(15.6)
City Subsidy to SIRTQA	-	-	-	-	-	-
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$354.1</b>	<b>\$472.4</b>	<b>\$118.3</b>	<b>\$665.9</b>	<b>\$613.9</b>	<b>(\$52.0)</b>
<b>Inter-Agency Subsidy Transactions</b>						
B&T Operating Surplus Transfer	30.9	39.0	8.1	65.4	39.0	(26.4)
	\$30.9	\$39.0	\$8.1	\$65.4	\$39.0	(\$26.4)
<b>Total Accrued Subsidies</b>	<b>\$385.0</b>	<b>\$511.4</b>	<b>\$126.4</b>	<b>\$734.3</b>	<b>\$652.9</b>	<b>(\$81.4)</b>

<sup>1</sup> License, Vehicle Registration, Taxi and Auto Rental Fees  
Note: Differences are due to rounding.



**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2014 Adopted Budget**  
**Consolidated Accrual Subsidy Detail**  
**Explanation of Variances**  
(\$ in millions)

**February 2014**

Accrued Subsidies	Variance \$	Variance %	Explanations
<b>Dedicated Taxes</b>			
Petroleum Business Tax	28.3	65.8%	The favorable accrual variance was primarily due to the timing of booking accruals. Accruals are reconciled with quarterly adjustments by MTA Accounting. YTD transactions were unfavorable.
MRT(b) 1 (Gross)	(9.3)	(36.0%)	MRT-1 transactions were below budget for the month and YTD due to lower than expected mortgage activity.
MRT(b) 2 (Gross)	(4.0)	(38.5%)	MRT-2 transactions were below budget for the month and YTD due to lower than expected mortgage activity.
Urban Tax	(13.4)	(30.3%)	Urban tax accruals were unfavorable for the month due to lower than expected real estate activity in New York City in February. However, year-to-date transactions remained favorable.
Payroll Mobility Taxes	113.0	61.8%	The favorable variance was primarily due to timing of booking accruals. The YTD transactions were much closer to the target.
CDOT Subsidies	6.1	65.4%	The favorable variance was due primarily to timing.
City Subsidy to MTA Bus	(3.2)	(14.2%)	Variance was mostly timing related. Drawdowns are related to the timing of cash obligations for MTA Bus.
B&T Operating Surplus Transfer	8.1	26.3%	Variance was due to timing of booking accruals.

**Year-to-Date**

Accrued Subsidies	Variance \$	Variance %	Explanations
Petroleum Business Tax	(22.6)	(24.1%)	The unfavorable year-to-date variance was mostly due to timing of booking accruals by MTA Accounting. Most of the unfavorable variance should be reversed with their quarterly reconciliation.
MRT(b) 1 (Gross)	(6.2)	(13.6%)	See explanation for the month.
MRT(b) 2 (Gross)	(6.6)	(31.8%)	See explanation for the month.
Urban Tax	16.4	18.6%	See explanation for the month.
Payroll Mobility Taxes	(22.4)	(7.1%)	The unfavorable YTD variance was mostly due to timing of booking accruals by MTA Accounting.
CDOT Subsidies	5.5	29.2%	See explanation for the month.
City Subsidy to MTA Bus	5.1	11.0%	Variance was mostly timing related. Drawdowns are related to the timing of cash obligations for MTA Bus.
B&T Operating Surplus Transfer	(29.4)	(42.9%)	Variance was due to timing of booking accruals.

**METROPOLITAN TRANSPORTATION AUTHORITY  
FEBRUARY FINANCIAL PLAN - ADOPTED BUDGET  
DEBT SERVICE  
(\$ in millions)**

February 2014

	2014 Adopted Budget	Actual	Variance	% Variance	Explanation
Dedicated Tax Fund:					
NYC Transit	\$32.8	\$37.7	(\$4.9)		Timing of debt service deposits that reverses prior month's timing variance offset by lower than budgeted variable debt rates.
Commuter Railroads	6.7	8.1	(1.4)		
<i>Dedicated Tax Fund Subtotal</i>	\$39.5	\$45.8	(\$6.3)	-15.9%	
MTA Transportation Revenue:					
NYC Transit	\$70.6	\$39.4	\$31.2		Timing of debt service deposits that is reversing prior month's prepayment.
Commuter Railroads	45.5	24.5	20.9		
MTA Bus	1.9	2.2	(0.3)		
<i>MTA Transportation Subtotal</i>	\$118.0	\$66.1	\$51.8	43.9%	
Commercial Paper:					
NYC Transit	\$1.1	\$0.1	\$1.0		Lower than budgeted rates, timing of interest payments.
Commuter Railroads	0.7	0.0	0.7		
MTA Bus	0.0	0.0	0.0		
<i>Commercial Paper Subtotal</i>	\$1.8	\$0.1	\$1.7	94.5%	
2 Broadway COPs:					
NYC Transit	\$1.5	\$1.5	(\$0.0)		
Bridges & Tunnels	0.2	0.2	(0.0)		
MTA HQ	0.2	0.2	(0.0)		
<i>2 Broadway COPs Subtotal</i>	\$1.9	\$1.9	(\$0.0)	0.0%	
TBTA General Resolution (2)					
NYC Transit	\$14.7	\$15.1	(\$0.3)		
Commuter Railroads	6.9	7.1	(0.2)		
Bridges & Tunnels	18.4	18.2	0.2		
<i>TBTA General Resolution Subtotal</i>	\$40.0	\$40.3	(\$0.3)	-0.7%	
TBTA Subordinate (2)					
NYC Transit	\$5.5	\$7.4	(\$1.9)		Timing of debt service deposits .
Commuter Railroads	2.4	3.2	(0.8)		
Bridges & Tunnels	2.2	2.9	(0.7)		
<i>TBTA Subordinate Subtotal</i>	\$10.1	\$13.5	(\$3.4)	-33.6%	
<b>Total Debt Service</b>	<b>\$211.4</b>	<b>\$167.8</b>	<b>\$43.6</b>	<b>20.6%</b>	
Debt Service by Agency:					
NYC Transit	\$126.3	\$101.1	\$25.2		
Commuter Railroads	62.2	43.0	19.2		
MTA Bus	1.9	2.2	(0.3)		
Bridges & Tunnels	20.8	21.3	(0.5)		
MTA HQ	0.2	0.2	(0.0)		
<b>Total Debt Service</b>	<b>\$211.4</b>	<b>\$167.8</b>	<b>\$43.6</b>	<b>20.6%</b>	

**Notes:**

- (1) Forecasted debt service is calculated based upon projected monthly deposits from available pledged revenues into debt service accounts. Actual payments to bondholders are made from the debt service accounts when due as required for each series of bonds and do not conform to this schedule.
- (2) Generally, the calendarization of monthly debt service deposits is calculated by dividing projected annual debt service by 12. Month to month variations ("timing differences") on the existing debt portfolio can occur based upon, among other things, (a) for all bonds, the date when income from the securities in which the debt service accounts are invested becomes available varies, (b) for variable rate financings, differences between (i) the budgeted interest rate and the actual interest rate, (ii) projected interest payment dates to bondholders and actual interest payment dates to bondholders, and (iii) projected monthly funding dates for accrued debt service and actual funding dates, (c) for transactions with swaps, the difference between when MTA/TBTA funds debt service and the receipt of the corresponding swap payment by the counterparty, and difference between rates received and rates paid and (d) for commercial paper, the interest payment date is the date of the maturity of the commercial paper and the dealers set the term of the commercial paper from 1 to 270 days, which is not foreseeable at the time the annual debt service budgets are prepared.
- (3) Debt service is allocated among Transit, Commuter, MTA Bus, and TBTA categories based on actual spending of bond proceeds for approved capital projects. Allocation of 2 Broadway COPs is based on occupancy.  
*Totals may not add due to rounding.*

**METROPOLITAN TRANSPORTATION AUTHORITY  
FEBRUARY FINANCIAL PLAN - ADOPTED BUDGET  
DEBT SERVICE  
(\$ in millions)**

**February 2014 Year-to-Date**

	Adopted Budget	Actual	Variance	% Variance	Explanation
Dedicated Tax Fund:					
NYC Transit	\$65.6	\$62.1	\$3.5		Timing of bond issuances and lower than budgeted variable debt rates.
Commuter Railroads	13.4	12.4	1.0		
<i>Dedicated Tax Fund Subtotal</i>	\$79.0	\$74.5	\$4.5	5.7%	
MTA Transportation Revenue:					
NYC Transit	\$120.1	\$108.6	\$11.4		Timing of bond issuances and lower than budgeted variable debt rates.
Commuter Railroads	77.7	67.7	10.0		
MTA Bus	3.1	4.6	(1.5)		
<i>MTA Transportation Subtotal</i>	\$200.9	\$181.0	\$19.9	9.9%	
Commercial Paper:					
NYC Transit	\$2.2	\$0.1	\$2.1		Lower than budgeted rates, timing of interest payments.
Commuter Railroads	1.4	0.0	1.4		
MTA Bus	0.0	0.0	0.0		
<i>Commercial Paper Subtotal</i>	\$3.7	\$0.1	\$3.6	97.1%	
2 Broadway COPs:					
NYC Transit	\$3.0	\$2.9	\$0.0		
Bridges & Tunnels	0.4	0.4	0.0		
MTA HQ	0.4	0.4	0.0		
<i>2 Broadway COPs Subtotal</i>	\$3.8	\$3.7	\$0.0	0.8%	
TBTA General Resolution (2)					
NYC Transit	\$29.5	\$26.7	\$2.8		Timing of bond issuances and lower than budgeted variable debt rates.
Commuter Railroads	13.9	12.6	1.3		
Bridges & Tunnels	36.7	32.2	4.5		
<i>TBTA General Resolution Subtotal</i>	\$80.1	\$71.5	\$8.6	10.7%	
TBTA Subordinate (2)					
NYC Transit	\$11.0	\$9.7	\$1.3		Lower than budgeted variable debt rates.
Commuter Railroads	4.8	4.3	0.6		
Bridges & Tunnels	4.4	3.8	0.5		
<i>TBTA Subordinate Subtotal</i>	\$20.2	\$17.9	\$2.4	11.6%	
<b>Total Debt Service</b>	<b>\$387.7</b>	<b>\$348.7</b>	<b>\$39.0</b>	<b>10.1%</b>	
Debt Service by Agency:					
NYC Transit	\$231.4	\$210.2	\$21.2		
Commuter Railroads	111.3	97.0	14.3		
MTA Bus	3.2	4.6	(1.5)		
Bridges & Tunnels	41.5	36.5	5.0		
MTA HQ	0.4	0.4	0.0		
<b>Total Debt Service</b>	<b>\$387.7</b>	<b>\$348.7</b>	<b>\$39.0</b>	<b>10.1%</b>	

**Notes:**

- (1) Forecasted debt service is calculated based upon projected monthly deposits from available pledged revenues into debt service accounts. Actual payments to bondholders are made from the debt service accounts when due as required for each series of bonds and do not conform to this schedule.
- (2) Generally, the calendarization of monthly debt service deposits is calculated by dividing projected annual debt service by 12. Month to month variations ("timing differences") on the existing debt portfolio can occur based upon, among other things, (a) for all bonds, the date when income from the securities in which the debt service accounts are invested becomes available varies, (b) for variable rate financings, differences between (i) the budgeted interest rate and the actual interest rate, (ii) projected interest payment dates to bondholders and actual interest payment dates to bondholders, and (iii) projected monthly funding dates for accrued debt service and actual funding dates, (c) for transactions with swaps, the difference between when MTA/TBTA funds debt service and the receipt of the corresponding swap payment by the counterparty, and difference between rates received and rates paid and (d) for commercial paper, the interest payment date is the date of the maturity of the commercial paper and the dealers set the term of the commercial paper from 1 to 270 days, which is not foreseeable at the time the annual debt service budgets are prepared.
- (3) Debt service is allocated among Transit, Commuter, MTA Bus, and TBTA categories based on actual spending of bond proceeds for approved capital projects. Allocation of 2 Broadway COPs is based on occupancy.  
*Totals may not add due to rounding.*

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2014 Adopted Budget**  
**Cash Subsidy Detail by Agency**  
(\$ in millions)

February 2014

Cash Subsidies:	NYC Transit			Commuter Railroads			SIR			MTA Bus			MTAHC			TOTAL		
	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance
<b>Dedicated Taxes</b>																		
MMTQA <sup>1</sup>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Petroleum Business Tax	43.3	60.5	17.3	7.8	10.7	3.0	-	-	-	-	-	-	-	-	-	50.9	71.2	20.3
MRT <sup>2</sup> 1 (Gross)	-	-	-	-	-	-	-	-	-	-	-	-	23.0	25.0	2.0	23.0	25.0	2.0
MRT <sup>2</sup> 2 (Gross)	-	-	-	-	-	-	-	-	-	-	-	-	10.4	7.8	(2.6)	10.4	7.8	(2.6)
Other MRT <sup>2</sup> Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Urban Tax	44.1	74.2	30.1	-	-	-	-	-	-	-	-	-	-	-	-	44.1	74.2	30.1
	\$87.3	\$134.7	\$47.4	\$7.8	\$10.7	\$3.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$33.4	\$32.8	(\$0.6)	\$128.3	\$178.2	\$49.8
<b>New State Taxes and Fees</b>																		
Payroll Mobility Tax	145.4	235.3	89.9	37.5	60.7	23.2	-	-	-	-	-	-	-	-	-	183.0	206.0	113.0
Payroll Mobility Tax Replacement Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
MTA Act <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
	\$145.4	\$235.3	\$89.9	\$37.5	\$60.7	\$23.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$183.0	\$206.0	\$113.0
<b>State and Local Subsidies</b>																		
NYS Operating Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
<b>NYC and Local 18b:</b>																		
New York City	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Nassau County	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Suffolk County	-	-	-	0.0	1.9	1.9	-	-	-	-	-	-	-	-	-	0.0	1.9	1.9
Westchester County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Putnam County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Dutchess County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Orange County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Rockland County	-	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
CDOT Subsidies	-	-	-	9.3	23.4	14.1	-	-	-	-	-	-	-	-	-	9.3	23.4	14.1
Station Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
	\$0.0	\$0.0	\$0.0	\$9.3	\$23.4	\$14.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.3	\$23.4	\$14.1
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$232.8</b>	<b>\$370.0</b>	<b>\$137.2</b>	<b>\$54.5</b>	<b>\$96.7</b>	<b>\$42.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$33.4</b>	<b>\$32.8</b>	<b>(\$0.6)</b>	<b>\$320.6</b>	<b>\$499.5</b>	<b>\$178.9</b>
City Subsidy to MTA Bus	-	-	-	-	-	-	-	-	-	\$18.5	18.5	-	-	-	-	18.5	18.5	0.0
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$232.8</b>	<b>\$370.0</b>	<b>\$137.2</b>	<b>\$54.5</b>	<b>\$96.7</b>	<b>\$42.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$18.5</b>	<b>\$18.5</b>	<b>\$0.0</b>	<b>\$33.4</b>	<b>\$32.8</b>	<b>(\$0.6)</b>	<b>\$339.1</b>	<b>\$518.0</b>	<b>\$178.9</b>
<b>Inter-Agency Subsidy Transactions</b>																		
B&T Operating Surplus Transfer	37.0	21.7	(15.3)	57.0	46.2	(10.8)	-	-	-	-	-	-	-	-	-	94.0	67.9	(26.1)
	\$37.0	\$21.7	(\$15.3)	\$57.0	\$46.2	(\$10.8)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$94.0	\$67.9	(\$26.1)
<b>Total Cash Subsidies</b>	<b>\$269.8</b>	<b>\$391.7</b>	<b>\$121.9</b>	<b>\$111.5</b>	<b>\$142.9</b>	<b>\$31.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$18.5</b>	<b>\$18.5</b>	<b>\$0.0</b>	<b>\$33.4</b>	<b>\$32.8</b>	<b>(\$0.6)</b>	<b>\$433.1</b>	<b>\$585.9</b>	<b>\$152.8</b>

<sup>1</sup> Metropolitan Mass Transportation Operating Assistance Fund  
<sup>2</sup> License, Vehicle Registration, Taxi and Auto Rental Fees  
Note: Differences are due to rounding.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2014 Adopted Budget**  
**Cash Subsidy Detail by Agency**  
(\$ in millions)

Cash Subsidies:	Year-to-Date																	
	NYC Transit			Commuter Railroads			MTA Bus			MTA Bus			MTA Bus			TOTAL		
	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance
<b>Dedicated Taxes</b>																		
MMTOA <sup>TM</sup>	\$0.0	0.0	0.0	\$0.0	0.0	0.0	\$0.0	0.0	0.0	\$0.0	\$0.0	0.0	\$0.0	\$0.0	0.0	\$0.0	\$0.0	0.0
Petroleum Business Tax	84.8	84.9	0.1	15.0	15.0	0.0	-	0.0	-	-	-	-	-	-	-	99.7	99.9	0.1
MRT <sup>TM</sup> 1 (Gross)	-	-	-	-	-	-	-	-	-	-	-	-	45.9	47.7	1.8	45.9	47.7	1.8
MRT <sup>TM</sup> 2 (Gross)	-	-	-	-	-	-	-	-	-	-	-	-	20.8	16.6	(4.2)	20.8	16.6	(4.2)
Urban Tax	88.1	174.8	86.6	-	-	-	-	-	-	-	-	-	-	-	-	88.1	174.8	86.6
	\$172.9	\$259.6	\$86.7	\$15.0	\$15.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$66.8	\$64.3	(\$2.5)	\$254.6	\$338.9	\$84.3
<b>New State Taxes and Fees</b>																		
Payroll Mobility Tax	251.5	235.3	(16.2)	64.8	60.7	(4.2)	-	-	-	-	-	-	-	-	-	316.3	296.0	(20.3)
Payroll Mobility Tax Replacement Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
MTA Aud <sup>4</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
	\$251.5	\$235.3	(\$16.2)	\$64.8	\$60.7	(\$4.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$316.3	\$296.0	(20.3)
<b>State and Local Subsidies</b>																		
NYS Operating Assistance	-	-	-	-	(0.5)	(0.5)	-	-	-	-	-	-	-	-	-	-	(0.5)	(0.5)
NYC and Local 18b																		
New York City	-	-	-	-	0.5	0.5	-	-	-	-	-	-	-	-	-	-	0.5	0.5
Nassau County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Suffolk County	-	-	-	-	1.9	1.9	-	-	-	-	-	-	-	-	-	-	1.9	1.9
Westchester County	-	-	-	-	1.8	1.8	-	-	-	-	-	-	-	-	-	-	1.8	1.8
Putnam County	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	0.1	0.1
Dutchess County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Orange County	-	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	0.0	0.0
Rockland County	-	-	-	-	0.0	0.0	-	-	-	-	-	-	-	-	-	-	0.0	0.0
CDOT Subsidies	-	-	-	18.8	33.1	14.2	-	-	-	-	-	-	-	-	-	18.8	33.1	14.2
Station Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
	\$0.0	\$0.0	\$0.0	\$18.8	\$36.9	\$18.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$18.8	\$36.9	\$18.1
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$424.4</b>	<b>\$495.0</b>	<b>\$70.6</b>	<b>\$98.6</b>	<b>\$112.6</b>	<b>\$13.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$66.8</b>	<b>\$64.3</b>	<b>(\$2.5)</b>	<b>\$589.8</b>	<b>\$671.8</b>	<b>\$82.0</b>
City Subsidy to MTA Bus	-	-	-	-	-	-	-	-	-	37.0	37.0	-	-	-	-	37.0	37.0	0.0
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$424.4</b>	<b>\$495.0</b>	<b>\$70.6</b>	<b>\$98.6</b>	<b>\$112.6</b>	<b>\$13.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$37.0</b>	<b>\$37.0</b>	<b>\$0.0</b>	<b>\$66.8</b>	<b>\$64.3</b>	<b>(\$2.5)</b>	<b>\$626.8</b>	<b>\$708.8</b>	<b>\$82.0</b>
<b>Inter-Agency Subsidy Transactions</b>																		
B&T Operating Surplus Transfer	37.0	21.7	(15.3)	57.0	46.2	(10.8)	-	-	-	-	-	-	-	-	-	94.0	67.9	(26.1)
	\$37.0	\$21.7	(\$15.3)	\$57.0	\$46.2	(\$10.8)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$94.0	\$67.9	(26.1)
<b>Total Cash Subsidies</b>	<b>\$461.4</b>	<b>\$516.6</b>	<b>\$55.3</b>	<b>\$155.6</b>	<b>\$158.8</b>	<b>\$3.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$37.0</b>	<b>\$37.0</b>	<b>\$0.0</b>	<b>\$66.8</b>	<b>\$64.3</b>	<b>(\$2.5)</b>	<b>\$720.8</b>	<b>\$776.8</b>	<b>\$56.0</b>

<sup>1</sup> Metropolitan Mass Transportation Operating Assistance Fund

<sup>4</sup> License, Vehicle Registration, Taxi and Auto Rental Fees

Note: Differences are due to rounding.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2014 Adopted Budget**  
**Consolidated Subsidy Cash**  
**Explanation of Variances**  
(\$ in millions)

**February 2014**

Cash Subsidies	Variance \$	Variance %	Explanations
<b>Dedicated Taxes</b>			
Petroleum Business Tax	20.3	39.9%	The favorable variance for the month was due to timing. The YTD results were on target.
MRT <sup>(b)</sup> 1 (Gross)	2.0	8.8%	MRT-1 cash receipts were higher than the budget for the month and year-to-date.
MRT <sup>(b)</sup> 2 (Gross)	(2.5)	-25.1%	MRT-2 cash receipts were below the budget for the month and year-to-date.
Urban Tax	30.1	66.3%	The favorable cash variance for the month and year-to-date were due to stronger than expected real estate activity in New York City.
Payroll Mobility Tax	113.0	61.8%	The favorable cash variance was due to higher than expected receipts for the month due to timing of payment. January Payroll Mobility Tax payment was not received from the State until early February.
Suffolk County	1.9	>100%	The favorable variance was primarily due to the timing of payment.
Dutchess County	-	>100%	The favorable variance was primarily due to the timing of payment.
COOT Subsidies	14.1	>100%	The favorable variance for the month was primarily due to timing.
B&T Operating Surplus Transfer	(26.1)	(27.7%)	The unfavorable variance was due mostly timing of transfer.

