



**Metropolitan Transportation Authority**

# **Finance Committee Meeting June 2016**

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## **Committee Members**

T. Prendergast, Chair  
F. Ferrer, Vice Chair  
J. Ballan  
J. Banks, III  
R. Bickford  
A. Cappelli  
J. Kay  
C. Moerdler  
M. Pally  
J. Sedore, Jr.  
P. Trottenberg  
E. Watt\*  
C. Wortendyke  
N. Zuckerman\*

# **Finance Committee Meeting**

**2 Broadway, 20th Floor Board Room  
New York, NY 10004**

**Monday, 6/20/2016  
12:00 - 1:15 PM ET**

## **1. PUBLIC COMMENTS PERIOD**

## **2. APPROVAL OF MINUTES – MAY 23, 2016**

*Finance Committee Minutes - Page 4*

## **3. 2016 COMMITTEE WORK PLAN**

*2016 Work Plan - Page 12*

## **4. BUDGETS/CAPITAL CYCLE**

### **BudgetWatch (Handout)**

### **Finance Watch**

*Finance Watch - Page 20*

## **5. MTA HEADQUARTERS & ALL-AGENCY ITEMS**

### **Action Items**

*Authorization to Issue MTA Hudson Rail Yards Trust Obligations - Page 32*

*PWEF Assessment - Page 210*

### **Report and Information Items**

*Information Technology Report Presentation (Exhibit Book and MTA.Info)*

*Procurement Transformation Update Presentation (Exhibit Book & MTA.Info)*

*Contract Change Order Report - Page 211*

*DRAFT 1st Quarter 2016 MTA Financial Statement (Exhibit Book and MTA.info)*

### **Procurements**

*MTAHQ Procurement Report - Page 214*

*MTAHQ Competitive Procurements - Page 216*

## **6. METRO-NORTH RAILROAD & LONG ISLAND RAIL ROAD**

*MNR Procurements - Page 222*

*LIRR Procurements - Page 226*

## **7. NEW YORK CITY TRANSIT, and MTA BUS OPERATIONS**

*NYCT - Page 228*

## **8. BRIDGES AND TUNNELS (No Items)**

## **9. FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY (No Items)**

## **10. MTA CONSOLIDATED REPORTS**

*Statement of Operations - Page 230*

*Overtime - Page 238*

*Report on Subsidies - Page 242*

*Positions - Page 249*

*Subsidy, Interagency Loans and Stabilization Fund Transactions - Page 252*

*Farebox Recovery Ratios - Page 255*

*MTA Ridership - Page 256*

*Fuel Hedge Program - Page 280*

## **11. REAL ESTATE AGENDA**

### **Action Items**

*Real Estate Action Items - Page 284*

### **Report and Information Items**

*Real Estate Info Items - Page 298*

Date of next meeting: July 25, 2016

Minutes of the MTA Finance Committee Meeting  
May 23, 2016  
2 Broadway, 20th Floor Board Room  
New York, NY 10004  
12:30 PM

The following Finance Committee members attended:

Hon. Fernando Ferrer, Vice Chair

Hon. Jonathan A. Ballan

Hon. Allen P. Cappelli

Hon. Jeffrey A. Kay

Hon. Charles G. Moerdler

Hon. Mitchell H. Pally

Hon. James L. Sedore, Jr.

Hon. Neil Zuckerman

The following Finance Committee members did not attend:

Hon. Thomas F. Prendergast, Chairman

Hon. John H. Banks III

Hon. Robert C. Bickford

Hon. Polly Trottenberg

Hon. Ed Watt

Hon. Carl V. Wortendyke

The following Board Members were also present:

Hon. Andrew Albert

Hon. Susan G. Metzger

Hon. John J. Molloy

The following MTA staff attended:

Robert Foran

Douglas Johnson

Paul Acerra

Jeffrey Rosen

Angel Barbosa

Vice Chair Ferrer called the May 23, 2016 meeting of the Finance Committee to order at 12:59 PM.

**I. Public Comments**

There was one public speaker. Mr. Murray Bodin discussed issues related to the use of red flashing lights at railroad crossings his concern that these flashing red lights create dangerous conditions for drivers. He further expressed a preference for regular traffic lights to be utilized at these crossings instead.

## **II. Approval of Minutes**

The Committee approved the minutes to its prior meeting held on April 18, 2016.

## **III. Committee Work Plan**

There were no changes to the Committee Work Plan.

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

### **A. BudgetWatch**

Mr. Douglas Johnson presented BudgetWatch (see the MTA website for the entire BudgetWatch: <http://web.mta.info/mta/ind-finance/budgetwatch.pdf>). Mr. Johnson noted that reporting in BudgetWatch focuses on April operating results and subsidy results through May.

**Operating Revenues:** Mr. Johnson reported that for April, passenger revenues were unfavorable by \$13.1 million, or 2.6%. Overall YTD results remain below budget by \$36 million primarily due to lower NYCT farebox revenue during January and February inclement weather and that overall ridership has fallen short of budgeted growth projections. Mr. Johnson noted that toll revenues was positive in April which increased the YTD variance to \$24.5 million favorable, offsetting roughly two-thirds of the shortfall in passenger revenue.

**Operating Expenses:** Overall expenses were \$61.2 million or 7.1% favorable for April, which increased the YTD favorable variance to \$151.5 million, or 4.3%. Mr. Johnson noted that savings have come primarily from lower costs for labor, fringe benefits, and energy, as well as the timing of costs for contractual services.

**Debt Service:** Mr. Johnson reported that debt service costs are running favorable due to lower rates and the issuance of less debt.

**Subsidies:** Mr. Johnson reported with the exception of the Payroll Mobility Tax (PMT), subsidies have been flowing approximately at budgeted levels. PMT collections in May, however, were \$55.6 million, or 35.4%, below budget for the month which resulted in a conversion of YTD results from being favorable through April to \$34.8 million unfavorable through May. He further noted that at this time, it is unclear whether the variance is due to an actual shortage or whether it is the result of differences relative to the budgeted timing assumptions.

**Overall:** Mr. Johnson summarized that YTD there are mostly positive results, with positive results from toll revenue, expenses, and debt service and negative results from PMT and passenger revenues.

**Discussion:** Mr. Moerdler inquired regarding ridership comparisons year to year. Mr. Johnson commented that current ridership levels are close to the numbers from last year but are short of 2016 budgeted levels, which assumed growth over 2015. NYCT is reviewing ridership and will make adjustments to the forecast for the July Plan. Ridership is being reviewed at the other operating agencies as well. Mr. Albert and Mr. Zuckerman inquired regarding PMT and possible

reasons for the shortfall in collections as compared to budgeted and whether counties may not be reporting and what drivers are indicated in the PMT. Mr. Johnson noted that the PMT receipts are driven by payroll in the MTA service region; however, they do not necessarily follow consistent monthly collection patterns. This can result in performance variability from month to month.

## **B. FinanceWatch**

Mr. Paul Acerra presented FinanceWatch (see pages 18 through 27 of the Committee book for the complete FinanceWatch report).

**Transportation Revenue Bonds Subseries 2012A-2 Remarketing:** Mr. Acerra reported on the remarketing of \$50.0 million Transportation Revenue Bonds Subseries 2012A-2 that were remarketed on a competitive basis. The bonds will remain in Term Rate Mode as Floating Rate Tender Notes with a purchase date of June 1, 2019. The winning bid was made by Jefferies LLC, with 0.580%.

**Fuel Hedge:** Mr. Acerra reported that on April 28, 2016, MTA executed a hedge for ultra-low sulfur diesel fuel, for approximately 2.91 million gallons, with Macquarie Group at all-in price of \$1.554/gallon. Three of MTA's eligible commodity counterparties participated in competitive bidding: Goldman, Sachs & Co./J Aron, J.P. Morgan Ventures Energy Corporation and Macquarie Group. The hedge covers the period from April 2017 through March 2018.

**Dedicated Tax Fund Green Bonds:** Mr. Acerra reported on the Dedicated Tax Fund Green Bonds, Series 2016B (Climate Bond Certified) transaction that was priced during the previous week. The bonds were issued with a par of \$588 million, including \$413.4 million that retired the 2015A DTF Bond Anticipation Notes and \$174.9 million that refunded certain outstanding DTF bonds from the 2009A and 2009B series. Mr. Acerra noted that the refunding bonds were added due to favorable market conditions and interest rates, and the par amount of refunded bonds was approximately \$192.1 million, with a present value (PV) savings of \$39.3 million, or approximately 21% savings of refunded bonds. The transaction was led by book-running senior manager BofA Merrill Lynch, together with special co-senior managers, MBE firm Loop Capital Markets, the MWBE joint venture team of Siebert Brandford Shank & Co., LLC and Morgan Stanley, and Service Disable Veteran-Owned firm Drexel Hamilton, LLC.

**Annual Disclosure Filing:** Mr. Acerra reported that MTA's annual disclosure filings (Combined Continuing Disclosure Filings) were made in a timely fashion and posted on EMMA on April 29, 2016, and are also available on the MTA investor website. Mr. Acerra thanked MTA's Finance Counsel, Disclosure Counsel, and all of the agencies for their efforts and assistance in completing the annual disclosure filings.

**Discussion:** Mr. Ballan congratulated the team for the refunding savings and inquired whether MTA is actively pursuing additional refunding opportunities. Mr. Acerra confirmed that the Finance Department is monitoring the market and refunding candidates regularly on daily basis so staff may quickly act when these opportunities present themselves, whether they manifest as separate transactions or are added to new money and remarketing transactions when MTA is in the market. Mr. Ballan and Mr. Ferrer inquired regarding the status of the RFPs for Underwriters and Financial Advisors. Mr. Acerra noted that the RFP for Underwriters is currently being scored, and it is anticipated that recommendations will be brought to the Board in September. Mr. Acerra

noted that the RFP for Financial Advisors will be released in the summer, with the goal of bringing recommendations to Board in the fall.

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

### **A. Reports and Information Items**

Mr. Johnson indicated there were two MTA HQ Reports and Information items. The first was the Station Maintenance billings for April 1, 2015 – March 31, 2016. The second was the Annual Pension Fund Report.

#### **1. Station Maintenance Billings Approval**

Mr. Johnson reported that the first information item is to advise the Board regarding the station maintenance billing to New York City and the counties for the period April 1, 2015 to March 31, 2016 (see pages 28 through 32 of the Committee book for the report).

#### **2. Annual Pension Report**

Mr. Johnson introduced Mr. Sean Crawford, Chief Investment Officer and Ms. Margaret Connor, Senior Director of Human Resources and Retirement Programs, for the annual Pension Fund presentation (see pages 33 through 51 of the Committee book).

Mr. Crawford highlighted the enormity of the task of overseeing the investments in the portfolio with \$6 billion for MTA Sponsored Defined Benefit Plans and \$4.9 billion for MTA Sponsored Defined Contribution Plans. Mr. Crawford discussed the market overview and outlook and the low rate, low return environment, which may add a challenge to meeting the return benchmarks. Crawford noted that the asset allocation is regularly reviewed to ensure the best asset allocation policy to increase returns and reduce risk across the portfolio. He further noted the diversity in the portfolio. Mr. Crawford highlighted the results, and noted the historical performance, MTA takes less risk in its asset allocation, and this conservative approach helps during down markets. The return assumption, net of fees, is 7%, which is a somewhat more conservative assumption than the peer group. Lastly, Mr. Crawford reported the funding status of the MTA sponsored plans, with MTA Defined Benefit Plans at 73%, MaBSTOA at 70%, and LIRR at 49%. Mr. Crawford noted the LIRR plan shows a dramatic improvement in funding status, reflective of the contributions that have been made in recent years.

**Discussion:** Mr. Ballan inquired regarding compensation for investment managers. Mr. Crawford indicated the investment managers are on a traditional fee arrangement, which is a percentage of assets managed, and that typically the arrangements include a sliding fee scale to the benefit of MTA. Mr. Pally inquired regarding the funding status and the relationship between the funding status and the investments. Mr. Crawford responded that it is a function of contributions as well as the investment rate return assumption, which changes the funding ratio. Mr. Foran commented that a lower return rate assumption may be prudent because being more conservative in the return assumption helps force increasing the contributions, thus providing for well-funded pension plans. Mr. Foran further noted that MTA is striving to reduce the funding gap in the plans and is making contributions annually to reduce the unfunded portion, especially regarding the LIRR plan. Mr. Zuckerman inquired regarding the fees for investment managers and how they compared to the relative peer group, and MTA's approach to investments in hedge funds. Mr. Crawford

indicated that to diversify a specific risk is part of it, but without private equity it would be difficult to reap the 7% return rate. Mr. Crawford further noted that MTA does work on negotiating fees. Lastly, Mr. Ballan inquired regarding the process for choosing the asset managers and whether there are discounted fees. Mr. Crawford noted the complexity of the selection process, but it is something regularly reviewed by the investment committee with input from consultants, and that fee discounts are manager-specific.

### **C. Procurements**

Mr. Angel Barbosa reported there were four competitive procurements for MTA Headquarters for various contract modifications and purchase orders, including contracts for personal service, miscellaneous service, and miscellaneous procurement for a total of \$71,008,255 (see pages 52 through 59 of the Committee book).

Mr. Barbosa highlighted three of the procurement items. One is for a competitively negotiated purchase contract for all-agency procurement of office supplies for not to exceed amount of \$21.7 million (including 10% contingency). Mr. Barbosa noted the process was highly competitive with 107 firms requesting the RFP package, fourteen of which were MWBE, and ten proposals were received. Mr. Barbosa commented that the baseline spend for office supplies over five years is approximately \$24 million, but with the category analysis and SKU cost reductions and continued negotiations, the revised baseline spend is projected at \$19.7 million, which is a reduction of \$4.3 million or 18%. Mr. Barbosa highlighted a second procurement item for all-MTA IT hardware servers and computer maintenance servers for \$31.6 million. Mr. Barbosa noted this procurement was also highly competitive with 83 firms requesting the package, 31 of which were MWBE, and 12 proposals were received. Five year baseline spend for all-MTA IT hardware was \$69.0 million, and with the unit cost concessions from negotiations, the overall spend has been reduced to \$31.6 million, which is reduction of 54%. Lastly, Mr. Barbosa highlighted the all-MTA managed print services award for \$16.9 million, for which 89 requests for the RFP package were made, 39 of which were MWBE, and six proposals were made. The five-year baseline spend was \$24.6 million, but based on the RFP, the baseline spend has been reduced to \$15.4 million, a reduction of 37%.

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

## **VI. Metro-North Railroad**

### **A. Procurements**

Mr. Barbosa reported there were four procurements for Metro-North for a total \$14,118,110. One procurement was a non-competitive sole source procurement and three were competitive procurements, including two requests to use the RFP process and one for a modification for additional funding (see pages 60 through 65 of the Committee book).

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

## **VII. LIRR**

### **A. Procurements**

Mr. Barbosa reported there were four procurements for LIRR for a total \$56,826,814. One procurement was a non-competitive sole source procurement and three competitive procurements were requests to use the RFP process (see pages 66 through 71 of the Committee book).

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

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

### **A. Procurements**

Mr. Barbosa reported there were three procurements for NYCT for total of \$32,149,972. One was a non-competitive sole source procurement and two were competitive procurements for contract modifications (see pages 72 through 75 of the Committee book).

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

## **IX. Bridges and Tunnels**

### **A. Procurements**

Mr. Barbosa reported there were two competitive procurements requesting to use the RFP process for total of \$255,000,000, including one for a modification to amend a personal service contract for additional funding (see pages 76 through 80 of the Committee book).

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

## **X. FMTAC**

Ms. Phyllis Rachmuth, Acting Director, Risk & Insurance Management, presented the First Mutual Transportation Assurance Company (FMTAC) annual presentation (see the presentation under Board Materials on the MTA website [http://web.mta.info/mta/news/books/docs/FMTAC\\_Finance\\_Presentation5-23-2016FINAL.pdf](http://web.mta.info/mta/news/books/docs/FMTAC_Finance_Presentation5-23-2016FINAL.pdf)).

Ms. Rachmuth provided highlights of the full FMTAC report (see the full report available under Board Materials at: [http://web.mta.info/mta/news/books/docs/2016\\_FMTA\\_Mtg\\_Bk\\_rev.pdf](http://web.mta.info/mta/news/books/docs/2016_FMTA_Mtg_Bk_rev.pdf)). The report includes the audited financial statements, actuarial loss reserve certification, and the investment performance report.

Ms. Rachmuth provided an insurance program update. The Excess Liability Program was renewed on October 31, 2015 and provides third party liability coverage in excess of the agencies self-insured retentions. FMTAC insures the first \$50 million layer excess of the retention and procures an additional \$350 million through the commercial market. Ms. Rachmuth noted that the \$350 million layer renewed with expiring terms and conditions with a slight increase of 2%. The All Agency Property and Terrorism Programs were renewed May 1, 2016. The Terrorism Program

renewal was made with an 11% premium reduction for a two-year period. During this renewal, it was noted that incumbent insurers were limited in the total capacity available in the NYC metropolitan area, so it allows FMTAC to protect itself against future capacity shortfalls.

Ms. Rachmuth reported for the Property Program, FMTAC increased the overall limit from \$600 million to \$800 million, which includes all risks and catastrophe coverage of flood, wind, and earthquake. Ms. Rachmuth noted the Program now mirrors the cap limits that were purchased prior to Superstorm Sandy, on an indemnity basis. Ms. Rachmuth noted the Metro Cat Program continues to supplement the coverage for an additional \$200 million in storm surge coverage and that capacity is in place until July 31, 2016, but FMTAC has an opportunity to eliminate the costs associated with renewing Metro Cat. Ms. Rachmuth commented that FMTAC received overall savings of 18% from several factors, including a softening property insurance market, increased competition between property markets, and new insurance markets interested in participating in MTA's program. Lastly, Ms. Rachmuth highlighted the FMTAC investment account summaries (see page 3 of the presentation).

Ms. Rachmuth turned the presentation to Mr. Sean Saia from Goldman Sachs Asset Management to discuss the yearly investment performance for the last 12 months ending March 31, 2016. Mr. Saia noted that most of the assets are invested in the fixed-income market, with relatively low risk. Mr. Saia provided an update on the fixed income market, noting that most results were positive for the year, but when excess return is accounted for (removing risk free rate), several sectors had negative returns. Mr. Saia commented that is primarily a function of investors moving away from risk assets, such as corporates and mortgages, and moving toward treasuries, so spreads have widened. The portfolio did show a positive return of 1.7%, slightly above the benchmark. Mr. Saia commented that the aggregate position in relation to interest rates (how much maturity and duration risk to take) was somewhat underweight with average maturity compared to the benchmark, but what helped the performance was in the selection process of the bonds and which ones were held. Mr. Saia discussed the portfolio position and outlook moving forward. Over the year, treasury exposure was increased while corporate and mortgage bonds were decreased in the portfolio.

## **XI. MTA Consolidated Reports**

This month's consolidated reports include: March's statements of operations; overtime reports; report on subsidies; positions; subsidy, interagency loans and stabilization fund transactions; farebox recovery ratios; MTA ridership; and the fuel hedge program (see pages 84 through 135 of the Committee book).

## **XII. Real Estate Agenda**

### **A. Action Items**

Mr. Rosen reported there were five action items (see pages 136 through 162 of the Committee book for all real estate action and information items).

**Discussion:** Mr. Kay inquired regarding the item related to surrender of leasehold interests and the building of a new entrance on the easterly side of Flatbush Avenue Extension. The NYCT estimated that it would cost \$14 million to construct the new entrance, and Mr. Kay wondered

what the property owner had estimated for its costs. Mr. Rosen indicated he did not have that information readily available, but he expected the property owner's estimates were less than \$14 million.

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

### **XIII. Adjournment**

Upon motion duly made and seconded, the May 23, 2016 meeting of the Finance Committee was adjourned at 1:54 PM.

Respectfully submitted,

Marcia Tannian  
Assistant Director, Finance

# 2016 Finance Committee Work Plan

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## I. RECURRING AGENDA ITEMS

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

### Responsibility

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

## II. SPECIFIC AGENDA ITEMS

### Responsibility

### **July 2016**

2017 Preliminary Budget/July Financial Plan 2017-2020  
(Joint Session with MTA Board)

MTA Div. Mgmt/Budget

### **September 2016**

2017 Preliminary Budget/July Financial Plan 2017-2020  
(materials previously distributed)

MTA Div. Mgmt/Budget

#### *Action Item:*

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

MTA Grant Mgmt.

#### *Other:*

Contract Change Order Report  
MTA Financial Statements 2<sup>nd</sup> Quarter for the Six-Months Ended  
June 2016

MTA Proc., Agencies

MTA Comptroller

### **October 2016**

2017 Preliminary Budget/July Financial Plan 2017-2020  
(materials previously distributed)

MTA Div. Mgmt/Budget

#### *Other:*

Update on the Business Service Center  
Annual Review of MTA's Derivative Portfolio -  
Including Fuel Hedge  
MTA 2016 Semi-Annual Investment Report

MTA Business Service Center  
MTA Finance

MTA Treasury

### **November 2016**

2017 Final Proposed Budget/November Financial Plan 2017-2020  
(Joint Session with MTA Board)

MTA Div. Mgmt/Budget

#### *Other:*

Station Maintenance Billing Update  
Review and Assessment of the Finance Committee Charter

MTA Comptroller  
MTA CFO

### **December 2016**

Adoption of 2017 Budget and 2017-2020 Financial Plan

MTA Div. Mgmt/Budget

*Action Items:*

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

*Other:*

Draft 2017 Finance Committee Work Plan	MTA Div. Mgmt/Budget
Contract Change Order Report	MTA Proc., Agencies

**January 2017**

*Other:*

Special Report: Finance Department 2016 Year-End Review	MTA Finance
MTA Financial Statements 3 <sup>rd</sup> Quarter for the Nine-Months Ended September 2016	MTA Comptroller

**February 2017**

*Action Items:*

2016 TBTA Operating Surplus	B&T/MTA
Mortgage Recording Tax – Escalation Payments to Dutchess, Orange and Rockland Counties	MTA Treasury, MTA Div. Mgmt/Budget

*Other:*

February Financial Plan 2017-2020	MTA Div. Mgmt/Budget
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**March 2017**

*Action Items:*

All-Agency Real Property Disposition Guidelines and All-Agency Personal Property Disposition Guidelines	MTA Real Estate/MTA Corporate Compliance
All-Agency Annual Procurement Report	MTA Proc., Agencies

*Other:*

MTA Prompt Payment Annual Report 2016	MTA Business Service Center
Contract Change Order Report	MTA Proc., Agencies

**April 2017**

*Action Item:*

MTA 2016 Annual Investment Report	MTA Treasury
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*Other:*

Annual Report on Variable Rate Debt	MTA Finance
MTA Financial Statements Fiscal Year-End Twelve-Months Ended December 2016	MTA Comptroller

**May 2017**

*Other:*

Station Maintenance Billings Approval	MTA Comptroller
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Annual Pension Fund Report (Audit Committee Members to be invited)	MTA Labor
Annual FMTAC Meeting	MTA RIM
Annual FMTAC Investment Performance Report	MTA RIM

## **June 2017**

### *Action Item:*

PWEF Assessment

MTA Capital Program Mgmt/  
MTA Div. Mgmt/Budget

### *Other:*

Update on IT Transformation

MTA Information Technology

Update on Procurement Consolidation

MTA Procurement

Contract Change Order Report

MTA Proc., Agencies

MTA Financial Statements 1<sup>st</sup> Quarter for the Three-Months  
Ended March 2017

MTA Comptroller

## **DETAILS**

### **JULY 2016**

#### 2017 Preliminary Budget/July Financial Plan 2017-2020 (Joint Session with MTA Board)

The Chief Financial Officer and MTA Budget Division will present an updated forecast for 2016, a Preliminary Budget for 2017, and an updated Financial Plan for 2017-2020.

### **SEPTEMBER 2016**

#### 2017 Preliminary Budget/July Financial Plan 2017-2020

Public comment will be accepted on the 2017 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.

### *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. All such contract change orders are reported to the Finance Committee; in addition, such capital contract change orders are reported to the CPOC Committee.

#### MTA Financial Statements for the Six-Months Ended, June 2015

Included for information is a copy of the Independent Accountant's Review Report of MTA Financial Statements for the Six-Months ended, June 30, 2015.

## **OCTOBER 2016**

### **2017 Preliminary Budget/July Financial Plan 2017-2020**

Public comment will be accepted on the 2016 Preliminary Budget.

#### *Other:*

#### **Update on 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.

#### **Annual Review of MTA's Derivative Portfolio – Including Fuel Hedge**

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

#### **MTA 2016 Semi-Annual Investment Report**

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

## **NOVEMBER 2016**

### **2017 Final Proposed Budget/November Financial Plan 2017-2020 (Joint Session with MTA Board)**

The Chief Financial Officer and MTA Budget Division will present an updated forecast for 2016, a Final Proposed Budget for 2017, and an updated Financial Plan for 2017-2020.

#### *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, 2016.

#### **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.

## **DECEMBER 2016**

### **Adoption of 2017 Budget and 2017-2020 Financial Plan**

The Committee will recommend action to the Board on the Final Proposed Budget for 2017 and 2017-2020 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 New Money Bonds.**

Board approval to allow for the issuance of new money bonds to fund existing approved bond

financed capital projects under the Transportation Revenue Bond Obligation Resolution, the Dedicated Tax Fund Obligation Resolution, and in the case of Bridge & Tunnel Capital Projects, the Triborough Bridge and Tunnel Authority Senior and Subordinate Obligation Resolutions.

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 2017 Finance Committee Work Plan

The MTA Chief Financial Officer will present a proposed 2017 Finance Committee Work Plan that will address major issues, SBP and budget process issues, and reports required by statute.

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. All such contract change orders are reported to the Finance Committee; in addition, such capital contract change orders are reported to the CPOC Committee.

**JANUARY 2017**

*Other:*

Special Report: Finance Department 2016 Year-End Review

The MTA Finance Department will present a report that summarizes financing activities for 2016.

MTA Financial Statements for the Nine-Months Ended, September 2016

Included for information is a copy of the Independent Accountant's Review Report of MTA Financial Statements for the Nine-Months ended, September 30, 2016.

**FEBRUARY 2017**

*Action Items:*

2016 TBTA Operating Surplus

MTA Bridges and Runnels should be prepared to answer questions on a staff summary requesting (1) transfer of TBTA 2016 Operating Surplus and Investment Income, (2) advances of TBTA 2016 Operating Surplus, and (3) the deduction from 2017 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 2017-2020

The MTA Division of Management and Budget will present for information purposes a revised 2017-2020 Financial Plan reflecting any technical adjustments from the Adopted Budget and the incorporation of certain “below-the-line” policy actions into the baseline.

**MARCH 2017**

*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 2016

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).

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. All such contract change orders are reported to the Finance Committee; in addition, such capital contract change orders are reported to the CPOC Committee.

**APRIL 2017**

*Action Item:*

MTA Annual Investment Report

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

## MTA Financial Statements for the Twelve-Months Ended, December 2016

Included for information is a copy of the Independent Accountant's Audit Report of MTA Financial Statements for the Twelve-Months ended, December 31, 2016.

## **MAY 2017**

*Other:*

### 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.

### 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 2016 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.

## **JUNE 2017**

*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:*

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.

Update on Procurement Consolidation

Procurement Management will present progress made to date to promote Non-Core Procurement Consolidation. A general organizational overview will be provided and an outline of key milestones and project deliverables will be shared.

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. All such contract change orders are reported to the Finance Committee; in addition, such capital contract change orders are reported to the CPOC Committee.

MTA Financial Statements for the Three-Months Ended, March 2017

Included for information is a copy of the Independent Accountant's Review Report of MTA Financial Statements for the Three-Months ended, March 31, 2017.

# FinanceWatch

June 20, 2016

## Financing Activity

### BAN Takeout and Refunding

#### \$588,305,000 Dedicated Tax Fund Green Bonds, Series 2016B

On May 26, 2016, MTA issued \$588.305 million of Dedicated Tax Fund Green Bonds, Series 2016B. The proceeds from the transaction were used to pay off the existing outstanding Dedicated Tax Fund Bond Anticipation Notes, Series 2015A in the amount of \$500.000 million and to refund \$109.455 million of Dedicated Tax Fund Bonds, Series 2009A and \$82.595 million of Dedicated Tax Fund Bonds, Series 2009B. The Series 2016B bonds were issued as \$413.415 million Dedicated Tax Fund Green Bonds, Subseries 2016B-1 and \$174.890 million Dedicated Tax Fund Green Bonds, Subseries 2016B-2. The Subseries 2016B-1 and Subseries 2016B-2 bonds were both issued as tax-exempt fixed-rate bonds with final maturities of November 15, 2056 and November 15, 2039, respectively.

The transaction resulted in a net present value savings of 39.248 million or 20.44% of the par amount of the refunded bonds. The transaction was led by book-running senior manager BofA Merrill Lynch, together with special co-senior managers: MBE firm Loop Capital Markets; the MWBE joint venture team of Siebert Brandford Shank & Co., L.L.C. and Morgan Stanley; and Service Disabled Veteran-Owned firm Drexel Hamilton, LLC. Nixon Peabody LLP and D. Seaton and Associates will serve as co-bond counsel, and Public Financial Management, Inc. will serve as financial advisor.

#### Transactions Summary Statistics

	<u>Subseries 2016B-1</u>	<u>Subseries 2016B-2</u>	<u>Combined</u>
<i>Par Amount:</i>	\$413.415 million	\$174.890 million	\$588.305 million
<i>Premium:</i>	\$92.479 million	\$41.879 million	\$134.358 million
<i>All-in TIC:</i>	3.52%	3.03%	3.38%
<i>Average Coupon:</i>	5.00%	4.82%	4.95%
<i>Average Life:</i>	20.96 years	16.85 years	19.74 years
<i>PV Savings (\$):</i>	N/A	\$39.248 million	\$39.248 million
<i>PV Savings (%):</i>	N/A	20.44% <sup>(1)</sup>	20.44% <sup>(1)</sup>
<i>Final Maturity:</i>	11/15/2056	11/15/2039	11/15/2056
<i>Underwriter's Discount:</i>	\$5.13 (\$2,122,350)	\$5.26 (\$919,283)	\$5.17 (\$3,041,633)
<i>State Bond Issuance Fee:</i>	\$8.33 (\$3,443,758)	\$0 <sup>(2)</sup>	\$8.33 (\$3,703,197)
<i>Cost of Issuance:</i>	\$0.78 (\$323,916)	\$0.81 (\$141,231)	\$0.79 (\$465,147)
<i>Ratings (S&amp;P/Fitch)</i>	AA/AA		
<i>Senior Managers:</i>	BofA Merrill Lynch		
<i>Special Co-Senior Managers:</i>	Drexel Hamilton, LLC. Loop Capital Markets Morgan Stanley Siebert Brandford Shank		

- (1) MTA's Bond and Other Debt Obligations Refunding Policy states that a refunding must achieve an aggregate NPV savings of 3.0% of the par amount of the refunded bonds.
- (2) MTA received a waiver from making this payment from the State Division of the Budget.

### **Upcoming Financings**

#### **New Money**

##### **\$700,000,000 Dedicated Tax Fund Bond Anticipation Notes, Series 2016A**

In June 2016, MTA expects to issue \$700 million of Dedicated Tax Fund Bond Anticipation Notes, Series 2016A via a competitive bidding process, to finance existing approved transit and commuter projects. Nixon Peabody LLP and D. Seaton and Associates will serve as co-bond counsel, and Public Financial Management, Inc. will serve as financial advisor.

#### **Refunding**

##### **\$500,000,000 MTA Transportation Revenue Refunding Bonds, Series 2016B**

In June 2016, MTA expects to issue \$500 million of MTA Transportation Revenue Refunding Bonds, Series 2016B, to refund existing bonds that meet the Board approved refunding criteria, which were issued by MTA for transit and commuter projects. The MWBE joint venture team of Siebert Brandford Shank & Co., L.L.C. and Morgan Stanley will serve as joint book-running senior managers, together with special co-senior managers Stern Brothers, a WBE firm; and Academy Securities Inc., a Service Disabled Veteran-Owned firm. Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP will serve as co-bond counsel, and Public Financial Management, Inc. will serve as financial advisor.

#### **Fuel Hedging Program**

##### **\$4,728,640 Diesel Fuel Hedge**

On May 26, 2016, MTA executed a 2,914,416 gallon ultra-low sulfur diesel fuel hedge with Macquarie Group at an all-in price of \$1.6225/gallon. The following MTA existing approved commodity counterparties, participated in bidding on the transaction: Goldman, Sachs & Co./ J Aron; J.P. Morgan Ventures Energy Corporation; and Macquarie Group. The hedge covers the period from May 2017 through April 2018.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - Adopted Budget**

**Debt Service**

**May 2016**

(\$ in millions)

	<b>Adopted Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% Var</b>	<b>Explanation</b>
Dedicated Tax Fund:					
NYC Transit	\$13.8	\$3.5	\$10.3		Lower than budgeted variable rates and timing of new money bond issuance.
Commuter Railroads	1.8	0.7	1.0		
<b>Dedicated Tax Fund Subtotal</b>	<b>\$15.5</b>	<b>\$4.2</b>	<b>\$11.3</b>	<b>72.8%</b>	
MTA Transportation Revenue:					
NYC Transit	\$63.2	\$23.9	\$39.3		Reversal of previous month's timing difference.
Commuter Railroads	44.1	15.1	29.0		
MTA Bus	1.8	1.2	0.6		
SIRTOA	0.1	0.0	0.1		
<b>MTA Transportation Revenue Subtotal</b>	<b>\$109.2</b>	<b>\$40.2</b>	<b>\$69.0</b>	<b>63.2%</b>	
MTA Transportation Revenue BANs:					
NYC Transit	\$0.1	\$0.0	\$0.1		Lower than budgeted variable rates.
Commuter Railroads	0.0	0.0	0.0		
MTA Bus	0.0	0.0	0.0		
<b>MTA Transp Revenue BANs Subtotal</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>\$0.1</b>	<b>100.0%</b>	
2 Broadway COPs:					
NYC Transit	\$1.6	\$1.5	\$0.0		
Bridges & Tunnels	0.2	0.2	0.0		
MTA HQ	0.2	0.2	0.0		
<b>2 Broadway COPs Subtotal</b>	<b>\$2.0</b>	<b>\$2.0</b>	<b>\$0.0</b>	<b>1.1%</b>	
TBTA General Resolution (2):					
NYC Transit	\$14.8	\$13.7	\$1.1		
Commuter Railroads	7.0	6.4	0.5		
Bridges & Tunnels	17.3	19.3	(2.0)		
<b>TBTA General Resolution Subtotal</b>	<b>\$39.1</b>	<b>\$39.5</b>	<b>(\$0.4)</b>	<b>-0.9%</b>	
TBTA Subordinate (2):					
NYC Transit	\$6.1	\$5.6	\$0.5		Lower than budgeted variable rates.
Commuter Railroads	2.7	2.5	0.2		
Bridges & Tunnels	2.4	2.2	0.2		
<b>TBTA Subordinate Subtotal</b>	<b>\$11.2</b>	<b>\$10.3</b>	<b>\$0.9</b>	<b>8.2%</b>	

<b>Total Debt Service</b>	<b>\$177.2</b>	<b>\$96.2</b>	<b>\$81.0</b>	<b>45.7%</b>	
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Debt Service by Agency:					
NYC Transit	\$99.6	\$48.3	\$51.3		
Commuter Railroads	55.6	24.7	30.9		
MTA Bus	1.8	1.2	0.6		
SIRTOA	0.1	0.0	0.1		
Bridges & Tunnels	20.0	21.8	(1.8)		
MTAHQ	0.2	0.2	0.0		

<b>Total Debt Service</b>	<b>\$177.2</b>	<b>\$96.2</b>	<b>\$81.0</b>	<b>45.7%</b>	
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**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 May 2016 Year-to-Date

(\$ in millions)

	Adopted Budget	Actual	Variance	% Var	Explanation
Dedicated Tax Fund:					
NYC Transit	\$146.9	\$121.0	\$25.9		Lower than budgeted variable rates and timing of new money bond issuance.
Commuter Railroads	29.1	25.7	3.4		
<b>Dedicated Tax Fund Subtotal</b>	<b>\$176.0</b>	<b>\$146.7</b>	<b>\$29.3</b>	<b>16.6%</b>	
MTA Transportation Revenue:					
NYC Transit	\$395.5	\$344.0	\$51.5		Lower than budgeted variable rates and timing of new money bond issuance.
Commuter Railroads	249.8	217.0	32.9		
MTA Bus	9.2	11.5	(2.3)		
SIRTOA	0.6	0.3	0.3		
<b>MTA Transportation Revenue Subtotal</b>	<b>\$655.1</b>	<b>\$572.7</b>	<b>\$82.3</b>	<b>12.6%</b>	
MTA Transportation Revenue BANs:					
NYC Transit	\$0.5	\$0.0	\$0.5		Lower than budgeted variable rates.
Commuter Railroads	0.2	0.0	0.2		
MTA Bus	0.0	0.0	0.0		
<b>MTA Transp Revenue BANs Subtotal</b>	<b>\$0.7</b>	<b>\$0.0</b>	<b>\$0.7</b>	<b>100.0%</b>	
2 Broadway COPs:					
NYC Transit	\$7.8	\$7.7	\$0.1		
Bridges & Tunnels	1.1	1.1	0.0		
MTA HQ	1.1	1.1	0.0		
<b>2 Broadway COPs Subtotal</b>	<b>\$9.9</b>	<b>\$9.8</b>	<b>\$0.1</b>	<b>1.1%</b>	
TBTA General Resolution (2):					
NYC Transit	\$74.2	\$71.5	\$2.6		
Commuter Railroads	34.9	33.6	1.2		
Bridges & Tunnels	103.4	100.8	2.6		
<b>TBTA General Resolution Subtotal</b>	<b>\$212.4</b>	<b>\$206.0</b>	<b>\$6.5</b>	<b>3.0%</b>	
TBTA Subordinate (2):					
NYC Transit	\$30.6	\$29.5	\$1.1		
Commuter Railroads	13.4	13.0	0.5		
Bridges & Tunnels	12.1	11.7	0.4		
<b>TBTA Subordinate Subtotal</b>	<b>\$56.1</b>	<b>\$54.2</b>	<b>\$1.9</b>	<b>3.5%</b>	

<b>Total Debt Service</b>	<b>\$1,110.2</b>	<b>\$989.4</b>	<b>\$120.8</b>	<b>10.9%</b>	
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Debt Service by Agency:					
NYC Transit	\$655.4	\$573.8	\$81.6		
Commuter Railroads	327.4	289.3	38.1		
MTA Bus	9.2	11.5	(2.3)		
SIRTOA	0.6	0.3	0.3		
Bridges & Tunnels	116.6	113.6	3.0		
MTAHQ	1.1	1.1	0.0		

<b>Total Debt Service</b>	<b>\$1,110.2</b>	<b>\$989.4</b>	<b>\$120.8</b>	<b>10.9%</b>	
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#### 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)**

Issue		TRB 2005E-2		TRB 2005E-3		TRB 2005D-1		TRB 2002G-1g		TRB 2012G-2	
Remarketing Agent		J.P.Morgan		Loop Capital		Merrill Lynch		Goldman		TD Securities	
Liquidity Provider		J.P.Morgan		Bank of Montreal		Helaba		TD Bank		TD Bank	
Liquidity/Insurer		LoC		LoC		LoC		LoC		LoC	
Par Outstanding (\$m)		75.00		75.00		150.00		42.55		125.00	
Swap Notional (\$m)		45.00		45.00		150.00		39.21		125.00	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
4/27/2016	0.41%	0.40%	-0.01%	0.39%	-0.02%	0.41%	0.00%	0.41%	0.00%	0.38%	-0.03%
5/4/2016	0.39%	0.38%	-0.01%	0.38%	-0.01%	0.39%	0.00%	0.38%	-0.01%	0.36%	-0.03%
5/11/2016	0.39%	0.38%	-0.01%	0.38%	-0.01%	0.40%	0.01%	0.39%	0.00%	0.37%	-0.02%
5/18/2016	0.40%	0.38%	-0.02%	0.39%	-0.01%	0.40%	0.00%	0.41%	0.01%	0.37%	-0.03%
5/25/2016	0.40%	0.38%	-0.02%	0.40%	0.00%	0.40%	0.00%	0.40%	0.00%	0.37%	-0.03%
6/1/2016	0.39%	0.38%	-0.01%	0.38%	-0.01%	0.39%	0.00%	0.40%	0.01%	0.36%	-0.03%

**Transportation Revenue Bonds**

**Dedicated Tax Fund Bonds**

Issue		TRB 2015E-2		TRB 2015E-3		TRB 2015E-4		DTF 2002B-1	
Remarketing Agent		Citigroup		Loop Capital		Loop Capital		Mitsubishi	
Liquidity Provider		Bank of Tokyo		Bank of the West		Bank of the West		Bank of Tokyo	
Liquidity/Insurer		LoC		LoC		LoC		LoC	
Par Outstanding (\$m)		250.00		200.00		50.00		150.00	
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
4/27/2016	0.41%	0.40%	-0.01%	0.39%	-0.02%	0.44%	0.03%	0.40%	-0.01%
5/4/2016	0.39%	0.38%	-0.01%	0.37%	-0.02%	0.42%	0.03%	0.38%	-0.01%
5/11/2016	0.39%	0.38%	-0.01%	0.37%	-0.02%	0.42%	0.03%	0.38%	-0.01%
5/18/2016	0.40%	0.38%	-0.02%	0.38%	-0.02%	0.43%	0.03%	0.39%	-0.01%
5/25/2016	0.40%	0.38%	-0.02%	0.38%	-0.02%	0.43%	0.03%	0.39%	-0.01%
6/1/2016	0.39%	0.37%	-0.02%	0.37%	-0.02%	0.42%	0.03%	0.39%	0.00%

**TBTA General Revenue Bonds**

Issue		TBTA 2005B-3	
Remarketing Agent		Morgan Stanley	
Liquidity Provider		Tokyo Mitsubishi	
Liquidity/Insurer		LoC	
Par Outstanding (\$m)		192.20	
Swap Notional (\$m)		192.20	
Date	SIFMA	Rate	Spread to SIFMA
4/27/2016	0.41%	0.41%	0.00%
5/4/2016	0.39%	0.38%	-0.01%
5/11/2016	0.39%	0.41%	0.02%
5/18/2016	0.40%	0.41%	0.01%
5/25/2016	0.40%	0.41%	0.01%
6/1/2016	0.39%	0.40%	0.01%

Issue		TBTA 2001B		TBTA 2001C		TBTA 2003B-1	
Remarketing Agent		Citigroup		Citigroup		PNC Capital	
Liquidity Provider		State Street		JP Morgan		PNC Bank	
Liquidity/Insurer		LoC		LoC		LoC	
Par Outstanding (\$m)		117.81		117.80		81.91	
Swap Notional (\$m)		None		None		2.05	
Date	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
4/26/2016	0.41%	0.39%	-0.02%	0.41%	0.00%	0.40%	-0.01%
5/3/2016	0.39%	0.38%	-0.01%	0.38%	-0.01%	0.38%	-0.01%
5/10/2016	0.39%	0.38%	-0.01%	0.40%	0.01%	0.39%	0.00%
5/17/2016	0.40%	0.39%	-0.01%	0.41%	0.01%	0.39%	-0.01%
5/24/2016	0.40%	0.39%	-0.01%	0.41%	0.01%	0.39%	-0.01%
5/31/2016	0.39%	0.38%	-0.01%	0.40%	0.01%	0.38%	-0.01%

Issue		TBTA 2005A		TBTA SUB 2013D-2a		TBTA SUB 2013D-2b	
Remarketing Agent		TD Securities		BofA Merrill		BofA Merrill	
Liquidity Provider		TD Bank		BofA Merrill		BofA Merrill	
Liquidity/Insurer		LoC		LoC (Taxable)		LoC (Taxable)	
Par Outstanding (\$m)		118.68		58.02		90.45	
Swap Notional (\$m)		23.23		None		None	
Outstanding (\$m)	SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA	Rate	Spread to SIFMA
4/26/2016	0.41%	0.38%	-0.03%	0.40%	-0.01%	0.40%	-0.01%
5/3/2016	0.39%	0.36%	-0.03%	0.40%	0.01%	0.40%	0.01%
5/10/2016	0.39%	0.36%	-0.03%	0.42%	0.03%	0.42%	0.03%
5/17/2016	0.40%	0.37%	-0.03%	0.42%	0.02%	0.42%	0.02%
5/24/2016	0.40%	0.37%	-0.03%	0.42%	0.02%	0.42%	0.02%
5/31/2016	0.39%	0.37%	-0.02%	0.42%	0.03%	0.42%	0.03%

Report Date 6/3/2016

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

**Transportation Revenue Bonds**

Issue		TRB 2012A-2		TRB 2012A-3		TRB 2014D-2		TRB 2015A-2	
Remarketing Agent		N/A		N/A		N/A		N/A	
Initial Purchase Date		05/15/16		04/01/19		11/15/2017		6/1/2020	
Liquidity/Insurer		None		None		None		None	
Par Outstanding (\$m)		50.00		50.00		165.00		250.00	
Swap Notional (\$m)		None		None		None		None	
Date	SIFMA	Spread to		Spread to		Spread to		Spread to	
		Rate	SIFMA	Rate	SIFMA	Rate	SIFMA	Rate	SIFMA
4/27/2016	0.41%	0.68%	0.27%	0.91%	0.50%	0.77%	0.36%	0.99%	0.58%
5/4/2016	0.39%	0.66%	0.27%	0.89%	0.50%	0.75%	0.36%	0.97%	0.58%
5/11/2016	0.39%	0.97%	0.58%	0.89%	0.50%	0.75%	0.36%	0.97%	0.58%
5/18/2016	0.40%	0.98%	0.58%	0.90%	0.50%	0.76%	0.36%	0.98%	0.58%
5/25/2016	0.40%	0.98%	0.58%	0.90%	0.50%	0.76%	0.36%	0.98%	0.58%
6/1/2016	0.39%	0.97%	0.58%	0.89%	0.50%	0.75%	0.36%	0.97%	0.58%

**Dedicated Tax Fund Bonds**

Issue		DTF 2002B-3a		DTF 2002B-3b		DTF 2002B-3c		DTF 2002B-3d	
Remarketing Agent		N/A		N/A		N/A		N/A	
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	Spread to		Spread to		Spread to		Spread to	
		Rate	SIFMA	Rate	SIFMA	Rate	SIFMA	Rate	SIFMA
4/27/2016	0.41%	1.16%	0.75%	1.31%	0.90%	1.36%	0.95%	1.41%	1.00%
5/4/2016	0.39%	1.14%	0.75%	1.29%	0.90%	1.34%	0.95%	1.39%	1.00%
5/11/2016	0.39%	1.14%	0.75%	1.29%	0.90%	1.34%	0.95%	1.39%	1.00%
5/18/2016	0.40%	1.15%	0.75%	1.30%	0.90%	1.35%	0.95%	1.40%	1.00%
5/25/2016	0.40%	1.15%	0.75%	1.30%	0.90%	1.35%	0.95%	1.40%	1.00%
6/1/2016	0.39%	1.15%	0.76%	1.30%	0.91%	1.35%	0.96%	1.40%	1.01%

Issue		DTF 2008A-2a		DTF 2008A-2b		DTF 2008B-3a		DTF 2008B-3b		DTF 2008B-3c	
Remarketing Agent		Goldman Sachs		Goldman Sachs		Goldman Sachs		Goldman Sachs		Goldman Sachs	
Maturity Date		11/01/26		11/01/31		11/01/28		11/01/30		11/01/34	
Liquidity/Insurer		None		None		None		None		None	
Par Outstanding (\$m)		83.74		84.86		35.00		54.47		44.74	
Swap Notional (\$m)		82.04		83.47		None		None		None	
Date	SIFMA	Spread to		Spread to		Spread to		Spread to		Spread to	
		Rate	SIFMA	Rate	SIFMA	Rate	SIFMA	Rate	SIFMA	Rate	SIFMA
4/27/2016	0.41%	0.79%	0.38%	0.99%	0.58%	0.78%	0.37%	0.77%	0.36%	0.86%	0.45%
5/4/2016	0.39%	0.77%	0.38%	0.97%	0.58%	0.76%	0.37%	0.75%	0.36%	0.84%	0.45%
5/11/2016	0.39%	0.77%	0.38%	0.97%	0.58%	0.76%	0.37%	0.75%	0.36%	0.84%	0.45%
5/18/2016	0.40%	0.78%	0.38%	0.98%	0.58%	0.77%	0.37%	0.76%	0.36%	0.85%	0.45%
5/25/2016	0.40%	0.78%	0.38%	0.98%	0.58%	0.77%	0.37%	0.76%	0.36%	0.85%	0.45%
6/1/2016	0.39%	0.77%	0.38%	0.97%	0.58%	0.76%	0.37%	0.75%	0.36%	0.84%	0.45%

**TBTA General Revenue Bonds**

Issue		TBTA SUB 2000ABCD-3		TBTA SUB 2000ABCD-4		TBTA SUB 2000ABCD-5	
Remarketing Agent		N/A		N/A		N/A	
Initial Purchase Date		1/1/2017		1/1/2018		1/1/2019	
Liquidity/Insurer		None		None		None	
Par Outstanding (\$m)		36.60		38.85		18.85	
Swap Notional (\$m)		21.66		22.99		11.15	
Date	SIFMA	Spread to		Spread to		Spread to	
		Rate	SIFMA	Rate	SIFMA	Rate	SIFMA
4/27/2016	0.41%	0.66%	0.25%	0.76%	0.35%	0.85%	0.44%
5/4/2016	0.39%	0.64%	0.25%	0.74%	0.35%	0.83%	0.44%
5/11/2016	0.39%	0.64%	0.25%	0.74%	0.35%	0.83%	0.44%
5/18/2016	0.40%	0.65%	0.25%	0.75%	0.35%	0.84%	0.44%
5/25/2016	0.40%	0.65%	0.25%	0.75%	0.35%	0.84%	0.44%
6/1/2016	0.39%	0.64%	0.25%	0.74%	0.35%	0.83%	0.44%

Report Date 6/3/2016

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

**Transportation Revenue Bonds**

Issue		TRB 2002D-2a		TRB 2002D-2b		TRB 2002G-1c	
Remarketing Agent		N/A		N/A		N/A	
Initial Purchase Date		5/15/2017		5/15/2018		11/1/2016	
Liquidity/Insurer		Assured		Assured		None	
Par Outstanding (\$m)		100.00		100.00		13.26	
Swap Notional (\$m)		100.00		100.00		12.22	
Date	67% of 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR
4/27/2016	0.29%	0.77%	0.48%	0.90%	0.61%	0.98%	0.69%
5/4/2016	0.29%	0.77%	0.48%	0.90%	0.61%	0.98%	0.69%
5/11/2016	0.29%	0.77%	0.48%	0.90%	0.61%	0.98%	0.69%
5/18/2016	0.29%	0.77%	0.48%	0.90%	0.61%	0.98%	0.69%
5/25/2016	0.30%	0.77%	0.48%	0.90%	0.61%	0.98%	0.69%
6/1/2016	0.31%	0.77%	0.46%	0.90%	0.59%	0.98%	0.67%

Issue		TRB 2002G-1d		TRB 2002G-1f		TRB 2002G-1h		TRB 2011B	
Remarketing Agent		N/A		N/A		N/A		N/A	
Initial Purchase Date		11/1/2017		11/1/2018		11/1/2016		11/1/2017	
Liquidity/Insurer		None		None		None		None	
Par Outstanding (\$m)		13.80		42.58		56.89		99.56	
Swap Notional (\$m)		12.72		39.24		52.43		46.56	
Date	67% of 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR
4/27/2016	0.29%	1.12%	0.83%	0.77%	0.48%	1.14%	0.85%	0.64%	0.35%
5/4/2016	0.29%	1.12%	0.83%	0.77%	0.48%	1.14%	0.85%	0.64%	0.35%
5/11/2016	0.29%	1.12%	0.83%	0.77%	0.48%	1.14%	0.85%	0.64%	0.35%
5/18/2016	0.29%	1.12%	0.83%	0.77%	0.48%	1.14%	0.85%	0.64%	0.35%
5/25/2016	0.30%	1.12%	0.83%	0.77%	0.48%	1.14%	0.85%	0.64%	0.35%
6/1/2016	0.31%	1.12%	0.81%	0.77%	0.46%	1.14%	0.83%	0.64%	0.33%

Issue		TRB 2012G-1		TRB 2012G-3		TRB 2012G-4	
Remarketing Agent		N/A		N/A		N/A	
Initial Purchase Date		11/1/2019		11/1/2016		11/1/2017	
Liquidity/Insurer		None		None		None	
Par Outstanding (\$m)		84.45		75.00		73.40	
Swap Notional (\$m)		84.45		75.00		73.40	
Date	67% of 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR
4/27/2016	0.29%	0.59%	0.30%	0.99%	0.70%	1.13%	0.84%
5/4/2016	0.29%	0.59%	0.30%	0.99%	0.70%	1.13%	0.84%
5/11/2016	0.29%	0.59%	0.30%	0.99%	0.70%	1.13%	0.84%
5/18/2016	0.29%	0.59%	0.30%	0.99%	0.70%	1.13%	0.84%
5/25/2016	0.30%	0.59%	0.30%	0.99%	0.70%	1.13%	0.84%
6/1/2016	0.31%	0.59%	0.28%	0.99%	0.68%	1.13%	0.82%

**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		11/1/2016		1/3/2017		2/1/2019		12/1/2018		1/1/2017	
Liquidity/Insurer		None		None		None		None		None	
Par Outstanding (\$m)		27.00		37.50		38.70		43.80		45.20	
Swap Notional (\$m)		27.00		37.50		38.70		43.80		45.20	
Date	67% of 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR
4/27/2016	0.29%	0.59%	0.30%	0.81%	0.52%	0.69%	0.40%	0.87%	0.58%	0.94%	0.65%
5/4/2016	0.29%	0.59%	0.30%	0.81%	0.52%	0.69%	0.40%	0.87%	0.58%	0.94%	0.65%
5/11/2016	0.29%	0.59%	0.30%	0.81%	0.52%	0.69%	0.40%	0.87%	0.58%	0.94%	0.65%
5/18/2016	0.29%	0.59%	0.30%	0.81%	0.52%	0.69%	0.40%	0.87%	0.58%	0.94%	0.65%
5/25/2016	0.30%	0.59%	0.30%	0.81%	0.52%	0.69%	0.40%	0.87%	0.58%	0.94%	0.65%
6/1/2016	0.31%	0.59%	0.28%	0.81%	0.50%	0.69%	0.38%	0.87%	0.56%	0.94%	0.63%

Issue		TBTA 2003B-2		TBTA 2008B-2	
Remarketing Agent		N/A		NA	
Initial Purchase Date		12/3/2019		11/15/2021	
Liquidity/Insurer		None		None	
Par Outstanding (\$m)		46.05		63.65	
Swap Notional (\$m)		1.15		None	
Date	67% of 1M LIBOR	Rate	Spread to 1M LIBOR	Rate	Spread to 1M LIBOR
4/27/2016	0.29%	0.64%	0.35%	0.79%	0.50%
5/4/2016	0.29%	0.64%	0.35%	0.79%	0.50%
5/11/2016	0.29%	0.64%	0.35%	0.79%	0.50%
5/18/2016	0.29%	0.64%	0.35%	0.79%	0.50%
5/25/2016	0.30%	0.64%	0.35%	0.79%	0.50%
6/1/2016	0.31%	0.64%	0.33%	0.79%	0.48%

Report Date 6/3/2016

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

**Transportation Revenue Bonds**

Issue		TRB 2005D-2		TRB 2005E-1		TRB 2015E-1		TRB 2015E-5	
Dealer		Morgan Stanley		Jefferies		US Bancorp		US Bancorp	
Liquidity Provider		Helaba		Bank of Montreal		US Bank		US Bank	
Type of Liquidity		LoC		LoC		LoC		LoC	
Par Outstanding (\$m)		100.00		100.00		100.00		50.00	
Swap Notional (\$m)		100.00		60.00		None		None	
Date	SIFMA	Spread to		Spread to		Spread to		Spread to	
		Rate	SIFMA	Rate	SIFMA	Rate	SIFMA	Rate	SIFMA
5/25/2016	0.39%	0.38%	-0.01%	0.35%	-0.04%	0.36%	-0.03%	0.36%	-0.03%
5/26/2016	0.39%	0.38%	-0.01%	0.35%	-0.04%	0.36%	-0.03%	0.36%	-0.03%
5/27/2016	0.39%	0.38%	-0.01%	0.35%	-0.04%	0.36%	-0.03%	0.36%	-0.03%
5/28/2016	0.39%	0.38%	-0.01%	0.35%	-0.04%	0.36%	-0.03%	0.36%	-0.03%
5/29/2016	0.39%	0.38%	-0.01%	0.35%	-0.04%	0.36%	-0.03%	0.36%	-0.03%
5/30/2016	0.39%	0.38%	-0.01%	0.35%	-0.04%	0.36%	-0.03%	0.36%	-0.03%
5/31/2016	0.39%	0.38%	-0.01%	0.35%	-0.04%	0.35%	-0.04%	0.35%	-0.04%
6/1/2016	0.39%	0.37%	-0.02%	0.33%	-0.06%	0.33%	-0.06%	0.33%	-0.06%
6/2/2016	0.39%	0.36%	-0.03%	0.29%	-0.10%	0.31%	-0.08%	0.31%	-0.08%
6/3/2016	0.39%	0.35%	-0.04%	0.28%	-0.11%	0.30%	-0.09%	0.30%	-0.09%

**TBTA General Revenue Bonds**

**Dedicated Tax Fund Bonds**

Issue		TBTA 2002F		TBTA 2003B-3		TBTA 2005B-2		DTF 2008A-1	
Dealer		JP Morgan		US Bancorp		Wells Fargo		RBC Capital	
Liquidity Provider		Helaba		US. Bank		Wells Fargo		RBC	
Type of Liquidity		LoC		LoC		LoC		LoC	
Par Outstanding (\$m)		187.70		52.41		192.20		168.60	
Swap Notional (\$m)		187.70		1.31		192.20		165.51	
Date	SIFMA	Spread to		Spread to		Spread to		Spread to	
		Rate	SIFMA	Rate	SIFMA	Rate	SIFMA	Rate	SIFMA
5/25/2016	0.39%	0.39%	0.00%	0.35%	-0.04%	0.35%	-0.04%	0.35%	-0.04%
5/26/2016	0.39%	0.39%	0.00%	0.35%	-0.04%	0.35%	-0.04%	0.35%	-0.04%
5/27/2016	0.39%	0.39%	0.00%	0.35%	-0.04%	0.35%	-0.04%	0.35%	-0.04%
5/28/2016	0.39%	0.39%	0.00%	0.35%	-0.04%	0.35%	-0.04%	0.35%	-0.04%
5/29/2016	0.39%	0.39%	0.00%	0.35%	-0.04%	0.35%	-0.04%	0.35%	-0.04%
5/30/2016	0.39%	0.39%	0.00%	0.35%	-0.04%	0.35%	-0.04%	0.35%	-0.04%
5/31/2016	0.39%	0.39%	0.00%	0.35%	-0.04%	0.35%	-0.04%	0.35%	-0.04%
6/1/2016	0.39%	0.36%	-0.03%	0.35%	-0.04%	0.35%	-0.04%	0.33%	-0.06%
6/2/2016	0.39%	0.32%	-0.07%	0.33%	-0.06%	0.33%	-0.06%	0.31%	-0.08%
6/3/2016	0.39%	0.29%	-0.10%	0.30%	-0.09%	0.30%	-0.09%	0.30%	-0.09%

Report Date 6/3/2016

**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>	91.250	9.550	7.150	26.675
<b>Swap Notional (\$m)</b>	None	9.550	7.150	26.675
<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>April 18 thru April 22, 2016</i>	<b>0.882%</b>	<b>1.207%</b>	<b>1.213%</b>	<b>1.213%</b>
<i>April 25 thru April 29, 2016</i>	<b>0.875%</b>	<b>1.202%</b>	<b>1.204%</b>	<b>1.197%</b>
<i>May 2 thru May 6, 2016</i>	<b>0.872%</b>	<b>1.198%</b>	<b>0.590%</b>	<b>1.199%</b>
<i>May 9 thru May 13, 2016</i>	<b>0.875%</b>	<b>1.200%</b>	<b>1.203%</b>	<b>1.195%</b>
<i>May 16 thru May 20, 2016</i>	<b>0.877%</b>	<b>1.227%</b>	<b>1.206%</b>	<b>1.206%</b>
<i>May 23 thru May 27, 2016</i>	<b>0.888%</b>	<b>1.227%</b>	<b>1.222%</b>	<b>1.237%</b>
<i>May 30 thru June 3, 2016</i>	<b>0.938%</b>	<b>1.256%</b>	<b>1.289%</b>	<b>1.291%</b>
<i>Corresponding Libor Rate</i>	<b>0.469%</b>	<b>0.457%</b>	<b>0.469%</b>	<b>0.470%</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>	90.625	24.575	2.550
<b>Swap Notional (\$m)</b>	None	24.575	2.550
<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>January 2016</i>	<b>0.851%</b>	<b>1.170%</b>	<b>1.170%</b>
<i>February 2016</i>	<b>0.860%</b>	<b>1.188%</b>	<b>1.206%</b>
<i>March 2016</i>	<b>0.880%</b>	<b>1.196%</b>	<b>1.203%</b>
<i>April 2016</i>	<b>0.866%</b>	<b>1.207%</b>	<b>1.204%</b>
<i>May 2016</i>	<b>0.869%</b>	<b>1.273%</b>	<b>06/10/2016</b>
<i>Corresponding Libor Rate</i>	<b>0.435%</b>	<b>0.463%</b>	<b>0.438%</b>
<i>Fail Rate</i>	<b>200%</b>	<b>275%</b>	<b>275%</b>

**Report Date 6/3/2016**

Type of Credit					Outstanding			Total Outstanding	TIC <sup>1</sup>	Notes
Underlying Ratings (Moody's / S&P / Fitch / Kroll)	Series	BPA Sale Date	Series Original Final Maturity	Principal Iss. Amount	Fixed Amount	Variable Amount	Synthetic Fixed Amount			
MTA Transportation Revenue Bonds (A1/AA-/A/AA+)	2002B	5/28/02	11/1/2022	210.500	-	181.875	-	181.875	1.36	
	2002D	5/29/02	11/1/2032	400.000	174.725	-	200.000	374.725	4.47	
	2002G	11/19/02	11/1/2026	400.000	-	13.255	155.815	169.070	4.00	
	2003A	5/8/03	11/15/2032	475.340	86.330	-	-	86.330	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	38.065	-	-	38.065	4.76	
	2005B	6/22/05	11/15/2035	750.000	163.685	-	-	163.685	4.80	
	2005C	10/19/05	11/15/2016	150.000	11.415	-	-	11.415	4.19	
	2005D	11/1/05	11/1/2035	250.000	-	-	250.000	250.000	4.30	
	2005E	11/1/05	11/1/2035	250.000	-	100.000	150.000	250.000	3.31	
	2005G	12/7/05	11/1/2026	250.000	233.540	-	-	233.540	4.34	
	2006A	7/13/06	11/15/2035	475.000	298.425	-	-	298.425	4.89	
	2006B	12/13/06	11/15/2036	717.730	301.265	-	-	301.265	4.52	
	2007A	6/27/07	11/15/2037	425.615	361.245	-	-	361.245	4.84	
	2007B	12/6/07	11/15/2037	415.000	353.945	-	-	353.945	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	353.180	-	-	353.180	3.21	
	2008C	10/17/08	11/15/2013	550.000	154.515	-	-	154.515	6.68	
	2009A	10/6/09	11/15/2039	502.320	435.745	-	-	435.745	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	625.620	-	-	625.620	4.29	
	2010C	6/30/10	11/15/2040	510.485	467.720	-	-	467.720	4.27	
	2010D	11/23/10	11/15/2040	754.305	689.080	-	-	689.080	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	360.755	-	-	360.755	4.95	
	2011B	9/13/11	11/1/2041	99.560	-	53.005	46.555	99.560	2.02	
	2011C	11/2/11	11/15/2028	197.950	188.795	-	-	188.795	3.99	
	2011D	11/30/11	11/15/2046	480.165	442.530	-	-	442.530	4.57	
	2012A	3/7/12	11/15/2042	150.000	50.000	100.000	-	150.000	1.71	
	2012B	3/7/12	11/15/2039	250.000	230.770	-	-	230.770	3.85	
	2012C	4/18/12	11/15/2047	727.430	703.365	-	-	703.365	4.22	
	2012D	6/28/12	11/15/2032	1,263.365	1,173.845	-	-	1,173.845	3.51	
	2012E	7/13/12	11/15/2042	650.000	613.570	-	-	613.570	3.91	
	2012F	9/20/12	11/15/2030	1,268.445	1,097.650	-	-	1,097.650	3.17	
	2012G	11/7/12	11/1/2032	359.450	-	-	357.850	357.850	4.15	
	2012H	11/9/12	11/15/2042	350.000	331.620	-	-	331.620	3.70	
	2013A	1/17/13	11/15/2043	500.000	477.210	-	-	477.210	3.79	
	2013B	3/22/13	11/15/2043	500.000	476.255	-	-	476.255	4.08	
	2013C	6/11/2013	11/15/2043	500.000	476.395	-	-	476.395	4.25	
	2013D	7/11/2013	11/15/2043	333.790	321.685	-	-	321.685	4.63	
	2013E	11/15/2013	11/15/2043	500.000	483.840	-	-	483.840	4.64	
	2014A	2/28/2014	11/15/2044	400.000	393.690	-	-	393.690	4.31	
	2014B	4/17/2014	11/15/2044	500.000	484.165	-	-	484.165	4.38	
	2014C	6/26/2014	11/15/2036	500.000	488.960	-	-	488.960	3.32	
	2014D	11/4/2014	11/15/2044	500.000	335.000	165.000	-	500.000	3.00	
	2015A	1/28/2015	11/15/2045	850.000	582.930	250.000	-	832.930	2.81	
	2015B	3/19/2015	11/15/2055	275.055	273.485	-	-	273.485	4.29	
	2015C	8/18/2015	11/15/2035	550.000	550.000	-	-	550.000	3.68	
	2015D	9/17/2015	11/15/2035	407.695	407.695	-	-	407.695	3.61	
	2015E	9/10/2015	11/15/2050	650.000	-	650.000	-	650.000	0.73	
	2015B BANS	12/10/2015	2/1/2018	700.000	700.000	-	-	700.000	0.55	
	2015F	12/17/2015	11/15/2036	330.430	330.430	-	-	330.430	3.21	
	2016A	2/25/2016	11/15/2056	782.520	782.520	-	-	782.520	3.54	
	2016A BANS	3/30/2016	2/1/2017	700.000	700.000	-	-	700.000	0.61	
Total				27,335.275	19,871.385	1,513.135	1,160.220	22,544.740	3.69	
									WATIC	
TBTA General Revenue Bonds (Aa3/AA-/AA-/ AA)	EFC 1996A	6/26/96	1/1/2030	28.445	0.630	-	-	0.630	5.85	
	2001B	12/18/01	1/1/2032	148.200	-	117.805	-	117.805	2.07	
	2001C	12/18/01	1/1/2032	148.200	-	117.800	-	117.800	1.80	
	2002F	11/8/02	11/1/2032	246.480	-	-	187.695	187.695	3.56	
	2003B	12/9/03	1/1/2033	250.000	-	175.860	4.505	180.365	1.86	
	2005A	5/10/05	11/1/2035	150.000	-	95.445	23.230	118.675	2.37	
	2005B	7/6/05	1/1/2032	800.000	-	-	576.600	576.600	3.70	
	2006A	6/8/06	11/15/2035	200.000	4.975	-	-	4.975	4.72	

Type of Credit					Outstanding			Total Outstanding	TIC <sup>1</sup>	Notes	
Underlying Ratings (Moody's / S&P / Fitch/ Kroll)	Series	BPA Sale Date	Series Original Final Maturity	Principal Iss. Amount	Fixed Amount	Variable Amount	Synthetic Fixed Amount				
	2007A	6/13/07	11/15/2037	223.355	48.300	-	-	48.300	4.84		
	2008A	3/13/08	11/15/2038	822.770	598.210	-	-	598.210	4.93		
	2008B	3/13/08	11/15/2038	252.230	142.715	63.650	-	206.365	3.53		
	2008C	7/16/08	11/15/2038	629.890	461.335	-	-	461.335	4.72		
	2009A	2/11/09	11/15/2038	475.000	392.295	-	-	392.295	4.77		
	2009B	9/10/09	11/15/2039	200.000	200.000	-	-	200.000	3.63		
	2010A	10/20/10	11/15/2040	346.960	317.305	-	-	317.305	3.45		
	2011A	10/4/11	1/1/2028	609.430	517.320	-	-	517.320	3.59		
	2012A	6/6/12	11/15/2042	231.490	205.285	-	-	205.285	3.69		
	2012B	8/3/12	11/15/2032	1,236.898	1,350.660	-	-	1,350.660	2.66		
	2013B	1/29/13	11/15/2030	257.195	257.195	-	-	257.195	2.25		
	2013C	4/18/2013	11/15/2043	200.000	188.180	-	-	188.180	3.71		
	2014A	2/6/2014	11/15/2044	250.000	239.440	-	-	239.440	4.28		
	2015A	5/15/2015	11/15/2050	225.000	221.925	-	-	221.925	4.18		
	2015B	11/16/2015	11/15/2045	65.000	65.000	-	-	65.000	3.88		
	2016A	1/28/2016	11/15/2046	541.240	541.240	-	-	541.240	3.24		
	Total				8,537.783	5,752.010	570.560	792.030	7,114.600	3.53	
										WATIC	
	TBTA Subordinate Revenue Bonds (A1/A+/ A+/ AA-)	2000ABCD	11/01/00	1/1/2019	263.000	-	38.500	55.800	94.300	4.56	
		2002E	10/23/02	11/15/2032	756.095	139.825	-	-	139.825	5.34	
2003A		2/27/03	11/15/2032	500.170	5.050	-	-	5.050	4.91		
2008D		7/16/08	11/15/2028	491.110	354.045	-	-	354.045	4.69		
2013A		1/11/2013	11/15/2032	761.600	752.795	-	-	752.795	3.13		
2013D Taxable		12/19/2013	11/15/2032	313.975	163.275	148.470	-	311.745	2.42		
Total				3,085.950	1,414.990	186.970	55.800	1,657.760	3.60		
									WATIC		
MTA Dedicated Tax Fund Bonds (AA/AA)	2002B	9/4/02	11/1/2022	440.000	40.175	311.800	-	351.975	1.99		
	2004A	2/26/04	11/15/2018	250.000	67.295	-	-	67.295	3.49		
	2004B	3/9/04	11/15/2028	500.000	281.480	-	-	281.480	4.51		
	2004C	12/15/04	11/15/2018	120.000	29.005	-	-	29.005	3.77		
	2006A	6/7/06	11/15/2035	350.000	8.730	-	-	8.730	4.18		
	2006B	10/25/06	11/15/2036	410.000	9.595	-	-	9.595	4.28		
	2008A	6/24/08	11/1/2031	352.915	-	6.165	331.020	337.185	4.15		
	2008B	8/6/08	11/1/2034	348.175	197.205	134.210	-	331.415	2.37		
	2009A	3/12/09	11/15/2039	261.700	10.545	-	-	10.545	5.55		
	2009B	4/23/09	11/15/2030	500.000	291.305	-	-	291.305	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	462.005	-	-	462.005	3.91		
	2011A	3/23/11	11/15/2021	127.450	74.890	-	-	74.890	2.99		
	2012A	10/16/12	11/15/2032	1,065.335	989.095	-	-	989.095	3.07		
	2015A BANS	9/17/15	6/1/2016	500.000	-	-	-	-	0.00		
	2016A	3/10/15	11/15/2036	579.995	579.955	-	-	579.955	2.98		
	2016B	5/26/16	11/15/2056	588.305	588.305	-	-	588.305	3.37		
Total				7,646.865	4,379.585	452.175	331.020	5,162.780	3.59		
									WATIC		
MTA Certificates of Participation (2 Broadway) (WD/WD/WD/NAF)	2004A	9/21/04	1/1/2030	357.925	-	-	70.500	70.500	4.10		
	Total			357.925	-	-	70.500	70.500	4.10		
									WATIC		
All MTA Total				46,963.798	31,417.970	2,722.840	2,409.570	36,550.380	3.64		
State Service Contract Bonds (AA/AA)	2002A	6/5/02	7/1/2031	1,715.755	163.190	-	-	163.190	5.29		
	2002B	6/26/02	7/1/2031	679.450	18.655	-	-	18.655	4.93		
	Total			2,395.205	181.845	-	-	181.845	5.25		
									WATIC		
MTA Special Obligation Bonds Aaa	2014	6/5/02	7/1/2031	348.910	328.360	-	-	328.360	2.66		
				348.910	328.360	-	-	328.360	2.66		
									WATIC		
Grand Total				49,707.913	31,928.175	2,722.840	2,409.570	37,060.585	3.64		



**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

<b>Subject</b> Authorization to Issue MTA Hudson Rail Yards Trust Obligations to raise proceeds for 2005-2009 and 2010-2014 Capital Program Projects.	<b>Date</b> June 20, 2016
<b>Department</b> Finance	<b>Vendor Name</b> N/A
<b>Department Head Name</b> Robert E. Foran, Chief Financial Officer	<b>Contract Number</b>
<b>Department Head Signature</b> 	<b>Contract Manager Name</b>
<b>Project Manager Name</b> Patrick J. McCoy, Director, Finance 	<b>Table of Contents Ref #</b>

Board Action						Internal Approvals			
Order	To	Date	Approval	Info	Other	Order	Approval	Order	Approval
1	Finance Comm.	6/20/16	X			1	Legal 	2	Chief of Staff 
2	Board	6/22/16	X						

## BACKGROUND:

In 2008, the MTA Board adopted resolutions which, among other things, authorized negotiations for the development of the Eastern Rail Yard ("ERY") and Western Rail Yard ("WRY") portions of the John D. Caemmerer West Side Yard (the "Hudson Rail Yards"). Such negotiations resulted in MTA and The Related Companies, L.P. ("Related") entering into agreements in 2010 for the development of the ERY and WRY. Subsequently, consistent with such agreements, MTA and Related-controlled entities entered into separate 99-year ground leases for the ERY and WRY that granted the tenant the option to (1) sever the ERY and WRY into separate development parcels and (2) purchase the fee interest in any or all of the severed parcels. The tenants are responsible, at their sole cost and expense, for constructing a platform over the Hudson Rail Yards.