**Year-to-Date**

Cash Subsidies	Variance \$	Variance %	Explanations
MRT <sup>(b)</sup> 1 (Gross)	1.8	3.6%	See explanation for the month.
MRT <sup>(b)</sup> 2 (Gross)	(4.2)	-20.3%	See explanation for the month.
Urban Tax	66.6	98.3%	See explanation for the month.
Payroll Mobility Tax	(20.3)	(6.4%)	See explanation for the month.
New York City	0.5	>100%	The favorable YTD variance was due to the timing of payment.
Suffolk County	1.9	>100%	The favorable YTD variance was due to the timing of payment.
Westchester County	1.8	>100%	The favorable YTD variance was due to the timing of payment.
Putnam County	0.1	>100%	The favorable YTD variance was due to the timing of payment.
Rockland County	0.0	>100%	See explanation for the month.
COOT Subsidies	14.2	68.7%	See explanation for the month.
B&T Operating Surplus Transfer	(26.1)	(100.0%)	See explanation for the month.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2014 Adopted Budget**  
**Total Positions by Function and Agency**  
**February 2014**

Category	Adopted Budget	Actual	Favorable/ (Unfavorable)
<b>Total Positions</b>	<b>67,900</b>	<b>66,160</b>	<b>1,740</b>
NYC Transit	46,811	46,131	680
Long Island Rail Road	7,058	6,811	247
Metro-North Railroad	6,400	6,107	293
Bridges & Tunnels	1,746	1,536	210
Headquarters	1,765	1,620	145
Staten Island Railway	266	269	17
Capital Construction Company	130	121	9
Bus Company	3,704	3,565	139
<b>Non-reimbursable</b>	<b>61,492</b>	<b>61,198</b>	<b>296</b>
NYC Transit	42,033	42,280	(247)
Long Island Rail Road	6,292	6,321	(29)
Metro-North Railroad	5,897	5,801	97
Bridges & Tunnels	1,858	1,448	210
Headquarters	1,704	1,578	126
Staten Island Railway	268	261	7
Capital Construction Company	-	-	-
Bus Company	3,640	3,509	131
<b>Reimbursable</b>	<b>6,408</b>	<b>4,962</b>	<b>1,446</b>
NYC Transit	4,778	3,851	927
Long Island Rail Road	766	490	276
Metro-North Railroad	503	306	196
Bridges & Tunnels	88	88	-
Headquarters	61	42	19
Staten Island Railway	18	8	10
Capital Construction Company	130	121	9
Bus Company	64	56	8
<b>Total Full Time</b>	<b>67,718</b>	<b>65,903</b>	<b>1,815</b>
NYC Transit	46,645	45,892	753
Long Island Rail Road	7,058	6,811	247
Metro-North Railroad	6,399	6,106	293
Bridges & Tunnels	1,746	1,536	210
Headquarters	1,765	1,620	145
Staten Island Railway	266	269	17
Capital Construction Company	130	121	9
Bus Company	3,689	3,548	141
<b>Total Full-Time Equivalents</b>	<b>182</b>	<b>257</b>	<b>(75)</b>
NYC Transit	166	239	(73)
Long Island Rail Road	-	-	-
Metro-North Railroad	1	1	-
Bridges & Tunnels	-	-	-
Headquarters	-	-	-
Staten Island Railway	-	-	-
Capital Construction Company	-	-	-
Bus Company	15	17	(2)

Note: Totals may differ due to rounding

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2014 Adopted Budget**  
**Total Positions by Function and Agency**  
**February 2014**

<b>Function/Agency</b>	<b>Adopted Budget</b>	<b>Actual</b>	<b>Favorable/ (Unfavorable)</b>
<b>Administration</b>	<b>4,278</b>	<b>4,017</b>	<b>261</b>
NYC Transit	1,788	1,803	(15)
Long Island Rail Road	657	624	33
Metro-North Railroad	599	506	93
Bridges & Tunnels	84	80	4
Headquarters	965	848	117
Staten Island Railway	25	25	-
Capital Construction Company	16	16	-
Bus Company	144	115	29
<b>Operations</b>	<b>29,673</b>	<b>29,071</b>	<b>603</b>
NYC Transit	22,236	21,941	295
Long Island Rail Road	2,360	2,298	62
Metro-North Railroad	1,788	1,754	34
Bridges & Tunnels	769	617	152
Headquarters	-	-	-
Staten Island Railway	91	88	3
Capital Construction Company	-	-	-
Bus Company	2,429	2,373	56
<b>Maintenance</b>	<b>30,330</b>	<b>29,638</b>	<b>692</b>
NYC Transit	20,887	20,539	348
Long Island Rail Road	3,908	3,778	128
Metro-North Railroad	3,903	3,753	150
Bridges & Tunnels	403	385	18
Headquarters	-	-	-
Staten Island Railway	155	151	4
Capital Construction Company	-	-	-
Bus Company	1,076	1,032	44
<b>Engineering/Capital</b>	<b>1,908</b>	<b>1,810</b>	<b>96</b>
NYC Transit	1,274	1,276	(2)
Long Island Rail Road	135	111	24
Metro-North Railroad	110	94	16
Bridges & Tunnels	221	188	33
Headquarters	-	-	-
Staten Island Railway	15	5	10
Capital Construction Company	114	105	9
Bus Company	37	31	6
<b>Public Safety</b>	<b>1,713</b>	<b>1,624</b>	<b>89</b>
NYC Transit	626	572	54
Long Island Rail Road	-	-	-
Metro-North Railroad	-	-	-
Bridges & Tunnels	269	266	3
Headquarters	800	772	28
Staten Island Railway	-	-	-
Capital Construction Company	-	-	-
Bus Company	18	14	4
<b>Total Positions</b>	<b>67,900</b>	<b>66,160</b>	<b>1,740</b>



**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2014 Adopted Budget**  
**Total Positions by Function and Occupational Group**  
**February 2014**

<b>FUNCTION/OCCUPATIONAL GROUP</b>	<b>Adopted Budget</b>	<b>Actual</b>	<b>Variance Favorable/ (Unfavorable)</b>
<b>Administration</b>	<b>4,278</b>	<b>4,017</b>	<b>261</b>
Managers/Supervisors	1,727	1,498	230
Professional, Technical, Clerical	2,518	2,496	22
Operational Hourlies	32	23	9
<b>Operations</b>	<b>29,673</b>	<b>29,071</b>	<b>603</b>
Managers/Supervisors	3,414	3,286	127
Professional, Technical, Clerical	985	966	19
Operational Hourlies	25,275	24,818	457
<b>Maintenance</b>	<b>30,330</b>	<b>29,638</b>	<b>692</b>
Managers/Supervisors	5,368	5,086	282
Professional, Technical, Clerical	1,868	1,769	99
Operational Hourlies	23,095	22,783	311
<b>Engineering/Capital</b>	<b>1,906</b>	<b>1,810</b>	<b>96</b>
Managers/Supervisors	550	494	56
Professional, Technical, Clerical	1,344	1,312	32
Operational Hourlies	12	4	8
<b>Public Safety</b>	<b>1,713</b>	<b>1,624</b>	<b>89</b>
Managers/Supervisors	309	272	37
Professional, Technical, Clerical	147	125	22
Operational Hourlies	1,257	1,227	30
<b>Total Positions</b>	<b>67,900</b>	<b>66,160</b>	<b>1,740</b>
Managers/Supervisors	11,368	10,636	732
Professional, Technical, Clerical	6,862	6,669	194
Operational Hourlies	49,670	48,855	815

MTA Subsidy, Interagency Loan and Stabilization Fund Transactions - Cash Basis  
(millions)

	<u>Current Month Stabilization Fund</u>			<u>Year to Date Stabilization Fund</u>		
	<u>Commuter</u>	<u>Transit</u>	<u>Total</u>	<u>Commuter</u>	<u>Transit</u>	<u>Total</u>
	<u>(General Fd)</u>	<u>(TA Stab)</u>		<u>(General Fd)</u>	<u>(TA Stab)</u>	
From Date:	02/01/14	02/01/14	02/01/14	01/01/14	01/01/14	01/01/14
To Date:	02/28/14	02/28/14	02/28/14	02/28/14	02/28/14	02/28/14
<b>Opening Balance</b>	\$81.830	\$205.925	\$287.755	\$190.129	\$179.796	\$369.925
<b>RECEIPTS</b>						
Interest Earnings	0.013	0.013	0.026	0.029	0.021	0.050
<b>New York State</b>						
State and regional mass transit taxes - MMTOA	0.000	0.000	0.000	0.000	0.000	0.000
MTTF	10.678	60.509	71.187	14.979	84.884	99.863
Total Dedicated Taxes Received	10.678	60.509	71.187	14.979	84.884	99.863
Less DTF Debt Service	8.135	37.690	45.825	12.437	62.065	74.502
Net Dedicated Taxes for Operations	2.543	22.819	25.361	2.543	22.819	25.361
Payroll Mobility Tax	0.000	8.262	8.262	0.000	76.967	76.967
MTA Aid Trust Taxes	0.000	0.000	0.000	0.000	0.000	0.000
Operating Assistance - 18b	0.000	0.000	0.000	0.000	0.000	0.000
NYS School Fares	0.000	6.313	6.313	0.000	6.313	6.313
Additional Mass Transp Operating Assistance	0.000	n/a	0.000	0.000	n/a	0.000
Total - New York State	\$2.543	\$37.394	\$39.936	\$2.543	\$106.099	\$108.641
<b>Local</b>						
Dutchess County						
Operating Assistance - 18b	\$0.000	n/a	\$0.000	\$0.000	n/a	\$0.000
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Nassau County						
Operating Assistance - 18b	0.000	n/a	0.000	0.000	n/a	0.000
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
New York City						
Operating Assistance - 18b	0.000	0.000	0.000	0.000	0.000	0.000
Urban - Real Property & Mortgage Recording Tax	n/a	74.185	74.185	n/a	174.750	174.750
Additional Assistance New York City	n/a	0.000	0.000	n/a	0.000	0.000
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Orange County						
Operating Assistance - 18b	0.000	n/a	0.000	0.037	n/a	0.037
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Pulnam County						
Operating Assistance - 18b	0.000	n/a	0.000	0.095	n/a	0.095
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Rockland County						
Operating Assistance - 18b	0.015	n/a	0.015	0.015	n/a	0.015
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Suffolk County						
Operating Assistance - 18b	1.879	n/a	1.879	1.879	n/a	1.879
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Westchester County						
Operating Assistance - 18b	0.000	n/a	0.000	1.836	n/a	1.836
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Total - Local	\$1.894	\$74.185	\$76.079	\$3.861	\$174.750	\$178.611

MTA Subsidy, Interagency Loan and Stabilization Fund Transactions - Cash Basis  
(millions)

	<u>Current Month Stabilization Fund</u>			<u>Year to Date Stabilization Fund</u>		
	<u>Commuter</u> <u>(General Fd)</u>	<u>Transit</u> <u>(TA Stab)</u>	<u>Total</u>	<u>Commuter</u> <u>(General Fd)</u>	<u>Transit</u> <u>(TA Stab)</u>	<u>Total</u>
From Date:	02/01/14	02/01/14	02/01/14	01/01/14	01/01/14	01/01/14
To Date:	02/28/14	02/28/14	02/28/14	02/28/14	02/28/14	02/28/14
<b><u>MTA Bridges and Tunnels- Surplus Transfers</u></b>	46.249	21.687	67.936	46.249	21.687	67.936
Total Subsidy and Other Receipts	\$50.686	\$133.265	\$183.951	\$52.653	\$302.536	\$355.189
<b><u>MTA Sources for Interagency Loans</u></b>						
B&T Necessary Reconstruction Reserve	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
MTA Capital Program - Non-Resolution Funds	0.000	0.000	0.000	0.000	0.000	0.000
MRT-2 Corporate Account	0.000	0.000	0.000	0.000	0.000	0.000
2012 OPEB Loan	0.000	0.000	0.000	0.000	0.000	0.000
Total Loans	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Receipts and Loans Received	\$50.699	\$133.278	\$183.977	\$52.682	\$302.536	\$355.239

Continued on Next Page

Continued on Next Page

MTA Subsidy, Interagency Loan and Stabilization Fund Transactions - Cash Basis  
(millions)

	<u>Current Month Stabilization Fund</u>			<u>Year to Date Stabilization Fund</u>		
	<u>Commuter</u>	<u>Transit</u>	<u>Total</u>	<u>Commuter</u>	<u>Transit</u>	<u>Total</u>
	<u>(General Fd)</u>	<u>(TA Stab)</u>		<u>(General Fd)</u>	<u>(TA Stab)</u>	
From Date:	02/01/14	02/01/14	02/01/14	01/01/14	01/01/14	01/01/14
To Date:	02/28/14	02/28/14	02/28/14	02/28/14	02/28/14	02/28/14
<b><u>Brought forward from prior page</u></b>						
Opening Balance	\$81.830	\$205.925	\$287.755	\$190.129	\$179.796	\$369.925
Total Receipts and Loans Received	50.699	133.278	183.977	52.682	302.556	355.239
Total Cash and Receipts Available	\$132.529	\$339.203	\$471.732	\$242.812	\$482.352	\$725.164
<b><u>DISBURSEMENTS</u></b>						
<b><u>Revenue Supported Debt Service</u></b>	24.725	41.151	65.876	69.433	114.695	184.128
<b><u>Agency Operations</u></b>						
MTA Long Island Railroad	54.660	0.000	54.660	101.400	0.000	101.400
MTA Metro-North Rail Road	16.391	0.000	16.391	35.225	0.000	35.225
MTA New York City Transit	0.000	208.262	208.262	0.000	276.967	276.967
MTA NYCT for SIRTOA	0.000	0.000	0.000	0.000	0.900	0.900
Capital Program Contribution	0.000	0.000	0.000	0.000	0.000	0.000
Forward Energy Contracts	0.000	0.000	0.000	0.000	0.000	0.000
Capital Security Account	0.000	0.000	0.000	0.000	0.000	0.000
Total Debt Service and Operations	\$95.776	\$249.413	\$345.189	\$206.058	\$392.562	\$598.621
<b><u>Repayment of Interagency Loans</u></b>						
B&T Necessary Reconstruction Reserve	0.000	0.000	0.000	0.000	0.000	0.000
MTA Capital Program - Non-Resolution Funds	0.000	0.000	0.000	0.000	0.000	0.000
MRT-2 Corporate Account	0.000	0.000	0.000	0.000	0.000	0.000
2012 OPEB Loan	0.000	0.000	0.000	0.000	0.000	0.000
Total Loans Payback	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Total Disbursements	\$95.776	\$249.413	\$345.189	\$206.058	\$392.562	\$598.621
<b><u>STABILIZATION FUND BALANCE</u></b>	<b><u>\$36.753</u></b>	<b><u>\$89.790</u></b>	<b><u>\$126.543</u></b>	<b><u>\$36.753</u></b>	<b><u>\$89.790</u></b>	<b><u>\$126.543</u></b>
<b><u>Ending Loan Balances</u></b>						
B&T Necessary Reconstruction Reserve	0.000	0.000	0.000	0.000	0.000	0.000
MTA Capital Program - Non-Resolution Funds	0.000	200.000	200.000	0.000	200.000	200.000
MRT-2 Corporate Account	0.000	0.000	0.000	0.000	0.000	0.000
2012 OPEB Loan	0.000	0.000	0.000	0.000	0.000	0.000
	<b><u>\$0.000</u></b>	<b><u>\$200.000</u></b>	<b><u>\$200.000</u></b>	<b><u>\$0.000</u></b>	<b><u>\$200.000</u></b>	<b><u>\$200.000</u></b>
<b><u>End of Month NYCT Operating Fund borrowing from</u></b>						
<b><u>MTA Invest Pool not included in Ending Loan Balances</u></b>						
<b><u>above</u></b>	n/a	\$452.055	\$452.055	n/a	\$452.055	\$452.055
<b><u>Total Loan Balances (including negative Operating and Stabilization Fund Balances)</u></b>				\$0.000	\$652.055	\$652.055

**METROPOLITAN TRANSPORTATION AUTHORITY  
FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS  
2014 ADOPTED BUDGET AND ACTUALS  
FEBRUARY 2014**

<b>FAREBOX RECOVERY RATIOS</b>		
	<b>2014 <u>Adopted Budget</u></b>	<b>2014 <u>YTD Actual</u></b>
New York City Transit	38.0%	44.2%
Staten Island Railway	12.2%	11.4%
Long Island Rail Road	31.5%	29.6%
Metro-North Railroad	42.5%	40.7%
Bus Company	<u>30.9%</u>	<u>27.6%</u>
<b>MTA Agency Average</b>	<b>37.2%</b>	<b>40.5%</b>

<b>FAREBOX OPERATING RATIOS</b>		
	<b>2014 <u>Adopted Budget</u></b>	<b>2014 <u>YTD Actual</u></b>
New York City Transit	59.3%	59.7%
Staten Island Railway	17.7%	15.9%
Long Island Rail Road	45.5%	43.6%
Metro-North Railroad	59.8%	54.3%
Bus Company	<u>37.1%</u>	<u>33.5%</u>
<b>MTA Agency Average</b>	<b>56.0%</b>	<b>55.0%</b>

Farebox recovery ratio has a long-term focus. It includes costs that are not funded in the current year, except in an accounting-ledger sense, but are, in effect, passed on to future years. Those costs include depreciation and interest on long-term debt. Approximately 20% (and sometimes more) of MTA costs are not recovered in the current year from farebox revenues, other operating revenues or subsidies. That is why MTA operating statements generally show deficits. In addition, the recovery ratio allocates centralized MTA services to the Agencies, such as Security, the costs of the Inspector General, Civil Rights, Audit, Risk Management, Legal and Shared Services.