The ERY has been severed into (a) six development parcels for commercial, retail and residential purposes, the tenants of which will make ground lease payments to MTA, and (2) a parcel reserved for cultural purposes that will not make any ground lease payments to MTA. Substantial development has occurred on the severed ERY commercial, retail and residential parcels. The WRY has not yet been severed into development parcels. The 99-year ground leases on the Hudson Rail Yards (as such leases have been severed and as they may continue to be severed), not including the ground lease on the cultural shed parcel, are collectively referred to herein as the "Leases."

MTA has included, and the MTA Capital Program Review Board has approved, in the 2005 – 2009, and 2010 - 2014 Capital Programs the funding of \$1.053 billion of transit and commuter capital projects to be financed with the payments generated by the ground leases at the Hudson Rail Yards. The continuing development of the Hudson Rail Yards, the low interest rate environment and the availability of tax-exempt financing, provide the ideal conditions to currently monetize future ground lease payments to maximize the proceeds available for funding transit and commuter capital projects.

## PURPOSE:

The MTA Finance Department is seeking approval of the Boards of the Related Transportation Entities described below of the Resolution annexed hereto to issue obligations (the "MTA Hudson Rail Yards Trust Obligations" or "Trust Obligations") and authorize the execution and delivery of all other transaction documents and

closing certificates in connection with the plan of finance to monetize (1) the ground lease payments (“Base Rent”) and (2) payments for the purchase, at the option of each tenant, of the fee interests (the “Fee Purchase Payments”). The monetization of these payments will allow MTA to currently take advantage of the low interest rates and the value of the 99-year ground leases to raise approximately \$1 billion in proceeds for the benefit of the Capital Program.

The Trust Obligations will be issued and secured pursuant to a MTA Hudson Rail Yards Trust Agreement (the “Trust Agreement”) by and between MTA and Wells Fargo Bank, National Association. (“Wells Fargo”), as trustee (the “Trustee”). Pursuant to an Interagency Financing Agreement (the “Financing Agreement”), by and among MTA, the Trustee, New York City Transit Authority (the “Transit Authority”), Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”), The Long Island Rail Road Company (“LIRR”), Metro-North Commuter Railroad Company (“MNCRC”), and MTA Bus Company (“MTA Bus”; and collectively with MTA, the Transit Authority, MaBSTOA, LIRR, MNCRC and MTA Bus, the “Related Transportation Entities”), MTA has agreed to pay the Base Rent and Fee Purchase Payments it receives under the Leases and certain other amounts to the Trustee to secure the Trust Obligations. MTA will direct the tenants to make such payments directly to Wells Fargo, as custodian (the “Custodian”) under a Lockbox Agreement (the “Lockbox Agreement”) between the MTA and the Custodian, and the Custodian will transfer such payments to the Trustee for payment on designated principal and interest payment dates to the owners of the Trust Obligations. The Related Transportation Entities are the operating agencies expected to be benefitted by the financing of their capital projects with the proceeds of the Trust Obligations.

A portion of the proceeds of the Trust Obligations will be deposited into a capitalized interest account for the purposes of paying interest on the Trust Obligations during the rent abatement period under the Leases. Other than the abatement periods originally provided for under the Leases, abatement of Base Rent is not permitted for any other reason.

Pursuant to the Financing Agreement, for liquidity purposes, in the event a tenant under a Lease is delinquent in its payment of Base Rent, MTA, on behalf of the Related Transportation Entities, has agreed to advance, on a monthly basis with 25 days’ notice, the amount by which the monthly Base Rent amounts received during the month is less than one-sixth ( $1/6^{\text{th}}$ ) of the next semi-annual interest payment on the Trust Obligations. MTA’s obligation to make such interest reserve advances is limited to seven (7) years from the date of any delinquency. The cost of interest rate advances, if any, will be shared by the Related Transportation Entities in accordance with the proportion that the Related Transportation Entity benefits from the proceeds of the Trust Obligations. MTA will be reimbursed for the interest reserve advances from the amounts recovered from the delinquent tenant. Such interest reserve advances are made from moneys available under the Transportation Revenue Bond Resolution after the payment of debt service on Transportation Revenue Bonds (i.e., on parity with operating and maintenance expenses of the operating agencies).

A fee mortgage will be delivered for each parcel (including each parcel hereafter severed) by Related or the applicable severed parcel Tenant for the benefit of the Trustee to further secure the Trust Obligations. Under the Trust Agreement, MTA will have one year after the default by the tenant to decide if MTA wants to continue to have control over the defaulting parcel by agreeing to pay all delinquent and future Base Rent under the defaulting Lease, or allow the Trustee to sell or relet the defaulting parcel.

The proceeds of the Trust Obligations will be used to (1) fund capital projects of the Related Transportation Entities in approved MTA Capital Program Plans, (2) fund capitalized interest during the rent abatement period, (3) make an initial deposit to the two-month Interest Reserve Fund under the Trust Agreement, and (4) pay costs of issuance and related fees and expenses.

## DISCUSSION:

The approval of the Boards of the Related Transportation Entities is being requested for the aforementioned transaction, including approval of the following:

- the adoption of the authorizing resolution, which authorizes the selection of underwriters for the Trust Obligations, the preparation and delivery of a Preliminary Official Statement, Official Statement, bond purchase agreement and continuing disclosure agreement relating to the Trust Obligations, and the taking of other standard actions relating to the issuance of such Trust Obligations;

- the appointment of Wells Fargo as the Trustee and Custodian;
- the Trust Agreement, the Financing Agreement, the Lockbox Agreement, the bond purchase agreement and a form of the fee mortgages, in substantially the forms presented, together with such revisions and amendments as are approved by the Authorized Officers; and
- all other actions necessary or desirable to effectuate the transactions contemplated by the foregoing.

## **ALTERNATIVES:**

In lieu of authorizing the monetization of the Base Rent and any Fee Purchase Payments as set forth in the foregoing discussion, the Boards could choose to finance the capital projects on a pay-go basis as such payments are received under the terms of the Leases. MTA could also issue Transportation Revenue Bonds utilizing the Hudson Yards ground lease payments as a source of obligation payment, however such alternative would not be preferable due to cost, dilution of the Transportation Revenue Obligation credit, and increased exposure to lease non-performance.

## **RECOMMENDATION:**

That the Boards of the Related Transportation Entities authorize the annexed Resolution Authorizing MTA Hudson Rail Yards Trust Obligations, Series 2016A, authorizing the issuance of the Trust Obligations, as well as all actions related to the issuance of the Trust Obligations as described above, including other costs of issuance and transaction costs, from time to time deemed necessary or desirable in connection therewith; and such other related actions hereunder, which authorizations shall continue in effect without any further action by the Board, unless modified or repealed.

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**METROPOLITAN TRANSPORTATION AUTHORITY,  
NEW YORK CITY TRANSIT AUTHORITY,  
MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY,  
THE LONG ISLAND RAIL ROAD COMPANY,  
METRO-NORTH COMMUTER RAILROAD COMPANY,  
AND  
MTA BUS COMPANY**

**RESOLUTION AUTHORIZING  
MTA HUDSON RAIL YARDS TRUST OBLIGATIONS, SERIES 2016A**

**Adopted June \_\_, 2016**

## Table of Contents

	Page
ARTICLE I DEFINITIONS AND STATUTORY AUTHORITY.....	1
Section 1.01    Definitions.....	1
Section 1.02    Authority for this Resolution .....	2
ARTICLE II AUTHORIZATION OF SERIES 2016A OBLIGATIONS.....	2
Section 2.01    Authorized Principal Amount, Designation and Series .....	2
Section 2.02    Purposes .....	3
Section 2.03    Redemption .....	3
Section 2.04    Delegation to an Authorized Officer.....	3
Section 2.05    Sale of Series 2016A Obligations .....	6
Section 2.06    Appointment of Trustee and Paying Agent .....	7
ARTICLE III DISPOSITION OF SERIES 2016A OBLIGATIONS PROCEEDS .....	7
Section 3.01    Disposition of Series 2016A Obligations Proceeds .....	7

## **MTA HUDSON RAIL YARDS TRUST OBLIGATIONS, SERIES 2016A RESOLUTION**

BE IT RESOLVED by the Metropolitan Transportation Authority (the “Authority”), the New York City Transit Authority (the “Transit Authority”), the Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”), The Long Island Rail Road Company (“LIRR”), Metro-North Commuter Railroad Company (“MNCRC”) and MTA Bus Company (“MTA Bus”) as follows:

### **ARTICLE I**

#### **DEFINITIONS AND STATUTORY AUTHORITY**

**Section 1.01 Definitions.** As used in this Resolution, unless a different meaning clearly appears from the context, the following terms shall have the following meanings:

“Additional Related Transportation Entity” shall mean any subsidiary or affiliate of a Related Transportation Entity now or hereafter established which is designated as a Related Transportation Entity in a certificate delivered by an Authorized Officer to the Trustee and which has become a party to the Financing Agreement.

“Authorized Officer” shall mean the Chairman and Chief Executive Officer, the Chair of the Finance Committee, the Vice Chairman, the Chief Financial Officer of the Authority, the Director, Finance of the Authority, the Director of Budget and Financial Management of the Authority, the Secretary of the Authority or any Assistant Secretary of the Authority.

“Board” shall mean the members of each Related Transportation Entity acting as such pursuant to the provisions of State law.

“Bond Counsel” shall mean Nixon Peabody LLP 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 Authority.

“Capital Costs” shall have the meaning set forth in the Trust Agreement.

“Costs of Issuance” shall have the meaning set forth in the Trust Agreement.

“Fee Mortgages” shall mean the fee mortgages executed and delivered by the Authority relating to the parcels subject to the Leases.

“Fee Purchase Payments” means the amount paid as an Option Price under a Lease by the Tenant and payable to the Custodian, at the direction of the Authority, in accordance with the Financing Agreement and the Lockbox Agreement.

“Financing Agreement” shall mean that certain Interagency Financing Agreement, dated as of July 1, 2016, by and among the Authority, the Trustee, the Transit Authority, MaBSTOA, LIRR, MNCRC and MTA Bus, as the same may be amended or supplemented from time to time.

“Leases” shall mean those certain ground leases on the John D. Caemmerer West Side Yard pursuant to which the tenants are making annual base rent payments to the Authority, all as more particularly identified in the Financing Agreement.

“MTA Financing Agreement Amount” has the meaning set forth in the Financing Agreement.

“Lockbox Agreement” shall mean that certain Lockbox Agreement, dated as of July 1, 2016, by and between the Authority and Wells Fargo Bank, National Association, as custodian thereunder, as the same may be amended or supplemented from time to time.

“Payment Guaranties” means pending the commencement of construction of certain buildings and facilitates, affiliates of the Tenants have delivered the following payment guaranties that guaranty, subject to limitations described in the Financing Agreement, the payment of, among other things, Monthly Base Rent by certain Tenants and/or a payment in lieu of proceeding with such construction, all as more fully described in such guaranties.

“Related Transportation Entities” shall mean any of the Authority, MTA Bus, MaBSTOA, the Transit Authority, MNCRC, LIRR and any Additional Related Transportation Entity.

“State” means the State of New York.

“Tenant(s)” means the tenant(s) under the Leases.

“Trust Agreement” shall mean that certain MTA Hudson Rail Yards Trust Agreement, dated as of July 1, 2016, by and between the Authority and the Trustee, as the same may be amended or supplemented from time to time.

“Trustee” shall mean Wells Fargo Bank, National Association, and its successors and assigns.

References to “principal amount” herein are references to “Principal Components” and references to “interest” herein are references to “Interest Components”, each as referred to in the Trust Agreement and the Financing Agreement.

**Section 1.02 Authority for this Resolution.** This Resolution is adopted pursuant to the provisions of the laws of the State of New York. Capitalized terms used herein and not defined herein shall have the meanings set forth in the Trust Agreement.

## ARTICLE II

### AUTHORIZATION OF SERIES 2016A OBLIGATIONS

**Section 2.01 Authorized Principal Amount, Designation and Series.** In order to finance Capital Costs and Costs of Issuance and fund capitalized interest and the Interest Reserve Fund in an amount equal to the Interest Reserve Requirement, a Series of MTA Hudson Rail Yards Trust Obligations (which may be issued at one time or from time to time and in any

number of Series or subseries, which for purposes of this Resolution shall collectively be referred to herein as the “Series 2016A Obligations”, evidencing interests in the MTA Financing Amount payable by the Authority pursuant to the Financing Agreement) entitled to the benefit, protection and security of the Trust Agreement are hereby authorized to be issued in an aggregate principal amount not exceeding the principal amount necessary so that, after giving effect to any net original issue discount and underwriters’ discount from the principal amount, the amount to be deposited in the Obligations Proceeds Fund pursuant to, or otherwise applied to effectuate the purposes of, Section 2.02 and Section 3.01 of this Resolution (exclusive of the amount so deposited therein determined in the related Certificate of Determination as estimated to be necessary to pay capitalized interest or to make a deposit to the Interest Reserve Fund or to pay any Costs of Issuance of the Series 2016A Obligations), shall not exceed the amount or amounts determined in a Certificate of Determination to be necessary to effectuate the purposes set forth in Section 2.02 hereof. For all purposes of this Section 2.01, net original issue premium as determined to be advisable by an Authorized Officer in connection with the marketing of the Series 2016A Obligations shall not be counted.

Series 2016A Obligations shall be designated as, and shall be distinguished from the Obligations of all other Series by the title, “MTA Hudson Rail Yards Trust Obligations, Series 2016A” or such other title or titles set forth in one or more Certificates of Determination.

**Section 2.02 Purposes.** The purposes for which the Series 2016A Obligations are issued shall be set forth in one or more Certificates of Determination and may include the payment of all or any part of the Capital Costs, Costs of Issuance, funding of capitalized interest related to the Series 2016A Obligations and the funding of the Interest Reserve Fund in an amount equal to the Interest Reserve Requirement, all to the extent and in the manner provided in this Resolution.

**Section 2.03 Redemption.** The Series 2016A Obligations shall be subject to optional, early mandatory redemption or otherwise as determined in accordance with Article III of the Trust Agreement or as provided in a Supplemental Trust Agreement or a Certificate of Determination.

**Section 2.04 Delegation to an Authorized Officer.** 1. There is hereby delegated to each Authorized Officer, subject to the limitations contained in the Trust Agreement, the following powers with respect to the Series 2016A Obligations:

(a) to determine whether and when to issue any Series 2016A Obligations, the amount of the Series 2016A Obligations to be applied to finance Capital Costs, and the amount of the proceeds of the Series 2016A Obligations estimated to be necessary to pay the Costs of Issuance of the Series 2016A Obligations, to fund capitalized interest (and to determine how much of such capitalized interest will be funded from the proceeds of the Series 2016A Obligations and how much will be funded from other available moneys of the Authority) or to make a deposit to the Interest Reserve Fund, if any;

(b) to determine the purpose or purposes for which the Series 2016A Obligations are being issued, which shall be one or more of the purposes set forth in Section 2.02 of this Resolution;

(c) to determine the principal amounts of the Series 2016A Obligations to be issued for the purposes set forth in Section 2.02 of this Resolution and whether such principal amounts constitute a separate Series or a subseries of Series 2016A Obligations;

(d) to determine the maturity date and principal amount of each maturity of the Series 2016A Obligations;

(e) to determine the date or dates which the Series 2016A Obligations shall be dated and the interest rate or rates of the Series 2016A Obligations or the manner of determining such interest rate or rates; provided, however, that any Series 2016A Obligations issued as fixed rate tax-exempt Obligations shall be subject to a maximum interest rate of not greater than 10% per annum, any Series 2016A Obligations issued as fixed rate taxable Obligations shall be subject to a maximum interest rate of not greater than 12% per annum, or, in each such case, such higher rate or rates as determined by the Authority's Board;

(f) to determine the redemption price or redemption prices, if any, and the redemption terms, if any, for the Series 2016A Obligations; provided, however, that if the Series 2016A Obligations are to be redeemable at the election of the Authority, the redemption price (except in the case of taxable Series 2016A Obligations) shall not be greater than one hundred three percent (103%) of the principal amount of the Series 2016A Obligations to be redeemed, plus accrued interest thereon up to but not including the date of redemption; and, provided, further, however, that if the Series 2016A Obligations are subject to early mandatory redemption, the redemption price shall not be greater than one hundred three percent (103%) of the greater of (i) amortized value and (ii) the principal amount of the Series 2016A Obligations to be redeemed, plus accrued interest thereon up to but not including the date of redemption; and with respect to either optional redemption or early mandatory redemption, any provisions relating to pro rata redemption and/or make-whole redemption;

(g) to determine the purchase price for the Series 2016A Obligations to be paid by the purchaser or purchasers referred to in one or more Purchase Agreements (hereinafter defined), which may include such original issue discount and original issue premium as shall be determined in the Trust Agreement; provided, however, that, in the case of the Series 2016A Obligations, the underwriters' discount reflected in such purchase price shall not exceed \$10.00 for each one thousand dollars (\$1,000) principal amount of the Series 2016A Obligations;

(h) to take all actions required for the Series 2016A Obligations to be eligible under the rules and, regulations of The Depository Trust Company ("DTC") for investment and trading as uncertificated securities, to execute and deliver a standard form of letter of representation with DTC and notwithstanding any provisions to the contrary contained in this Resolution, to include in the Trust Agreement such terms and provisions as may be appropriate or necessary to provide for uncertificated securities in lieu of Series 2016A Obligations issuable in fully registered form;

(i) to determine whether to issue all or any portion of the Series 2016A Obligations as tax-exempt Obligations, taxable Obligations, or as any other form of Obligations permitted by the Trust Agreement and any matters related thereto, including (i) the terms and provisions of any such Series 2016A Obligations, (ii) the selection of any agents or parties to

ancillary arrangements and the terms of any such arrangements, and (iii) the methods for determining the accrual of debt service;

(j) to determine the advisability, as compared to an unenhanced transaction, of obtaining one or more credit facilities (including 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 Authority and is issued by a financial institution, insurance provider or other person and which provides security or liquidity in respect of any outstanding Series 2016A Obligations, hereinafter, a "Credit Facility"), to select a provider or providers thereof and to determine and accept the terms and provisions and price thereof, to determine such other matters related thereto as in the opinion of the Authorized Officer executing the Trust Agreement shall be considered necessary or appropriate and to effect such determinations by making any changes in or additions to this Resolution required by Credit Facility providers, if any, or required by a rating agency in order to attain or maintain specific ratings on the Series 2016A Obligations, or relating to the mechanisms for the repayment of amounts advanced thereunder or payment of fees, premiums, expenses or any other amounts, notices, the provision of information, and such other matters of a technical, mechanical, procedural or descriptive nature necessary or appropriate to obtain or implement a Credit Facility with respect to the Series 2016A Obligations, and to make any changes in connection therewith;

(k) to make such changes in or to the forms of the Trust Agreement, the Financing Agreement, the Lockbox Agreement or the Fee Mortgages as may be required by a Rating Agency in order to attain or maintain specific ratings on the Series 2016A Obligations;

(l) to make such changes in or to the forms of the Trust Agreement, the Financing Agreement, the Lockbox Agreement or the Fee Mortgages as may be necessary or desirable in order to cure any ambiguities, inconsistencies or other defects; and

(m) to determine such other matters specified in or permitted by (i) the Trust Agreement, the Financing Agreement, the Lockbox Agreement, the Fee Mortgages, or the Leases or (ii) this Resolution, including preparation of any documentation therefor.

2. Each Authorized Officer is hereby authorized to execute and deliver by and on behalf of each of the Related Transportation Entities, as appropriate, the Trust Agreement, the Financing Agreement, the Lockbox Agreement and the Fee Mortgages with such changes, omissions, insertions and revisions as may be approved by the officer executing such agreements and mortgages, said execution being conclusive evidence of the approval and concurrence of each Board in the determinations made by such Authorized Officer. Determinations set forth in the related Supplemental Trust Agreement shall have the same effect as if set forth in this Resolution. Any such Authorized Officer may exercise any authority delegated under this Resolution from time to time following, or in connection with the, issuance of any Series 2016A Obligations, as appropriate for any purposes, including, the execution and delivery of such additional agreements and related closing certificates as the Authorized Officer determines is necessary to effectuate the transactions authorized hereby, and in order to exercise rights or remedies under the Leases, the Payment Guaranties, the Completion Guaranties, the Trust Agreement, the Financing Agreement, the Lockbox Agreement or the Fee Mortgages, in

order to obtain a substitute or additional Credit Facility, or to appoint new or additional agents or other parties deemed appropriate under any of such documents or agreements, including the appointment of a Real Estate Asset Management Consultant under the Trust Agreement and the appointment of a firm or firms to provide for the calculation and revision of the amounts payable by the Tenants under the Leases and the Fee Purchase Payments and similar amounts, including the revision from time to time of Schedule 1 to the Trust Agreement.

**Section 2.05 Sale of Series 2016A Obligations.** Each Authorized Officer is hereby authorized to sell and award the Series 2016A Obligations to the purchasers who shall be on the list of underwriters then approved by the Authority and shall be referred to in the Purchase Agreement or Agreements, which Purchase Agreement or Agreements shall be substantially in the form presented to the Board at this meeting, with such revisions to reflect the terms and provisions of the Series 2016A Obligations as may be approved by the officer executing the Purchase Agreement (each, a "Purchase Agreement"). Each Authorized Officer is hereby authorized to agree to the selection of the representative of the underwriters as referred to in the Purchase Agreement or Agreements and to execute and deliver the Purchase Agreement or Agreements for and on behalf and in the name of the Authority with such changes, omissions, insertions and revisions as may be approved by the officer executing the Purchase Agreement or Agreements, said execution being conclusive evidence of such approval and concurrence in the selection of the representative of the underwriters.

Each Authorized Officer is hereby authorized to make public and to authorize the use and distribution by said purchasers or other appropriate parties of a preliminary official statement, offering circular, or other disclosure document (the "Preliminary Official Statement") in connection with each public offering or any direct or private placement of the Series 2016A Obligations, in the form approved by the Director, Finance of the Authority and made available to the Board of the Authority at least one business day prior to its publication, in connection with the sale of Obligations, with such changes, omissions, insertions and revisions as such officer shall deem advisable. Such Preliminary Official Statement shall reflect the security and structural provisions set forth in the Trust Agreement and Financing Agreement described in this Resolution. The Authority authorizes any of said officers to deliver a certification to the effect that such Preliminary Official Statement or Official Statement, if deemed necessary or appropriate, together with such other documents, if any, described in such certificate, was deemed final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission as applicable.

Each Authorized Officer is hereby authorized to make public and to authorize distribution of a final Official Statement in substantially the form of the Preliminary Official Statement, with such changes, omissions, insertions and revisions as such officer shall deem advisable, to sign such Official Statement and to deliver such Official Statement to the purchasers of such issue of the Series 2016A Obligations, such execution being conclusive evidence of the approval of such changes, omissions, insertions and revisions.

Each Authorized Officer is hereby authorized to execute and deliver for and on behalf and in the name of the Related Transportation Entities, to the extent determined by such Authorized Officer to be necessary or convenient, a Continuing Disclosure Agreement, substantially in the form appended to the Purchase Agreement, with such changes, omissions,

insertions and revisions as such officer shall deem advisable (the “Continuing Disclosure Agreement”), said execution being conclusive evidence of the approval of such changes, omissions, insertions and revisions.

The proceeds of each good faith check, if any, received by the Authority from the purchasers of each issue of the Series 2016A Obligations under the terms of the related Purchase Agreement may be invested by the Authority pending application of the proceeds of such good faith check for the purposes provided in Section 2.02 of this Resolution at the time of the issuance and delivery of such Series 2016A Obligations.

Each Authorized Officer (including any Assistant Secretary of the Authority) is hereby authorized and directed to execute, deliver, amend, replace or terminate any and all documents and instruments (including any investment agreements or arrangements, or any reimbursement agreements or documents or instruments relating to a Credit Facility deemed appropriate to a given form or mode of an Obligation) and to do and cause to be done any and all acts necessary or proper for carrying out each Purchase Agreement, the Continuing Disclosure Agreement, the terms of any Credit Facility or other such agreement or arrangement, and the issuance, sale and delivery of each issue of the Series 2016A Obligations and for implementing the terms of each issue of the Series 2016A Obligations and the transactions contemplated hereby or thereby.

When reference is made in this Resolution to the authorization of an Authorized Officer to do any act, such act may be accomplished by any of such officers individually.

**Section 2.06 Appointment of Trustee and Paying Agent.** Unless otherwise provided by Certificate of Determination, Wells Fargo Bank, National Association shall be the Trustee under the Trust Agreement, the Paying Agent for the Series 2016A Obligations and custodian under the Lockbox Agreement.

### **ARTICLE III**

#### **DISPOSITION OF SERIES 2016A OBLIGATION PROCEEDS**

**Section 3.01 Disposition of Series 2016A Obligation Proceeds.** Any proceeds of the sale of the Series 2016A Obligations, other than accrued interest and capitalized interest, if any, and an amount equal to the Interest Reserve Requirement in the Interest Reserve Fund, shall be deposited, simultaneously with the issuance and delivery of the Series 2016A Obligations, at one time or from time to time in one or more Series or subseries, in the Obligations Proceeds Account which is deemed to be established for each Series in the Obligations Proceeds Fund to be applied, or shall otherwise be applied pursuant to the related Certificate of Determination to:

- (a) the payment of all or any part of the Capital Costs; and
- (b) the balance of such proceeds, exclusive of accrued interest, shall be deposited in the Costs of Issuance Account in the Cost of Issuance Fund and applied to the payment of Costs of Issuance or otherwise applied to the payment of Costs of Issuance.

Unless otherwise provided in the Trust Agreement, the accrued interest and any capitalized interest (whether funded from the proceeds of the Series 2016A Obligations or from

other available moneys of the Authority), if any, received on the sale of the Series 2016A Obligations shall be deposited in the Interest Account in the Rent Payment Fund and the Capitalized Interest Fund, respectively, and an amount equal to the Interest Reserve Requirement shall be deposited in the Interest Reserve Fund.

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LOCKBOX AGREEMENT

between

METROPOLITAN TRANSPORTATION AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Custodian

dated as of July 1, 2016

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## **LOCKBOX AGREEMENT**

This LOCKBOX AGREEMENT is dated as of July 1, 2016 (as such agreement may be from time to time modified in accordance with the terms hereof, this “Agreement”), between METROPOLITAN TRANSPORTATION AUTHORITY, a body corporate and politic constituting a public benefit corporation under the laws of the State of New York (together with its successors and permitted assigns, the “Authority”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as the Custodian hereunder (the “Custodian”).

### **W I T N E S S E T H:**

WHEREAS, the Authority has entered into certain agreements for the development of the Eastern Rail Yard and Western Rail Yard portions of the John D. Caemmerer West Side Yard (the “West Side Yard”), pursuant to which the Authority has entered into 99-year ground leases, severable, with options to purchase fee interests in severed parcels (the “Leases”), a portion of such parcels being land parcels and the remaining portions being air-rights parcels; and

WHEREAS, the Related Transportation Entities (as hereinafter defined) have determined that they can monetize the revenues to be derived from the Leases by authorizing a trustee to execute and deliver to investors interests in such revenues and, in furtherance thereof, the Authority and the Wells Fargo Bank, National Association, as trustee (the “Trustee”) have entered into the Transportation Trust Agreement, dated as of July 1, 2016 (the “Trust Agreement”) pursuant to which the Trustee will initially execute and deliver to investors \$\_\_\_\_\_ aggregate principal amount of MTA Hudson Rail Yards Trust Obligations, Series 2016A (the “Series 2016A Obligations” which, together with all other refunding obligations executed and delivered in accordance with the Trust Agreement, are collectively referred to herein as “Trust Obligations”) evidencing interests in the MTA Financing Agreement Amount (as defined in the hereinafter defined Financing Agreement) payable by the Authority pursuant to the Financing Agreement from the sources identified in paragraphs 2 through 6 of Section 3.1 (“Financing Agreement Payments”) of the Interagency Financing Agreement, dated as of July 1, 2016 (the “Financing Agreement”), by and among the Authority, New York City Transit Authority, Manhattan and Bronx Surface Transit Operating Authority, The Long Island Rail Road Company, Metro-North Commuter Railroad Company and MTA Bus Company (the “Related Transportation Entities”) and the Trustee; and

WHEREAS, in order to provide for the efficient transfer to the Trustee of amounts payable under the Leases which constitute Financing Agreement Payments and the monthly accounting of such payments to determine sufficiency under the Financing Agreement, the Authority has entered into this Lockbox Agreement and directed all Tenants (as defined in the Leases) to make any payments of Monthly Base Rent (as defined in the Financing Agreement) and Fee Purchase Payments (as defined in the Financing Agreement) due to the Authority under such Leases directly to the Custodian;

All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Financing Agreement.

NOW THEREFORE, the Authority and the Custodian hereby agree as follows:

**1. Authority Directions to Tenants and Provision of Information to Custodian.**

On or prior to the execution and delivery of the Series 2016A Obligations, the Authority will notify each Tenant of the information necessary for the Tenant to wire transfer in federal or other immediately available funds all payments of Monthly Base Rent and Fee Purchase Payments directly to the Custodian for deposit hereunder. Upon the execution and delivery of each Additional Severed Parcel Lease, the Authority shall notify the Tenant under the Additional Severed Parcel Lease of the information necessary to have the Tenant to wire transfer in federal or other immediately available funds all payments of Monthly Base Rent and Fee Purchase Payments directly to the Custodian for deposit hereunder. The Custodian hereby acknowledges receipt of copies of the executed Trust Agreement and the Financing Agreement.

On or prior to the execution and delivery of the Series 2016A Obligations and any Refunding Obligations, the Authority shall deliver to the Custodian a schedule substantially in the form of Schedule 1 attached to the Financing Agreement ("Schedule 1") showing (a) the Principal and Interest Components, (b) the application by month of amounts deposited into the Capitalized Interest Fund, and (c) by Lease, a monthly schedule showing the Monthly Base Rent due under each such Lease through and including at least the next two Interest Payment Dates (the "Monthly Lease Payment Schedule"). On or before each November 15, beginning November 15, 2017, and promptly following each event that results in (a) a redemption of a Principal Component, including upon the payment by any Tenant of a Fee Purchase Payment, or (b) a severing of all or a portion of a parcel from one Lease into an additional or substitute Lease, the Authority shall deliver to the Trustee a revised Schedule 1 containing the information required to be set forth therein. Each such schedule shall also set forth the amount of the (a) revised Interest Account Requirement, (b) Interest Reserve Requirement, and (c) monthly payments of Fee Purchase Payment for each Lease for the period covered by the Schedule 1 (the "Fee Purchase Payment Schedule").

In addition, in the event that the Authority elects to exercise its Cure Rights under the Transportation Trust Agreement, the Authority will transfer all payments in connection with the exercise of its Cure Rights, as provided in Section 3.1(4) of the Financing Agreement, to the Custodian for deposit hereunder.

Pursuant to the Financing Agreement, in the event the Tenants do not wire transfer the Monthly Base Rent or Fee Purchase Payments directly to the Custodian and instead forward such payments to the Authority, the Authority will cause all such payments to be promptly forwarded to the Custodian for deposit hereunder.

**2. Deposit Account.** The Custodian hereby establishes the Hudson Rail Yards Deposit Account (No. \_\_\_\_\_) (such account, together with all substitutions and replacements therefor, the "Deposit Account"). All Monthly Base Rent and Fee Purchase Payments wired directly to the Custodian or forwarded to the Custodian by the Authority, together with all payments made by the Authority following the exercise of its Cure Rights, shall be deposited

into the Deposit Account. The Authority and the Custodian are entering into this Agreement, as required by the Financing Agreement, to perfect the Trustee's security interest in the Deposit Account and to provide for the disposition of funds in the Deposit Account.

Upon receipt of any Monthly Base Rent payment, the Custodian shall compare the amount of the payment received against the corresponding scheduled amount for that Tenant and applicable Lease for that month on the Monthly Lease Payment Schedule and notify the Authority and the Trustee of the amount received if the amount of such Monthly Base Rent payment matches the amount for that Tenant and parcel for that month on such Monthly Lease Payment Schedule ("Regularly Scheduled Rent").

If the amount of Monthly Base Rent received by the Custodian is less than the amount scheduled or previously due under any Lease, the Custodian shall promptly notify the Authority and the Trustee which Tenant(s) under which Lease(s) is responsible for the deficiency and the amount of such deficiency. In the event the amount of Monthly Base Rent received by the Custodian is attributable to Annual Base Rent that was previously due and not yet paid by a Tenant in the current calendar month or any prior calendar month ("Delinquent Rent"), the Custodian shall further notify the Trustee and the Authority which Tenant(s) under which Lease(s) has paid such Delinquent Rent. The Custodian shall allocate any Monthly Base Rent payment received in chronological order to any Delinquent Rent (e.g. allocated to earliest unpaid amounts first).

If the amount of Monthly Base Rent received by the Custodian is more than the amount scheduled to be paid under any Lease, the Custodian shall further notify the Trustee and the Authority which Tenant(s) under which Lease(s) is responsible for the excess, the amount of such excess ("Prepaid Rent") and a schedule setting forth how much of such Prepaid Rent shall be segregated by the Trustee in the Rent Payment Fund for application to and in accordance with future Monthly Base Rent payments of the applicable Lease.

The Custodian shall promptly transfer (no later than the 15<sup>th</sup> day of each month) all such Monthly Base Rent received to the Trustee.

Upon receipt of any Fee Purchase Payment, the Custodian shall compare the amount of the payment received against the corresponding scheduled amount for that Tenant and parcel for that month on the Fee Purchase Payment Schedule and notify the Authority and the Trustee of the amount received. If the amount received is less than the amount scheduled, the Custodian shall promptly notify the Authority and the Trustee of the Tenant and the parcel and the amount of the deficiency. The Custodian shall promptly transfer (within 2 Business Days) all such Fee Purchase Payments received to the Trustee.

3. **Deposit Agreement.** The terms and conditions of this Agreement are in addition to any deposit account agreements and other related agreements that the Authority has with the Custodian, including without limitation all agreements concerning banking products and services, treasury management documentation, account booklets containing the terms and conditions of the Deposit Account, signature cards, fee schedules, disclosures, specification sheets and change of terms notices (collectively, the "Deposit Agreements"). The provisions of this Agreement shall supersede the provisions of the Deposit Agreements and the provisions of the Deposit Agreements are inapplicable to the Deposit Account.

4. **Security Interest.** The Authority has granted to the Trustee a security interest in the Deposit Account and all credits or proceeds thereto and all monies, checks and other instruments held or deposited therein (all of which shall be included in the definition of the "Deposit Account"). The Authority represents and warrants that there are no perfected liens or encumbrances with respect to the Deposit Account and hereby covenants that it shall not enter into any acknowledgment or agreement that gives any other person or entity except the Trustee any other security interest, lien or title in, the Deposit Account.

5. **Control.** In order to provide the Trustee with control over the Deposit Account, the Authority agrees that the Custodian may comply with any and all orders, notices, requests and other instructions originated by the Trustee directing disposition of the funds in the Deposit Account without any further consent from the Authority. The Authority agrees that instructions from the Trustee may include instructions to transfer funds to or for the benefit of the Trustee or any other person or entity, and instructions to close the Deposit Account. Concurrent with the original bank statement periodically provided to the Authority regarding receipt of Monthly Base Rent and Fee Purchase Payments, the Custodian will provide the Trustee with a duplicate of such statement. The Authority further authorizes the Custodian to provide to the Trustee any other information concerning the Deposit Account that the Custodian may agree to provide to the Trustee at the Trustee's written request.

6. **Access to Deposit Account.** The Deposit Account shall be under the sole dominion and control of the Custodian. Neither the Authority, nor any other person or entity, acting through or under the Authority, shall have any control over the use of, or any right to withdraw any amount from, the Deposit Account until such time as the Trust Obligations are no longer Outstanding in accordance with the terms of the Trust Agreement. The Custodian is hereby authorized and instructed to transfer all available funds (subject to the Custodian's funds availability policy) in the Deposit Account in accordance with the Trust Agreement to such accounts and at such times as the Trustee may direct in writing to the Custodian.

7. **Subordination by the Custodian.** The Authority and the Custodian acknowledge notice of and recognize the Trustee's continuing security interest in the Deposit Account and in all items deposited in the Deposit Account and in the proceeds thereof. The Custodian hereby subordinates any statutory or contractual right or claim of offset or lien resulting from any transaction which involves the Deposit Account.

8. **No Custodian Liability for Payment.** The Custodian shall not have any obligation or liability to the Owners of the Obligations with respect to the payment of Monthly Base Rent and Fee Purchase Payments when due, or with respect to the performance by the Authority of any other agreement made by the Authority or the Trustee in the Financing Agreement or the Trust Agreement, except to administer, for the benefit of the Owners, the Deposit Account established in this Lockbox Agreement in the manner herein provided.

9. **Custodian's Responsibility.** The duties of the Custodian are strictly limited to those set forth in this Agreement and the Custodian is not acting as a fiduciary for any party hereto. The Custodian shall be protected in relying on any form of written instruction or other notice purporting to be from the Trustee which the Custodian, in good faith, believes to be genuine and what it purports to be. The Custodian shall have no duty to inquire as to the

genuineness, validity, or enforceability of any such instruction or notice even if the Authority notifies the Custodian that the Trustee is not legally entitled to originate any such instruction or notice. The Deposit Account and all actions and undertakings by the Custodian shall be subject to all rules and regulations relating to the Deposit Account and to applicable law.

10. **Termination.** This Agreement shall not be terminable by the Authority so long as any obligations of the Authority to the Trustee are outstanding and unpaid. This Agreement may be terminated by the Custodian upon thirty (30) days prior written notice to all parties. This Agreement may be terminated by the Trustee in a writing sent to the Custodian in which the Trustee releases the Custodian from any further obligation to comply with instructions originated by the Trustee with respect to the Deposit Account. Any available funds remaining in the Deposit Account upon termination or deposited in the Deposit Account thereafter shall be transferred in accordance with the written direction of the Authority after deduction for any amounts otherwise reimbursable to the Custodian as provided hereunder. No such termination, whether at the request of the Custodian or the Trustee, shall become effective until a successor Custodian is appointed. Termination shall not affect the rights and obligations of any party hereto with respect to any period prior to such termination.

11. **Legal Process and Insolvency.** In the event the Custodian receives any form of legal process concerning the Deposit Account, including, without limitation, court orders, levies, garnishments, attachments, and writs of execution, or in the event the Custodian learns of any insolvency proceeding concerning the Authority, the Custodian will respond to such legal process or knowledge of insolvency in the normal course or as required by law.

12. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

13. **Notices.** All notices and other communications required under this Agreement shall be in writing (including by facsimile transmission and electronic or internet mail) at the addresses specified below and shall be delivered personally or electronically or sent by certified or registered mail, postage pre-paid, or by overnight courier or facsimile transmission and shall be deemed received in the case of personal delivery, when delivered, in the case of mailing, when receipted for, in the case of overnight delivery, on the next Business Day after delivery to the courier, and in the case of electronic and facsimile transmission, upon receipt of acknowledgment of transmission during regular business hours on a Business Day at the addressee's location, provided that notice shall be deemed to have been given only when such notice is actually received. Any party may change its address for notices hereunder by notice to the other party given in accordance with this Section 13.

Notices to any party shall be sent to it at the following addresses:

Authority:	Metropolitan Transportation Authority 2 Broadway, 20 <sup>th</sup> Floor New York, New York 10004 Attention: Patrick J, McCoy, Director, Finance Telephone: (212) 878-7183
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Facsimile: (212) 599-6971  
Email: [pmccoy@mtahq.org](mailto:pmccoy@mtahq.org)

With a copy to the General Counsel of the MTA at the same address

Custodian: Wells Fargo Bank, National Association  
[Address]

Trustee: Wells Fargo Bank, National Association  
[Address]

14. **Miscellaneous.** This Agreement shall bind and benefit the parties and their respective successors and assigns. This Agreement may be amended only with the prior written consent of all parties hereto. None of the terms of this Agreement may be waived except as the Custodian may consent thereto in writing. No delay on the part of the Custodian in exercising any right, power or privilege hereunder shall operate as a waiver hereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude other or further exercise thereof or the exercise of any right, power or privilege. The rights and remedies specified herein are cumulative and are not exclusive of any rights or remedies which the Custodian would otherwise have.

15. **Counterparts.** This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

**IN WITNESS HEREOF**, the parties have executed and attested this Lockbox Agreement by their authorized signatories as of the date and year first written above.

**METROPOLITAN TRANSPORTATION AUTHORITY**

By: \_\_\_\_\_  
Name:  
Title:

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Custodian

By: \_\_\_\_\_  
Name:  
Title:

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**MTA HUDSON RAIL YARDS TRUST AGREEMENT**

by and between

**METROPOLITAN TRANSPORTATION AUTHORITY**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

Dated as of July 1, 2016

Relating to

**MTA HUDSON RAIL YARDS TRUST OBLIGATIONS**

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**i**

Section 4.02	<u>Costs of Issuance Fund</u> .....	21
Section 4.03	<u>Obligation Proceeds Fund</u> .....	22
Section 4.04	<u>Rent Payment Fund</u> .....	23
Section 4.05	<u>Capitalized Interest Fund</u> .....	26
Section 4.06	<u>Interest Reserve Fund</u> .....	26
Section 4.07	<u>Rebate Fund</u> .....	27
Section 4.08	<u>Deposit and Investment of Moneys in Funds</u> .....	28
ARTICLE V COVENANTS, DEFAULT AND LIMITATION OF LIABILITY .....		29
Section 5.01	<u>Performance of Financing Agreement, Fee Mortgage and Leases</u> .....	29
Section 5.02	<u>Notice of Non Payment</u> .....	30
Section 5.03	<u>Events of Default</u> .....	30
Section 5.03	<u>Events of Default</u> .....	31
Section 5.05	<u>Application of Moneys</u> .....	32
Section 5.06	<u>Initiation of Remedies</u> .....	34
Section 5.07	<u>Rights and Remedies of Owners</u> .....	34
Section 5.08	<u>Termination of Proceedings</u> .....	34
Section 5.09	<u>Waivers of Events of Default</u> .....	34
Section 5.10	<u>No Obligation with Respect to Performance By Trustee</u> .....	35
Section 5.11	<u>No Trustee Liability to Owners for Payment</u> .....	35
Section 5.12	<u>No Responsibility for Sufficiency</u> .....	35
Section 5.13	<u>Tax Covenant</u> .....	35
ARTICLE VI THE TRUSTEE .....		35
Section 6.01	<u>Employment of Trustee</u> .....	35
Section 6.02	<u>Trustee; Duties, Removal and Resignation</u> .....	36
Section 6.03	<u>Compensation of the Trustee</u> .....	36
Section 6.04	<u>Merger or Consolidation</u> .....	37
Section 6.05	<u>Protection of the Trustee</u> .....	37
Section 6.06	<u>No Liens, Charges or Encumbrances</u> .....	40
Section 6.07	<u>Trustee to Act as Set Forth Herein</u> .....	40
Section 6.08	<u>Limitation of Liability</u> .....	40
ARTICLE VII AMENDMENT; ADMINISTRATIVE PROVISIONS .....		40
Section 7.01	<u>Amendment</u> .....	40
Section 7.02	<u>Defeasance</u> .....	43
Section 7.03	<u>Records</u> .....	43
Section 7.04	<u>Moneys Held for Particular Obligations</u> .....	44
Section 7.05	<u>Notices</u> .....	44
Section 7.06	<u>New York Law</u> .....	44
Section 7.07	<u>Severability</u> .....	44
Section 7.08	<u>Binding Effect; Successors</u> .....	44
Section 7.09	<u>Headings</u> .....	44
Section 7.10	<u>Execution in Counterparts</u> .....	44
Section 7.11	<u>No Recourse on the Obligations</u> .....	45

Section 7.12	<u>Not Debt of State, City or the Authority</u> .....	45
Section 7.13	<u>Miscellaneous Provisions</u> .....	45

## MTA HUDSON RAIL YARDS TRUST AGREEMENT

**THIS MTA HUDSON RAIL YARDS TRUST AGREEMENT**, made and entered into as of July 1, 2016 (the “Trust Agreement”), by and between the **METROPOLITAN TRANSPORTATION AUTHORITY**, a body corporate and politic constituting a public benefit corporation of the State of New York (the “Authority”), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, not in its individual capacity but solely as trustee (the “Trustee”):

### W I T N E S S E T H:

In consideration of the premises and the mutual undertakings, provisions, covenants and agreements herein contained and for other valuable consideration, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS AND RULES OF CONSTRUCTION

**Section 1.01 Definitions.** Capitalized terms defined in the Financing Agreement shall, for purposes of this Trust Agreement, have the meanings set forth in the Financing Agreement unless the context requires otherwise. Where the same capitalized terms are defined in both the Financing Agreement and this Trust Agreement, such capitalized terms are intended to have identical definitions. In addition, the terms defined below shall have the following meanings:

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

Annual Base Rent, with respect to each Lease, shall have the meaning set forth in such Lease, and, collectively, means the sum of all Annual Base Rent under the Leases.

Applicable Redemption Price means the Applicable Redemption Price for each Obligation maturity and redemption date set forth in Schedule 2.

Authority means the Metropolitan Transportation Authority, a body corporate and politic constituting a public benefit corporation created and existing under the laws of the State.

Authority Act means the Metropolitan Transportation Authority Act, Title 11 of Article 5 of the Public Authorities Law of the Consolidated Laws of the State of New York, as amended.

Authorized Officer means the Chairman and Chief Executive Officer, the Chair of the Finance Committee, the Vice Chairman, the Chief Financial Officer, the Director, Finance, the Director of Budget and Financial Management, the Secretary or any Assistant Secretary, and any other person authorized by the Authority, as appropriate, to perform the act or sign the document in question.

Available Transportation Revenues means (i) amounts which are available to be transferred to accounts held by the Authority or any other Related Transportation Entity pursuant to Section 504(d) of the Transportation Revenue Bond Resolution, and (ii) any other legally available moneys of the Authority or any other Related Transportation Entity that the Authority or such Related Transportation Entity determines, in its sole discretion, to make available to the payment of its obligations hereunder. For purposes of clarification, Available Transportation Revenues referred to in clause (i) of this definition are revenues payable from the same pool of moneys available for the payment of the operating and maintenance expenses of the Related Transportation Entities.

Capital Costs means (i) the costs of the Authority or any other Related Transportation Entity for the planning, design, acquisition, construction, reconstruction, rehabilitation or improvement of all or any part of the Transportation District 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 part of the Transportation District Project and any capital contributions, whether or not represented by equity or debt securities or other evidences of indebtedness, made by the Authority or any other Related Transportation Entity to any Person participating in a Transportation District Project for the purpose of funding any costs described in this clause (i); (ii) the payment of bonds, notes or other obligations of the Related Transportation Entities previously incurred to finance Capital Costs; and (iii) amounts paid into any Fund or Account upon the issuance of any Obligations.

Capital Program Plan means a capital program plan approved in accordance with Section 1269-b of the Authority Act, or any successor provision thereto.

Closing Date means the date on which the proceeds of the sale of a series of the Obligations are received by the Trustee.

Costs of Issuance means the costs of the authorization, sale and issuance of a series of Obligations, 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 financial arrangements, costs and expenses of refunding such Obligations, and other costs, charges and fees, including those of the Authority and any other Related Transportation Entity, in connection with the foregoing.

Costs of Issuance Fund means the fund established under Section 4.02 of this Trust Agreement.

Cure Rights means the right, but not the obligation, of the Authority on or prior to a date that is one year after an Original Lease Default Date, provided that the Authority is current in its payment of Interest Reserve Advances under the Financing Agreement and is not otherwise in default in its obligations under the Financing Agreement, to elect to cure the Lease Payment Event of Default by (i) notifying the Trustee in writing in accordance with Section 505(a) hereof

that it will prosecute the Lease Payment Event of Default, (ii) depositing with the Trustee an amount equal to all Monthly Base Rent that is in default under the Lease, less any amount of Interest Reserve Advances previously made relating to such defaulted Lease, and (iii) continuing to pay all Monthly Base Rent in the amounts and on the dates set forth in the defaulted Lease.

Custodian has the meaning given such term in the Financing Agreement.

DTC has the meaning set forth in Section 3.20 hereof.

Early Mandatory Redemption has the meaning set forth in Section 3.16(b) hereof.

Early Mandatory Redemption Amount Minimum means, (i) for each Eligible Early Mandatory Redemption Date prior to the first Optional Redemption Date with respect to a particular maturity of Obligations, the lesser of [ten million dollars (\$10,000,000)] or the Principal Component related to a maturity of Obligations then outstanding that is subject to such Early Mandatory Redemption or (ii) for each Eligible Early Mandatory Redemption Date on or after the first Optional Redemption Date with respect to a particular maturity of Obligations, the lesser of [five million dollars (\$5,000,000)] or the Principal Component related to a maturity of Obligations then outstanding that is subject to such Early Mandatory Redemption.

Early Mandatory Redemption Priority means the redemption priority set forth in Schedule 2.

Eligible Early Mandatory Redemption Date means, as of any date, either the next [February 15, May 15, August 15 or November 15] that is no earlier than 20 days from such date of determination; provided, however, notwithstanding the foregoing, if the amount of the Principal Component of Obligations to be redeemed on a particular date is equal to or greater than [fifty million dollars (\$50,000,000)], the next Eligible Early Mandatory Redemption Date for such redemption shall be the 15<sup>th</sup> day of the next succeeding calendar month provided such redemption date is no earlier than 20 days from the date of determination.

Fee Conversion Option has the meaning set forth in the Leases.

Fee Mortgage(s) means, individually, each Fee Mortgage, dated as of July 1, 2016, from the Authority to the Trustee, relating to the Mortgaged Property, as the same may be amended or supplemented from time to time, and, collectively, all of the individual Fee Mortgages and each additional Fee Mortgage from the Authority to the Trustee, relating to the Mortgaged Property, resulting from the severing of the Leases. The term Fee Mortgage includes fee mortgages delivered in connection with Additional Severed Parcel Leases.

Fee Purchase Payments means the amount paid as an Option Price under a Lease by the Tenant and payable to the Custodian, at the direction of the Authority, in accordance with the Financing Agreement and the Lockbox Agreement.

Financing Agreement means that certain Interagency Financing Agreement, dated as of July 1, 2016, by and among the Authority, the Transit Authority, MaBSTOA, LIRR, MNCRC and MTA Bus and the Trustee, as the same may be amended or supplemented from time to time.

Financing Agreement Payments means, collectively, the amounts payable by the Authority to the Trustee in accordance with paragraphs 3 through 7 of Section 3.1 of the Financing Agreement.

Interest Account Requirement means, as of any date, (i) the aggregate amount of the Interest Component accrued on all outstanding Principal Components calculated to the 15<sup>th</sup> day of the next succeeding calendar month, less (ii) such portion of the accrued Interest Component on any Principal Components that are Outstanding and may be redeemed on the next Eligible Redemption Date at the Applicable Redemption Price plus the accrued Interest Component to the next eligible Redemption Date from amounts on deposit [on such date of calculation] in the Fee Purchase Payment Revenue Account or the Principal Redemption Account.

Interest Payment Date means, with respect to the Interest Components, May 15 and November 15 of each year or such other dates as shall be specified in a Supplemental Trust Agreement.

Interest Component has the meaning set forth in Section 3.1(1) of the Financing Agreement.

Interest Reserve Advances means amounts paid to the Trustee by the Authority to restore the Interest Reserve Fund to the Interest Reserve Requirement pursuant to the terms of the Financing Agreement.

Interest Reserve Fund means the fund established under Section 4.06 of this Trust Agreement.

Interest Reserve Requirement means as of any date of calculation, with respect to all Outstanding Obligations, an amount equal to one-sixth of the greatest amount of regularly scheduled interest for the then current or any future calendar year.

Lease Payment Event of Default has the meaning set forth in the Financing Agreement.

Leases shall have the meaning given to such term in the Financing Agreement.

LIRR means The Long Island Rail Road Company, a subsidiary of the Authority, and any successor thereto.

Lockbox Agreement means the Lockbox Agreement, dated as of July 1, 2016, between the Authority and the Custodian, as the same may be amended or supplemented from time to time.

MaBSTOA means the Manhattan and Bronx Surface Transit Operating Authority, a subsidiary of the Transit Authority, and any successor thereto.

Maturity Date means, with respect to any particular Series 2016A Obligation, November 15 in each of the years set forth in Section 3.04(a), and, with respect to any particular Refunding Obligation, the date set forth in the Supplemental Resolution relating to the issuance of such Refunding Obligations.

Monthly Base Rent means, with respect to each Lease, the monthly payments of Annual Base Rent made in accordance with such Lease, and, collectively, means the sum of all Monthly Base Rent under the Leases.

Monthly Transfer Date means the Business Day immediately preceding the 20<sup>th</sup> day of each calendar month, commencing \_\_\_\_\_, 2016.

Mortgaged Property shall have the meaning given to such term in the Financing Agreement.

MNCRC means the Metro-North Commuter Railroad Company, a subsidiary of the Authority, and any successor thereto.

MTA Bus means the MTA Bus Company, a subsidiary of the Authority, and any successor thereto.

MTA Financing Agreement Amount has the meaning set forth in Section 3.1(1) of the Financing Agreement.

Obligations Proceeds Fund means the fund by that name established by Section 4.03 of this Trust Agreement.

Option Price has the meaning set forth in the Leases.

Optional Redemption Date has the meaning set forth in Section 3.16 hereof.

Original Lease Default Date has the meaning set forth in the Financing Agreement.

Outstanding when used with reference to the Obligations and as of any particular date, means all Obligations theretofore delivered under this Trust Agreement except: (a) any Obligation cancelled by the Trustee on or before such date, (b) any Obligation in lieu of or in substitution for which another Obligation shall have been delivered pursuant to this Trust Agreement and (c) Obligations which are deemed paid in accordance with Section 7.02 of this Trust Agreement.

Owner or any similar term, when used with respect to the Obligations, means: (i) the beneficial owner of any Outstanding Obligation as reflected by electronic book entries recorded in the records of DTC Participants or Indirect Participants; or (ii) if DTC no longer is acting as securities depository for the Obligations, the registered holder of any of the Outstanding Obligations as reflected on the Register.

Paying Agent means a Paying Agent with respect to the Obligations appointed pursuant to Section 3.14 and subject to the provisions of Article VI in the same manner as applicable to the Trustee.

Payment Guaranties has the meaning set forth in the Financing Agreement.

Permitted Investment means, to the extent permitted by applicable law, any of the following securities:

- (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) obligations 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 at the time of purchase 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 at the time of purchase 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 at the time of purchase 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 at the time of purchase 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 or trust company organized under the laws of any

state of the United States of America or a national banking association, 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 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 “Permitted 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.

Person means any natural person, firm, corporation, partnership, limited liability company, state, political subdivision of any state, other public body or other organization or association.

Principal and Interest Components has the meaning set forth in Section 3.1(1) of the Financing Agreement.

Principal Component has the meaning set forth in Section 3.1(1) of the Financing Agreement.

Principal Office, when used with respect to the Trustee, means the offices of the Trustee identified in Section 3.03 of this Trust Agreement or such other office at which the Trustee conducts its corporate trust business as hereafter designated by the Trustee.

Rating Agency means each nationally recognized statistical rating organization then maintaining a rating on the Obligations at the request of an Authorized Officer.

Rating Category means 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 means 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 the Obligations.

Real Estate Asset Management Consultant means a real estate professional with expertise in the enforcement of remedies relating to obligations secured by a mortgage on real property.

Rebate Fund means the fund established under Section 4.07 of this Trust Agreement.

Rebate Requirement has the meaning set forth in 4.07 of this Trust Agreement.

Redemption Date has the meaning set forth in Schedule 2 of this Trust Agreement.

Refunding Obligations means MTA Hudson Rail Yards Trust Obligations executed and delivered for refunding purposes pursuant to a Supplemental Trust Agreement in accordance with Section 3.01(b) hereof and in accordance with the terms of the Financing Agreement, as amended to reflect the issuance of such Refunding Obligations.

Register means the books of the Trustee referred to in Section 3.11 of this Trust Agreement.

Related Transportation Entity means any of the Authority, MTA Bus, MaBSTOA, the Transit Authority, MNCRC, LIRR and any Additional Related Transportation Entity.

Rent Payment Fund means the fund established under Section 4.04 of this Trust Agreement.

Schedule 1 means the then most recent version of Schedule 1 to the Financing Agreement that sets forth, among other things, the Principal and Interest Components, the Monthly Base Rent under each Lease, the revised Interest Account Requirement, the Interest Reserve Requirement and the monthly payments of Fee Purchase Payments for each Lease calculated from time to time in accordance with such Lease and the Applicable Redemption Price.

Securities Depository means a recognized securities depository selected by the Authority to maintain a book-entry system in respect to the Obligations, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

Securities Depository Nominee means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Register maintained by the Trustee the Obligations to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

Series 2016A Obligations means the \$\_\_\_\_\_ MTA Hudson Rail Yards Trust Obligations initially delivered in accordance with this Trust Agreement and designated "Series 2016A".

Supplemental Trust Agreement means a supplement to this Trust Agreement as authorized by Section 7.01 hereof.

Tax Certificate means that certain tax certificate relating to arbitrage and the provisions of Sections 141-150 of the Internal Revenue Code of 1986 or other similar document with respect to each series of Obligations and the Financing Agreement and dated as of the Closing Date for such Obligations and the Financing Agreement.

Tenant(s) means the tenant(s) under the Leases.

Transit Authority means the New York City Transit Authority, a body corporate and politic constituting a public benefit corporation created and existing under the laws of the State, and any successor thereto.

Transportation District means the Metropolitan Commuter Transportation District created by Section 1262 of the Authority Act.

Transportation District Project means any project, program or facility that the Authority or any other Related Transportation 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.

Transportation Revenue Bond Resolution means the General Resolution Authorizing Transportation Revenue Obligations adopted by the Authority on March 26, 2002, as amended and supplemented from time to time.

Trust Agreement Event of Default means the occurrence of any of the events referred in Section 5.04(a) of this Trust Agreement.

Trust Obligations or Obligations means the MTA Hudson Rail Yards Trust Obligations, executed and delivered by the Trustee in one or more series under this Trust Agreement, evidencing the interests of the owners thereof in the MTA Financing Agreement Amount payable by the Authority pursuant to the Financing Agreement, including Refunding Obligations.

Trust Estate means (a) all the proceeds of the Obligations, all Funds (other than the Rebate Fund) established by this Trust Agreement, including the investment income, if any, thereof, subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in this Trust Agreement; (b) Financing Agreement Payments paid by the Authority under the Financing Agreement, including Monthly Base Rent, Fee Purchase Payments, Cure Rights payments, amounts recovered by the Authority in the exercise of remedies following a Lease Payment Event of Default, and certain other payments made to the Authority and intended to reimburse the Authority for Monthly Base Rent payments, including payments made by a guarantor under a Payment Guaranty; (c) Interest Reserve Advances under the Financing Agreement; (d) all right, title and interest of the Trustee in and to amounts recovered by the Trustee in the exercise of remedies under this Trust Agreement following a Trust Agreement Event of Default or a Lease Payment Event of Default and in and to the Fee Mortgages, including any amounts collected in the enforcement of remedies thereunder; and (e) any and all other property, revenues or funds from time to time hereafter by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security hereunder, by the Authority or anyone else, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

Trust Fund means the fund established under Section 4.01 of this Trust Agreement.

Trust Funds means, collectively, the separate trust funds established pursuant to Article IV of this Trust Agreement.

**Section 1.02 Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and vice versa. 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.

Except as otherwise specifically provided herein, all references in this Trust Agreement to Articles, Sections, and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement, and the words “hereby,” “hereto,” “herein,” “hereof,” “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not any particular Article, Section or subdivision of this Trust Agreement.

**Section 1.03 Authorization.** Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution and delivery of this Trust Agreement.

## ARTICLE II

### ASSIGNMENT; DECLARATION OF TRUST; RECITALS AND REPRESENTATIONS

**Section 2.01 Assignment.** The Authority hereby unconditionally and irrevocably assigns and transfers to the Trustee its rights in the Trust Estate and, in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed to execute and deliver the Obligations, each evidencing an interest of the Owners in the MTA Financing Agreement Amount payable by the Authority pursuant to the Financing Agreement.

**Section 2.02 Declaration of Trust by Trustee.** The Trustee hereby declares that it holds and will hold the Trust Estate upon the trusts hereinafter set forth and for the use and benefit of the Owners, as more particularly set forth in Section 2.03 hereof.

**Section 2.03 Payments from Trust Estate Only; Distribution of Trust Estate.** (a) Except as otherwise expressly provided herein, all amounts payable by the Trustee with respect to the Obligations pursuant to this Trust Agreement shall be paid only from the income of and proceeds from the Trust Estate and only to the extent that the Trustee shall have actually received (and been allowed to retain) sufficient income or proceeds from the Trust Estate to make such payments in accordance with the provisions of Article IV hereof. Owners shall look solely to the income of and the proceeds from the Trust Estate to the extent available for distribution to such Owners as herein provided and the Trustee is not personally liable to any Owner for any amounts payable under this Trust Agreement or subject to any liability under this Trust Agreement except liability under this Trust Agreement as a result of negligence or willful misconduct of the Trustee.

(b) So long as the Financing Agreement shall be in effect, all Financing Agreement Payments of Monthly Base Rent, Fee Purchase Payments and other payments of any kind constituting a part of the Trust Estate payable to the Trustee pursuant to the Financing

Agreement and the Lockbox Agreement shall be paid directly to, or transferred by the Custodian or the Authority to, the Trustee for distribution, in accordance with Articles III and IV of this Trust Agreement, to or for the Owners, as appropriate.

**Section 2.04 Financing Agreement.** The Authority has agreed in the Financing Agreement (i) to pay the MTA Financing Agreement Amount solely to the extent the Authority or the Custodian, as the case may be, has received from the Tenants under the Leases the Monthly Base Rent and Fee Purchase Payments and any other payments of any kind constituting a part of the Trust Estate, including amounts paid by the guarantors under the Payment Guaranties, (ii) to direct the Tenants to make payments of Monthly Base Rent and Fee Purchase Payments to the Custodian, (iii) to transfer the other Financing Agreement Payments to the Trustee and (iv) to make Interest Reserve Advances.

**Section 2.05 Fee Mortgages.** The Authority has executed and delivered to the Trustee the Fee Mortgages as security for the payment of the Financing Agreement Payments.

**Section 2.06 Deposit of Moneys.** In order to assure that the funds will be available to pay Capital Costs, the Trustee shall receive, hold, invest and disburse the moneys deposited with or otherwise paid to it pursuant to this Trust Agreement in accordance with the terms of and for the purposes set forth in this Trust Agreement. The Trustee shall also execute and deliver the Obligations.