Farebox operating ratio focuses on Agency operating financial performance. It reflects the way MTA meets its statutory and bond-covenant budget-balancing requirements, and it excludes certain cost that are not subject to Agency control, but are provided centrally by MTA.

In the agenda materials for the Meeting of the Metro-North and Long Island Committees, the calculations of the farebox operating and recovery ratios for the LIRR and MNR use a revised methodology to put the railroads on a more comparable basis. Those statistics, which are included in the respective financial and ridership reports of both Agencies, differ from the statistics presented in this table.



Metropolitan Transportation Authority

State of New York

New York City Transit  
Long Island Rail Road  
Metro-North Railroad  
Bridges and Tunnels  
Bus Company

## **Report on Revenue Passengers and Vehicles Ridership Data Thru February, 2014**

**NOTE: Ridership data are preliminary and subject to revision as well as adjustments warranted by annual audit review.**

Prepared by:  
MTA Division of Management & Budget

Tuesday, April 07, 2014

# Metropolitan Transportation Authority

February

Revenue Passengers	2012	2013	Percent Change	2014	Percent Change
MTA New York City Transit	186,804,379	180,355,395	-3.45%	177,973,730	-1.32%
MTA New York City Subway	132,381,109	127,900,426	-3.38%	129,755,046	1.45%
MTA New York City Bus	54,423,270	52,454,969	-3.62%	48,218,684	-8.08%
MTA Staten Island Railway	367,154	315,778	-13.99%	315,523	-0.08%
MTA Long Island Rail Road	6,373,028	6,020,679	-5.53%	6,107,685	1.45%
MTA Metro-North Railroad	6,395,893	5,996,007	-6.25%	5,963,982	-0.53%
East of Hudson	6,265,036	5,883,759	-6.09%	5,846,637	-0.63%
Harlem Line	2,075,606	1,979,265	-4.64%	1,958,247	-1.06%
Hudson Line	1,201,829	1,151,020	-4.23%	1,134,114	-1.47%
New Haven Line	2,987,601	2,753,474	-7.84%	2,754,276	0.03%
West of Hudson	130,857	112,248	-14.22%	117,345	4.54%
Port Jervis Line	81,766	69,549	-14.94%	71,485	2.78%
Pascack Valley Line	49,091	42,699	-13.02%	45,860	7.40%
MTA Bus Company	9,754,429	9,649,044	-1.08%	8,997,353	-6.75%
MTA Bridges & Tunnels	21,280,142	19,831,970	-6.81%	18,705,543	-5.68%
Total All Agencies	209,694,883	202,336,902	-3.51%	199,358,273	-1.47%
(Excludes Bridges & Tunnels)					
Weekdays:	20	19		19	
Holidays:	1	1		1	
Weekend Days:	8	8		8	
Days	29	28		28	

Monday, April 07, 2014

# Metropolitan Transportation Authority

February

Revenue Passengers Year to Date	2012	2013	Percent Change	2014	Percent Change
<b>MTA New York City Transit</b>	373,333,312	373,429,881	0.03%	366,157,385	-1.95%
MTA New York City Subway	265,193,887	264,979,521	-0.08%	266,902,409	0.73%
MTA New York City Bus	108,139,425	108,450,360	0.29%	99,254,976	-8.48%
<b>MTA Staten Island Railway</b>	752,798	681,809	-9.43%	672,744	-1.33%
<b>MTA Long Island Rail Road</b>	12,804,686	12,648,947	-1.22%	12,673,113	0.19%
<b>MTA Metro-North Railroad</b>	12,933,465	12,673,140	-2.01%	12,490,342	-1.44%
<i>East of Hudson</i>	12,673,012	12,443,332	-1.81%	12,244,845	-1.60%
Harlem Line	4,202,939	4,162,232	-0.97%	4,094,486	-1.63%
Hudson Line	2,430,112	2,401,890	-1.16%	2,364,115	-1.57%
New Haven Line	6,039,961	5,879,210	-2.66%	5,786,244	-1.58%
<i>West of Hudson</i>	260,453	229,808	-11.77%	245,497	6.83%
Port Jervis Line	162,336	143,119	-11.84%	149,129	4.20%
Pascack Valley Line	98,117	86,689	-11.65%	96,368	11.17%
<b>MTA Bus Company</b>	19,426,587	19,956,174	2.73%	18,427,769	-7.66%
<b>MTA Bridges &amp; Tunnels</b>	43,056,692	42,122,193	-2.17%	39,461,244	-6.32%
<b>Total All Agencies</b>	<b>419,250,848</b>	<b>419,389,951</b>	<b>0.03%</b>	<b>410,421,353</b>	<b>-2.14%</b>
(Excludes Bridges & Tunnels)					
Weekdays:	40	40		40	
Holidays:	3	3		3	
Weekend Days:	17	16		16	
Days	60	59		59	

Monday, April 07, 2014



# Metropolitan Transportation Authority

February

12 Month Averages	2012	2013	Percent Change	2014	Percent Change
MTA New York City Transit	193,866,036	193,549,121	-0.16%	198,154,387	2.38%
MTA New York City Subway	137,828,015	137,863,992	0.03%	142,456,550	3.33%
MTA New York City Bus	56,038,021	55,685,130	-0.63%	55,697,837	0.02%
MTA Staten Island Railway	387,179	364,515	-5.85%	350,958	-3.72%
MTA Long Island Rail Road	6,842,052	6,799,820	-0.62%	6,950,689	2.22%
MTA Metro-North Railroad	6,924,085	6,891,109	-0.48%	6,932,976	0.61%
East of Hudson	6,786,217	6,759,295	-0.40%	6,800,316	0.61%
Harlem Line	2,223,250	2,217,264	-0.27%	2,240,160	1.03%
Hudson Line	1,326,825	1,318,739	-0.61%	1,319,982	0.09%
New Haven Line	3,236,141	3,223,292	-0.40%	3,240,174	0.52%
West of Hudson	137,869	131,814	-4.39%	132,660	0.64%
Port Jervis Line	88,306	83,364	-5.60%	82,448	-1.10%
Pascack Valley Line	49,563	48,449	-2.25%	50,212	3.64%
MTA Bus Company	10,077,343	10,117,282	0.40%	10,285,232	1.66%
MTA Bridges & Tunnels	23,831,450	23,473,067	-1.50%	23,488,880	0.07%
Total All Agencies	218,096,695	217,721,848	-0.17%	222,674,242	2.27%
(Excludes Bridges & Tunnels)					
Weekdays:	20	19		19	
Holidays:	1	1		1	
Weekend Days:	8	8		8	
Days	29	28		28	

Monday, April 07, 2014

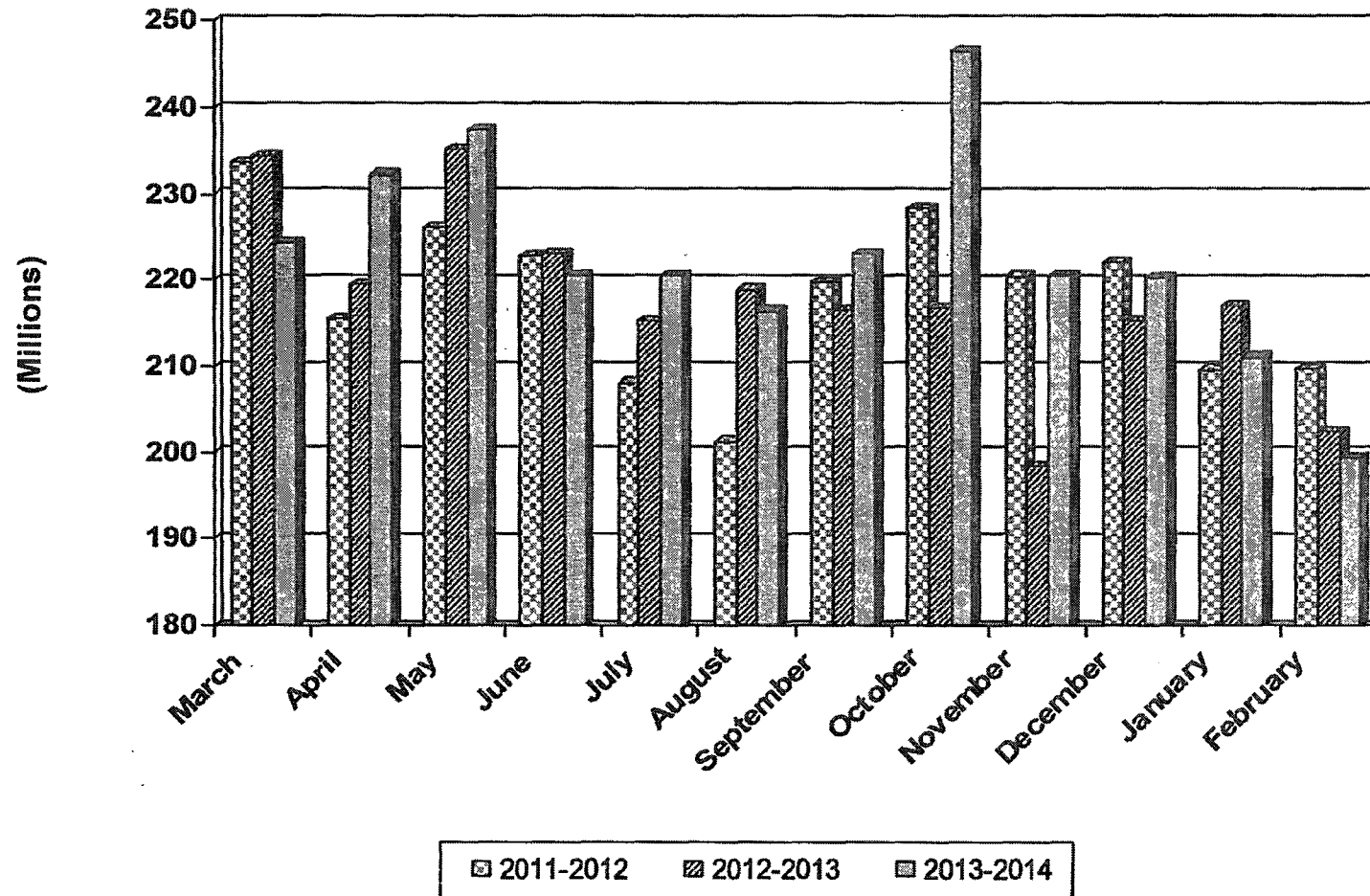
# Metropolitan Transportation Authority

February

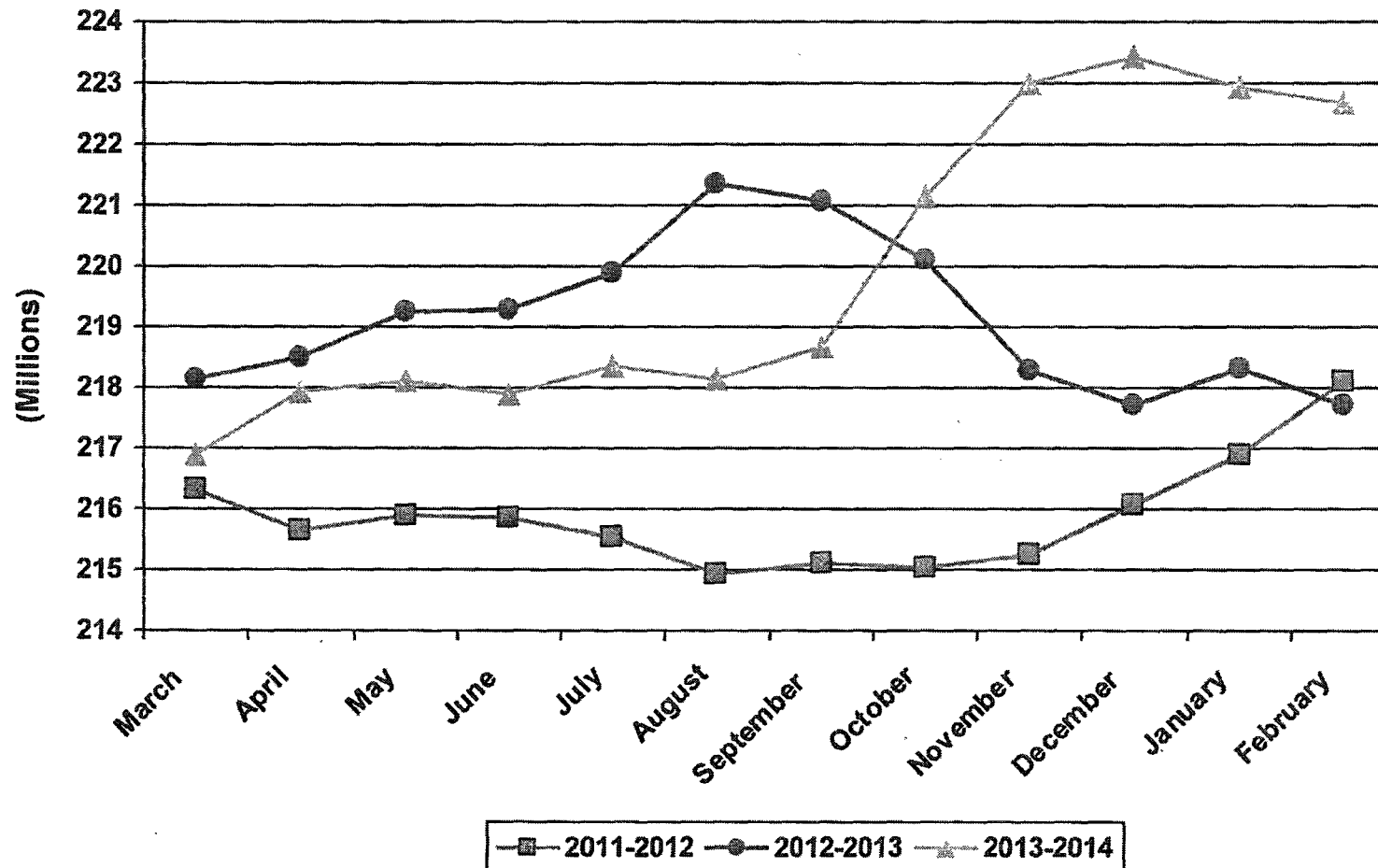
Average Weekday Passengers	2012	2013	Percent Change	2014	Percent Change
MTA New York City Transit	7,604,864	7,720,408	1.52%	7,443,821	-3.58%
MTA New York City Subway	5,391,274	5,466,124	1.39%	5,439,805	-0.48%
MTA New York City Bus	2,213,590	2,254,283	1.84%	2,004,016	-11.10%
MTA Staten Island Railway	16,578	15,075	-9.07%	14,880	-1.29%
MTA Long Island Rail Road	281,543	280,121	-0.51%	282,588	0.88%
MTA Metro-North Railroad	275,694	271,377	-1.57%	269,905	-0.54%
East of Hudson	269,157	265,484	-1.36%	263,746	-0.65%
Harlem Line	89,675	89,601	-0.08%	88,785	-0.91%
Hudson Line	51,721	51,876	0.30%	51,027	-1.64%
New Haven Line	127,761	124,008	-2.94%	123,934	-0.06%
West of Hudson	6,537	5,893	-9.85%	6,159	4.51%
Port Jervis Line	4,084	3,648	-10.67%	3,750	2.79%
Pascack Valley Line	2,453	2,245	-8.48%	2,409	7.31%
MTA Bus Company	405,847	424,297	4.55%	380,972	-10.21%
MTA Bridges & Tunnels	768,649	765,137	-0.46%	693,368	-9.38%
Total All Agencies	8,584,526	8,711,277	1.48%	8,392,166	-3.66%
(Excludes Bridges & Tunnels)					
Weekdays:	20	19		19	
Holidays:	1	1		1	
Weekend Days:	8	8		8	
Days	29	28		28	

Monday, April 07, 2014

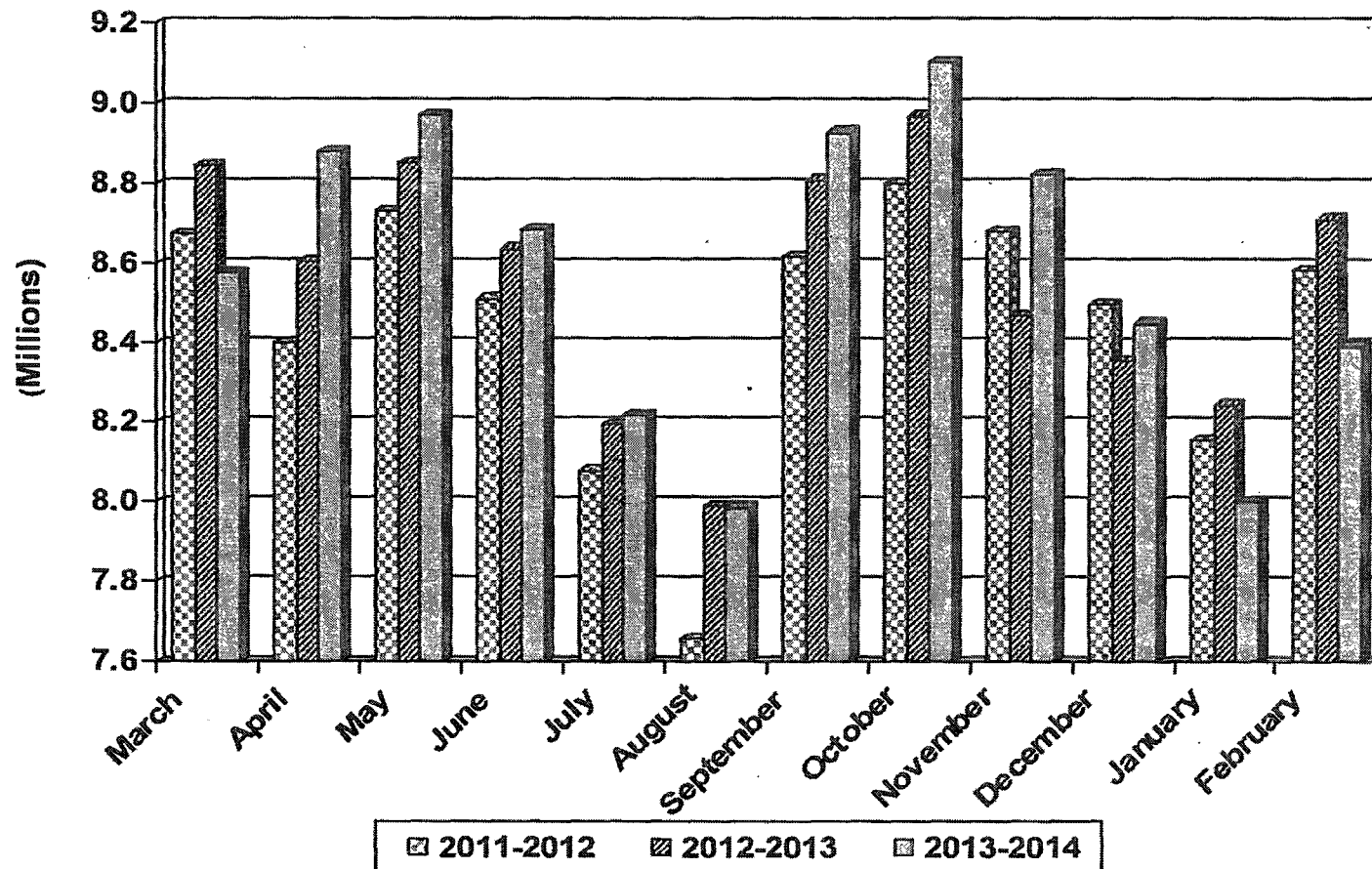
## Metropolitan Transportation Authority Revenue Passengers