**Section 2.07 Powers and Trust Granted Hereunder.** The Trustee hereby accepts the powers and trust granted hereunder, subject to the provisions of Article VI below.

**Section 2.08 Satisfaction of Conditions Precedent.** All acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law.

### ARTICLE III

#### OBLIGATIONS; TERMS AND PROVISIONS

**Section 3.01 Preparation of Obligations.** (a) The Trustee shall, upon written authorization and request from an Authorized Officer in the form attached hereto as Exhibit A, execute and deliver the Series 2016A Obligations in the aggregate principal amount of [ ] Dollars (\$000,000,000) evidencing interests in the MTA Financing Agreement Amount payable by the Authority pursuant to the Financing Agreement as described in Section 3.04 hereof.

(b) Refunding Obligations, other than the Series 2016A Obligations, may be issued under this Trust Agreement pursuant to and in accordance with the terms of a Supplemental Trust Agreement, but (1) only for the purpose of refunding, in whole or in part, the Outstanding Obligations, and (2) only if there shall be delivered to the Trustee in connection with each issuance of such Refunding Obligations (i) in the case of a partial refunding of Outstanding Obligations, a certificate of an Authorized Officer setting forth (A) a schedule of the remaining Monthly Base Rent to be received, which schedule takes into consideration any Fee Purchase

Payments received, (B) a schedule of the remaining payments of the principal of and interest on the then Outstanding Obligations, based on the schedule of Monthly Base Rent payments described in the preceding clause (A) hereof, including the weighted average maturity for each stated maturity of Outstanding Obligations, and (C) a schedule of the payments of principal of and interest on the Refunding Obligations and the unrefunded Obligations based on the Monthly Base Rent payments described in the preceding clause (A) hereof demonstrating that (x) each maturity of Obligations will be paid in full from payments of Monthly Base Rent no less than [twenty-four (24)] months prior to its stated maturity date and (y) the weighted average maturity of the unrefunded Obligations is within [six (6)] months (either earlier or later) than the weighted average maturity calculated in accordance with clause (B) hereof, (ii) an opinion of Authority bond counsel to the effect that the issuance of such Refunding Obligations will not adversely affect the exclusion from gross income of the interest portion of interest on any Obligations for Federal income tax purposes, and (iii) an amendment to the Financing Agreement reflecting the issuance of such Refunding Obligations.

**Section 3.02 Form; Denominations; Medium of Payment.** Unless otherwise provided by a Supplemental Trust Agreement, the Obligations shall be in denominations of \$5,000 each or any integral multiple thereof, and shall be represented by fully registered Obligations, without coupons, subject to the provisions of a book-entry system (as hereinafter described) (which Obligations shall be substantially in the form set forth in Exhibit B attached hereto and by this reference incorporated herein or in such other form as is provided in a Supplemental Trust Agreement); provided, however, that if such book-entry system is discontinued, physical Obligations shall be delivered to the Owners in accordance with Section 3.20 hereof. The Obligations shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

**Section 3.03 Date of Obligations; Designation; Record Dates; Payment of Principal and Interest.** Obligations initially issued pursuant to this Trust Agreement shall be dated the date of issuance of the Financing Agreement and the Interest Component shall accrue from such date. Such Obligations shall be designated as “MTA Hudson Rail Yards Trust Obligations Evidencing Interests in the MTA Financing Agreement Amount payable by the Metropolitan Transportation Authority pursuant to the Financing Agreement” and shall bear a series designation. Refunding Obligations shall be dated, and the Interest Component shall accrue thereon, as provided in a Supplemental Trust Agreement and the Financing Agreement.

[Unless otherwise provided by a Supplemental Trust Agreement, the Interest Component shall be calculated on the basis of a 30-day month and 360-day year and shall be payable from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event the Interest Component with respect thereto shall be payable from such Interest Payment Date, or unless no Interest Component has been paid or duly provided for with respect to such Obligation, in which event the Interest Component shall be paid from the related Closing Date, or unless such Obligation is registered after the first day of a month of an Interest Payment Date, whether or not such day is a Business Day, in which event the Interest Component shall be payable from such Interest Payment Date; provided, however, that if at the date of registration of any Obligation the Interest Component with respect thereto is in default, the Interest Component with respect thereto shall be paid from the last date to which the Interest Component has been paid or made available for payment.]

Unless otherwise provided by a Supplemental Trust Agreement, payments of the Interest Component with respect to any Obligation shall be made on the appropriate Interest Payment Date to the person appearing on the Register as the registered holder thereof as of the close of business on the first day of the month of such Interest Payment Date, whether or not such first day is a Business Day, such interest to be paid by check or draft mailed to such registered holder at such registered holder's address as it appears on the Register or at such other address as such registered holder may have filed with the Trustee for that purpose; provided, however, that the Trustee may establish a special record date in connection with the payment of interest in default. The Principal Component with respect to the Obligations will be payable at the offices of the Trustee upon presentation and surrender of the Obligations.

**Section 3.04 Payment of Principal and Interest Components with Respect to the Series 2016A Obligations.** (a) The Series 2016A Obligations shall mature on the dates, in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

<u>Maturity Date</u> <u>(November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(b) The amounts reflected in the above table under the column captioned "Principal Amount", as redeemed in accordance with the terms of this Trust Agreement, are the "Principal Components" referred to herein and in the Financing Agreement.

(c) The Series 2016A Obligations shall be subject to optional and mandatory redemption as provided in Section 3.16 hereof.

(d) Interest with respect to the Series 2016A Obligations shall be paid semiannually on May 15 and November 15 of each year, commencing November 15, 2016, to and including the date of maturity thereof at the rate or rates set forth in paragraph (a) above. The interest payments at the rates set forth in the abovetable under the column captioned "Interest Rate" are the "Interest Components" referred to herein and in the Financing Agreement.

**Section 3.05 Obligation Provisions.** The Trust Obligations of any series may contain such provisions and specifications not inconsistent with the provisions of this Trust Agreement as may be necessary or desirable as may be determined by an Authorized Officer and so communicated to the Trustee prior to delivery of the Obligations.

**Section 3.06 Execution.** The Obligations shall be in substantially the form attached hereto as Exhibit B executed in the name of, and by, the Trustee, as trustee under this Trust Agreement, by the manual signature of an authorized signatory of the Trustee.

**Section 3.07 Exchange of Obligations.** The Obligations may, at the option of the registered holder thereof, as reflected on the Register of the Trustee, be exchanged for Obligations representing Trust Obligations of the same series and maturity of other authorized denominations upon surrender thereof at the Principal Office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by such registered holder or such registered holder's attorney duly authorized in writing.

**Section 3.08 Transfer and Registry.** All the Obligations executed and delivered pursuant to this Trust Agreement shall be transferable subject to the provisions for registration and transfer contained in this Article and in such Obligations.

**Section 3.09 Transfer of Obligations.** (a) Each Obligation shall be transferable only upon the Register, which shall be kept for that purpose at the Principal Office of the Trustee, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered holder thereof, as reflected on the Register, or such registered holder's duly authorized attorney. Upon the registration of the transfer and the surrender of any such Obligation, the Trustee shall provide, in the name of the transferee, a new Obligation or Obligations, representing a Trust Obligation or Obligations in the same aggregate principal amount, series and maturity as the Obligation or Obligations represented by the surrendered Obligation or Obligations.

(b) The Trustee shall deem and treat the person in whose name the Obligation shall be registered upon the Register as the absolute owner of such Obligation, whether such Obligation shall be overdue or not, for the purpose of receiving payments of, or on account of, the Principal and Interest Components with respect to such Obligation and for all other purposes, and all such payments so made to any such registered holder or upon such registered holder's order shall be valid and effective to satisfy and discharge the liability upon such Obligation to the extent of the sum or sums so paid, and the Trustee shall not be affected by any notice to the contrary.

**Section 3.10 Regulations with Respect to Exchange and Transfer.** In all cases in which the privilege of exchanging or transferring Obligations is exercised, the Trustee shall execute and deliver Obligations in accordance with the provisions of this Article. All Obligations surrendered in any such exchange or transfer shall forthwith be cancelled and destroyed by the Trustee pursuant to its retention policy then in effect. Upon every exchange or transfer of an Obligation, whether temporary or definitive, following initial delivery of the Obligations pursuant to Section 3.01 hereof or a Supplemental Trust Agreement, the Trustee may impose its customary fee for such exchange or transfer, together with any tax or other governmental charge required to be paid with respect to such exchange or transfer and, except (i) with respect to the delivery of definitive Obligations in exchange for temporary Obligations, (ii) in the case of an Obligation issued upon the first exchange or transfer of an Obligation or Obligations of any series surrendered for such purpose within 60 days after the first execution and delivery of any of the Obligations of any series, or (iii) as otherwise provided in this Trust Agreement, may charge a sum sufficient to pay the cost of preparing each new Obligation issued upon such exchange or transfer. Such amounts shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of obtaining such exchange or transfer. Unless otherwise provided by Supplemental Trust Agreement, the Trustee

shall not be obliged to register any exchange or transfer of any Obligations during the fifteen (15) days preceding any Interest Payment Date for such Obligations.

**Section 3.11 Register.** The Trustee shall keep or cause to be kept at its Principal Office a Register containing the name and address of each registered holder of the Obligations and, if an Obligation is transferred pursuant to the terms of this Trust Agreement, of the successor registered holder of such Obligation. The Register shall at all times be open to inspection by an Authorized Officer or a designee thereof; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Register, Obligations as hereinbefore provided.

**Section 3.12 Temporary Obligations.** Pending preparation of the definitive Trust Obligations, any Obligations delivered under this Trust Agreement may be initially delivered in temporary form exchangeable for definitive Obligations when ready for delivery. The temporary Obligations may be printed, lithographed or typewritten and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Obligation shall be executed by the Trustee and be delivered by the Trustee upon the same conditions and in substantially the same manner as definitive Obligations. If the Trustee delivers temporary Obligations, it shall execute and furnish definitive Obligations without delay if required by the purchasers of the Obligations, and thereupon the temporary Obligations shall be surrendered for cancellation at the Principal Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Obligations an Obligation or Obligations representing an equal aggregate principal amount of Trust Obligations of the same series as such temporary Obligations. Until so exchanged, the temporary Obligations shall be entitled to the same benefits under this Trust Agreement as definitive Obligations delivered pursuant hereto.

**Section 3.13 Obligations Mutilated, Lost, Destroyed or Stolen.** If any Obligation shall become mutilated, the Trustee, at the expense of the registered holder of such Obligation, as reflected on the Register, shall execute and deliver a new Obligation of like tenor, series and maturity and numbered as the Trustee shall determine in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Trustee of the Obligation so mutilated. Every mutilated Obligation so surrendered to the Trustee shall be cancelled by it and either destroyed pursuant to the Trustee's retention policy then in effect or delivered upon the order of an Authorized Officer. If any Obligation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee and to such Authorized Officer shall be given, the Trustee, at the expense of the registered holder, as reflected on the Register, shall execute and deliver a new Obligation of like tenor, series and maturity and numbered as the Trustee shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Obligation delivered under this Section 3.13. Any Obligation represented by any certificate issued under the provisions of this Section 3.13 in lieu of any certificate alleged to be lost, destroyed or stolen shall be equally entitled to the benefits of this Trust Agreement with all other Obligations secured by this Trust Agreement. The Trustee shall not be required to treat both the original Obligation and any duplicate Obligation as representing Outstanding Obligations for the purpose of determining the principal amount of Obligations which may be executed and delivered

hereunder or for the purpose of determining any percentage of Obligations Outstanding hereunder, but both the original and duplicate Obligation shall be treated as one and the same.

**Section 3.14 Appointment of Paying Agent; Place of Payment.** The Trustee is hereby appointed Paying Agent for the Obligations. Principal and interest with respect to Obligations shall be payable as set forth in Section 3.03 or as provided in a Supplemental Trust Agreement.

**Section 3.15 Evidence of Signatures of Owners and Ownership of Obligations.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Owners of the Obligations may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Obligations shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided) if the fact and date of the execution by any Owner or such Owner's attorney or agent of any such instrument, and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions that the person signing such instrument acknowledged before him or her the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of such person's authority.

**Section 3.16 Redemption.**

(a) The Authority may redeem Obligations at its option in accordance with their terms and the terms the Financing Agreement and its terms and the terms of this Trust Agreement, including any Supplemental Trust Agreement, and shall redeem Obligations as provided herein. When Obligations are called for redemption, the Applicable Redemption Price and accrued interest thereon shall become due on the redemption date.

(b) *Optional Redemption.* The Series 2016A Obligations may be redeemed prior to their maturity, at the option of the Authority, on or after November 15, 20\_\_, in whole or in part on any date at a redemption price of \_\_\_\_ per centum (\_\_\_\_%) of the principal amount of the Series 2016A Obligations to be redeemed, plus accrued interest, if any, to the date of redemption in connection with a redemption of the Principal Component of the MTA Financing Agreement Amount.

(c) *Early Mandatory Redemption.* The Series 2016A Obligations shall be subject to mandatory redemption prior to their maturity in whole or in part in connection with a redemption of the Principal Component of the MTA Financing Agreement Amount from monies deposited in the Principal Redemption Account pursuant to Articles IV and V of this Trust Agreement. Such Early Mandatory Redemption shall occur on the next Eligible Redemption Date at the Applicable Redemption Price, plus accrued interest, if any, to the date of redemption. Such

Early Mandatory Redemption shall be subject to the Early Mandatory Redemption Priority and the Early Mandatory Redemption Amount Minimum.

(d) Subject to the other provisions of this Section 3.16, if the Obligations are not registered in book-entry-only form, any redemption of less than all of the Obligations will be allocated among the registered owners of such Obligations as nearly as practicable in proportion to the principal amounts of the Obligations owned by each registered owner, subject to the authorized denominations applicable to the Obligations. This will be calculated based on the formula: (principal amount owned by owner) x (principal to be redeemed) / (principal amount outstanding). The particular Obligations to be redeemed will be determined by the Trustee, using such method as it deems fair and appropriate. If the Obligations are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the Obligations, partial redemptions will be done in accordance with DTC procedures [for pro rata pass-through distributions of principal].

**Section 3.17 Notice of Redemption.** (a) Notice of Optional Redemption. For Obligations being redeemed pursuant to Optional Redemption, the Trustee will give notice to the Owners of the Obligations, subject to the further provisions of this paragraph, which notice will specify the redemption date and the place or places where amounts due upon such redemption will be payable. The notice will further state that on the redemption date the redemption price thereof, including interest accrued to the redemption date, will be payable upon presentation of the Obligation to the Trustee, and that from and after the redemption date interest on the Obligation called for redemption will cease to accrue. The Trustee will mail a copy of the notice, postage prepaid, not less than twenty (20) days nor more than sixty (60) days before the redemption date, to the Owner of each Obligation which is to be prepaid, at the address appearing on the Register. So long as all of the Obligations remain immobilized in the custody of DTC, any such notice of redemption of the Obligations will be delivered only to DTC. DTC is responsible for notifying DTC Participants of such redemption, and DTC Participants and Indirect Participants are responsible for notifying beneficial owners of such redemption. The Trustee is not responsible for sending notices to DTC Participants or Indirect Participants, or to beneficial owners. Any defect in the giving of notice to a particular Owner will not affect the validity of the redemption of the Obligations.

(b) Notice of Early Mandatory Redemption. For Obligations subject to Early Mandatory Redemption, the Trustee will give notice to the Owners of the Obligations, which notice will specify the redemption date and the place or places where amounts due upon such redemption will be payable. The notice will further state that on the redemption date the redemption price thereof, including interest accrued to the redemption date, will be payable upon presentation of the Obligation to the Trustee, and that from and after the redemption date interest on the Obligation called for redemption will cease to accrue. In the case of an Early Mandatory Redemption pursuant to Section 3.16(c), the Trustee will mail a copy of the notice, postage prepaid, not less than twenty (20) days nor more than [ninety (90)] days before the redemption date, to the Owner of each Obligation which is to be prepaid, at the address appearing on the Register. So long as all of the Obligations remain immobilized in the custody of DTC, any such notice of redemption of the Obligations will be delivered only to DTC. DTC is responsible for notifying DTC Participants of such redemption, and DTC Participants and Indirect Participants are responsible for notifying beneficial owners of such redemption. The Trustee is not

responsible for sending notices to DTC Participants or Indirect Participants, or to beneficial owners. Any defect in the giving of notice to a particular Owner will not affect the validity of the redemption of the Obligations.

(c) 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 Trust Agreement authorizing such Obligations.

**Section 3.18 Effect of Redemption.** Notice having been given as aforesaid, and the moneys sufficient for redemption having been set aside in the Principal Redemption Account within the Rent Payment Fund (in the amount set forth in the notice given pursuant to Section 3.17 hereof) in connection with a redemption of the Principal Component of the MTA Financing Agreement Amount, the Obligations shall become due and payable on the date fixed for redemption, and, upon presentation and surrender thereof at the office or offices specified in such notice the Obligations shall be paid together with any unpaid and accrued interest to the date fixed for redemption.

Notice of redemption of Obligations shall be given by the Trustee, at the expense of the Authority.

The Trustee shall cancel and destroy all Obligations prepaid upon surrender thereof pursuant to the Trustee's retention policy then in effect and give evidence of destruction to an Authorized Officer upon written request, and no Obligation shall be delivered in place thereof except as provided for with respect to the partial redemption of any Obligation.

**Section 3.19 Non-Presentment.** If an Obligation shall not be presented for payment at the maturity thereof and if moneys for payment of Principal and Interest Components with respect to such Obligation are held by the Trustee and available for payment thereof, then, from and after the date such Obligation matures or becomes due and payable, interest shall cease to accrue or be payable with respect to such Obligation.

The Trustee shall annually notify an Authorized Officer of the Obligations which have not been presented for payment. Anything in this Trust Agreement to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Obligations which remain unclaimed for three years (or such other shorter period as may from time to time be prescribed by the laws of the State of New York) after the date when such Obligations have become due and payable at their stated maturity dates, if such moneys were held by the Trustee at such date, or for three years (or such other period as may from time to time be prescribed by the laws of the State of New York, provided that if no period is so prescribed, such period shall be six years) after the date of deposit of such moneys if deposited with the Trustee after said date when such Obligations became due and payable, shall automatically revert from the Trustee to the State of New York once the Trustee has complied with the publication and reporting requirements as prescribed in accordance with the Abandoned Property Laws of the State of New York as amended.

**Section 3.20 Book-Entry.** Subject to the provisions of a Supplemental Trust Agreement, the Authorized Officer and the Trustee are hereby authorized to take all actions

required for the 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 and to execute and deliver the Letter of Representation, between DTC and the Authority, with such changes, omissions, insertions and revisions as such persons shall deem advisable, such execution being conclusive evidence of such approval. DTC is hereby appointed as the initial Securities Depository for the Obligations, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered holder of the Obligations. The Trustee may treat any Securities Depository Nominee in whose name any Obligation is registered as the Owner of such Obligation for all purposes under this Trust Agreement. Notwithstanding any other provision hereof, for so long as the Securities Depository Nominee is the registered holder of the Obligations, procedures with respect to the transfer of ownership of, and payment of Principal and Interest Components on, such Obligations so held shall be in accordance with operational arrangements among the Trustee, the Authority and the Securities Depository.

So long as the Obligations are registered in the name of the Securities Depository Nominee, the Authority 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 Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of any Securities Depository, any Securities Depository Nominee 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 Nominee, of any notice with respect to the Obligations, or (iii) the payment to any Securities Depository participant, indirect participant, beneficial owner or any other person, other than the Securities Depository Nominee, of any amount with respect to the principal of or interest on, the Obligations.

The Authority, in its sole discretion and without the consent of any other person, may terminate the services of any Securities Depository with respect to the Obligations. Notice of such termination shall be given by an Authorized Officer to the Trustee prior to or simultaneously with such termination.

Consistent with book-entry provisions, one typewritten certificate shall be prepared for each maturity (or portion of a maturity as determined in accordance with Securities Depository procedures) of each series of the Obligations and registered in the name of the Securities Depository Nominee. There shall be no physical distribution of Obligations to beneficial owners of such Obligations. In the event that certain of the Obligations do not qualify to be held by the Securities Depository or that either the Authority 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 physical Obligations shall be delivered to the Owners in such form and in accordance with the procedures determined by agreement of the Authority and the Trustee.

At the written direction of 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 Authority and the Trustee may use such CUSIP numbers in any notices to the Owners of the Obligations. Failure on the part of the Authority or the Trustee to use such CUSIP numbers in any notice to the Owners of the Obligations or any defect in such CUSIP numbers shall not constitute a Trust Agreement Event of Default.

For so long as the Securities Depository Nominee is the registered holder of the Obligations, payment of semiannual interest on any Obligation shall be made by wire transfer of New York Clearing House or equivalent next day funds to the account of the Securities Depository Nominee on the Interest Payment Date for the Obligations. In the event the book-entry only system is discontinued with respect to the Obligations of any series, interest on such Obligations shall be paid as provided in this Trust Agreement or in a Supplemental Trust Agreement.

## **ARTICLE IV**

### **ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS**

#### **Section 4.01 Trust Fund.**

(a) There is hereby established with the Trustee a special fund to be designated “MTA Hudson Rail Yards Trust Fund,” referred to herein as the “Trust Fund.” The Trustee shall keep the Trust Fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Article. Within the Trust Fund there are hereby established the Costs of Issuance Fund, the Obligations Proceeds Fund, the Capitalized Interest Fund, the Rent Payment Fund and the Interest Reserve Fund, each as more particularly described herein.

The Trustee shall hold in trust for the benefit of the Owners and apply proceeds of the sale of the Obligations, all moneys and securities from time to time deposited with the Trustee under or pursuant to this Trust Agreement, all funds and accounts established under or pursuant to this Trust Agreement, and the income on or the proceeds of any of the foregoing, all for the benefit of the Owners subject to the terms of this Trust Agreement. The Trustee is hereby authorized at any and all times to receive any and all such property and instruments evidencing the Trustee’s interest in such property, and any other real or personal property of every name and nature from time to time hereafter, by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, or in which an interest is granted, or instruments evidencing the Trustee’s interest in such property, as and for additional security hereunder. The Trustee covenants to hold and apply any and all such property and instruments, including such property in which or instruments by which a security interest is hereafter granted, for the benefit of the Owners in accordance with the terms of this Trust Agreement and the Fee Mortgages. The Authority will from time to time execute and deliver all such supplements and amendments to this Trust Agreement and all such financing statements, continuation statements, instruments of further assurance, assignment notices and other instruments and will take such other action as is, or as Trustee or counsel to the Authority deems, necessary to make more effective the Trustee’s interests in all or any portion of the Trust Estate, to maintain or preserve the Fee Mortgages and

the security interest or interests created for the benefit of the Owners by this Trust Agreement, the Financing Agreement, the Lockbox Agreement and the Fee Mortgages and carry out more effectively the purposes of this Trust Agreement, the Financing Agreement, the Lockbox Agreement and the Fee Mortgages, to preserve and defend title to the Trust Estate and the rights of the Trustee, of the Owners against the claims of all persons and parties. The amounts paid out by check or draft to Owners shall continue to be subject to the pledge made and mortgage and security interests granted hereby and by the Fee Mortgages and shall be held until such checks or drafts are presented for payment to the Trustee and any other Paying Agents subject to such interests and shall be applied to the payments evidenced by such checks or drafts, in accordance with the provisions herein.

(b) Within one Business Day upon receipt by the Trustee:

(A) All Financing Agreement Payments identified by the Custodian or the Authority as either Regularly Scheduled Rent or Delinquent Rent shall be deposited by the Trustee into the Rent Revenue Account in the Rent Payment Fund. Provided, however, if (i) MTA previously made Interest Reserve Advances that otherwise would not have been required if such amount of Delinquent Rent was received when due, and (ii) such Tenant is no longer in default under its lease obligations, the Trustee shall reimburse MTA for its previous Interest Reserve Advances attributed to such Delinquent Rent prior to transferring such amounts into the Rent Revenue Account.

(B) All Financing Agreement Payments identified by the Custodian or the Authority as Prepaid Rent shall be deposited by the Trustee into the Prepaid Rent Account in the Rent Payment Fund. Any such amounts deposited into the Prepaid Rent Account shall be subsequently transferred from the Prepaid Rent Account to the Rent Revenue Account on the first day of each calendar month in amounts representing the Annual Base Rent due which are attributable to such prepaid amounts deposited in the Prepaid Rent Account.

(C) All other Financing Agreement Payments (Fee Purchase Payments, Non-Rent Guaranty Payments, and other amounts not representing Annual Base Rent) shall be deposited by the Trustee into the Fee Purchase Payments Revenue Account in the Rent Payment Fund.

**Section 4.02 Costs of Issuance Fund.** (a) Within the Trust Fund there is hereby established with the Trustee a special fund designated the "Costs of Issuance Fund." The Trustee agrees to receive and deposit in the Costs of Issuance Fund \$\_\_\_\_\_ on the Closing Date with respect to the Series 2016A Obligations. The Trustee shall deposit therein other moneys as required in connection with the execution of any series of Refunding Obligations or as directed by an Authority Representative and in connection therewith shall, upon the direction of an Authorized Officer, create and maintain separate Accounts and records with respect to each series of Obligations. The Trustee shall keep the Costs of Issuance Fund separate and apart from all other funds and moneys held by it. The Trustee shall administer such fund as provided in this Article IV.

(b) Moneys in the Costs of Issuance Fund shall be applied by the Trustee to the payment of Costs of Issuance relating to the execution and delivery of the Obligations, the Financing Agreement and this Trust Agreement, and the sale of the Obligations, as directed in writing by an Authorized Officer.

(c) Earnings from investment of moneys in the Costs of Issuance Fund not needed to pay Costs of Issuance shall be transferred to the Rebate Fund to the extent directed in writing by an Authorized Officer and, in the absence of such a direction, to the Interest Account in the Rent Payment Fund. To the extent at any time an Authorized Officer notifies the Trustee that the moneys in such Fund are not needed for the purposes of paying the Costs of Issuance, such moneys shall be transferred to the Rebate Fund to the extent directed in writing by an Authorized Officer and, in the absence of such a direction, to the Interest Account in the Rent Payment Fund and applied to the payment of interest on the next Interest Payment Date or, to the extent not needed to pay interest with respect to the Obligations on the next Interest Payment Date, to the Principal Redemption Account in the Rent Payment Fund.

**Section 4.03 Obligations Proceeds Fund.** (a) Within the Trust Fund there is hereby established with the Trustee a special fund designated the “Obligations Proceeds Fund.” If so requested by the Authority in writing, or as provided in a Supplemental Trust Agreement, the Trustee shall establish separate Accounts within the Obligations Proceeds Fund corresponding to transit and commuter projects or Related Transportation Entities or any combination thereof. Moneys on deposit in the Obligations Proceeds Fund shall be used solely for the purpose of paying Capital Costs (other than those paid from the Costs of Issuance Fund), except as otherwise provided in this Section 4.03.

The Trustee agrees to receive and deposit \$\_\_\_\_\_ from the proceeds of the Series 2016A Obligations in the Obligations Proceeds Fund on the Closing Date with respect to the Series 2016A Obligations. The Trustee shall deposit in such Fund other moneys as required in connection with the execution of any series of Refunding Obligations. The Trustee shall keep the Obligations Proceeds Fund separate and apart from all other funds and moneys held by it. The Trustee shall administer the Obligations Proceeds Fund as provided in this Article.

(b) All disbursements from each Account of the Obligations Proceeds Fund shall be made by the Trustee upon receipt of a written request from an Authorized Officer. The Authority shall maintain records relating to the amounts in the Obligations Proceeds Fund that are expended for Capital Costs of each of the Related Transportation Entities in order to determine, from time to time, the respective percentages that each such Related Transportation Entity is responsible for with respect to the payment of Interest Reserve Advances, as provided in Section 4.1(3) of the Financing Agreement.

(c) The Trustee shall honor all requests for disbursement delivered to it prior to the occurrence of a Trust Agreement Event of Default under Section 5.04 of this Trust Agreement. So long as the Trustee relies in good faith upon the written requests provided for above, it shall have no liability on account of disbursements from the Obligations Proceeds Fund.

(d) Earnings from investment of moneys in any Account in the Obligations Proceeds Fund not needed for paying Capital Costs shall be transferred to the Rebate Fund to the extent

directed in writing by an Authorized Officer and, in the absence of such a direction, to the Interest Account in the Rent Payment Fund. To the extent at any time an Authorized Officer notifies the Trustee that the moneys in such Fund are no longer required for Capital Costs, such moneys shall be transferred to the Rebate Fund to the extent directed in writing by an Authorized Officer and, in the absence of such a direction, deposited to the Principal Redemption Account in such manner as to be applied in accordance therewith.

**Section 4.04 Rent Payment Fund.** (a) Within the Trust Fund there is hereby established with the Trustee a special fund designated the “Rent Payment Fund.” Within such Fund there are hereby created the Rent Revenue Account, Prepaid Rent Account, Fee Purchase Payments Revenue Account, Interest Account and Principal Redemption Account. The Trustee shall keep the Rent Payment Fund separate and apart from all other funds and moneys held by it and shall administer the Rent Payment Fund as provided in this Article IV. The Rent Payment Fund shall be maintained by the Trustee until the later of the date on which all Principal and Interest Components are paid in full or until there are no Obligations Outstanding.

(b) Rent Revenue Account.

(i) There is hereby created and established in the Rent Payment Fund an account therein called the “Rent Revenue Account.” In accordance with Section 4.01(b)(A), all Financing Agreement Payments identified by the Custodian or the Authority as either Regularly Scheduled Rent or Delinquent Rent shall be deposited by the Trustee into the Rent Revenue Account in the Rent Payment Fund within one Business Day upon receipt by the Trustee. In accordance with Section 4.01(b)(B), the Trustee shall, on the first day of each calendar month, transfer from the Prepaid Rent Account to the Rent Revenue Account an amount representing the Annual Base Rent due which is attributable to such prepaid amounts deposited in the Prepaid Rent Account. Such amounts will be transferred to the Interest Account in accordance with Section 4.04(f)(ii)(B) hereof.

(c) Prepaid Rent Account.

(i) There is hereby created and established in the Rent Payment Fund an account therein called the “Prepaid Rent Account.” In accordance with Section 4.01(b)(B), the Trustee shall deposit all Financing Agreement Payments identified by the Custodian or the Authority as Prepaid Rent into the Prepaid Rent Account in the Rent Payment Fund within one Business Day upon receipt by the Trustee. Any such amounts deposited into the Prepaid Rent Account shall be subsequently transferred from the Prepaid Rent Account to the Rent Revenue Account on the first day of each calendar month in amounts representing the Annual Base Rent due which are attributable to such prepaid amounts deposited in the Prepaid Rent Account.

(d) Fee Purchase Payments Revenue Account.

(i) There is hereby created and established in the Rent Payment Fund an account therein called the “Fee Purchase Payments Revenue Account.” In accordance with Section 4.01(b)(C), the Trustee shall, on the first day of each calendar month, transfer all other Financing Agreement Payments (Fee Purchase Payments, Non-Rent Guaranty Payments, and other amounts not representing Annual Base Rent) into the Fee Purchase Payments Revenue

Account in the Rent Payment Fund, which shall be transferred to the Trustee for deposit into the Principal Redemption Account to be used to redeem Obligations in accordance with Section 5.06(a)(ii) hereof.

(e) Interest Account.

(i) There is hereby created and established in the Rent Payment Fund an account therein called the "Interest Account." On or prior to the Closing Date for the Series 2016A Obligations, the Authority shall deliver to the Trustee a schedule meeting the requirements of Section 3.1(8) of the Financing Agreement, which shall be attached hereto as Schedule 1, and the Authority shall continue to revise such Schedule 1 as provided in such Section 3.1(8), and the Trustee may conclusively rely on such Schedule 1 as revised from time to time.

(ii) The Trustee shall, on each Monthly Transfer Date, make such deposits or transfers to the Interest Account in the following order:

- (A) transfer to the Interest Account from the Capitalized Interest Account the amount set forth in Schedule 1 equal to that Monthly Transfer Date's Capitalized Interest Fund Transfer Amount,
- (B) transfer to the Interest Account from the Rent Revenue Account the lesser of (i) the balance in the Rent Revenue Account and (ii) the amount required to fund the Interest Account to the then calculated Interest Account Requirement,
- (C) after making all transfers and calculations pursuant to paragraph (f) of this Section 4.04 with respect to the Principal Redemption Account, transfer to the Interest Account from the Interest Reserve Fund the amount required to fund the Interest Account to the then calculated Interest Account Requirement.

(iii) The Trustee shall, on each Interest Payment Date, pay out of the Interest Account the amounts required for the payment of the Interest Component due and payable on such Interest Payment Date with respect to the Obligations. Notwithstanding the foregoing, amounts in the Interest Account may be applied to the payment of interest on Obligations redeemed in accordance with Section 3.16(b) hereof.

(iv) In the event that on the last Business Day of the month immediately preceding an Interest Payment Date due to the unavailability of moneys in the Interest Reserve Fund, the amount on deposit in the Interest Account of the Rent Payment Fund is less than the amount required to pay the full amount of the Interest Component due and payable on such Interest Payment Date after the transfer made pursuant to Section 4.06(b) below, the Trustee shall forthwith transfer from available moneys in the Principal Redemption Account in the Rent Payment Fund to the Interest Account within the Rent Payment Fund an amount sufficient to make up such deficiency or all of the moneys in the Principal Redemption Account in the Rent Payment Fund if less than the amount

required; provided, however, the Trustee shall not transfer any amounts needed to pay the redemption price of Obligations for which a notice of redemption shall have been given pursuant to Section 3.16.

(v) Unless needed to satisfy the Rebate Requirement, earnings from investment of the amounts in the Interest Account shall be held in the Interest Account and applied in accordance herewith.

(f) Principal Redemption Account.

(i) There is hereby created and established in the Rent Payment Fund an account called the “Principal Redemption Account.”

(ii) The Trustee shall, on each Monthly Transfer Date make such deposits or transfers to the Principal Redemption Account in the following order:

(A) transfer to the Principal Redemption Account all amounts in the Fee Purchase Payment Revenue Account;

(B) after transferring amounts in the Rent Revenue Account to the Interest Account pursuant to Section 4.04(e)(ii)(B), transfer to the Principal Redemption Account all remaining amounts in the Rent Revenue Account which where not needed to fund the Interest Account to the then current Interest Account Balance Requirement.

(iii) Concurrently with making the transfers pursuant to paragraph (ii) above, the Trustee shall re-calculate the principal amount of Obligations that can be redeemed on the next Eligible Redemption Date from amounts transferred or deposited in the Principal Redemption Account and then re-calculate the Interest Account Balance Requirement taking into account such upcoming redemptions. Any amounts in the Interest Account in excess of the re-calculated Interest Account Balance Requirement shall be transferred to the Principal Redemption Account.

(iv) Upon making all required transfers to the Principal Redemption Account on or prior to each Monthly Transfer Date, the Trustee shall immediately determine if any Obligations will be subject to Early Mandatory Redemption on the next Eligible Redemption Date, taking into account amounts transferred to the Principal Redemption Account and the Early Mandatory Redemption provisions set forth in Section 3.16. If any Obligations are subject to Early Mandatory Redemption, the Trustee will notify the Authority of such upcoming redemption and take all actions required to effectuate such redemption, including calculating the principal amounts to be redeemed, the Redemption Price(s) and sending all required redemption notices no later than two Business Days following the Monthly Transfer Date.

(v) Unless needed to satisfy the Rebate Requirement, earnings from investment of the amounts held in the Principal Redemption Account shall be held in the Principal Redemption Account and applied in accordance herewith.

(g) Earnings from investment of moneys in the Rent Revenue Account, Prepaid Rent Account, or the Fee Purchase Payments Revenue Account in the Rent Payment Fund shall be transferred to the Rebate Fund to the extent directed in writing by an Authorized Officer and, in the absence of such a direction, to the Interest Account in the Rent Payment Fund.

**Section 4.05 Capitalized Interest Fund.** (a) Within the Trust Fund there is hereby established with the Trustee a special fund designated the “Capitalized Interest Fund.” The Trustee agrees to receive and deposit from the proceeds of the Series 2016A Obligations \$\_\_\_\_\_ in the Capitalized Interest Fund on the Closing Date with respect to the Series 2016A Obligations. The Trustee shall deposit in such Capitalized Interest Fund other moneys as required pursuant to written directions of an Authorized Officer in connection with the execution of any series of Refunding Obligations. The Trustee shall keep the Capitalized Interest Fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Article. Such fund shall be maintained by the Trustee until there are no Obligations Outstanding.

(b) The initial amounts on deposit in the Capitalized Interest Fund and any amounts deposited therein from the proceeds of any subsequent Series of Obligations shall be used to pay the interest portion of the Principal and Interest Components on the Obligations in accordance with Schedule 1 hereto. The Trustee is hereby authorized and directed to transfer from the Capitalized Interest Fund to the Interest Account in the Rent Payment Fund on or before each Interest Payment Date, an amount equal to the amount set forth in Schedule 1.

(c) Unless needed to satisfy the Rebate Requirement, earnings from investment of the amounts held in the Capitalized Interest Fund shall be held in the Capitalized Interest Fund and applied in accordance herewith.

**Section 4.06 Interest Reserve Fund.** (a) Within the Trust Fund there is hereby established with the Trustee a special fund designated the “Interest Reserve Fund.” The Trustee agrees to receive and deposit from the proceeds of the Series 2016A Obligations an amount equal to \$\_\_\_\_, which is an amount equal to the Interest Reserve Requirement, in the Interest Reserve Fund on the Closing Date with respect to the Series 2016A Obligations. The Trustee shall deposit in such Interest Reserve Fund other moneys as required pursuant to written directions of an Authorized Officer in connection with the execution of any series of Refunding Obligations. The Trustee shall deposit all Interest Reserve Advances to the credit of the Interest Reserve Fund upon receipt.

The Trustee shall keep the Interest Reserve Fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Article. Such fund shall be maintained by the Trustee until the Principal and Interest Components are paid in full and there are no Obligations Outstanding.

(b) If, on any Monthly Transfer Date, after taking into account all other deposits to the Interest Account, the amount on deposit in the Interest Account is less than the Interest Account Requirement, the Trustee shall forthwith transfer from the Interest Reserve Fund to the Interest Account pursuant to Section 4.04(f)(ii)(C) an amount sufficient to make up such deficiency or all of the moneys in the Interest Reserve Fund if less than the amount required. In

the event of any such transfer from the Interest Reserve Fund, the Trustee shall provide written notice to the Authority of the amount and date of such transfer. The Trustee shall deposit into the Interest Reserve Fund any Interest Reserve Advances made by the Authority pursuant to Section 4.1(1) of the Financing Agreement to restore the Interest Reserve Fund to the Interest Reserve Requirement. Upon any such transfer, the Trustee shall provide notice to the Authority in the form set forth in Exhibit C.

(c) Moneys in the Interest Reserve Fund shall be used solely to make up deficiencies in the Interest Account in the Rent Payment Fund. Except in connection with the execution and delivery of Refunding Obligations wherein a reduction in the Interest Reserve Requirement shall be governed by the Supplemental Trust Agreement relating thereto, if there is any amount in the Interest Reserve Fund in excess of the Interest Reserve Requirement, such amount shall be transferred to the Principal Redemption Account in the Rent Payment Fund and applied in accordance with the provisions thereof.

(d) Unless needed to satisfy the Rebate Requirement, earnings from investment of moneys in the Interest Reserve Fund shall be credited to the Interest Reserve Fund to the extent the amount on deposit in the Interest Reserve Fund is less than the Interest Reserve Requirement, and then to the Interest Account in the Rent Payment Fund.

**Section 4.07 Rebate Fund.** (a) The Rebate Fund shall be maintained by the Trustee as a fund separate from any other fund established and maintained hereunder. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be required by the Authority in order to comply with the terms and requirements of the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the Treasury Department of the United States of America. The Authority or the Owner of any Obligations shall not have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 4.07 and the Tax Certificate (which is incorporated herein by reference). Amounts in the Rebate Fund are not pledged to Owners.

(b) The Trustee shall be deemed conclusively to have complied with this Section 4.07 and the Tax Certificate if it follows the directions of an Authorized Officer, including supplying all necessary written information in the manner provided in the Tax Certificate, and shall have no liability or responsibility for compliance (except as specifically set forth herein or in the Tax Certificate) or to enforce compliance by the Authority with the terms of the Tax Certificate.

(c) Upon the written direction of the Authority, the Trustee shall deposit in the Rebate Fund amounts received from the Authority, so that the balance on deposit therein shall be equal to the Rebate Requirement. The Authority may authorize the Trustee to transfer moneys from other Funds and Accounts hereunder in the following order of priority to the extent not needed in such Fund and Account for the purposes of such Fund or Account: earnings and other moneys in the Costs of Issuance Fund; earnings and other moneys in the Obligations Proceeds Fund; earnings in the Interest Account; earnings in the Principal Redemption Account; earnings in the Capitalized Interest Fund; and earnings and other moneys in the Interest Reserve Fund. Computations of the Rebate Requirement shall be furnished by or on behalf of the Authority in accordance with the Tax Certificate. The Trustee shall have no obligation to calculate the Rebate

Requirement or to rebate any amounts required to be rebated pursuant to this Section 4.07, other than from moneys held in the Funds and Accounts created under this Trust Agreement as provided herein or from Available Transportation Revenues provided to it by the Authority.

(d) The Trustee shall invest all amounts held in the Rebate Fund as provided in written directions of the Authority. In issuing such directions, the Authority shall comply with the restrictions and instructions set forth in the Tax Certificate. Moneys from the Rebate Fund may only be applied as provided in this Section 4.07.

(e) Upon receipt of written instructions and certification of the Rebate Requirement from an Authorized Officer, the Trustee shall pay the amount of such Rebate Requirement to the Treasury Department of the United States of America, out of amounts in the Rebate Fund, as so directed. Notwithstanding any other provisions of this Trust Agreement, the obligation to remit the Rebate Requirement to the United States of America and to comply with all other requirements of this Section 4.07 and the Tax Certificate shall survive the defeasance or payment in full of the Obligations.

**Section 4.08 Deposit and Investment of Moneys in Funds.** (a) The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement and the Tax Certificate, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of (i) the Authority, (ii) the Trustee (other than as specifically set forth in Section 5.05 or 6.03 below after a Trust Agreement Event of Default or a Lease Payment Event of Default) or (iii) any Owner of the Obligations.

(b) All moneys held by the Trustee in any of the Funds or Accounts established pursuant to this Article IV shall be invested in Permitted Investments as directed in writing (which may be standing investment direction) by an Authorized Officer. Any moneys held by the Trustee in the Capitalized Interest Fund, Interest Reserve Fund and the Rent Payment Fund and so invested shall mature in sufficient time to make the required payments on the applicable Interest Payment Dates.

(c) The Trustee shall make such investment in any of the Funds or Accounts established pursuant to or in accordance with this Article IV in accordance with written instructions received from an Authorized Officer. Unless otherwise directed by an Authorized Officer, interest earned by the investment of moneys in the Interest Reserve Fund shall be retained in such Account to the extent needed to satisfy the Interest Reserve Requirement and, if not so needed, shall be applied as provided in Section 4.06 hereof.

(d) Unless otherwise provided herein, interest earned by the investment of moneys in any Fund or Account shall be retained in such Fund or Account to the extent needed therein, and if not so needed, shall be transferred to the Interest Account in the Rent Payment Fund.

(e) The Trustee, at the direction of an Authorized Officer, shall sell any Permitted Investments held in any Fund or Account to the extent required for payments from such Fund or Account. The proceeds of such sales, and of all payments at maturity or redemption of such

investments, shall be held in the applicable Fund or Account to the extent required to meet the requirements of such Fund or Account. In computing the amount of such Funds and Accounts, 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 Permitted Investment to the extent such amount exceeds any accrued interest paid on the purchase of such Permitted Investment shall be treated as interest earned on such Permitted Investment for purposes of this Section 4.08.

(f) Nothing in the Trust Agreement shall prevent any Permitted Investment acquired as investments of or security for any Fund or Account held under the Trust Agreement from being held in book-entry form.

(g) All moneys held by the Trustee under the provisions of this Trust Agreement shall constitute trust funds and the Trustee may deposit such moneys with itself or one or more other depositories in trust for said parties. All moneys deposited under the provisions of this Trust Agreement with the Trustee or any depository shall be held in trust and applied only in accordance with the provisions of this Trust Agreement. Each depository shall be a bank or trust company organized under the laws of any state of the United States or a national banking association having capital stock, surplus and undivided earnings of \$50,000,000 or more and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of this Trust Agreement.

(h) In making any investment in any Permitted Investments with moneys in any Fund or Account established under this Trust Agreement, the Trustee, upon the direction of an Authorized Officer, may combine such money with moneys in any other Fund or Account held by it, but solely for purposes of making such investment in such Permitted Investments.

(i) The Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment made or disposed of in the manner provided in this Section 4.08.

(j) Although the Authority recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Authority hereby agrees that confirmations of Permitted Investments are not required to be issued by the Trustee for each period in which a trust account statement is rendered. No statement need be rendered for any Fund or Account if no activity occurred in such Fund or Account during such period.

## ARTICLE V

### COVENANTS, DEFAULT AND LIMITATION OF LIABILITY

#### **Section 5.01 Performance of Financing Agreement, Fee Mortgages and Leases.**

The Authority covenants and agrees, on behalf of itself and the other Related Transportation Entities, with the Owners of the Obligations to perform all obligations and duties imposed on them, as applicable, hereunder and under the Financing Agreement, the Lockbox Agreement, the Fee Mortgages and the Leases.

**Section 5.02 Enforcement of Leases, Construction Guaranties and Payment Guaranties.** The Authority covenants and agrees that it (1) shall diligently pursue any and all actions to enforce its rights to collect (or to direct the payment to the Custodian of) the Financing

Agreement Payments under the Leases, the Construction Guaranties and the Payment Guaranties; (2) shall not take any action and will use its best efforts not to permit any action to be taken by others under the Leases, the Construction Guaranties and the Payment Guaranties that would have a material adverse effect on the interest of Owners of the Obligations, including, without limitation, any actions that would release any Person from any of such Person's covenants or obligations or impair the validity or effectiveness of such Leases, the Construction Guaranties or the Payment Guaranties or any amendment, hypothecation, subordination, termination or discharge of such Leases, Construction Guaranties or Payment Guaranties; and (3) shall not take any action and will use its best efforts not to permit any action to be taken by others that would reduce the amount and timing of Monthly Base Rent payments and Fee Purchase Payments to be made under the Leases and the Payment Guaranties. The Authority hereby agrees to notify the Trustee promptly after becoming aware of any Lease Payment Event of Default and to notify the Trustee of any other events or circumstances necessary for the Trustee to enforce any of the rights and remedies of the Owners under the Leases and/or the Fee Mortgages. To the extent the Authority receives notice from the Custodian of any shortfall, the Authority shall promptly contact the applicable defaulting Tenant to request immediate payment of such deficiency and pursue available remedies under the defaulted Lease.

**Section 5.03 Notice of Non-Payment.** Upon the occurrence of a Lease Payment Event of Default, the Authority shall, not later than five (5) days following the Original Lease Default Date give telephonic notice, promptly confirmed in writing, of the delinquency and of the amount thereof to the Trustee. In the event of delinquency in the payment of Interest Reserve Advances or any other amount payable by the Authority to the Trustee pursuant to terms of the Financing Agreement, the Trustee shall, not later than five (5) days following the date upon which such delinquent Interest Reserve Advances or any other amount payable by the Authority to the Trustee pursuant to the Financing Agreement was due, give telephonic notice, promptly confirmed in writing, of the delinquency and of the amount thereof to the Authority.

**Section 5.04 Events of Default Relating to the Trust Obligations and Exercise of Remedies by the Trustee.**

(a) The following shall be Events of Default hereunder:

(i) The failure in the payment of any Principal and Interest Component related to any Obligations when the same shall become due and payable, whether at the stated Maturity Date thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise; and

(ii) There shall occur a failure by the Authority or any of the other Related Transportation Entities (but only with respect to the other Related Transportation Entities with respect to the payment of Interest Reserve Advances) to observe, or a refusal to comply with, the terms of this Trust Agreement, the Financing Agreement or the Obligations, provided, however, except in the case of the failure of the Authority or the other Related Transportation Entities to make timely payments of Interest Reserve Advances as provided in Section 4.1(1) of the Financing Agreement, which shall be an immediate Trust Agreement Event of Default hereunder, 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 Authority 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 but can be remedied, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action has been instituted by the Authority within such period and is being diligently pursued.

(b) Upon the occurrence of any Trust Agreement Event of Default hereunder, then the Trustee, upon being indemnified as provided in Article VI below, shall (1) bring action upon the Obligations or under this Trust Agreement or the Financing Agreement against the Authority and the other Related Transportation Entities (in the case of a default with respect to Interest Reserve Advances) to require compliance with the terms of this Trust Agreement and the Financing Agreement, (2) by action or suit, require the Authority to account for Financing Agreement Payments as if it were the trustee of an express trust for the Owners of the Obligations, and (3) 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. Amounts recovered from the Authority or the other Related Transportation Entities representing defaulted Interest Reserve Advances shall be transferred first to the Interest Account until the amount therein is equal to the Interest Account Requirement, second to the Interest Reserve Fund until the amount therein is equal to the Interest Reserve Fund Requirement, and third to the Principal Redemption Account to redeem Obligations in accordance with Section 3.16(d) hereof.

(c) No remedy conferred on the Trustee under Section 5.04(b) is intended to be exclusive of any other remedy hereunder but each and every remedy given to the Trustee shall be in addition to any other remedy given to the Trustee under the Leases, the Fee Mortgages, the Financing Agreement and hereunder.

(d) No delay or omission to exercise any right or power accruing upon any default or Trust Agreement Event of Default shall impair any such right or power or shall be construed to be a waiver of such default or Trust Agreement Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

**Section 5.05 Exercise of Remedies by the Authority or the Trustee Upon the Occurrence of a Lease Payment Event of Default.**

(a) Upon the occurrence of any Lease Payment Event of Default, the Authority may, as long as it remains current in its obligation to make Interest Reserve Advances, take any action under the defaulted Lease as may be necessary or convenient to remedy the Lease Payment Event of Default. The Authority shall, within a reasonable period of time following the Original Lease Default Date, but in no event later than twelve (12) months following such date, notify the Trustee in writing either that (i) it is exercising its Cure Rights with respect to the Lease Payment Event of Default, or (ii) it has decided not to exercise its Cure Rights with respect to the Lease Payment Event of Default. If at any time after the Authority exercises its Cure Rights it determines not to continue, the Authority shall promptly notify the Trustee of such determination. The Authority may not sell or otherwise dispose of the parcel that is the subject

of the defaulted Lease at a price that is less than the sum of the defaulted Monthly Base Rent plus the applicable Fee Purchase Payment.

(b) In the event that (i) the Authority has notified the Trustee as provided in Section 5.05(a) hereof that the Authority is not exercising its Cure Rights, (ii) the Authority has not notified the Trustee within twelve (12) months from the Original Lease Default Date that the Authority is exercising its Cure Rights, or (iii) the Authority does not continue to exercise its Cure Rights, the Trustee shall exercise rights and remedies under the applicable Lease and Fee Mortgage, including by causing a Real Estate Asset Management Consultant to be retained as provided in Section 5.05(c) hereof.

(c) Upon the occurrence of any event described in Section 5.05(b) hereof, the Trustee may cause a Real Estate Asset Management Consultant to be retained for the purpose of servicing and administering the defaulting Leases for which it is responsible and exercising remedies under the defaulted Leases and Fee Mortgages with the same care, skill, prudence and diligence with which the Real Estate Asset Management Consultant performs its general mortgage servicing and property management activities on behalf of third parties or on behalf of itself, whichever is higher, and giving due consideration to the customary and usual standards of practice of prudent institutional commercial mortgage lenders servicing their own loans and with a view to the timely collection of all scheduled payments of Monthly Base Rent and, if a Lease continues in default and if, in the good faith and reasonable judgment of the Real Estate Asset Management Consultant, no satisfactory arrangements can be made for the collection of the delinquent payments, the maximization of the recovery on the defaulting Lease for the benefit of the Owners. The Trustee shall not be obligated to pay or advance the fees and expenses of the Real Estate Consultant out of its own funds. The Trustee will, subject to receipt of indemnification satisfactory to the Trustee, follow the directions of the Real Asset Management Consultant. The fees and expenses of the Real Estate Asset Management Consultant and the Trustee may be recovered from amounts recovered under the Fee Mortgage and the defaulted Lease.

(d) No remedy conferred on the Authority or the Trustee under this Section 5.05 is intended to be exclusive of any other remedy hereunder but each and every remedy given to the Authority and the Trustee shall be in addition to any other remedy given to the Authority and the Trustee under the Leases, the Payment Guaranties, the Fee Mortgages, the Financing Agreement and hereunder.

(e) No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

#### **Section 5.06 Application of Moneys.**

(a) All moneys received by the Authority, the Trustee and the Real Estate Asset Management Consultant pursuant to any right given or action taken under the provisions of Section 5.05 shall, after payment of any outstanding fees and expenses of the Trustee and the Real Estate Asset Management Consultant, be applied as follows:

(i) If the Authority elects to pursue remedies in accordance with Section 5.05(a) hereof and the Lease remains in effect following the exercise of such remedies, an amount recovered by the Authority equal to the amount of Monthly Base Rent that was in default from the Original Lease Default Date to the date of application of the recovery moneys shall be transferred to the Trustee. The Trustee shall deposit from such moneys first to the Interest Account an amount equal to the difference between (A) the amount that should have been deposited to the Interest Account from the defaulted Monthly Base Rent and (B) the amount of Interest Reserve Advances made by the Authority with respect to such defaulted interest, and second to the Principal Redemption Account an amount equal to the amount that would have been available to redeem Principal Components if the Tenant had not been in default during such period. Provided the amounts then on deposit in the Interest Account and the Principal Redemption Account are funded to their then required requirements, in the event the Authority made Interest Reserve Advances during such period of default, any remaining moneys recovered shall be used to reimburse the Authority for such Interest Reserve Advances. Any excess shall be transferred to the Trustee for deposit into the Principal Redemption Account to be used to redeem Obligations in accordance with Section 3.16(d) hereof.

(ii) If the Authority elects to pursue remedies in accordance with Section 5.05(a) hereof and the parcel that is the subject of the Lease is sold or otherwise disposed of for a price that is at least equal to the sum of the defaulted Monthly Base Rent plus the applicable Fee Purchase Payment, such amount shall be transferred to the Trustee. From the amounts recovered as defaulted Monthly Base Rent, the Trustee shall deposit first to the Interest Account an amount equal to the difference between (A) the amount that should have been deposited to the Interest Account from the defaulted Monthly Base Rent and (B) the amount of Interest Reserve Advances made by the Authority with respect to such defaulted interest, and second to the Principal Redemption Account an amount equal to the amount that would have been available to redeem Principal Components if the Tenant had not been in default during such period. In the event the Authority made Interest Reserve Advances during such period of default, any remaining moneys recovered as defaulted Monthly Base Rent, but not including any Fee Purchase Payments, shall be used to reimburse the Authority for such Interest Reserve Advances. Any excess shall be transferred to the Trustee for deposit into the Principal Redemption Account to be used to redeem Obligations in accordance with Section 3.16(d) hereof. All Fee Purchase Payments received shall be transferred to the Trustee for deposit into the Principal Redemption Account to be used to redeem Obligations in accordance with Section 3.16 hereof.

(iii) Upon the exercise of any remedies by the Trustee in accordance with Section 5.05(b) and (c) hereof, the moneys recovered by the Trustee shall be applied first to the payment of costs and expenses of the Trustee and the Real Estate Asset Management Consultant in prosecuting such remedies to the extent not recovered under the defaulted Lease or otherwise, second, to reimburse the Authority for any Interest Reserve Advances made by the Authority during any default period, and third, transferred to the Trustee for deposit into the Interest Account and the Principal Redemption Account to be used to redeem Obligations in accordance with Section 3.16 hereof.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section 5.06, such moneys shall be applied at such times and from time to time as the Authority or the Trustee, as the case may be, shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Authority or the Trustee, as the case may be, and the Authority or the Trustee, as the case may be, shall incur no liability whatsoever to the Authority (in the case of the Trustee) or to the Owner of any Obligation (in the case of the Authority and the Trustee) or to any other person for any delay in applying any such moneys so long as the Authority or the Trustee, as the case may be, acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions hereof as may be applicable at the time of application by the Authority or the Trustee, as the case may be. Whenever the Authority or the Trustee, as the case may be, shall apply such funds, it shall fix the date upon which such application is to be made and upon such date interest with respect to the amounts of principal to be paid on such dates, and for which moneys are available, shall cease to accrue. The Authority or the Trustee, as the case may be, shall give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of such date, and shall not be required to make payment to the Owner of any unpaid Trust Obligation until such Trust Obligation shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 5.07 Initiation of Remedies.** All rights of action hereunder may be enforced by the Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants the Owners of any Obligation, and any recovery of judgment shall be for the ratable benefit of the Owners of the Obligations then Outstanding.

**Section 5.08 Rights and Remedies of Owners.** No Owner of any Obligation shall have any right to institute any suit, action or proceeding for the enforcement of this Trust Agreement or the Fee Mortgages, for the execution of any trust hereof or any other remedy hereunder or under the Fee Mortgages. Nothing in this Trust Agreement shall, however, affect or impair the right of any Owner to enforce the payment of the principal and interest with respect to any Obligation at and after the maturity thereof, or the obligation of the Trustee to pay the principal and interest with respect to each of the Obligations executed and delivered hereunder to the respective Owners thereof at the time and place, and from the source and in the manner, provided in this Trust Agreement.

**Section 5.09 Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Trust Agreement and/or the Fee Mortgages and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority and the Trustee shall be restored to their former positions and rights hereunder and thereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**Section 5.10 Waivers of Events of Default.** The Trustee may in its discretion waive any Trust Agreement Event of Default referred to in Section 5.04(a)(ii) hereof other than a

failure to make Interest Reserve Advances and its consequence and shall do so upon the written request of the Owners of a majority in aggregate principal amount of all the Obligations then Outstanding.

**Section 5.11 No Obligation with Respect to Performance By Trustee.** The Authority shall not have any obligation or liability to any person with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

**Section 5.12 No Trustee Liability to Owners for Payment.** Notwithstanding any other provision of this Trust Agreement, the Trustee shall not have any obligation or liability to the Owners of the Obligations with respect to the payment of Financing Agreement Payments when due, or with respect to the performance by the Authority of any other agreement made by it in the Financing Agreement or this Trust Agreement, except to administer, for the benefit of the Owners, the various Funds and Accounts established in this Trust Agreement in the manner herein provided.

**Section 5.13 No Responsibility for Sufficiency.** The Trustee shall not be responsible for the sufficiency or validity (except as to the Trustee's obligations) of the Financing Agreement, the Fee Mortgages, the Leases or the value of or title to or license or other property right in the Mortgaged Property.

**Section 5.14 Tax Covenant.** The Authority covenants and agrees that it will maintain the exclusion from gross income of the interest portion of the Principal and Interest Components received or accrued by Owners of Obligations pursuant to Section 103(a) of the 1986 Code, as defined below. In furtherance thereof, the Authority will comply with the Tax Certificate (including any supplements thereto or amendments thereof). The Authority further covenants that it will pay or cause to be paid to the United States Treasury Department the amounts, if any, necessary to satisfy the rebate requirements of Section 148(f) of the 1986 Code.

As used in this covenant, 1986 Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

Notwithstanding any other provision of this Trust Agreement to the contrary, upon the Authority's failure to observe, or refusal to comply with, the above covenant, the Owners of the Obligations, or the Trustee acting on their behalf, shall be entitled to the rights and remedies provided to Owners of the Obligations or the Trustee under Section 5.04(b) hereof.

Notwithstanding the foregoing, at the written direction of an Authorized Officer, the Trustee may issue all or any portion of the Obligations in one or more series as taxable Obligations.

## **ARTICLE VI**

### **THE TRUSTEE**

**Section 6.01 Employment of Trustee.** In consideration of the recitals hereinabove set forth and for other valuable consideration, the Trustee hereby agrees to receive, hold, invest and disburse the moneys to be paid to it pursuant to the Financing Agreement and the Fee Mortgages

for credit to the various Funds and Accounts established by this Trust Agreement; to execute, deliver and deal with the Obligations; to apply and disburse amounts received from the Authority pursuant to the Financing Agreement or otherwise to the Owners; and to perform certain other functions, all as provided in, and subject to the terms and conditions of, this Trust Agreement and the Fee Mortgages.

**Section 6.02 Trustee; Duties, Removal and Resignation.** By executing and delivering this Trust Agreement, the Trustee accepts the duties and obligations of the Trustee provided in this Trust Agreement, but only upon the terms and conditions set forth in this Trust Agreement.

The Authority may, or the Owners of a majority in aggregate principal amount of all Obligations Outstanding may, with the written consent of the Authority, remove the Trustee initially a party to this Trust Agreement, and any successor thereto, upon not less than 30 days' prior written notice to the Trustee and to the Owners by mailing, first class postage prepaid, a copy of such notice to the Owners, and may appoint a successor trustee, but any such successor shall (a) be a bank or trust company organized under the laws of New York State or, if organized under the laws of another state, authorized to do business in the State of New York, or a national banking association; (b) have a substantial corporate trust operation; and (c) meet 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 and further, must meet a minimum Common Equity Tier 1 Capital of at least \$10 billion. All successor trustees must agree to and accept the terms and conditions of this Trust Agreement.

The Trustee may at any time resign by giving not less than 60 days' prior written notice to the Authority and to the Owners of Obligations by mailing, first class postage prepaid, a copy of such notice to the Owners. Upon receiving such notice of resignation, the Authority shall have the right to appoint promptly a successor trustee by an instrument in writing, and the Authority shall use its best efforts to appoint a qualified successor trustee promptly. Resignation or removal of the Trustee and appointment of a successor trustee shall become effective only upon acceptance of appointment by the successor trustee. If a successor trustee shall not have been appointed within the date designated on such notice of resignation or removal, the resigning Trustee or the Authority may apply to any court of competent jurisdiction to appoint a successor Trustee meeting the qualifications specified in this Section 6.02 to act until such time, if any, as a successor shall have been appointed above as provided. Any successor trustee so appointed by such court shall immediately and without further act be superseded by any successor trustee appointed as above provided within one year from the date of the appointment by such court. Each successor trustee appointed upon the resignation of the Trustee or another successor trustee shall satisfy the qualifications required for a successor trustee appointed on the removal of the Trustee or a successor trustee. Each successor trustee shall be authorized to exercise the trust powers granted to the Trustee herein.

**Section 6.03 Compensation of the Trustee.** The Trustee's fees, costs and expenses, including but not limited to the reasonable expenses, charges, counsel fees, costs and other disbursements, including those of its attorneys, agents, and employees, incurred in connection with the performance of its powers and duties as trustee and paying agent hereunder shall be as

agreed to between the Trustee and the Authority, and shall, to the extent not paid from the Costs of Issuance Fund or as otherwise set forth herein, be paid by the Authority from Available Transportation Revenues. During the time that a Trust Agreement Event of Default or a Lease Payment Event of Default has occurred and is continuing, the Trustee shall have, in addition to any other rights hereunder, a first lien and claim, prior to the rights of any Owners or any other parties, for the payment of its compensation and indemnity and the reimbursement of its expenses and any advances made by it, upon the Trust Estate (using first moneys on deposit in the Interest Reserve Fund, which withdrawal shall be reimbursed by the Authority to the same extent and in the same time frame as any other use of moneys in the Interest Reserve Fund) and the Trustee may withdraw the same from the Trust Estate when the same become due and payable.

**Section 6.04 Merger or Consolidation.** Any company into which the Trustee 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 the Trustee may sell or transfer all or substantially all of its corporate trust business, shall, provided that such company is eligible under Section 6.02 hereof, be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

**Section 6.05 Protection of the Trustee.** The Trustee shall be protected and shall incur no liability to anyone in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or issued pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. Any actions taken by the Trustee thereunder shall be at the expense of the Authority. The Trustee shall not be bound to recognize any person as an Owner of any Trust Obligation or to take any action at such person's request unless the Obligation shall be deposited with the Trustee or satisfactory evidence of the ownership of such Obligation shall be furnished to the Trustee. The Trustee may consult with counsel, who may be counsel to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

The Trustee shall not be deemed to have notice of any Trust Agreement Event of Default hereunder or any Lease Payment Event of Default except a default in the payment of principal or interest with respect to the Obligations, unless the Trustee shall have actual knowledge thereof or be specifically notified thereof in writing.

The Trustee shall not be bound by any notice or demand, or any waiver, modification, termination or rescission of this Trust Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Trustee signed by the proper party or parties and, if the duties or rights of the Trustee are affected, unless it shall give its prior written consent thereto.

Except for amendments to this Trust Agreement and except for written instructions given to the Trustee by an Authorized Officer relating to the Trust Estate under this Trust Agreement, the Trustee shall not be obligated to recognize any agreement between any or all of the persons referred to herein, notwithstanding that references thereto may be made herein and whether or not it has knowledge.

The Trustee shall have the right to assume in the absence of written notice to the contrary from the proper person or persons that a fact or an event by reason of which an action would or might be taken by the Trustee does not exist or has not occurred, without incurring liability to the other parties hereto or to anyone else for any action taken or omitted, or any action suffered by it to be taken or omitted, in good faith and in the exercise of its own best judgment, in reliance upon such assumption.

If a Trust Agreement Event of Default or a Lease Payment Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

Except during the continuance of a Trust Agreement Event of Default or a Lease Payment Event of Default, the Trustee need perform only those duties that are specifically set forth in this Trust Agreement and no others, and no implied duties shall be read into this Trust Agreement against the Trustee.

Whenever in the administration of its duties under this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless otherwise prescribed) shall be deemed to be conclusively proved and established by the certificate of an Authorized Officer, and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Obligations, and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to this Trust Agreement. The Trustee, either as principal or agent, may also engage in or have an interest in any financial or other transaction with the Authority, and may act as depository, trustee, or agent for any committee or body of Owners of Obligations or other obligations of the Authority as freely as if it were not Trustee hereunder.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall not be liable for the conduct of the same if appointed with due care.

The Trustee shall not be answerable or accountable except for the performance of its duties and obligations as are specifically set forth in this Trust Agreement and except for its own negligence or willful misconduct. The Trustee has no obligation or liability to the Owners for the payment of the Obligations, except to administer, for the benefit of the Owners, the various

Funds and Accounts established in this Trust Agreement in the manner herein provided. The Trustee has no obligation to pay any portion of the interest or principal payments with respect to the Obligations from any source other than the Trust Estate, including the Financing Agreement Payments received and retained by the Trustee and the Funds and Accounts (other than the Rebate Fund) established in this Trust Agreement. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Obligations. The Trustee shall not be responsible or liable for the preparation, filing, correctness or accuracy of any Uniform Commercial Code financing statements or for the existence, validity or perfection of any lien or security interest.

No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, willful misconduct or failure to act, except that this provision shall not be construed to affect the scope of the Trustee's duties and obligations provided for herein or the Trustee's right to rely on the truth of statements and the correctness of opinions as heretofore provided. In no event shall the Trustee be liable to any party: (a) for any losses on investments made in accordance with Section 4.08(b) of this Trust Agreement; or (b) for special, indirect, punitive or consequential losses or damages of any kind whatsoever (including, without limitation, loss of profits or business), arising under or in connection with this Trust Agreement, even if the Trustee has been advised of the possibility of such losses or damages and regardless of the form of action. Any liability relating to or resulting from the Authority's failure to make Financing Agreement Payments in accordance with the Financing Agreement shall be at the expense of the Authority.

The Trustee shall not be responsible for the sufficiency or accuracy of the form of, or the execution, validity, value or genuineness of, any document or property received, held or delivered by it hereunder, or of any signature or endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall the Trustee be responsible or liable to the other parties hereto or to anyone else in any respect on account of the identity, authority or rights of the person or persons executing or delivering or purporting to execute or deliver any document or property or this Trust Agreement. The Trustee shall have no responsibility with respect to the use or application of any funds or other property paid or delivered by the Trustee pursuant to the provisions hereof. The Trustee shall not be liable to the other parties hereto or to anyone else for any loss which may be incurred by reason of any investment of any moneys which it holds hereunder.

Except as set forth in Section 6.08 hereof and with respect to the Trustee's liability as provided by the foregoing paragraphs of this Section 6.05, the Authority shall and hereby agrees to indemnify, defend and save the Trustee harmless from and against any and all liabilities which it may incur in the exercise and performance of its powers and duties hereunder; provided, however, that this indemnification shall be limited to the extent and in the amount permitted by law. The Authority's obligations so to indemnify the Trustee shall survive the final payment of the Obligations and any resignation or removal of the Trustee. No indemnification will be made by the Authority under this Trust Agreement for liabilities arising from the Trustee's negligence or willful misconduct.