## Metropolitan Transportation Authority 12 Month Averages



## Metropolitan Transportation Authority Average Weekday Passengers



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## Metropolitan Transportation Authority

Revenue Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	233,627,402	234,372,981	0.32%	224,234,827	-4.33%
April	215,451,398	219,593,763	1.92%	232,297,024	5.78%
May	226,092,925	235,143,368	4.00%	237,347,958	0.94%
June	222,851,516	223,139,032	0.13%	220,490,708	-1.19%
July	208,081,667	215,272,302	3.46%	220,562,209	2.46%
August	201,253,463	218,936,858	8.79%	216,372,684	-1.17%
September	219,746,517	216,478,722	-1.49%	223,125,464	3.07%
October	228,305,740	216,776,585	-5.05%	246,469,549	13.70%
November	220,397,845	198,318,886	-10.02%	220,519,382	11.19%
December	222,101,017	215,239,725	-3.09%	220,249,751	2.33%
January	209,555,965	217,053,049	3.58%	211,063,080	-2.76%
February	209,694,883	202,336,902	-3.51%	199,358,273	-1.47%
12 Month Ave	218,096,695	217,721,848	-0.17%	222,674,242	2.27%
Year-to-Date	419,260,848	419,389,951	0.03%	410,421,353	-2.14%
12 Month Averages					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	216,337,247	218,158,826	0.84%	216,877,001	-0.59%
April	215,630,241	218,504,024	1.33%	217,935,807	-0.26%
May	215,876,308	219,258,227	1.57%	218,119,322	-0.52%
June	215,855,304	219,282,187	1.59%	217,898,629	-0.63%
July	215,523,252	219,881,406	2.02%	218,339,454	-0.70%
August	214,944,285	221,355,023	2.98%	218,125,773	-1.46%
September	215,101,331	221,082,706	2.78%	218,679,668	-1.08%
October	215,041,777	220,121,943	2.36%	221,154,082	0.47%
November	215,266,775	218,282,030	1.40%	223,004,123	2.16%
December	216,064,856	217,710,256	0.76%	223,421,626	2.62%
January	216,888,138	218,335,013	0.67%	222,922,462	2.10%
February	218,096,695	217,721,848	-0.17%	222,674,242	2.27%
Average Weekday Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	8,673,184	8,842,851	1.96%	8,574,997	-3.03%
April	8,402,125	8,607,145	2.44%	8,877,146	3.14%
May	8,729,617	8,848,957	1.37%	8,971,881	1.39%
June	8,510,576	8,635,867	1.47%	8,686,937	0.59%
July	8,078,450	8,196,028	1.46%	8,215,514	0.24%
August	7,658,394	7,988,999	4.32%	7,986,317	-0.03%
September	8,616,006	8,806,848	2.21%	8,926,977	1.36%
October	8,797,407	8,967,293	1.93%	9,100,947	1.49%
November	8,677,409	8,467,584	-2.42%	8,823,310	4.20%
December	8,498,027	8,354,545	-1.69%	8,448,996	1.13%
January	8,152,931	8,243,726	1.11%	8,002,934	-2.92%
February	8,584,526	8,711,277	1.48%	8,392,166	-3.66%

## Metropolitan Transportation Authority

February

## MTA New York City Transit

Revenue Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	208,218,803	208,660,641	0.21%	199,523,012	-4.38%
April	191,839,355	195,344,365	1.83%	206,817,977	5.87%
May	201,322,443	209,359,911	3.99%	211,398,239	0.97%
June	197,684,348	198,122,467	0.22%	196,048,183	-1.05%
July	184,243,874	190,765,785	3.54%	195,519,881	2.49%
August	178,166,924	193,724,876	8.73%	191,741,194	-1.02%
September	195,244,293	192,555,771	-1.38%	198,671,419	3.18%
October	203,261,681	192,892,768	-5.10%	219,617,281	13.85%
November	195,963,623	176,579,235	-9.89%	196,664,216	11.37%
December	197,113,772	191,153,756	-3.02%	195,693,862	2.38%
January	186,528,933	193,074,487	3.51%	188,183,655	-2.53%
February	186,804,379	180,355,395	-3.45%	177,973,730	-1.32%
12 Month Ave	193,866,036	193,549,121	-0.16%	198,154,387	2.38%
Year-to-Date	373,333,312	373,429,881	0.03%	366,157,385	-1.95%
12 Month Averages					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	192,406,786	193,902,856	0.78%	192,787,652	-0.58%
April	191,787,395	194,194,940	1.26%	193,743,787	-0.23%
May	192,001,343	194,864,729	1.49%	193,913,647	-0.49%
June	191,981,994	194,901,239	1.52%	193,740,790	-0.60%
July	191,685,888	195,444,731	1.96%	194,136,965	-0.67%
August	191,178,541	196,741,227	2.91%	193,971,658	-1.41%
September	191,317,048	196,517,184	2.72%	194,481,295	-1.04%
October	191,254,871	195,653,107	2.30%	196,708,338	0.54%
November	191,439,959	194,037,742	1.36%	198,382,087	2.24%
December	192,145,726	193,541,074	0.73%	198,760,429	2.70%
January	192,825,292	194,086,537	0.65%	198,352,860	2.20%
February	193,866,036	193,549,121	-0.16%	198,154,387	2.38%
Average Weekday Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	7,698,602	7,833,237	1.75%	7,581,779	-3.21%
April	7,440,152	7,618,738	2.40%	7,867,227	3.26%
May	7,728,432	7,839,588	1.44%	7,952,469	1.44%
June	7,516,270	7,626,923	1.47%	7,672,456	0.60%
July	7,104,704	7,220,613	1.63%	7,246,503	0.36%
August	6,758,450	7,040,545	4.17%	7,040,270	0.00%
September	7,616,195	7,776,340	2.10%	7,900,537	1.60%
October	7,785,087	7,993,039	2.67%	8,074,957	1.02%
November	7,658,485	7,535,218	-1.61%	7,802,540	3.55%
December	7,497,041	7,364,350	-1.77%	7,464,105	1.35%
January	7,196,814	7,279,536	1.15%	7,082,023	-2.71%
February	7,604,864	7,720,408	1.52%	7,443,821	-3.58%

Monday, April 07, 2014

## Metropolitan Transportation Authority

February

## MTA New York City Subway

Revenue Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	146,487,199	147,401,147	0.62%	142,325,996	-3.44%
April	136,237,054	139,080,375	2.09%	146,912,790	5.63%
May	141,880,529	148,496,485	4.66%	150,755,402	1.52%
June	140,586,973	141,986,322	1.00%	141,227,567	-0.53%
July	131,263,668	137,228,468	4.54%	140,822,610	2.62%
August	127,893,199	139,253,563	8.88%	138,560,862	-0.50%
September	138,489,313	136,901,247	-1.15%	141,523,393	3.38%
October	144,166,578	137,259,455	-4.79%	156,433,315	13.97%
November	139,668,952	124,309,325	-11.00%	141,447,579	13.79%
December	142,068,824	137,471,991	-3.24%	142,566,679	3.71%
January	132,812,778	137,079,095	3.21%	137,147,363	0.05%
February	132,381,109	127,900,426	-3.38%	129,755,046	1.45%
12 Month Ave	137,828,015	137,863,992	0.03%	142,456,550	3.33%
Year-to-Date	265,193,887	264,979,521	-0.08%	266,902,409	0.73%
12 Month Averages					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	134,958,434	137,904,177	2.18%	137,441,062	-0.34%
April	134,853,150	138,141,120	2.44%	138,093,764	-0.03%
May	135,274,649	138,692,450	2.53%	138,282,007	-0.30%
June	135,505,323	138,809,063	2.44%	138,218,777	-0.43%
July	135,483,874	139,306,129	2.82%	138,518,289	-0.57%
August	135,360,646	140,252,826	3.61%	138,460,564	-1.28%
September	135,673,673	140,120,487	3.28%	138,845,743	-0.91%
October	135,851,291	139,544,894	2.72%	140,443,564	0.64%
November	136,183,500	138,264,925	1.53%	141,871,752	2.61%
December	136,702,889	137,881,855	0.86%	142,296,309	3.20%
January	137,134,183	138,237,382	0.80%	142,301,998	2.94%
February	137,828,015	137,863,992	0.03%	142,456,550	3.33%
Average Weekday Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	5,423,118	5,530,836	1.99%	5,415,926	-2.08%
April	5,295,535	5,427,522	2.49%	5,589,663	2.99%
May	5,450,246	5,557,889	1.97%	5,664,205	1.91%
June	5,355,314	5,475,383	2.24%	5,535,340	1.11%
July	5,097,919	5,211,599	2.23%	5,240,690	0.56%
August	4,863,820	5,081,510	4.48%	5,116,343	0.69%
September	5,415,945	5,527,044	2.05%	5,627,647	1.82%
October	5,519,975	5,679,106	2.88%	5,750,807	1.26%
November	5,456,286	5,323,238	-2.44%	5,608,862	5.37%
December	5,392,467	5,274,755	-2.18%	5,420,212	2.76%
January	5,113,166	5,160,819	0.93%	5,159,344	-0.03%
February	5,391,274	5,466,124	1.39%	5,438,805	-0.48%

Monday, April 07, 2014



## MTA New York City Bus

## Revenue Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	61,731,605	61,259,494	-0.76%	57,197,015	-6.63%
April	55,602,301	56,263,990	1.19%	59,905,187	6.47%
May	59,441,914	60,863,426	2.39%	60,642,837	-0.36%
June	57,097,375	56,136,145	-1.68%	54,820,616	-2.34%
July	52,980,206	53,537,317	1.05%	54,697,271	2.17%
August	50,273,725	54,471,313	8.35%	53,180,332	-2.37%
September	56,754,980	55,654,524	-1.94%	57,148,026	2.68%
October	59,095,103	55,633,313	-5.86%	63,183,966	13.57%
November	56,294,671	52,269,910	-7.15%	55,216,637	5.64%
December	55,044,948	53,681,765	-2.48%	53,127,183	-1.03%
January	53,716,155	55,995,392	4.24%	51,036,292	-8.86%
February	54,423,270	52,454,969	-3.62%	48,218,684	-8.08%
12 Month Ave	56,038,021	55,685,130	-0.63%	55,697,837	0.02%
Year-to-Date	108,139,425	108,450,360	0.29%	99,254,976	-8.48%

## 12 Month Averages

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	57,448,352	55,998,679	-2.52%	55,346,590	-1.16%
April	56,934,245	56,053,819	-1.55%	55,650,023	-0.72%
May	56,726,694	56,172,279	-0.98%	55,631,640	-0.96%
June	56,476,671	56,092,176	-0.68%	55,522,013	-1.02%
July	56,202,014	56,138,602	-0.11%	55,618,676	-0.93%
August	55,817,896	56,488,401	1.20%	55,511,094	-1.73%
September	55,643,375	56,396,696	1.35%	55,635,553	-1.35%
October	55,403,579	56,108,214	1.27%	56,264,774	0.28%
November	55,256,460	55,772,817	0.93%	56,510,334	1.32%
December	55,442,837	55,659,218	0.39%	56,464,119	1.45%
January	55,691,110	55,849,155	0.28%	56,050,861	0.36%
February	56,038,021	55,685,130	-0.63%	55,697,837	0.02%

## Average Weekday Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	2,275,484	2,302,401	1.18%	2,165,853	-5.93%
April	2,144,618	2,191,216	2.17%	2,277,564	3.94%
May	2,278,186	2,281,700	0.15%	2,288,264	0.29%
June	2,160,856	2,151,540	-0.44%	2,136,116	-0.72%
July	2,006,784	2,009,014	0.11%	2,005,813	-0.16%
August	1,894,630	1,959,035	3.40%	1,923,927	-1.79%
September	2,200,250	2,249,296	2.23%	2,272,890	1.05%
October	2,265,112	2,313,933	2.16%	2,324,150	0.44%
November	2,202,199	2,211,980	0.44%	2,193,679	-0.83%
December	2,104,574	2,089,596	-0.71%	2,043,893	-2.19%
January	2,083,648	2,118,717	1.68%	1,922,679	-9.25%
February	2,213,590	2,254,283	1.84%	2,004,016	-11.10%

## Metropolitan Transportation Authority

February

## MTA Bus Company

Revenue Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	10,881,785	11,049,329	1.54%	10,509,736	-4.88%
April	9,789,001	10,054,362	2.71%	11,045,951	9.86%
May	10,676,556	10,957,840	2.63%	11,257,915	2.74%
June	10,256,893	10,122,902	-1.31%	10,003,795	-1.18%
July	9,455,791	9,674,026	2.31%	10,040,732	3.79%
August	9,211,190	10,027,841	8.87%	9,915,420	-1.12%
September	10,248,737	10,068,914	-1.75%	10,509,491	4.38%
October	10,672,062	10,081,508	-5.53%	11,612,978	15.19%
November	10,264,991	9,520,500	-7.25%	10,156,366	6.68%
December	10,044,527	9,893,990	-1.50%	9,942,627	0.49%
January	9,672,158	10,307,130	6.56%	9,430,416	-8.51%
February	9,754,429	9,649,044	-1.08%	8,987,353	-6.75%
12 Month Ave	10,077,343	10,117,282	0.40%	10,285,232	1.66%
Year-to-Date	19,426,587	19,956,174	2.73%	18,427,769	-7.66%
12 Month Averages					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	10,009,451	10,091,305	0.82%	10,072,316	-0.19%
April	9,349,040	10,113,419	1.65%	10,154,949	0.41%
May	9,960,571	10,136,859	1.77%	10,179,955	0.43%
June	9,951,784	10,125,693	1.75%	10,170,029	0.44%
July	9,930,676	10,143,879	2.15%	10,200,588	0.56%
August	9,898,364	10,211,934	3.17%	10,191,220	-0.20%
September	9,901,305	10,196,948	2.99%	10,227,934	0.30%
October	9,892,940	10,147,736	2.58%	10,355,557	2.05%
November	9,898,487	10,085,695	1.89%	10,408,546	3.20%
December	9,948,420	10,073,150	1.25%	10,412,599	3.37%
January	10,004,699	10,126,064	1.21%	10,339,539	2.11%
February	10,077,343	10,117,282	0.40%	10,285,232	1.66%
Average Weekday Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	410,460	423,988	3.30%	408,385	-3.68%
April	387,521	400,164	3.26%	427,969	6.95%
May	420,342	418,369	-0.47%	432,244	3.32%
June	396,548	395,623	-0.23%	398,327	0.68%
July	369,348	370,696	0.36%	375,087	1.18%
August	353,624	367,817	4.01%	366,042	-0.48%
September	407,460	416,264	2.16%	425,744	2.28%
October	419,192	427,130	1.89%	433,829	1.57%
November	409,829	409,797	-0.01%	410,328	0.13%
December	393,111	394,582	0.37%	388,825	-1.46%
January	383,881	397,021	3.42%	361,091	-9.05%
February	405,847	424,297	4.55%	380,972	-10.21%

## Metropolitan Transportation Authority

February

## MTA Staten Island Railway

## Revenue Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	427,999	415,419	-2.94%	342,829	-17.47%
April	366,489	364,882	-0.44%	365,207	0.09%
May	406,054	410,031	0.98%	381,077	-7.06%
June	404,083	388,184	-3.93%	348,493	-10.22%
July	327,303	328,507	0.37%	300,308	-8.58%
August	333,401	352,063	5.60%	309,082	-12.21%
September	405,022	379,807	-6.23%	367,724	-3.18%
October	425,857	401,614	-5.69%	425,014	5.83%
November	405,710	328,542	-19.02%	351,758	7.07%
December	391,429	323,327	-17.40%	347,265	7.40%
January	385,644	366,031	-5.09%	357,221	-2.41%
February	367,154	315,778	-13.99%	315,523	-0.08%
12 Month Ave	387,179	364,515	-5.85%	350,958	-3.72%
Year-to-Date	752,798	681,809	-9.43%	672,744	-1.33%

## 12 Month Averages

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	370,210	386,130	4.30%	358,466	-7.16%
April	369,005	385,997	4.60%	358,493	-7.13%
May	371,839	386,328	3.90%	356,080	-7.83%
June	373,277	385,003	3.14%	352,773	-8.37%
July	373,146	385,103	3.20%	350,423	-9.01%
August	373,813	386,658	3.44%	346,841	-10.30%
September	375,941	384,557	2.29%	345,834	-10.07%
October	377,428	382,537	1.35%	347,784	-9.08%
November	379,315	376,106	-0.85%	349,719	-7.02%
December	381,954	370,431	-3.02%	351,714	-5.05%
January	384,393	368,797	-4.06%	350,980	-4.83%
February	387,179	364,515	-5.85%	350,958	-3.72%

## Average Weekday Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	17,125	16,934	-1.12%	14,523	-14.23%
April	15,562	15,800	1.53%	15,520	-1.77%
May	17,127	16,842	-1.67%	15,784	-6.28%
June	16,610	16,434	-1.06%	15,289	-6.97%
July	13,821	14,002	1.31%	12,713	-9.20%
August	13,291	13,710	3.15%	12,370	-9.78%
September	17,244	17,300	0.33%	16,402	-5.20%
October	18,063	18,225	0.90%	17,025	-6.59%
November	17,302	15,364	-11.20%	16,011	4.21%
December	16,526	14,427	-12.71%	14,815	2.69%
January	16,557	15,203	-8.17%	14,995	-1.37%
February	16,578	15,075	-9.07%	14,880	-1.29%