The provisions of this Article VI shall also apply to the Trustee in its capacity as Paying Agent for the Obligations.

**Section 6.06 No Liens, Charges or Encumbrances.** The Trustee hereby covenants not to create any lien, charge or encumbrance upon any of the amounts to be received from the Trust Estate, except as specifically set forth herein.

**Section 6.07 Trustee to Act as Set Forth Herein.** The Trustee has the power to receive, to hold in accordance with the terms hereof and to disburse the money to be paid pursuant to this Trust Agreement. The Trustee has no power to vary, alter or substitute the Financing Agreement, the Fee Mortgages or the corpus of any trust created hereby at any time, except as specifically authorized herein.

**Section 6.08 Limitation of Liability.** In addition to and not in limitation of the foregoing, it is understood and agreed that (i) this Trust Agreement is executed and delivered by the Trustee, not in its individual capacity, but solely as a trustee under this Trust Agreement in the exercise of the power and authority conferred and vested in it as a trustee, (ii) the representations, undertakings and agreements made herein by the Trustee are not personal representations, undertakings and agreements of the Trustee, but are binding only on the Trustee, as trustee, and (iii) actions to be taken by the Trustee pursuant to its obligations hereunder may be taken by the Trustee in its discretion except if the Trustee shall have received specific written instruction from an Authorized Officer not to take a particular action. The Authority waives any and all claims against the Trustee (except for the Trustee's negligence or willful misconduct) and its directors, officers and employees pursuant to this Section 6.08.

## **ARTICLE VII**

### **AMENDMENT; ADMINISTRATIVE PROVISIONS**

**Section 7.01 Amendment.** The Authority and the Trustee, by execution and delivery of a Supplemental Trust Agreement, may, without the consent of, or notice to, any of the Owners, amend this Trust Agreement for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in this Trust Agreement;
- (b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee or any of them;
- (c) To subject to the lien and pledge of this Trust Agreement additional revenues or security;
- (d) To authorize and provide for the execution and delivery of Refunding Obligations and the terms of such Refunding Obligations, including as necessary in the determination of an Authorized Officer to provide for issuance of Refunding Obligations, and with such other changes, including provision for reserve fund requirements, subject to the conditions set forth in Section 3.01(b) herein;

(e) To add to the covenants and agreements of the Trustee contained in this Trust Agreement other covenants and agreements thereafter to be observed for the protection of the Owners;

(f) To add to the Trust Agreement any provisions relating to the application of interest earnings in any Fund and Account under the Trust Agreement required by law to preserve the exclusion from gross income for Federal income tax purposes of interest received on the Obligations then Outstanding or to be issued or the exemption of interest received on such Obligations from State income taxation;

(g) To modify, amend or supplement the Trust Agreement in any manner not already provided for in or pursuant to the Supplemental Trust Agreement authorizing the related series of Obligations in order to provide for a Reserve Fund Credit Facility, municipal bond insurance policy or other similar arrangement with respect to any series of Obligations, under the Trust Agreement, so long as an Authorized Officer determines that such Supplemental Trust Agreement does not materially adversely affect the right, security and interest of the Owners of Outstanding Obligations;

(h) To insert such provisions clarifying matters or questions arising under this Trust Agreement as are necessary or desirable and are not contrary to or inconsistent with this Trust Agreement as theretofore in effect; or

(i) To make any other modification or amendment of this Trust Agreement which the Trustee shall in its sole discretion determine will not have a material adverse effect on the interest of Owners of the Obligations, which determination may be based upon an opinion of counsel.

Exclusive of the aforementioned types of amendments and subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such other amendment, as shall be deemed necessary and desirable by the Authority or the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement or in any amendment thereto, provided, however, that nothing in this Section 7.01 shall permit, or be construed as permitting: (i) an extension of the maturity of the principal or the interest with respect to any Obligation executed and delivered hereunder, or a reduction in the principal with respect to any Obligation or the rate of interest with respect thereto, without the consent of each Owner so affected; or (ii) a privilege or priority of any Obligation over any other Obligation, or a reduction in the aggregate principal with respect to the Obligations required for consent to such amendment, without the consent of the Owners of all of the Obligations then Outstanding.

The Financing Agreement, the Leases and the Fee Mortgages may be modified or amended by the parties thereto without the consent of, or notice to, any of the Owners or the Trustee, for any of the purposes for which this Trust Agreement may be so amended pursuant to paragraph (a) through (i) of this Section 7.01. Subject to the following two sentences, without

the consent of the Owners of the Obligations, the Trustee may consent to any other amendment to the Financing Agreement, the Leases or the Fee Mortgages which in its judgment does not have a material adverse effect on the interests of the Owners of the Obligations; provided, that the Trustee shall not be obligated to enter into any amendments that adversely impact its rights, duties or protections. The Trustee shall not consent to any amendment or modification of the Financing Agreement, the Leases or the Fee Mortgages which would change the amount of Financing Agreement Payments required to be paid under the Financing Agreement or the Interest Payment Dates, other than in connection with the delivery of Refunding Obligations, unless the Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding shall approve the Trustee's consent to such amendment; provided, however, that no amendment to the Financing Agreement, the Leases or the Fee Mortgages shall be consented to if the amendment would result: (i) in 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 unless the Owners of all of the Obligations affected so consent; or (ii) in a privilege or priority of any Obligation over any other Obligation, or a reduction in the aggregate principal amount of the Obligations required for consent to such amendment, unless the Owners of all of the Obligations then Outstanding so consent. Neither this Trust Agreement nor the Financing Agreement or the Fee Mortgages shall be modified, amended, altered or changed in any manner that would cause, with respect to Obligations that are intended to be tax-exempt, the inclusion of the interest portion of the Principal and Interest Components received or accrued by Owners in the gross income of the Owners for Federal income tax purposes.

If, at any time, the Trustee shall propose an amendment for any of the purposes of this Section 7.01 requiring the approval of the Owners, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, notify the Owners of all Outstanding Obligations of the proposed amendment. Notice of such proposed amendment shall be given not less than thirty (30) days prior to the effective date of the amendment by mailing, first class postage prepaid, a copy thereof, to the Owners. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners. If the requisite number of Owners of Outstanding Obligations shall have consented to and approved the execution and delivery of the Supplemental Trust Agreement effecting such amendment as herein provided, no Owner of any Obligation shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Trust Agreement, this Trust Agreement, the Financing Agreement or the Fee Mortgages, as the case may be, shall be and each is deemed to be modified and amended in accordance with the terms of such Supplemental Trust Agreement. The Trustee may, in its discretion, determine whether or not in accordance with the foregoing powers of amendment any particular Obligation would be affected by any modification or amendment of this Trust Agreement, the Financing Agreement, the Leases or the Fee Mortgages and any such determination shall be binding and conclusive on the Authority and all the Owners. The Trustee may receive an opinion of counsel, as conclusive evidence as to whether particular Obligations would be so affected by any such modification or amendment of this Trust Agreement, the Financing Agreement, the Leases or the Fee Mortgage. Notwithstanding anything in this Section 7.01 or this Trust Agreement or the Financing

Agreement or the Fee Mortgages to the contrary, the consent of the Owners of any series of Refunding Obligations to be executed and delivered 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 proposed modification or amendment is disclosed in the official statement or other offering document pursuant to which such series of Refunding Obligations is offered and sold to the public.

**Section 7.02 Defeasance.** If and when the whole amount of the Principal and Interest Components due and payable with respect to all Outstanding Obligations or any series or maturity within a series of Obligations shall be paid, or provision shall have been made for the payment of the same, by the deposit in the Principal Redemption Account of the Rent Payment Fund or an escrow fund or account of cash or securities issued or guaranteed by the United States Government in an amount sufficient (together with interest earnings thereon), in the opinion of a verification agent, to provide for the redemption of all such Principal and Interest Components on the first optional redemption date, all amounts required to be paid to the United States Government pursuant to Section 148(f) of the 1986 Code with respect to such Obligations shall have been paid or provided for and all administrative expenses shall have been paid or provided for with respect to such Obligations, then, and in that case, all obligations of the Trustee with respect to such Obligations and of the Authority with respect to the Financing Agreement shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid to such Owners of Obligations all sums due with respect thereto from amounts provided therefor, and the obligation of the Authority to make payments to the United States Government pursuant to Section 5.14 hereof. Any and all such cash and securities so deposited shall be held by the Trustee and shall be subject to an irrevocable trust to be applied to the payment of the Principal and Interest Components with respect to the Obligations. Except in the event of a refunding of all Outstanding Obligations, if all Outstanding Obligations are paid or provided for in accordance with this Section 7.02, the Trustee shall assign and transfer to the Authority all property (in excess of the amounts required for the foregoing) then held by the Trustee (including the Financing Agreement, the Fee Mortgages and all payments thereunder and all balances in any Fund or Account created under this Trust Agreement) and shall execute such documents as may be reasonably required by an Authorized Officer. In the event of a refunding of all Obligations, all such property then held by the Trustee shall be assigned and transferred, as directed in writing by an Authorized Officer, to the Trustee for the refunding Trust Obligations. Notwithstanding any other provisions of this Trust Agreement to the contrary, so long as necessary in order to maintain the exclusion from gross income for Federal income tax purposes of the interest portion of the Principal and Interest Components, the tax covenants contained in Section 5.14 hereof shall survive the payment of the Series 2016A Obligations, including any payment or defeasance thereof pursuant to this Section 7.02.

**Section 7.03 Records.** Prior to the payment in full of the Principal and Interest Components with respect to the Obligations and for a period of six (6) years thereafter, the Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which records shall be available for inspection by the Authority and the Owners, or the agent of any of them, at any time during regular business hours upon compliance with the reasonable requirements of the Trustee.

**Section 7.04 Moneys Held for Particular Obligations.** The amounts held by the Trustee for the payment of the Principal and Interest Components 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 the Obligations entitled thereto.

**Section 7.05 Notices.** All written notices to be given under this Trust Agreement shall be given by first class mail postage prepaid to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time.

If to the Trustee: Wells Fargo Bank, National Association  
[TBD]

If to the Authority: Metropolitan Transportation Authority  
2 Broadway  
New York, New York 10004  
Attention: Director, Finance

with a copy to the General Counsel of the Authority at the same address.

Any such notice shall be deemed to have been received five (5) calendar days subsequent to mailing.

**Section 7.06 New York Law.** This Trust Agreement shall be construed in accordance with and shall be governed by the laws of the State of New York.

**Section 7.07 Severability.** Any provision of this Trust Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Trust Agreement.

**Section 7.08 Binding Effect; Successors.** This Trust Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, and shall further inure to the benefit of the Owners. Whenever in this Trust Agreement any party is named or referred to, such reference shall be deemed to include such party's successors or assigns, and all covenants and agreements contained in this Trust Agreement by or on behalf of any party shall bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

**Section 7.09 Headings.** The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement.

**Section 7.10 Execution in Counterparts.** This Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**Section 7.11 No Recourse on the Obligations.** No recourse shall be had for the payment of the principal of or interest on the Obligations or for any claim based thereon or on the Trust Agreement against any member or officer of the Authority.

**Section 7.12 Not Debt of State, City or the Authority.** Neither the Obligations nor the Financing Agreement constitute or create a debt of the State of New York, The City of New York, the Authority or any of the Related Transportation Entities and none of the State, the City, the Authority or any of the Related Transportation Entities shall be liable thereon.

**Section 7.13 Miscellaneous Provisions.** Except as expressly permitted in this Trust Agreement, the Trustee may not assign, transfer, convey or otherwise dispose of any of its rights or responsibilities under this Trust Agreement without the prior written consent of the Authority or the Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding.

**IN WITNESS HEREOF**, the parties have executed and attested this Trust Agreement by their authorized signatories as of the date and year first written above.

**METROPOLITAN TRANSPORTATION AUTHORITY**

By: \_\_\_\_\_  
Name:  
Title:

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

STATE OF NEW YORK       )  
  :  
COUNTY OF NEW YORK     )      SS.:

On the \_\_\_\_ day of July, in the year 2016, before me, the undersigned, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or person on behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF NEW YORK       )  
  :  
COUNTY OF NEW YORK     )       SS.:

On the \_\_\_\_ day of July, in the year 2016, before me, the undersigned, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or person on behalf of which the individual(s) acted, executed the instrument.

Notary Public

**EXHIBIT A**

**REQUEST FOR PREPARATION, EXECUTION AND  
DELIVERY OF  
MTA HUDSON RAIL YARDS TRUST OBLIGATIONS, SERIES 2016A**

Metropolitan Transportation Authority (the “Authority”) hereby authorizes and requests Wells Fargo Bank, National Association, as trustee (the “Trustee”) under the MTA Hudson Rail Yards Trust Agreement, dated as of July 1, 2016, by and between the Authority and the Trustee, to prepare, execute and deliver to The Depository Trust Company the following MTA Hudson Rail Yards Trust Obligations, Series 2016A, registered in the name of Cede & Co., pursuant to such Trust Agreement:

**TRUST OBLIGATIONS, SERIES 2016A**

<u>Numbers</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
----------------	----------------------	-------------------------	----------------------

**METROPOLITAN TRANSPORTATION AUTHORITY**

By: \_\_\_\_\_  
Authorized Officer

Received:

**WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Trustee

By: \_\_\_\_\_

Name:

Title:

Date: July \_\_, 2016

## EXHIBIT B

### FORM OF TRUST OBLIGATION

*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 Trust Agreement referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Trust Agreement to the contrary, a portion of the principal amount of this Series 2016A Trust Obligation may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC of this Series 2016A Trust Obligation 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 Trust Agreement.*

**2016A-1 R-1**

**\$000,000,000**

#### **MTA HUDSON RAIL YARDS TRUST OBLIGATIONS, SERIES 2016A**

**Evidencing Interests in the MTA Financing Agreement Amount  
Payable by the  
METROPOLITAN TRANSPORTATION AUTHORITY  
Pursuant to the Financing Agreement**

**INTEREST**

**RATE**

**MATURITY DATE**

**DATED DATE**

**CUSIP**

November 15, \_\_\_\_

July \_\_, 2016

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

DOLLARS

THIS IS TO CERTIFY THAT the registered owner named above of this Hudson Rail Yard Trust Obligation, Series 2016A (herein called this "Series 2016A Trust Obligation") is the owner of the interest hereinafter stated in the Principal and Interest Components of Financing Agreement Payments made by the Metropolitan Transportation Authority (the "Authority") pursuant to the Interagency Financing Agreement, dated as of July 1, 2016 (the "Financing Agreement"), by and among the Authority, New York City Transit Authority, Manhattan and

Bronx Surface Transit Operating Authority, The Long Island Rail Road Company, Metro-North Commuter Railroad Company and MTA Bus Company and Wells Fargo Bank, National Association, as Trustee (the “Trustee”).

The registered owner of this Series 2016A Trust Obligation is entitled to receive, subject to the terms of the Financing Agreement and that certain MTA Hudson Rail Yards Trust Agreement, dated as of July 1, 2016 (the “Trust Agreement”), by and between the Authority and the Trustee on the Maturity Date set forth above (the “Maturity Date”), the principal sum stated above, representing the principal portion of the Principal and Interest Components (as defined in the Trust Agreement) payable under the Financing Agreement coming due on the Maturity Date, and to receive from the date hereof the registered owner’s share of the interest portion of the Principal and Interest Components coming due on November 15, 2016 and semiannually on May 15 and November 15 of each year thereafter (each, an “Interest Payment Date”), to, but not including, the Maturity Date at the rate set forth above. Interest on the Series 2016A Trust Obligations shall be calculated on the basis of a 30-day month and 360-day year. Payments of interest with respect to this Series 2016A Trust Obligation shall be made on the appropriate Interest Payment Date to the person appearing on the Register as the registered holder thereof as of the close of business on the first day of the month of such Interest Payment Date, whether or not such first day is a Business Day, such interest to be paid by check or draft mailed to such registered holder at such registered holder’s address as it appears on the Register or at such other address as such registered holder may have filed with the Trustee for that purpose; provided, however, that the Trustee may establish a special record date in connection with the payment of interest in default. Principal with respect to this Series 2016A Trust Obligations will be payable at the offices of the Trustee upon presentation and surrender of this Series 2016A Trust Obligation. There may be issued under the Trust Agreement certain refunding obligations (which refunding obligations, together with the Series 2016A Trust Obligations, are collectively referred to herein as the “Trust Obligations”).

All capitalized terms used herein and not otherwise defined herein shall have the meaning set forth in the Trust Agreement.

The Trust Obligations are special obligations payable solely from the Trust Estate established under the Trust Agreement. The Trust Estate consists principally of (a) all the proceeds of the Obligations, all Funds (other than the Rebate Fund) established by the Trust Agreement, including the investment income, if any, thereof, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in this Trust Agreement; (b) Financing Agreement Payments paid by the Authority under the Financing Agreement, including Monthly Base Rent, Fee Purchase Payments, Cure Rights payments, amounts recovered by the Authority in the exercise of remedies following a Lease Payment Event of Default, and certain other payments made to the Authority and intended to reimburse the Authority for Monthly Base Rent payments, including payments made by a guarantor under a Payment Guaranty; (c) Interest Reserve Advances under the Financing Agreement; (d) all right, title and interest of the Trustee in and to amounts recovered by the Trustee in the exercise of remedies under the Trust Agreement following a Trust Agreement Event of Default or a Lease Payment Event of Default and in and to the Fee Mortgages, including any amounts collected in the enforcement of remedies thereunder; and (e) any and all other property, revenues or funds from time to time hereafter by delivery or by

writing of any kind specially granted, assigned or pledged as and for additional security under the Trust Agreement, by the Authority or anyone else, in favor of the Trustee.

The Trust Obligations are not obligations of The City of New York (the “City”) or the State of New York (the “State”). Except with respect to Interest Reserve Advances, which are payable from Available Transportation Revenues, neither MTA nor any of the other Related Transportation Entities is obligated to make any other payment of amounts with respect to the Principal and Interest Components of the Trust Obligations from any other revenues or moneys other than the Trust Estate.

The Series 2016A Trust Obligations are subject to optional and early mandatory redemption as provided in the Trust Agreement.

If Trust Obligations are optionally redeemed pursuant to the Trust Agreement, the Trustee will give notice to the Owners of the Trust Obligations, which notice will specify the redemption date and the place or places where amounts due upon such redemption will be payable. The notice will further state that on the redemption date the redemption price thereof, including interest accrued to the redemption date, will be payable upon presentation of the Trust Obligation to the Trustee, and that from and after the redemption date interest on the Trust Obligation called for redemption will cease to accrue. The Trustee will mail a copy of the notice, postage prepaid, not less than twenty (20) days nor more than sixty (60) days before the redemption date, to the Owner of each Trust Obligation which is to be prepaid, at the address appearing on the Register. So long as all of the Trust Obligations remain immobilized in the custody of DTC, any such notice of redemption of the Trust Obligations will be delivered only to DTC.

If Trust Obligations are to be prepaid pursuant to early mandatory redemption pursuant to the preceding two paragraphs, the Trustee will give notice to the Owners of the Trust Obligations, which notice will specify the redemption date and the place or places where amounts due upon such redemption will be payable. The notice will further state that on the redemption date the redemption price thereof, including interest accrued to the redemption date, will be payable upon presentation of the Trust Obligation to the Trustee, and that from and after the redemption date interest on the Trust Obligation called for redemption will cease to accrue. In the case of an early mandatory redemption, the Trustee will mail a copy of the notice, postage prepaid, not less than twenty (20) days nor more than twenty-five (25) days before the redemption date, to the Owner of each Trust Obligation which is to be prepaid, at the address appearing on the Register. So long as all of the Trust Obligations remain immobilized in the custody of DTC, any such notice of redemption of the Trust Obligations will be delivered only to DTC.

In the event Trust Obligations of a Series are issued with more than one maturity, in all instances of redemption, the earliest then Outstanding maturity shall always be redeemed first.

If the Trust Obligations are not registered in book-entry-only form, any redemption of less than all of the Trust Obligations will be allocated among the registered owners of such Trust Obligations as nearly as practicable in proportion to the principal amounts of the Trust Obligations owned by each registered owner, subject to the authorized denominations applicable

to the Trust Obligations. This will be calculated based on the formula: (principal amount owned by owner) x (principal to be redeemed) / (principal amount outstanding). The particular Trust Obligations to be redeemed will be determined by the Trustee, using such method as it deems fair and appropriate. If the Trust Obligations are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the Trust Obligations, partial redemptions will be done in accordance with DTC procedures [for pro rata pass-through distributions of principal].

If notice of prepayment shall have been given as aforesaid, then the moneys sufficient for redemption having been set aside in the Principal Redemption Account within the Rent Payment Fund (in the amount set forth in the notice of redemption), the Trust Obligations shall become due and payable on the date fixed for redemption, and, upon presentation and surrender thereof at the office or offices specified in such notice the Trust Obligations shall be paid together with any unpaid and accrued interest to the date fixed for redemption.

The Trust Agreement permits certain amendments or supplements to the Trust Agreement not prejudicial to the Owners to be made without the consent of or notice to the Owners, certain other amendments or supplements thereto to be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Trust Obligations then Outstanding and other amendments or supplements thereto to be made only with the consent of all Owners.

The Series 2016A Trust Obligations shall be in denominations of \$5,000 each or any integral multiple thereof, and shall be represented by fully registered Series 2016A Trust Obligations, without coupons, subject to the provisions of a book-entry system; provided, however, that if such book-entry system is discontinued, physical Series 2016A Trust Obligations shall be delivered to the Owners in accordance with the Trust Agreement.

The Trust Obligations shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. All the Trust Obligations executed and delivered pursuant to the Trust Agreement shall be transferable subject to the provisions for registration and transfer contained therein.

**IN WITNESS WHEREOF, WELLS FARGO BANK, NATIONAL ASSOCIATION** has caused this Series 2016A Trust Obligation 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.

**WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Trustee**

By: \_\_\_\_\_

## ASSIGNMENT

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

---

[PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE]

---

[PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF  
TRANSFeree]

the within Obligation and all rights thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_ attorney to transfer the within  
Obligation on the books kept for registration thereof, with full power of substitution in the  
premises.

Date:

In the Presence of:

---

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

---

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

**EXHIBIT C**

**NOTICE OF WITHDRAWAL FROM INTEREST RESERVE FUND**

**[To come]**

**SCHEDULE 1**  
**CAPITALIZED INTEREST SCHEDULE**

<b>Interest Payment Date</b>	<b>Interest Component</b>	<b>Capitalized Interest Amount</b>
----------------------------------	-------------------------------	--

**SCHEDULE 2**  
**REDEMPTION SCHEDULE**

INTERAGENCY FINANCING AGREEMENT

by and among

METROPOLITAN TRANSPORTATION AUTHORITY,  
NEW YORK CITY TRANSIT AUTHORITY,  
MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY,  
THE LONG ISLAND RAIL ROAD COMPANY,  
METRO-NORTH COMMUTER RAILROAD COMPANY

and

MTA BUS COMPANY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

Dated as of July 1, 2016

Relating to

MTA HUDSON RAIL YARDS TRUST OBLIGATIONS

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# TABLE OF CONTENTS

	PAGE
ARTICLE I DEFINITIONS .....	3
SECTION 1.1        Definitions.....	3
ARTICLE II STATEMENT OF CONSIDERATION AND CONSTRUCTION OF AGREEMENT .....	10
SECTION 2.1        Consideration .....	10
SECTION 2.2        Construction of Agreement.....	11
ARTICLE III MTA FINANCING AGREEMENT AMOUNT.....	11
SECTION 3.1        Obligation to Pay MTA Financing Agreement Amount.....	11
SECTION 3.2        Nature of Obligation to Pay MTA Financing Agreement Amount .....	14
ARTICLE IV INTEREST RESERVE ADVANCES .....	14
SECTION 4.1        Obligation to Make Interest Reserve Advances.....	14
SECTION 4.2        Nature of Obligation to Make Interest Reserve Advances .....	15
ARTICLE V COVENANTS.....	16
SECTION 5.1        Compliance with Financing Documents .....	16
SECTION 5.2        Cooperation by a Related Transportation Entity .....	16
SECTION 5.3        Further Assurances.....	16
SECTION 5.4        Bankruptcy and Insolvency.....	16
SECTION 5.5        Accounts and Reports .....	17
SECTION 5.6        Segregation of Certain Funds.....	17
SECTION 5.7        Termination of Financing Agreement.....	17
SECTION 5.8        Fiscal Year .....	17
SECTION 5.9        Agreement of the State.....	17
ARTICLE VI ADDITIONAL PROVISIONS RELATING TO THE TRANSIT AUTHORITY AND MABSTOA.....	18
SECTION 6.1        Agreement as to Transit Projects .....	18
SECTION 6.2        Compliance with the Transit Authority Lease and MaBSTOA Lease .....	18
SECTION 6.3        City Transfer of Title .....	19
SECTION 6.4        Grant of Authority Regarding the Leases .....	19
SECTION 6.5        Conveyance of Acquired or Improved Property .....	19
ARTICLE VII EVENTS OF DEFAULT AND REMEDIES .....	19
SECTION 7.1        Default.....	19
SECTION 7.2        Remedies.....	20
SECTION 7.3        Exclusivity of Remedies .....	20
SECTION 7.4        No Additional Waiver Implied by One Waiver.....	20
ARTICLE VIII MISCELLANEOUS .....	21
SECTION 8.1        Consent to Assignment .....	21
SECTION 8.2        No Conflict with Resolution .....	21

## TABLE OF CONTENTS (CONTINUED)

	<b>PAGE</b>
SECTION 8.3	Enforcement by Trustee..... 21
SECTION 8.4	Successors and Assigns..... 21
SECTION 8.5	Severability ..... 21
SECTION 8.6	Notices ..... 21
SECTION 8.7	Headings ..... 23
SECTION 8.8	Non-Waiver..... 23
SECTION 8.9	Parties Interested Herein ..... 23
SECTION 8.10	Governing Law ..... 23
SECTION 8.11	Financing Agreement Represents Complete Agreement; Amendments ..... 24
SECTION 8.12	Counterparts..... 24
SECTION 8.13	Effective Date ..... 24

## INTERAGENCY FINANCING AGREEMENT

INTERAGENCY FINANCING AGREEMENT, dated as of July 1, 2016 (as amended or supplemented from time to time, the “Financing Agreement”), by and among METROPOLITAN TRANSPORTATION AUTHORITY, a body corporate and politic constituting a public benefit corporation of the State of New York (the “Authority”), NEW YORK CITY TRANSIT AUTHORITY, a body corporate and politic constituting a public benefit corporation of the State of New York (the “Transit Authority”), MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY, a public benefit corporation of the State of New York which is a subsidiary corporation of the Transit Authority (“MaBSTOA”), THE LONG ISLAND RAIL ROAD COMPANY, a public benefit corporation of the State of New York which is a subsidiary corporation of the Authority (the “LIRR”), METRO-NORTH COMMUTER RAILROAD COMPANY, a public benefit corporation of the State of New York which is a subsidiary corporation of the Authority (the “MNCRC”), and MTA BUS COMPANY, a public benefit corporation of the State of New York which is a subsidiary corporation of the Authority (the “MTA Bus”) (individually, a “Related Transportation Entity” and, collectively, the “Related Transportation Entities”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee (the “Trustee”) under the MTA Hudson Rail Yards Trust Agreement, dated as of July 1, 2016 (the “Trust Agreement”), by and between the Authority and the Trustee.

### WITNESSETH:

WHEREAS, Section 1265(3) of the Authority Act (as hereinafter defined) authorizes the Authority “...to finance or refinance all or any part of the costs to the [A]uthority or to any other person or entity, public or private, of the planning, design, acquisition, construction, improvement, reconstruction or rehabilitation of any transportation facility”;

WHEREAS, Section 1265(7) of the Authority Act authorizes the Authority “[t]o acquire, hold and dispose of real or personal property in the exercise of its powers”;

WHEREAS, Section 1265(14) of the Authority Act authorizes the Authority “[t]o do all things necessary, convenient or desirable to carry out its purposes and for the exercise of the powers granted in [the Authority Act]”;

WHEREAS, Section 1266(5) of the Authority Act provides that “[t]he [A]uthority may acquire, hold, own, lease, establish, construct, effectuate, operate, maintain, renovate, improve, extend or repair any transportation facilities through, and cause any one or more of its powers, duties, functions or activities to be exercised or performed by, one or more wholly owned subsidiary corporations of the [A]uthority, or by New York [C]ity [T]ransit [A]uthority or any of its subsidiary corporations in the case of transit facilities and may transfer to or from any such corporations any moneys, real property or other property for any of the purposes of this title upon such terms and conditions as shall be agreed to and subject to such payment or repayment obligations as are required by law or by any agreement to which any of the affected entities is subject”;

WHEREAS, Section 1266(6-a) of the Authority Act provides that “[s]ubject to the rights of the holders of any outstanding bonds, notes or other obligations of the [A]uthority, New York

[C]ity [T]ransit [A]uthority and Triborough [B]ridge and [T]unnel [A]uthority, and to facilitate the efficient financial management of the [A]uthority, its subsidiary corporations, New York [C]ity [T]ransit [A]uthority and its subsidiary corporations, and Triborough [B]ridge and [T]unnel [A]uthority (the “affiliated entities”), the [A]uthority may, and may permit and direct any affiliated entity to, transfer revenues, subsidies and other moneys or securities to one or more funds or accounts of another affiliated entity for use by such other affiliated entity, provided at the time of such transfer it is reasonably anticipated that the moneys and securities so transferred will be reimbursed, repaid or otherwise provided for by the end of the next succeeding calendar year if reimbursement or repayment is required by law or by any agreement to which any of the affected affiliated entities is subject”;

WHEREAS, the Authority has entered into certain agreements for the development of the Eastern Rail Yard and Western Rail Yard portions of the John D. Caemmerer West Side Yard (the “West Side Yard”), pursuant to which the Authority has entered into 99-year ground leases, severable, with options to purchase fee interests in severed parcels (the “Leases,” as more fully described herein), a portion of such parcels being land parcels and the remaining portions being air-rights parcels;

WHEREAS, a portion of the revenues to be derived from the Leases has been identified as a source of funding for capital projects of the Related Transportation Entities in approved Capital Program Plans (as hereinafter defined);

WHEREAS, the Related Transportation Entities have determined that it would be more efficient and effective in the financing of their capital projects if they were able to monetize the revenues to be derived from the Leases;

WHEREAS, the Related Transportation Entities have determined that they can monetize a portion of the revenues to be derived from the Leases and, in furtherance thereof, the Authority and the Trustee have entered into the Transportation Trust Agreement, pursuant to which the Trustee will execute and deliver to investors the Trust Obligations (as hereinafter defined) evidencing interests in the MTA Financing Agreement Amount (as hereinafter defined) payable to the Trustee pursuant to this Financing Agreement;

WHEREAS, the Leases provide for certain periods of abatement of Annual Base Rent (as defined in the Leases), the funding of capitalized interest and the establishment of an Interest Reserve Fund to pay interest on the Trust Obligations during the abatement period and in the event that, for whatever reason, the Monthly Base Rent (as hereinafter defined) to be derived from the Leases may be insufficient to pay the interest portion of such Trust Obligations when due, the Related Transportation Entities have agreed to make certain Interest Reserve Advances (as hereinafter defined);

WHEREAS, in order to provide for the efficient transfer of payments to the Trustee and the monthly accounting of such payments to determine sufficiency hereunder, the Authority has entered into a Lockbox Agreement, dated as of July 1, 2016 (the “Lockbox Agreement”), with Wells Fargo Bank, National Association, as custodian thereunder (the “Custodian”), pursuant to which the Authority will direct all Tenants to make payments under the Leases directly to the Custodian;

WHEREAS, in connection with the construction of certain buildings and facilities, affiliates of the Tenants have delivered certain construction completion guaranties, none of which guaranties guaranty the payment of Monthly Base Rent by the Tenants under their respective Leases, including the following (collectively referred to herein as the “Completion Guaranties”): (1) the Retail Building Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated December 11, 2015, by The Related Companies, L.P. (“Related”) and OP USA Debt Holdings Limited Partnership (“OPUSA”), jointly and severally, to and for the benefit of the Authority and LIRR; (2) the Roof, Facilities and Relocations Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated March 17, 2014, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority and LIRR; (3) the Tower A Building Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated December 11, 2015, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority and LIRR; (4) the Tower C Building Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated April 10, 2013, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority and LIRR; and (5) the Tower D Building Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated November 23, 2015, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority and LIRR;

WHEREAS, pending the commencement of construction of certain buildings and facilities, affiliates of the Tenants have delivered the following payment guaranties that guaranty, subject to limitations described therein, the payment of, among other things, Monthly Base Rent by certain Tenants and/or a payment in lieu of proceeding with such construction, all as more fully described in such guaranties (collectively, the “Payment Guaranties”): (1) the Default Payments Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated April 10, 2013, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority, (2) the Default Payments Guaranty (Western Rail Yard Section of the John D. Caemmerer West Side Yard), dated April 10, 2014, by Related and OPUSA, for the benefit of the Authority, as amended or supplemented from time to time, together with any additional or substitute default payments guaranty executed and delivered in connection with a severed parcel, or other guaranty whereby the guarantors thereunder guaranty the payment of all or a portion of the Monthly Base Rent thereunder.

NOW THEREFORE, be it agreed by the parties hereto as follows:

## **ARTICLE I**

### **DEFINITIONS**

#### **SECTION 1.1      Definitions.**

Except where the context otherwise requires words in the singular number shall include the plural number and vice versa and words importing persons shall include firms, associations and corporations.

Except as otherwise specifically provided herein, terms used in this Financing Agreement which are defined in Section 1.01 of the Trust Agreement shall have the same meanings herein as set forth therein.

The following terms shall have the following meanings:

Additional Related Transportation Entity means any subsidiary or affiliate of a Related Transportation Entity now or hereafter established which is designated as a Related Transportation Entity in a certificate delivered by an Authorized Officer to the Trustee and which has become a party to this Financing Agreement.

Additional Rent, with respect to each Lease, shall have the meaning set forth in such Lease, and, collectively, means the sum of all Additional Rent under the Leases.

Additional Severed Parcel Lease means a lease executed and delivered by a Tenant under a parcel or portion thereof severed from any Lease in accordance with the terms thereof.

Annual Base Rent, with respect to each Lease, shall have the meaning set forth in such Lease, and, collectively, means the sum of all Annual Base Rent under the Leases.

Authority has the meaning set forth in the introductory paragraph hereof.

Authority Act means the Metropolitan Transportation Authority Act, Title 11 of Article 5 of the Public Authorities Law of the Consolidated Laws of the State of New York, as amended.

Authorized Officer means the Chairman and Chief Executive Officer, the Chair of the Finance Committee, the Vice Chairman, the Chief Financial Officer, the Director, Finance, the Director of Budget and Financial Management, the Secretary or any Assistant Secretary, and any other person authorized by the Authority, as appropriate, to perform the act or sign the document in question.

Available Transportation Revenues means (i) amounts which are available to be transferred to accounts held by the Authority or any other Related Transportation Entity pursuant to Section 504(d) of the Transportation Revenue Bond Resolution, and (ii) any other legally available moneys of the Authority or any other Related Transportation Entity that the Authority or such Related Transportation Entity determines, in its sole discretion, to make available to the payment of its obligations hereunder. For purposes of clarification, Available Transportation Revenues referred to in clause (i) of this definition are revenues payable from the same pool of moneys available for the payment of the operating and maintenance expenses of the Related Transportation Entities.

Base Rental means (i) all Monthly Base Rent, (ii) any payments due to the Authority under any Payment Guaranty that is intended to compensate the Authority for Monthly Base Rent that was due and owing but not otherwise paid to the Authority under the provisions of a Lease, (iii) amounts recovered from any defaulting Tenant following a Lease Payment Event of Default that is meant to reimburse the Authority for defaulted Monthly Base Rent as provided in Section 5.06 of the Trust Agreement, and (iv) amounts paid by the Authority in an amount equal

to Monthly Base Rent following its election to cure a Lease Payment Event of Default as provided in Section 5.05 of the Trust Agreement. Base Rental does not include Additional Rent.

Capital Costs means (i) the costs of the Authority or any other Related Transportation Entity for the planning, design, acquisition, construction, reconstruction, rehabilitation or improvement of all or any part of the Transportation District 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 part of the Transportation District Project and any capital contributions, whether or not represented by equity or debt securities or other evidences of indebtedness, made by the Authority or any other Related Transportation Entity to any Person participating in a Transportation District Project for the purpose of funding any costs described in this clause (i); (ii) the payment of bonds, notes or other obligations of the Related Transportation Entities previously incurred to finance Capital Costs; and (iii) amounts paid into any Fund or Account upon the issuance of any Obligations.

Capital Program Plan means a capital program plan approved in accordance with Section 1269-b of the Authority Act, or any successor provision thereto.

Closing Date means the date of execution of this Financing Agreement and on which date the proceeds of the sale of a series of the Obligations are received by the Trustee.

Commuter System means the commuter rail services in the Transportation District operated by LIRR and MNCRC.

Completion Guaranties has the meaning set forth in the recitals hereto.

Covered Transit Project means a Transit Project, or part thereof, undertaken by the Authority at the request of the Transit Authority, the costs (including the financing thereof) of which Transit Project, or part thereof, the Transit Authority is contractually obligated to repay to the Authority pursuant to this Financing Agreement, as evidenced by Section 6.1 hereof.

Custodian has the meaning set forth in the recitals hereto, and its successors and assigns.

ERY Balance Lease means the Agreement of Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of April 10, 2013, by and between the Authority and ERY Tenant LLC (f/k/a RG ERY LLC), relating to the Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, NY (Manhattan Block 702, Lots 4, 110 and 9110), as amended by the First Amendment to Lease, dated as of December 30, 2013, by and between the Authority and ERY Tenant LLC (f/k/a RG ERY LLC), as amended by the Second Amendment to Lease, dated as of March 17, 2014, by and between the Authority and ERY Tenant LLC (f/k/a RG ERY LLC), as amended by the Third Amendment to Lease, dated as of November 23, 2015, by and between the Authority and ERY Tenant LLC (f/k/a RG ERY LLC), as amended by the Fourth Amendment to Lease, dated as of December 11, 2015, by and between the Authority and ERY Tenant LLC (f/k/a RG ERY LLC), as amended or supplemented from time to time.

Fee Conversion Option has the meaning set forth in the Leases.

Fee Mortgage(s) means, individually, each Fee Mortgage, dated as of July 1, 2016, from the Authority to the Trustee, relating to the Mortgaged Property, as the same may be amended or supplemented from time to time, and, collectively, all of the individual Fee Mortgages and each additional Fee Mortgage from the Authority to the Trustee, relating to the Mortgaged Property, resulting from the severing of the Leases. The term “Fee Mortgage” includes fee mortgages delivered in connection with Additional Severed Parcel Leases.

Fee Purchase Payments means the amount paid as a Fee Purchase Payment under a Lease by the Tenant and payable to the Custodian, in accordance with this Financing Agreement and the Lockbox Agreement.

Financing Agreement has the meaning set forth in the introductory paragraph hereof.

Financing Agreement Payments means, collectively, the amounts payable by the Authority to the Trustee in accordance with paragraphs 2 through 6 of Section 3.1 of this Financing Agreement. The term “Financing Agreement Payments” does not include Interest Reserve Advances.

Financing Documents means this Financing Agreement, the Leases, the Payment Guaranties, the Fee Mortgages and the Trust Agreement. When used in this Financing Agreement, the term “Financing Documents” with respect to any entity shall mean the Financing Documents to which such entity is a party.

Interest Component has the meaning set forth in Section 3.1(1) hereof.

Interest Reserve Deficiency Amount means the amount equal to the difference between the Interest Reserve Requirement and the amount on deposit in the Interest Reserve Fund as of the date of calculation.

Interest Reserve Advance Notice means the notice delivered by the Trustee to the Authority pursuant to Section 4.06(b) of the Trust Agreement notifying the Authority of the Interest Reserve Deficiency Amount.

Interest Reserve Advances means amounts paid to the Trustee by the Authority pursuant to Article IV of this Financing Agreement from Available Transportation Revenues to restore the Interest Reserve Fund to the Interest Reserve Requirement.

Interest Reserve Fund means the fund established under Section 4.06 of the Trust Agreement.

Interest Reserve Requirement means as of any date of calculation, with respect to all Outstanding Obligations, an amount equal to one-sixth of the greatest amount of regularly scheduled interest for the then current or any future calendar year.

Lease Payment Event of Default means an “Event of Default” as defined under a Lease that is caused by the Tenant’s failure to pay Monthly Base Rent.

Leases means, collectively, the Tower A Lease, the Tower C Lease, the Tower D Lease, the Retail Lease, the Retail Pavilion Lease, the ERY Balance Lease, the WRY Balance Lease and all Additional Severed Parcel Leases. In the event that a Tenant under any of such Leases exercises its Fee Conversion Option with respect to all or any portion of the property that is the subject of such Lease, upon the satisfaction of the conditions precedent relating to the Fee Conversion Option set forth in the applicable Lease and the payment of the Fee Purchase Payment to the Authority and the subsequent payment thereof to the Trustee, the definition of Leases hereunder shall thereafter refer to the Leases remaining after the removal of the parcel or portion thereof that is the subject of the Fee Conversion Option. For the avoidance of doubt, partial parcels may be purchased under a Fee Conversion Option while partial parcels remain under a Lease. The term “Leases” does not include either the MaBSTOA Lease or the Transit Authority Lease.

LIRR has the meaning set forth in the introductory paragraph hereof, and any successor thereto.

Lockbox Agreement has the meaning set forth in the recitals hereto.

MaBSTOA has the meaning set forth in the introductory paragraph hereof, and any successor thereto.

MaBSTOA Lease means the lease between the City and MaBSTOA described in the TA Act pursuant to which MaBSTOA operates that part of the Transit System under its jurisdiction, as supplemented, amended or renewed to the date hereof and as the same may be supplemented, amended or renewed in accordance with the provisions thereof and hereof. For purposes of clarification, the MaBSTOA Lease is not a “Lease” under the terms of this Financing Agreement or the Trust Agreement.

Monthly Base Rent means, with respect to each Lease, the monthly payments of Annual Base Rent made in accordance with such Lease, and, collectively, means the sum of all Monthly Base Rent under the Leases.

Mortgaged Property means, individually, the property that is the subject matter of a Fee Mortgage and, collectively, all of the property subject to the Fee Mortgages. It is understood that the Mortgaged Property may change from time to time under each Fee Mortgage based upon, among other things, the severing of the Leases into Additional Severed Parcel Leases (and the resulting severing of fee mortgage collateral into separate severed mortgages covering the Additional Severed Parcel Leases) and the exercise by Tenants of their Fee Conversion Options.

MNCRC has the meaning set forth in the introductory paragraph hereof, and any successor thereto.

MTA Bus has the meaning set forth in the introductory paragraph hereof, and any successor thereto.

MTA Financing Agreement Amount has the meaning set forth in Section 3.1(1) hereof.

Obligations Proceeds Fund means the fund by that name established by Section 4.03 of the Trust Agreement.

OPUSA has the meaning set forth in the recitals hereto.

Original Lease Default Date means the first day on which a Lease Payment Event of Default occurs with respect to a particular Lease.

Payment Guaranties has the meaning set forth in the recitals hereto.

Person means any natural person, firm, corporation, partnership, limited liability company, state, political subdivision of any state, other public body or other organization or association.

Principal and Interest Components has the meaning set forth in Section 3.1(1) hereof.

Principal Component has the meaning set forth in Section 3.1(1) hereof.

Rebate Fund means the fund established under Section 4.07 of the Trust Agreement.

Rebate Requirement has the meaning set forth in Section 4.07 of the Trust Agreement.

Related has the meaning set forth in the recitals hereto.

Related Transportation Entity has the meaning set forth in the introductory paragraph hereof and any Additional Related Transportation Entity.

Rent Payment Fund means the fund established under Section 4.04 of the Trust Agreement.

Retail Lease means the Amended and Restated Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of December 11, 2015, by and between the Authority and ERY Tenant LLC, relating to a portion of Facility Airspace Parcel Airspace Above a Limiting Plane, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, New York (Manhattan Block 702, Lot 1301 (formerly part of Lot 125), as amended or supplemented from time to time.

Retail Pavilion Lease means the Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard – Retail Pavilion Parcel), dated as of December 11, 2015, by and between the Authority and ERY Retail Podium LLC, relating to a portion of Facility Airspace Parcel Airspace Above a Limiting Plane, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, New York (Manhattan Block 702, p/o Lot 175, as amended or supplemented from time to time.

Series 2016A Obligations means the \$000,000,000 MTA Hudson Rail Yards Trust Obligations initially delivered in accordance with the Trust Agreement and designated “Series 2016A”.

State means the State of New York.

Supplemental Trust Agreement means a supplement to the Trust Agreement as authorized by Section 7.01 thereof.

Systems means the Commuter System and the Transit System.

TA Act means the New York City Transit Authority Act, Title 9 of Article 5 of the Public Authorities Law of the Consolidated Laws of the State of New York, as amended.

Tax Certificate means, with respect to each series of Obligations related to this Financing Agreement, that certain tax certificate relating to arbitrage and the provisions of Sections 141-150 of the Internal Revenue Code of 1986 or other similar document, dated the Closing Date for such series of Obligations.

Tenant(s) means the tenant(s) under the Leases.

Tower A Lease means the Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of December 11, 2015, by and between the Authority and ERY Tenant LLC, relating to a portion of Facility Airspace Parcel Airspace Above a Limiting Plane, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, New York (Manhattan Block 702, Lots 1302, 1303 and 1304 (formerly part of Lot 125), as amended or supplemented from time to time.

Tower C Lease means the Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of April 10, 2013, by and between the Authority and Legacy Yards Tenant LLC, relating to a portion of Facility Airspace Parcel Terra Firma, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, NY (Manhattan Block 702, Lot 10), as amended or supplemented from time to time.

Tower D Lease means the Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of November 23, 2015, by and between the Authority and ERY South Residential Tower LLC, relating to a portion of Facility Airspace Parcel Terra Firma, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, New York (Manhattan Block 702, Lots 1002, 1003 and 1004 (formerly part of Lot 4), as amended or supplemented from time to time.

Transit Authority has the meaning set forth in the introductory paragraph hereof, and any successor thereto.

Transit Authority Lease means the lease between the City and the Transit Authority described in the TA Act pursuant to which the Transit Authority operates that part of the Transit System under its jurisdiction, as supplemented, amended or renewed to the date hereof and as the same may be supplemented, amended or renewed in accordance with the provisions thereof and hereof. For purposes of clarification, the Transit Authority Lease is not a “Lease” under the terms of this Financing Agreement or the Trust Agreement.

Transit Project means a “transit project” as defined in paragraph 1 of Section 1266-c of the TA Act, as amended, modified, supplemented or succeeded.

Transit System means the subway, rail and public bus service in the Transportation District operated by the Transit Authority, MaBSTOA and MTA Bus; provided, however, that solely for purposes of Article VI hereof, the term “Transit System” shall mean the subway and public bus service in the Transportation District operated by the Transit Authority and MaBSTOA.

Transportation District means the Metropolitan Commuter Transportation District created by Section 1262 of the Authority Act.

Transportation District Project means any project, program or facility that the Authority or any other Related Transportation 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.

Transportation Revenue Bond Resolution means the General Resolution Authorizing Transportation Revenue Obligations adopted by the Authority on March 26, 2002, as amended and supplemented from time to time.

Trust Obligations or Obligations means the MTA Hudson Rail Yards Trust Obligations executed and delivered by the Trustee in one or more series under the Trust Agreement, evidencing the interests of the owners thereof in the Principal and Interest Components of the MTA Financing Agreement Amount payable by the Authority pursuant to the Financing Agreement, including any Refunding Obligations delivered pursuant to Section 3.01(b) thereof.

West Side Yard has the meaning set forth in the recitals hereto.

WRY Balance Lease means the Agreement of Lease (Western Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of April 10, 2014, by and between the Authority and WRY Tenant LLC (f/k/a RG WRY LLC), relating to a portion of Facility Airspace Parcel Terra Firma and Airspace Above a Limiting Plane, Western Rail Yard Section of the John D. Caemmerer West Side Yard, New York, NY (Manhattan Block 676, Lot 3 (to be Lots 1 and 5), as amended by that certain First Amendment to Lease, dated as of July 9, 2014, between the Authority and WRY Tenant LLC (f/k/a RG WRY LLC), as amended or supplemented from time to time.

## ARTICLE II

### STATEMENT OF CONSIDERATION AND CONSTRUCTION OF AGREEMENT

#### SECTION 2.1 Consideration.

In accordance with the provisions of the Authority Act and the TA Act, it is hereby agreed that the Related Transportation Entities are providing for the monetization of the revenues

to be received by the Authority under the Leases for the benefit of the Related Transportation Entities by authorizing the Trustee to execute and deliver Trust Obligations, a portion of the proceeds of which will be applied for the payment of all or any part of Capital Costs. In consideration of the Trustee's execution and delivery of such Trust Obligations, each Related Transportation Entity hereby executes and delivers this Financing Agreement.

**SECTION 2.2            Construction of Agreement.**

This Financing Agreement shall be construed by the Authority in accordance with the provisions of the Financing Documents and the provisions of the Authority Act and the TA Act, and nothing contained herein shall be construed as granting to a Related Transportation Entity any rights or powers not enjoyed by such Related Transportation Entity prior to the date hereof or as denying to the Authority any rights or powers with respect to a Related Transportation Entity enjoyed by the Authority prior to the date hereof; provided, however, that, nothing contained in this Section 2.2 shall limit the rights of the Trustee under Article VI hereof.

**SECTION 2.3            Compliance with Transportation Revenue Bond Resolution.**

The Authority hereby determines that the parcels that are the subject matter of the Leases constitute "Air Rights" under the Transportation Revenue Bond Resolution to the extent that such parcels are air rights parcels or parcels that are not essential to the maintenance and continued operation of the Systems to the extent that such parcels are terra firma parcels and such parcels do not materially interfere with the ability of the Authority or the other Related Transportation Entities to comply with the rate covenant set forth in Section 610 of the Transportation Revenue Bond Resolution.

**ARTICLE III**

**MTA FINANCING AGREEMENT AMOUNT**

**SECTION 3.1            Obligation to Pay MTA Financing Agreement Amount.**

1. For the purposes provided herein, the Authority hereby agrees to pay to, or for the benefit of, the Trustee, \$\_\_\_\_ on or prior to November 15, 20\_\_ and \$\_\_\_\_ on or prior to November 15, 20\_\_ (collectively, the "Principal Components"), as redeemed from time to time, and interest thereon at the rate of \_\_\_\_% for the Principal Component scheduled to mature on November 15, 20\_\_ and at the rate of \_\_\_\_% for the Principal Component scheduled to mature on November 15, 20\_\_ (collectively, the "Interest Components", the Principal Components and the Interest Components being collectively referred to as the "MTA Financing Agreement Amount").

2. The Authority shall pay the MTA Financing Agreement Amount with moneys provided by the Financing Agreement Payments and Interest Reserve Advances as herein provided. In connection therewith, the Authority and the Custodian have entered into the Lockbox Agreement. On or prior to the Closing Date for the Series 2016A Obligations, the Authority shall have notified each Tenant of the information necessary to have the Tenant wire

transfer all payments of Monthly Base Rent and Fee Purchase Payments directly to the Custodian for deposit under the Lockbox Agreement and shall have directed each Tenant to do so. Upon the execution and delivery of each Additional Severed Parcel Lease, the Authority shall notify the Tenant under the Additional Severed Parcel Lease of the information necessary to have the Tenant wire transfer all payments of Monthly Base Rent and Fee Purchase Payments directly to the Custodian for deposit under the Lockbox Agreement and shall have directed the Tenant to do so. In addition, in the event that the Authority elects to exercise its Cure Rights under the Trust Agreement, the Authority will transfer all payments in connection with the exercise of its Cure Rights, as provided in Section 3.1(4) hereof, to the Custodian for deposit under the Lockbox Agreement.

3. Upon the receipt from any Tenant of Monthly Base Rent, following the Custodian's comparison of the amount received against the then current Schedule 1 and taking any action then required by the Lockbox Agreement if the amount received is less than or greater than the amount of Monthly Base Rent then due, the Custodian shall promptly transfer such moneys to the Trustee and shall notify the Authority of the amount of such payment received, the identity of each Tenant related to the Monthly Base Rent so transferred and whether such Monthly Base Rent is composed of Delinquent Rent, Regularly Scheduled Rent or Prepaid Rent (each as defined in the Lockbox Agreement)..

4. Upon the receipt from any Tenant, or upon the recovery of moneys applied in accordance with Section 5.06(a)(ii) of the Trust Agreement, of an amount equal to the Fee Purchase Payment, the Custodian (if the Custodian receives the money) shall promptly notify the Authority of such payment and the Custodian or the Authority (if the Authority recovers the money to be applied under Section 5.06(a)(ii) of the Trust Agreement) shall transfer such moneys to the Trustee in an amount equal to such Fee Purchase Payment for deposit into the Fee Purchase Payment Account in the Rent Payment Fund for subsequent transfer to the Principal Redemption Account.

5. If the Authority decides under the provisions of the Trust Agreement to cure a Lease Payment Event of Default by exercising its Cure Rights, the Authority shall thereafter transfer to, and/or deposit such moneys with, the Custodian in amounts equal to the Monthly Base Rent thereafter to be paid at the times and in the amounts required by the applicable Lease that is in default. In addition, the Authority shall, within ten (10) Business Days after making the decision to cure the Lease Payment Event of Default, transfer to, and/or deposit moneys with, the Custodian in an amount equal to the amount of Monthly Base Rent then in default under the applicable Lease, less any amount of Interest Reserve Advances previously made relating to such defaulted Lease.

6. If, under the provisions of the Trust Agreement, the Authority elects to pursue remedies in accordance with Section 5.05(a) thereof, and the Lease remains in effect following the exercise of such remedies, any amounts recovered in the enforcement thereof shall be applied as provided in Section 5.06(a)(i) of the Trust Agreement. If, under the provisions of the Trust Agreement, the Authority elects to pursue remedies in accordance with Section 5.05(a) thereof, and the parcel that is the subject of the Lease is sold or otherwise disposed of, any amounts recovered in the enforcement thereof shall be applied as provided in Section 5.06(a)(ii) of the Trust Agreement.

7. If the Authority shall, in any other manner, receive moneys from a Tenant that are meant to be a payment of Monthly Base Rent or Fee Purchase Payment, or in the event the Authority recovers moneys from a guarantor under any of the Payment Guaranties, the Authority shall promptly transfer to, and/or deposit such moneys with, the Custodian in an amount equal to the moneys so received for application in accordance with the Trust Agreement. In the event the moneys received by the Authority reflect the payment of an amount by a guarantor under a Payment Guaranty in lieu of proceeding with construction of a portion of the development, the Authority shall direct the Trustee to deposit such moneys directly into the Principal Redemption Account for the redemption of Trust Obligations in accordance with Section 3.16(d) of the Trust Agreement..

8. The amounts payable by the Authority to the Custodian in accordance with paragraphs 3 through 7 of this Section 3.1 are the "Financing Agreement Payments" referred to herein and in the Trust Agreement.

9. Upon the execution and delivery of the Series 2016A Obligations and any Refunding Obligations, the Authority shall deliver to the Trustee a schedule substantially in the form of Schedule 1 attached hereto showing (a) the Principal and Interest Components of the MTA Financing Agreement Amount and the corresponding payments with respect to the Series 2016A Obligations, (b) the application by month of amounts deposited into the Capitalized Interest Fund, (c) by Lease, a monthly schedule showing the Monthly Base Rent due under each such Lease through and including at least the next two Interest Payment Dates and (d) the Applicable Redemption Price(s) set forth in Schedule 2 to this Financing Agreement. On or before each November 15, beginning November 15, 2017, and promptly following each event that results in (a) [a redemption of a Principal Component], including upon the payment by any Tenant of a Fee Purchase Payment, or (b) a severing of all or a portion of a parcel from one Lease into an additional or substitute Lease, the Authority shall deliver to the Trustee a revised Schedule 1 containing the information required to be set forth therein. Each such schedule shall also set forth the amount of the (a) revised Interest Account Requirement, (b) Interest Reserve Requirement, and (c) monthly payments of Fee Purchase Payment for each Lease for the period covered by the Schedule 1. If at any time there are amounts on deposit in the Capitalized Interest Account when the Authority is required to deliver a revised schedule, such revised schedule shall also reflect the portion of each monthly deposit into the Interest Account that is scheduled to be paid from the MTA Financing Agreement Amount and the portion that is scheduled to be paid from the Capitalized Interest Account.

10. The Authority shall maintain, or cause the Custodian or the Trustee to maintain, records relating to the receipt of payments of Monthly Base Rent and Fee Purchase Payments and make such records available at the written request of the Trustee.

11. [Language to come re: a reduction of the Principal Component of the MTA Financing Agreement Amount upon a redemption of the Obligations under the Trust Agreement.]

**SECTION 3.2                      Nature of Obligation to Pay MTA Financing Agreement Amounts.**

1.        Except as provided herein in the case of Interest Reserve Advances which are payable from Available Transportation Revenues, neither the Authority nor any of the other Related Transportation Entities is obligated to make any other payment of amounts with respect to the Principal and Interest Components of the MTA Financing Agreement Amount and the corresponding payments on the Trust Obligations from any other revenues or moneys.

2.        Except as provided in Section 3.1 hereof, the obligation to pay the MTA Financing Agreement Amount is not a general or special obligation of any of the Related Transportation Entities. The MTA Financing Agreement Amount and the corresponding payments on the Trust Obligations are payable solely from Financing Agreement Payments and Interest Reserve Advances and are not payable from the general fund or other funds and revenues of the State, the City or the other funds and revenues of the Related Transportation Entities.

**ARTICLE IV**

**INTEREST RESERVE ADVANCES**

**SECTION 4.1                      Obligation to Make Interest Reserve Advances.**

1.        Once a calendar month, on the Monthly Transfer Date (as defined in the Trust Agreement), to the extent that there exists or will exist, after making all required transfers on such Monthly Transfer Date, an Interest Reserve Deficiency Amount, the Trustee shall give an Interest Reserve Advance Notice to the Authority setting forth the Interest Reserve Deficiency Amount, the defaulting Tenant(s) and the Original Lease Default Date(s) for each Lease then in default. Subject to the next sentence, the Authority shall, within twenty-five (25) days after receiving the Interest Reserve Advance Notice, pay to or upon the order of the Trustee the amount set forth in the Interest Reserve Advance Notice. The Authority shall not be obligated to make Interest Reserve Advances with respect to any Lease (a) for a period longer than seven (7) years after the Original Lease Default Date relating to such Lease, (b) beginning on the date after the Trustee or the Real Estate Asset Management Consultant has, in accordance with Section 5.05 of the Trust Agreement, relet, sold or otherwise disposed of the premises that are the subject matter of the Lease, or (c) with respect to the Interest Component on any Principal Component that begins to accrue after a Maturity Date, whether or not principal and interest has been paid in full. For purposes of clarification, the seven (7) year period shall commence upon the occurrence of a Lease Payment Event of Default and shall continue until all of the Lease Payment Events of Default under the same Lease are cured; during the continuance of such initial Lease Payment Event of Default, subsequent Lease Payment Events of Default under the same Lease do not extend the existing seven (7) year period nor begin a new seven (7) year period. After all of the Lease Payment Events of Default have been cured, a new seven (7) year period may begin under that same Lease upon the occurrence and during the continuance of a subsequent Lease Payment Event of Default. The Trustee may amend the Interest Reserve Advance Notice from time to time to reflect any revision to the Interest Reserve Deficiency Amount.

2. The Authority shall maintain, or cause the Trustee to maintain, records relating to the amounts in the Obligations Proceeds Fund that are expended for Capital Costs attributable to each of the Related Transportation Entities in order to determine, from time to time, the respective percentages that each such Related Transportation Entity is responsible for with respect to the payment of Interest Reserve Advances.

3. Following the payment of any Interest Reserve Advance, the Authority shall calculate the portion of such payment allocable from each such Related Transportation Entity and shall internally charge each such Related Transportation Entity for its allocable share. The Authority shall account for all such payments in accordance with the provisions of the MTA Act and the TA Act, including, without limitation, Section 1270-d of the Authority Act.

4. The Related Transportation Entities may recover Interest Reserve Advances from defaulting Tenants as provided in the Trust Agreement.

5. Each of the Related Transportation Entities (other than the Authority) hereby authorizes the Authority to include in the Trust Agreement covenants and agreements of the other Related Transportation Entities that enable the Trustee to enforce the agreement of the other Related Transportation Entities to pay its pro rata share of each Interest Reserve Advance directly against the Related Transportation Entity in the event the Authority is delinquent in its obligation to make such Interest Reserve Advance.

#### **SECTION 4.2            Nature of Obligation to Make Interest Reserve Advances.**

The obligation of the Authority to pay the Interest Reserve Deficiency Amounts on behalf of the Related Transportation Entities shall be absolute and unconditional, but such amounts are payable solely from Available Transportation Revenues, and such payments shall be payable without any rights of setoff, recoupment or counterclaim it might have against the Trustee, any of the Tenants or any other Person. If the Authority shall have paid all Interest Reserve Deficiency Amounts required hereby and continues to pay the same when due, the Authority shall not be precluded from bringing any action it may otherwise have against the Trustee, the Tenants, the guarantors under the Payment Guaranties or any other Person arising out of the failure of any of them to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation of any of them arising out of or in connection with this Financing Agreement, the Trust Agreement, the Leases or the other Financing Documents.

The Authority will not terminate this Financing Agreement or be excused from performing its obligations hereunder for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute a failure of consideration or frustration of purpose, without regard to any default by the Trustee or any of the Tenants, or the failure of the Trustee or any of the Tenants to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation of either of them arising out of or in connection with this Financing Agreement.

## ARTICLE V

### COVENANTS

#### **SECTION 5.1      Compliance with Financing Documents.**

Each Related Transportation Entity shall take all actions or refrain from taking all such actions, as the case may be, as shall ensure its compliance and compliance of the Authority with the terms and provisions of the Financing Documents or any other agreement entered into by the Authority in connection with the undertaking or financing of Capital Costs and which shall by its terms, directly or indirectly, apply to any Related Transportation Entity.

#### **SECTION 5.2      Cooperation by a Related Transportation Entity.**

1. Each Related Transportation Entity shall give the Authority its full cooperation in respect of all matters relating to, and shall use its best efforts to, effect the financing by the Authority of Capital Costs and all other undertakings of the Authority pursuant to the Financing Documents and this Financing Agreement.

2. A Related Transportation Entity shall, whenever requested by the Authority, provide and certify, or cause to be provided and certified, in form reasonably satisfactory to the Authority, such information concerning itself, all or any part of the Systems or the costs of all or any part of the Systems under its jurisdiction and the operations and finances of such Related Transportation Entity, and such other matters as the Authority reasonably considers necessary to enable the Authority to complete and publish an official statement, placement memorandum or other similar document relating to the sale of Trust Obligations, or to enable the Authority to make any reports required by law or governmental regulations, or which are the subject of any agreement or understanding entered into by the Authority in connection with any Trust Obligations or the implementation of the Capital Program Plan or any other Capital Costs for the Systems.

#### **SECTION 5.3      Further Assurances.**

To the extent permitted by law, each Related Transportation Entity 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 reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights and interests assigned under the Financing Documents and the Leases or intended to be so assigned, or which the Authority may become bound to pledge or assign.

#### **SECTION 5.4      Bankruptcy and Insolvency.**

A Related Transportation Entity shall not make a general assignment for the benefit of creditors, or institute any other proceeding seeking to adjudicate any of them a bankrupt or insolvent, or claim or take the benefit or advantage of any stay or extension law or any other law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seek reorganization, arrangement, adjustment or composition of any of them or the debts of any of them under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or otherwise seek

the appointment of a receiver, trustee, custodian or other similar official for any of them or for any substantial part of the property of the Systems under their jurisdiction; and none of them shall take any action to authorize or effect any of the actions set forth above in this Section 5.4. The foregoing provisions of this Section 5.4 are not intended to and shall not be construed as limiting in any way any procedural rights which a Related Transportation Entity may have in any suit, action, mandamus or other proceeding in equity or at law brought against any or all of them.

#### **SECTION 5.5      Accounts and Reports.**

1. Each Related Transportation Entity shall keep, or cause to be kept, proper books of record and account (separate from all other records and accounts) and shall prepare such reports and financial statements, as shall be directed by the Authority or required by the Financing Documents relating to Trust Obligations, and shall make such books, reports and financial statements available at the times and under the circumstances set forth in such Financing Documents.

2. Each Related Transportation Entity shall timely file all reports required by the Authority Act, the TA Act or otherwise required by the Authority.

#### **SECTION 5.6      Segregation of Certain Funds.**

A Related Transportation Entity shall at all times comply with all terms and conditions of governmental financing programs mandating the segregation of Federal or other governmental funds from other funds of such Related Transportation Entity, as the case may be, and requiring the application of Federal or other governmental funds for designated purposes.

#### **SECTION 5.7      Termination of Financing Agreement.**

Neither the Authority nor any other Related Transportation Entity shall terminate this Financing Agreement for any cause, including, without limitation, frustration of purpose, any damage to or destruction of all or any part of the Systems under its jurisdiction, the taking by eminent domain of title to, any interest in, or the right of temporary use of all or any part of the Systems under its jurisdiction, or the failure of the Authority to perform or observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with this Financing Agreement. Notwithstanding the foregoing, when all Principal and Interest Components and Trust Obligations have been paid within the meaning of the Financing Documents, the covenants and agreements and other obligations contained in this Financing Agreement on the part of the parties hereto shall be discharged and satisfied and this Financing Agreement shall terminate.

#### **SECTION 5.8      Fiscal Year.**

Each Related Transportation Entity shall maintain the same fiscal year as the Authority.

#### **SECTION 5.9      Agreement of the State.**

In accordance with Section 1271 of the Authority Act and, in the case of the Transit Authority and MABSTOA, subdivision 8 of Section 1207-m of the TA Act, each Related

Transportation Entity does hereby include the pledge and agreement of the State with each Related Transportation Entity, the Trustee and the Owners of the Trust Obligations that the State will not limit or alter the rights and powers vested in any of them to fulfill the terms of any agreement made by any of them with such Owners, or in any way impair their rights and remedies until such agreements and obligations, including the Financing Agreement, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the Authority or such Owners, are fully met and discharged.

## **ARTICLE VI**

### **ADDITIONAL PROVISIONS RELATING TO THE TRANSIT AUTHORITY AND MABSTOA**

#### **SECTION 6.1      Agreement as to Transit Projects.**

1. In accordance with the provisions of Section 1266-c of the Authority Act and Section 1207-m of the TA Act, the Authority shall, upon the written request of the Transit Authority, undertake any Transit Project the costs of which shall be (i) funded by Federal, state or local aid or assistance or other moneys made available or payable to the Authority by others for such project or (ii) financed by the Authority by the issuance of Trust Obligations, the repayment for which is contractually provided for herein, as evidenced by subsection 2 of this Section 6.1, or any combination of funding referred to in clauses (i) and (ii) in this subsection 1 of Section 6.1, and shall use its best efforts to undertake any Transit Project the costs of which shall be (iii) paid or advanced by the Authority, the repayment to the Authority for which is contractually provided for herein, as evidenced by subsection 2 of this Section 6.1, or any combination of funding referred to in clauses (i), (ii) and (iii) in this subsection 1 of Section 6.1. In connection with any such undertaking, the Authority hereby agrees that upon the completion of any Transit Project, or part thereof, the Authority shall transfer, lease or sublease such Transit Project, or part thereof, to the Transit Authority or its designated subsidiary or other designee.

2. The Transit Authority and MaBSTOA jointly and severally agree to pay the aggregate costs of all Transit Projects and the financing thereof which are not paid to the Authority from any Federal, state or local aid or assistance and which are not payable from any other moneys made available or payable to the Authority by others for such Transit Projects. The Authority agrees that the Revenues deposited with the Trustee by the Transit Authority and MaBSTOA pursuant to this Section 6.1 shall, pursuant to the Financing Documents and to the extent so applied, be credited against, and constitute payment of, the obligation of the Transit Authority and MaBSTOA to pay the payments specified in this Section 6.1.

#### **SECTION 6.2      Compliance with the Transit Authority Lease and MaBSTOA Lease.**

So long as any Principal and Interest Components shall remain Outstanding:

1. The Transit Authority shall comply at all times with the obligations of the Transit Authority contained in the Transit Authority Lease, shall not allow the Transit Authority

Lease to terminate or expire, and shall use its best efforts to require the City to comply with all of the obligations of the City contained in the Transit Authority Lease.