## MTA Long Island Rail Road

Revenue Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	7,031,512	7,102,378	1.01%	6,897,877	-2.88%
April	6,651,960	6,858,130	3.10%	6,961,659	1.51%
May	6,739,212	7,172,588	6.43%	7,112,429	-0.84%
June	7,178,901	7,235,529	0.79%	6,994,737	-3.33%
July	7,042,470	7,289,683	3.51%	7,401,120	1.53%
August	6,837,184	7,482,932	9.44%	7,274,722	-2.78%
September	6,887,995	6,719,248	-2.45%	6,790,701	1.06%
October	6,903,268	6,621,963	-4.07%	7,431,994	12.23%
November	6,815,374	5,607,406	-17.72%	6,666,796	18.89%
December	7,212,059	6,859,040	-4.89%	7,203,125	5.02%
January	6,431,658	6,628,268	3.06%	6,565,428	-0.95%
February	6,373,028	6,020,679	-5.53%	6,107,685	1.45%
12 Month Ave	6,842,052	6,799,820	-0.62%	6,950,689	2.22%
Year-to-Date	12,804,686	12,648,947	-1.22%	12,673,113	0.19%
12 Month Averages					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	6,770,683	6,847,957	1.14%	6,782,779	-0.95%
April	6,747,406	6,865,138	1.74%	6,791,406	-1.07%
May	6,747,027	6,901,253	2.29%	6,786,393	-1.66%
June	6,738,623	6,905,972	2.48%	6,766,327	-2.02%
July	6,722,269	6,926,573	3.04%	6,775,613	-2.18%
August	6,699,646	6,980,385	4.19%	6,758,262	-3.18%
September	6,704,129	6,966,323	3.91%	6,764,217	-2.90%
October	6,712,357	6,942,881	3.43%	6,831,719	-1.60%
November	6,733,359	6,842,217	1.62%	6,920,002	1.14%
December	6,752,273	6,812,799	0.90%	6,948,675	1.99%
January	6,797,340	6,829,183	0.47%	6,943,439	1.67%
February	6,842,052	6,799,820	-0.62%	6,950,689	2.22%
Average Weekday Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	273,253	286,263	4.76%	287,601	0.47%
April	278,587	286,139	2.71%	281,100	-1.76%
May	280,553	288,384	2.79%	286,442	-0.67%
June	287,735	300,269	4.36%	302,486	0.74%
July	300,068	300,228	0.05%	293,335	-2.30%
August	266,920	286,121	7.19%	288,390	0.79%
September	288,504	304,976	5.71%	296,361	-2.82%
October	288,692	288,456	-0.01%	289,647	0.44%
November	298,001	243,193	-18.39%	304,762	25.32%
December	296,869	293,968	-0.98%	296,888	0.99%
January	281,448	279,154	-0.82%	277,061	-0.75%
February	281,543	280,121	-0.51%	282,588	0.88%

## MTA Metro-North Railroad

Revenue Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	7,067,303	7,145,214	1.10%	6,961,373	-2.57%
April	6,804,593	6,972,024	2.46%	7,106,230	1.92%
May	6,948,660	7,242,998	4.24%	7,198,299	-0.62%
June	7,327,291	7,269,950	-0.78%	7,095,500	-2.40%
July	7,012,229	7,214,301	2.88%	7,300,168	1.19%
August	6,704,764	7,349,146	9.61%	7,132,265	-2.95%
September	6,960,470	6,754,982	-2.95%	6,786,130	0.46%
October	7,042,872	6,778,733	-3.75%	7,382,282	8.90%
November	6,948,147	6,283,202	-9.57%	6,680,246	6.32%
December	7,339,230	7,009,613	-4.49%	7,062,872	0.76%
January	6,537,572	6,677,133	2.13%	6,526,360	-2.26%
February	6,395,893	5,995,007	-6.25%	5,963,982	-0.53%
12 Month Ave	6,924,085	6,891,109	-0.48%	6,932,976	0.61%
Year-to-Date	12,933,465	12,673,140	-2.01%	12,490,342	-1.44%

12 Month Averages					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	6,780,117	6,930,578	2.22%	6,875,789	-0.79%
April	6,777,395	6,944,531	2.47%	6,886,972	-0.83%
May	6,795,528	6,969,059	2.55%	6,883,247	-1.23%
June	6,809,625	6,964,280	2.27%	6,868,710	-1.37%
July	6,811,272	6,981,120	2.49%	6,875,866	-1.51%
August	6,793,922	7,034,816	3.55%	6,857,792	-2.52%
September	6,802,908	7,017,694	3.16%	6,860,388	-2.24%
October	6,804,181	6,995,683	2.81%	6,910,684	-1.22%
November	6,815,655	6,940,270	1.83%	6,943,771	0.05%
December	6,836,482	6,912,802	1.12%	6,948,209	0.51%
January	6,876,414	6,924,432	0.70%	6,935,644	0.16%
February	6,924,085	6,891,109	-0.48%	6,932,976	0.61%

Average Weekday Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	273,743	282,429	3.17%	282,708	0.10%
April	280,302	286,303	2.14%	285,330	-0.34%
May	283,162	285,774	0.92%	284,942	-0.29%
June	293,413	296,618	1.09%	298,379	0.59%
July	290,510	290,489	-0.01%	287,876	-0.90%
August	266,109	280,806	5.52%	279,246	-0.56%
September	286,603	291,967	1.87%	287,934	-1.38%
October	286,373	260,443	-9.05%	285,489	9.62%
November	293,791	264,012	-10.14%	289,669	9.72%
December	294,479	287,219	-2.47%	284,363	-0.99%
January	274,231	272,812	-0.52%	267,764	-1.85%
February	275,694	271,377	-1.57%	269,905	-0.54%

## East of Hudson

## Revenue Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	6,896,269	6,994,606	1.43%	6,827,778	-2.39%
April	6,648,157	6,831,738	2.76%	6,973,347	2.07%
May	6,788,759	7,094,282	4.50%	7,061,066	-0.47%
June	7,164,509	7,121,125	-0.61%	6,959,429	-2.27%
July	6,854,351	7,062,979	3.04%	7,156,528	1.32%
August	6,551,648	7,192,537	9.78%	6,995,610	-2.74%
September	6,860,460	6,618,194	-3.53%	6,659,062	0.62%
October	6,945,233	6,639,905	-4.40%	7,241,822	9.07%
November	6,851,079	6,211,788	-9.33%	6,556,763	5.55%
December	7,201,122	6,901,054	-4.17%	6,927,541	0.38%
January	6,407,976	6,559,573	2.37%	6,398,208	-2.46%
February	6,265,036	5,883,759	-6.09%	5,846,637	-0.63%
12 Month Ave	6,786,217	6,759,295	-0.40%	6,800,316	0.61%
Year-to-Date	12,673,012	12,443,332	-1.81%	12,244,845	-1.60%

## 12 Month Averages

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	6,622,223	6,794,411	2.80%	6,745,393	-0.72%
April	6,619,966	6,809,710	2.87%	6,757,193	-0.77%
May	6,637,289	6,835,170	2.98%	6,754,425	-1.18%
June	6,651,644	6,831,555	2.70%	6,740,951	-1.33%
July	6,653,465	6,848,940	2.94%	6,748,747	-1.46%
August	6,637,166	6,902,348	4.00%	6,732,336	-2.46%
September	6,651,067	6,882,159	3.47%	6,735,742	-2.13%
October	6,657,561	6,856,715	2.99%	6,785,901	-1.03%
November	6,673,977	6,803,441	1.94%	6,814,649	0.16%
December	6,697,032	6,778,435	1.22%	6,816,857	0.57%
January	6,737,950	6,791,068	0.79%	6,803,409	0.18%
February	6,786,217	6,759,295	-0.40%	6,800,316	0.61%

## Average Weekday Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	266,296	275,580	3.49%	276,352	0.28%
April	272,859	279,630	2.48%	279,287	-0.12%
May	275,544	279,003	1.26%	278,696	-0.11%
June	286,011	289,538	1.23%	291,596	0.71%
July	282,626	283,280	0.23%	281,333	-0.69%
August	258,877	273,982	5.83%	273,031	-0.35%
September	281,839	284,787	1.05%	281,588	-1.12%
October	281,728	253,501	-10.02%	279,371	10.21%
November	288,936	260,337	-9.90%	283,176	8.77%
December	287,900	281,798	-2.12%	277,914	-1.38%
January	267,748	267,204	-0.20%	261,650	-2.08%
February	269,157	265,484	-1.36%	263,746	-0.65%

## Harlem Line

## Revenue Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	2,304,100	2,321,334	0.75%	2,262,610	-2.53%
April	2,188,956	2,235,081	2.11%	2,286,516	2.30%
May	2,223,927	2,318,904	4.27%	2,326,618	0.33%
June	2,320,897	2,318,256	-0.11%	2,244,617	-3.18%
July	2,198,107	2,274,018	3.45%	2,330,442	2.48%
August	2,111,456	2,311,944	9.50%	2,234,767	-3.34%
September	2,253,778	2,162,096	-4.07%	2,201,297	1.81%
October	2,283,643	2,180,347	-4.52%	2,436,355	11.74%
November	2,247,234	2,068,664	-7.95%	2,160,739	4.45%
December	2,343,967	2,254,289	-3.83%	2,303,474	2.18%
January	2,127,333	2,182,967	2.62%	2,136,239	-2.14%
February	2,075,606	1,979,265	-4.64%	1,958,247	-1.06%
12 Month Ave	2,223,250	2,217,264	-0.27%	2,240,160	1.03%
Year-to-Date	4,202,939	4,162,232	-0.97%	4,094,486	-1.63%

## 12 Month Averages

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	2,189,099	2,224,687	1.63%	2,212,370	-0.55%
April	2,185,807	2,228,530	1.95%	2,216,656	-0.53%
May	2,190,778	2,236,445	2.08%	2,217,299	-0.86%
June	2,192,501	2,236,225	1.99%	2,211,163	-1.12%
July	2,190,141	2,242,551	2.39%	2,215,865	-1.19%
August	2,184,465	2,259,258	3.42%	2,209,433	-2.21%
September	2,188,431	2,251,618	2.89%	2,212,700	-1.73%
October	2,189,101	2,243,010	2.46%	2,234,034	-0.40%
November	2,193,125	2,228,129	1.60%	2,241,707	0.61%
December	2,197,013	2,220,656	1.08%	2,245,806	1.13%
January	2,209,703	2,225,292	0.71%	2,241,912	0.75%
February	2,223,250	2,217,264	-0.27%	2,240,160	1.03%

## Average Weekday Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	89,286	91,890	2.92%	92,083	0.21%
April	90,375	92,081	1.89%	92,051	-0.03%
May	90,818	91,782	1.06%	92,294	0.56%
June	93,237	94,958	1.85%	94,888	-0.07%
July	91,588	92,071	0.53%	92,157	0.09%
August	84,033	88,674	5.52%	87,901	-0.87%
September	93,133	93,799	0.72%	93,473	-0.35%
October	93,197	83,661	-10.23%	94,351	12.78%
November	95,500	87,177	-8.72%	94,175	8.03%
December	94,527	92,943	-1.68%	93,173	0.25%
January	89,422	89,356	-0.07%	87,817	-1.72%
February	89,675	89,601	-0.08%	88,785	-0.91%

## Hudson Line

Revenue Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	1,340,022	1,343,474	0.26%	1,316,583	-2.00%
April	1,312,919	1,334,926	1.68%	1,355,099	1.51%
May	1,349,153	1,399,291	3.72%	1,396,805	-0.18%
June	1,408,063	1,394,023	-1.00%	1,370,358	-1.70%
July	1,358,800	1,401,131	3.12%	1,344,284	-4.06%
August	1,297,903	1,433,031	10.41%	1,373,141	-4.18%
September	1,358,616	1,300,945	-4.24%	1,335,036	2.62%
October	1,359,385	1,304,322	-4.05%	1,447,870	11.01%
November	1,332,264	1,190,123	-10.67%	1,280,951	7.63%
December	1,374,664	1,321,710	-3.85%	1,255,542	-5.01%
January	1,228,283	1,250,870	1.84%	1,230,001	-1.67%
February	1,201,829	1,151,020	-4.23%	1,134,114	-1.47%
12 Month Ave	1,326,825	1,318,739	-0.61%	1,319,982	0.08%
Year-to-Date	2,430,112	2,401,890	-1.16%	2,364,115	-1.57%

12 Month Averages					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	1,308,056	1,327,113	1.46%	1,316,498	-0.80%
April	1,307,797	1,328,947	1.62%	1,318,179	-0.81%
May	1,310,054	1,333,125	1.76%	1,317,972	-1.14%
June	1,312,224	1,331,955	1.50%	1,316,000	-1.20%
July	1,312,045	1,335,482	1.79%	1,311,263	-1.81%
August	1,306,815	1,346,743	3.06%	1,306,272	-3.01%
September	1,309,109	1,341,937	2.51%	1,309,113	-2.45%
October	1,308,964	1,337,349	2.17%	1,321,075	-1.22%
November	1,311,332	1,325,504	1.08%	1,328,644	0.24%
December	1,313,341	1,321,091	0.59%	1,323,130	0.15%
January	1,319,074	1,322,973	0.30%	1,321,391	-0.12%
February	1,326,825	1,318,739	-0.61%	1,319,982	0.09%

Average Weekday Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	51,763	52,943	2.28%	53,273	0.62%
April	53,787	54,535	1.39%	54,194	-0.63%
May	54,625	54,880	0.47%	54,884	0.01%
June	56,110	56,479	0.66%	57,103	1.10%
July	55,677	55,874	0.35%	52,917	-5.29%
August	51,158	54,403	6.34%	53,433	-1.78%
September	55,594	55,710	0.21%	55,948	0.43%
October	54,963	49,650	-9.67%	55,636	12.06%
November	56,109	49,881	-11.10%	55,262	10.79%
December	55,091	54,024	-1.94%	50,400	-6.71%
January	51,340	51,024	-0.62%	50,176	-1.66%
February	51,721	51,876	0.30%	51,027	-1.64%



## New Haven Line

## Revenue Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	3,252,147	3,329,798	2.39%	3,248,585	-2.44%
April	3,146,282	3,261,731	3.67%	3,331,732	2.15%
May	3,215,679	3,376,087	4.99%	3,337,643	-1.14%
June	3,435,549	3,408,846	-0.78%	3,344,454	-1.89%
July	3,297,444	3,387,830	2.74%	3,481,802	2.77%
August	3,142,289	3,447,562	9.71%	3,387,702	-1.74%
September	3,248,066	3,155,153	-2.86%	3,122,729	-1.03%
October	3,302,205	3,155,236	-4.45%	3,357,597	6.41%
November	3,271,581	2,953,001	-9.74%	3,115,073	5.49%
December	3,482,491	3,325,055	-4.52%	3,368,525	1.31%
January	3,052,360	3,125,736	2.40%	3,031,968	-3.00%
February	2,987,601	2,763,474	-7.84%	2,754,276	0.03%
12 Month Ave	3,236,141	3,223,292	-0.40%	3,240,174	0.52%
Year-to-Date	6,039,961	5,879,210	-2.66%	5,786,244	-1.58%

## 12 Month Averages

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	3,125,067	3,242,612	3.76%	3,216,525	-0.80%
April	3,126,362	3,252,233	4.03%	3,222,358	-0.92%
May	3,136,467	3,265,600	4.12%	3,219,154	-1.42%
June	3,146,918	3,263,375	3.70%	3,213,788	-1.52%
July	3,151,280	3,270,907	3.80%	3,221,619	-1.51%
August	3,145,885	3,296,347	4.78%	3,216,631	-2.42%
September	3,153,527	3,288,604	4.28%	3,213,929	-2.27%
October	3,159,496	3,276,356	3.70%	3,230,793	-1.39%
November	3,169,520	3,249,808	2.53%	3,244,299	-0.17%
December	3,186,678	3,236,688	1.57%	3,247,921	0.35%
January	3,209,173	3,242,803	1.05%	3,240,107	-0.08%
February	3,236,141	3,223,292	-0.40%	3,240,174	0.52%

## Average Weekday Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	125,247	130,747	4.39%	130,996	0.19%
April	128,697	133,014	3.35%	133,042	0.02%
May	130,101	132,341	1.72%	131,518	-0.62%
June	136,664	138,101	1.05%	139,605	1.09%
July	135,361	135,335	-0.02%	136,258	0.68%
August	123,686	130,905	5.84%	131,697	0.61%
September	133,112	135,278	1.63%	132,167	-2.30%
October	133,568	120,190	-10.02%	129,384	7.65%
November	137,327	123,279	-10.23%	133,739	8.48%
December	138,282	134,831	-2.50%	134,340	-0.36%
January	126,986	126,825	-0.13%	123,657	-2.50%
February	127,761	124,008	-2.94%	123,934	-0.06%

## Metropolitan Transportation Authority

February

## West of Hudson

## Revenue Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	171,034	150,608	-11.94%	133,595	-11.30%
April	156,436	140,286	-10.32%	132,883	-5.28%
May	159,901	148,716	-6.99%	137,233	-7.72%
June	162,782	148,825	-8.57%	136,071	-8.57%
July	157,878	151,322	-4.15%	143,640	-5.08%
August	153,116	156,609	2.28%	136,655	-12.74%
September	100,010	136,788	36.77%	127,068	-7.11%
October	97,639	138,828	42.18%	140,460	1.18%
November	97,068	71,414	-26.43%	123,483	72.91%
December	138,108	108,559	-21.40%	135,331	24.66%
January	129,596	117,560	-9.29%	128,152	9.01%
February	130,857	112,248	-14.22%	117,345	4.54%
12 Month Ave	137,869	131,814	-4.39%	132,660	0.64%
Year-to-Date	260,453	229,808	-11.77%	245,497	6.83%

## 12 Month Averages

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	157,894	136,167	-13.76%	130,396	-4.24%
April	157,429	134,821	-14.36%	129,779	-3.74%
May	158,230	133,889	-15.38%	128,822	-3.78%
June	157,982	132,726	-15.99%	127,759	-3.74%
July	157,807	132,179	-16.24%	127,119	-3.83%
August	156,756	132,470	-15.49%	125,456	-5.29%
September	151,842	135,535	-10.74%	124,646	-8.03%
October	146,621	138,968	-5.22%	124,782	-10.21%
November	141,678	136,830	-3.42%	129,121	-5.63%
December	139,451	134,367	-3.65%	131,352	-2.24%
January	138,465	133,364	-3.68%	132,235	-0.85%
February	137,868	131,814	-4.39%	132,660	0.64%

## Average Weekday Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	7,447	6,849	-8.03%	6,356	-7.20%
April	7,443	6,673	-10.35%	6,043	-9.44%
May	7,518	6,771	-11.12%	6,247	-7.74%
June	7,402	7,080	-4.35%	6,783	-4.19%
July	7,884	7,209	-8.56%	6,543	-9.24%
August	7,232	6,824	-5.64%	6,215	-8.92%
September	4,764	7,180	50.71%	6,346	-11.62%
October	4,645	6,942	49.45%	6,118	-11.87%
November	4,855	3,675	-24.30%	6,493	76.68%
December	6,579	5,421	-17.60%	6,449	18.96%
January	6,483	5,608	-13.50%	6,115	9.04%
February	6,537	5,893	-9.85%	6,159	4.51%

## Port Jervis Line

## Revenue Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	117,095	93,911	-19.80%	82,466	-12.19%
April	108,000	88,819	-17.76%	82,564	-7.04%
May	111,096	93,989	-15.40%	85,089	-9.47%
June	116,786	94,452	-19.12%	83,426	-11.67%
July	110,772	97,178	-12.27%	91,288	-6.06%
August	104,640	100,855	-3.62%	89,188	-11.57%
September	50,582	85,604	69.24%	80,627	-5.81%
October	46,093	87,075	88.91%	86,989	-0.10%
November	46,692	47,613	1.97%	75,365	58.29%
December	85,576	67,755	-20.82%	83,241	22.86%
January	80,570	73,570	-8.69%	77,644	5.54%
February	81,766	69,549	-14.94%	71,485	2.78%
12 Month Ave	88,306	83,364	-5.60%	82,448	-1.10%
Year-to-Date	162,336	143,119	-11.84%	149,129	4.20%