2. MaBSTOA shall comply at all times with the obligations on the part of MaBSTOA contained in the MaBSTOA Lease, shall not allow the MaBSTOA Lease to terminate or expire, and shall use its best efforts to require the City to comply with all of the obligations of the City contained in the MaBSTOA Lease.

### **SECTION 6.3            City Transfer of Title.**

If any Covered Transit Project shall consist of or include the reconstruction, rehabilitation or improvement of any property which is Leased Property, as such term is defined in the Transit Authority Lease, or which is leased by the City to MaBSTOA under the MaBSTOA Lease, the Transit Authority and MaBSTOA will, upon the request of the Authority and its representation that such transfer will facilitate such Covered Transit Project or the financing thereof, request that the City, and use their best efforts to cause the City to, transfer legal title to such property to the Transit Authority, MaBSTOA or the Authority, as the Authority shall specify; provided, however, that in the event that the Authority shall request the Transit Authority or MaBSTOA to transfer legal title to such property to the Authority, the Authority shall have agreed to the matters required in Section 6.9 of the Transit Authority Lease or Section 5.7 of the MaBSTOA Lease, as the case may be.

### **SECTION 6.4            Grant of Authority Regarding the Leases.**

1. The Transit Authority hereby grants to the Authority the right to enforce subdivision (b) of Section 14.3 and Section 19.2 of the Transit Authority Lease.

2. MaBSTOA hereby grants to the Authority the right to enforce Section 10.2 and Section 16.1 of the MaBSTOA Lease.

### **SECTION 6.5            Conveyance of Acquired or Improved Property.**

If proceeds from the sale of Trust Obligations are used to acquire or improve any real or personal property which is part of the Systems and which is not owned by the City (including property which the City is obligated to convey as contemplated by Section 6.3 hereof), neither the Transit Authority nor MaBSTOA shall convey such property, other than to the Authority or to Triborough Bridge and Tunnel Authority for purposes of their making capital improvements to the Systems, except in return for what it reasonably deems to be the fair market value thereof.

## **ARTICLE VII**

### **EVENTS OF DEFAULT AND REMEDIES**

#### **SECTION 7.1            Default.**

In the event any Related Transportation Entity shall fail to observe or refuse to comply with any covenants or agreements on its part to be observed or performed by it under this Financing Agreement and such failure or refusal shall not give rise to a default enumerated in

Section 504(a) of the Trust Agreement, the Authority may compel the observance or compliance with any such covenant or agreement. In the event any Related Transportation Entity shall fail to observe or refuse to comply with any covenants or agreements on its part to be observed or performed by it under this Financing Agreement and such failure or refusal shall give rise to a default enumerated in Section 5.04(a) of the Trust Agreement, then the Trustee may compel the observance or compliance with any such covenant or agreement.

## **SECTION 7.2            Remedies.**

Whenever any event of default shall have occurred and be continuing, and written notice of the default, if required, shall have been given to any Related Transportation Entity by the Authority or by the Trustee, as the case may be, and the default shall not have been cured within any period provided therefor, the Authority or the Trustee, as the case may be, so long as any Principal and Interest Components and Trust Obligations are Outstanding, may take whatever action at law or in equity may appear reasonably necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of such Related Transportation Entity under this Financing Agreement; provided, however, that, unless the failure to perform and observe the obligation, agreement or covenant will result in a default under the Financing Documents, if the failure stated in the notice cannot be remedied within the applicable period but can be remedied, the Authority and the Trustee, as the case may be, will not unreasonably withhold their consent to an extension of such time if corrective action has been instituted by the Related Transportation Entity in default within such period and is being diligently pursued.

## **SECTION 7.3            Exclusivity of Remedies.**

1.        Subject to the provisions of Sections 7.1 and 7.2 hereof, the remedies conferred upon or reserved to the Authority or the Trustee in respect of any 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 this Financing Agreement or now or hereafter existing at law or in equity or by statute.

2.        No delay or omission to exercise any right or power accruing upon any 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 Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required herein.

## **SECTION 7.4            No Additional Waiver Implied by One Waiver.**

In the event any agreement contained in this Financing Agreement should be breached by any party and the thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## **ARTICLE VIII**

### **MISCELLANEOUS**

#### **SECTION 8.1      Consent to Assignment.**

Each Related Transportation Entity hereby consents to the assignment by the Authority to the Owners of its Trust Obligations, and to the Trustee on their behalf, of all of the benefits and rights of the Authority provided by this Financing Agreement.

#### **SECTION 8.2      No Conflict with Financing Documents.**

The provisions of this Financing Agreement are in no way intended to, nor shall such provisions, change or in any manner alter the terms of the Financing Documents or the rights and obligations of the Authority thereunder, or the security, rights or remedies of the Trustee or the Owners of the Trust Obligations. In the event any provision of this Financing Agreement conflicts at any time, or in any manner, with the provisions of the Financing Documents or any Trust Obligations, the provisions of the Financing Documents or Trust Obligations shall be controlling and conflicting provisions of this Financing Agreement shall be completely disregarded.

#### **SECTION 8.3      Enforcement by Trustee.**

The Trustee shall, so long as any Trust Obligations are Outstanding, have the right to enforce this Financing Agreement in its own right without joining with, or requiring the consent of, the Authority.

#### **SECTION 8.4      Successors and Assigns.**

1. This Financing Agreement shall inure to the benefit of and shall be binding upon each Related Transportation Entity and their respective successors and assigns, subject, however, to the provisions of Section 8.9 hereof.

2. Nothing provided in this Financing Agreement shall be deemed to permit the City to assume the Financing Agreement or the Trust Obligations.

#### **SECTION 8.5      Severability.**

In the event any provision of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

#### **SECTION 8.6      Notices.**

All notices or other communications provided for in this Financing Agreement shall be in writing and shall be delivered personally to, or sent by certified or registered mail to the respective offices of the Authority, the LIRR, the MNCRC, the Transit Authority, MaBSTOA, and the Trustee as follows:

If to the Authority:

Chairman and Chief Executive Officer  
Metropolitan Transportation Authority  
2 Broadway  
New York, New York 10004

With a copy to:

General Counsel  
Metropolitan Transportation Authority  
2 Broadway  
New York, New York 10004

If to the LIRR:

President  
The Long Island Rail Road Company  
Jamaica Station  
Jamaica, New York 11435

With a copy to:

General Counsel  
The Long Island Rail Road Company  
Jamaica Station  
Jamaica, New York 11435

If to the MNCRC:

President  
Metro-North Commuter Railroad Company  
[347 Madison Avenue]  
New York, New York 10017

with a copy to:

General Counsel  
Metro-North Commuter Railroad Company  
[347 Madison Avenue]  
New York, New York 10017

If to the Transit Authority:

President  
New York City Transit Authority  
[130 Livingston Street]  
Brooklyn, New York 11201

With a copy to:

General Counsel  
New York City Transit Authority  
[130 Livingston Street]  
Brooklyn, New York 11201

If to MaBSTOA:

President  
Manhattan and Bronx Surface Transit Operating Authority  
[130 Livingston Street]  
Brooklyn, New York 11201

With a copy to:

General Counsel  
Manhattan and Bronx Surface Transit Operating Authority  
[130 Livingston Street]  
Brooklyn, New York 11201

If to the Trustee:

Wells Fargo Bank, National Association

Each Related Transportation Entity may from time to time designate in writing other representatives with respect to receipt of notices or other communications.

**SECTION 8.7      Headings.**

The article and section headings in this Financing Agreement are inserted for convenience of reference only and are not intended to define or limit the scope of any provision of this Financing Agreement.

**SECTION 8.8      Non-Waiver.**

It is understood and agreed that nothing contained in this Financing Agreement shall be construed as a waiver on the part of the parties, or any of them, of any right not explicitly waived in this Financing Agreement.

**SECTION 8.9      Parties Interested Herein.**

Nothing in this Financing Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person, corporation or other entity, other than each Related Transportation Entity, the Trustee and the Owners of Trust Obligations any right, remedy or claim under or by reason of this Financing Agreement or any covenant, condition or stipulation; and all the covenants, stipulations, promises and agreements in this Financing Agreement by and on behalf of each Related Transportation Entity contained herein shall be for the sole and exclusive benefit of the Authority, the Trustee and the Owners of Trust Obligations.

**SECTION 8.10      Governing Law.**

This Financing Agreement shall be governed by, and construed in accordance with, the Constitution and laws of the State of New York.

**SECTION 8.11      Financing Agreement Represents Complete Agreement; Amendments.**

This Financing Agreement represents the entire agreement among the parties. To the extent required by the Trust Agreement, this Financing Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Owner of Outstanding Obligations, given in accordance with the provisions of the Trust Agreement. Notwithstanding the foregoing, this Financing Agreement may be amended to add an Additional Related Transportation Entity as a party to this Financing Agreement and to make any necessary modifications in connection therewith, all in accordance with the provisions of the Financing Documents.

**SECTION 8.12      Counterparts.**

This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 8.13      Effective Date.**

This Financing Agreement shall take effect immediately upon the execution and delivery of the Series 2016A Obligations under the Trust Agreement.

*[Remainder of page intentionally left blank, signature pages follow]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Financing Agreement to be executed and delivery by their duly authorized officers and their official seals, if necessary, to be hereunto affixed, all as of the day and year first above written.

**METROPOLITAN TRANSPORTATION AUTHORITY**

\_\_\_\_\_

**THE LONG ISLAND RAIL ROAD COMPANY**

\_\_\_\_\_

By:

**METRO-NORTH COMMUTER RAILROAD COMPANY**

\_\_\_\_\_

By:

**NEW YORK CITY TRANSIT AUTHORITY**

\_\_\_\_\_

By:

**MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY**

\_\_\_\_\_

By:

**MTA BUS COMPANY**

\_\_\_\_\_

By:

**WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee**

\_\_\_\_\_

By:

## **Schedule 1**

Form of Principal and Interest Components/Monthly Base Rent Payments by Lease

**MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES  
AND FIXTURE FILING**

**by and from**

**METROPOLITAN TRANSPORTATION AUTHORITY, as mortgagor**

**(“Authority”)**

**TO**

**[●], as mortgagee**

**(“Trustee”)**

**Dated as of July 1, 2016**

**Location: [●]**

**Block: [●]**

**Lot: [●]**

**PREPARED BY AND UPON  
RECORDATION RETURN TO:  
[●]**

THIS MORTGAGE DOES NOT COVER REAL PROPERTY PRINCIPALLY IMPROVED BY ONE OR MORE STRUCTURES CONTAINING, IN THE AGGREGATE, NOT MORE THAN SIX RESIDENTIAL UNITS, EACH HAVING ITS OWN SEPARATE COOKING FACILITIES

**MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS  
AND LEASES AND FIXTURE FILING**

THIS MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING (as the same may hereafter be amended, restated, replaced, supplemented or otherwise modified, being hereinafter referred to as this “Mortgage”) is made as of July 1, 2016, by **METROPOLITAN TRANSPORTATION AUTHORITY**, a body corporate and politic constituting a public benefit corporation of the State of New York, having an address at 2 Broadway, New York, New York 10004, as mortgagor (the “Authority”), for the benefit of **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, not in its individual capacity but solely as trustee having an address at [●], as mortgagee (“Trustee”).

**RECITALS:**

The Authority is a party to that certain Interagency Financing Agreement, dated as of the date hereof, between the Authority, New York City Transit Authority, Manhattan and Bronx Surface Transit Operating Authority, The Long Island Rail Road Company, Metro-North Commuter Railroad Company, MTA Bus Company, and [Staten Island Rapid Transit Operating Authority], and the Trustee (as the same may hereafter be amended, restated, replaced, supplemented or otherwise modified from time to time, the “Financing Agreement”) and that certain MTA Hudson Rail Yards Trust Agreement, dated as of the date hereof, between the Authority and the Trustee, relating to the MTA Hudson Rail Yards Trust Obligations (as the same may hereafter be amended, restated, replaced, supplemented or otherwise modified from time to time, the “Trust Agreement”; the Trust Agreement together with the Financing Agreement, and all other documents and/or instruments evidencing and/or securing the obligations of the Authority thereunder, collectively the “Financing Documents”).

All capitalized terms used, but not defined, in this Mortgage have the respective meanings set forth in the Financing Documents.

The Authority is party to that certain Tower [●] Lease, dated as of [●], by and between the Authority, as Landlord (“Landlord”), and [●], as Tenant (“Tenant”), pursuant to which the Authority is entitled to receive certain payments which constitute a portion of Base Rental.

This Mortgage is given to secure the obligation of the Authority to make the Financing Agreement Payments as required under the Financing Documents, and perform the other obligations of the Authority to the Trustee under the Financing Documents (the “Authority Obligations”).

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Authority and Trustee hereby agree as follows as of the date hereof:

## ARTICLE 1

### GRANTS OF SECURITY

Section 1.01 Property Mortgaged. Authority does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey to Trustee, with power of sale for the benefit and security of Trustee, all of the Authority's right, title and interest in and to the following real, personal, tangible and intangible property, rights, interests and estates now owned or hereafter acquired by Authority, and demised by the Authority to Tenant under the Lease (collectively, the "Property"):

(a) Portion of Facility Airspace Parcel Demised Under Lease. That certain real property described in Exhibit A attached hereto and made a part hereof, which constitutes the portion of the Facility Airspace Parcel demised to Tenant under the Lease (the "Demised Premises");

(b) Additional Land. All additional lands, estates and development rights, if any, hereafter acquired by Authority and demised to Tenant under the Lease for use in connection with the Demised Premises and the development of the Demised Premises;

(c) Improvements. The buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Demised Premises (collectively, the "Improvements"). Notwithstanding the foregoing, Improvements shall not include (x) any property belonging to Tenant or subtenants or any other Person other than Authority, except to the extent of Authority's right or interest therein, or (y) any property of the Authority other than property demised to Tenant under the Lease, including, without limitation, any property which constitutes the Yards Parcel (as defined in the Lease) or any portion thereof, and any portion of the LIRR Roof and Facilities (as defined in the Lease) which constitutes a part of the Yards Parcel;

(d) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, permits, licenses, rights of way and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Demised Premises and the Improvements and the reversions and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Demised Premises, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Authority of, in and to the Demised Premises and the Improvements and every part and parcel thereof, with the appurtenances thereto, to the extent demised to Tenant under the Lease;

(e) Equipment. All "equipment," as such term is defined in Article 9 of the Uniform Commercial Code (as hereinafter defined), now owned or hereafter acquired by Authority, which is used at, or in connection with, the Improvements or the Demised Premises or is located thereon or therein (including, but not limited to, all machinery, equipment, heating,

ventilation or air-conditioning equipment, garbage equipment and apparatus, incinerators, boilers, furnaces, motors, furnishings, and electronic data-processing and other office equipment now owned or hereafter acquired by Authority and any and all additions, substitutions and replacements of any of the foregoing), together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto (collectively, the “Equipment”). Notwithstanding the foregoing, Equipment shall not include (x) any property belonging to Tenant or subtenants or any other Person other than Authority, except to the extent of Authority’s right or interest therein, or (y) any property of the Authority other than property demised to Tenant under the Lease, including, without limitation, any property which constitutes the Yards Parcel or any portion thereof, and any portion of the LIRR Roof and Facilities which constitutes a part of the Yards Parcel;

(f) Fixtures. All Equipment now owned, or the ownership of which is hereafter acquired, by Authority which is so related to the Demised Premises and Improvements forming part of the Property that it is deemed fixtures or real property under the law of the particular state of New York, including, without limitation, all building or construction materials intended for construction, reconstruction, alteration or repair of, or installation on, the Property, construction equipment, appliances, machinery, plant equipment, fittings, apparatuses, fixtures and other items now or hereafter attached to, installed in, or used in connection with (temporarily or permanently), any of the Improvements or the Demised Premises, including, but not limited to, engines, devices for the operation of pumps, pipes, plumbing, cleaning, call and sprinkler systems, fire extinguishing apparatuses and equipment, heating, ventilating, plumbing, laundry, incinerating, electrical, air conditioning and air cooling equipment and systems, gas and electric machinery, appurtenances and equipment, pollution control equipment, security systems, disposals, dishwashers, refrigerators and ranges, recreational equipment and facilities of all kinds, and water, gas, electrical, storm and sanitary sewer facilities, utility lines and equipment (whether owned individually or jointly with others, and, if owned jointly, to the extent of Authority’s interest therein) and all other utilities whether or not situated in easements, all water tanks, water supply, water power sites, fuel stations, fuel tanks, fuel supply, and all other structures, together with all accessions, appurtenances, additions, replacements, betterments and substitutions for any of the foregoing and the proceeds thereof (collectively, the “Fixtures”). Notwithstanding the foregoing, “Fixtures” shall not include (x) any property belonging to Tenant or subtenants or any other Person other than Authority, except to the extent of Authority’s right or interest therein, or (y) any property of the Authority other than property demised to Tenant under the Lease, including, without limitation, any property which constitutes the Yards Parcel or any portion thereof, and any portion of the LIRR Roof and Facilities which constitutes a part of the Yards Parcel;

(g) Personal Property. All furniture, furnishings, objects of art, machinery, goods, tools, supplies, appliances, general intangibles, contract rights, accounts, accounts receivable, franchises, licenses, certificates and permits, and all other personal property of any kind or character whatsoever as defined in and subject to the provisions of the Uniform Commercial Code, whether tangible or intangible, other than Fixtures, which are now or hereafter owned by Authority, together with all accessories, replacements and substitutions thereto or therefor and the proceeds thereof (collectively, the “Personal Property”), and the right, title and interest of Authority in and to any of the Personal Property which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the

state of New York (as amended from time to time, the “Uniform Commercial Code”), superior in lien to the lien of this Mortgage and all proceeds and products of the above. Notwithstanding the foregoing, Personal Property shall not include (x) any property belonging to Tenant or subtenants or any other Person other than Authority, except to the extent of Authority’s right or interest therein, or (y) any property of the Authority other than property demised to Tenant under the Lease, including, without limitation, any property which constitutes the Yards Parcel or any portion thereof, and any portion of the LIRR Roof and Facilities which constitutes a part of the Yards Parcel;

(h) Lease and Rents. The Lease, and all other leases, subleases or subsubleases, lettings, licenses, concessions or other agreements (whether written or oral) pursuant to which the Authority grants to Tenant a possessory interest in, or right to use or occupy all or any portion of the Demised Premises and the Improvements, and every modification, amendment or other agreement relating to such Leases, other leases, subleases, subsubleases, or other agreements entered into in connection with such Leases, other leases, subleases, subsubleases, or other agreements and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto, heretofore or hereafter entered into (collectively, the “Lease”), whether before or after the filing by or against Authority of any petition for relief under 11 U.S.C. §101 et seq., as the same may be amended from time to time (the “Bankruptcy Code”) and all right, title and interest of Authority, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the Tenant and other lessees of their obligations thereunder and all rents, rent equivalents, tenant termination and contraction fees, moneys payable as damages or in lieu of rent or rent equivalents, additional rents, including without limitation the Rental, other revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses), income, fees, receivables, deposits (including, without limitation, security, utility and other deposits) accounts and receipts from the Lease whether paid or accruing before or after the filing by or against Authority of any petition for relief under the Bankruptcy Code, to the extent constituting Base Rental and Fee Purchase Option Payments and the right to receive and apply the Base Rental and Fee Purchase Option Payments to payment of the Authority Obligations;

(i) Condemnation Awards. All Awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to all or any portion of the Property, whether from the exercise of the right of eminent domain (including, but not limited to, any transfer made in lieu of, or in anticipation of, the exercise of such right), or for a change of grade, or for any other injury to or decrease in the value of the Property including, without limitation, any award or awards, or settlements or payments, hereafter made resulting from: (i) condemnation proceedings or the taking of all or any portion of the Improvements, the Equipment, the Fixtures, the Lease or the Personal Property, or any part thereof, under the power of eminent domain; or (ii) the alteration of grade or the location or the discontinuance of any street adjoining the Property or any portion thereof; and Authority hereby agrees to execute and deliver, from time to time, such further instruments as may be reasonably requested by Trustee to confirm such assignment to Trustee of any such award, damage, payment or other compensation;

(j) Insurance Proceeds. All insurance proceeds in respect of the Property under any insurance policies covering the Property, including, subject to the express

terms of the Lease and the Financing Documents, without limitation, the right to receive and apply the proceeds of any insurance policies, judgments, or settlements made in lieu thereof, in connection with a casualty to the Property;

(k) Conversion. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing including, without limitation, insurance proceeds and awards, into cash or liquidation claims;

(l) Rights. The right, in the name and on behalf of Authority, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Trustee in the Property, in each case, subject to and in accordance with the terms of the Lease, this Mortgage, the Financing Documents and applicable law;

(m) Agreements. All agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Lease and the Demised Premises and any part thereof and any Improvements or any business or activity conducted on the Demised Premises and any part thereof and all right, title and interest of Authority therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to Authority thereunder, in each case, to the extent any of the foregoing specified in this clause (m) constitutes Base Rent and/or Fee Purchase Option Payments;

(n) Accounts. All reserves, escrows and deposit accounts now or hereafter established or maintained pursuant to the Financing Documents, together with all deposits or wire transfers made to such accounts and all cash, checks, drafts, certificates, securities, investment property, financial assets, instruments and other property held therein, from time to time, and all proceeds, products, distributions or dividends or substitutions thereon and thereof; and

(o) Other Rights. All other or greater rights and interests of every nature in the Real Property (as hereinafter defined) and in the possession or use thereof and income therefrom, whether now owned or hereafter acquired by Authority in and to the items set forth in Subsections (a) through (n) above).

AND without limiting any of the other provisions of this Mortgage, to the extent permitted by applicable law, Authority expressly grants to Trustee, as secured party, a security interest in the portion of the Property which is (or may be subject to) the provisions of the Uniform Commercial Code which are applicable to secured transactions; it being understood and agreed that the Improvements and Fixtures are part and parcel of the Demised Premises (the Demised Premises, the Improvements and the Fixtures collectively referred to as the "Real Property") appropriated to the use thereof and, whether affixed or annexed to the Real Property or not, shall for the purposes of this Mortgage be deemed conclusively to be real estate and mortgaged hereby.

Section 1.02 Assignment of Lease and Rents. Authority hereby absolutely and unconditionally assigns to Trustee all of Authority's right, title and interest in and to all current and future Leases and Base Rental and Fee Purchase Option Payments; it being intended by Authority that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to Section 7.01(e) of this Mortgage, Trustee grants to Authority a revocable license to collect, receive, use and enjoy the Base Rental and Fee Purchase Option Payments and Authority shall hold the Base Rental and Fee Purchase Option Payments, or a portion thereof sufficient to pay all Authority Obligations currently due and payable.

Section 1.03 Security Agreement. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Authority in the Property, including all accounts established by Trustee pursuant to the Transportation Trust Agreement. By executing and delivering this Mortgage, Authority hereby grants to Trustee, as security for the Authority Obligations, a security interest in the Fixtures, the Equipment, the Personal Property and the other property constituting the Property to the full extent that the Fixtures, the Equipment, the Personal Property and such other property may be subject to the Uniform Commercial Code (said portion of the Property so subject to the Uniform Commercial Code being called the "Collateral"). If a Lease Event of Default shall occur and be continuing and subject to any applicable conditions and notice and cure periods set forth in any Financing Documents (including, without limitation, Section 5.05 of the Trust Agreement), Trustee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Trustee may deem necessary for the care, protection and preservation of the Collateral. Authority shall pay to Trustee within ten (10) Business Days following written demand therefor expenses, including reasonable legal expenses and attorneys' fees and costs, incurred or paid by Trustee in protecting its interest in the Collateral and in enforcing its rights hereunder with respect to the Collateral after the occurrence and during the continuance of a Lease Event of Default and subject to any applicable conditions and notice and cure periods set forth in any Financing Documents (including, without limitation, Section 5.05 of the Trust Agreement). Any notice of sale, disposition or other intended action by Trustee with respect to the Collateral sent to Authority in accordance with the provisions hereof at least ten (10) Business Days prior to such action, shall, except as otherwise provided by applicable law, constitute reasonable notice to Authority. The proceeds of any disposition of the Collateral, or any part thereof, may, except as otherwise required by applicable law, be applied by Trustee to the payment of the Authority Obligations in such priority and proportions as set forth in Section 5.06 of the Trust Agreement. Authority's principal place of business is as set forth on the first page hereof and the address of Trustee is as set forth on the first page hereof.

Section 1.04 Fixture Filing. Certain of the Property is, or will become, "fixtures" (as that term is defined in the Uniform Commercial Code) on the Demised Premises, and this Mortgage, upon being filed for record in the real estate records of the city or county wherein such fixtures are situated, shall operate also as a financing statement (naming Authority

as the Debtor with an address as set forth on the first page hereof and an federal employer identification number of 13-2552035, and Trustee as the Secured Party with an address as set forth on the first page hereof) filed as a fixture filing in accordance with the applicable provisions of said Uniform Commercial Code upon such of the Property that is, or may become, fixtures.

Section 1.05 Pledge of Monies Held. Authority hereby pledges to Trustee any and all Base Rental and Fee Purchase Option Payments now or hereafter held by, or on behalf of, Authority in connection with the Financing Agreement Payments, including, without limitation, Principal and Interest Components evidenced by the Trust Obligations, equal in amount to the amounts received by the Authority of Base Rental and Fee Purchase Option Payments under the Lease until expended or applied as provided in this Mortgage.

### **CONDITIONS TO GRANT**

TO HAVE AND TO HOLD the above granted and described Property unto and to the use and benefit of Trustee and its permitted successors and assigns, forever;

WITH POWER OF SALE, to secure Authority's performance of the Authority Obligations at the time and in the manner provided in the Financing Documents;

PROVIDED, HOWEVER, that these grants are upon the express condition that, if Authority shall well and truly abide by and comply with each and every covenant and condition set forth herein and in the Financing Documents with respect to the Authority Obligations, these grants and the estate hereby granted shall cease, terminate and be void; provided, however, that Authority's obligation to indemnify and hold harmless Trustee pursuant to the provisions hereof shall survive any such payment or release.

## **ARTICLE 2**

### **DEBT AND OBLIGATIONS SECURED**

Section 2.01 Debt. This Mortgage and the grants, assignments and transfers made in Article 1 hereof are given for the purpose of securing the Authority Obligations.

## **ARTICLE 3**

### **AUTHORITY COVENANTS**

Authority covenants and agrees that:

Section 3.01 Financing Agreement Payments. Authority will make Financing Agreement Payments at the time and in the manner provided in the Financing Documents.

Section 3.02 Incorporation by Reference. All the covenants, conditions and agreements contained in the Financing Documents are hereby made a part of this Mortgage to the same extent and with the same force as if fully set forth herein.

Section 3.03 Maintenance of Property. Authority shall maintain, or cause to be maintained, the Property in a good and safe condition and repair, subject to and in accordance with the terms of the Lease and the Financing Documents. The Improvements, the Fixtures, the Equipment and the Personal Property shall not be removed, demolished or materially altered (except for normal replacement of the Fixtures, the Equipment or the Personal Property, tenant finish and refurbishment of the Improvements) without the consent of Trustee or as otherwise permitted pursuant to the Lease and the Financing Documents. Authority shall promptly repair, replace, or rebuild, or cause to be repaired, replaced, or rebuilt, any part of the Property which may be destroyed by any casualty or become damaged, worn or dilapidated or which may be affected by any condemnation, subject to and in accordance with the terms of the Lease and the Financing Documents

Section 3.04 Waste. Authority shall not commit or permit any waste of the Property or make any change in the use of the Property which will, in any way, materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that would reasonably be expected to invalidate or allow the cancellation of any insurance policy, or do or permit to be done thereon anything that could reasonably be expected to materially impair the value of the Property or the security of this Mortgage.

Section 3.05 Payment for Labor and Materials. Subject to the terms and provisions of the Lease and the Financing Documents (including, without limitation, Authority's contest rights thereunder), Authority (i) will promptly pay when due all bills and costs for labor, materials, and specifically fabricated materials ("Labor and Material Costs") incurred by Authority in connection with the Property and (ii) will never permit to be created or exist (in respect of the Property or any part thereof) any other or additional lien or security interest caused or incurred by actions of the Authority other than the liens or security interests created hereby and as permitted pursuant to the Lease and Financing Documents.

Section 3.06 Performance of Other Agreements. Authority shall observe and perform each and every material term, covenant and provision to be observed or performed by Authority pursuant to the Lease and Financing Documents, and any other agreement or recorded instrument affecting or pertaining to the Property and any amendments, modifications or changes thereto.

Section 3.07 Change of Name, Identity or Structure. Except to the extent expressly permitted under the Financing Documents, Authority shall not change Authority's name, identity (including its trade name or names) or, if not an individual, Authority's corporate, partnership or other structure without notifying trustee of such change in writing at least fifteen (15) Business Days prior to the effective date of such change and, in the case of a change in Authority's structure, without first obtaining the prior written consent of Trustee acting reasonably. Authority shall execute and deliver to trustee, prior to or contemporaneously with the effective date of any such change, any financing statement or financing statement change reasonably required by Trustee to establish or maintain the validity, perfection and priority of the security interests granted herein.

## ARTICLE 4

### OBLIGATIONS AND RELIANCES

Section 4.01 Relationship of Authority and Trustee. Trustee has no fiduciary or other special relationship with Authority, and no term or condition of the Financing Documents shall be construed so as to create a fiduciary or other special relationship between Authority and Trustee.

Section 4.02 No Reliance on Trustee. Authority is not relying on Trustee's expertise, business acumen or advice in connection with the Property.

Section 4.03 No Trustee Obligations.

(a) Notwithstanding the provisions of Subsections 1.01(h) and 1.01(m) or Section 1.2 hereof, Trustee is not undertaking the performance of (i) any obligations under the Lease, or (ii) any obligations with respect to any other agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses or other documents.

(b) By accepting or approving anything required to be observed, performed or fulfilled by Authority or to be given by Authority to Trustee pursuant to this Mortgage or the Financing Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, Trustee shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Trustee.

## ARTICLE 5

### FURTHER ASSURANCES

Section 5.01 Recording of Mortgage, etc. Authority forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage and any of the other documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and to fully protect and perfect the lien or security interest hereof upon, and the interest of Trustee in, the Property. Except to the extent otherwise expressly provided for in the Lease or the Financing Documents, or prohibited by law to do so, Authority will pay all filing, registration or recording fees, if any, and all expenses, if any, incident to the preparation, execution, acknowledgment and/or recording of this Mortgage, any note, deed of trust or mortgage supplemental hereto, any other Mortgage with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal duties, imposts, assessments and charges arising out of, or in connection with, the execution and delivery of this Mortgage, any deed of trust or mortgage supplemental hereto, any other Mortgage with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents.

Section 5.02 Further Acts, etc. Authority will, at the cost of Authority, and without expense to Trustee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, deeds of trust, mortgages, assignments, notices of assignments, transfers and assurances as Trustee shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Trustee the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Authority may be (or may hereafter become) bound to convey or assign to Trustee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage, or for complying with all applicable legal requirements. Authority, within ten (10) Business Days following written demand thereof, will execute and deliver, and in the event it shall fail to so execute and deliver, hereby authorizes Trustee to execute in the name of Authority or without the signature of Authority to the extent Trustee may lawfully do so, one or more financing statements to evidence more effectively the security interest of Trustee in the Property. Authority grants to Trustee an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Trustee at law and in equity, including, without limitation, such rights and remedies available to Trustee pursuant to this Section 5.02, to the extent that Authority fails or refuses to promptly execute such documents after notice from Trustee.

## **ARTICLE 6**

### **TRANSFER**

Section 6.01 No Sale/Transfer. Authority shall not transfer the Property or any part thereof or any direct or indirect interest therein, or permit or suffer the Property or any part thereof or any direct or indirect interest therein to be transferred, other than as permitted pursuant to the terms of the Lease or the Financing Documents.

## **ARTICLE 7**

### **RIGHTS AND REMEDIES UPON DEFAULT**

Section 7.01 Remedies. Upon the occurrence and during the continuance of any Lease Event of Default and subject to any applicable conditions and notice and cure periods set forth in any Financing Documents (including, without limitation, Section 5.05 of the Trust Agreement), Authority agrees that Trustee may take such action, without notice or demand, in accordance with the Lease and to the fullest extent permitted by law, as it deems advisable to protect and enforce its rights against Authority and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Trustee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Trustee:

(a) institute proceedings, judicial or otherwise, for the complete foreclosure, in accordance with New York law, of this Mortgage under any applicable provision of law, in which case the Property, or any interest therein, may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(b) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage to collect the Financing Agreement Payments then due and payable from Base Rental, subject to the continuing lien and security interest of this Mortgage for the balance of the Financing Agreement Payments not then due, unimpaired and without loss of priority;

(c) sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of Authority therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entirety or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law; and, without limiting the foregoing;

(i) in connection with any sale or sales hereunder, Trustee shall be entitled to elect to treat any of the Property which consists of (x) a right in action, (y) property that can be severed from the Real Property covered hereby (without causing structural damage thereto), or (z) any improvements (without causing structural damage thereto), as if the same were personal property, and dispose of the same in accordance with applicable law, separate and apart from the sale of the Real Property. Where the Property consists of Real Property, Personal Property, Equipment or Fixtures, whether or not such Personal Property or Equipment is located on or within the Real Property, Trustee shall be entitled to elect to exercise its rights and remedies against any or all of the Real Property, Personal Property, Equipment and Fixtures in such order and manner as is now or hereafter permitted by applicable law;

(ii) Trustee shall be entitled to elect to proceed against any or all of the Real Property, Personal Property, Equipment and Fixtures in any manner permitted under applicable law; and if Trustee so elects pursuant to applicable law, the power of sale herein granted shall be exercisable with respect to all or any of the Real Property, Personal Property, Equipment and Fixtures covered hereby, as designated by Trustee;

(iii) should Trustee elect to sell any portion of the Property which is Real Property or which is Personal Property, Equipment or Fixtures that Trustee has elected under applicable law to sell together with Real Property in accordance with the laws governing a sale of the Real Property, Trustee shall give such notice of the occurrence of a Lease Event of Default and subject to any applicable conditions and notice and cure periods set forth in any Financing Documents (including, without limitation, Section 5.05 of the Trust Agreement) and its election to sell such Property as may then be required by law. Thereafter, upon the giving of such notice of sale and the expiration of any required time period as may then be required by law, subject to the terms hereof and of the Lease and the Financing Documents, and without the necessity of any demand on Authority or Trustee at the time and place specified in the notice of sale, may sell such Real Property or part thereof at public auction to the highest bidder for cash in lawful money of the United States. Trustee may (unless prohibited under applicable law), from time to time, postpone any sale hereunder by public announcement thereof at the time and place noticed for any such sale; and

(iv) if the Property consists of several lots, parcels or items of property, Trustee shall, subject to applicable law, (A) designate the order in which such lots, parcels or items shall be offered for sale or sold, or (B) elect to sell such lots, parcels or items

through a single sale, or through two or more successive sales, or in any other manner Trustee designates in Trustee's sole discretion. Any Person, including Authority or Trustee, may purchase at any sale hereunder. Should Trustee desire that more than one sale or other disposition of the Property be conducted, Trustee shall, subject to applicable law, cause such sales or dispositions to be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as Trustee may designate, and no such sale shall terminate or otherwise affect the lien of this Mortgage on any part of the Property not sold until all the Financing Agreement Payments then due and payable have been paid in full. In the event Trustee elects to dispose of the Property through more than one sale, except as otherwise provided by applicable law, Authority agrees to pay the costs and expenses of each such sale and of any judicial proceedings wherein such sale may be made;

(d) apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the payment of Authority Obligations and without regard for the solvency of Authority, any guarantor or indemnitor with respect to the Authority Obligations or any Person otherwise liable for the payment of the Authority Obligations or any part thereof;

(e) the license granted to Authority under Section 1.02 hereof shall automatically be revoked and Trustee may enter into or upon the Property, subject to the terms of the Lease and the Financing Documents either personally or by its agents, nominees or attorneys, and dispossess Authority and its agents and servants therefrom, without liability for trespass, damages or otherwise and take possession of all books, records and accounts relating thereto and Authority agrees to surrender possession of the Property and of such books, records and accounts to Trustee upon demand, and thereupon Trustee may, subject to the terms of the Lease, (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat, (ii) complete any construction on the Property in such manner and form as Trustee deems advisable, (iii) make alterations, additions, renewals, replacements and improvements to or on the Property, (iv) exercise all rights and powers of Authority with respect to the Property, whether in the name of Authority or otherwise, including, without limitation, the right to make, cancel, enforce or modify Lease, obtain and evict tenants, and demand, sue for, collect and receive all Base Rental of the Property and every part thereof, (v) require Authority to pay monthly in advance to Trustee, or any receiver appointed to collect the Base Rental, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Authority, (vi) require Authority to vacate and surrender possession of the Property to Trustee or to such receiver and, in default thereof, Authority may be evicted by summary proceedings or otherwise, and (vii) apply the receipts from the Property to the payment of Authority Obligations, in such order, priority and proportions as Trustee shall deem appropriate in its sole discretion after deducting therefrom all expenses (including reasonable attorneys' fees and costs) incurred in connection with the aforesaid operations and all amounts necessary to pay the taxes, other charges, insurance premiums and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Trustee, its counsel, agents and employees;

(f) exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Fixtures, the Equipment and/or the Personal

Property or any part thereof, and to take such other measures as Trustee may deem necessary for the care, protection and preservation of the Fixtures, the Equipment and/or the Personal Property. Any notice of sale, disposition or other intended action by Trustee with respect to the Fixtures, the Equipment and/or the Personal Property sent to Authority in accordance with the provisions hereof at least ten (10) Business Days prior to such action, shall constitute commercially reasonable notice to Authority;

(g) apply any sums then deposited or held in escrow or otherwise by or on behalf of Trustee in accordance with the terms of the Financing Documents to the payment of unpaid Authority Obligations; or

(h) pursue such other remedies as Trustee may have under applicable law.

In the event of a sale, by foreclosure, power of sale or otherwise, of less than all of the Property, this Mortgage shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority.

**Section 7.02 Application of Proceeds.** The purchase money, proceeds and avails of any disposition of the Property, or any part thereof, or any other sums collected by Trustee pursuant to this Mortgage or the Financing Agreement Payments, during the continuance of a Lease Event of Default continuing beyond the applicable time period (as set forth in Section 5.05(b) of the Trust Agreement), shall be applied by Trustee to the payment of the Authority Obligations in such priority and proportions as set forth in Section 5.06 of the Trust Agreement.

**Section 7.03 Right to Cure Defaults.** Upon the occurrence and during the continuance of any Lease Event of Default and subject to any applicable conditions and notice and cure periods set forth in any Financing Documents (including, without limitation, Section 5.05 of the Trust Agreement), Trustee may, but without any obligation to do so and without notice to or demand on Authority, make any payment or do any act required of Authority hereunder or in the other Financing Documents which payment or action on the part of Trustee shall be in such manner and to such extent as Trustee may deem necessary to protect the security hereof. Trustee is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Mortgage or to collect the Financing Agreement Payments, and the out-of-pocket cost and expense thereof (including reasonable attorneys' fees and expenses to the extent permitted by law), with interest as provided in this Section 7.03, shall constitute a portion of the Authority Obligations and shall be due and payable to Trustee upon demand. All such costs and expenses incurred by Trustee in remedying any Lease Event of Default or in appearing in, defending, or bringing any such action or proceeding, as hereinabove provided, shall bear interest at the Default Rate, for the period beginning on the first day after notice from Trustee that such cost or expense was incurred and continuing until the date of payment to Trustee. All such costs and expenses incurred by Trustee, together with interest thereon calculated at the Default Rate, shall be deemed to constitute a portion of the Authority Obligations and to be secured by this Mortgage and shall be due and payable within ten (10) Business Days of written demand by Trustee therefor.

Section 7.04 Actions and Proceedings. After the occurrence and during the continuance of a Lease Event of Default and subject to any applicable conditions and notice and cure periods set forth in any Financing Documents (including, without limitation, Section 5.05 of the Trust Agreement), Trustee has the right to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of Authority, which Trustee, in its sole and absolute discretion, decides should be brought to protect its interest in the Property.

Section 7.05 Recovery of Sums Required To Be Paid. After the occurrence and during the continuance of a Lease Event of Default and subject to any applicable conditions and notice and cure periods set forth in any Financing Documents (including, without limitation, Section 5.05 of the Trust Agreement), Trustee shall have the right, from time to time, to take action to recover any sum or sums which constitute a part of the Authority Obligations as the same become due, without regard to whether or not the balance of the Authority Obligations shall be due, and without prejudice to the right of Trustee thereafter to bring an action of foreclosure, or any other action, for any Lease Event of Default existing at the time such earlier action was commenced.

Section 7.06 Other Rights, etc.

(a) The failure of Trustee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Mortgage. Authority shall not be relieved of Authority's obligations hereunder by reason of (i) the failure of Trustee to comply with any request of Authority or any guarantor or indemnitor with respect to the Authority Obligations to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Financing Documents, (ii) except as expressly set forth in the Financing Documents, the release, regardless of consideration, of the whole or any part of the Property, or of any person liable for the Authority Obligations or any portion thereof, or (iii) except as otherwise expressly agreed to by Trustee, in writing, any agreement or stipulation by Trustee extending the time of payment or otherwise modifying or supplementing the terms of the Financing Documents.

(b) It is agreed that the risk of loss or damage to the Property is on Authority, and Trustee shall have no liability whatsoever for any decline in value of the Property, for failure to maintain the insurance policies, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Trustee shall not be deemed an election of judicial relief if any such possession is requested or obtained with respect to any Property or collateral not in Trustee's possession.

(c) Upon the occurrence and during the continuance of a Lease Event of Default and subject to any applicable conditions and notice and cure periods set forth in any Financing Documents (including, without limitation, Section 5.05 of the Trust Agreement), Trustee may resort for the payment of the Authority Obligations to any other security held by Trustee in such order and manner as Trustee, in its discretion, may elect. Upon the occurrence and during the continuance of a Lease Event of Default and subject to any applicable conditions and notice and cure periods set forth in any Financing Documents (including, without limitation, Section 5.05 of the Trust Agreement), Trustee may take action to recover the Authority

Obligations then due and payable, or any portion thereof, without prejudice to the right of Trustee thereafter to foreclose this Mortgage. The rights of Trustee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Trustee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Trustee shall not be limited exclusively to the rights and remedies herein stated, but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

Section 7.07 Right of Entry. Subject to the rights of Tenant under the Lease and to the terms of the Financing Documents, upon reasonable notice to Authority (which may be given verbally), Trustee and its agents shall have the right to enter and inspect the Property at all reasonable times, subject to accompaniment by Authority or representatives of Authority if so desired by Authority.

Section 7.08 Trustee Not Obligated; Cumulative Rights. Nothing in this instrument shall be construed as obligating Trustee to take any action or incur any liability with respect to the Property, and all options given to Trustee are for its benefit and shall and may be exercised in such order and in such combination as Trustee, in its sole discretion, may, from time to time, decide. Each remedy is distinct and cumulative to all other rights and remedies under this Instrument and the Financing Documents or afforded by law or equity, and may be exercised concurrently, independently or successively, in any order whatsoever.

## **ARTICLE 8**

### **WAIVERS**

Section 8.01 Waiver of Counterclaim. To the extent permitted by applicable law, Authority hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Trustee arising out of (or in any way connected with this Mortgage), except in each instance where Trustee has engaged in willful misconduct or acted with gross negligence.

Section 8.02 Marshalling and Other Matters. To the extent permitted by applicable law, Authority hereby waives the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property (or any part thereof or any interest therein). Further, to the extent permitted by applicable law, Authority hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Authority, and on behalf of each and every Person acquiring any interest in, or title to, the Property subsequent to the date of this Mortgage.

Section 8.03 Waiver of Notice. TO THE EXTENT PERMITTED BY APPLICABLE LAW, AUTHORITY SHALL NOT BE ENTITLED TO ANY NOTICES OF ANY NATURE WHATSOEVER FROM TRUSTEE EXCEPT WITH RESPECT TO MATTERS FOR WHICH THIS MORTGAGE OR THE FINANCING DOCUMENTS SPECIFICALLY AND EXPRESSLY PROVIDE FOR THE GIVING OF NOTICE BY TRUSTEE TO AUTHORITY.

Section 8.04 Waiver of Statute of Limitations. To the extent permitted by applicable law, Authority hereby expressly waives and releases its right to plead any statute of limitations as a defense to payment of the Authority Obligations.

Section 8.05 Waiver of Jury Trial. AUTHORITY HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND FOREVER WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS MORTGAGE OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY AUTHORITY, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. TRUSTEE IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY AUTHORITY.

## **ARTICLE 9**

### **EXCULPATION**

Trustee shall not enforce the liabilities and obligations of Authority to perform and observe the obligations contained in this Mortgage by any action or proceeding wherein a money judgment shall be sought against Authority or any principal, director, officer, employee, manager, member, direct or indirect owner, trustee, agent or affiliate of Authority (collectively, the "Exculpated Parties"), except that Trustee may bring a foreclosure action, an action for specific performance or any other appropriate action or proceeding to enable Trustee to preserve its interest under this Mortgage and the other Financing Documents, or in the Property, the Base Rental, the Fee Purchase Option Payments or any other collateral given to Trustee pursuant to the Financing Documents; provided, however, that, except as specifically provided herein, any judgment in any such action or proceeding shall be enforceable against Authority only to the extent of Authority's interest in the Property, in the Base Rental and Fee Purchase Option Payments and in any other collateral given to Trustee, and Trustee, by accepting this Mortgage and the Financing Documents, agrees that it shall not sue for, seek or demand any deficiency judgment against any of the Exculpated Parties in any such action or proceeding under, or by reason of, or in connection with this Mortgage or the other Financing Documents. The provisions of this Article 9 shall not, however: (a) constitute a waiver, release or impairment of any obligation evidenced or secured by any of the Financing Documents; (b) impair the right of Trustee to name Authority as a party defendant in any action or suit for foreclosure and sale under the Mortgage; (c) affect the validity or enforceability of any guaranty made in connection with the Authority Obligations or any of the rights and remedies of Trustee thereunder; (d) impair the right of Trustee to obtain the appointment of a receiver; (e) impair the enforcement of the Assignment of Lease; (f) constitute a prohibition against Trustee seeking a deficiency judgment against Authority in order to fully realize the security granted by this Mortgage or commencing any other appropriate action or proceeding in order for Trustee to exercise its remedies against the Property; or (g) impair any other rights of Trustee against Authority provided in the Financing Documents.

## ARTICLE 10

### NOTICES

All notices or other written communications hereunder shall be delivered in accordance with Section 8.6 of the Financing Agreement. Any notices of Lease Default given by the Authority under the Leases shall also be given contemporaneously to Trustee in the manner specified in Section 8.6 of the Financing Agreement.

## ARTICLE 11

### APPLICABLE LAW

#### Section 11.01 Governing Law; Jurisdiction; Service of Process.

(a) THIS MORTGAGE WAS NEGOTIATED IN THE STATE OF NEW YORK, WHICH STATE THE PARTIES IRREVOCABLY AND UNCONDITIONALLY AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND, IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, OF THIS MORTGAGE AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE BY AUTHORITY AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, AUTHORITY HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS MORTGAGE AND/OR THE LOAN, AND THIS MORTGAGE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH SECTION 1276 OF THE PUBLIC AUTHORITIES LAW OF THE CONSOLIDATED LAWS OF THE STATE OF NEW YORK AND ANY OTHER APPLICABLE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW SECTION A.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST AUTHORITY ARISING OUT OF, OR RELATING TO, THIS MORTGAGE OR THE ATTACHMENT, CREATION, PERFECTION, OR ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED UNDER THIS MORTGAGE SHALL BE INSTITUTED IN ANY FEDERAL OR STATE COURT LOCATED IN NEW YORK, INCLUDING, WITHOUT LIMITATION, ANY STATE OR FEDERAL COURT LOCATED IN THE COUNTY OF NEW YORK AND AUTHORITY WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND AUTHORITY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. AUTHORITY DOES HEREBY AGREE THAT SERVICE OF PROCESS UPON AUTHORITY (IN ACCORDANCE WITH SECTION 1276

OF THE PUBLIC AUTHORITIES LAW OF THE CONSOLIDATED LAWS OF THE STATE OF NEW YORK AT THE ADDRESS FOR AUTHORITY SET FORTH HEREIN) SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON AUTHORITY IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. AUTHORITY (I) SHALL GIVE PROMPT NOTICE TO TRUSTEE OF ANY CHANGED ADDRESS OF AUTHORITY SET FORTH HEREIN, (II) MAY AT ANY TIME, AND FROM TIME TO TIME, DESIGNATE AN AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE SUCH AN AUTHORIZED AGENT IF AUTHORITY CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

Section 11.02 Provisions Subject to Applicable Law. All rights, powers and remedies provided in this Mortgage may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Mortgage or any application thereof shall be invalid or unenforceable, the remainder of this Mortgage and any other application of the term shall not be affected thereby.

## **ARTICLE 12**

### **DEFINITIONS**

Capitalized terms, used but not defined herein, shall have the meanings ascribed to such terms in the Financing Agreement and the Trust Agreement. The rules of construction specified in Section 1.02 of the Trust Agreement also apply to this Mortgage.

## **ARTICLE 13**

### **RELEASE OF PARCELS UPON FEE CONVERSION; MODIFICATION OF MORTGAGE UPON SUBSEVERANCE OF LEASE**

Section 13.01 Release of Parcels Upon Fee Conversion. In accordance with the terms of the Financing Documents (including, without limitation, Sections 3.16(c) of the Trust Agreement and Section 3.1(2) of the Financing Agreement), Authority or Trustee shall release the applicable portion(s) of the Property from the lien of this Mortgage following an election by a Tenant under the Lease to exercise its Fee Conversion Option to purchase any such portions of the Property, upon the payment of the Fee Purchase Option Payments and the delivery thereof to the Trustee. Such release shall not, as to the remainder of the Property not so released, in any way impair or affect the lien or priority of this Mortgage, or improve the position of any subordinate lienholder with respect thereto, except to the extent that the Authority Obligations then due and payable shall have been reduced by the actual monetary consideration, if any, received by Trustee for such release. Upon any such release, this Mortgage shall continue as a lien and security interest in the remaining portion of the Property. The Authority and Tenant shall reasonably cooperate with the Trustee to effectuate the release of the applicable parcel,

including, without limitation, review and execution of the applicable release documents, at the sole cost and expense of Tenant.

Section 13.02 Modification of Mortgage Upon Subseverances of Lease. Section 9.02(d) of the Lease provides for the Demised Premises to be further severed upon request of Tenant pursuant to a “Subparcel Severance,” and for certain Severed Subparcels to be released from the Lease and demised pursuant to a “Severed Subparcel Lease” from the Authority to “Severed Subparcel Tenant” (as all of such terms are defined in the Lease). Upon any such Subparcel Severance and creation of a new Severed Subparcel Lease, this Mortgage shall be severed into separate severed mortgages, each encumbering the Authority’s right, title and interest in and to each Severed Subparcel Lease. The Authority shall execute and deliver such instruments of severance of this Mortgage as the Trustee shall deem necessary or desirable in order to accomplish the severance of this Mortgage into multiple mortgages, each one encumbering a Severed Subparcel Lease, including replacement mortgages for each Severed Subparcel Lease, upon the terms and conditions of this Mortgage, mutatis mutandis. The Authority shall, at its cost and expense, cause such replacement mortgages to be recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and to fully protect and perfect the lien or security interest granted thereby upon, and the interest of Trustee in, the Authority’s right, title and interest in the Property demised pursuant to such Severed Subparcel Lease.

## ARTICLE 14

### SPECIFIC LEASE PROVISIONS REGARDING FEE MORTGAGES

Section 14.01 Specific Lease Provisions Regarding Fee Mortgages. This Mortgage constitutes a Fee Mortgage, as defined in the Lease. Sections 33.01, 33.02 and 33.03 of the Lease contain certain provisions regarding Fee Mortgages, which provisions are applicable to this Mortgage. Such Lease provisions are set forth below (all capitalized terms used in this Article 14 are as defined in the Lease):

“Section 33.01. Fee Mortgage. This Lease and Tenant’s interest in this Lease, as the same may be modified, amended or renewed, and any New Lease or the interest of Tenant under a New Lease as provided for in Section 17.04 shall not be subject or subordinate to (a) any Fee Mortgage or (b) to any other liens or encumbrances on Landlord’s fee estate, except for the Permitted Exceptions and any other liens or encumbrances created or consented to by Tenant or as a consequence of Tenant’s acts or omissions or the construction of the Improvements. Each Fee Mortgage shall contain an express statement confirming its subordination to this Lease (and any Severed Parcel Leases) as set forth in the immediately preceding sentence.

Section 33.02. Successor Landlord. If any Fee Mortgagee or any of its successors or assigns, or any designee of any Fee Mortgagee, shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a deed, then, at the request

of such party so succeeding to Landlord's rights (such party, a "Successor Landlord"), Tenant shall automatically attorn to and recognize such Successor Landlord as Tenant's landlord under this Lease. Upon such attornment this Lease shall continue in full force and effect as a direct lease between the Successor Landlord and Tenant upon and subject to all of the terms, conditions and covenants as are set forth in this Lease, except that the Successor Landlord shall not (a) be liable for any previous act or omission of Landlord under this Lease which shall not be continuing; (b) be subject to any offset, not expressly provided for in this Lease, which theretofore shall have accrued to Tenant against Landlord; (c) be bound by any modification of this Lease entered into subsequent to the date of the applicable Fee Mortgage, or by any previous prepayment of more than one month's Rental, unless such modification or prepayment shall have been expressly approved in writing by the Fee Mortgagee; or (d) be obligated to make any improvements to, or perform any work at, or furnish any services to, the Premises (it being understood that Landlord has no such obligations under this Lease; provided, however, that nothing contained in this Section 33.02 shall derogate from the obligations of the Yards Parcel Owner under the ERY Declaration of Easements). The provisions of this Section 33.02 shall be self-operative, and no instrument of any such attornment shall be required or needed by the holders of any such Fee Mortgage. In confirmation of any such attornment Tenant shall, at Landlord's request or at the request of any such Fee Mortgagee, promptly execute and deliver such further instruments as may be reasonably required by any such Fee Mortgagee. Notwithstanding anything to the contrary herein, in the event that any such transfer causes the Premises no longer to be exempt from sales and use taxes, then Tenant shall have no obligation to pay Successor Landlord PILOST hereunder, the PILOST Agreement shall be deemed void and of no further force and effect and any obligation of Tenant contingent on paying PILOST (including Section 10.02(a)) shall be deemed to be stricken from this Lease and of no further force and effect.

Section 33.03. Notices and Cure Rights of Fee Mortgagee. If Landlord or a Fee Mortgagee gives Tenant Notice of the name and address of a Fee Mortgagee, then Tenant hereby agrees to give to any such Fee Mortgagee copies of all Notices sent by Tenant to Landlord under this Lease at the same time and in the same manner as and whenever Tenant shall give any such Notice to Landlord, and no such Notice shall be deemed given to Landlord hereunder unless and until a copy of such Notice shall have been so delivered to such Fee Mortgagee. Such Fee Mortgagee shall have the right to remedy any default of Landlord under this Lease, or to cause any default of Landlord under this Lease to be remedied, and, for such purpose, Tenant hereby grants such Fee Mortgagee such additional period of time as may be reasonable to enable such Fee Mortgagee to remedy, or cause to be remedied, any such default in addition to the period given to Landlord for remedying, or causing to be

remedied, any such default. Tenant shall accept performance by such Fee Mortgagee of any term, covenant, condition or agreement to be performed by Landlord under this Lease with the same force and effect as though performed by Landlord. No default under this Lease shall exist or shall be deemed to exist (a) as long as such Fee Mortgagee, in good faith, shall have commenced to cure such default and shall be prosecuting the same to completion with reasonable diligence, subject to Force Majeure, (b) if such default is not susceptible of being cured by such Fee Mortgagee, or (c) as long as such Fee Mortgagee, in good faith, shall have notified Tenant that such Fee Mortgagee intends to institute proceedings under the Fee Mortgage to acquire possession of the Premises, and, thereafter, as long as such proceedings shall have been instituted and shall be prosecuted with reasonable diligence. In the event of the termination of this Lease by reason of Landlord's default hereunder, upon such Fee Mortgagee's written request, given within thirty (30) days after any such termination, Tenant, within fifteen (15) days after receipt of such request, shall execute and deliver to such Fee Mortgagee or its designee or nominee a new lease of the Premises for the remainder of the Term of this Lease upon all of the terms, covenants and conditions of this Lease. Neither such Fee Mortgagee nor its designee or nominee shall become liable under this Lease unless and until such Fee Mortgagee or its designee or nominee becomes, and then only for so long as such Fee Mortgagee or its designee or nominee remains, the fee owner of the Premises. Such Fee Mortgagee shall have the right, without Tenant's consent, to foreclose the Fee Mortgage or to accept a deed in lieu of foreclosure of such Fee Mortgage."

## **ARTICLE 15**

### **MISCELLANEOUS PROVISIONS**

Section 15.01 No Oral Change. This Mortgage, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Authority or Trustee, but only by an agreement, in writing, signed by the party(ies) against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 15.02 Successors and Assigns. This Mortgage shall be binding upon and shall inure to the benefit of Authority and Trustee and their respective permitted successors and permitted assigns, as set forth in the Financing Documents. Except as otherwise expressly provided under terms of the Financing Documents, Trustee shall not assign or transfer its rights under this Mortgage.

Section 15.03 Inapplicable Provisions. If any term, covenant or condition of this Mortgage is held to be invalid, illegal or unenforceable in any respect, this Mortgage shall be construed without such provision.

Section 15.04 Headings, etc. The headings and captions of the various Sections of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 15.05 Subrogation. If any or all of the proceeds of the Financing Agreement Payments have been used to extinguish, extend or renew any indebtedness heretofore existing against the Property, then, to the extent of the funds so used, Trustee shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Trustee, as amended and restated on the terms set forth herein, and are merged with the lien and security interest created herein as cumulative security for the payment of the Financing Agreement Payments, and the performance and discharge of the Authority Obligations, under the Financing Documents.

Section 15.06 Entire Agreement. The Financing Documents, including this Mortgage, constitute the entire understanding and agreement between Authority and Trustee with respect to the Authority Obligations and supersede all prior written or oral understandings and agreements between Authority and Trustee with respect thereto. Authority hereby acknowledges that, except as incorporated, in writing, in the Financing Documents, including this Mortgage, there are not, and were not, and no persons are, or were authorized by Trustee to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the Authority Obligations.

Section 15.07 Limitation on Trustee's Responsibility. No provision of this Mortgage shall operate to place any obligation or liability for the control, care, management or repair of the Property upon Trustee, nor shall it operate to make Trustee responsible or liable for any waste committed on the Property by tenants or any other person, or for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee or stranger, except liability arising solely from Trustee's gross negligence or willful misconduct. Nothing herein contained shall be construed as constituting Trustee a "Trustee in possession."

Section 15.08 Principles of Construction. In the event of any inconsistencies between the terms and conditions of this Mortgage and the terms and conditions of the Financing Agreement and/or Trust Agreement, the terms and conditions of the Financing Agreement and/or Trust Agreement shall control and be binding.

Section 15.09 Severability. In case any one or more of the provisions of this Mortgage or any agreement now or hereafter executed in connection with this Mortgage is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof or thereof. Each of the provisions of every such agreement, document or instrument shall be enforceable by Trustee to the fullest extent now or hereafter permitted by law.

Section 15.10 No Partnership or Joint Venture. No provision of this Mortgage shall constitute a partnership, joint venture, tenancy in common or joint tenancy between

Authority and Trustee, it being intended that the only relationship created by this Mortgage shall be that of mortgagor and mortgagee.

Section 15.11 No Merger. So long as any of the Lease remains outstanding, and any Authority Obligations secured hereby remain unpaid and undischarged and unless Trustee otherwise consents, in writing, the fee, leasehold, subleasehold and sub-subleasehold estates in and to the Property will not merge but will always remain separate and distinct, notwithstanding the union of such estates (without implying Authority's consent to such union) either in Authority, Trustee, any tenant or any third party by purchase or otherwise.

Section 15.12 Application of Lien Law. Notwithstanding anything to the contrary in this Mortgage, this Mortgage is not intended to constitute a "building loan mortgage" as defined in New York Lien Law (the "Lien Law") § 2(14). This Mortgage shall not secure any advances made pursuant to a "building loan contract."

## **ARTICLE 16**

### **STATE-SPECIFIC PROVISIONS**

Section 16.01 Principles of Construction. In the event of any inconsistencies between the terms and conditions of this Article 16 and the terms and conditions of this Mortgage, the terms and conditions of this Article 16 shall control and be binding.

Section 16.02 Commercial Property. This Mortgage encumbers real property principally improved, or to be improved, by one or more structures containing in the aggregate more than six residential dwelling units, each having its own separate cooking facilities.

Section 16.03 MAXIMUM DEBT SECURED. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, THE MAXIMUM AMOUNT OF AUTHORITY OBLIGATIONS SECURED BY THIS MORTGAGE AT THE TIME OF EXECUTION OR WHICH UNDER ANY CONTINGENCY MAY HEREAFTER BECOME SECURED HEREBY AT ANY TIME IS [\_\_\_\_\_] AND NO/100 DOLLARS (\$[\_\_\_\_\_] ), PROVIDED THAT SUCH LIMITATION SHALL NOT LIMIT THE SECURITY OF THIS MORTGAGE WITH RESPECT TO (I) INTEREST ON THE AFORESAID MAXIMUM AMOUNT OF AUTHORITY OBLIGATIONS AT THE RATES SET FORTH IN THE FINANCING AGREEMENT, (II) SUMS TO PAY PROPERTY TAXES AND OTHER CHARGES, (III) SUMS TO PAY PREMIUMS ON INSURANCE POLICIES COVERING THE PROPERTY, (IV) EXPENSES INCURRED AFTER AN EVENT OF DEFAULT IN UPHOLDING OR ENFORCING THE LIEN OF THIS MORTGAGE, INCLUDING, BUT NOT LIMITED TO, THE EXPENSES OF ANY LITIGATION TO PROSECUTE OR DEFEND THE RIGHTS AND LIEN CREATED BY THIS MORTGAGE, (V) ANY AMOUNT, COSTS OR CHARGE TO WHICH TRUSTEE BECOMES SUBROGATED, UPON PAYMENT, WHETHER UNDER RECOGNIZED PRINCIPLES OF LAW OR EQUITY, OR UNDER EXPRESS STATUTORY AUTHORITY, AND (VI) ANY OTHER AMOUNT SECURED BY THIS MORTGAGE WHICH, IF NOT LIMITED BY SUCH LIMITATION, WOULD NOT INCREASE THE AMOUNT OF

MORTGAGE RECORDING TAXES, IF ANY, PAYABLE WITH RESPECT TO THIS MORTGAGE.

Section 16.04 Insurance Proceeds. In the event of any conflict, inconsistency or ambiguity between the provisions of this Mortgage and/or the Financing Documents, on the one hand, and the provisions of subsection 4 of Section 254 of the Real Property Law of New York covering the insurance of buildings against loss by fire on the other hand, the provisions of this Mortgage and/or the Financing Documents, as applicable, shall control.

Section 16.05 Trust Fund. Pursuant to Section 13 of the Lien Law, Authority shall receive the advances secured hereby and shall hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of any improvement and shall apply such advances first to the payment of the cost of any such improvement on the Property before using any part of such advances for any other purpose. Authority will indemnify and hold Trustee harmless from and against any loss, liability, cost or expense, including, without limitation, any judgments, reasonable attorneys' fees, costs of appeal bonds and printing costs, arising out of, or relating to, any proceeding instituted by any claimant alleging a violation by Authority of any applicable Lien Law provisions including, without limitation, any section of Article 3-A of the Lien Law.

Section 16.06 Section 291-f Agreement.

(a) Authority hereby covenants and agrees with Trustee that, except as otherwise set forth in the Lease and the Financing Documents, without the written consent of Trustee first had and obtained, Authority will not accept any surrender, cancellation, abridgment, or modification of any of the terms, covenants and conditions of any Lease/Sublease, and will not accept prepayments of installments of Base Rental to become due thereunder for more than one (1) month in advance, except to the extent that such surrender, cancellation, abridgment, or modification is permitted to a Tenant under the provisions of its respective Lease/Sublease.

(b) This Mortgage is intended to be, and shall operate as, the agreement described in Section 291-f of the Real Property Law of the State of New York ("Section 291-f") and shall be entitled to the benefits afforded thereby. Authority shall (unless such notice is contained in such Tenant's Lease) deliver notice of this Mortgage in form and substance reasonably acceptable to Trustee, to all holders of any Tenant interest in any Lease which is subject to Section 291-f, by assignment or otherwise, and shall take such other action as may now or hereafter be reasonably required to afford Trustee the full protections and benefits of Section 291-f. Authority shall request the recipient of any such notice to acknowledge the receipt thereof.

Section 16.07 Assignment of Mortgage. Upon payment of the Authority Obligations in accordance with the terms of the Financing Documents (exclusive of any indemnification or other obligations which are expressly stated in any of the Financing Documents to survive the payment of the Authority Obligations; provided that such indemnification or other obligations are inchoate in nature), Trustee shall execute, acknowledge and deliver either (a) a satisfaction of this Mortgage in recordable form or (b) upon written request by Authority to Trustee (at Authority's election), an assignment of this Mortgage in

recordable form to Authority's designee (without recourse, covenant or warranty of any nature, express or implied, except as to the Authority Obligations then outstanding and that there has been no other assignment of this Mortgage); provided that (i) Authority shall have reimbursed Trustee for all of its reasonable out-of-pocket costs, including, but not limited to, reasonable out-of-pocket legal costs and expenses incurred in connection with any such assignment, and (ii) Authority shall have caused the delivery of an executed statement of Oath under Section 275 of the New York Real Property Law. Trustee shall not be responsible for any mortgage recording taxes, recording fees or other charges payable in connection with any such assignment.

Section 16.08 Sections 254 and 273 of the Real Property Law. All covenants hereof shall be construed as affording to Trustee rights additional to (and not exclusive of the rights conferred under) the provisions of Sections 254 and 273 of the Real Property Law of the State of New York, or any other applicable law.

Section 16.09 Article 14 of the Real Property Actions and Proceedings Law. Reference is hereby made to Article 14 of the Real Property Actions and Proceedings Law of the State of New York, as the same may be amended from time to time, for the purposes of obtaining for Trustee the benefit of said Article in connection with Trustee's rights with respect to foreclosure of this Mortgage by power of sale.

[No Further Text on this Page; Signature Page Follows]

IN WITNESS WHEREOF, this Mortgage has been executed by Authority as of the day and year first above written.

**Authority:**

METROPOLITAN TRANSPORTATION  
AUTHORITY, a New York public benefit  
corporation

By: \_\_\_\_\_  
Name:  
Title:

COUNTY OF NEW YORK )

On the \_\_\_\_ day of \_\_\_\_\_, 2016, before me, the undersigned, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Signature & office of individual  
taking the acknowledgement

**EXHIBIT A**

**LEGAL DESCRIPTION OF DEMISED PREMISES**

## PURCHASE AGREEMENT

**\$000,000,000**

### **MTA Hudson Rail Yards Trust Obligations, Series 2016A**

July yy, 2016

Metropolitan Transportation Authority  
2 Broadway  
New York, New York 10004  
Attention: Patrick J. McCoy, Director, Finance

The undersigned (the “Underwriters”) offer to enter into the following agreement (the “Purchase Agreement”) with the Metropolitan Transportation Authority (the “Authority”) which, upon acceptance by the Authority, will be binding upon the Authority and the Underwriters. The Underwriters have heretofore designated Goldman, Sachs & Co. as the representative of the Underwriters (in such capacity, the “Representative”) duly authorized to execute this Purchase Agreement and to take action on behalf of the Underwriters. This offer is made subject to your acceptance hereof prior to 5:00 p.m., New York time, on the date hereof or at such other time or date as may be agreed to by the Authority and the Representative.

Capitalized terms used herein and not otherwise defined shall have the meanings specified therefor in the Official Statement (hereinafter defined).

1. (a) Upon the terms and conditions and upon the basis of the representations, warranties and covenants hereinafter set forth, the Underwriters, jointly and severally, hereby agree to purchase from Wells Fargo Bank, National Association, acting in the capacity of Trustee (the “Trustee”), on behalf of the Authority, on the Closing Date (hereinafter defined) for offering to the public, and the Authority hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of \$000,000,000 aggregate principal amount of the MTA Hudson Rail Yards Trust Obligations, Series 2016A (the “Obligations”), dated the date of delivery thereof, which mature, bear interest at the rates, are payable as to principal and interest and have the redemption and other provisions and terms set forth in the Official Statement and the Transportation Trust Agreement, dated as of July 1, 2016 (the “Transportation Trust Agreement”), by and between the Authority and the Trustee. The aggregate purchase price for the Obligations shall be \$\_\_\_\_\_ (which reflects the aggregate principal amount thereof, plus net original issue premium of \$\_\_\_\_\_ and less an underwriters’ discount of \$\_\_\_\_\_) (the “Purchase Price”).

(b) The Authority has entered into certain agreements for the development of the Eastern Rail Yard and Western Rail Yard portions of the John D. Caemmerer West Side Yard (the “West Side Yard”), pursuant to which the Authority has entered into the following ground leases, severable, with options to purchase fee interests in severed parcels (the “Leases”):

- the Agreement of Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of April 10, 2013, by and between the Authority and ERY

Tenant LLC (f/k/a RG ERY LLC), relating to the Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, NY (Manhattan Block 702, Lots 4, 110 and 9110), as amended by the First Amendment to Lease, dated as of December 30, 2013, by and between the Authority and ERY Tenant LLC, as amended by the Second Amendment to Lease, dated as of March 17, 2014, by and between the Authority and ERY Tenant LLC, as amended by the Third Amendment to Lease, dated as of November 23, 2015, by and between the Authority and ERY Tenant LLC, as amended by the Fourth Amendment to Lease, dated as of December 11, 2015, by and between the Authority and ERY Tenant LLC;

- the Amended and Restated Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of December 11, 2015, by and between the Authority and ERY Tenant LLC, relating to a portion of Facility Airspace Parcel Airspace Above a Limiting Plane, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, New York (Manhattan Block 702, Lot 1301 (formerly part of Lot 125));
- the Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard – Retail Pavilion Parcel), dated as of December 11, 2015, by and between the Authority and ERY Retail Podium LLC, relating to a portion of Facility Airspace Parcel Airspace Above a Limiting Plane, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, New York (Manhattan Block 702, p/o Lot 175);
- the Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of December 11, 2015, by and between the Authority and ERY Tenant LLC, relating to a portion of Facility Airspace Parcel Airspace Above a Limiting Plane, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, New York (Manhattan Block 702, Lots 1302, 1303 and 1304 (formerly part of Lot 125));
- the Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of April 10, 2013, by and between the Authority and Legacy Yards Tenant LLC, relating to a portion of Facility Airspace Parcel Terra Firma, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, NY (Manhattan Block 702, Lot 10);
- the Agreement of Severed Parcel Lease (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of November 23, 2015, by and between the Authority and ERY South Residential Tower LLC, relating to a portion of Facility Airspace Parcel Terra Firma, Eastern Rail Yard Section of the John D. Caemmerer West Side Yard, New York, New York (Manhattan Block 702, Lots 1002, 1003 and 1004 (formerly part of Lot 4); and
- the Agreement of Lease (Western Rail Yard Section of the John D. Caemmerer West Side Yard), dated as of April 10, 2014, by and between the Authority and WRY

Tenant LLC (f/k/a RG WRY LLC), relating to a portion of Facility Airspace Parcel Terra Firma and Airspace Above a Limiting Plane, Western Rail Yard Section of the John D. Caemmerer West Side Yard, New York, NY (Manhattan Block 676, Lot 3 (to be Lots 1 and 5), as amended by that certain First Amendment to Lease, dated as of July 9, 2014, between the Authority and WRY Tenant LLC.

(c) In connection with the construction of certain buildings and facilities, affiliates of the tenants (the “Tenants”) under the Leases have delivered the following construction completion guaranties (the “Construction Completion Guaranties”):

- the Retail Building Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated December 11, 2015, by The Related Companies, L.P. (“Related”) and OP USA Debt Holdings Limited Partnership (“OPUSA”), jointly and severally, to and for the benefit of the Authority and The Long Island Rail Road Company (“LIRR”);
- the Roof, Facilities and Relocations Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated March 17, 2014, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority and LIRR;
- the Tower A Building Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated December 11, 2015, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority and LIRR;
- the Tower C Building Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated April 10, 2013, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority and LIRR; and
- the Tower D Building Completion Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated November 23, 2015, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority and LIRR.

(d) Pending the commencement of construction of certain buildings and facilities, affiliates of the Tenants have delivered the following payment guaranties that guaranty, subject to limitations described therein, the payment of, among other things, Monthly Base Rent (as hereinafter defined) by certain Tenants and/or a payment in lieu of proceeding with such construction, all as more fully described in such guaranties (collectively, the “Payment Guaranties”):

- the Default Payments Guaranty (Eastern Rail Yard Section of the John D. Caemmerer West Side Yard), dated April 10, 2013, by Related and OPUSA, jointly and severally, to and for the benefit of the Authority; and
- the Default Payments Guaranty (Western Rail Yard Section of the John D. Caemmerer West Side Yard), dated April 10, 2014, by Related and OPUSA, for the benefit of the Authority.

(e) Pursuant to that certain Interagency Financing Agreement, dated as of July 1, 2016 (the “Financing Agreement”), by and among the Authority, New York City Transit Authority (the “Transit Authority”), Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”), LIRR, Metro-North Commuter Railroad Company (“MNCRC”), and MTA Bus Company (“MTA Bus”; each of the Authority, the Transit Authority, MaBSTOA, LIRR, MNCRC and MTA Bus individually, a “Related Transportation Entity” and, collectively, the “Related Transportation Entities”) and the Trustee, the amounts due under the Leases relating to the occupancy of the property covered by the Leases (the “Monthly Base Rent”), amounts received by the Authority under the Leases from a Tenant who has elected to exercise its option to purchase the fee title to a parcel under such Lease (the “Fee Purchase Payments”) and certain other amounts payable in accordance with Section 3.1 of the Financing Agreement will be paid by the Authority to the Trustee (the “Financing Agreement Payments”). The Obligations evidence interests of the owners thereof in the MTA Financing Agreement Amount payable by the Authority pursuant to the Financing Agreement. The Obligations shall be as described in, and shall be issued and secured under and pursuant to, the Transportation Trust Agreement.

(f) The Leases provide for certain periods of abatement of Monthly Base Rent, the funding of capitalized interest and the establishment of an Interest Reserve Fund created under the Transportation Trust Agreement (the “Interest Reserve Fund”) to pay interest on the Obligations during the abatement period and in the event that, for whatever reason, the Monthly Base Rent to be derived from the Leases may be insufficient to periodically fund the interest portion of such Obligations, the Related Transportation Entities have agreed to make certain advances (the “Interest Reserve Advances”) in accordance with the Financing Agreement.

(g) In order to provide for the efficient transfer of payments to the Trustee and the monthly accounting of such payments to determine sufficiency under the Financing Agreement, the Authority has entered into a Lockbox Agreement, dated as of July 1, 2016 (the “Lockbox Agreement”), with Wells Fargo Bank, National Association, as custodian thereunder (the “Custodian”), pursuant to which the Authority will direct all Tenants to make Monthly Base Rent and Fee Purchase Payments under the Leases directly to the Custodian.

(h) To further secure the interests of the owners of the Obligations, the Authority has executed and delivered to the Trustee a Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Filing, dated as of July 1, 2016 (collectively, the “Fee Mortgages”) on each of the parcels that are the subject of the Leases.

(i) For purposes of this Purchase Agreement, (a) the Financing Agreement, the Transportation Trust Agreement, the Lockbox Agreement, the Purchase Agreement and the Continuing Disclosure Agreement are collectively referred to as the “Obligation Documents,” (b) the Leases, the Construction Completion Guaranties, the Payment Guaranties and the Fee Mortgages are collectively referred to as the “Real Estate Documents,” and (c) the Obligation Documents and the Real Estate Documents are collectively referred to as the “Transaction Documents”.

2. (a) The Underwriters agree to make a bona fide offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or

wholesalers) of all of the Obligations at prices not in excess of the initial public offering price or prices (or yields below the yield or yields) set forth in the Official Statement. If such public offering does not result in the sale of all the Obligations, the Underwriters reserve the right to change such initial public offering prices or yields as the Underwriters deem necessary in connection with the marketing of the Obligations.

(b) The Representative does hereby certify that at the time of the execution of this Purchase Agreement, based upon prevailing market conditions, it does not have any reason to believe that any of the Obligations will be initially sold to the public (excluding such bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices in excess of the prices, or yields below the yields, set forth in the Official Statement. At the Closing, the Representative shall deliver to the Authority a certificate on behalf of the Underwriters in substantially the form attached as Exhibit 9 hereto and as to such other matters required in order to enable Bond Counsel to render its opinion as to the exclusion from gross income for Federal income tax purposes of interest on the Obligations.

(c) The Underwriters agree to promptly file a copy of the final Official Statement with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”), upon receipt of the final Official Statement (with any required forms) and to the MSRB or its designee pursuant to MSRB Rule G-32 within one (1) business day after receipt, but no later than the Closing Date.

3. The Representative herewith delivers to the Authority a corporate or other check payable to the order of the Authority (the “Security Check”) in an amount equal to \$\_\_\_\_ (the “Good Faith Amount”), being payment on account of the Purchase Price of the Obligations, which Security Check may be held by the Authority as security for the performance by the Underwriters of their obligations hereunder. The Authority agrees not to deposit the Security Check except as hereinafter permitted. The Authority shall return the Security Check to the Representative at Closing, upon successful delivery of, and payment for, the Obligations. If the Representative shall fail, for a reason not permitted by this Purchase Agreement, to pay for and accept delivery of the Obligations at the Closing, the Authority may retain the Good Faith Amount and apply it as full liquidated damages hereunder for such failure on the part of the Underwriters and the retention of the Good Faith Amount by the Authority shall constitute a full release and discharge of all claims and damages for such failure. In such event, the Underwriters and, by the retention of the Good Faith Amount by the Authority, the Authority shall have no further obligation or liability hereunder except to pay any expenses each is required to pay under paragraph 10 hereof. In the event the Authority does not accept this offer, or fails to deliver the Obligations at the Closing, or is unable to satisfy the conditions of the obligations of the Underwriters set forth in this Purchase Agreement, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Agreement, other than resulting from a failure of the Representative to deliver the certificate required pursuant to paragraph 2(b) hereof, the Good Faith Amount shall be returned to the Representative. In such event the Underwriters and, upon the return of the Good Faith Amount (unless the Authority is permitted to retain such amount pursuant to the preceding sentence), the Authority shall have no further obligation or liability hereunder except to pay any expenses each is required to pay under paragraph 10 hereof.

4. (a) The Authority ratifies and consents to the use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement in connection with the public offering of the Obligations. Prior to the date hereof, the Authority delivered to the Representative a document or documents together with a certificate of the Authority which stated that the Preliminary Official Statement, together with such other documents, if any, described in such certificate, were deemed final as of their date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for the information not required to be included therein under Rule 15c2-12 and certain other information specified in such certificate, including portions thereof included by reference therein.

(b) Within seven business days hereof (but not later than the day prior to Closing), the Authority shall deliver to the Representative copies of the Official Statement, in sufficient quantity (subject to paragraph 10 hereof) as may reasonably be requested by the Representative in order to comply with Rule 15c2-12, in substantially the form attached hereto as Exhibit 1, with only such changes as shall have been accepted by the Representative. The Authority authorizes the use and distribution of both printed and electronic copies of the Official Statement by the Underwriters in connection with the public offering and sale of the Obligations.

(c) Subject to paragraph 10 hereof as to the payments of the expenses thereof, if, during the period from the date hereof to and including the date which is twenty-five days from the end of the underwriting period, there shall exist any event which, in the opinion of the Representative and Counsel to the Underwriters or in the opinion of the Authority, requires a supplement or amendment to the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, when it is delivered to a potential investor, the Authority will supplement or amend the Official Statement in a form and in a manner approved by the Representative and the Authority.

(d) Unless otherwise notified in writing by the Representative at or prior to Closing, the Authority can assume that the “end of the underwriting period” for the Obligations for all purposes of Rule 15c2-12 is the Closing Date. In the event such notice is given in writing by the Representative, the Representative shall notify the Authority in writing following the occurrence of the “end of the underwriting period” for the Obligations as defined in Rule 15c2-12. The “end of the underwriting period” for the Obligations as used in this Purchase Agreement shall mean the Closing Date or such later date as to which notice is given by the Representative in accordance with the preceding sentence.

5. Delivery of and payment for the Obligations (the “Closing”) will take place at 10:00 a.m., New York time, on July zz, 2016 (the “Closing Date”), at the offices of Nixon Peabody LLP, 437 Madison Avenue, New York, New York (“Bond Counsel”), or at such other time or on such later business day as shall have been mutually agreed upon by the parties hereto. At the Closing, (i) the Trustee shall execute and deliver the Obligations in definitive form, (ii) the Authority shall deliver and caused to be delivered the other instruments and documents required to be delivered to the Representative at the Closing hereunder, and (iii) the Underwriters shall pay the Purchase Price as set forth in paragraph 1 hereof to the Authority by the delivery by wire transfer, payable to the Authority, in immediately available funds delivered at the offices of

Bond Counsel, or at such other place as shall have been mutually agreed upon by the parties hereto. All actions taken at the Closing shall take place at such offices.

6. The Authority, on behalf of itself and each of the other Related Transportation Entities to the extent that such other Related Transportation Entities are parties to the Transaction Documents, hereby represents and warrants to the Underwriters as follows:

(a) Each of the Related Transportation Entities is a body corporate and politic constituting a public benefit corporation of the State of New York (the “State”) duly created and established and validly existing under the applicable provisions of the New York Public Authorities Law, as amended to the date hereof.

(b) Each of the Related Transportation Entities has all requisite legal right, power and authority to adopt the authorizing resolution (the “Authorizing Resolution”) adopted by their respective Boards on June \_\_, 2016, relating to, among other things, the execution and delivery of the Obligations.

(c) Each of the Related Transportation Entities has all requisite legal right, power and authority to execute, deliver and perform the Transaction Documents to which it is a party and to engage in the transactions to which it is or is to be a party as contemplated hereby and by the Transaction Documents and the Official Statement. The execution, delivery and performance by each of the Related Transportation Entities of the Transaction Documents to which it is a party have been duly authorized by all necessary action on the part of the Related Transportation Entities.

(d) The Authority has all requisite legal right, power and authority to execute and deliver the Official Statement, and the execution and delivery by the Authority of the Official Statement and the use by the Underwriters of the Preliminary Official Statement and the Official Statement have been duly authorized by all necessary action on the part of the Authority.

(e) The Transaction Documents and the Official Statement have been duly authorized, executed and delivered by the Related Transportation Entities that are a party thereto. Each of the Transaction Documents, assuming the due authorization, execution and delivery by the other parties thereto that are not Related Transportation Entities, constitutes a legal, valid and binding obligation of the Related Transportation Entity that is a party thereto, enforceable against such Related Transportation Entity in accordance with its respective terms.

(f) The execution, delivery and performance of the Transaction Documents and the Official Statement, the execution and sale of the Obligations, and the consummation of the transactions contemplated by the Transaction Documents and the Official Statement, under the circumstances contemplated by such documents, do not and will not: (i) in any material respect conflict with or constitute on the part of the Related Transportation Entities a breach of or default under any agreement, indenture, mortgage, lease or other instrument to which the Related Transportation Entities are a party or by or to which it or its revenues, properties, assets or operations are bound or subject, (ii) in any material respect conflict with or result in a violation by the Related Transportation Entities of the Constitution of the United States or the State or the

enabling acts relating thereto, or any other law, ordinance, regulation, order, decree, judgment or ruling by or to which it or its revenues, properties, assets or operations are bound or subject, or (iii) except as provided in the Transaction Documents or as described in the Official Statement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of its revenues, properties or assets.

(g) Except as described in the Official Statement, no litigation or other proceeding before or by any court or agency or other administrative body (either State or Federal) is pending against the Related Transportation Entities or, to the knowledge of the Authority, threatened against it, in any way restraining or enjoining, or threatening or seeking to restrain or enjoin, the execution, sale or delivery of the Obligations or in any way questioning or affecting: (i) the proceedings under which the Obligations are to be executed and delivered; (ii) the validity or enforceability of any provision of the Certificates or the Transaction Documents; (iii) its authority to collect the Monthly Base Rent, Fee Purchase Payments or other funds pledged or to be pledged to the payment of the Obligations; (iv) the accuracy, completeness or fairness of the Official Statement; (v) their legal existence or their right to conduct their respective operations as presently conducted or (vi) the title of their members or officers to their respective offices in such manner as to adversely affect its ability to authorize the execution, sale or delivery of the Obligations or to consummate any of the transactions to which any is or is to be a party as contemplated by the Transaction Documents.

(h) Unless amended or supplemented as described in paragraph 4(c) hereof, as of the date hereof and at all times during the period described in paragraph 4(c) hereof, the Official Statement (except for the Excluded Disclosure, as to which no representation or warranty is made) is and will be true and complete in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading in any material respect. For purposes of this Purchase Agreement, "Excluded Disclosure" shall mean: \_\_\_\_.

(i) If the Official Statement is supplemented or amended pursuant to paragraph 4(c) hereof, at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to paragraph 4(c) hereof) at all times during the period from the date of such supplement or amendment to the end of the period described in paragraph 4(c) hereof, the Official Statement (except for the Excluded Disclosure, as to which no representation or warranty is made) as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading in any material respect.

(j) All approvals, consents and other actions by, and all filings or registrations with or notices to, any governmental or administrative authority or agency having jurisdiction in the matter required as a condition precedent to the performance of their obligations under the Transaction Documents, if any, have been obtained by the Related Transportation Entities and are in full force and effect.

(k) [to be revised to reflect real estate counsel opinion] The Fee Mortgages create a valid real property mortgage and security interest, as the case may be, in the "Property" (as defined in each such Fee Mortgage) subject to such Fee Mortgage, subject only to \_\_\_\_.

(l) Any certificates signed by any Authorized Officer of the Authority and delivered to the Underwriters pursuant to this Purchase Agreement shall be deemed a representation and warranty by the Authority to the Underwriters as to the statements made therein with the same effect as if such representation and warranty were set forth herein.

(m) At or prior to the Closing, if required by Rule 15c2-12, the Authority shall have duly authorized, executed and delivered a continuing disclosure agreement (the "Continuing Disclosure Agreement") substantially in the form attached as Exhibit \_\_ to the Official Statement.

(n) The Authority has not failed during the previous five years to comply in any material respect with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

7. In addition to any other conditions herein stated, the obligations of the Underwriters hereunder are subject to the following conditions:

(a) At the time of Closing: (i) the Transaction Documents shall be in full force and effect in the respective forms approved or adopted by the Authority on or prior to the date hereof and shall not have been amended, modified, or supplemented, after the date hereof, except as may have been agreed to in writing by the Representative; (ii) each of the Related Transportation Entities shall perform or have performed all of its obligations required under or specified in the Transaction Documents to be performed at or prior to the Closing; and (iii) all actions by or on behalf of the Related Transportation Entities, the Trustee or others necessary to execute, authenticate, deliver and sell the Obligations pursuant hereto and to give effect to the trust, pledge and other provisions of the Transaction Documents shall have been taken.

(b) The Obligations: (i) shall be executed, delivered and secured under and pursuant to the Transportation Trust Agreement; (ii) shall be as described, and shall have the terms and conditions set forth, in the Transportation Trust Agreement and the Official Statement; and (iii) shall have received ratings from [Moody's Investors Service] and [Kroll Bond Rating Agency, Inc.] of "\_\_\_\_" and "\_\_\_\_", respectively.

(c) The representations and warranties of the Authority contained herein and in any of the Transaction Documents or other documents of the Authority delivered pursuant hereto shall have been true and complete in all material respects on the date made and shall be true and complete in all material respects at the time of the Closing with the same effect as if made at such time.

(d) At or prior to the Closing, unless otherwise agreed to by the Representative in writing, the Representative shall receive the following documents:

- (1) An opinion of Bond Counsel, dated the date of the Closing, in substantially the form attached to the Official Statement as Attachment \_\_\_;
- (2) A supplemental opinion of Bond Counsel, dated the date of the Closing, in substantially the form attached as Exhibit 2 hereto;
- (3) An opinion of Special Disclosure Counsel, dated the date of the Closing, in substantially the form attached as Exhibit 3 hereto;
- (4) An opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP, special real estate counsel to the Authority, relating to the Real Estate Documents, dated the date of Closing, in substantially the form attached as Exhibit 4 hereto;
- (5) An opinion of Counsel to the Underwriters, dated the date of the Closing, in substantially the form attached as Exhibit 5 hereto;
- (6) An opinion of General Counsel to the Authority, dated the date of the Closing, in substantially the form attached as Exhibit 6 hereto;
- (7) An opinion of counsel to the Trustee, dated the date of the Closing, in substantially the form attached as Exhibit 7 hereto;
- (8) An opinion of counsel to the Custodian, dated the date of the Closing, in substantially the form attached as Exhibit 8 hereto;
- (9) An executed counterpart or certified copy of each of the Transaction Documents;
- (10) Original valuation letter from Jones Lang LaSalle Americas, Inc. in the form attached to the Official Statement as Attachment \_\_\_;
- (11) A certificate dated the date of the Closing, of an authorized officer of the Authority stating that to the best of his or her knowledge: (A) the representations and warranties of the Related Transportation Entities contained herein are true and correct as of the date of Closing with the same effect as if made on the date of the Closing; and (B) each the Related Transportation Entities has complied with all agreements, covenants and arrangements and satisfied all conditions on its part to be complied with or satisfied at or prior to the date of the Closing;
- (12) A certificate of the Trustee as to the execution and delivery of the Obligations and a certificate of the Authority as to the payment therefor;
- (13) A certificate as to arbitrage and use of proceeds, dated the date of the Closing, of the Authority as to such matters as are required by Bond Counsel to render its opinion as to the exclusion from gross income for Federal income tax purposes of interest on the Obligations;

- (14) True and complete copies of all opinions, certificates and other documents delivered to the Trustee pursuant to the Transportation Trust Agreement;
- (15) Evidence of the approval of the Comptroller of the State of the sale of the Obligations and the terms thereof; and
- (16) Such additional certificates, instruments or opinions as Bond Counsel or Counsel to the Underwriters may reasonably request to evidence the due authorization, execution, authentication and delivery of the Obligations, the conformity of the Obligations and the Transportation Trust Agreement with the terms of the Obligations and the Transaction Documents as summarized in the Official Statement, the exclusion from gross income for Federal income tax purposes of interest represented by the Obligations, and the truth, accuracy and completeness as of the Closing of the Related Transportation Entities' representations and warranties contained herein, in the Official Statement and in any of the documents delivered pursuant hereto.

8. The Representative shall have the right to terminate its obligations under this Purchase Agreement by notifying the Authority of its election to do so if, after the execution hereof and prior to the Closing:

(a) the marketability of the Obligations or the market price thereof, in the opinion of the Representative, has been materially adversely affected by an amendment to the Constitution of the United States or of the State of New York or by Federal or State or New York City legislation or by a decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or other Federal or State authority, affecting the tax status of the Authority or its property, revenues or income, or obligations (including the Obligations) or the interest thereon;

(b) legislation shall have been enacted or a bill shall be favorably reported out of committee of either house of Congress, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other agency of the Federal government having jurisdiction of the subject matter shall be made, to the effect that the Obligations are not exempt from the registration or other requirements of the Securities Act of 1933, as amended, or the Transportation Trust Agreement is not exempt from the qualification requirements of the Trust Indenture Act of 1939, as amended;

(c) there shall have occurred any new engagement in major hostilities by the United States or any declaration of war by the United States or an escalation of any existing conflict or hostilities in which the United States is involved or there shall have occurred any other calamity or crisis in the United States or abroad relating to the effective operation of the government of, or financial community in, the United States, which, in the opinion of the Representative, materially adversely affects the marketability of the Obligations or the market price thereof;

(d) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by United States or State authorities or The Securities Industry and Financial Markets Association shall have recommended an emergency full or early close of the bond market;

(e) there shall exist any event described in paragraph 4(c) hereof which in the opinion of the Representative requires a supplement or amendment to the Official Statement; provided, however, that the Underwriters shall, if requested by the Authority, circulate to purchasers a supplement or amendment to the Official Statement reflecting such event, and if such supplement or amendment is so circulated the Underwriters shall only be entitled to terminate the Purchase Agreement pursuant to this clause (e) if, as a result of such circulation, the marketability of the Obligations or the market price thereof, in the opinion of the Representative, has been materially adversely affected; or

(f) the ratings for the Obligations shall have been lowered below the ratings specified in paragraph 7(b) hereof, or withdrawn, by any of the ratings agencies then rating the Obligations.

9. The performance by the Authority of its obligations hereunder is conditioned upon: (i) the performance by the Underwriters of their obligations hereunder; and (ii) receipt by the Authority of the items described in paragraph 7(d) (as amended or supplemented pursuant to the Purchase Agreement) to be delivered at or prior to the Closing by persons and entities other than the Authority. the Authority shall, subject to the provisions of the preceding sentence, perform its obligations hereunder unless (i) the Authority has been advised by Bond Counsel that, during the period from the date of this Purchase Agreement to and including the Closing Date, there has been a change in law which imposes new or additional requirements in order to maintain the exclusion from gross income for Federal income tax purposes of interest on the Obligations and (ii) the Authority chooses not to undertake to comply with such requirements.

10. The Underwriters shall be under no obligation to pay any expenses incident to the performance of the Authority's obligations hereunder, including but not limited to: (a) the cost of the preparation and printing or other reproduction of the Transaction Documents, the cost of the preparation and printing of a reasonable number of copies of the Preliminary Official Statement and the Official Statement and copies of any supplements or amendments to the Official Statement pursuant to paragraph 4(c) hereof; (b) the cost of preparing and printing the Obligations; (c) the fees and disbursements of Bond Counsel, of other counsel to the Authority, accountants and any other experts or consultants retained by the Authority; and (d) the cost of obtaining ratings for the Obligations, all of which shall be paid by the Authority; provided, however, the Authority shall have no obligation to pay any fees, costs or other amounts relating to any supplements or amendments to the Official Statement to the extent such amendment or supplement is prepared after the period described in paragraph 4(c) hereof (provided that for purposes of this paragraph the end of the underwriting period shall be deemed to be the Closing).

The Underwriters shall pay: (a) the cost of printing copies of the Preliminary Official Statement and the Official Statement in excess of the reasonable amounts set forth in the preceding paragraph, all of the costs, fees and expenses relating to any supplements or amendments to the Official Statement pursuant to paragraph 4(c) hereof to the extent not

required to be paid by the Authority pursuant to the preceding paragraph, the cost of reproducing the Agreement Among Underwriters, the cost of qualifying the Obligations for sale in various states chosen by the Underwriters and the cost of preparing and reproducing Blue Sky and Legal Investment Surveys and the Letter of Instructions to the Underwriters to be used in connection with such sale; (b) all advertising expenses in connection with the public offering of the Obligations; and (c) all other expenses incurred by them or any of them in connection with their public offering and distribution of the Obligations, including, without limitation, the fees and disbursements of counsel retained by them, and any fees or assessments payable by them to the MSRB or The Securities Industry and Financial Markets Association whether or not based upon the offering and sale of the Obligations.

11. The Authority acknowledges and agrees that (i) the transaction contemplated by this Purchase Agreement, including the engagement of the Underwriters by the Authority in connection with the purchase, sale and offering of the Obligations and including the discussions, conferences, negotiations and undertakings in connection therewith, is an arm's length, commercial transaction between the Authority and the Underwriters in which the Underwriters are acting solely as principals and are not acting as agents or fiduciaries to the Authority and its advisors, including municipal advisors and financial advisors; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Authority on other matters); (iii) the only obligations the Underwriters have to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement and this Purchase Agreement expresses the entire relationship between the parties thereof; (iv) the Authority has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate; and (v) the Underwriters have financial and other interests that differ from those of the Authority.

12. The Authority agrees to reasonably cooperate with the Underwriters and their counsel in any endeavor to qualify the Obligations for offering and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Representative may request; provided, however, that the Authority shall not be required with respect to the offer or sale of the Obligations to file written consent to suit or to file written consent to service of process in any jurisdiction, except as may otherwise be provided in the Transportation Trust Agreement. The Authority consents to the use of the Preliminary Official Statement and the Official Statement by the Underwriters in obtaining such qualifications, subject to the right of the Authority to withdraw such consent for cause by written notice to the Representative.

13. Any notice or other communication to be given to the Authority hereunder shall be given to it in writing addressed to the Director, Finance, Metropolitan Transportation Authority, 2 Broadway, 20<sup>th</sup> Floor, New York, New York 10004. Any notice or other communication to be given to the Underwriters hereunder shall be given in writing to Goldman, Sachs & Co., 200 West Street, New York, New York 10282, Attention: Kevin Willens, Managing Director.

14. This Purchase Agreement is made solely for the benefit of the Authority and the Underwriters (including successors or assigns of any Underwriter) and no other person shall

acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Underwriters and shall survive the delivery of and payment for the Obligations hereunder.

15. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16. This Purchase Agreement may be executed in several counterparts, each of which shall be an original, but all of which, when taken together, constitute a single agreement among the parties to such counterparts.

17. You shall signify your acceptance of this Purchase Agreement by execution below by an Authorized Officer of the Authority. This Purchase Agreement shall become effective upon such execution on or before 5:00 p.m., New York time, on the date hereof.

Very truly yours,

Goldman, Sachs & Co.

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By: Goldman, Sachs & Co.,  
as Representative

Accepted and Agreed:  
METROPOLITAN TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Director, Finance

COPY OF FINAL OFFICIAL STATEMENT

SUPPLEMENTAL OPINION OF BOND COUNSEL

July zz, 2016

Metropolitan Transportation Authority

Wells Fargo Bank, National Association, as Trustee

Wells Fargo Bank, National Association, as Custodian

Goldman, Sachs & Co.

As Representative of the Underwriters  
named in the Purchase Agreement  
dated July yy, 2016 with the  
Metropolitan Transportation Authority

Ladies and Gentlemen:

In connection with the execution and delivery of \$000,000,000 aggregate principal amount of MTA Hudson Rail Yards Trust Obligations, Series 2016A (the “Obligations”), dated the date hereof, which are being purchased by you pursuant to a Purchase Agreement relating to the Obligations, dated July yy, 2016 (the “Purchase Agreement”), we have examined:

- (1) An executed copy of the Transportation Trust Agreement, dated as of July 1, 2016 (the “Transportation Trust Agreement”), by and between the Metropolitan Transportation Authority (“the Authority”) and Wells Fargo Bank, National Association (the “Trustee”);
- (2) An executed copy of the Interagency Financing Agreement, dated as of July 1, 2016 (the “Financing Agreement”), by and among the Authority, the Trustee, New York City Transit Authority (the “Transit Authority”), Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”), The Long Island Rail Road Company (the “LIRR”), Metro-North Commuter Railroad Company (the “MNCRC”), MTA Bus Company (“MTA Bus”; each of the Authority, the Transit Authority, MaBSTOA, LIRR, MNCRC and MTA Bus individually, a “Related Transportation Entity” and, collectively, the “Related Transportation Entities”);
- (3) An executed copy of the Lockbox Agreement, dated as of July 1, 2016 (the “Lockbox Agreement”), by and between the Authority and Wells Fargo Bank, National Association, as Custodian;

- (4) A copy of the Preliminary Official Statement, dated July xx, 2016, relating to the Obligations (the “Preliminary Official Statement”);
- (5) A copy of the final Official Statement, dated July yy, 2016, relating to the Obligations (the “Official Statement”);
- (6) An executed copy of the Continuing Disclosure Agreement, dated July zz, 2016 (the “Continuing Disclosure Agreement”), between the Authority and the Trustee;
- (7) An executed copy of the Purchase Agreement;
- (8) An executed copy of the opinion of the General Counsel of the Authority, delivered pursuant to paragraph 7(d)(\_\_\_) of the Purchase Agreement;
- (9) A resolution adopted by the Boards of the Related Transportation Entities on June \_\_, 2016 (the “Authorizing Resolution”);
- (10) The Authority Act, as defined in the Financing Agreement, and such records and corporate proceedings of the Related Transportation Entities as we deemed relevant to the opinions set forth below; and
- (11) Such other documents, proceedings and matters of law that we have considered necessary to enable us to render this opinion.

For purposes of this opinion, the Financing Agreement, the Transportation Trust Agreement, the Lockbox Agreement, the Purchase Agreement and the Continuing Disclosure Agreement are collectively referred to as the “Obligation Documents.”

In addition, we have examined and relied on originals or copies certified or otherwise identified to our satisfaction of such other documents, instruments or corporate records, and have made such investigations of law, as we have considered necessary or appropriate for the purposes of this opinion. We have assumed but have not independently verified that the signatures on all documents and certificates that we examined were genuine. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Official Statement.

References to the Preliminary Official Statement and the Official Statement are to the document examined by us at the delivery of the Obligations, and not to any physical or electronic reproduction other than a true copy thereof. Insofar as the following opinions relate to information incorporated into the Preliminary Official Statement or Official Statement by specific cross-reference to the Authority’s Annual Disclosure Statement or otherwise, we have reviewed a copy of such annual information in the form provided to us by the Authority and actual copies of such other documents provided to us by the Authority, and such opinions are based solely upon our review of such copies.

We are of the opinion that:

- a. The information as to legal matters related to the Authority Act, the Obligations, the security for the Obligations or tax law contained in the Preliminary Official Statement and the Official Statement (except for any financial, economic, statistical and engineering data and forecasts included therein, as to which no view is expressed) under the headings “\_\_\_\_,” “\_\_\_\_,” “[DESCRIPTION OF SERIES 2016A OBLIGATIONS],” “[SECURITY AND SOURCES OF PAYMENT FOR THE OBLIGATIONS],” “[TAX MATTERS]” and “[LEGALITY FOR INVESTMENT],” is accurate in all material respects; such information contained in the Preliminary Official Statement as of the date of the Purchase Agreement (except for the omission of such information as is permitted under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended) and the Official Statement, as of the date thereof and as of the date hereof, does not omit any statements which, in our opinion, should be included or referred to therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and, the statements made under such headings in the Preliminary Official Statement and the Official Statement and the statements in the following documents included by specific cross-reference in the Preliminary Official Statement and the Official Statement: “\_\_\_\_,” insofar as such statements constitute a summary of the security for the Obligations or summaries of the documents referred to therein, constitute fair and accurate statements or summaries thereof in all material respects; and
- b. The statements as to legal matters related to the Authority Act contained in the Authority’s Annual Disclosure Statement (except for any financial, economic, statistical and engineering data and forecasts included therein, as to which no view is expressed), in the form filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”) on April 29, 2016, as amended and supplemented on May 10, 2016, insofar as and to the extent that such statements purport to constitute a summary of such laws or summaries of such documents referred to therein, constitute fair and accurate summaries thereof in all material respects.

In addition, we are of the opinion that:

1. Each of the Related Transportation Entities is a body corporate and politic constituting a public benefit corporation of the State, duly created by and validly existing under the New York Public Authorities Law.
2. Each of the Related Transportation Entities has the corporate right, power and authority to (a) adopt the Authorizing Resolution, (b) execute and deliver the Obligation Documents to which it is a party, and (c) perform its respective obligations under the Obligation Documents to which it is a party. The execution and delivery of, and the performance by the Related Transportation Entities of their respective obligations under, the Obligation Documents to which it is a party and the use by the Underwriters of the Preliminary Official Statement and the Official Statement have been duly authorized by proper corporate proceedings of the Related Transportation

Entities. The Obligation Documents have each been duly authorized, executed and delivered by the Related Transportation Entities that are a party thereto and each constitutes a legal, valid and binding obligation of the Related Transportation Entities that are a party thereto enforceable against the Related Transportation Entities that are a party thereto in accordance with its respective terms.

3. To the best of our knowledge, the execution and delivery of the Official Statement, the execution, delivery and performance of the Obligation Documents and the execution and delivery of the Obligations, under the circumstances contemplated by the Obligation Documents and the Official Statement, and compliance with the provisions thereof, will not in any material respect conflict with or constitute on the part of the Related Transportation Entities a breach of, or a default under, any material agreement or other instrument to which the Related Transportation Entities are a party and of which we have knowledge or any existing law, court or administrative regulation, decree or order to which the Related Transportation Entities are subject or by which any is bound and of which we have knowledge.
4. To the best of our knowledge, after having made due inquiry but without having investigated any governmental records or court dockets, except as disclosed in the Official Statement, there is no litigation or other proceeding pending or threatened in any court, agency or other administrative body (either State or Federal) restraining or enjoining or threatening or seeking to restrain or enjoin the execution, sale or delivery of the Obligations, or in any way questioning or affecting (i) the execution, sale or delivery of the Obligations, (ii) the proceedings under which the Obligations are to be issued, (iii) the validity or enforceability of any provision of the Obligations or the Obligation Documents, (iv) the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement or (vi) the legal existence of any of the Related Transportation Entities or the title of the members or officers of the Related Transportation Entities to their respective offices in such manner as to adversely affect the ability of the Related Transportation Entities to authorize the execution, sale or delivery of the Obligations or to consummate any of the transactions to which it is or is to be a party as contemplated by the Obligation Documents, the Preliminary Official Statement or the Official Statement. To the best of our knowledge, except as disclosed in the Official Statement, there is no litigation or other proceeding pending or threatened in any court, agency or other administrative body (either State or Federal) which would have a material adverse effect on the transactions contemplated by the Obligation Documents or the items pledged under the Transportation Trust Agreement to the payment of the Obligations.
5. The Related Entities have good right and lawful authority to undertake the activities with respect to which the Obligations are being executed and delivered.
6. The Official Statement has been duly authorized, executed and delivered by the Authority.

7. All authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities required for the execution and delivery by the Related Transportation Entities of the Obligation Documents have been obtained or effected and are in full force and effect.
8. The Obligations are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended.
9. It is not necessary in connection with the offering and sale of the Obligations to the public to register any security under the Securities Act of 1933, as amended, or to qualify the Transportation Trust Agreement under the Trust Indenture Act of 1939, as amended.

In basing the opinions set forth in paragraphs 3 and 4 of this opinion on “our knowledge”, the words “our knowledge” signify that, in the course of our representation of the Related Transportation Entities, no facts have come to our attention that would give us actual knowledge or actual notice that such opinions or matters are not accurate. We have relied as to matters of fact solely upon information provided to us by officials of the Related Transportation Entities and have not independently verified such information. Further, the words “our knowledge” as used in this opinion are intended to be limited to the actual knowledge of the attorneys within our firm who have been directly involved in representing the Authority in connection with the execution and delivery of the Obligations.

The enforceability of the documents referenced herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors’ rights generally or by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity) and the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against authorities of the State of New York. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents.

The Underwriters have received copies of our final approving opinion relating to the Obligations, of even date herewith and addressed to the Authority, and may rely thereon as if such opinion were addressed to them.

In rendering the opinions contained herein we have assumed the due authorization, execution and delivery of the Obligation Documents by the other parties thereto that are not Related Transportation Entities.

Our opinions expressed herein are rendered only with regard to the matters expressly opined on above and do not consider or extend to any documents, agreements, representations or any other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no

obligation to update, revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

We consent to the references to us, and affirm the opinions attributed to us, in the Official Statement.

This opinion is furnished by us as Bond Counsel. No attorney client relationship has existed or exists between our firm and the Underwriters in connection with the Obligations. This opinion letter is solely for your information and assistance and is not to be used, circulated, quoted or otherwise referred to, except that reference to this opinion may be made in the Official Statement and in any list of closing documents pertaining to the execution and delivery of the Obligations or in such closing documents.

Very truly yours,

OPINION OF DISCLOSURE COUNSEL

Closing Date

Metropolitan Transportation Authority

Wells Fargo Bank, National Association, as Trustee

Wells Fargo Bank, National Association, as Custodian

Goldman, Sachs & Co.

As Representative of the Underwriters  
named in the Purchase Agreement  
dated July \_\_, 2016 with the  
Metropolitan Transportation Authority

Ladies and Gentlemen:

We have served as Special Disclosure Counsel to the Metropolitan Transportation Authority (“Authority”) in connection with the execution and delivery of \$\_\_\_\_\_ aggregate principal amount of MTA Hudson Rail Yards Trust Obligations, Series 2016A (the “Obligations”), dated the date hereof, which are being delivered today pursuant to the Purchase Agreement, dated July \_\_, 2016 (the “Purchase Agreement”), between MTA and Goldman, Sachs & Co., as Representative of the Underwriters named therein (the “Underwriters”). We have examined and relied upon the following:

1. An executed copy of the Transportation Trust Agreement, dated as of July 1, 2016 (the “Transportation Trust Agreement”), by and between the Authority and Wells Fargo Bank, National Association (the “Trustee”);
2. An executed copy of the Interagency Financing Agreement, dated as of July 1, 2016 (the “Financing Agreement”), by and among the Authority, the Trustee, New York City Transit Authority (the “Transit Authority”), Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”), The Long Island Rail Road Company (the “LIRR”), Metro-North Commuter Railroad Company (the “MNCRC”), MTA Bus Company (“MTA Bus”; each of the Authority, the Transit Authority, MaBSTOA, LIRR, MNCRC and MTA Bus individually, a “Related Transportation Entity” and, collectively, the “Related Transportation Entities”);
3. An executed copy of the Lockbox Agreement, dated as of July 1, 2016 (the “Lockbox Agreement”), by and between the Authority and Wells Fargo Bank, National Association, as Custodian;

4. A resolution adopted by the Boards of the Related Transportation Entities on June \_\_, 2016 (the “Resolution”);
5. A copy of the Preliminary Official Statement of MTA, dated July \_\_, 2016, relating to the Obligations (the “Preliminary Official Statement”);
6. An executed copy of the Official Statement of MTA, dated July \_\_, 2016, relating to the Obligations (the “Official Statement”);
7. An executed copy of the Purchase Agreement.
8. An executed copy of the Continuing Disclosure Agreement, dated July \_\_, 2016 (the “Continuing Disclosure Agreement”), between MTA and the Trustee;
9. Executed copies of the opinions of Nixon Peabody LLP, Bond Counsel, delivered in connection with the issuance of the Obligations;
10. Executed copy of the opinion of the General Counsel to MTA delivered in connection with the issuance of the Obligations; and
11. The Authority Act, as defined in the Official Statement, and such records and corporate proceedings of the Related Transportation Entities as we deemed relevant to the opinions set forth below.

In addition, we have examined and relied on originals or copies certified or otherwise identified to our satisfaction of such other documents, instruments or corporate records, and have made such investigations of law, as we have considered necessary or appropriate for the purposes of this opinion. We have assumed but have not independently verified that the signatures on all documents and certificates that we examined were genuine. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Official Statement.

In accordance with our understanding with the Authority and as its Special Disclosure Counsel, we rendered legal advice and assistance to the Authority in connection with the preparation of the Preliminary Official Statement and the Official Statement. Many of the determinations required to be made in the preparation of the Preliminary Official Statement and the Official Statement involve wholly or partially matters of a non-legal character. We do not, therefore, take any responsibility for the factual matters set forth in either the Preliminary Official Statement or the Official Statement. Rendering such advice and assistance involved, among other things, discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain documents and proceedings.

We also participated in conferences with representatives of the Related Transportation Entities and their counsel, representatives of the Underwriters and their Co-counsel, Bond Counsel, real estate counsel to the Authority, Jones Lang LaSalle Americas, Inc., real estate advisor to the Authority and other consultants to the Authority, during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed and reviewed. Based upon such advice, assistance and participation, we are of the opinion that:

- (a) The statements under the heading “CONTINUING DISCLOSURE,” contained in both the Preliminary Official Statement and the Official Statement, and in APPENDIX A to MTA’s Combined Continuing Disclosure Filings, in the form filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”) on April 29, 2016, as amended

and supplemented on May 10, 2016, insofar as and to the extent that such statements purport to constitute a summary of law or summaries of the documents referred to therein, constitute fair and accurate summaries thereof in all material respects.

(b) Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement and the Official Statement, nothing has come to our attention which would lead us to believe that, the Preliminary Official Statement, as of its date (except for the omission of such information as is permitted under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended), or the Official Statement, as of its date contained and as of the date hereof contains, any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (except for in the case of both the Preliminary Official Statement and the Official Statement (i) information under the headings “JONES LANG LASALLE REPORT” and “TAX MATTERS”, (ii) the information in Attachments 4, 5, 6, 7 and 9, and (iii) other financial, statistical, real estate valuations, appraisals, consultant reports, projected or estimated levels of Fee Purchase Payments, economic and engineering data, forecasts, numbers, estimates, projections, assumptions, and information relating to the book-entry-only system as to which no view is expressed).

References to either the Preliminary Official Statement and the Official Statement are to the document examined by us at the delivery of the Obligations, and not to any physical or electronic reproduction other than a true copy thereof. Insofar as the foregoing opinions relate to information incorporated into either the Preliminary Official Statement and the Official Statement by specific cross-reference to the Authority’s annual information filing or otherwise, we have reviewed a copy of such annual information in the form provided to us by the Authority and actual copies of such other documents provided to us by the Authority, and such opinions are based solely upon our review of such copies.

In addition, we are of the opinion that:

1. Each of the Related Transportation Entities is a body corporate and politic constituting a public benefit corporation of the State, duly created by and validly existing under the New York Public Authorities Law.
2. The Authority has the corporate right, power and authority to (a) execute and deliver the Continuing Disclosure Agreement, and (b) perform its obligations under the Continuing Disclosure Agreement. The execution and delivery of, and the performance by the Authority of its obligations under, the Continuing Disclosure Agreement and the use by the Underwriters of the Official Statement have been duly authorized by proper corporate proceedings of the Authority. The Continuing Disclosure Agreement has been duly authorized, executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.
3. The Authority has the corporate right, power and authority to adopt, execute and deliver the Resolution and to perform its obligations thereunder, including the issuance and delivery of the Obligations. The execution and delivery of, and the performance by the Authority of its obligations under, the Resolution have been duly authorized by proper corporate proceedings of the Authority. The Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

4. To the best of our knowledge, the execution and delivery of the Official Statement, the execution, delivery and performance of the Purchase Agreement and the Continuing Disclosure Agreement, the issuance and sale of the Obligations and the adoption of the Resolution, under the circumstances contemplated by the Purchase Agreement, the Continuing Disclosure Agreement and the Official Statement, and compliance with the provisions thereof, will not in any material respect conflict with or constitute on the part of the Authority a breach of, or a default under, any material agreement or other instrument to which the Authority is a party and of which we have knowledge or any existing law, court or administrative regulation, decree or order to which the Authority is subject or by which it is bound and of which we have knowledge.
5. To the best of our knowledge, except as disclosed in the Official Statement, there is no litigation or other proceeding pending or threatened in any court, agency or other administrative body (either State or Federal) restraining or enjoining or threatening or seeking to restrain or enjoin the issuance, sale or delivery of the Obligations, or in any way questioning or affecting (i) the issuance, sale or delivery of the Obligations, (ii) the proceedings under which the Obligations are to be issued, (iii) the validity or enforceability of any provision of the Obligations, the Resolution, the Purchase Agreement, or the Continuing Disclosure Agreement, (iv) the pledge by the Authority effected under the Resolution, (v) the accuracy, completeness or fairness of the Official Statement or (vi) the legal existence of the Related Transportation Entities, the right of the Related Transportation Entities to use and operate their respective facilities or the title of the members or officers of the Related Transportation Entities to their respective offices in such manner as to adversely affect the ability of the Related Transportation Entities to authorize the issuance, sale or delivery of the Obligations or to consummate any of the transactions to which it is or is to be a party as contemplated by the Purchase Agreement, the Continuing Disclosure Agreement, the Resolution or the Official Statement, or the right of the Related Transportation Entities to continue to conduct their respective operations as currently conducted or to perform its obligations with respect to the Obligations.
6. To the best of our knowledge, the Authority is not in default in any material respect under the terms of the Resolution and the Authority will not, as a consequence of the issuance and sale of the Obligations, be in default in any material respect under the terms of the Resolution.
7. The Related Transportation Entities each has good right and lawful authority to undertake the activities with respect to which the Obligations are being issued.
8. The Official Statement has been duly authorized, executed and delivered by the Authority.
9. All authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities required for the execution and delivery by the Authority of the Resolution and the execution, issuance and delivery by the Authority of the Obligations have been obtained or effected and are in full force and effect.

In basing the opinions set forth in paragraphs 4, 5 and 6 of this opinion on “our knowledge”, the words “our knowledge” signify that, in the course of our representation of the Related Transportation Entities, no facts have come to our attention that would give us actual knowledge or actual notice that such opinions or matters are not accurate. We have relied as to matters of fact solely upon information provided to us by officials of the Related Transportation Entities and have not independently verified such information. Further, the words “our knowledge,” “of which we have knowledge” and “known to us” as

used in this opinion are intended to be limited to the actual knowledge of the attorneys within our firm who have been directly involved in representing the Related Transportation Entities in connection with the issuance of the Obligations.

The enforceability of the documents referenced herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

[Notwithstanding the foregoing paragraph, as to the enforceability of the Resolution, the Purchase Agreement and the Continuing Disclosure Agreement, the Authority Act provides that so long as any bonds are outstanding the Authority shall not have the authority to file a voluntary petition under Chapter 9 of the Federal Bankruptcy Code or such corresponding chapter, chapters or sections as may from time to time be in effect, and neither any public officer nor any organization, entity or other person shall authorize the Authority to be or become a debtor under Chapter 9 or said corresponding chapter, chapters or sections during any such period.]

In rendering the opinions contained herein we have assumed the due authorization, execution and delivery of the Purchase Agreement and the Continuing Disclosure Agreement by the other parties thereto.

Our opinions expressed herein are rendered only with regard to the matters expressly opined on above and do not consider or extend to any documents, agreements, representations or any other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

We consent to the references to us, and affirm the opinion attributed to us, in the Official Statement.

This opinion is furnished by us as Special Disclosure Counsel, solely for your benefit in connection with the issuance of the Obligations and may not be relied upon by any other person or entity and is not to be used, circulated, quoted or otherwise referred to, except that reference to this opinion letter may be made in any list of closing documents pertaining to the issuance and delivery of the Obligations or in such closing documents. In addition, this letter is not intended to create and does not create an attorney-client relationship with the Underwriters, and may not be sufficient in itself to satisfy whatever responsibilities the Underwriters, may have to establish a reasonable basis for belief in the accuracy of the key representations in the Preliminary Official Statement and the Official Statement or otherwise to satisfy their obligations under applicable federal securities laws.

Very truly yours,

OPINION OF SPECIAL REAL ESTATE COUNSEL

July zz, 2016

Metropolitan Transportation Authority

Wells Fargo Bank, National Association, as Trustee

Goldman, Sachs & Co.

As Representative of the Underwriters  
named in the Purchase Agreement  
dated July yy, 2016 with the  
Metropolitan Transportation Authority

Opinion to cover the following matters:

1. Real Estate portions of the POS and OS to be agreed upon, including summaries of leases and fee mortgages.
2. Authorization, execution, legality, validity and enforceability of Real Estate Documents (i.e., the Leases, the Construction Completion Guaranties, the Payment Guaranties and the Fee Mortgages).
3. To the best knowledge of counsel, no conflicts with material agreements or laws.
4. To the best knowledge of counsel, no other approvals or consents required.
5. The Fee Mortgages are in a form sufficient to create a valid lien on the real property and a valid security interest in the non-real property "Property" (as defined in each such Fee Mortgage) subject to such Fee Mortgage; perfection of the lien and security interest.

OPINION OF UNDERWRITERS' COUNSEL

July zz, 2016

Goldman, Sachs & Co.

As Representative of the Underwriters  
named in the Purchase Agreement  
dated July yy, 2016 with the  
Metropolitan Transportation Authority

Ladies and Gentlemen:

We have acted as counsel to each of you (the "Underwriters") in connection with the purchase by the Underwriters of \$000,000,000 aggregate principal amount of MTA Hudson Rail Yards Trust Obligations, Series 2016A (the "Obligations"), dated the date hereof, pursuant to a Purchase Agreement relating to the Obligations, dated July yy, 2016 (the "Purchase Agreement"). All capitalized terms used herein and not defined herein shall have the meanings set forth in the Purchase Agreement.

We have, as such counsel, examined the following documents:

- (1) An executed copy of the Transportation Trust Agreement, dated as of July 1, 2016 (the "Transportation Trust Agreement"), by and between the Metropolitan Transportation Authority ("the Authority"), and Wells Fargo Bank, National Association (the "Trustee");
- (2) An executed copy of the Interagency Financing Agreement, dated as of July 1, 2016 (the "Financing Agreement"), by and among the Authority, the Trustee, New York City Transit Authority, Manhattan and Bronx Surface Transit Operating Authority, The Long Island Rail Road Company, Metro-North Commuter Railroad Company and MTA Bus Company;
- (3) An executed copy of the Lockbox Agreement, dated as of July 1, 2016, by and between the Authority and the Trustee;
- (4) An executed copy of each of the Real Estate Documents;
- (5) A copy of the Preliminary Official Statement, dated July xx, 2016, relating to the Obligations (the "Preliminary Official Statement");
- (6) A copy of the final Official Statement, dated July yy, 2016, relating to the Obligations (the "Official Statement");

- (7) A copy of the Purchase Agreement;
- (8) The Authority Act;
- (9) Such records of the Authority's corporate proceedings as we deemed relevant to the opinions set forth below; and
- (10) Such other documents, proceedings and matters of law that we have considered necessary to enable us to render this opinion.

On the basis of the foregoing, and having regard to legal questions that we deem relevant, we are of the opinion that the Obligations are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Transportation Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

In addition, based on our participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel for the Underwriters, without having undertaken to independently verify the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, nothing has come to our attention that would lead us to believe that, the Preliminary Official Statement as of the date of the Purchase Agreement or the Official Statement, as of its date and as of the date hereof, contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading (except for the financial statements and other financial and statistical data included therein and except with respect to the information in ATTACHMENTS \_\_\_\_ and \_\_\_\_ as to which no view is expressed).

As counsel for the Underwriters, we are furnishing this letter to you, solely for your benefit as Underwriters pursuant to Section 7(d)(5) of the Purchase Agreement. This letter shall not be used, circulated, quoted, referred to or relied upon, by any other person, firm, corporation or other entity without our prior written consent. This letter is as of the date hereof and we undertake no, and disclaim any, obligation to advise you of any changes in any matter set forth herein.

Respectfully submitted,

[LETTERHEAD OF AUTHORITY GENERAL COUNSEL]

July zz, 2016

Metropolitan Transportation Authority

Goldman, Sachs & Co.

As Representative of the Underwriters  
named in the Purchase Agreement  
dated July yy, 2016 with the  
Metropolitan Transportation Authority

Wells Fargo Bank, National Association, as Trustee

Wells Fargo Bank, National Association, as Custodian

Ladies and Gentlemen:

Reference is made to clause (6) of subparagraph (d) of paragraph 7 of the Purchase Agreement, dated July yy, 2016 (the “Purchase Agreement”), for the \$000,000,000 aggregate principal amount of MTA Hudson Rail Yards Trust Obligations, Series 2016A (the “Obligations”), dated the date hereof.

As to various questions of fact material to this opinion, I have relied on certificates of officers of the Authority, the New York City Transit Authority (the “Transit Authority”), the Manhattan and Bronx Surface Transit Operating Authority (“MaBSTOA”), The Long Island Rail Road Company (“LIRR”), Metro-North Commuter Railroad Company (“MNCRC”), and MTA Bus Company (“MTA Bus”). The Authority, the Transit Authority, MaBSTOA, LIRR, MNCRC and MTA Bus are herein collectively referred to as the “Related Transportation Entities.”

As General Counsel to the Authority, I have examined and relied on originals or copies certified or otherwise identified to my satisfaction of such documents, instruments or corporate records, and have made such investigations of law, as I have considered necessary or appropriate for the purposes of this opinion.

Except as otherwise defined herein, all terms used herein shall have the meanings assigned to such terms in the Official Statement (as hereinafter defined).

I am of the opinion that the statements relating to the Authority in Part I to the Authority’s Annual Disclosure Statement (The Related Entities), in the form filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”) on April 29, 2016, as supplemented on May 10, 2016 (the “Annual Disclosure Statement”), insofar as and to the extent that such statements purport to

constitute a summary of law or summaries of the documents referred to therein, constitute fair and accurate summaries thereof in all material respects.

Members of the staff of the Authority have participated in the preparation of the Preliminary Official Statement of the Authority, dated July xx, 2016, relating to the Obligations (the "Preliminary Official Statement") and the Official Statement of the Authority, dated July yy, 2016, relating to the Obligations (the "Official Statement"), including participation in conferences as to the matters to be included therein and related matters, with representatives of the Authority, Bond Counsel to the Authority, Special Disclosure Counsel to the Authority, Paul, Weiss, Rifkind, Wharton & Garrison LLP, special real estate counsel to the Authority, Jones Lang LaSalle Americas, Inc., the Underwriters and their counsel, and other consultants to the Authority, during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed and reviewed. Based upon such participation in the above-mentioned conferences, my review of such documents and proceedings as I have deemed necessary, and information developed in the course of the performance of my duties as General Counsel and, except as to the information referred to above, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement and the Official Statement, nothing has come to my attention to cause me to believe that the Preliminary Official Statement, as of the date of the Purchase Agreement (except for the omission of such information as is permitted under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended), or the Official Statement, as of its date and as of the date hereof, contained or contains an untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading (except for, in the case of both the Preliminary Official Statement and the Official Statement (a) the financial, economic, statistical and engineering data contained therein, (b) the information contained in Appendix B to the Annual Disclosure Statement, (c) the information relating to Triborough Bridge and Tunnel Authority in the Annual Disclosure Statement, and (d) Attachment \_\_ to the Preliminary Official Statement and the Official Statement, as to which no opinion or view is expressed).

I am of the opinion that:

1. Each of the Related Transportation Entities is a body corporate and politic constituting a public benefit corporation of the State, duly created by and validly existing under the New York Public Authorities Law.
2. Each of the Related Transportation Entities has the corporate right, power and authority to (a) adopt the Authorizing Resolution, (b) execute and deliver the Obligation Documents to which it is a party, and (c) perform its respective obligations under the Obligation Documents to which it is a party. The execution and delivery of, and the performance by the Related Transportation Entities of their respective obligations under, the Obligation Documents to which it is a party and the use by the Underwriters of the Preliminary Official Statement and the Official Statement have been duly authorized by proper corporate proceedings of the Related Transportation Entities. The Obligation Documents have each been duly authorized, executed and delivered by the Related Transportation Entities that are a party thereto and each

constitutes a legal, valid and binding obligation of the Related Transportation Entities that are a party thereto enforceable against the Related Transportation Entities that are a party thereto in accordance with its respective terms.

3. The execution and delivery of the Official Statement, the execution, delivery and performance of the Obligation Documents and the execution and delivery of the Obligations, under the circumstances contemplated by the Obligation Documents and the Official Statement, and compliance with the provisions thereof, will not in any material respect conflict with or constitute on the part of the Related Transportation Entities a breach of, or a default under, any material agreement or other instrument to which the Related Transportation Entities are a party and of which we have knowledge or any existing law, court or administrative regulation, decree or order to which the Related Transportation Entities are subject or by which any is bound and of which we have knowledge.
4. Except as disclosed in the Official Statement, there is no litigation or other proceeding pending or threatened in any court, agency or other administrative body (either State or Federal) restraining or enjoining or threatening or seeking to restrain or enjoin the execution, sale or delivery of the Obligations, or in any way questioning or affecting (i) the execution, sale or delivery of the Obligations, (ii) the proceedings under which the Obligations are to be issued, (iii) the validity or enforceability of any provision of the Obligations or the Transaction Documents, (iv) the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement or (vi) the legal existence of any of the Related Transportation Entities or the title of the members or officers of the Related Transportation Entities to their respective offices in such manner as to adversely affect the ability of the Related Transportation Entities to authorize the execution, sale or delivery of the Obligations or to consummate any of the transactions to which it is or is to be a party as contemplated by the Transaction Documents, the Preliminary Official Statement or the Official Statement. To the best of our knowledge, except as disclosed in the Official Statement, there is no litigation or other proceeding pending or threatened in any court, agency or other administrative body (either State or Federal) which would have a material adverse effect on the transactions contemplated by the Transaction Documents or the items pledged under the Transportation Trust Agreement to the payment of the Obligations.
5. The Related Entities have good right and lawful authority to undertake the activities with respect to which the Obligations are being executed and delivered.
6. The Official Statement has been duly authorized, executed and delivered by the Authority.
7. All authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities required for the execution and delivery by the Related Transportation Entities of the Transaction Documents have been obtained or effected and are in full force and effect.

8. The Related Transportation Entities are not in default in any material respect under the terms of the Transaction Documents and the Related Transportation Entities will not, as a consequence of the execution and delivery of the Obligations, be in default in any material respect under the terms of the Transaction Documents.

The obligations of the Related Transportation Entities and the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally or by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

This opinion is solely for your information and assistance and is not to be used, circulated, quoted or otherwise referred to, except that reference to this opinion may be made in the Official Statement and in any list of closing documents pertaining to the execution and delivery of the Obligations or such closing documents

Very truly yours,

Jerome F. Page  
General Counsel

OPINION OF COUNSEL TO THE TRUSTEE

July zz, 2016

Metropolitan Transportation Authority

Goldman, Sachs & Co.

As Representative of the Underwriters  
named in the Purchase Agreement  
dated July yy, 2016 with the  
Metropolitan Transportation Authority

Ladies and Gentlemen:

We have acted as counsel to Wells Fargo Bank, National Association, a national banking association (the “Bank”), in connection with the execution and delivery of the Transportation Trust Agreement, dated as of July 1, 2015 (the “Transportation Trust Agreement”), by and between the Metropolitan Transportation Authority (the “Authority”) and the Trustee, and the \$000,000,000 MTA Hudson Rail Yards Trust Obligations, Series 2016A (the “Obligations”) delivered thereunder.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such other records and documents as we have deemed necessary or relevant as a basis for our opinions hereinafter expressed. Except to the extent that we have observed the execution of any document in our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with the originals (and the authenticity of such originals) of all documents submitted to us as copies and the legal capacity of natural persons. As to various questions of fact material to our opinion, we have relied upon the representations made by the Authority and the Trustee in documents delivered at the Closing and upon certificates and written statements of officers of the Trustee.

On the basis of the foregoing and subject to the comments set forth below, it is our opinion that:

1. The Bank has been duly incorporated and is validly existing as a national banking association with corporate power and authority to execute, deliver and perform its obligations under the Transportation Trust Agreement and the Obligations.
2. The Transportation Trust Agreement has been duly authorized, executed and delivered by the Bank and constitutes a valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms.
3. The Obligations have been duly authorized, executed and delivered by the Bank under the provisions of the Transportation Trust Agreement.

4. Neither the execution and delivery by the Bank of the Transportation Trust Agreement or the Obligations nor the performance by the Bank of its obligations thereunder will result in the violation of any statute or regulation, or any order or decree known to us of any court or governmental authority binding upon the Bank or its property or conflict with or result in any default or in creation of any lien under any of the provisions of the [Organization Certificate] or By-Laws of the Bank or any indenture, loan agreement, or other agreement known to us by which the Bank is bound.
5. No authorization, approval, consent or notification from or to any governmental agency or authority is required in connection with the execution, delivery and performance by the Bank of the Transportation Trust Agreement or the Obligations.
6. There is no action, suit or proceeding pending or threatened against the Bank known to us which relates to the execution, delivery and performance by the Bank of the Transportation Trust Agreement or the Obligations which, if decided against the Bank, would adversely affect the Bank's ability to perform its obligations under the Transportation Trust Agreement or the Obligations.

For purposes of the opinion expressed in paragraph 2 above, we have assumed the due authorization, execution and delivery of the Transportation Trust Agreement by the Authority, and such opinion is qualified to the extent that enforcement of the Transportation Trust Agreement against the Bank may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws affecting creditors' rights generally and to the extent enforceability of the Transportation Trust Agreement against the Bank may be limited by the application of general principles of equity.

For purposes of the opinions expressed in paragraphs 2 and 5 above, we have assumed that the parties to the Transportation Trust Agreement other than the Bank have duly obtained or effected all governmental authorizations, approvals, consents or notifications in connection with the execution, delivery and performance by such other parties of such agreements.

We are members of the Bar of the [State of New York] and our opinion is limited to the laws of the [State of New York] and federal law.

This opinion letter is solely for your benefit and may be relied upon only by the Authority and the Underwriters represented by Goldman, Sachs & Co., and the Bank. This opinion letter may not be relied upon by any other person without our prior, express written consent.

Very truly yours,

Respectfully submitted,

OPINION OF COUNSEL TO THE CUSTODIAN

July zz, 2016

Metropolitan Transportation Authority

Goldman, Sachs & Co.

As Representative of the Underwriters  
named in the Purchase Agreement  
dated July yy, 2016 with the  
Metropolitan Transportation Authority

Ladies and Gentlemen:

We have acted as counsel to Wells Fargo Bank, National Association, a national banking association (the “Bank”), in connection with the execution and delivery of the Lockbox Agreement, dated as of July 1, 2015 (the “Lockbox Agreement”), by and between the Metropolitan Transportation Authority (the “Authority”) and the Trustee, relating to the \$000,000,000 MTA Hudson Rail Yards Trust Obligations, Series 2016A.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such other records and documents as we have deemed necessary or relevant as a basis for our opinions hereinafter expressed. Except to the extent that we have observed the execution of any document in our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with the originals (and the authenticity of such originals) of all documents submitted to us as copies and the legal capacity of natural persons. As to various questions of fact material to our opinion, we have relied upon the representations made by the Authority and the Trustee in documents delivered at the Closing and upon certificates and written statements of officers of the Trustee.

On the basis of the foregoing and subject to the comments set forth below, it is our opinion that:

1. The Bank has been duly incorporated and is validly existing as a national banking association with corporate power and authority to execute, deliver and perform its obligations under the Lockbox Agreement.
2. The Lockbox Agreement has been duly authorized, executed and delivered by the Bank and constitutes a valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms.

3. Neither the execution and delivery by the Bank of the Lockbox Agreement nor the performance by the Bank of its obligations thereunder will result in the violation of any statute or regulation, or any order or decree known to us of any court or governmental authority binding upon the Bank or its property or conflict with or result in any default or in creation of any lien under any of the provisions of the [Organization Certificate] or By-Laws of the Bank or any indenture, loan agreement, or other agreement known to us by which the Bank is bound.
4. No authorization, approval, consent or notification from or to any governmental agency or authority is required in connection with the execution, delivery and performance by the Bank of the Lockbox Agreement.
5. There is no action, suit or proceeding pending or threatened against the Bank known to us which relates to the execution, delivery and performance by the Bank of the Lockbox Agreement which, if decided against the Bank, would adversely affect the Bank's ability to perform its obligations under the Lockbox Agreement.

For purposes of the opinion expressed in paragraph 2 above, we have assumed the due authorization, execution and delivery of the Lockbox Agreement by the Authority, and such opinion is qualified to the extent that enforcement of the Lockbox Agreement against the Bank may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws affecting creditors' rights generally and to the extent enforceability of the Lockbox Agreement against the Bank may be limited by the application of general principles of equity.

For purposes of the opinions expressed in paragraphs 2 and 4 above, we have assumed that the parties to the Lockbox Agreement other than the Bank have duly obtained or effected all governmental authorizations, approvals, consents or notifications in connection with the execution, delivery and performance by such other parties of such agreements.

We are members of the Bar of the [State of New York] and our opinion is limited to the laws of the [State of New York] and federal law.

This opinion letter is solely for your benefit and may be relied upon only by the Authority and the Underwriters represented by Goldman, Sachs & Co., and the Bank. This opinion letter may not be relied upon by any other person without our prior, express written consent.

Very truly yours,

Respectfully submitted,

CERTIFICATE OF GOLDMAN, SACHS & CO.