## 12 Month Averages

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	109,614	86,374	-21.20%	82,410	-4.59%
April	109,134	84,775	-22.32%	81,889	-3.40%
May	109,578	83,350	-23.94%	81,148	-2.64%
June	109,683	81,489	-25.71%	80,229	-1.55%
July	109,610	80,356	-26.69%	79,738	-0.77%
August	108,603	80,040	-26.30%	78,766	-1.59%
September	103,616	82,959	-19.94%	78,351	-5.55%
October	98,248	86,374	-12.09%	76,344	-9.30%
November	93,185	86,451	-7.23%	80,656	-6.70%
December	90,769	84,966	-6.39%	81,947	-3.55%
January	89,401	84,382	-5.61%	82,286	-2.48%
February	88,306	83,364	-5.60%	82,448	-1.10%

## Average Weekday Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	5,100	4,271	-16.25%	3,922	-8.16%
April	5,138	4,224	-17.79%	3,755	-11.10%
May	5,293	4,280	-19.14%	3,874	-9.48%
June	5,311	4,493	-15.40%	4,158	-7.47%
July	5,531	4,630	-16.29%	4,159	-10.18%
August	5,037	4,396	-12.73%	4,056	-7.72%
September	2,409	4,491	86.43%	4,026	-10.35%
October	2,192	4,354	98.63%	3,790	-12.95%
November	2,336	2,455	5.09%	3,963	61.43%
December	4,077	3,383	-17.02%	3,967	17.26%
January	4,031	3,511	-12.90%	3,706	5.56%
February	4,084	3,648	-10.67%	3,750	2.79%

## Pascack Valley Line

## Revenue Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	53,939	56,697	5.11%	51,129	-9.82%
April	48,436	51,467	6.26%	50,319	-2.23%
May	48,805	54,727	12.13%	52,144	-4.72%
June	45,996	54,373	18.21%	52,645	-3.18%
July	47,106	54,144	14.94%	52,352	-3.31%
August	48,476	55,754	15.01%	47,467	-14.86%
September	49,428	51,184	3.55%	46,441	-9.27%
October	51,546	51,753	0.40%	53,471	3.32%
November	50,376	23,801	-52.75%	48,118	102.17%
December	52,532	40,804	-22.33%	52,090	27.66%
January	49,026	43,990	-10.27%	50,508	14.82%
February	49,091	42,699	-13.02%	45,860	7.40%
12 Month Ave	49,563	48,449	-2.25%	50,212	3.64%
Year-to-Date	98,117	86,689	-11.65%	96,368	11.17%

## 12 Month Averages

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	48,280	49,793	3.13%	47,985	-3.63%
April	48,295	50,046	3.63%	47,890	-4.31%
May	48,652	50,539	3.88%	47,675	-5.67%
June	48,298	51,237	6.08%	47,531	-7.23%
July	48,197	51,824	7.52%	47,381	-8.57%
August	48,153	52,430	8.88%	46,691	-10.95%
September	48,226	52,576	9.02%	46,295	-11.95%
October	48,372	52,594	8.73%	46,439	-11.70%
November	48,493	50,379	3.89%	48,465	-3.80%
December	48,682	49,402	1.48%	49,405	0.01%
January	49,064	48,982	-0.17%	49,949	1.97%
February	49,563	48,449	-2.26%	50,212	3.64%

## Average Weekday Passengers

Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	2,347	2,578	9.84%	2,433	-5.61%
April	2,305	2,449	6.25%	2,288	-6.58%
May	2,325	2,491	7.14%	2,372	-4.77%
June	2,091	2,587	23.72%	2,625	1.49%
July	2,353	2,579	9.60%	2,384	-7.56%
August	2,195	2,428	10.62%	2,159	-11.08%
September	2,355	2,689	14.18%	2,320	-13.72%
October	2,453	2,588	5.50%	2,328	-10.05%
November	2,519	1,220	-51.57%	2,530	107.38%
December	2,502	2,038	-18.55%	2,482	21.79%
January	2,452	2,097	-14.48%	2,408	14.86%
February	2,453	2,245	-8.48%	2,409	7.31%

## MTA Bridges &amp; Tunnels

Revenue Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	23,928,232	23,927,645	0.00%	23,376,021	-2.31%
April	23,593,365	23,651,425	0.25%	23,638,588	-0.05%
May	25,144,889	25,192,764	0.19%	25,045,252	-0.59%
June	25,289,003	25,233,363	-0.22%	24,738,988	-1.96%
July	25,490,788	24,887,622	-2.37%	24,886,530	0.00%
August	24,253,530	25,669,824	5.84%	25,636,589	-0.13%
September	23,976,096	23,763,047	-0.89%	23,810,071	0.20%
October	24,135,980	22,928,321	-5.00%	25,036,991	9.20%
November	23,443,442	20,945,342	-10.66%	23,200,297	10.77%
December	23,665,382	23,355,262	-1.31%	23,035,975	-1.37%
January	21,776,550	22,290,223	2.36%	20,755,701	-6.88%
February	21,280,142	19,831,970	-6.81%	18,705,543	-5.68%
12 Month Ave	23,831,450	23,473,067	-1.50%	23,488,880	0.07%
Year-to-Date	43,056,692	42,122,193	-2.17%	39,461,244	-6.32%

12 Month Averages					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	24,188,313	23,831,401	-1.48%	23,427,099	-1.70%
April	24,106,894	23,836,239	-1.12%	23,426,029	-1.72%
May	24,037,229	23,840,229	-0.82%	23,413,736	-1.79%
June	23,983,224	23,835,592	-0.62%	23,372,538	-1.94%
July	23,942,313	23,785,328	-0.66%	23,372,447	-1.74%
August	23,779,919	23,903,353	0.52%	23,369,679	-2.23%
September	23,726,452	23,885,599	0.67%	23,373,597	-2.14%
October	23,615,230	23,784,961	0.72%	23,549,320	-0.99%
November	23,567,461	23,576,786	0.04%	23,737,233	0.68%
December	23,625,465	23,550,942	-0.32%	23,710,625	0.68%
January	23,739,450	23,593,748	-0.61%	23,582,749	-0.05%
February	23,831,450	23,473,067	-1.50%	23,488,880	0.07%

Average Weekday Passengers					
Service Month	2011-2012	2012-2013	Percentage Change	2013-2014	Percentage Change
March	788,941	797,238	1.05%	776,880	-2.55%
April	812,864	808,640	-0.52%	801,771	-0.85%
May	833,621	831,734	-0.23%	834,831	0.37%
June	855,894	853,960	-0.23%	838,525	-1.81%
July	853,553	829,552	-2.81%	824,594	-0.60%
August	832,806	842,278	1.14%	837,517	-0.57%
September	823,591	821,457	-0.26%	811,806	-1.17%
October	801,026	736,273	-8.08%	817,107	10.98%
November	801,634	725,399	-9.51%	802,582	10.64%
December	793,943	802,287	1.05%	785,274	-2.12%
January	748,115	755,080	0.93%	701,326	-7.12%
February	768,649	765,137	-0.46%	693,368	-9.38%

# **Fuel Hedge Program**

## Annual Impact as of April 16, 2014

	(\$ in millions)		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>Ultra Low Sulfur Diesel</u></b>			
Current Prices vs. November Plan	(\$7.740)	(\$6.654)	\$1.979
Impact of Hedge	<u>2.397</u>	<u>1.029</u>	<u>0.047</u>
Net Impact: Fav/(Unfav)	(\$5.343)	(\$5.625)	\$2.027
<b><u>Compressed Natural Gas</u></b>			
Current Prices vs. November Plan	(\$22.189)	(\$2.496)	\$0.722
Impact of Hedge	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Net Impact: Fav/(Unfav)	(\$22.189)	(\$2.496)	\$0.722
<b><u>Summary</u></b>			
Current Prices vs. November Plan	(\$29.929)	(\$9.151)	\$2.701
Impact of Hedge	<u>2.397</u>	<u>1.029</u>	<u>0.047</u>
Net Impact: Fav/(Unfav)	(\$27.532)	(\$8.122)	\$2.748

Estimated impacts are based on monthly average price times forecast usage, which may differ from actual purchases.

## Current Hedge Activity

Ultra Low Sulfur Diesel Hedges				Natural Gas Hedge			
Start	End	Lock in Price/Gal	Gallons Hedged/Mn	Start	End	Lock in Price/MMBtu	MMBtus Hedged/Mn
Dec-2012	Oct-2014	\$2.890	367,758				
Jun-2013	Nov-2014	\$2.942	543,934				*
Dec-2013	Dec-2014	\$2.871	428,273				*
Jan-2014	Jan-2015	\$2.899	381,159				*
Jan-2014	Jan-2015	\$2.940	288,280				*
Mar-2014	Mar-2015	\$2.883	259,403				*
May-2013	Mar-2015	\$2.770	180,270				*
May-2013	Mar-2015	\$2.770	180,270				*
May-2014	Apr-2015	\$2.814	228,094				*
Jun-2014	Jul-2015	\$2.826	465,582				*
Aug-2014	Aug-2015	\$2.824	229,883				*
Sep-2014	Sep-2015	\$2.822	420,968				*
Nov-2014	Oct-2015	\$2.787	228,375				*
Dec-2014	Dec-2015	\$2.769	425,026				*
Feb-2015	Jan-2016	\$2.836	231,917				*
Mar-2015	Feb-2016	\$2.807	231,917				*

\* Reflect average of monthly hedged gallons - contract terms vary by month for hedge duration.

	Diesel Fuel			Natural Gas		
	2014	2015	2016	2014	2015	2016
2013 November Plan	\$2.89	\$2.78	\$2.81	\$3.98	\$4.16	\$4.28



**APRIL 2014**  
**MTA REAL ESTATE**  
**FINANCE COMMITTEE AGENDA ITEMS**

**1. ACTION ITEMS**

**METROPOLITAN TRANSPORTATION AUTHORITY**

- a. In support of the MTAPD Radio Project, (i) license agreement with PI Telecom Infrastructure, LLC to construct and operate wireless support structures on Metro-North Railroad property and (ii) authorization to enter into agreement for use of existing structures on private property

**MTA METRO-NORTH RAILROAD**

- b. Lease with Oren's GCT, LLC dba Oren's Daily Roast for the retail sale of tenant-branded and roasted whole and ground coffee beans, loose and packaged tea and related accessories in Retail Space MKT-23 at Grand Central Terminal
- c. Lease with New York Film Academy Ltd dba New York Film Academy ("NYFA") for the operation of an information center where people engage with NYFA staff members to learn about educational programs offered at the New York Film Academy
- d. Lease with Gotham 42nd Street, LLC for space at 110 East 42nd Street, New York, New York to house Metro North's Employee Assistance Program

**MTA LONG ISLAND RAIL ROAD**

- e. Acquisition of temporary easements at 310-333 East Shore Road, Village of Thomaston, Town of North Hempstead, Nassau County, New York

**2. INFORMATION ITEMS**

- a. Status report on month-to-month licenses
- b. Status report on agreements entered into directly by the Real Estate Department
- c. Status report on Grand Central Terminal Vanderbilt Hall events
- d. Status report on Grand Central Terminal Graybar Passage retail kiosks
- e. Permit with Highland Sand & Gravel, Inc. for temporary construction access and staging in support of Metro-North's West of Hudson Undergrade Bridges Project on the Port Jervis Line in Highland Mills, NY
- f. Extension of entry permit between The Laquila Group, Inc. and B&T at the Verrazano Narrows Bridge facility, Staten Island, NY

<u>Legal Name</u>	<u>Popular Name</u>	<u>Abbreviation</u>
New York City Transit Authority	MTA New York City Transit	NYC Transit
The Long Island Rail Road Company	MTA Long Island Rail Road	LIRR
Metropolitan Suburban Bus Authority	MTA Long Island Bus	LI Bus
Metro-North Commuter Railroad Company	MTA Metro-North Railroad	MNR
Triborough Bridge and Tunnel Authority	MTA Bridges and Tunnels	MTA B&T
MTA Capital Construction Company	MTA Capital Construction	MTACC
MTA Bus Company	MTA Bus Company	MTA Bus

*Staten Island Rapid Transit Operating Authority is a subsidiary of the Metropolitan Transportation Authority. Its popular name is MTA Staten Island Railway (abbreviated SIR).*

*Manhattan and Bronx Surface Transit Operating Authority is a subsidiary of the New York City Transit Authority (abbreviated as MaBSTOA).*

# **METROPOLITAN TRANSPORTATION AUTHORITY**

# Staff Summary



Metropolitan Transportation Authority

Subject <b>AGREEMENTS FOR MTAPD RADIO PROJECT</b>
Department <b>REAL ESTATE</b>
Department Head Name <b>JEFFREY B. ROSEN</b>
Department Head Signature 
Project Manager Name <b>GEORGE MCDONALD</b>

Date <b>APRIL 28, 2014</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	LIRR & MNR Committee	4/28/14		X	
2	Finance Committee	4/28/14	X		
3	Board	4/30/14	X		

Internal Approvals			
Order	Approval	Order	Approval
		1	Legal
3	Chief of Staff		
2	Chief Financial Officer		

Board approval is requested for (1) a Master License Agreement for Construction and Operation of new wireless equipment support structures ("Structures") on MNR property and (2) authorization to enter into agreements with commercial operators of existing Structures for the installation of MTAPD Radio System wireless antennas, wireless ground equipment, and other associated equipment.

## 1) MASTER LICENSE FOR CONSTRUCTION AND OPERATION OF NEW STRUCTURES

MASTER LICENSOR/SUB-LICENSEE: Metropolitan Transportation Authority ("MTA") on behalf of the Metropolitan Transportation Authority Police Department ("MTAPD").

MASTER LICENSEE/SUB-LICENSOR: PI Telecom Infrastructure, LLC ("Parallel").

ACTIVITY: Master license to construct and operate new Structures (the "Master License") and sub-licenses for MTAPD use of such Structures.

LOCATIONS: Fifteen properties in Dutchess, Orange, Putnam, Rockland and Westchester Counties controlled by Metro-North Commuter Railroad ("Metro-North"), approximately as shown in Exhibit A, subject to adjustment based on final system design.

ACTIONS REQUESTED: Approval of terms.

TERM: 40 years.

COMPENSATION PAYABLE TO MASTER LICENSEE FOR MTAPD OCCUPANCY: Structures with additional users: MTAPD is required to pay \$1,850 per month (\$22,200 per annum), with 3% annual increases for the first 20 years of the term.  
Structures without additional users (if any): License fees of \$3,500 per month (\$42,000 per annum), with 3% annual increases.

No fees are payable by MTAPD starting in year 21, whether or not co-location (i.e. other use) is permitted.

Such MTAPD license fees were proposed and negotiated based on an assumed capital cost to the Master Licensee per structure. If the final approved construction budget for a structure is higher or lower than the assumed capital cost, such fees will be adjusted by \$50 per each \$5,000 deviation above or below such budget. Licensee will bear the risk of construction costs exceeding the approved budget for each Structure.

# Staff Summary



## COMPENSATION PAYABLE TO MTA BY MASTER LICENSEE:

Construction completion payment: Upon the completion of construction of each Structure, Master Licensee shall make a one-time payment to MTA in the amount of \$10,185, regardless of whether co-location is permitted.

Additional user revenue share: For Structures with additional users, Master Licensee shall remit to MTA a portion of the resulting sublicense fees received by Master Licensee as follows:

- First sublicense: 50% of gross revenues;
- Second sublicense: 60% of gross revenues;
- Third and each additional sublicense thereafter: 70% of gross revenues;

## TERMINATION:

MTA has the right to terminate this agreement at any time with the proviso that Parallel be reimbursed for costs incurred.

## 2) AGREEMENTS WITH COMMERCIAL OPERATORS OF EXISTING STRUCTURES

AGENCY:	MTA, on behalf of MTAPD.
LICENSORS/LESSORS:	Various commercial owners and operators of existing Structures in the MTA service area.
LOCATIONS:	Up to 39 locations, subject to change based on availability and system design.
ACTION REQUESTED:	Authorization to enter into leases and/or licenses to allow the MTA to install and operate radio equipment on such Structures.
TERM:	To be negotiated on a case-by-case basis.
COMPENSATION:	Prevailing market rates, to be negotiated on a case by case basis.

## DISCUSSION

The existing two-way radio system utilized by the MTA Police Department requires upgrading to modern standards on the VHF and 700/800 MHz spectra to facilitate reliable and clear police communications throughout the 12-county Metropolitan Commuter Transportation District and in Metro-North service areas in Connecticut which encompasses 14 Counties, 2 States and 5,000 square miles. Due to gaps in radio coverage with the existing system, the MTA Police instituted a temporary mitigation measure of two-man patrols in areas with limited radio coverage until the new radio system is in place. The cost of 2-man patrols was identified at \$2.4M which will be eliminated with the new system. This reduction in operating costs will help offset an estimated \$5.9M increase to the MTAPD annual operating budget due to radio tower lease costs and maintenance payments. In July 2012, the Board authorized MTA Long Island Rail Road ("LIRR"), on behalf of MTAPD, to proceed with a Request for Proposals for a contract to design, build, operate and maintain a new MTAPD radio system (the "System RFP"). The system will consist of wireless antennas, wireless ground equipment, radios, and other associated equipment ("System Equipment"). The System RFP will be issued during the 2<sup>nd</sup> quarter of 2014. The system's wireless antennas and associated equipment must be located on monopole or other antenna support structures ("Structures"). The proposed agreements herein provide the required antenna locations.

Preliminary engineering performed by a consultant engaged by LIRR to provide a preliminary design for the System Contract has determined that, to provide coverage throughout the MTA service area, the antennas and ground equipment to be procured by the selected System contractor will need to be installed at approximately 79 locations. The locations and required heights of the antennas have been determined based on a radio frequency promulgation study designed to minimize required infrastructure while optimizing performance. MTA Real Estate, LIRR and the MTAPD have investigated Structure availability and have determined there are 64 suitable Structures that already exist (of which 18 are controlled by local, state and federal government entities, 7 are controlled by LIRR, and 39 are controlled by commercial operators). MTA expects that occupancy agreements will be implemented for all 18 government sites.

After extensive review and analysis, it has been determined that there are no suitable existing Structures in the vicinity of 15 required antenna locations in Dutchess, Orange, Putnam, Rockland and Westchester Counties. Accordingly, the only feasible option to provide coverage at such locations is to construct new Structures on property controlled by Metro-North. Such Structures (typically "monopole"-type facilities) will be located approximately as described on Exhibit A. Minor adjustments to such locations may be required as a result of the final design of the radio system.

# Staff Summary



To defray costs and risks for System build out and to maximize benefits to the MTA, MTA customers and MTAPD's strategic partners, the proposed Master License Agreement will transfer the capital cost of construction of the new Structures onto the Master Licensee. This will also enable the MTA to generate additional revenues in the form of co-location fees from other wireless carriers. Co-location of wireless carriers on the new Structures will provide MTA customers and local residents with enhanced access to emergency services and cellular networks in areas where little or no coverage currently exists. In addition, certain regional first responders will be provided with mission critical communications in areas where existing coverage is minimal. This approach will reduce overall costs, satisfy the System requirements for antenna structures and provide an important benefit to our customers. This revenue producing business model of shared MTA and third party use of wireless infrastructure has been successful in the context of the other contracts MTA has awarded for wireless networks in the subway system and at other locations within the MTA transportation system.

After considering the critical path activities for implementing the MTAPD Radio Project, staff concluded that the most cost effective way to proceed is to award the Master License for the proposed new Structures as soon as possible to ensure that the Master Licensee has sufficient time to complete due diligence on each Structure location and design and build the Structures in time to receive the equipment that will be designed and installed upon award of the System RFP as described above.

## New Structures RFP

In late 2012, MTA Real Estate issued a Request for Expressions of Interest ("RFEI") from companies interested in constructing and operating the new Structures that will need to be constructed on Metro-North-controlled property. Expressions of interest were received from 10 companies, with three companies submitting complete responses to the RFEI.

In July of 2013, taking into account information gleaned from such RFEI responses, MTA Real Estate issued a Request for Proposals to enter into the proposed Master License (the "Structure RFP"). As amended, the Structure RFP contemplated that the Master Licensee would construct the Structures at the Master Licensee's cost, recouping a portion of such costs through sub-license fees paid by MTAPD for the right to locate its radio antennas at specified locations on the structures and its ground equipment within the associated compound. To minimize such sub-license fees and maximize the utility of the Structures, the Structure RFP provided that, in addition to sub-licenses with the MTAPD, the selected Master Licensee will be permitted to enter into sublicenses with wireless communications providers to co-locate antennas on the Structures and equipment within the compound. Any revenue generated from such sublicenses will be shared with the MTA on the terms described above.

In response to the RFP, Real Estate received responsive proposals from four wireless facility companies: SBA, Global Tower, Crown Castle and Parallel. The proposals were evaluated by representatives of MTA Real Estate, MTA Strategic Initiatives and the MTAPD Radio Project team (the "Selection Committee"). Following evaluation of the initial proposals and the issuance of addenda in response to proposer questions, MTA issued a request for "best and final" offers from Global Tower, Crown Castle and Parallel.

In response to such request for best and final offers, Global Tower withdrew. Crown Castle submitted three best and final offer scenarios, and Parallel submitted two. In reviewing such scenarios, the Selection Committee considered the likelihood and timing of co-locations on the Structures and the associated costs and revenues, the licensee fees that would be payable by MTAPD, and the overall range of potential costs of the project to MTAPD over the projected term. Both firms were deemed technically capable of constructing, operating and maintaining the Structures and associated infrastructure.

The proposals from Parallel and Crown Castle addressed several variables, including, most importantly, whether or not co-location on each structure would be permitted, how much compensation MTAPD would be required to pay for its right to occupy the structure, and what revenue share was being proposed. Assuming an average Structure construction cost of \$350,000, Parallel's most attractive offer had a worst case downside NPV exposure (no co-locations) of negative \$362,000 per Structure versus a best case upside NPV exposure (4 co-locations per Structure) of \$617,000 per Structure. Crown Castle's most attractive offer had a worst case downside NPV exposure of negative \$501,000 per Structure versus a best case upside NPV exposure of \$674,000 per Structure. The Selection Committee decided that Crown Castle's moderately higher upside (NPV \$57,000 difference per Structure) did not justify taking on the significantly increased downside exposure (\$139,000 per Structure).

# Staff Summary



Parallel is a national right-of-way management and asset development company based in Jacksonville, Florida. It is a subsidiary of Florida East Coast Industries, which is owned by investment funds managed by Fortress Investment Group LLC. Parallel has significant experience in end-to-end Structure development, operations, maintenance and marketing and with other mass transportation providers and railroads, including the MTA LIRR East Side Access Project.

Construction and operation of the new Structures and related facilities described in this staff summary will be exempt from local regulation (pursuant to Public Authorities Law Section 1266(8)) and from review under the State Environmental Quality Review Act (pursuant to Public Authorities Law Section 1266(11)). Metro-North has conducted community outreach regarding the proposed new Structures and will continue to do so.

Based on the foregoing, MTA Real Estate requests Board approval to enter the Master License and related sub-licenses with Parallel on behalf of MTAPD.

## Use of Existing Structures

Because the proposed new MTAPD radio system will require the installation of antennas and other equipment on up to 39 existing privately-owned commercial Structures throughout the MTA operating territory, MTA Real Estate will need to negotiate and enter into agreements with the operators of such Structures.

MTA Real Estate has contracted with an appraiser with specialized qualifications in infrastructure valuation to estimate the market rent rates that the MTA should expect to pay to locate antennas on 33 of such 39 Structures. The consultant's findings were that monthly rental rates for such occupancies should range from a low of \$1,400.00 per month to a high of \$4,000.00 per month depending on locational demand. Thus, the range of estimated aggregate monthly rental payments for the 39 sites would be from \$54,600 per month to \$156,000 per month (or from \$655,200 to \$1.872 million per annum).

Although MTA Real Estate will attempt to coordinate the commencement of such agreements as closely as possible with the System RFP implementation schedule, the commercial realities of the marketplace may require MTA Real Estate to act quickly and in advance of full system completion.

To facilitate the timely finalization of such transactions, MTA Real Estate requests Board authorization to enter into up to 39 occupancy agreements for existing commercial structures at the best-available negotiated rates without additional Board review and approval of specific transactions, provided such rates are determined to be fair and reasonable based on market rates in the region.

# Staff Summary

## Exhibit A

### Listing, Location and Description of Proposed New Structures

#	Site	County	Coordinates		Antenna Height	Site Description
			Lat	Long	AGL (m)	
1	New Hamburg Station	Dutchess	41 35 16.6	-73 56 52	45.7	Proposed Structure site is located south of New Hamburg Station at the edge of the parking area. Vacant land is occupied by a decommissioned generator located near the bridge.
2	Wassaic Station	Dutchess	41 48 52.9	-73 33 45	45.7	Proposed Structure to be located at the station beyond the parking area located east of the station platform. Land is vacant.
3	Harlem Valley Wingdale	Dutchess	41 38 47.8	-73 34 05	45.7	Proposed Structure site is located approx. 1 mile north of the station platforms. Land is located across the tracks from a vacant building (formerly a bar/lounge).
4	Port Jervis Station	Orange	41 22 22.4	-74 41 47	45.7	Proposed Structure site is located west of the station platforms at the "Y" junction within the Port Jervis yard area. Empty trailers and containers nearby.
5	Otisville Station	Orange	41 28 18.8	-74 31 45	45.7	Proposed Structure site is located across from Otisville Station beyond the parking area on vacant land, adjacent to the access road.
6	Salisbury Station	Orange	41 26 12.1	-74 06 06	45.7	Proposed Structure site is located at the north end of the Salisbury Station platform area, beyond existing RR equipment cases. Tower would be installed within the sunken area adjacent to the existing retaining wall.
7	Harriman South Station	Orange	41 17 36.2	-74 08 24	45.7	Proposed Structure site is located adjacent to the existing MTPD personnel trailer located at the north end of the station parking lot. Land area is vacant.
8	Campbell Hall Station	Orange	41 27 05.2	-74 15 59	48.8	Proposed Structure site is located west of the station parking area on vacant land. Tower location would be at the far southwest end of the lot beyond fenced storage area.
9	Rt. 164	Putnam	41 28 39.9	-73 36 33	45.7	Proposed Structure site would be located approx. 1/10th mile north of R164 alongside the MNR Harlem line. Land is vacant and will require an access road along the tracks.
10	Spring Valley Station	Rockland	41 06 43.2	-74 02 38	45.7	Proposed site is located west of the Spring Valley Station along MNR's defunct Piermont track line. Tower site would be installed on old RR RoW.
11	Pearl River Station	Rockland	41 03 28.4	-74 01 20	45.7	Proposed Structure would be located south of Pearl River Station at the edge of the parking area. Tower would be



# Staff Summary

						installed on vacant land separating the two parking areas.
12	Tarrytown Station	Westchester	41 04 32.0	-73 51 55	45.7	Proposed Structure site is located at the southern end of the Tarrytown yard/storage area.
13	Peekskill Station	Westchester	41 17 09.6	-73 55 50	45.7	Proposed Structure site would be located approx. 1 mile south of Peekskill Station, adjacent to an existing Signal HQ building/lot area. Selected site lies between the MNR track line and active siding.
14	Mount Kisco Station	Westchester	41 12 40.0	-73 43 38	45.7	Proposed Structure would be located east of Mt. Kisco Station within storage area. Lot area is vacant.
15	CP223 - Rye	Westchester	40 58 45.4	-73 41 39	45.7	Proposed Structure site would be located adjacent to the existing Structure located along the I95 corridor. Area contains abandoned shacks and equipment cases.

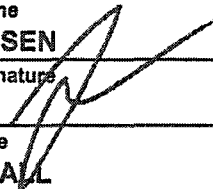
# **MTA METRO NORTH RAILROAD**

# Staff Summary






Metropolitan Transportation Authority

Page 1 of 2

<b>Subject</b> <b>LEASE AGREEMENT</b>
<b>Department</b> <b>REAL ESTATE</b>
<b>Department Head Name</b> <b>JEFFREY B. ROSEN</b>
<b>Department Head Signature</b> 
<b>Project Manager Name</b> <b>NANCY MARSHALL</b>

<b>Date</b> <b>APRIL 28, 2014</b>
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref. #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	04/28/14	X		
2	Board	04/30/14	X		

Internal Approvals			
Order	Approval	Order	Approval
		1	Legal 
3	Chief of Staff 		
2	Chief Financial Officer 		

**AGENCY:** MTA Metro-North Railroad ("Metro-North")  
**LESSEE:** Oren's GCT, LLC dba Oren's Daily Roast  
**LOCATION:** Retail Space MKT-23 and Storage Space BS-07  
**ACTIVITY:** The retail sale of tenant-branded and roasted whole and ground coffee beans, loose and packaged tea and related accessories used in the preparation and consumption of coffee and/or tea.  
**ACTION REQUESTED:** Approval of terms  
**TERM:** 5 years  
**SPACE:** Approximately 143 sq. ft. and approximately 88 sq. ft. of storage space  
**COMPENSATION:** Annual Base Rent plus 18% of gross sales over Breakpoint, as follows:

<u>Year</u>	<u>Annual Base Rent</u>	<u>PSF</u>	<u>Breakpoint</u>
1	\$114,543.00	\$801.00	\$700,000
2	\$117,929.29	\$824.68	\$721,000
3	\$121,518.67	\$849.78	\$742,630
4	\$125,164.23	\$875.27	\$764,908
5	\$128,919.16	\$901.53	\$787,856

**STORAGE RENT:** \$84.50 per sq. ft. per year, increasing annually by 3%  
**MARKETING:** \$11.00 per sq. ft. per year increasing annually by 3%  
**TRASH:** \$13.00 per sq. ft. per year increasing annually by 3%  
**SECURITY:** Three months minimum rent plus a personal guaranty from Oren Bloostein (limited to six months rent after vacating of premises)  
**INSURANCE:** Standard  
**CONSTRUCTION PERIOD:** 60 days

# Staff Summary

## FINANCE COMMITTEE MEETING

### Oren's GCT, LLC dba Oren's Daily Roast (Cont'd.)



Metropolitan Transportation Authority

Page 2 of 2

#### COMMENTS:

In response to a recent MTA Request for Proposals ("RFP") for Retail Space MKT-23, Grand Central Terminal, proposals were received from Oren's Daily Roast, Irving Farm Coffee Roasters and Stumptown Coffee Roasters.

Per the Guidelines for Selection of Tenants for Grand Central Terminal approved by the MTA Board in November 2009, and amended in March 2014, such proposals were independently evaluated by Williams Jackson Ewing and Jones Lang LaSalle, and subsequently evaluated by the Director of GCT Development. When evaluating the proposals, two evaluation criteria were taken into account. Selection Criterion A, which accounts for 70% of the score, is designed to evaluate the direct economic value of a proposal. Selection Criterion B, which accounts for 30% of the score reflects the evaluator's determination of a proposal's indirect economic benefit to the MTA.

As illustrated in the attached chart, Oren's Daily Roast's Unadjusted Guaranteed Rent Amount (i.e. the proposed guaranteed minimum rent, on a present value basis determined using a discount rate of 6%) and its Total Selection Criteria Score were both higher than those for the other proposers; and consequently a selection committee was not convened. The rent proposed by Oren's Daily Roast exceeds the estimated fair market rental value of the subject space, as determined by Williams Jackson Ewing.

Oren's Daily Roast has been a successful tenant in the Grand Central Market since 1999. Oren's has 12 NYC locations, and has an established reputation as a purveyor of high-quality tenant- branded roasted coffee beans. In 2005 Oren Bloostein began "Oren's At Origin", a fair trade program that sources beans direct from farmers in the Americas, Africa, Indonesia, and the South Pacific. In addition to a varied selection of tenant-branded and roasted coffee beans, Oren's will continue to sell a limited assortment of loose leaf and bagged teas, as well as a selection of quality brand coffee brewers, grinders and coffee/tea accessories.

Based on the foregoing, MTA Real Estate requests Board authorization to enter into a lease agreement with Oren's GCT, LLC dba Oren's Daily Roast on the foregoing terms and conditions.

Grand Central Terminal Retail Leasing Evaluation Sheet  
 Evaluator: Nancy Marshall, Director GCT Development

Space: MKT- 23 (currently Oren's Daily Roast)  
 Date: March 21, 2014

Scoring	A	B	C	D	E	F	G	H	I	J
	<u>Unadjusted Guaranteed Rent Amount</u>	<u>Guaranteed Rent Adjustment Factor</u>	<u>Adjusted Guaranteed Rent Amount (A x B)</u>	<u>Unadjusted Percentage Rent Amount</u>	<u>Percentage Rent Adjustment Factor</u>	<u>Adjusted Percentage Rent Amount (D x E)</u>	<u>Adjusted Total Rent Amount (C + F)</u>	<u>Selection Criterion A Score *** (0-70)</u>	<u>Selection Criterion B Score (0-30)</u>	<u>Total Selection Criterion Score (H + I)</u>
Oren's Daily Roast	\$510,523	1	\$510,523	0	0	0	\$510,523	70	20	90
Irving Farm Coffee Roasters	\$491,744	1	\$491,744	0	0	0	\$491,744	67.4	15	82.4
Stumptown Coffee Roasters	\$191,224	1	\$191,224	0	0	0	\$191,224	26.2	30	56.2
* Guaranteed Rent Adjustment Factor: from 1.00 (no uncertainty about A) to as low as 0.50 (great uncertainty about A); however may be as low as 0.00 per guidelines										
** Percentage Rent Adjustment Factor: as high as 0.50 (no uncertainty about D) to as low as zero (great uncertainty about D)										
*** Selection Criterion A Score: 70 multiplied by the ratio of the Adjusted Total Rent Amount for the proposer to the highest Adjusted Total Rent Amount (from column G)										

# Staff Summary

<b>Subject</b> <b>LEASE AGREEMENT</b>
<b>Department</b> <b>REAL ESTATE</b>
<b>Department Head Name</b> <b>JEFFREY B. ROSEN</b>
<b>Department Head Signature</b>
<b>Project Manager Name</b> <b>NANCY MARSHALL</b>

<b>Date</b> <b>APRIL 28, 2014</b>
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	04/28/14	X		
2	Board	04/30/14	X		

Internal Approvals			
Order	Approval	Order	Approval
	Executive Director	1	Legal <i>LE</i>
3	Chief of Staff <i>CAF</i>		
2	Chief Financial Officer <i>CF</i>		
	Civil Rights		

## Narrative

**AGENCY:** MTA Metro-North Railroad ("Metro-North")  
**LESSEE:** New York Film Academy Ltd dba New York Film Academy ("NYFA")  
**LOCATION:** Retail Space MC-60A  
**ACTIVITY:** An information center where people engage with NYFA staff members to learn about educational programs offered at the New York Film Academy. The space will be outfitted with film shooting equipment including an overhead lighting grid and professional film cameras. Staff members will distribute NYFA course information and marketing materials.

**ACTION REQUESTED:** Approval of terms  
**TERM:** Ten years, subject to termination as of May 21, 2019 by either party.  
**SPACE:** Approximately 225 sq. ft.  
**COMPENSATION:**

<u>Year</u>	<u>Annual Base Rent</u>	<u>PSF</u>
1	\$223,200.00	\$300.00
2	\$229,896.00	\$309.00
3	\$236,792.88	\$318.27
4	\$243,896.67	\$327.81
5	\$251,213.57	\$337.65
6	\$258,749.98	\$347.78
7	\$266,512.48	\$358.21
8	\$274,507.85	\$368.96
9	\$282,743.09	\$380.03
10	\$291,225.38	\$391.43

**MARKETING:** \$10.61 per sq. ft. per year increasing annually by 3%  
**TRASH:** \$ 6.00 per sq. ft. per year increasing annually by 3%  
**SECURITY:** Three months minimum rent  
**INSURANCE:** Standard  
**CONSTRUCTION PERIOD:** 60 days

# Staff Summary

## FINANCE COMMITTEE MEETING

New York Film Academy, Ltd dba New York Film Academy (Cont'd.)



Metropolitan Transportation Authority

Page 2 of 2

### COMMENTS:

In response to a recent MTA Request for Proposals ("RFP") for Retail Space MC-60A in the Lexington Passage of Grand Central Terminal, proposals were received from NYFA, American Telecommunications dba T Mobile, Charbonnel & Walker Ltd dba Charbonnel & Walker, Le Palais des Thes, La Maison Du Chocolat, Pop Karma, Josh Bach, Satya Jewelry, Cursive, D.Fiori, Bellocq Teas, NuNu Chocolates, Erwin Pearl, BK Belts, Michal Negrin and Andrews Ties.

Per the Guidelines for Selection of Tenants for Grand Central Terminal approved by the MTA Board in November 2009, and amended in March 2014, such proposals were independently evaluated by Williams Jackson Ewing and Jones Lang LaSalle, and subsequently evaluated by the Director of GCT Development. When evaluating the proposals, two evaluation criteria were taken into account. Selection Criterion A, which accounts for 70% of the score, is designed to evaluate the direct economic value of a proposal. Selection Criterion B, which accounts for 30% of the score, reflects the evaluator's determination of a proposal's indirect economic benefit to the MTA.

As illustrated in the attached chart, NYFA's Unadjusted Guaranteed Rent Amount (i.e. the proposed guaranteed minimum rent, on a present value basis determined using a discount rate of 6%) and its Total Selection Criteria Score were both higher than those for the other proposers; and consequently a selection committee was not convened. The rent proposed by NYFA exceeds the estimated fair market rental value of the subject space as determined by Williams Jackson Ewing.

NYFA has proposed to operate an interactive information hub in this location at GCT. NYFA's concept is to set up a small studio at which tourists and New Yorkers can gather information about the NYFA and its educational programs offered in NYC as well as its programs offered around the globe. The space will be outfitted with typical film shooting equipment, including an overhead lighting grid, professional film cameras and small set pieces. NYFA will distribute information and marketing materials to all interested parties.

Based on the foregoing, MTA Real Estate requests Board authorization to enter into a lease agreement with the New York Film Academy ("NYFA") on the foregoing terms and conditions.