This Certificate is being delivered by Goldman, Sachs & Co., as representative of the Underwriters (the “Underwriters”) named in the Purchase Agreement, dated May \_\_, 2016 (the “Purchase Agreement”), with the Metropolitan Transportation Authority (“the Authority”) and the Underwriters, in connection with the execution and delivery of \$000,000,000 aggregate principal amount of MTA Hudson Rail Yards Trust Obligations, Series 2016A Evidencing Interests in the MTA Financing Agreement Amount payable by the Metropolitan Transportation Authority pursuant to the Financing Agreement (the “Obligations”). The Underwriter certifies, based on the following sources of information, which it believes to be correct:

- (1) the records of Goldman, Sachs & Co.;
- (2) verbal information from other Underwriters which are bound to the initial public offering terms of the Purchase Contract, which information, by virtue of such contractual obligation, we have no reason to believe is not correct; and
- (3) verbal information from other dealers which are not part of the underwriting group and as such are not bound by the terms of the Purchase Contract and for whom we make no representation as to the accuracy of such information;

all of the Obligations have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar Persons or organizations acting in the capacity of underwriters or wholesalers) at prices no higher or yields no lower than those set forth on the cover page of the Official Statement issued with respect to the Obligations, dated July yy, 2016 (the “Official Statement”), and an amount in excess of ten percent (10%) of each maturity of the Obligations was sold to the public (excluding bond houses, brokers or similar Persons or organizations acting in the capacity of underwriters or wholesalers) at prices or yields no lower than the respective prices or yields on such Obligations set forth on the inside cover page of the Official Statement. The initial offering prices or yields represent the fair market value of the Obligations.

Based upon our assessment of prevailing market conditions, we do not have any reason to believe that any of the Obligations would initially be sold to the public (excluding bond houses, brokers or similar Persons or organizations acting in the capacity of underwriters or wholesalers) at prices higher or yields lower than those set forth on the cover page of the Official Statement.

The Underwriters also represent, based on its experience with respect to issues of tax-exempt securities similar to the Obligations and its knowledge of such financings in general, that

the funding of the Interest Reserve Fund in the amount of the Interest Reserve Requirement for the Obligations provides a source of security that facilitates the marketing of the Obligations at the interest rates provided thereon, which rates are comparable to those of issues of a similar character.


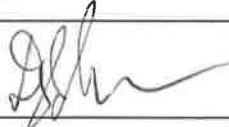
Dated: July zz, 2016

GOLDMAN, SACHS & CO.

By:\_\_\_\_\_




By:\_\_\_\_\_

# Staff Summary

<b>Subject</b>
2016 State PWEF Assessment
<b>Department</b>
Chief Financial Officer
<b>Department Head Name</b>
Robert E. Foran
<b>Department Head Signature</b>

<b>Project Manager Name</b>
Douglas F. Johnson 

<b>Date</b>
June 7, 2016
<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.	6/20	X		
2	Board	6/22	X		

Internal Approvals			
Order	Approval	Order	Approval
2	Legal 	3	Chief of Staff 
1	Chief Financial Officer 		

**Purpose:** To authorize actions relating to the payment of the State assessment on the MTA and its constituent agencies for the Public Work Enforcement Fund for calendar 2016.

**Discussion:** Chapter 511 of the Laws of 1995, as amended, requires State agencies and authorities to pay to the State Comptroller an assessment based upon 1/10 of 1% of the value of public work (construction) contracts entered into (excluding rolling stock contracts). The assessments are deposited in the State Public Work Enforcement Fund to reimburse the State Department of Labor for its costs in enforcing the State's prevailing-wage law. The State and the MTA have entered into a simple annual estimate-and-settlement procedure agreement. Payments are made each year based upon the estimated amount of public works contracts, and are adjusted to reflect the actual experience from the prior year. The 2016 payment, therefore, is based upon a 2016 estimate and an adjustment for 2015.

Based on the actual average spending rates, it is assumed that in calendar year 2016, MTA's constituent agencies are projected to let \$1.803 billion worth of construction contracts, which is a \$146 million decrease in contract values from the actual 2015 level of \$1.949 billion. These calculations exclude a majority of 2015-2019 projects/commitments due to the delayed approval of the Capital Plan.

In 2015, the estimated 2015 assessment of \$2,873,129 exceeded the actual assessment of \$1,948,903 by \$924,226. This over-payment, when deducted from the estimated 2016 assessment of \$1,803,425, requires a total payment of \$879,199.

**Financial Implications:** The 2016 MTAHQ Budget contains sufficient funds for this payment.

**Recommendation:** The Board should authorize staff to remit the 2016 assessment, including the adjustment for the 2015 overpayment, to the State Department of Labor.

## FINANCE COMMITTEE CONTRACT CHANGE ORDER REPORT - 1st Quarter (Jan-March 16)

(NON-CAPITAL CHANGE ORDER VALUE MORE THAN \$250,000 -- UP TO \$750,000)

Agency	Contract Number	Contract Description	Base Contract Value**	Prior Modifications Value	Current Change Order Value	Percentage of Current Change Order Value to Base Contract Value	Change Order Number	Date of Change Order Award	Change Order Description
MTAB&T	PSC-11-2903	Construction Management & Inspection Services for Project VN-80 B, Replacement of the Upper Level Roadway Deck at the Suspended Span at the VNB	\$18,539,808	\$0	\$730,976	3.94%	AM 1	1/7/2016	Reimbursement to the Consultant for out of pocket expenses services related to steel fabrication and mill inspections in accordance with the Contract requirements.
MTAB&T	RK-65A	Bronx Plaza/Structural Rehabilitation at the RFK Bridge	\$213,400,793	\$706,655	\$614,600	0.29%	AM 3	1/8/2016	Amendment for an interim reconciliation of the Contract unit price item quantities.
MTAB&T	QM-01X Phase 2/3 Construction	Service Building and Garage Renovation at the Queens Midtown Tunnel	\$3,287,310	\$146,132	\$470,000	14.30%	AM 2	1/12/2016	Additional funding for the relocation and renovation of BTO locker rooms.

**\*Capital change order value \$250,000 to \$750,000, and change orders from \$50,000 to \$250,000 but over 15% of the adjusted contact amount (1st Quarter 2015)**

**\*\* Including any exercised options**

Agency	Contract Number	Contract Description	Base Contract Value*	Prior Modifications Value	Current Change Order Value	Percentage of Current Change Order Value to Base Contract Value	Change Order Number	Date of Change Order Award	Change Order Description
NYCT	9347	All-Agency Network Infrastructure Upgrade	\$30,640,539	\$1,147,937	\$534,480	1.74%	3	3/21/16	Wireless Site Surveys and Network Configuration to Support Wi-Fi Installations at Bus Depots
NYCT	07C9666A	Preventive and Remedial Maintenance of Emergency Booth Communications System	\$3,729,516	\$963,244	\$256,562	6.87%	7	3/7/16	Contract Extension
NYCT	P.O. 6030043939	Purchase of Trustwave Network Access Control Devices and Maintenance Support	\$6,923,775	\$833,346	\$727,783	10.51%	9	1/15/16	Continued Hardware and Software Support for Network Access Control Devices
NYCT	RFQ 12769	Preventive Maintenance and Emergency Repairs of the Air Conditioning Systems at the Rail Control Center and Revenue	\$511,913	\$0	\$90,400	17.65%	1	1/11/16	Upgrade of the BMS System Software at the Rail Control Center

Agency	Contract Number	Contract Description	Base Contract Value*	Prior Modifications Value	Current Change Order Value	Percentage of Current Change Order Value to Base Contract Value	Change Order Number	Date of Change Order Award	Change Order Description
MTAHQ	09108-0100	UPS TIME SENSITIVE MAIL DELIVERY CONTRACT	\$347,500	\$95,000	\$275,000	21.00%	4	5/19/2016	1 YEAR EXTENSION AS PER OGS CONTRACT PLUS ADDITIONAL FUNDS
MTAHQ	12021	EAM Consultancy Retainer	\$550,000	\$0	\$348,882	63.43%	1	3/3/2016	Assistance developing the enterprise-level functional requirements and business model for EAM across the MTA
MTAHQ	15369-0100	Operational Documents for MTA Disaster Recovery	\$238,844	\$0	\$163,486	40.63%	1	4/11/2016	MTA PD Disaster Recovery Operational Documents
MTAHQ	09229-0100	Peripheral Maintenance Contract	\$1,146,737	\$0	\$225,000	19.60%	1	2/1/2016	Extend contract for two months

MTACC HAS NOTHING TO REPORT									
LIRR HAS NOTHING TO REPORT									
MNR HAS NOTHING TO REPORT									

## CPOC COMMITTEE CONTRACT CHANGE ORDER REPORT\* - 1st Quarter 2016

### (FOR INFORMATION ONLY)

Agency	Contract Number	Contract Description	Base Contract Value**	Prior Modifications Value	Current Change Order Value	Percentage of Current Change Order Value to Base Contract Value	Change Order Number	Date of Change Order Award	Change Order Description
MTAB&T	PSC-11-2903	Construction Management & Inspection Services for Project VN-80 B, Replacement of the Upper Level Roadway Deck at the Suspended Span at the VNB	\$18,539,808	\$0	\$730,976	3.94%	AM 1	1/7/16	Reimbursement to the Consultant for out of pocket expenses services related to steel fabrication and mill inspections in accordance with the Contract requirements.
MTAB&T	RK-65A	Bronx Plaza/Structural Rehabilitation at the RFK Bridge	\$213,400,793	\$706,655	\$614,600	0.29%	AM 3	1/8/16	Amendment for an interim reconciliation of the Contract unit price item quantities.
MTAB&T	QM-01X Phase 2/3 Construction	Service Building and Garage Renovation at the Queens Midtown Tunnel	\$3,287,310	\$146,132	\$470,000	14.30%	AM 2	1/12/16	Additional funding for the relocation and renovation of BTO locker rooms.
MTACC	CH054A	Harold Structures Part IIA for the East Side Access Project	\$21,777,777	\$34,546,239	\$280,937	1.29%	52	2/4/16	Cable Additions to G02 Substations
MTACC	CH057A	Harold Structures Part 3A for the East Side Access Project	\$104,300,000	\$5,481,092	\$290,500	0.28%	18	2/26/16	SMUS 1, 2 & 3 Civil Additions & Changes
MTACC	CM005	Manhattan South Structures for the East Side Access Project	\$200,602,743	\$33,707,635	\$337,917	0.17%	22	1/11/16	Demolition of Existing Signal Bridge 23
MTACC	CH053	Construct Harold Structures Part I for the East Side Access Project	\$139,280,000	\$157,926,193	\$349,604	0.25%	148	3/24/16	Additional Changes to Lower Level Cavern Walls
MTACC	CS179	Systems Facilities Package No. 1 for the East Side Access Project	\$550,388,000	\$2,873,334	\$525,314	0.10%	8	2/11/16	Increase in Concrete Repairs at 2nd Ave. and FDR
MTACC	CS179	Systems Facilities Package No. 1 for the East Side Access Project	\$550,388,000	\$2,143,020	\$591,000	0.11%	3	2/11/16	B10 Pull Boxes at Concrete Encased Conduit
MTACC	C-26512	Construction of Station Entrance at Site P - No. 7 (Flushing) Line Extension	\$83,866,000	\$1,888,468	\$313,000	0.37%	14	3/14/16	Changes to HVAC System, Fire Alarm and Help Point Intercom
MTACC	CM-1189R	Preparation of a Draft and Final Environmental Impact Statement and Provision of Transit Engineering Design Services for the No. 7 Subway Line Extension- Far West Midtown Manhattan Rezoning	\$86,590,209	\$87,563,968	\$313,876	0.36%	33	3/2/16	Review of Moinian Group's Overbuild Structures at Site P and Site A
MTACC	C-26008	Second Avenue Subway - 86th Street Station - Station Cavern Mining and Heavy Civil/Structural in the Borough of Manhattan	\$301,860,000	\$19,181,413	\$680,000	0.22%	66	3/29/16	Additional Shotcrete in Tunnels and Pump Room to Meet Criteria for Waterproofing
MTACC	C-26010	Second Avenue Subway - 96th Street Station Finishes and MEP Systems in the Borough of Manhattan	\$324,600,000	\$31,834,842	\$287,641	0.08%	88	2/10/16	Furnish and Installation of Equipment and Conduit Changes for Supervisory Control and Data Acquisition (SCADA) Data Drops, the Public Address System and Escalator/Elevator Rooms
MTACC	C-26010	Second Avenue Subway - 96th Street Station Finishes and MEP Systems in the Borough of Manhattan	\$324,600,000	\$27,814,388	\$427,000	0.13%	105	1/28/16	Invert Level Conduit Routing Changes

## CPOC COMMITTEE CONTRACT CHANGE ORDER REPORT\* - 1st Quarter 2016

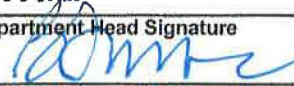
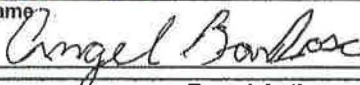
### (FOR INFORMATION ONLY)

Agency	Contract Number	Contract Description	Base Contract Value**	Prior Modifications Value	Current Change Order Value	Percentage of Current Change Order Value to Base Contract Value	Change Order Number	Date of Change Order Award	Change Order Description
MTACC	C-26010	Second Avenue Subway - 96th Street Station Finishes and MEP Systems in the Borough of Manhattan	\$324,600,000	\$31,834,842	\$255,000	0.07%	122	2/26/16	Electrical Layout Changes in the Traction Power Switchgear Room
MTACC	C-26010	Second Avenue Subway - 96th Street Station Finishes and MEP Systems in the Borough of Manhattan	\$324,600,000	\$28,018,561	\$590,000	0.18%	174	2/8/16	Acceleration for Power and Communication Conduits and Power Cables
MTACC	C-26010	Second Avenue Subway - 96th Street Station Finishes and MEP Systems in the Borough of Manhattan	\$324,600,000	\$31,859,842	\$513,000	0.15%	177	2/8/16	Additional Disconnect Switches for Uninterruptible Power Supply (UPS) System
MTACC	C-26010	Second Avenue Subway - 96th Street Station Finishes and MEP Systems in the Borough of Manhattan	\$324,600,000	\$31,765,461	\$424,000	0.13%	193	2/8/16	Furnish and Deliver Street Light Fixtures to Department of Transportation
MTACC	CM-1188	Engineering Services for Second Avenue Subway Project	\$337,540,114	\$99,983,487	\$741,864	0.21%	114	2/17/16	Provide Additional Scheduling, Information Technology and Communication Support
MTACC	C-26011	Second Avenue Subway - 72nd Street Station Finishes, Borough of Manhattan	\$258,353,000	\$23,922,450	\$530,000	0.20%	142	2/5/16	Accelerate Conduit, Raceways and Junction Boxes Installation
MTACC	A-36137	Fulton Street Rehabilitation and Dey Street Head House	\$57,757,000	\$6,523,354	\$378,309	0.65%	209	1/19/16	Impact Costs Associated with Excusable Time Extension
MTACC	C-26505	Furnishing and Installing Finishes and Systems, No. 7 Line Extension	\$513,700,497	\$40,921,784	\$290,000	0.05%	266	2/1/16	Furnish and Installation of Additional Safety Items at Site J Inclined Elevators
MTACC	C-26505	Furnishing and Installing Finishes and Systems, No. 7 Line Extension	\$513,700,497	\$40,921,784	\$330,000	0.06%	277	3/21/16	Flood Proof Doors at Site A
NYCT	A-36151	New Entrance Stair and Reconfiguration of Control Area - Grand Central Station, Lexington Ave Line	\$10,750,000	\$72,841	\$749,000	6.96%	4	3/18/16	Construction of a New Mezzanine-to-Platform Staircase
NYCT	CM-1366	Design and Construction Support Services for Installation of ADA Elevators - 68th St station	\$3,009,654	\$537,146	\$547,019	18.17%	9	1/21/16	Additional Design of a New Station Mezzanine and Staircase; Contract Extension and Additional Funding
NYCT	A-37593	South Ferry Station Terminal Complex Rehabilitation in the Borough of Manhattan	\$193,800,000	\$944,468	\$254,152	0.13%	12	3/1/16	Reconfiguration of Air Conditioning Units
NYCT	P-36435	Rehabilitation of the Montague Tube, Boroughs of Manhattan and Brooklyn	\$102,443,000	\$8,421,666	\$512,500	0.50%	69	1/19/16	Track Shimming to Correct Deficiencies in the Track Profile of the Montague Tube

\*Capital change order value \$250,000 to \$750,000, and change orders from \$50,000 to \$250,000 but over 15% of the adjusted contact amount




\*\* Including any exercised options

# Staff Summary

<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> June 10, 2016
<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	6/20/2016	X		
2	Board	6/22/2016	X		

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:

MTAHQ proposes to award Non-competitive procurements in the following categories:

# of Actions    \$ Amount

None                  None

MTAHQ proposes to award Competitive procurements in the following categories:

### Schedules Requiring Majority Vote

Schedule E: Miscellaneous Procurement Contracts  
Schedule F: Personal Services Contracts

	1	\$ 431,500.00
	4	\$1,010,340.00
<b>SUBTOTAL</b>	<b>5</b>	<b>\$1,441,840.00</b>

MTAHQ presents the following procurement actions for Ratification:

	None	None
<b>TOTAL</b>	<b>5</b>	<b>\$1,441,840.00</b>

**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, JUNE 2016**  
**COMPETITIVE PROCUREMENTS**

**METROPOLITAN TRANSPORTATION AUTHORITY**

*Procurements Requiring Majority Vote:*

**E. Miscellaneous Procurement Contracts**

(Staff Summaries required for all items greater than: \$100K Sole Source; \$250K Other Non-Competitive)

- |   |                  |                                      |
|---|------------------|--------------------------------------|
| <b>1. International Business Machines Corporation</b> | <b>\$431,500</b> | <b><u>Staff Summary Attached</u></b> |
| <b>Applicant Tracking Software &amp; Maintenance</b>  | (not-to-exceed)  |                                      |
| <b>Contract No. 15416-0100</b>                        |                  |                                      |

Competitively negotiated – 10 proposals – 60 months

To recommend that the Board approve the award of a Miscellaneous Procurement Contract to purchase applicant tracking software including implementation and technical support for Metro North Railroad's Human Resource Department. IBM reduced its original proposed government pricing by 7%, from \$458,000 to \$431,500. Although there are no prior MTA comparable software/service purchases with which this cost can be compared, based on the negotiated savings, the total combined cost of \$431,500 is 25% lower than the market list price and is deemed fair and reasonable.

**F. Personal Service Contracts**

Staff Summaries required for items greater than: \$100k Sole Source; \$250 other Non-Competitive, \$1 million Competitive

- |  |                  |  |
|--|------------------|--|
| <b>2. Kentech Consulting, Inc.</b>                   | <b>\$100,000</b> |  |
| <b>On-Call Credit and Background Reports for the</b> | (not-to-exceed)  |  |
| <b>MTA's Real Estate Department</b>                  |                  |  |
| <b>Contract No. 14343-0100</b>                       |                  |  |

Competitively negotiated – 5 proposals – 60 months

Contractor to provide as-needed credit reporting services relating to MTA commercial real estate transactions. Credit worthiness investigations will be performed on those individuals, sole proprietorships or partnerships (corporate and non-corporate) that desire to rent/lease MTA property. As a result of negotiations the originally proposed cost of \$75 for individual standard factual data reports and \$800 for complete credit and factual data reports (including criminal records and judgment search for businesses and individuals) were reduced to \$25 and \$265 respectively, representing a reduction of \$50 for individual reports and \$535 for complete reports. Compared to the current seven-year contract, the negotiated cost for the individual reports was reduced by \$58.50 and the cost for the completed reports increased by \$56 because the new reports contains more detail on the subject, including a comprehensive search of Office of Foreign Asset Controls at the US Treasury (OFAC), liens and judgments and more detailed financial information. Based on the above, these negotiated rates are considered fair and reasonable.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**COMPETITIVE PROCUREMENTS**

3. **WageWorks, Inc.** **\$700,000** **Staff Summary Attached**  
**Administrative and Recordkeeping Services for**  
**The MTA Commuter Benefit Program** (not-to-exceed)  
**Contract No. 14404-0100**

Competitively negotiated – 3 proposals – 60 months

To recommend that the Board approve the award of a competitively negotiated, all-agency personal services contract to WageWorks, Inc. for the operation of the MTA Commuter Benefits Program. The contract will be for a period of five (5) years from July 1, 2016 through June 30, 2021, for total not-to-exceed amount of \$700,000. The MTA has the option to extend the agreement for up to two (2) additional consecutive one (1) year periods. This program is operated for the benefit of employees of the MTA and its subsidiaries and affiliates. Contributions are made through automatic payroll deductions, and applied toward transportation and parking expenses. WageWorks, Inc.'s initial proposed monthly fee of \$3.25 was reduced through negotiations to a fixed monthly fee of \$3.00 per participant, a decrease of \$0.25 or 7.7%. Additionally, the new participant set-up fee and suspension fee has been reduced from WageWorks, Inc.'s initial proposed fee of \$3.25 per person to \$2.25 per person. These negotiated, fixed monthly fees are lower than the fee for these services under the current pricing, which are a fixed monthly fee of 3.25 per person per month for each participant and \$3.25 per person for new enrollment set-ups and suspensions. The new pricing is the company's most-favored-customer pricing. Based on the above, the monthly fees negotiated for these services are deemed fair and reasonable.

4. **AFT Projects at Two NYCT Subway Stations on the Culver Line** – AFT to provide technical design, fabrication, crating, storage, delivery and oversight of installation of materials at the station specified below:

Competitively negotiated - 45 proposals - 24 months.

Julien Gardair, 18<sup>th</sup> Avenue Station - NYCT (\$103,000)

Competitively negotiated - 45 proposals - 24 months

Julien Gardair, Kings Highway Station - NYCT (\$107,340)

## Schedule E: Miscellaneous Procurement Contracts

Page 1 of 1

Item Number:

<b>Vendor Name (&amp; Location):</b> International Business Machines Corporation
<b>Description:</b> Applicant Tracking Software & Maintenance
<b>Contract Term (including Options, if any):</b> 5 Years
<b>Option(s) included in Total Amount?</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>Contract Number:</b> 15416-0100	<b>Renewal?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total Amount: \$431,500</b>	
<b>Funding Source:</b> <input checked="" type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	
<b>Requesting Dept/Div &amp; Dept/Div Head Name:</b> MNR HR & MTA IT Katherine Betries-Kendall/Sid Gellineau	
<b>Contract Manager:</b> Feroze Khan	

### DISCUSSION:

To recommend that the Board approve the award of a competitively negotiated software as a service contract to International Business Machines Corporation (IBM) for applicant tracking software. The one-time cost of the software is \$60,000 and includes project management, data conversion and the implementation of the onboarding module. The cost of this Software As A Service (SaaS) environment over a five year period is \$371,500 (\$74,300 annually) for a combined amount of \$431,500.

A review of Metro-North's hiring process was conducted and found that the manual nature of the process was very inefficient. Research indicated that technology should be leveraged to optimize the hiring process. Applicant tracking software can accomplish that objective by providing a universal platform where recruiters, managers and stakeholders could manage the entire hiring process yielding the following benefits:

- Process automation. Files are stored digitally and communication is done through one platform. Applicants will receive automatic notifications indicating they have successfully applied; the system will be able to screen resumes and best match candidates to the posting, allowing consideration of the most qualified applicants including ability to consider passive applicants; recruiters would be able to schedule interviews and send resumes to hiring managers and departments can complete required forms all through the applicant tracking system.
- Integration with the Business Service Center's PeopleSoft system and HR's background check vendor, Sterling Background check.
- Analytical Capabilities. An applicant tracking system would enable strategic, data-based decision making. This will allow HR to measure items such as cost-per-hire, time-to-fill, time-to-hire and source effectiveness.
- Monitor Performance. An applicant tracking system allows for constant monitoring of HR's performance including such metrics as time-to-hire or how many jobs are currently at the interview stage.
- Mobile Optimized. Candidates can apply for MTA positions through a smartphone, tablet or other mobile device.

In order to acquire this software, a Request for Proposals (RFP) was publicly advertised. Ten (10) proposals were received. The Selection Committee, consisting of representatives from Metro North, MTA HQ, Business Service Center and MTA Information Technology, evaluated the proposals based on the criteria set forth in the RFP and recommended that three of the ten firms be invited to make oral presentations. Upon conclusion of the oral presentations, the Selection Committee determined that IBM is the most qualified and best suited to provide this software and corresponding maintenance. MTA conducted a responsibility review and other due diligence on IBM and has deemed them to be responsible for award

As a result of negotiations, IBM reduced its original proposed government pricing by 7%, from \$458,000 to \$431,500. Although there are no prior MTA comparable software/service purchases with which this cost can be compared, based on the negotiated savings, the total combined cost of \$431,500 is 25% lower than the market list price and is deemed fair and reasonable.

MTA Department of Diversity and Civil Rights, with NYS Chambers approval, has assigned a zero goal (0%) to this contract. IBM has *NOT* completed any MTA contracts with goals; therefore, no assessment of the firm's MWDBE performance can be determined at this time. A total waiver of the MWBE goals was granted because the system is hosted and managed exclusively by IBM and its

# Staff Summary

## Schedule F: Personal Service Contracts

<b>Item Number:</b>					
<b>Dept &amp; Dept Head Name:</b> Human Resources – Margaret M. Connor <i>Margaret M. Connor</i>					
<b>Division &amp; Division Head Name:</b> Tax Favored Programs – Kim Russell					
<b>Board Reviews</b>					
<b>Order</b>	<b>To</b>	<b>Date</b>	<b>Approval</b>	<b>Info</b>	<b>Other</b>
1	Finance	6/20/2016			
2	Board	6/22/2016			
<b>Internal Approvals</b>					
<b>Order</b>	<b>Approval</b>	<b>Order</b>	<b>Approval</b>		
1	Procurement <i>AD</i>	4	DDCR <i>Ad for MG</i>		
2	Tax Favored Programs <i>AD</i>	5	Legal <i>AD</i>		
3	Human Resources <i>AD</i>	6	CFO <i>AD</i>		

<b>SUMMARY INFORMATION</b>	
<b>Vendor Name:</b> WageWorks, Inc.	<b>Contract Number:</b> 14404-0100
<b>Description:</b> Administrative and Recordkeeping Services for The MTA Commuter Benefit Program	
<b>Total Amount:</b> \$700,000	
<b>Contract Term (Including Options, If any)</b> July 1, 2016 through June 30, 2021 with up to two (2) additional consecutive one (1) year period Options.	
<b>Option(s) Included in Total Amount?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Renewal?</b> <input checked="" type="checkbox"/> Yes <input 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 checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other: Vendor fee \$130,000 per year but MTA is saving \$260,000 in FICA taxes.	

### Narrative

#### I. PURPOSE/RECOMMENDATION

To recommend that the Board approve the award of a competitively negotiated, all-agency personal services contract to WageWorks, Inc. for the operation of the MTA Commuter Benefits Program. The contract will be for a period of five (5) years from July 1, 2016 through June 30, 2021, for total not-to-exceed amount of \$700,000. The MTA has the option to extend the agreement for up to two (2) additional consecutive one (1) year periods.

#### II. DISCUSSION

The MTA operates a voluntary tax-favored program authorized under Internal Revenue Code Section 132(f), known as the Commuter Benefits Program, to allow employees to pay for certain commutation expenses on a pre-tax basis. This program is operated for the benefit of employees of the MTA and its subsidiaries and affiliates. Contributions are made through automatic payroll deductions, and applied toward transportation and parking expenses. Approximately 3,100 employees currently participate in the Commuter Benefit Program.

The MTA saves approximately \$260,000 per year on the employer portion of FICA taxes that otherwise would be owed on wages. This savings exceeds the recordkeeping and administrative Program fees, which total roughly \$130,000 per year.

TransitCenter, Inc. provided the administrative services for the MTA Commuter Benefits Program starting in January 2005, and WageWorks, Inc. has provided the services since February 2012 after its acquisition of TransitCenter, Inc. In order to continue the services for this plan, a new Request for Proposals (RFP) was publicly advertised and letters advising potential proposers of the RFP's availability were mailed to eight firms. The proposers were required to provide all administrative services required for the successful operation of the Commuter Benefit Program, as well as all record-keeping services. Three (3) firms submitted proposals.

The Selection Committee, which included Human Resource and Information Technology representatives from MTA Headquarters, NYC Transit and the Business Service Center, determined that WageWorks, Inc. was the most technically qualified and best suited firm to perform the services identified by the RFP. MTA has conducted a responsibility review and other due diligence on the proposed awardee and has deemed it to be responsible for award.

WageWorks, Inc.'s initial proposed monthly fee of \$3.25 was reduced through negotiations to a fixed monthly fee of \$3.00 per participant, a decrease of \$0.25 or 7.7%. Additionally, the new participant set-up fee and suspension fee has been reduced from WageWorks, Inc.'s initial proposed fee of \$3.25 per person to \$2.25 per person. These negotiated, fixed monthly fees are lower than the fee for these services under the current pricing, which are a fixed monthly fee of 3.25 per person per month for each participant and \$3.25 per person for new enrollment set-ups and suspensions. The new pricing is the company's most-favored-customer pricing. Based on the above, the monthly fees negotiated for these services are deemed fair and reasonable.

The Commuter Benefit Program projects an average annual participation level of 3,100, resulting in a total fee not-to-exceed \$700,000 for the five-year period, utilizing the fixed monthly per participant fee of \$3.00, the set-up fee and the suspension fee of \$2.25 per participant.

### **III. D/M/WBE INFORMATION**

The MTA Office of Civil Rights has established M/WBE goals for this contract - 10% for MBE and 10% for WBE. WageWorks, Inc. has NOT completed any MTA contracts with goals; therefore, no assessment of the firm's MWDBE performance can be determined at this time.

### **IV. IMPACT ON FUNDING**

MTA and its agencies pay the fees from operating funds.

### **V. ALTERNATIVE**

Do not Approve Award of this Contract. This is not a practical alternative because the MTA intends to continue to provide the Commuter Benefit Program. This voluntary program has been favorably received by both non-represented and represented employees. If this Program were to be discontinued, the MTA would pay more in FICA taxes than the costs to operate the Program. This Program saves the MTA an estimated \$130,000 in FICA taxes annually net of the administrative costs to run the Program. The MTA does not have the staff or expertise to operate the Program without an outside vendor.

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## Schedule H: Modifications to Personal Service and Miscellaneous Service Contracts

Item Number: H

<b>Vendor Name (&amp; Location)</b> Scheidt & Bachmann GmbH (S&B)		<b>Contract Number # 9284</b>	<b>AWO/Modification #</b>
<b>Description</b> Maintenance for MNR & LIRR's Ticket Selling System		<b>Original Amount: (orig. purchase &amp; 1-yr. warranty + 4 yrs. of maint.)</b> \$ 21,845,976	
<b>Contract Term (include Options, if any)</b> Four year extension		<b>Prior Modifications: (add'l equip. + 10 yrs. LCM)</b> \$ 91,046,731	
<b>Option(s) included in Total Amount?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<b>Prior Budgetary Increases:</b> -	
<b>Procurement Type</b> Competitive <input checked="" type="checkbox"/> Non-competitive- contract extension		<b>Current Amount:</b> \$ 112,892,700	
<b>Solicitation Type</b> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other:		<b>This Request (3 yr. extension &amp; 2-one year options)</b> not-to-exceed \$27,447,005 (\$13,412,577MNR & \$14,034,428 LIRR)	
<b>Funding Source</b> x Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input checked="" type="checkbox"/> Other: CDOT		<b>% of This Request to Current Amount:</b> 24%	
<b>Requesting Dep.t/Div. &amp; Dept./Div. Head Name:</b> Procurement & Material Management, Alfred Muir, Sr. Director		<b>% of Modifications (including This Request) to Original Amount:</b> 84%	

**I. Purpose:** To obtain MTA Board approval of additional funds and an extension of time to Metro-North's (on behalf of itself and Long Island Rail Road - LIRR) miscellaneous service contract with the firm Scheidt & Bachmann GmbH (S&B). The existing negotiated Board-approved contract has provided comprehensive long-term Life Cycle Maintenance (LCM) services to Metro-North and Long Island Rail Road's Ticket Selling System and Equipment since January 2006.

**II. Background:** In March 1998, the Board approved the award of a competitively-solicited, joint MNR/LIRR contract for the design, manufacture and delivery of ticket selling equipment and systems (i.e., Ticket Vending Machines (TVMs), Ticket Office Machines (TOMs), and Central Support System (CSS)) to S&B. There are currently over 700 machines located throughout the Railroads, which account for more than 94% of all tickets sold on a monthly basis and operate at a high level of service availability, approximately 98.7%. The S&B machines have the unique ability to print Railroad commutation tickets on pre-encoded/valued NYCT MetroCards.

Previously, in 2006 and 2011, the Board approved the award of negotiated joint MNR/LIRR Life Cycle Maintenance (LCM) agreements with S&B, incorporating normal hardware and software maintenance as well as the proactive replacement of components, parts and systems to keep the Railroads' integrated Ticket Selling System operating at a high level of reliability. The Railroads previously exercised the Board-approved LCM option through 2017; an approved option for an additional year (2018) is currently available.

The available options were timed to align with NYCT's then-schedule for the change out of its MetroCard based fare payment system. NYCT is progressing an RFP to implement a new fare payment system (NFPS) which will support the use of a common fare media throughout the MTA system. The Railroads are working very closely with NYCT on a coordinated implementation of MTA's next generation of new fare payment technology and are currently engaged in a Long Term Revenue Collection study which will provide guidance for a system that will be compatible to the NYCT's NFPS. Based on its schedule, NYCT will commence implementation of the NFPS in 2018 continuing through 2022; accordingly, the Railroads will be required to maintain the technology necessary to support the MetroCard at least until that date. Procurement of a new Railroad fare payment system is anticipated to be included in the 2020 – 2024 Capital Plan; accordingly, it is prudent to plan for the existing S&B equipment and systems to remain fully operational through 2022, so that customers will be able to continue to benefit from a reliable system offering Railroad tickets on pre-encoded/valued NYCT MetroCards.

## Schedule H: Modifications to Personal Service and Miscellaneous Service Contracts

**III. Extended Options and Budget Impacts:** To meet these objectives, the Railroads seek approval for the following:

(1)

Convert the remaining one-year Board approved option (calendar year 2018) into a negotiated three-year full LCM extension, adding two additional one-year options to cover necessary maintenance services through 2022 (if required). As it had been the original plan to phase out the equipment in or about 2018, these options will include a more robust scope of services including all hardware, software and labor to perform on-going standard & lifecycle maintenance and necessary equipment/system upgrades, as well as funds for the provision of hardware & software out-of-scope work and supplies that may include equipment consumables, extraordinary repair of equipment due to vandalism and equipment relocations due to station work throughout the term of the extended contract.

(2)

A one-time equipment/system upgrade to meet new regulatory and banking industry requirements and to prevent obsolescence of components. This includes the complete change out of all Credit Card Readers and pin pads, change out of all hardware and software to continue to comply with Payment Card Industry (PCI) requirements and meet new security standards for electronic payment, and the implementation of EMV (Europay, MasterCard and Visa) cards or smart cards as a payment method. The upgrade additionally includes the change out of all TVM touch screens from 14" (which are becoming obsolete) to 15", the change out of TVM pedestals to meet current ADA requirements and the replacement of various cables, machine motors and power sockets in all TVMs.

The total negotiated not-to-exceed cost for the one time equipment/system upgrade is \$3,653,640 to be shared equally by the Railroads. The not to exceed cost of the three-year maintenance extension including potential out-of-scope items (2018-2020) is \$14,179,820 (\$6,953,974 MNR & \$7,225,845 LIRR), and the not-to-exceed costs of the two one-year additional options is \$9,613,545 (\$4,758,521 / 2021 and \$4,855,024 / 2022) or \$4,631,783 - 2021/ 2022 MNR and \$4,981,762 – 2021/2022 LIRR. All pricing in the maintenance contract is based on the competitively negotiated contract pricing established in 1998, which has increased an average of 1.35% per year since inception and is deemed reasonable given the resources (labor, equipment and technology) required to carry out the LCM work under this contract on an on-going basis. Should the full service contract not be required through the 2022 extension, the Railroads have the ability to phase out equipment from the maintenance contract or terminate the contract for convenience. However, should the date for the implementation of NYCT's new fare payment system slip past 2022, it is possible that the Railroads may need to return to the Board to extend the maintenance contract further to coincide with the new implementation date.

The contract is to be funded by each Railroad's Operating Budget. Note: A portion of MNR's cost will be offset by CDOT funding.

**IV. Alternatives:** The LCM program awarded to S&B in 2006 has preserved high equipment availability and reliability and has extended the useful life of the equipment which was designed to last 12 to 14 years. The machines are currently averaging 15 years, and with this proposed extension, including certain necessary system enhancements and upgrades, useful life will be extended through the transition to a new fare payment system. The Railroads considered the use of other firms, however, there are no firms that can provide the full range of services included in the LCM Program, especially with respect to the provision and upgrading of S&B OEM components. Additionally, no other firm has expertise with the software system, which was designed and integrated by S&B. The Railroads do not have the in-house expertise or resources to program and maintain this complex software system and to rebuild and redesign OEM replacement parts.

## Schedule E: Miscellaneous Procurement Contracts

Item Number: E

Vendor Name (& Location) NetBoss Technologies, Inc.		Contract Number 1000058046		AWO/Modification #	
Description Software & Maintenance Support Agreement		Renewal? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Contract Term (including Options, if any) Three years		Total Amount: \$309,586 ( not-to-exceed)			
Option(s) included in Total Amount? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Funding Source <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:			
Procurement Type <input type="checkbox"/> Competitive <input checked="" type="checkbox"/> Non-competitive		Requesting Dept/Div & Dept/Div Head Name: Procurement & Material Management, Al Muir, Sr. Director			
Solicitation Type <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Sole Source-Proprietary software					

### Discussion:

Approval is requested to award a three year non-competitive, miscellaneous procurement contract with NetBoss Technologies, Inc. for the maintenance & support services of MNR's NetBoss Network Management System (NMS) software.

The NetBoss NMS software was previously customized, installed and integrated into MNR's fiber optic telecommunication network. The NetBoss software is one of the key components of the network that provides diagnostic information, fault management and trouble reporting related to the entire MNR network communication and related subsystems. It monitors and reports real-time status of MNR's overall network condition and it drives various applications such as circuit failovers and network monitoring applications. Netboss Technologies is the Original Equipment Manufacturer (OEM), the original software developer and the sole authorized provider of all NetBoss hardware, software, and all associated maintenance and support services.

In requesting this Board authorization, 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 the purchase of sole source material. Advertisements were placed in the New York State Contract Reporter, The New York Post, and posted on the MNR website which did not yield interest from other sources. MNR shall continue to seek alternate suppliers through vendor outreach and advertisement.

Negotiations for a multiyear maintenance and support contract resulted in a 10% discount (\$32,333) from NetBoss' standard commercial price of \$341,919. The total cost of the three year maintenance & support contract is not-to-exceed \$309,586 and a review of the pricing has found costs be fair and reasonable. This procurement is to be funded by the MNR Operating Budget.

## Schedule I: Modifications to Purchase and Public Works Contracts

Item Number: |

<b>Vendor Name (&amp; Location)</b> Sepsa North America, Inc.		<b>Contract Number</b> 36124	<b>AWO/Modification #</b>
<b>Description</b> Design and Delivery of Video Camera systems for Rolling Stock Fleet		<b>Original Amount:</b>	\$,13,222,010
<b>Contract Term (including Options, if any)</b> 36 Months		<b>Prior Modifications:</b>	\$ 4,298,106
<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>	\$ 17,520,116
<b>Solicitation Type</b> <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other:		<b>This Request:</b>	\$3,148,581
<b>Funding Source</b> <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:		<b>% of This Request to Current Amount:</b>	18%
<b>Requesting Dept./Div. &amp; Dept./Div. Head Name:</b> Procurement & Material Management, Al Muir, Sr. Director		<b>% of Modifications (including This Request) to Original Amount:</b>	56%- includes Option elections previously Board approved

### Discussion:

Approval is requested to issue a contract change order to the firm Sepsa North America, Inc. (SEPSA), in the not-to-exceed amount of \$3,148,581 for additional work associated with the Design and Delivery of Video Camera systems for MNR Rolling Stock Fleet.

In November 2014, Metro-North Railroad on behalf of itself and Long Island Rail Road requested and received approval to award two thirty-six month competitively solicited contracts (RFP process, 11 proposals received) to 4D Security Solutions (LIRR) and Sepsa North America (MNR) for the Design and Delivery of Video Recording Systems for Long Island Rail Roads and Metro-North respectively.

At that time, the Railroads elected to install inward and outward facing video and audio recorders consistent with the Rail Industry's imperative increase to safety and security. In addition to the two cab cameras, the Railroads elected to incorporate passenger area cameras to improve passenger and crew safety by acting as a deterrent to crime and providing forensic investigative capability.

During preliminary design review, multiple types of cameras were considered for optimum efficiency, both in quality and coverage. Through this testing and evaluation process, MNR elected to use a high definition forward facing camera (720 p) in lieu of the base contract specified. The upgraded camera, through the higher resolution, provides not only a clearer image of the track area, but also provides added clarity in high and low light situations such operation in Park Avenue Tunnel. In order to facilitate this upgrade in camera resolution, a corresponding amount of additional memory is required to store the images within the on-board recorder system.

In addition to the enhancements of the forward facing cameras, Sepsa and MNR extensively reviewed the coverage of the passenger area cameras. This analysis led to the determination that two additional cameras would be placed in the EMU's and Coaches to ensure the maximum amount of coverage, the passenger areas will now have a total of ten cameras instead of the contract specified eight. The final change request is an option that was included within the original competitive solicitation but was not submitted or approved at the time of the original award. The functionality that is now being requested is for remote access, which will give the Railroad the capability to download the recorded data from various locations without having to access the Locomotive or Railcar.

The cost of the changes has been negotiated at a total not-to-exceed amount of \$3,148,581 and is deemed fair and reasonable for the work to be performed. The material costs were validated through a price analysis and funding for these changes is to be provided by the MNR Operating Budget.

## Schedule A: Non-Competitive Purchases and Public Works

### Staff Summary



Item Number: 1

<b>Vendor Name (&amp; Location)</b> Original Equipment Manufacturers – Various (See below)
<b>Description</b> OEM Purchase Agreements - LIRR
<b>Contract Term (including Options, if any)</b> 5 years
<b>Option(s) included in Total Amount?</b> <input 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 type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Sole Source

<b>Contact Number</b> TBD	<b>Renewal?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total Amount:</b> LIRR - \$52,176,000.00      \$52,594,000.00 NTE MNR - \$418,000.00	
<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 Equipment - Craig Daly	
<b>Contract Manager:</b> Carl Cipriano	

#### Discussion:

LIRR requests MTA Board approval to award multiple five-year Sole Source Purchase Agreements in the total not-to-exceed amount of \$52,594,000.00 to three Original Equipment Manufacturers (OEMs) who will supply, on an as needed basis, complete systems, parts, other equipment (collectively the “Parts”), technical/field support and repair services required to (i) support LIRR’s Reliability Centered Maintenance (RCM) program, and (ii) perform unscheduled maintenance and repairs to the LIRR’s diesel fleet of locomotives and coach cars. The three suppliers are Kawasaki Rail Car, Inc. (Kawasaki), Siemens Rail Car, Inc. (Siemens) and Luminator Holding, LP (Luminator).

The OEMs identified on the chart below are the sole responsible sources for the parts, repairs and services that will be provided under these purchase agreements. Other vendors cannot readily provide these parts and repairs because related systems were approved only after extensive design review and factory testing. The chart provides the names of the three OEMs and the estimated not-to-exceed dollar amounts anticipated to be expended (one as a joint procurement with MetroNorth Railroad (MNR) with each OEM over the five year term of the purchase agreements. The Railroads remain committed to identifying potential alternate suppliers to sole source parts and equipment. To that end, outreach to other known suppliers has been undertaken both through direct discussions as well as public advertisements of our requirements. However, due to the uniqueness of our fleet, the proprietary nature of the systems and the costs associated with tooling and other non-recurring expenses that would need to be undertaken by any new supplier, these outreach efforts have not produced any other alternate suppliers or sources for these materials and services.

Supplier	System	Agreement Totals
Kawasaki	Carbody, Truck/Suspension & Interior Components	\$33,840,000
Siemens	Locomotive Propulsion	\$16,850,000
Luminator *	Interior Lighting	\$ 1,904,000
<b>Grand Total</b>		<b>\$52,594,000</b>

\*Luminator is a joint procurement between LIRR (\$1,486,000) and MNR (\$418,000)

## **Staff Summary**



Siemens and Kawasaki will supply the aforementioned parts, systems, support and services, on an as needed basis. The Business Service Center (BSC) reviewed the scope of work specific to these two suppliers and determined that they are not candidates for joint procurements as the coach cars and locomotives are unique to the LIRR.

Luminator, the OEM of railcar lighting systems on LIRR and MNR diesel and electric car fleets is the third OEM who will be awarded a purchase agreement. This joint procurement initiative between the LIRR and MNR will utilize the combined buying power of the two Railroads to achieve most favorable uniform pricing and better supply chain management. Additional benefits are process efficiencies that reduce the number and frequency of small purchase activity. The five year term also assures that the OEMs will maintain their tooling and manufacturing capabilities necessary to produce the parts, which are not available from other sources.

The LIRR fleet consists of 45 diesel locomotives and 134 diesel hauled coaches. To maintain high car reliability and improved customer service through on-time performance, the Railroad must implement its RCM program, which requires that parts are to be replaced at prescribed intervals. Additionally, parts required to perform unscheduled maintenance and repairs on the cars are needed to insure that any software driven, microprocessor based systems are kept up to current configuration for optimal operation. Further, technical support and repair services will ensure that any future repairs or modifications that require the technical expertise of the OEM(s), as well as access to the OEM(s) proprietary data can be implemented.

The dollar amounts requested for award to each supplier are based upon historical data and projected usage. In order to be prepared for possible unscheduled events and occurrences, the Railroads further seek approval to reallocate funds between the OEMs. In accordance with MTA All-Agency Procurement Guideline requirements, the Railroad(s) advertised their intent to procure the items under this authorization on a sole source basis. No other firms expressed any interest in participating in this procurement.

The overall weighted average increase across the three suppliers is 6.6% which includes a negotiated reduction of 3.6%. This is within 3.4% of the weighted average of the relevant Bureau of Labor Statistics (BLS) data. The prices quoted herein are "equal to" or "not greater than" the price currently quoted to most favored customers for similar service and quantities. The pricing is, therefore, deemed to be fair and reasonable.

Item Number: 1-3

<b>Vendor Name (Location)</b> Vianova Technologies (Germaringen, Germany) Strategic Mapping, Inc. (Toronto, Canada) Clever Devices Ltd. (Woodbury, New York)
<b>Description</b> Test and evaluation for the design, provision, installation and maintenance of Digital Information Screens on buses
<b>Contract Term (including Options, if any)</b> TBD
<b>Option(s) included in total amount?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> n/a
<b>Procurement Type</b> <input type="checkbox"/> Competitive <input checked="" type="checkbox"/> Noncompetitive
<b>Solicitation Type</b> <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Test and Evaluate

<b>Contract Number</b> RFI 119139	<b>Renewal?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total Amount:</b> Vianova: \$579,564 Strategic: \$614,044 Clever: \$420,000	
<b>Funding Source</b> <input type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	
<b>Requesting Dept./Div., Dept./Div. Head Name:</b> Department of Buses, Darryl C. Irick	

**Discussion:**

It is requested that the Board declare competitive bidding impractical or inappropriate pursuant to subdivision 9(d) of Public Authorities Law Section 1209 ("PAL") and approve the award of three purchase contracts for the test and evaluation of new technologies for the provision of Digital Information Screens on a total of 131 buses. The statute states that contracts awarded under this section of the PAL require a 30-day waiting period after Board action before a contract can be awarded. Purchase contracts will then be awarded to the following three companies: Vianova Technologies GmbH ("Vianova") in the estimated amount of \$579,564, Strategic Mapping, Inc. ("Strategic") in the estimated amount of \$614,044, and Clever Devices Ltd. ("Clever") in the estimated amount of \$420,000. The total estimated value of these purchases will be \$1,613,608.

The Department of Buses ("DOB") has conducted extensive research into Digital Information Screen technologies which are designed to enhance the customer experience on buses by providing audio/visual route and next stop information, planned and unplanned service advisories, as well as geographic specific advertising on screens throughout the bus. This pilot program will allow for several Digital Information Screens systems to be evaluated in order to determine which Digital Information Screens systems work best in the NYC Transit operating environment, qualify companies for future new bus procurements, foster competition and develop a comprehensive specification for use in a future Request for Proposals to retrofit existing buses with a Digital Information Screens system.

A Request for Information was advertised in October 2015 on the MTA website and a series of trade publications. After an extensive outreach, including contacting vendors identified by DOB, Procurement received responses from 16 companies. Ten companies were invited to give oral presentations; each company was given the opportunity to provide an overview of their system's capabilities, demonstrate their solution and answer questions from a panel of MTA personnel, which included representatives from DOB, Corporate Communications, and Procurement.

Proposals were received from nine of the ten companies in March 2016 (one company elected not to propose). Each submission consisted of both a technical proposal and a price proposal for each of the prospective bus routes (M15, B46 and S79). Once each technical proposal was reviewed and given a technical evaluation, negotiations were conducted with the three companies that received the highest technical evaluations. After a final review, it was determined that Vianova will install its Digital Information Screens on 48 Low Floor 60-foot Nova Articulated buses operating on the M15 route, Strategic will install its Digital Information Screens on 48 Low Floor 40-foot New Flyer Diesel buses operating on the B46 route, and Clever will install its Digital Information Screens on 35 Low Floor 40-foot Orion Hybrid buses operating on the S79 route for a total of 131 Digital Information Screen systems.

Each of these contracts requires the company to design, furnish, install and maintain a complete Digital Information Screen system on a small fleet of buses in the NYC Transit operating environment for one year. Each Digital Information Screen system is comprised of digital screens (two on 40-foot buses and three on 60-foot buses), a video processing unit, and a Content Management System ("CMS") which allows the programming and management of advertising content to be displayed on each bus from a remote location. Each company has developed its Digital Information Screen system utilizing different components and software.

For example, while the systems offered by Strategic and Vianova utilize a dedicated video processing unit, Clever has incorporated video processing capabilities into its monitors. Additionally, each company is providing a different CMS software which will be evaluated.

Procurement negotiated the best price possible from each company. The variations in pricing arise from differences in the materials, technologies, and design approach utilized by each company. In addition to the hardware and software, the pricing includes one year of CMS hosting, maintenance, and support. Cost Price reviewed the final proposals and determined the pricing from each of the companies to be fair and reasonable.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - 2016 ADOPTED BUDGET**  
**Consolidated Accrual Statement of Operations by Category**  
**April 2016**  
(\$ 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	\$503.6	\$490.5	(\$13.0)	(2.6)	\$0.0	\$0.0	\$0.0	-	\$503.6	\$490.5	(\$13.0)	(2.6)
Vehicle Toll Revenue	151.3	155.0	3.7	2.5	0.0	0.0	0.0	-	151.3	155.0	3.7	2.5
Other Operating Revenue	54.1	56.4	2.3	4.3	0.0	0.0	0.0	-	54.1	56.4	2.3	4.3
Capital & Other Reimbursements	0.0	0.0	0.0	-	180.0	187.9	7.8	4.3	180.0	187.9	7.8	4.3
<b>Total Revenue</b>	<b>\$708.9</b>	<b>\$702.0</b>	<b>(\$7.0)</b>	<b>(1.0)</b>	<b>\$180.0</b>	<b>\$187.9</b>	<b>\$7.8</b>	<b>4.3</b>	<b>\$889.0</b>	<b>\$889.8</b>	<b>\$0.9</b>	<b>0.1</b>
<b>Expenses</b>												
<b>Labor:</b>												
Payroll	\$387.8	\$377.2	\$10.7	2.8	\$62.8	\$59.0	\$3.8	6.1	\$450.6	\$436.1	\$14.5	3.2
Overtime	54.3	50.3	4.0	7.4	17.1	25.4	(8.3)	(48.7)	71.3	75.7	(4.3)	(6.0)
Health and Welfare	95.7	90.6	5.1	5.3	5.5	5.7	(0.3)	(4.8)	101.2	96.3	4.8	4.7
OPEB Current Payment	47.1	36.3	10.8	22.9	0.8	0.7	0.1	9.2	47.9	37.0	10.8	22.6
Pensions	47.7	44.4	3.3	7.0	4.9	5.7	(0.7)	(14.9)	52.7	50.1	2.6	4.9
Other Fringe Benefits	49.7	46.7	3.0	6.1	21.6	23.7	(2.1)	(9.6)	71.3	70.4	1.0	1.4
Reimbursable Overhead	(40.3)	(41.7)	1.3	3.3	40.0	41.4	(1.4)	(3.4)	(0.3)	(0.3)	(0.0)	(10.7)
<b>Total Labor Expenses</b>	<b>\$642.0</b>	<b>\$603.8</b>	<b>\$38.2</b>	<b>6.0</b>	<b>\$152.6</b>	<b>\$161.5</b>	<b>(\$8.9)</b>	<b>(5.8)</b>	<b>\$794.7</b>	<b>\$765.3</b>	<b>\$29.3</b>	<b>3.7</b>
<b>Non-Labor:</b>												
Electric Power	\$39.9	\$29.7	\$10.1	25.4	\$0.1	\$0.1	(\$0.1)	*	\$39.9	\$29.9	\$10.1	25.2
Fuel	13.9	11.7	2.2	15.9	0.0	0.0	0.0	-	13.9	11.7	2.2	15.9
Insurance	4.5	2.8	1.8	38.9	1.0	1.1	(0.0)	(3.2)	5.5	3.8	1.7	31.2
Claims	20.2	26.4	(6.2)	(30.9)	0.0	0.0	0.0	-	20.2	26.4	(6.2)	(30.9)
Paratransit Service Contracts	34.3	30.9	3.4	9.8	0.0	0.0	0.0	-	34.3	30.9	3.4	9.8
Maintenance and Other Operating Contracts	53.4	49.5	3.8	7.2	6.2	6.6	(0.4)	(6.3)	59.6	56.1	3.4	5.8
Professional Service Contracts	32.3	11.0	21.3	65.9	4.5	6.4	(1.9)	(42.3)	36.8	17.4	19.4	52.6
Materials & Supplies	55.4	49.0	6.4	11.6	15.3	11.4	3.9	25.5	70.7	60.4	10.3	14.6
Other Business Expenses	20.2	19.8	0.4	1.8	0.3	0.7	(0.4)	*	20.4	20.5	(0.1)	(0.4)
<b>Total Non-Labor Expenses</b>	<b>\$273.9</b>	<b>\$230.8</b>	<b>\$43.1</b>	<b>15.7</b>	<b>\$27.4</b>	<b>\$26.3</b>	<b>\$1.0</b>	<b>3.8</b>	<b>\$301.3</b>	<b>\$257.1</b>	<b>\$44.2</b>	<b>14.7</b>
<b>Other Expense Adjustments:</b>												
Other	3.7	2.7	1.0	28.0	0.0	0.0	0.0	-	3.7	2.7	1.0	28.0
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>\$3.7</b>	<b>\$2.7</b>	<b>\$1.0</b>	<b>28.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>-</b>	<b>\$3.7</b>	<b>\$2.7</b>	<b>\$1.0</b>	<b>28.0</b>
<b>Total Expenses before Non-Cash Liability Adjs.</b>	<b>\$919.6</b>	<b>\$837.3</b>	<b>\$82.4</b>	<b>9.0</b>	<b>\$180.0</b>	<b>\$187.9</b>	<b>(\$7.8)</b>	<b>(4.3)</b>	<b>\$1,099.7</b>	<b>\$1,025.1</b>	<b>\$74.5</b>	<b>6.8</b>
Depreciation	195.9	229.9	(34.0)	(17.4)	0.0	0.0	0.0	-	195.9	229.9	(34.0)	(17.4)
OPEB Obligation	35.9	34.1	1.7	4.8	0.0	0.0	0.0	-	35.9	34.1	1.7	4.8
GASB 68 Pension Adjustment	0.0	56.8	(56.8)	-	0.0	0.0	0.0	-	0.0	56.8	(56.8)	-
Environmental Remediation	0.6	0.2	0.4	71.4	0.0	0.0	0.0	-	0.6	0.2	0.4	71.4
<b>Total Expenses</b>	<b>\$1,152.0</b>	<b>\$1,158.3</b>	<b>(\$6.3)</b>	<b>(0.5)</b>	<b>\$180.0</b>	<b>\$187.9</b>	<b>(\$7.8)</b>	<b>(4.3)</b>	<b>\$1,332.0</b>	<b>\$1,346.1</b>	<b>(\$14.1)</b>	<b>(1.1)</b>
Less: B&T Depreciation & GASB Adjustments	\$15.9	\$15.3	\$0.6	3.8	\$0.0	\$0.0	\$0.0	-	\$15.9	\$15.3	\$0.6	3.8
<b>Adjusted Total Expenses</b>	<b>\$1,136.1</b>	<b>\$1,142.9</b>	<b>(\$6.9)</b>	<b>(0.6)</b>	<b>\$180.0</b>	<b>\$187.9</b>	<b>(\$7.8)</b>	<b>(4.3)</b>	<b>\$1,316.1</b>	<b>\$1,330.8</b>	<b>(\$14.7)</b>	<b>(1.1)</b>
<b>Net Surplus/(Deficit) excluding Subsidies and Debt Service</b>	<b>(\$427.1)</b>	<b>(\$441.0)</b>	<b>(\$13.2)</b>	<b>(3.1)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>*</b>	<b>(\$427.1)</b>	<b>(\$441.0)</b>	<b>(\$13.2)</b>	<b>(3.1)</b>
Subsidies	\$2,196.0	2,158.4	(37.7)	(1.7)	0.0	0.0	0.0	-	2,196.0	2,158.4	(37.7)	(1.7)
Debt Service	233.3	262.5	(29.2)	(12.5)	0.0	0.0	0.0	-	233.3	262.5	29.2	(12.5)

Note: Results are based on the preliminary close of the general ledger and are subject to review and adjustment. Please note that the current months' actuals do not include post-close adjustments, which will be captured in the subsequent month's YTD results.

-- Differences are due to rounding.

\* Variance exceeds 100%.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - 2016 ADOPTED BUDGET**  
**Consolidated Accrual Statement of Operations by Category**  
**April 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	\$1,971.3	\$1,935.2	(\$36.2)	(1.8)	\$0.0	\$0.0	\$0.0	-	\$1,971.3	\$1,935.2	(\$36.2)	(1.8)
Vehicle Toll Revenue	557.8	582.3	24.5	4.4	0.0	0.0	0.0	-	557.8	582.3	24.5	4.4
Other Operating Revenue	221.6	229.5	7.9	3.6	0.0	0.0	0.0	-	221.6	229.5	7.9	3.6
Capital & Other Reimbursements	0.0	0.0	0.0	-	613.4	579.1	(34.4)	(5.6)	613.4	579.1	(34.4)	(5.6)
<b>Total Revenue</b>	<b>\$2,750.7</b>	<b>\$2,747.0</b>	<b>(\$3.8)</b>	<b>(0.1)</b>	<b>\$613.4</b>	<b>\$579.1</b>	<b>(\$34.4)</b>	<b>(5.6)</b>	<b>\$3,364.2</b>	<b>\$3,326.0</b>	<b>(\$38.1)</b>	<b>(1.1)</b>
<b>Expenses</b>												
<b>Labor:</b>												
Payroll	\$1,601.1	\$1,594.2	\$6.9	0.4	\$218.6	\$195.9	\$22.7	10.4	\$1,819.7	\$1,790.0	\$29.6	1.6
Overtime	244.9	250.1	(5.2)	(2.1)	50.3	71.2	(20.9)	(41.5)	295.3	321.3	(26.1)	(8.8)
Health and Welfare	383.3	367.5	15.8	4.1	20.4	21.3	(0.9)	(4.2)	403.7	388.8	14.9	3.7
OPEB Current Payment	190.9	175.3	15.6	8.2	3.0	2.7	0.3	10.0	194.0	178.0	15.9	8.2
Pensions	202.0	187.4	14.5	7.2	18.2	19.6	(1.5)	(8.1)	220.1	207.1	13.1	5.9
Other Fringe Benefits	222.1	224.4	(2.3)	(1.0)	72.5	70.8	1.8	2.4	294.6	295.2	(0.6)	(0.2)
Reimbursable Overhead	(134.3)	(121.3)	(13.0)	(9.7)	133.1	120.3	12.8	9.6	(1.2)	(0.9)	(0.2)	(20.0)
<b>Total Labor Expenses</b>	<b>\$2,709.9</b>	<b>\$2,677.6</b>	<b>\$32.3</b>	<b>1.2</b>	<b>\$516.2</b>	<b>\$501.8</b>	<b>\$14.3</b>	<b>2.8</b>	<b>\$3,226.1</b>	<b>\$3,179.5</b>	<b>\$46.7</b>	<b>1.4</b>
<b>Non-Labor:</b>												
Electric Power	\$175.4	\$136.6	\$38.9	22.2	\$0.3	\$0.5	(\$0.2)	(60.0)	\$175.7	\$137.0	\$38.7	22.0
Fuel	61.5	41.8	19.6	31.9	0.0	0.0	(0.0)	*	61.5	41.8	19.6	31.9
Insurance	17.0	10.2	6.7	39.7	3.4	3.3	0.1	2.1	20.4	13.6	6.8	33.4
Claims	81.2	91.4	(10.2)	(12.6)	0.0	0.0	0.0	-	81.2	91.4	(10.2)	(12.6)
Paratransit Service Contracts	135.5	125.9	9.6	7.1	0.0	0.0	0.0	-	135.5	125.9	9.6	7.1
Maintenance and Other Operating Contracts	204.9	184.3	20.6	10.0	21.9	20.7	1.2	5.4	226.8	205.1	21.8	9.6
Professional Service Contracts	116.9	100.5	16.3	14.0	17.6	15.4	2.2	12.6	134.4	115.9	18.5	13.8
Materials & Supplies	201.7	189.7	12.1	6.0	55.1	34.9	20.2	36.6	256.8	224.6	32.2	12.5
Other Business Expenses	66.1	61.8	4.3	6.5	(1.0)	2.4	(3.4)	*	65.1	64.2	0.8	1.3
<b>Total Non-Labor Expenses</b>	<b>\$1,060.2</b>	<b>\$942.3</b>	<b>\$117.9</b>	<b>11.1</b>	<b>\$97.3</b>	<b>\$77.2</b>	<b>\$20.0</b>	<b>20.6</b>	<b>\$1,157.5</b>	<b>\$1,019.6</b>	<b>\$137.9</b>	<b>11.9</b>
<b>Other Expense Adjustments:</b>												
Other	14.9	11.2	3.7	24.8	0.0	0.0	0.0	-	14.9	11.2	3.7	24.8
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>\$14.9</b>	<b>\$11.2</b>	<b>\$3.7</b>	<b>24.8</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>-</b>	<b>\$14.9</b>	<b>\$11.2</b>	<b>\$3.7</b>	<b>24.8</b>
<b>Total Expenses before Non-Cash Liability Adjs.</b>	<b>\$3,785.1</b>	<b>\$3,631.2</b>	<b>\$153.9</b>	<b>4.1</b>	<b>\$613.4</b>	<b>\$579.1</b>	<b>\$34.4</b>	<b>5.6</b>	<b>\$4,398.5</b>	<b>\$4,210.3</b>	<b>\$188.3</b>	<b>4.3</b>
Depreciation	777.6	818.7	(41.1)	(5.3)	0.0	0.0	0.0	-	777.6	818.7	(41.1)	(5.3)
OPEB Obligation	564.2	409.6	154.6	27.4	0.0	0.0	0.0	-	564.2	409.6	154.6	27.4
GASB 68 Pension Adjustment	0.0	228.8	(228.8)	-	0.0	0.0	0.0	-	0.0	228.8	(228.8)	-
Environmental Remediation	2.3	2.2	0.2	7.5	0.0	0.0	0.0	-	2.3	2.2	0.2	7.5
<b>Total Expenses</b>	<b>\$5,129.3</b>	<b>\$5,090.5</b>	<b>\$38.8</b>	<b>0.8</b>	<b>\$613.4</b>	<b>\$579.1</b>	<b>\$34.4</b>	<b>5.6</b>	<b>\$5,742.7</b>	<b>\$5,669.6</b>	<b>\$73.1</b>	<b>1.3</b>
Less: B&T Depreciation & GASB Adjustments	\$64.1	\$61.9	\$2.2	3.4	\$0.0	\$0.0	\$0.0	-	\$64.1	\$61.9	\$2.2	3.4
<b>Adjusted Total Expenses</b>	<b>\$5,065.2</b>	<b>\$5,028.6</b>	<b>\$36.6</b>	<b>0.7</b>	<b>\$613.4</b>	<b>\$579.1</b>	<b>\$34.4</b>	<b>5.6</b>	<b>\$5,678.6</b>	<b>\$5,607.7</b>	<b>\$70.9</b>	<b>1.2</b>
<b>Net Surplus/(Deficit) excluding Subsidies and Debt Service</b>	<b>(\$2,314.5)</b>	<b>(\$2,281.7)</b>	<b>\$35.0</b>	<b>1.5</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$0.0)</b>	<b>*</b>	<b>(\$2,314.5)</b>	<b>(\$2,281.7)</b>	<b>\$35.0</b>	<b>1.5</b>
Subsidies	3,364.6	3,288.5	(76.1)	(2.3)	0.0	0.0	0.0	-	3,364.6	3,288.5	(76.1)	(2.3)
Debt Service	933.0	893.0	40.0	4.3	0.0	0.0	0.0	-	933.0	893.0	40.0	4.3

Note: Results are based on the preliminary close of the general ledger and are subject to review and adjustment. Please note that the current months' actuals do not include post-close adjustments, which will be captured in the subsequent month's YTD results.

-- Differences are due to rounding.