**Grand Central Terminal Retail Leasing Evaluation Sheet**  
 Evaluator: Nancy Marshall, Director GCT Development

Space: MC-60 A (currently Forever Silver)  
 Date: March 26, 2014

Scoring	A	B	C	D	E	F	G	H	I	J
	<u>Unadjusted Guaranteed Rent Amount</u>	<u>Guaranteed Rent Adjustment Factor*</u>	<u>Adjusted Guaranteed Rent Amount (A x B)</u>	<u>Unadjusted Percentage Rent Amount</u>	<u>Percentage Rent Adjustment Factor**</u>	<u>Adjusted Percentage Rent Amount (D x E)</u>	<u>Adjusted Total Rent Amount (C + F)</u>	<u>Selection Criterion A Score *** (0-70)</u>	<u>Selection Criterion B Score (0-30)</u>	<u>Total Selection Criterion Score (H + I)</u>
New York Film Academy	2,219,264	1.0	2,219,264	-	-	-	2,219,264	70.0	15.0	85.00
American Telecommunications	1,996,578	1.0	1,996,578	139,163	0.21	29,224	2,025,802	63.9	-	63.90
Charbonnel et Walker	1,244,686	1.0	1,244,686	67,442	-	-	1,244,686	39.3	20.0	59.30
Le Patis Des Thees	998,256	1.0	998,256	156,853	0.11	17,254	1,015,510	32.0	20.0	52.00
La Maison du Chocolat	935,866	1.0	935,866	22,331	0.50	11,166	947,032	29.9	20.0	49.90
Pop Kama	937,739	1.0	937,739	-	-	-	937,739	29.6	-	29.60
Josh Bach	889,072	1.0	889,072	-	-	-	889,072	28.0	15.0	43.00
Satya Jewelry	848,518	1.0	848,518	93,714	0.26	24,366	872,884	27.5	15.0	42.50
Curelve	838,535	1.0	838,535	-	-	-	838,535	26.4	25.0	51.40
D. Fiori	831,879	1.0	831,879	136,714	0.04	5,469	837,348	26.4	15.0	41.40
Belloccq	767,410	1.0	767,410	220,357	-	-	767,410	24.2	15.0	39.20
NuNu Chocolates	748,693	1.0	748,693	276,581	-	-	748,693	23.6	15.0	38.60
Erwin Pearl	707,098	1.0	707,098	124,655	0.10	12,466	719,564	22.7	20.0	42.70
BK Belts	582,311	1.0	582,311	100,274	0.50	50,137	632,448	19.9	15.0	34.90
Michal Negrin	558,954	1.0	558,954	-	-	-	558,954	18.9	15.0	33.90
Andrews Tiee	559,023	1.0	559,023	-	-	-	559,023	17.6	15.0	32.60
* Guaranteed Rent Adjustment Factor: from 1.00 (no uncertainty about A) to as low as 0.50 (great uncertainty about A); however may be as low as 0.00 per guidelines										
** Percentage Rent Adjustment Factor: as high as 0.50 (no uncertainty about D) to as low as zero (great uncertainty about D)										
*** Selection Criterion A Score: 70 multiplied by the ratio of the Adjusted Total Rent Amount for the proposer to the highest Adjusted Total Rent Amount (from column G)										

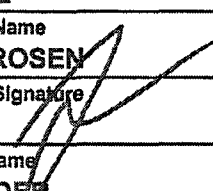


# Staff Summary






Metropolitan Transportation Authority

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<b>Subject</b> <b>LEASE AGREEMENT</b>
<b>Department</b> <b>REAL ESTATE</b>
<b>Department Head Name</b> <b>JEFFREY B. ROSEN</b>
<b>Department Head Signature</b> 
<b>Project Manager Name</b> <b>MICHAEL BADER</b>

<b>Date</b> <b>APRIL 28, 2014</b>
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref. #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	4/28/14	X		
2	Board	4/30/14	X		

Internal Approvals			
Order	Approval	Order	Approval
		1	Legal 
3	Chief of Staff 		
2	Chief Financial Officer 		

**AGENCY:** MTA Metro-North Railroad ("Metro North")  
**LANDLORD:** Gotham 42<sup>nd</sup> Street, LLC  
**LOCATION:** 110 East 42<sup>nd</sup> Street, New York, New York  
**ACTIVITY:** Lease of space for Employee Assistance Program ("EAP")  
**ACTION REQUESTED:** Approval of terms  
**TERM:** Seven years and two months  
**SPACE:** 1,840 rentable square feet (Suite 1301)  
**BASE RENT:**

Year	Rent per SF
1	51.00
2	52.40
3	53.84
4	55.32
5	63.41
6	65.15
7	66.94

**LANDLORD WORK:** Per agreed upon floor plan, the space is to be provided fully built out with new paint, carpet and lighting fixtures.  
**POSSESSION:** Upon substantial completion of Landlord's Work  
**RENEWAL OPTION:** None  
**ESCALATION:** Base rent shall be increased by 2.75% per annum.  
**REAL ESTATE TAX ESCALATION:** Tenant to pay proportionate share of increases over a fiscal 2014/15 base tax year.  
**UTILITIES:** Electric - \$3.25 per rentable square ft., subject to survey. Cost of all other utilities included in base rent.  
**SERVICES:** Cleaning and HVAC service during normal building hours (Monday through Friday 8 AM to 6 PM) and building security will be provided at no extra cost to Tenant.  
**REPAIRS AND MAINTENANCE:** Landlord will be responsible for repairs and maintenance of building common areas and common building systems and structural components.  
 Tenant will be responsible for maintenance and non-structural repairs within the space.

# Staff Summary

## FINANCE COMMITTEE MEETING Lease Agreement (Cont'd)

SECURITY DEPOSIT:       None.

### COMMENTS:

As previously reported to and discussed with the Finance Committee, as part of the MTA's comprehensive right sizing plan, MTA management has targeted the end of 2014 for the delivery of vacant possession of 341-347 Madison Avenue to a developer. Accordingly, EAP's office needs to be relocated.

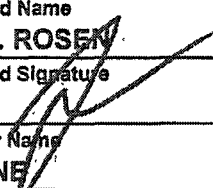
Because EAP provides confidential services to Metro-North employees, it needs to be located in reasonably close proximity to Metro-North's flagship operations at Grand Central Terminal and the adjoining Graybar office building at 420 Lexington Avenue, but is ideally not co-located with such function.

Following a comprehensive survey of available pre-built spaces within the Grand Central district, Cushman & Wakefield identified eight facilities within a 10-minute walking distance of GCT and the Graybar. All eight were inspected and four buildings – 110 East 42<sup>nd</sup> Street (1,840 square feet), 11 East 44<sup>th</sup> Street (3,581 square feet), 25 West 45<sup>th</sup> Street (2,781 square feet) and 60 East 42<sup>nd</sup> Street (2,209 square feet) - were identified as potentially suitable. Requests for proposals were sent to the owners, but one of them withdrew after proposing (60 East 42<sup>nd</sup>) and another declined (11 East 44<sup>th</sup>) to submit a proposal. Following negotiations, it was determined that the least costly alternative was 110 East 42<sup>nd</sup> Street, which is located directly across from Grand Central Terminal and has direct access from the building to the Lexington Avenue subway.

Based on the foregoing, MTA Real Estate requests authorization to enter into a lease with 110 East 42<sup>nd</sup> Street on the above-described terms and conditions.




# **MTA LONG ISLAND RAIL ROAD**

# Staff Summary

Subject <b>ACQUISITION OF TEMPORARY EASEMENTS</b>
Department <b>REAL ESTATE</b>
Department Head Name <b>JEFFREY B. ROSEN</b>
Department Head Signature 
Project Manager Name <b>JOHN COYNE</b>

Date <b>APRIL 28, 2014</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	4/28/14	X		
2	Board	4/30/14	X		

Internal Approvals			
Order	Approval	Order	Approval
		1	Legal 
3	Chief of Staff 		
2	Chief Financial Officer 		

AGENCY: MTA Long Island Rail Road ("LIRR")

GRANTOR: 310-333 East Shore Road LLC

LOCATION: 310-333 East Shore Road, Village of Thomaston, Town of North Hempstead; Section 2, Block 375, Lot 25A on the tax map of Nassau County, New York

ACTIVITY: Acquisition of exclusive and nonexclusive temporary easements

ACTION REQUESTED: Approval of terms

TERM: 24 months, with an extension option of up to 12 additional months

SPACE: 5,929 square feet for the non-exclusive temporary easement area, 7,410 square feet for the exclusive temporary easement area.

COMPENSATION: \$5,435.83 per month for the initial 24-month term (paid in a lump sum of \$130,460), and \$5,435.83 per month for any month-to-month extensions up to 12 months thereafter.

## COMMENTS

LIRR requires both an exclusive temporary easement and a non-exclusive temporary easement across the parking area of the property located at 310-333 East Shore Road in Thomaston, New York (the "Subject Property"). These easements are required to facilitate a planned rehabilitation by LIRR of the Colonial Road Bridge, an automobile bridge over the LIRR right-of-way that LIRR is responsible for maintaining.

The Subject Property contains a two-story commercial office building and is adjacent to the LIRR right-of-way. The only feasible access to the LIRR right-of-way along the portion of the Port Washington Branch in the vicinity of the Colonial Road Bridge is across the Subject Property's parking lot. As a result, LIRR requires an exclusive temporary easement with respect to the portion of Grantor's parking lot that is directly adjacent to the Port Washington right-of-way for a staging area. LIRR also requires a non-exclusive temporary easement across other portions of Grantor's parking area in order to access the exclusive temporary easement area. Both easements will be required for a period of two to three years.

Grantor has agreed to grant LIRR the temporary easement interests for an initial term of 24 months and has agreed to allow LIRR to extend the term for up to 12 additional months, at LIRR's option. After negotiations, Grantor has agreed to accept as compensation \$130,460 for the initial 24-month period, and \$5,435.83 per month for any monthly extensions that LIRR may opt to exercise for up to 12 months thereafter. The proposed compensation amount for the easements is within 10% of the fair market value as estimated by the MTA's appraiser.

# Staff Summary

## FINANCE COMMITTEE MEETING

### 310-333 East Shore Rd Temp Easements (Cont'd.)



Metropolitan Transportation Authority

Page 2 of 2

Based on the foregoing, MTA Real Estate requests authorization to enter into a temporary easement agreement with 310-333 East Shore Road LLC on the above-described terms and conditions.

# **INFORMATION ITEMS**

# Memorandum



## **Metropolitan Transportation Authority**

State of New York

Date        April 28, 2014

To         Members of the Finance Committee

From       Jeffrey B. Rosen, Director, Real Estate

Re         **Status of Month-to-month Licenses for Passenger Amenities**

---

In June 1988, the MTA Board adopted a policy, which allows the Real Estate Department to enter into month-to-month agreements for "passenger service oriented concessions without individual Committee or Board approval". Attached is a status report of month-to-month agreements, which were executed pursuant to the policy.

## TENANTS CURRENTLY ON MONTH-TO-MONTH AGREEMENTS

**MONTH: APRIL 2014**

AGENCY	LOCATION (STATION)	TENANT/USE	SF	DATE OF AGREEMENT	MONTHLY COMPENSATION	COMMENT
1. NYCT	WTC Station 8 <sup>th</sup> Ave. Line, Manhattan	Fakhrul Alam/Newsstand	420	January 2004	\$155.14	Special site conditions will require interim tenancy until there is a station rehab.
2. NYCT	179 <sup>th</sup> Street Station (F train), Queens	Bachubhai Mehta/Newsstand	180	January 2008	\$1,786.80	To be publicly offered Summer 2014.
3. URR	Belmore Station, Belmore, NY	Newsstation, Inc./Newsstand	120	March 2009	\$300	To be publicly re-offered Fall 2014.
4. MNR	Grand Central Terminal	Grand Central Coffee Corp., d/b/a Irving Farm	253	February 2013	\$9,966	To be publicly offered in 2015
5. MNR	Grand Central Terminal	The Campbell Apartment, Ltd., Vanderbilt Taxi Stand	2000	April 2014 – November 2014	8% of sales	For the use as a walkperson table service non-smoking café for on premises consumption of the items served in The Campbell Apartment's primary store
6. MNR	Grand Central Terminal	Hudson News	1191	January 2010	\$5,000	Special site conditions require interim tenancy (East Side Access)
7. MNR	Croton Harmon Station	Dry Cleaning Drop Off	714	August 2013	\$2,159.72	To be publicly offered third quarter 2014



# Memorandum



## Metropolitan Transportation Authority

State of New York

Date April 28, 2014

To Members of the Finance Committee

From Jeffrey B. Rosen, Director, Real Estate

Re **Report on Agreements Entered into Directly by the Real Estate Department with tenants in good standing or through the RFP or RTN process with a 5-year revenue stream, which does not exceed \$150,000, or 10-year stream not in excess of \$300,000**

---

Attached is a listing of agreements entered into directly by the Real Estate Department during the preceding month, pursuant to the Board's April 26, 2007 resolution.

That resolution delegates authority to the Chairman, Executive Director, and Director of Real Estate to enter into lease or license agreements with tenants on behalf of the MTA and its agencies.

For each such agreement, the term may not exceed ten years, and aggregate compensation may not exceed \$300,000, or \$150,000 for five-year agreements. The resolution similarly delegates authority to renew license agreements with tenants in good standing with the same limitations.

# REPORT ON AGREEMENTS ENTERED INTO DIRECTLY BY THE REAL ESTATE DEPARTMENT PURSUANT TO BOARD POLICY

**APRIL 2014**

Agency/Project Manager	Renewal/RFP Generated	Lessee	Location/Use	Term	Rental		Annual Increase	Size/Weekday Ridership	Price/SF	
					Year	Rent			Year	PSF
I. Salsberg	RFP	Mustafa Ahmed	Broadway Lafayette / Newsstand	10 years	1	\$54,012.00	— 5% 5% 5% 5% 5% 5% 5% 5%	36,301	1	\$514.40
					2	\$56,712.60			2	\$540.12
					3	\$59,548.80			3	\$567.13
					4	\$62,525.64			4	\$595.48
					5	\$65,652.00			5	\$625.25
					6	\$68,934.72			6	\$656.52
					7	\$72,381.36			7	\$689.34
					8	\$76,000.44			8	\$723.81
					9	\$79,848.00			9	\$760.45
					10	\$83,790.48			10	\$798.00
Proposer name:		NPV @ 9% discount rate:								
Mustafa Ahmed		\$421,231.71								
Mohammed Elias Khan		\$385,255.81								
Unique Candy Corp		\$354,033.54								
J and N News		\$327,609.00								
Rainy Day News		\$319,535.13								
Dream Newsstands Stores		\$194,955.25								

# Memorandum



## **Metropolitan Transportation Authority**

State of New York

Date        April 28, 2014  
To         Members of the Finance Committee  
From       Jeffrey B. Rosen, Director, Real Estate  
Re         **GCT's Vanderbilt Hall Events Forecast**

---

The following report will be presented to the Real Estate Committee by GCT Development on a monthly basis. The events forecast will show events planned for Vanderbilt Hall in the next three to four month period. This calendar will always be subject to last minute changes for technical or scheduling reasons.

### April 2014 Event Forecast

Event	Date	Description	Space	Use
Purina	April 7 - 8	April 7 is load in and build. April 8 open. An event to discuss cat obesity	Vanderbilt Hall	Public
BMW	4/10	Munich Philharmonic Orchestra to perform for a private BMW event. Load out by 3AM on April 11	Vanderbilt Hall	Private
NY Times App	April 11 - 18	NY Times Now App event with free coffee samples. Demoing the app	Vanderbilt Hall	Public
MNR Blood Drive	4/17	Blood Drive	Vanderbilt Hall	Public
MTA App Kickoff	4/19	MTA App event kickoff	Vanderbilt Hall	Private
Earth Day	April 23 - 24	Earth Day NY event with different booths to discuss being green in NYC	Vanderbilt Hall	Public
Arts for Transit	April 25 - 27	Poetry Event	Vanderbilt Hall	Public
Good Housekeeping	4/29	Public event with free samples, makeup station, DJ, and info about Good Housekeeping magazine	Vanderbilt Hall	Public

# Memorandum



## **Metropolitan Transportation Authority**

State of New York

Date      April 28, 2014  
To        Members of the Finance Committee  
From      Jeffrey B. Rosen, Director, Real Estate  
Re        **GCT – Graybar Passage Retail Kiosks**

---

The following report will be presented by GCT Development office of the Real Estate Department whenever a new retail Permit Agreement has been entered into under the Retail Kiosk program approved by the MTA Board in January 2006.

GRAND CENTRAL TERMINAL

GRAYBAR PASSAGE RETAIL KIOSK PROGRAM

New Licensees-Month of April 2014

Licensee	License Dates	Use	Monthly Compensation
Abby May Jewelry	4/1/14-4/30/14	The retail sale of licensee produced jewelry	4/2014 \$2500
Verrier LLC	4/1/14-4/30/14	The retail sale of licensee produced cards and art	4/2014 \$2500

# Staff Summary

<b>Subject</b> <b>HIGHLAND SAND &amp; GRAVEL, INC. PERMIT</b>
<b>Department</b> <b>REAL ESTATE</b>
<b>Department Head Name</b> <b>JEFFREY B. ROSEN</b>
<b>Department Head Signature</b>
<b>Project Manager Name</b> <b>CAROLE BRYDEN</b>

<b>Date</b> <b>APRIL 28, 2014</b>
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref. #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	4/28/14		X	

Internal Approvals			
Order	Approval	Order	Approval

**AGENCY:** Metro-North Commuter Railroad Company ("Metro-North")  
**PERMITTOR:** Highland Sand & Gravel, Inc.  
**LOCATION:** 911 State Route 32  
 Highland Mills, NY 10930  
 Block 1, Lots 8 & 9  
**ACTIVITY:** Access and construction staging  
**ACTION REQUESTED:** Approval of Permit  
**TERM:** One year  
**COMPENSATION:** \$1, payment waived  
**COMMENTS**

In connection with the reparation of a concrete culvert along the Port Jervis right-of-way (the "Project"), Metro-North requires certain temporary access and staging rights on certain property adjacent to the Project area, owned and operated by Highland Sand & Gravel, Inc. Construction is expected to begin in May 2014 and end in March 2015.

The outlet of the culvert that needs reparation is located east of Metro-North's Port Jervis right-of-way, and is best accessed by the property located at 911 State Route 32, Highland Mills, NY, which currently serves as both a quarry and the main office location of Highland Sand & Gravel, Inc.

MTARED and Metro-North have met Highland Sand & Gravel, Inc., which has agreed to grant permission for the required access and construction staging areas.

Based on the foregoing and pursuant to Board-approved policy dated November 22, 199 most recently amended November 13, 2013, MTA Real Estate has entered into a permit with Highland Sand and Gravel, Inc. on the above-described terms and conditions.

# Staff Summary

<b>Subject</b> <b>THE LAQUILA GROUP, INC.</b>
<b>Department</b> <b>REAL ESTATE</b>
<b>Department Head Name</b> <b>JEFFREY B. ROSEN</b>
<b>Department Head Signature</b>
<b>Project Manager Name</b> <b>DAVID ROTH</b>

<b>Date</b> <b>APRIL 28, 2014</b>
<b>Vendor Name</b>
<b>Contract Number</b>
<b>Contract Manager Name</b>
<b>Table of Contents Ref. #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	4/28/14		X	

Internal Approvals			
Order	Approval	Order	Approval

**AGENCY:** MTA Bridges & Tunnels ("B&T")  
**PERMITTEE:** The Laquila Group, Inc.  
**LOCATION:** Verrazano Narrows Bridge facility on B&T-owned property ("the Location")  
**ACTIVITY:** One (1) year staging area for Permittee as contractor for New York State Department of Transportation ("DOT")  
**ACTION REQUESTED:** Approval of Permit  
**TERM:** One year extension  
**COMPENSATION:** \$1,100  
**COMMENTS**

Permittee, under its contract with DOT, is performing certain work on DOT property adjacent to Location. The contract is part of a larger construction project involving the Staten Island side of the bridge.

In support of the Permittee's project, a permit was issued on November 30, 2010 ("Permit"). In December 2012, the Permittee requested that B&T grant a one-year extension of the Permit. This "First Extension" was approved by B&T and issued, and subsequently a "Second Extension" was requested through December 31, 2014, and has been granted pursuant to with MTA Board approved May 24, 2006.