\* Variance exceeds 100%.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - 2016 ADOPTED BUDGET**  
**EXPLANATION OF VARIANCES BETWEEN ADOPTED BUDGET AND ACTUAL ACCRUAL BASIS**  
**April 2016**  
**(\$ in millions)**

		April				YEAR-TO-DATE			
Generic Revenue or Expense Category	Nonreimb or Reimb	Favorable (Unfavorable)		Reason for Variance	Favorable (Unfavorable)		Reason for Variance		
		\$	%		\$	%			
Farebox Revenue	NR	(13.0)	(2.6)	NYCT, MNR and MTA Bus were unfavorable by (\$11.4M), (\$1.1M) and (\$0.6M), respectively, primarily due to lower ridership.	(36.2)	(1.8)	NYCT and MTA Bus were unfavorable by (\$38.3M) and (\$1.3M), respectively, reflecting residual impacts of a blizzard that occurred in January and extreme cold weather in February. Partially offsetting these results were favorable variances of \$1.9M at the LIRR due to higher ridership and \$1.7M at MNR due to higher yield and ridership.		
Vehicle Toll Revenue	NR	3.7	2.5	Toll revenues were favorable due to higher traffic volume.	24.5	4.4	Toll revenues were favorable mainly due to higher traffic volume.		
Other Operating Revenue	NR	2.3	4.3	The favorable outcome reflects a positive shift in the market value of the invested asset portfolio at FMTAC \$1.7M; higher rental income at MTA HQ \$0.6M; higher revenue from net GCT retail operations at MNR \$0.5M; higher student fares at MTA Bus \$0.4M; and higher E-ZPass and other toll administrative fees at B&T \$0.3M. These results were partially offset by lower advertising revenue and Paratransit Urban Tax income at NYCT (\$0.9M).	7.9	3.6	The YTD favorable result mostly reflects a positive shift in the market value of the invested asset portfolio at FMTAC \$10.3M. Other contributing factors include higher E-ZPass and toll administrative fees at B&T \$3.0M; higher rental income at MTA HQ \$1.9M; higher GCT retail revenue, and commuter parking and commissary revenue at MNR \$1.5M; and higher student fares at MTA Bus \$0.8M. These results were partially offset by lower advertising revenue and the timing of Paratransit Urban Tax income at NYCT (\$9.0M), and lower rental income and the timing of advertising revenue at the LIRR (\$0.6M).		
Payroll	NR	10.7	2.8	The favorable variance was mainly attributable to higher than-budgeted vacancy levels and the timing of expenses: \$6.2M at NYCT, \$2.0M at MTA HQ, \$1.7M at the LIRR, \$1.3M at B&T, and \$0.3M at SIR. These results were partially offset by an unfavorable variance of (\$0.9M) at MTA Bus due to rate differentials and the impact of delays in reimbursable projects	6.9	0.4	The favorable YTD variance mainly reflects vacancies and lower vacation pay accruals at the LIRR \$6.2M. Other favorable results were mostly due to higher vacancy levels: \$5.4M at B&T, \$4.4M at NYCT, and \$0.6M at MTA HQ. These results were partially offset by unfavorable outcomes at MTA Bus (\$5.2M), reflecting the impact of delays in reimbursable projects, MNR (\$3.9M) due to higher vacation and sick time payouts for retirees, and SIR (\$0.6M) due to retroactive wage adjustments resulting from new labor contract agreements		
Overtime	NR	4.0	7.4	The favorable variance mainly reflects re-directed forces to perform reimbursable work at NYCT \$2.1M, lower scheduled service requirements at MNR due to improved employee availability \$1.5M, and timing at B&T \$0.3M. Other Agency variances were minor. (See Overtime Decomposition Report for more details)	(5.2)	(2.1)	The overall YTD unfavorable variance continues to reflect the weather-related overages that occurred during January and February at NYCT (\$5.1M), and higher maintenance overtime in the Engineering Department due to limited track availability and higher weather overtime at the LIRR (\$2.9M). Other unfavorable results reflect higher MTA Police patrol coverage at MTA HQ (\$0.4M), and weather-related overtime requirements and vacancy/absentee coverage at MTA Bus (\$0.4M). These results were partially offset by lower weather-related overtime requirements at MNR \$2.3M, and timing and vacancy/absentee coverage at B&T \$1.5M. (See Overtime Decomposition Report for more details)		

**METROPOLITAN TRANSPORTATION AUTHORITY  
FEBRUARY FINANCIAL PLAN - 2016 ADOPTED BUDGET  
EXPLANATION OF VARIANCES BETWEEN ADOPTED BUDGET AND ACTUAL ACCRUAL BASIS  
April 2016  
(\$ in millions)**

					April				YEAR-TO-DATE	
Generic Revenue or Expense Category	Nonreimb or Reimb	Favorable (Unfavorable)		Reason for Variance	Favorable (Unfavorable)		Reason for Variance			
Health and Welfare	NR	5.1	5.3	Timing was responsible for favorable variances of \$4.4M, \$0.3M, and \$0.3M at NYCT, MNR and SIR, respectively, and an unfavorable variance of (\$1.2M) at MTA Bus. Higher vacancies were responsible for favorable variances of \$0.8M at the LIRR and \$0.4M at B&T.	15.8	4.1	Timing was responsible for favorable variances of \$11.0M, \$0.3M and \$0.3M at NYCT, MNR and SIR, respectively and an unfavorable variance of (\$1.0M) at MTA Bus. Higher vacancies were responsible for favorable variances at B&T, the LIRR and MTA HQ of \$2.0M, \$1.9M, and \$1.2M, respectively.			
OPEB - Current Payment	NR	10.8	22.9	Favorable variances of \$9.5M at NYCT, \$0.8M at the LIRR, and \$0.4M at MTA HQ were due to timing and fewer retirees.	15.6	8.2	Favorable variances of \$12.2M at NYCT, \$2.9M at the LIRR, and \$0.8M at MTA HQ were due to timing and fewer retirees. Partially offsetting these results was an unfavorable variance of (\$0.6M) at MNR due to additional retirees.			
Pensions	NR	3.3	7.0	Timing was responsible for favorable variances of \$1.0M at the LIRR and \$0.8M at NYCT. MTA HQ had a \$1.0M favorable variance due to vacancies. MTA Bus was \$0.4M favorable due to an actuarial re-estimate.	14.5	7.2	Timing was responsible for favorable variances of \$5.3M at NYCT, \$2.5M at the LIRR and \$1.5M at SIR, and an unfavorable variance of (\$0.3M) at B&T. MTA HQ was \$4.6M favorable due to vacancies, and MTA Bus was \$0.8M favorable due to an actuarial re-estimate.			
Other Fringe Benefits	NR	3.0	6.1	NYCT was favorable by \$2.1M mainly due to favorable direct overhead credits resulting from higher reimbursable overtime expenses. MNR was favorable by \$0.6M primarily due to lower claims. Lower Rail Road Retirement taxes were responsible for the favorable variance at the LIRR of \$0.4M. MTA HQ was favorable by \$0.4M mostly due to higher vacancies. These results were partially offset by an unfavorable variance of (\$0.7M) at MTA Bus due to timing.	(2.3)	(1.0)	MTA Bus was unfavorable by (\$3.3M) mostly due to an increase in workers' compensation reserve requirements, based on a current actuarial update. NYCT was unfavorable by (\$2.7M) mainly due to lower direct overhead credits caused by reimbursable payroll underruns. These results were partially offset by favorable variances of \$1.8M at MNR as a result of lower employee claims, \$0.7M and \$0.6M at MTA HQ and B&T, respectively, due to higher vacancies, and \$0.7M at the LIRR due to lower FELA indemnity reserves.			
Reimbursable Overhead	NR	1.3	3.3	The timing of project activity resulted in favorable variances of \$3.0M at NYCT and \$0.9M at the LIRR, as well as unfavorable variances of (\$2.0M) at MNR and (\$0.9M) at MTA HQ.	(13.0)	(9.7)	The timing of project activity resulted in unfavorable variances of (\$19.4M) at MTA HQ and (\$3.5M) at MNR, as well as the favorable variances of \$4.9M at the LIRR, \$4.1M at NYCT, and \$0.4M at both MTA Bus and B&T.			
Electric Power	NR	10.1	25.4	Favorable result was mostly due to a mix of lower rates and consumption – \$5.4M at NYCT, \$2.7M at MNR, \$1.6M at the LIRR, and \$0.3M at MTA HQ.	38.9	22.2	Favorable result was mostly due to a mix of lower rates, consumption, and timing – \$23.0M at NYCT, \$9.2M at MNR, \$5.8M at the LIRR, \$0.6M at MTA HQ, and \$0.4M at SIR.			
Fuel	NR	2.2	15.9	Lower rates accounted for most of the favorable variances of \$0.7M at NYCT, \$0.6M at MTA Bus and \$0.5M at MNR. Other agency variances were minor.	19.6	31.9	Lower rates and consumption accounted for most of the favorable variances of \$11.2M at NYCT, \$3.2M at MNR, \$2.7M at MTA Bus, \$1.9M at the LIRR, and \$0.6M at B&T.			

**METROPOLITAN TRANSPORTATION AUTHORITY  
FEBRUARY FINANCIAL PLAN - 2016 ADOPTED BUDGET  
EXPLANATION OF VARIANCES BETWEEN ADOPTED BUDGET AND ACTUAL ACCRUAL BASIS  
April 2016  
(\$ in millions)**

				April					YEAR-TO-DATE
Generic Revenue or Expense Category	Nonreimb or Reimb	Favorable (Unfavorable)		Reason for Variance	Favorable (Unfavorable)		Reason for Variance		
Insurance	NR	1.8	38.9	Timing was responsible for favorable variances of \$1.0M at FMTAC and \$0.4M at NYCT. Other Agency variances were minor.	6.7	39.7	Timing and lower rates were responsible for favorable variances of \$4.1M, \$0.9M, and \$0.8M at FMTAC, MTA Bus and NYCT, respectively, and an unfavorable variance of (\$0.3M) at MTA HQ. The LIRR was favorable by \$0.6M due to lower liability payments, and MNR was favorable by \$0.6M due to lower premiums for all agency property, station liability and excess liability insurance.		
Claims	NR	(6.2)	(30.9)	FMTAC was (\$2.8M) unfavorable due to an actuarial re-estimate. NYCT was (\$2.6M) unfavorable due to timing. The LIRR was (\$0.9M) unfavorable due to higher reserves for public liability claims.	(10.2)	(12.6)	FMTAC was (\$9.7M) unfavorable due to an actuarial re-estimate. The LIRR was (\$1.1M) unfavorable due to higher reserves for public liability claims. These results were partially offset by a favorable variance of \$0.3M at MTA HQ due to lower claims activity.		
Paratransit Service Contracts	NR	3.4	9.8	Lower expenses due to fewer trips.	9.6	7.1	Lower expenses due to fewer trips.		
Maintenance and Other Operating Contracts	NR	3.8	7.2	The overall favorable result was mainly attributable to timing: \$2.2M at MTA HQ due to maintenance and repairs, facility maintenance, and telephone expenses; \$2.1M at the LIRR for vegetation management, Penn Station cleaning, water expenses and various maintenance contracts; \$1.6M at SIR for R-44 fleet maintenance; \$1.4M at MTA Bus for interagency charges and the reallocation of expenses to Materials & Supplies; and \$0.7M at MNR for track maintenance and the M7 systems equipment replacement project. Partially offsetting these results was an unfavorable variance of (\$4.1M) at NYCT mainly for the timing of maintenance and repair and security services.	20.6	10.0	The overall favorable result was mainly attributable to timing: \$8.6M at MNR for maintenance services, M7 systems equipment replacement, Genesis locomotive overhauls, adjustments for prior period MTA Police services, and lower GCT utilities expenses; \$6.9M at B&T for major maintenance, painting, maintenance contracts, EZ-Pass tags and security; \$4.7M at MTA Bus for interagency charges and the reallocation of expenses to Materials & Supplies; \$4.4M at SIR for R-44 fleet maintenance; \$3.9M at the LIRR for security, Lefferts Ave. Overbuild project, platform investments, uniform purchases, hazardous waste clean-ups, toilet servicing and Penn Station cleaning; and \$3.4M at MTA HQ for repair and maintenance contracts, facility maintenance, and security expenses. Partially offsetting these results was an unfavorable variance of (\$11.2M) at NYCT for non-revenue vehicle maintenance and facility maintenance, also due to timing.		
Professional Service Contracts	NR	21.3	65.9	The overall favorable result was primarily attributable to timing: \$14.0M at MTA HQ for IT-related expenses, and engineering services; \$6.2M at NYCT for bond and MTA services expenses; \$1.1M at MNR for the rail network simulation project, advertising, MetLife Stadium connecting services and training; and \$0.4M at the LIRR for delayed M-7 propulsion contracts and interagency charges. Partially offsetting these results was an unfavorable variance of (\$0.3M) at MTA Bus for inter-agency charges.	16.3	14.0	The overall favorable result was primarily attributable to timing: \$4.7M at MTA HQ for IT-related expenses, and engineering services; \$3.6M at MNR for consulting, advertising, training, the rail network simulation project and MetLife Stadium connecting services; \$3.2M at NYCT, reflecting professional services expenses and bond services; \$2.0M at the LIRR for delayed M7 propulsion contracts, and lower interagency charges; \$1.9M at MTA Bus for interagency charges; and \$0.9M at B&T for outside service contracts.		

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - 2016 ADOPTED BUDGET**  
**EXPLANATION OF VARIANCES BETWEEN ADOPTED BUDGET AND ACTUAL ACCRUAL BASIS**  
**April 2016**  
**(\$ in millions)**

					April				YEAR-TO-DATE	
Generic Revenue or Expense Category	Nonreimb or Reimb	Favorable (Unfavorable)		Reason for Variance	Favorable (Unfavorable)		Reason for Variance			
Materials & Supplies	NR	6.4	11.6	Changes in project activity levels and maintenance material requirements, as well as timing, contributed to favorable results of \$9.3M at the LIRR, \$0.7M at MNR and \$0.4M at MTA Bus, and an unfavorable result of (\$4.3M) at NYCT. Other Agency variances were minor.	12.1	6.0	Changes in project activity levels and maintenance material requirements, as well as timing, contributed to favorable results of \$19.7M at the LIRR, \$1.4M at MTA Bus, and \$0.6M at MTA HQ, and unfavorable results of (\$7.4M) at NYCT and (\$2.3M) at MNR.			
Other Business Expenses	NR	0.4	1.8	Timing was responsible for a favorable variance of \$1.4M at NYCT. The LIRR was \$0.3M favorable, mostly due to higher restitution on property damage. These results were partially offset by an unfavorable variance of (\$1.6M) at B&T resulting from to the timing of credit card fees.	4.3	6.5	Timing was responsible for favorable variances of \$2.4M at NYCT and \$1.2M at FMTAC. MNR was \$1.9M favorable mainly due to lower fuel rates and the impact of higher ridership, which resulted in lower subsidy payments to NJT for West of Hudson operations. The LIRR was \$0.7M favorable mainly due to higher credits for restitution on property damage. These results were partially offset by unfavorable variances of (\$1.4M) at B&T due to the timing of credit card fees, and (\$0.3M) at MTA Bus due to higher AFC collection fees and mobility taxes.			
Other Expense Adjustments	NR	1.0	28.0	Variance due to timing differences in project completions.	3.7	24.8	Variance due to timing differences in project completions.			
Depreciation	NR	(34.0)	(17.4)	Timing differences in project completions and assets reaching beneficial use resulted in unfavorable variances of (\$33.3M) at NYCT, (\$1.1M) at MTA Bus, and (\$0.9M) at the LIRR, and favorable variances of \$0.8M at MTA HQ and \$0.5M at MNR. Additionally, NYCT reflects prior period adjustments.	(41.1)	(5.3)	Timing differences in project completions and assets reaching beneficial use resulted in unfavorable variances of (\$39.1M) at NYCT, (\$3.8M) at the LIRR, and (\$3.5M) at MTA Bus, and favorable variances of \$3.2M at MTA HQ, \$1.3M at MNR, \$0.4M at B&T, and \$0.3M at SIR. Additionally, NYCT reflects prior period adjustments.			
Other Post-Employment Benefits	NR	1.7	4.8	The GASB adjustment reflects the value associated with the unfunded accrued liability for post employment health benefits. MTA HQ and B&T were favorable by \$1.8M and \$0.6M, respectively, and the LIRR was unfavorable by (\$0.7M).	154.6	27.4	The GASB adjustment reflects the value associated with the unfunded accrued liability for post employment health benefits. NYCT, MTA HQ, and B&T were favorable by \$146.3M, \$10.1M and \$1.8M, respectively, and the LIRR and SIR were unfavorable by (\$2.4M) and (\$1.2M), respectively. Additionally, NYCT's favorable result was also due to an actuarial re-estimate.			
GASB #68 Pension Adjustment	NR	(56.8)	-	This amount reflects NYCT's first quarter adjustment to account for its net pension liability.	(228.8)	-	This amount reflects NYCT's first quarter adjustment to account for its net pension liability.			
Environmental Remediation	NR	0.4	71.4	The favorable variance reflects overall higher costs of approximately \$0.4M at MNR.	0.2	7.5	Agency variances were minor.			
Capital & Other Reimbursements	R	7.8	4.3	Timing and changes in project activity assumptions were mostly responsible for favorable variances of \$9.1M at NYCT and \$5.8M at the LIRR, and unfavorable variances of (\$5.4M) at MNR, (\$1.1M) at MTA CC and (\$0.3M) at SIR.	(34.4)	(5.6)	Timing and changes in project activity assumptions were mostly responsible for unfavorable variances of (\$18.1M) at MNR, (\$17.5M) at MTA HQ, (\$4.8M) at MTA CC, (\$1.2M) at B&T and (\$0.8M) at MTA Bus, and favorable variances of \$5.7M at the LIRR and \$2.4M at NYCT.			

**METROPOLITAN TRANSPORTATION AUTHORITY  
FEBRUARY FINANCIAL PLAN - 2016 ADOPTED BUDGET  
EXPLANATION OF VARIANCES BETWEEN ADOPTED BUDGET AND ACTUAL ACCRUAL BASIS  
April 2016  
(\$ in millions)**

Generic Revenue or Expense Category	Nonreimb or Reimb	Favorable (Unfavorable)		Reason for Variance	Favorable (Unfavorable)		Reason for Variance
Payroll	R	3.8	6.1	The timing of project activity was responsible for favorable variances of \$2.6M at NYCT and \$0.9M at MNR. Other agency variances were minor.	22.7	10.4	The timing of project activity was responsible for favorable variances of \$17.4M at NYCT, \$2.1M at the LIRR, \$1.2M at MNR, and \$0.7M at both MTA CC and B&T.
Overtime	R	(8.3)	(48.7)	The overall overage mainly reflects higher Subway Capital Track Program requirements at NYCT (\$5.8M). Other unfavorable impacts reflect higher project activity at the LIRR (\$2.1M) and MNR (\$0.4M). (See Overtime Decomposition Report for more details)	(20.9)	(41.5)	The overall overage mainly reflects the impact of Subway Capital Track Program requirements at NYCT (\$14.2M). Other unfavorable impacts reflect higher project activity at the LIRR (\$4.3M), MTA HQ (\$1.5M), and MNR (\$1.4M). (See Overtime Decomposition Report for more details)
Health and Welfare	R	(0.3)	(4.8)	Timing was responsible for an unfavorable variance of (\$0.6M) at the LIRR.	(0.9)	(4.2)	Timing was responsible for unfavorable variances of (\$1.1M) at NYCT, and (\$0.8M) at the LIRR, and a favorable variance of \$0.3M at MNR.
OPEB Current Payment	R	0.1	9.2	Minor Variance	0.3	10.0	Timing was responsible for a favorable variance of \$0.3M at NYCT.
Pensions	R	(0.7)	(14.9)	The LIRR was unfavorable by (\$1.0M) due to timing. Other agency variances were minor.	(1.5)	(8.1)	Timing was responsible for the unfavorable variances of (\$2.5M) at the LIRR and (\$0.4M) at NYCT, and favorable variances of \$0.8M at MTA CC and \$0.3M at B&T.
Other Fringe Benefits	R	(2.1)	(9.6)	The unfavorable result was attributable to higher levels of project activity performed on overtime (\$1.9M) at NYCT and (\$0.4M) at the LIRR.	1.8	2.4	The timing project activity resulted in favorable variances of \$2.0M at NYCT and \$0.3M at MTA CC, and an unfavorable variance of (\$0.9M) at the LIRR.
Reimbursable Overhead	R	(1.4)	(3.4)	The timing of project activity resulted in unfavorable variances of (\$3.0M) at NYCT and (\$0.9M) at the LIRR, as well as favorable variances of \$1.8M at MNR and \$0.9M at MTA HQ.	12.8	9.6	The timing of project activity resulted in favorable variances of \$19.4M at MTA HQ and \$2.9M at MNR, as well as unfavorable variances of (\$4.9M) at the LIRR, (\$4.1M) at NYCT, and (\$0.4M) at B&T.
Insurance	R	(0.0)	(3.2)	Agency variances were minor.	0.1	2.1	The timing of project activity resulted in a favorable variance at the LIRR of \$0.3M and an unfavorable variance of (\$0.4M) at MNR. Other agency variances were minor.
Maintenance and Other Operating Contracts	R	(0.4)	(6.3)	The timing of project activity was responsible for an unfavorable variance of (\$1.3M) at the LIRR and favorable variances of \$0.5M at MNR and \$0.3M at MTA CC.	1.2	5.4	The timing of project activity was responsible for favorable variances of \$1.6M at the LIRR and \$1.0M at MTA CC, and unfavorable variances of (\$1.1M) at NYCT and (\$0.5M) at MNR.
Professional Service Contracts	R	(1.9)	(42.3)	The overall unfavorable results were mainly attributable to timing: (\$2.1M) at NYCT for IT hardware and various professional services; and (\$0.8M) at MTA HQ associated with West Side Yard project activity. Partially offsetting these results were favorable variances of \$0.8M at MNR and \$0.3M at MTA CC, also due to timing.	2.2	12.6	The overall favorable results were mainly attributable to timing: \$4.1M at MNR due to project activity; and \$1.5M at MTA CC due to MTA chargebacks, engineering and IT-related services. Partially offsetting these results were unfavorable variances of (\$2.3M) at NYCT for IT hardware and various professional services; and (\$1.0M) at MTA HQ associated with West Side Yard project activity.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - 2016 ADOPTED BUDGET**  
**EXPLANATION OF VARIANCES BETWEEN ADOPTED BUDGET AND ACTUAL ACCRUAL BASIS**  
**April 2016**  
(\$ in millions)

<b>Generic Revenue or Expense Category</b>	<b>Nonreimb or Reimb</b>	<b>April</b>		<b>Reason for Variance</b>	<b>YEAR-TO-DATE</b>		<b>Reason for Variance</b>
		<b>Favorable (Unfavorable)</b>	<b>Favorable (Unfavorable)</b>		<b>Favorable (Unfavorable)</b>	<b>Favorable (Unfavorable)</b>	
Materials & Supplies	R	3.9	25.5	Changes in project activity levels and maintenance material requirements, as well as the timing of payments, contributed to favorable results of \$1.5M at both MNR and NYCT, and \$0.7M at the LIRR.	20.2	36.6	Changes in project activity levels and maintenance material requirements, as well as the timing of payments, contributed to favorable results of \$11.8M at MNR, \$4.1M at NYCT, and \$3.9M at the LIRR.
Other Business Expenses	R	(0.4)	*	Agency variances were minor.	(3.4)	*	Timing was responsible for unfavorable variances of (\$3.1) at NYCT and (\$0.3M) at the LIRR.
Subsidies	NR	(37.7)	(1.7)	The unfavorable variance of \$37.7 million was mainly due to the timing of booking accruals for PMT (\$59.0 million) and Urban Tax (\$8.2 million). This was partially offset by favorable accrual for City Subsidy for MTA Bus (\$20.2 million) and PBT (\$9.3 million).	(76.1)	(2.3)	The unfavorable YTD variance of \$76.1 million was mainly the result of timing delays in booking accruals for Urban Taxes (\$59.7 million), PMT (\$52.7 million) and MTA Aid (\$5.5 million), offset by favorable accruals for City Subsidy to MTA Bus (\$26.5 million) and PBT (\$17.6 million).
Debt Service	NR	(29.2)	(12.5)	Unfavorable variance of \$29.2 million primarily due to the prefunding of Transportation Revenue Bonds (\$56 million) scheduled for May 15th. The timing variance will be reversed in May's results.	40.0	4.3	Year-to-Date favorable variance of \$40 million reflects lower than budgeted variable rates and the timing of new money bond issuances, offset by the prefunding of Transportation Revenue Bonds scheduled for May 15th.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**Overtime Decomposition Report**  
**Adopted Budget vs. Actuals**  
**April 2016**

The attached table presents consolidated results of overtime 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 April 2016 (year-to-date).

**2016 OVERTIME REPORTING - PRELIMINARY APRIL RESULTS (NON-REIMBURSABLE)**

**Month**

Total overtime was \$4.0M, or 7.4%, favorable to the Adopted Budget.

*Programmatic/Routine Maintenance* was \$2.2M favorable, essentially reflecting the impact of redirected forces utilized to accelerate reimbursable track work at NYCT and lower requirements for infrastructure repair, rail testing and maintenance in GCT at MNR. This was partially offset by the impact of accelerated maintenance work conducted by the Engineering Department during scheduled track outages at the LIRR.

*Scheduled Service* was \$1.6M favorable mostly due to improved employee availability, resulting from recently graduated classes of conductors at MNR, and forecasting Good Friday holiday overtime coverage in April, instead of March (when it occurred) at the LIRR.

**YTD**

Total YTD overtime was (\$5.2M), or (2%), unfavorable to the Adopted Budget.

*Programmatic/Routine Maintenance* was (\$4.3M) unfavorable and indicative of accelerated infrastructure maintenance work at MNR due to milder weather, and similarly, accelerated maintenance work conducted by the Engineering Department during scheduled track outages at the LIRR.

*Weather Emergencies* was (\$2.9M) unfavorable, reflecting residual impacts of overages sustained during the blizzard and extreme cold conditions that occurred in January and February at NYCT, partially offset by lower costs at MNR.

*Scheduled Service* was \$1.1M favorable largely because of improved employee availability, resulting from recently graduated classes of conductors at MNR.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**Overtime Decomposition Report**  
**Adopted Budget vs. Actuals**  
**April 2016**

*Other* was \$0.7M favorable, mainly due to adjustments for a 28-day overtime payroll lag at B&T.

*Reimbursable Overtime* exceeded the budget by (\$20.9M), largely due to higher project activity, including the Subway Track Program at NYCT; the annual track program, Atlantic tunnel mitigation, East Side Access, and the East Rail Yard at the LIRR; greater Police coverage and patrols eligible for grant and security fund reimbursement at MTA HQ; and the Power Infrastructure Restoration, Devon Bridge Repairs, and the Mainline High Speed Turnout project at MNR.

**Metropolitan Transportation Authority**  
**2016 February Financial Plan**  
**Non-Reimbursable/Reimbursable Overtime**  
(\$ in millions)

	April			April Year-to-Date		
	Adopted Budget	Actuals	Var. - Fav./(Unfav)	Adopted Budget	Actuals	Var. - Fav./(Unfav)
	\$	\$	\$	\$	\$	\$
<b>NON-REIMBURSABLE OVERTIME</b>						
<u>Scheduled Service</u>	\$18.4	\$16.8	\$1.6 8.6%	\$74.5	\$73.5	\$1.1 1.4%
<u>Unscheduled Service</u>	\$10.4	\$10.9	(\$0.5) (4.7%)	\$40.1	\$40.3	(\$0.2) (0.6%)
<u>Programmatic/Routine Maintenance</u>	\$15.4	\$13.2	\$2.2 14.2%	\$66.0	\$70.3	(\$4.3) (6.5%)
<u>Unscheduled Maintenance</u>	\$0.2	\$0.1	\$0.1 35.1%	\$0.8	\$0.5	\$0.3 33.2%
<u>Vacancy/Absentee Coverage</u>	\$7.2	\$6.9	\$0.3 4.0%	\$28.2	\$28.3	(\$0.1) -0.3%
<u>Weather Emergencies</u>	\$0.7	\$0.5	\$0.2 30.3%	\$27.8	\$30.7	(\$2.9) (10.5%)
<u>Safety/Security/Law Enforcement</u>	\$0.9	\$0.7	\$0.1 14.4%	\$3.5	\$3.2	\$0.3 8.0%
<u>Other</u>	\$1.1	\$1.0	\$0.0 4.5%	\$4.0	\$3.2	\$0.7 18.7%
Subtotal	\$54.3	\$50.3	\$4.0 7.4%	\$244.9	\$250.1	(\$5.2) (2.1%)
<b>REIMBURSABLE OVERTIME</b>	\$17.1	\$25.4	(\$8.3)	\$50.3	\$71.2	(\$20.9)
<b>TOTAL OVERTIME</b>	<b>\$71.3</b>	<b>\$75.7</b>	<b>(\$4.3)</b>	<b>\$295.3</b>	<b>\$321.3</b>	<b>(\$26.1)</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**  
**2016 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</u> resulting from extraordinary events, 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 - 2016 Adopted Budget**  
**Consolidated Accrual Subsidy Detail**  
**April 2016**  
(\$ in millions)

	Current Month			Year-to-Date		
	Adopted Budget	Actual	Variance	Adopted Budget	Actual	Variance
<b>Accrued Subsidies:</b>						
<b><i>Dedicated Taxes</i></b>						
Mass Transportation Operating Assistance Fund (MMTOA)	\$1,668.0	1,668.0	-	\$1,668.0	1,668.0	-
Petroleum Business Tax	46.3	55.6	9.3	186.3	203.9	17.6
MRT 1 (Gross)	26.9	25.6	(1.3)	107.5	108.2	0.8
MRT 2 (Gross)	10.5	9.9	(0.6)	42.0	39.1	(2.9)
Other MRT(b) Adjustments	0.0	-	-	-2.0	(2.0)	-
Urban Tax	65.5	57.3	(8.2)	309.5	249.8	(59.7)
Investment Income	0.0	-	-	0.3	-	(0.3)
	<b>\$1,817.2</b>	<b>\$1,816.4</b>	<b>(\$0.7)</b>	<b>\$2,311.6</b>	<b>\$2,267.0</b>	<b>(\$44.6)</b>
<b><i>New State Taxes and Fees</i></b>						
Payroll Mobility Taxes	104.1	45.1	(59.0)	519.8	467.1	(52.7)
Payroll Mobility Tax Replacement Funds	-	-	-	-	-	-
MTA Aid Taxes <sup>1</sup>	-	-	-	71.4	65.9	(5.5)
	<b>\$104.1</b>	<b>\$45.1</b>	<b>(\$59.0)</b>	<b>\$591.2</b>	<b>\$533.0</b>	<b>(\$58.2)</b>
<b><i>State and Local Subsidies</i></b>						
NYS Operating Assistance	187.9	187.9	-	187.9	187.9	-
NYC and Local 18b:						
New York City	1.9	1.9	-	1.9	1.9	-
Nassau County	11.6	11.6	-	11.6	11.6	-
Suffolk County	7.5	7.5	-	7.5	7.5	-
Westchester County	7.3	7.3	-	7.3	7.3	-
Putnam County	0.4	0.4	-	0.4	0.4	-
Dutchess County	0.4	0.4	-	0.4	0.4	-
Orange County	0.1	0.1	-	0.1	0.1	-
Rockland County	0.0	0.0	-	0.0	0.0	-
CDOT Subsidies	10.2	12.5	2.4	40.7	42.8	2.1
Station Maintenance	13.9	13.4	(0.5)	55.7	53.7	(1.9)
	<b>\$241.3</b>	<b>\$243.1</b>	<b>\$1.9</b>	<b>\$313.5</b>	<b>\$313.7</b>	<b>\$0.2</b>
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$2,162.5</b>	<b>\$2,104.7</b>	<b>(\$57.8)</b>	<b>\$3,216.3</b>	<b>\$3,113.7</b>	<b>(\$102.6)</b>
City Subsidy to MTA Bus	33.5	53.7	20.2	148.3	174.8	26.5
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$2,196.0</b>	<b>\$2,158.4</b>	<b>(\$37.7)</b>	<b>\$3,364.6</b>	<b>\$3,288.5</b>	<b>(\$76.1)</b>
<b><i>Inter-Agency Subsidy Transactions</i></b>						
B&T Operating Surplus Transfer	59.6	(34.8)	(94.4)	182.4	152.5	(29.9)
	<b>\$59.6</b>	<b>(\$34.8)</b>	<b>(\$94.4)</b>	<b>\$182.4</b>	<b>\$152.5</b>	<b>(\$29.9)</b>
<b>Total Accrued Subsidies</b>	<b>\$2,255.6</b>	<b>\$2,123.6</b>	<b>(\$132.0)</b>	<b>\$3,547.1</b>	<b>\$3,441.1</b>	<b>(\$106.0)</b>

<sup>1</sup> License, Vehicle Registration, Taxi and Auto Rental Fees  
Note: Differences are due to rounding.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2016 Adopted Budget**  
**Consolidated Accrual Subsidy Detail**  
**Explanation of Variances**  
(\$ in millions)

**April 2016**

<b>Accrued Subsidies</b>	<b>Variance \$</b>	<b>Variance %</b>	<b>Explanations</b>
Petroleum Business Tax	9.3	20.0%	The favorable accrual variances for the month and YTD were primarily due to timing of booking of accruals by MTA Accounting.
MRT(b) 1 (Gross)	(1.3)	-4.7%	MRT-1 transactions were below budget for the month due to weaker-than-expected activity. YTD transactions were on target.
MRT(b) 2 (Gross)	(0.6)	-5.3%	MRT-2 transactions were below budget for the month and YTD due to weaker-than-expected transactions.
Urban Tax	(8.2)	-12.5%	Urban Tax transactions were unfavorable for the month and YTD primarily due to timing of booking accruals by MTA Accounting.
Payroll Mobility Taxes	(59.0)	-56.6%	PMT transactions for the month and YTD were unfavorable due to timing of booking accruals by MTA Accounting.
CDOT Subsidies	2.4	23.2%	The favorable variances for the month and YTD were due primarily to timing.
Station Maintenance	(0.5)	-3.5%	The slightly unfavorable variances for the month and YTD were due primarily to timing.
City Subsidy to MTA Bus	20.2	8.4%	Variance was mostly timing related. Drawdowns are related to the timing of cash obligations for MTA Bus.
B&T Operating Surplus Transfer	(94.4)	> (100%)	The unfavorable variances for the month and YTD were due to the timing of accruals.

**Year-to-Date**

<b>Accrued Subsidies</b>	<b>Variance \$</b>	<b>Variance %</b>	<b>Explanations</b>
Petroleum Business Tax	17.6	9.4%	See explanation for the month.
MRT(b) 1 (Gross)	0.8	0.7%	See explanation for the month.
MRT(b) 2 (Gross)	(2.9)	-6.9%	See explanation for the month.
Urban Tax	(59.7)	-19.3%	See explanation for the month.
Payroll Mobility Taxes	(52.7)	-10.1%	See explanation for the month.
MTA Aid Taxes	(5.5)	-7.7%	MTA Aid transactions for the year were unfavorable primarily due to timing.
CDOT Subsidies	2.1	5.2%	See explanation for the month.
Station Maintenance	(1.9)	-3.5%	See explanation for the month.
City Subsidy to MTA Bus	26.5	8.4%	See explanation for the month.
B&T Operating Surplus Transfer	(29.9)	-16.4%	See explanation for the month.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**FEBRUARY FINANCIAL PLAN - Adopted Budget**  
**Debt Service**  
**April 2016**  
(\$ in millions)

	<b>Adopted Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% Var</b>	<b>Explanation</b>
Dedicated Tax Fund:					
NYC Transit	\$33.3	\$26.0	\$7.3		Lower than budgeted variable rates and timing of new money bond issuance.
Commuter Railroads	6.8	5.5	1.3		
<b>Dedicated Tax Fund Subtotal</b>	<b>\$40.1</b>	<b>\$31.5</b>	<b>\$8.6</b>	<b>21.4%</b>	
MTA Transportation Revenue:					
NYC Transit	\$83.1	\$102.5	(\$19.4)		Timing of debt service deposits as debt service was prefunded to May 15th. Variance should reverse in May 2016.
Commuter Railroads	51.4	64.6	(13.2)		
MTA Bus	1.8	3.4	(1.5)		
SIRTOA	0.1	0.1	0.0		
<b>MTA Transportation Revenue Subtotal</b>	<b>\$136.5</b>	<b>\$170.6</b>	<b>(\$34.1)</b>	<b>-25.0%</b>	
MTA Transportation Revenue BANs:					
NYC Transit	\$0.1	\$0.0	\$0.1		Lower than budgeted variable rates.
Commuter Railroads	0.0	0.0	0.0		
MTA Bus	0.0	0.0	0.0		
<b>MTA Transp Revenue BANs Subtotal</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>\$0.1</b>	<b>100.0%</b>	
2 Broadway COPs:					
NYC Transit	\$1.6	\$1.6	\$0.0		Lower than budgeted variable rates.
Bridges & Tunnels	0.2	0.0	0.2		
MTA HQ	0.2	0.2	0.0		
<b>2 Broadway COPs Subtotal</b>	<b>\$2.0</b>	<b>\$1.8</b>	<b>\$0.2</b>	<b>10.9%</b>	
TBTA General Resolution (2):					
NYC Transit	\$14.8	\$16.8	(\$1.9)		Timing of debt service deposits.
Commuter Railroads	7.0	7.9	(0.9)		
Bridges & Tunnels	21.5	23.7	(2.1)		
<b>TBTA General Resolution Subtotal</b>	<b>\$43.3</b>	<b>\$48.3</b>	<b>(\$5.0)</b>	<b>-11.5%</b>	
TBTA Subordinate (2):					
NYC Transit	\$6.1	\$5.6	\$0.5		Lower than budgeted variable rates.
Commuter Railroads	2.7	2.5	0.2		
Bridges & Tunnels	2.4	2.2	0.2		
<b>TBTA Subordinate Subtotal</b>	<b>\$11.2</b>	<b>\$10.3</b>	<b>\$0.9</b>	<b>8.3%</b>	
<b>Total Debt Service</b>	<b>\$233.3</b>	<b>\$262.5</b>	<b>(\$29.2)</b>	<b>-12.5%</b>	
Debt Service by Agency:					
NYC Transit	\$139.0	\$152.4	(\$13.4)		
Commuter Railroads	68.0	80.5	(12.6)		
MTA Bus	1.8	3.4	(1.5)		
SIRTOA	0.1	0.1	0.0		
Bridges & Tunnels	24.2	25.9	(1.7)		
MTAHQ	0.2	0.2	0.0		
<b>Total Debt Service</b>	<b>\$233.3</b>	<b>\$262.5</b>	<b>(\$29.2)</b>	<b>-12.5%</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**  
**April 2016 Year-to-Date**

(\$ in millions)

	<b>Adopted Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>% Var</b>	<b>Explanation</b>
Dedicated Tax Fund:					
NYC Transit	\$133.1	\$117.5	\$15.6		Lower than budgeted variable rates and timing of new money bond issuance.
Commuter Railroads	27.3	25.0	2.4		
<b>Dedicated Tax Fund Subtotal</b>	<b>\$160.5</b>	<b>\$142.5</b>	<b>\$18.0</b>	<b>11.2%</b>	
MTA Transportation Revenue:					
NYC Transit	\$332.3	\$320.1	\$12.2		
Commuter Railroads	205.7	201.9	3.8		
MTA Bus	7.4	10.3	(2.9)		
SIRTOA	0.4	0.3	0.2		
<b>MTA Transportation Revenue Subtotal</b>	<b>\$545.9</b>	<b>\$532.5</b>	<b>\$13.3</b>	<b>2.4%</b>	
MTA Transportation Revenue BANs:					
NYC Transit	\$0.4	\$0.0	\$0.4		Lower than budgeted variable rates.
Commuter Railroads	0.1	0.0	0.1		
MTA Bus	0.0	0.0	0.0		
<b>MTA Transp Revenue BANs Subtotal</b>	<b>\$0.5</b>	<b>\$0.0</b>	<b>\$0.5</b>	<b>100.0%</b>	
2 Broadway COPs:					
NYC Transit	\$6.2	\$6.1	\$0.1		
Bridges & Tunnels	0.9	0.6	0.2		
MTA HQ	0.9	0.8	0.0		
<b>2 Broadway COPs Subtotal</b>	<b>\$7.9</b>	<b>\$7.6</b>	<b>\$0.3</b>	<b>3.9%</b>	
TBTA General Resolution (2):					
NYC Transit	\$59.3	\$57.8	\$1.5		
Commuter Railroads	27.9	27.2	0.7		
Bridges & Tunnels	86.1	81.5	4.6		
<b>TBTA General Resolution Subtotal</b>	<b>\$173.3</b>	<b>\$166.5</b>	<b>\$6.8</b>	<b>3.9%</b>	
TBTA Subordinate (2):					
NYC Transit	\$24.5	\$23.9	\$0.6		
Commuter Railroads	10.8	10.5	0.2		
Bridges & Tunnels	9.7	9.4	0.2		
<b>TBTA Subordinate Subtotal</b>	<b>\$44.9</b>	<b>\$43.9</b>	<b>\$1.0</b>	<b>2.3%</b>	
<b>Total Debt Service</b>	<b>\$933.0</b>	<b>\$893.0</b>	<b>\$40.0</b>	<b>4.3%</b>	
Debt Service by Agency:					
NYC Transit	\$555.8	\$525.5	\$30.4		
Commuter Railroads	271.9	264.6	7.3		
MTA Bus	7.4	10.3	(2.9)		
SIRTOA	0.4	0.3	0.2		
Bridges & Tunnels	96.6	91.6	5.0		
MTAHQ	0.9	0.8	0.0		
<b>Total Debt Service</b>	<b>\$933.0</b>	<b>\$893.0</b>	<b>\$40.0</b>	<b>4.3%</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 - 2016 Adopted Budget**  
**Cash Subsidy Detail by Agency**  
(\$ in millions)

April 2016

	NYC Transit			Commuter Railroads			SIR			MTA Bus			MTAHQ			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>Cash Subsidies:</b>																		
<b>Dedicated Taxes</b>																		
MMTOA <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	34.2	47.3	13.0	6.0	8.3	2.3	-	-	-	-	-	-	-	-	-	40.2	55.6	15.4
MRT <sup>(2)</sup> 1 (Gross)	-	-	-	-	-	-	-	-	-	-	-	-	26.8	29.9	3.1	26.8	29.9	3.1
MRT <sup>(2)</sup> 2 (Gross)	-	-	-	-	-	-	-	-	-	-	-	-	10.5	11.1	0.6	10.5	11.1	0.6
Other MRT <sup>(2)</sup> Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Urban Tax	65.5	65.7	0.2	-	-	-	-	-	-	-	-	-	-	-	-	65.5	65.7	0.2
Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
	<b>\$99.7</b>	<b>\$112.9</b>	<b>\$13.3</b>	<b>\$6.0</b>	<b>\$8.3</b>	<b>\$2.3</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>\$37.3</b>	<b>\$41.0</b>	<b>\$3.7</b>	<b>\$143.0</b>	<b>\$162.2</b>	<b>\$19.3</b>
<b>New State Taxes and Fees</b>																		
Payroll Mobility Tax	55.0	71.3	16.3	16.9	21.9	5.0	-	-	-	-	-	-	32.2	41.8	9.5	104.1	134.9	30.8
Payroll Mobility Tax Replacement Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
MTA Aid <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
	<b>\$55.0</b>	<b>\$71.3</b>	<b>\$16.3</b>	<b>\$16.9</b>	<b>\$21.9</b>	<b>\$5.0</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>\$32.2</b>	<b>\$41.8</b>	<b>\$9.5</b>	<b>\$104.1</b>	<b>\$134.9</b>	<b>\$30.8</b>
<b>State and Local Subsidies</b>																		
NYS Operating Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
NYC and Local 18b:																		
New York City	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Nassau County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Suffolk County	-	-	-	-	7.5	7.5	-	-	-	-	-	-	-	-	-	0.0	7.5	7.5
Westchester County	-	-	-	-	1.8	1.8	-	-	-	-	-	-	-	-	-	0.0	1.8	1.8
Putnam County	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-	-	0.0	0.1	0.1
Dutchess County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Orange County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Rockland County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
CDOT Subsidies	-	-	-	9.6	7.0	(2.7)	-	-	-	-	-	-	-	-	-	9.6	7.0	(2.7)
Station Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Inter-Agency Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
NYCT Charge Back of MTA Bus Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Pay-As-You Go Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$9.6</b>	<b>\$16.4</b>	<b>\$6.8</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>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$9.6</b>	<b>\$16.4</b>	<b>\$6.8</b>
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$154.6</b>	<b>\$184.2</b>	<b>\$29.6</b>	<b>\$32.6</b>	<b>\$46.6</b>	<b>\$14.1</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>\$69.5</b>	<b>\$82.7</b>	<b>\$13.3</b>	<b>\$256.7</b>	<b>\$313.6</b>	<b>\$56.9</b>
City Subsidy to MTA Bus	-	-	-	-	-	-	-	-	-	\$30.0	18.5	(11.5)	-	-	-	30.0	18.5	(11.5)
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$154.6</b>	<b>\$184.2</b>	<b>\$29.6</b>	<b>\$32.6</b>	<b>\$46.6</b>	<b>\$14.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$30.0</b>	<b>\$18.5</b>	<b>(\$11.5)</b>	<b>\$69.5</b>	<b>\$82.7</b>	<b>\$13.3</b>	<b>\$286.7</b>	<b>\$332.1</b>	<b>\$45.4</b>
<b>Inter-Agency Subsidy Transactions</b>																		
B&T Operating Surplus Transfer	19.3	24.8	5.5	27.7	33.7	6.1	-	-	-	-	-	-	-	-	-	47.0	58.6	11.6
	<b>\$19.3</b>	<b>\$24.8</b>	<b>\$5.5</b>	<b>\$27.7</b>	<b>\$33.7</b>	<b>\$6.1</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>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$47.0</b>	<b>\$58.6</b>	<b>\$11.6</b>
<b>Total Cash Subsidies</b>	<b>\$174.0</b>	<b>\$209.0</b>	<b>\$35.1</b>	<b>\$60.2</b>	<b>\$80.4</b>	<b>\$20.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$30.0</b>	<b>\$18.5</b>	<b>(\$11.5)</b>	<b>\$69.5</b>	<b>\$82.7</b>	<b>\$13.3</b>	<b>\$333.7</b>	<b>\$390.6</b>	<b>\$57.0</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 - 2016 Adopted Budget**  
**Cash Subsidy Detail by Agency**  
(\$ in millions)

	Year-to-Date																	
	NYC Transit			Commuter Railroads			SIR			MTA Bus			MTAHQ			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>Cash Subsidies:</b>																		
<b>Dedicated Taxes</b>																		
MMTOA <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	166.0	173.3	7.2	29.3	30.6	1.3	-	-	-	-	-	-	-	-	-	195.3	203.9	8.5
MRT <sup>(2)</sup> 1 (Gross)	-	0.0	-	-	0.0	-	-	0.0	-	-	0.0	-	107.2	112.6	5.4	107.2	112.6	5.4
MRT <sup>(2)</sup> 2 (Gross)	-	0.0	-	-	0.0	-	-	0.0	-	-	0.0	-	41.8	39.7	(2.1)	41.8	39.7	(2.1)
Other MRT <sup>(2)</sup> Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(1.3)	-	1.3	(1.3)	-	1.3
Urban Tax	309.5	321.3	11.8	-	-	-	-	-	-	-	-	-	-	-	-	309.5	321.3	11.8
Investment Income	-	-	-	0.3	-	(0.3)	-	-	-	-	-	-	-	-	-	0.3	-	(0.3)
	<b>\$475.6</b>	<b>\$494.6</b>	<b>\$19.1</b>	<b>\$29.6</b>	<b>\$30.6</b>	<b>\$1.0</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>\$147.8</b>	<b>\$152.3</b>	<b>\$4.5</b>	<b>\$652.9</b>	<b>\$677.5</b>	<b>\$24.6</b>
<b>New State Taxes and Fees</b>																		
Payroll Mobility Tax	299.0	309.5	10.4	91.9	95.1	3.2	-	-	-	-	-	-	128.9	136.0	7.1	519.8	540.6	20.8
Payroll Mobility Tax Replacement Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-
MTA Aid <sup>(3)</sup>	54.6	52.3	(2.3)	16.8	16.1	(0.7)	-	-	-	-	-	-	-	-	-	71.4	68.4	(3.0)
	<b>\$353.6</b>	<b>\$361.8</b>	<b>\$8.2</b>	<b>\$108.6</b>	<b>\$111.1</b>	<b>\$2.5</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>\$128.9</b>	<b>\$136.0</b>	<b>\$7.1</b>	<b>\$591.2</b>	<b>\$609.0</b>	<b>\$17.8</b>
<b>State and Local Subsidies</b>																		
NYS Operating Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-
NYC and Local 18b:																		
New York City	-	-	-	0.5	-	(0.5)	-	-	-	-	-	-	-	-	-	0.5	-	(0.5)
Nassau County	-	-	-	2.9	2.9	0.0	-	-	-	-	-	-	-	-	-	2.9	2.9	0.0
Suffolk County	-	-	-	1.9	7.5	5.6	-	-	-	-	-	-	-	-	-	1.9	7.5	5.6
Westchester County	-	-	-	1.8	3.7	1.8	-	-	-	-	-	-	-	-	-	1.8	3.7	1.8
Putnam County	-	-	-	0.1	0.2	0.1	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1
Dutchess County	-	-	-	0.1	-	(0.1)	-	-	-	-	-	-	-	-	-	0.1	-	(0.1)
Orange County	-	-	-	0.0	-	(0.0)	-	-	-	-	-	-	-	-	-	0.0	-	(0.0)
Rockland County	-	-	-	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
CDOT Subsidies	-	-	-	44.1	57.2	13.1	-	-	-	-	-	-	-	-	-	44.1	57.2	13.1
Station Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-
Inter-Agency Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-
NYCT Charge Back of MTA Bus Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-
Pay-As-You Go Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-
	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$51.4</b>	<b>\$71.5</b>	<b>\$20.0</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>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$51.4</b>	<b>\$71.5</b>	<b>\$20.0</b>
<b>Sub-total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$829.2</b>	<b>\$856.4</b>	<b>\$27.2</b>	<b>\$189.6</b>	<b>\$213.2</b>	<b>\$23.6</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>\$276.7</b>	<b>\$288.3</b>	<b>\$11.6</b>	<b>\$1,295.5</b>	<b>\$1,357.9</b>	<b>\$62.4</b>
City Subsidy to MTA Bus	-	-	-	-	-	-	-	-	-	\$154.3	74.0	(80.3)	-	-	-	154.3	74.0	(80.3)
<b>Total Dedicated Taxes &amp; State and Local Subsidies</b>	<b>\$829.2</b>	<b>\$856.4</b>	<b>\$27.2</b>	<b>\$189.6</b>	<b>\$213.2</b>	<b>\$23.6</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$154.3</b>	<b>\$74.0</b>	<b>(\$80.3)</b>	<b>\$276.7</b>	<b>\$288.3</b>	<b>\$11.6</b>	<b>\$1,449.9</b>	<b>\$1,431.9</b>	<b>(\$17.9)</b>
<b>Inter-Agency Subsidy Transactions</b>																		
B&T Operating Surplus Transfer	71.5	100.0	28.5	107.3	145.9	38.6	-	-	-	-	-	-	-	-	-	178.7	245.9	67.2
	<b>\$71.5</b>	<b>\$100.0</b>	<b>\$28.5</b>	<b>\$107.3</b>	<b>\$145.9</b>	<b>\$38.6</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>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$178.7</b>	<b>\$245.9</b>	<b>\$67.2</b>
																		<b>0.0</b>
<b>Total Cash Subsidies</b>	<b>\$900.6</b>	<b>\$956.4</b>	<b>\$55.8</b>	<b>\$296.9</b>	<b>\$359.1</b>	<b>\$62.2</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$154.3</b>	<b>\$74.0</b>	<b>(\$80.3)</b>	<b>\$276.7</b>	<b>\$288.3</b>	<b>\$11.6</b>	<b>\$1,628.6</b>	<b>\$1,677.8</b>	<b>\$49.2</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 - 2016 Adopted Budget**  
**Consolidated Subsidy Cash**  
**Explanation of Variances**  
(\$ in millions)

**April 2016**

<b>Cash Subsidies</b>	<b>Variance \$</b>	<b>Variance %</b>	<b>Explanations</b>
Petroleum Business Tax	15.4	38.1%	PBT receipts were favorable for the month and YTD reflecting timing due to the non-seasonal nature of PBT receipts.
MRT <sup>(b)</sup> 1 (Gross)	3.1	11.5%	The variance was above the budget for the month and YTD due to favorable MRT-1 cash receipts as a result of stronger-than-expected mortgage activity.
MRT <sup>(b)</sup> 2 (Gross)	0.6	6.1%	The variance was above the budget for the month due to favorable MRT-2 cash receipts as a result of stronger-than-expected mortgage activity. YTD MRT-2 cash receipts remained unfavorable.
Payroll Mobility Tax	30.8	29.6%	Payroll Mobility Tax cash receipts were above budget for the month and YTD likely due to timing differences in payments and transfers relative to the budgeted timing assumptions.
Suffolk County	7.5	>100%	The favorable variances for the month and YTD were primarily due to timing of receipt of payment.
Westchester County	1.8	>100%	The favorable variances for the month and YTD were primarily due to timing of receipt of payment.
Putnam County	0.1	>100%	The favorable variances for the month and YTD were primarily due to timing of receipt of payment.
CDOT Subsidies	(2.7)	-27.7%	The unfavorable variance for the month was primarily due to timing. YTD variance was favorable also due to timing.
City Subsidy to MTA Bus	(11.5)	-38.3%	The unfavorable variance and YTD were mostly timing related. Drawdowns are related to the timing of cash obligations for MTA Bus.
B&T Operating Surplus Transfer	11.6	24.6%	The favorable variances for the month and YTD were primarily due to timing.

**Year-to-Date**

<b>Cash Subsidies</b>	<b>Variance \$</b>	<b>Variance %</b>	<b>Explanations</b>
Petroleum Business Tax	8.5	4.4%	See explanation for the month.
MRT <sup>(b)</sup> 1 (Gross)	5.4	5.0%	See explanation for the month.
MRT <sup>(b)</sup> 2 (Gross)	(2.1)	-5.0%	See explanation for the month.
Payroll Mobility Tax	20.8	4.0%	See explanation for the month.
MTA Aid <sup>(c)</sup>	(3.0)	-4.2%	MTA Aid YTD cash receipts were below budget due to timing of receipts.
New York City	(0.5)	>100%	The unfavorable YTD variance was primarily due to timing of receipt of payment.
Suffolk County	5.6	>100%	See explanation for the month.
Westchester County	1.8	>100%	See explanation for the month.
Putnam County	0.1	>100%	See explanation for the month.
Dutchess County	(0.1)	>100%	The unfavorable YTD variance was primarily due to timing of receipt of payment.
Orange County	(0.0)	>100%	The unfavorable YTD variance was primarily due to timing of receipt of payment.
Rockland County	0.0	91.4%	The unfavorable YTD variance was primarily due to timing of receipt of payment.
CDOT Subsidies	13.1	29.6%	See explanation for the month.
City Subsidy to MTA Bus	(80.3)	< (100%)	See explanation for the month.
B&T Operating Surplus Transfer	67.2	37.6%	See explanation for the month.

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2016 Adopted Budget**  
**Total Positions by Function and Agency**  
**April 2016**

Function/Agency	Adopted Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Administration</b>	<b>4,771</b>	<b>4,320</b>	<b>451</b>
NYC Transit	1,465	1,448	17
Long Island Rail Road	498	463	35
Metro-North Railroad	553	472	81
Bridges & Tunnels	87	83	4
Headquarters	1,973	1,711	262
Staten Island Railway	29	25	4
Capital Construction Company	17	12	5
Bus Company	149	106	43
<b>Operations</b>	<b>30,923</b>	<b>30,336</b>	<b>586</b>
NYC Transit	23,244	22,854	390
Long Island Rail Road	2,424	2,405	19
Metro-North Railroad	1,925	1,889	36
Bridges & Tunnels	754	537	217
Headquarters	-	-	-
Staten Island Railway	107	111	(4)
Capital Construction Company	-	-	-
Bus Company	2,468	2,540	(72)
<b>Maintenance</b>	<b>31,309</b>	<b>30,567</b>	<b>742</b>
NYC Transit	21,493	21,128	365
Long Island Rail Road	4,114	4,044	70
Metro-North Railroad	4,023	3,741	282
Bridges & Tunnels	378	368	10
Headquarters	-	-	-
Staten Island Railway	166	150	16
Capital Construction Company	-	-	-
Bus Company	1,135	1,136	(1)
<b>Engineering/Capital</b>	<b>2,094</b>	<b>1,992</b>	<b>102</b>
NYC Transit	1,358	1,368	(10)
Long Island Rail Road	184	164	20
Metro-North Railroad	121	106	15
Bridges & Tunnels	245	199	46
Headquarters	-	-	-
Staten Island Railway	26	18	8
Capital Construction Company	123	113	10
Bus Company	37	24	13
<b>Public Safety</b>	<b>1,777</b>	<b>1,695</b>	<b>82</b>
NYC Transit	650	634	16
Long Island Rail Road	-	-	-
Metro-North Railroad	-	-	-
Bridges & Tunnels	274	268	6
Headquarters	835	776	59
Staten Island Railway	-	-	-
Capital Construction Company	-	-	-
Bus Company	18	17	1
<b>Total Positions</b>	<b>70,874</b>	<b>68,912</b>	<b>1,962</b>

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2016 Adopted Budget**  
**Total Positions by Function and Agency**  
**April 2016**

<b>Category</b>	<b>Adopted Budget</b>	<b>Actual</b>	<b>Variance Favorable/</b>
<b>Total Positions</b>	<b>70,874</b>	<b>68,912</b>	<b>1,962</b>
NYC Transit	48,210	47,432	778
Long Island Rail Road	7,220	7,076	144
Metro-North Railroad	6,622	6,208	414
Bridges & Tunnels	1,738	1,455	283
Headquarters	2,808	2,487	321
Staten Island Railway	328	304	24
Capital Construction Company	140	125	15
Bus Company	3,807	3,823	(16)
<b>Non-reimbursable</b>	<b>63,432</b>	<b>62,622</b>	<b>809</b>
NYC Transit	43,040	42,997	43
Long Island Rail Road	6,151	6,090	61
Metro-North Railroad	5,847	5,718	128
Bridges & Tunnels	1,651	1,368	283
Headquarters	2,674	2,374	300
Staten Island Railway	302	286	16
Capital Construction Company	-	-	-
Bus Company	3,767	3,789	(22)
<b>Reimbursable</b>	<b>7,443</b>	<b>6,288</b>	<b>1,155</b>
NYC Transit	5,171	4,435	736
Long Island Rail Road	1,069	986	83
Metro-North Railroad	776	490	285
Bridges & Tunnels	87	87	-
Headquarters	134	113	21
Staten Island Railway	26	18	8
Capital Construction Company	140	125	15
Bus Company	40	34	6
<b>Total Full Time</b>	<b>70,656</b>	<b>68,652</b>	<b>2,003</b>
NYC Transit	48,008	47,189	819
Long Island Rail Road	7,220	7,076	144
Metro-North Railroad	6,621	6,207	414
Bridges & Tunnels	1,738	1,455	283
Headquarters	2,808	2,487	321
Staten Island Railway	328	304	24
Capital Construction Company	140	125	15
Bus Company	3,792	3,809	(17)
<b>Total Full-Time Equivalents</b>	<b>219</b>	<b>258</b>	<b>(39)</b>
NYC Transit	203	243	(40)
Long Island Rail Road	-	-	-
Metro-North Railroad	1	1	-
Bridges & Tunnels	-	-	-
Headquarters	-	-	-
Staten Island Railway	-	-	-
Capital Construction Company	-	-	-
Bus Company	15	14	1

Note: Totals may differ due to rounding

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**February Financial Plan - 2016 Adopted Budget**  
**Total Positions by Function and Occupational Group**  
**April 2016**

<b>FUNCTION/OCCUPATIONAL GROUP</b>	<b>Adopted Budget</b>	<b>Actual</b>	<b>Variance Favorable/ (Unfavorable)</b>
<b>Administration</b>	<b>4,771</b>	<b>4,320</b>	<b>451</b>
Managers/Supervisors	1,495	1,348	147
Professional, Technical, Clerical	3,127	2,844	283
Operational Hourlies	149	128	21
<b>Operations</b>	<b>30,923</b>	<b>30,337</b>	<b>586</b>
Managers/Supervisors	3,806	3,631	175
Professional, Technical, Clerical	885	829	56
Operational Hourlies	26,232	25,877	355
<b>Maintenance</b>	<b>31,309</b>	<b>30,567</b>	<b>742</b>
Managers/Supervisors	5,482	5,380	102
Professional, Technical, Clerical	1,908	1,792	116
Operational Hourlies	23,919	23,395	524
<b>Engineering/Capital</b>	<b>2,094</b>	<b>1,992</b>	<b>102</b>
Managers/Supervisors	603	557	46
Professional, Technical, Clerical	1,469	1,420	49
Operational Hourlies	22	15	7
<b>Public Safety</b>	<b>1,777</b>	<b>1,695</b>	<b>82</b>
Managers/Supervisors	491	479	12
Professional, Technical, Clerical	155	130	25
Operational Hourlies	1,131	1,086	45
<b>Total Positions</b>	<b>70,874</b>	<b>68,912</b>	<b>1,962</b>
Managers/Supervisors	11,877	11,395	482
Professional, Technical, Clerical	7,545	7,015	530
Operational Hourlies	51,453	50,501	952

(millions)

<u>Current Month Stabilization Fund</u>				<u>Year to Date Stabilization Fund</u>		
	<u>Commuter</u>	<u>Transit</u>		<u>Commuter</u>	<u>Transit</u>	
	<u>(General Fd)</u>	<u>(TA Stab)</u>	<u>Total</u>	<u>(General Fd)</u>	<u>(TA Stab)</u>	<u>Total</u>
From Date:	05/01/16	05/01/16	05/01/16	01/01/16	01/01/16	01/01/16
To Date:	05/31/16	05/31/16	05/31/16	05/31/16	05/31/16	05/31/16
<u>Opening Balance</u>	-\$123.736	\$61.328	-\$62.408	\$53.412	\$110.216	\$163.628
<u>RECEIPTS</u>						
Interest Earnings	-0.018	0.033	0.015	0.008	0.162	0.170
<u>New York State</u>						
State and regional mass transit taxes - MMTOA	52.848	109.272	162.120	52.848	109.272	162.120
MTTF	7.019	39.776	46.796	37.599	213.063	250.663
Total Dedicated Taxes Received	59.867	149.048	208.916	90.447	322.335	412.783
Less DTF Debt Service	0.743	3.486	4.229	25.804	120.922	146.726
Net Dedicated Taxes for Operations	59.125	145.562	204.687	64.643	201.414	266.057
Payroll Mobility Tax	47.000	156.594	203.594	207.819	513.281	721.100
MTA Aid Trust Taxes	0.000	0.000	0.000	16.071	52.318	68.389
Operating Assistance - 18b	7.313	39.668	46.981	7.313	39.668	46.981
NYC School Fares	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	\$113.438	\$348.137	\$461.574	\$295.847	\$812.993	\$1,108.840
<u>Local</u>						
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	2.896	n/a	2.896
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	57.406	57.406	n/a	378.738	378.738
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	0.073	n/a	0.073	0.073	n/a	0.073
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Putnam County						
Operating Assistance - 18b	0.000	n/a	0.000	0.190	n/a	0.190
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Rockland County						
Operating Assistance - 18b	0.000	n/a	0.000	0.007	n/a	0.007
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Sulfolk County						
Operating Assistance - 18b	0.000	n/a	0.000	7.518	n/a	7.518
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	3.671	n/a	3.671
Station Maintenance	0.000	n/a	0.000	0.000	n/a	0.000
Total - Local	\$0.073	\$57.406	\$57.479	\$14.355	\$378.738	\$393.093

(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:	05/01/16	05/01/16	05/01/16	01/01/16	01/01/16	01/01/16
To Date:	05/31/16	05/31/16	05/31/16	05/31/16	05/31/16	05/31/16
<b><u>MTA Bridges and Tunnels- Surplus Transfers</u></b>	33.997	25.027	59.024	179.902	124.997	304.899
Total Subsidy and Other Receipts	\$147.508	\$430.570	\$578.078	\$490.104	\$1,316.728	\$1,806.832
<b><u>MTA Sources for Interagency Loans</u></b>						
Retro Payment Reserve - Fund#1302	\$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
<b>Total Receipts and Loans Received</b>	<b>\$147.489</b>	<b>\$430.603</b>	<b>\$578.093</b>	<b>\$490.112</b>	<b>\$1,316.890</b>	<b>\$1,807.002</b>

Continued on Next Page

Continued on Next Page

(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:	05/01/16	05/01/16	05/01/16	01/01/16	01/01/16	01/01/16
To Date:	05/31/16	05/31/16	05/31/16	05/31/16	05/31/16	05/31/16
<b><u>Brought forward from prior page</u></b>						
Opening Balance	-\$123.736	\$61.328	-\$62.408	\$53.412	\$110.216	\$163.628
Total Receipts and Loans Received	147.489	430.603	578.093	490.112	1,316.890	1,807.002
Total Cash and Receipts Available	\$23.754	\$491.931	\$515.685	\$543.524	\$1,427.106	\$1,970.630
<b><u>DISBURSEMENTS</u></b>						
<b><u>Revenue Supported Debt Service</u></b>	15.074	25.456	40.530	216.969	351.684	568.653
<b><u>Agency Operations</u></b>						
MTA Long Island Railroad	57.458	0.000	57.458	288.840	0.000	288.840
MTA Metro-North Rail Road	26.753	0.000	26.753	112.158	0.000	112.158
MTA New York City Transit	0.000	403.594	403.594	0.000	1,009.734	1,009.734
MTA NYCT for SIRTOA	0.000	0.000	0.000	0.000	1.153	1.153
MTA Bond Admin Cost	1.152	2.069	3.221	2.241	3.723	5.963
MNR Repayment of 525 North Broadway loan	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	\$100.437	\$431.119	\$531.556	\$620.207	\$1,366.294	\$1,986.501
<b><u>Repayment of Interagency Loans</u></b>						
Payback - Trans Non-bond - Fd#1028	0.000	0.000	0.000	0.000	0.000	0.000
Transfer to Fund 1030 (NYCTA Op Fund)	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	\$100.437	\$431.119	\$531.556	\$620.207	\$1,366.294	\$1,986.501
<b><u>STABILIZATION FUND BALANCE</u></b>	-\$76.683	\$60.812	-\$15.871	-\$76.683	\$60.812	-\$15.871
<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	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
	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b><u>End of Month NYCT Operating Fund borrowing from MTA Invest Pool not included in Ending Loan Balances above</u></b>	n/a	-\$89.163	-\$89.163	n/a	-\$89.163	-\$89.163
<b><u>Total Loan Balances (including negative Operating and negative Stabilization Fund Balances)</u></b>				\$76.683	-\$149.975	-\$73.292

**METROPOLITAN TRANSPORTATION AUTHORITY  
FAREBOX RECOVERY AND FAREBOX OPERATING RATIOS  
2016 ADOPTED BUDGET AND ACTUALS  
APRIL 2016**

<b>FAREBOX RECOVERY RATIOS</b>		
	<b>2016 <u>Adopted Budget</u></b>	<b>2016 <u>YTD Actual</u></b>
New York City Transit	37.1%	40.1%
Staten Island Railway	9.7%	10.7%
Long Island Rail Road	31.4%	32.3%
Metro-North Railroad	40.1%	40.4%
Bus Company	<u>27.0%</u>	<u>26.3%</u>
<b>MTA Agency Average</b>	<b>36.0%</b>	<b>38.2%</b>

<b>FAREBOX OPERATING RATIOS</b>		
	<b>2016 <u>Adopted Budget</u></b>	<b>2016 <u>YTD Actual</u></b>
New York City Transit	59.9%	65.9%
Staten Island Railway	12.8%	16.8%
Long Island Rail Road	46.4%	49.9%
Metro-North Railroad	57.5%	59.2%
Bus Company	<u>34.0%</u>	<u>33.5%</u>
<b>MTA Agency Average</b>	<b>55.9%</b>	<b>60.5%</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 April, 2016

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**

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Friday, June 10, 2016

<b>Metropolitan Transportation Authority</b>	<b>April</b>
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Revenue Passengers	2014	2015	Percent Change	2016	Percent Change
<b>MTA New York City Transit</b>	204,849,373	206,370,025	0.74%	201,463,105	-2.38%
MTA New York City Subway	147,907,313	150,372,555	1.67%	147,211,036	-2.10%
MTA New York City Bus	56,942,060	55,997,469	-1.66%	54,252,069	-3.12%
<b>MTA Staten Island Railway</b>	360,578	376,535	4.43%	371,087	-1.45%
<b>MTA Long Island Rail Road</b>	7,189,777	7,313,844	1.73%	7,271,823	-0.57%
<b>MTA Metro-North Railroad</b>	7,159,018	7,283,033	1.73%	7,119,160	-2.25%
<i><b>East of Hudson</b></i>	7,018,716	7,134,749	1.65%	6,980,262	-2.17%
Harlem Line	2,303,958	2,330,964	1.17%	2,295,023	-1.54%
Hudson Line	1,384,546	1,397,902	0.96%	1,363,513	-2.46%
New Haven Line	3,330,212	3,405,883	2.27%	3,321,726	-2.47%
<i><b>West of Hudson</b></i>	140,302	148,284	5.69%	138,898	-6.33%
Port Jervis Line	85,808	88,480	3.11%	82,766	-6.46%
Pascack Valley Line	54,494	59,804	9.74%	56,132	-6.14%
<b>MTA Bus Company</b>	10,568,960	10,752,047	1.73%	10,566,032	-1.73%
<b>MTA Bridges &amp; Tunnels</b>	23,834,773	24,825,057	4.15%	25,458,046	2.55%
<b>Total All Agencies</b>	<b>230,127,706</b>	<b>232,095,483</b>	<b>0.86%</b>	<b>226,791,206</b>	<b>-2.29%</b>
(Excludes Bridges & Tunnels)					
Weekdays:	22	22		21	
Holidays:	0	0		0	
Weekend Days:	8	8		9	
Days	30	30		30	

Friday, June 10, 2016

**Metropolitan Transportation Authority****April**

Revenue Passengers Year to Date	2014	2015	Percent Change	2016	Percent Change
<b>MTA New York City Transit</b>	778,722,934	779,578,505	0.11%	789,029,467	1.21%
MTA New York City Subway	563,251,950	568,057,742	0.85%	576,613,110	1.51%
MTA New York City Bus	215,470,984	211,520,762	-1.83%	212,416,357	0.42%
<b>MTA Staten Island Railway</b>	1,406,339	1,418,126	0.84%	1,486,580	4.83%
<b>MTA Long Island Rail Road</b>	26,845,984	27,202,921	1.33%	28,126,176	3.39%
<b>MTA Metro-North Railroad</b>	26,473,422	26,730,434	0.97%	27,561,911	3.11%
<b>East of Hudson</b>	25,947,732	26,176,847	0.88%	27,013,701	3.20%
Harlem Line	8,623,709	8,638,495	0.17%	8,926,800	3.34%
Hudson Line	5,037,459	5,088,889	1.02%	5,232,521	2.82%
New Haven Line	12,286,564	12,449,463	1.33%	12,854,380	3.25%
<b>West of Hudson</b>	525,690	553,587	5.31%	548,210	-0.97%
Port Jervis Line	319,340	327,470	2.55%	323,288	-1.28%
Pascack Valley Line	206,350	226,117	9.58%	224,922	-0.53%
<b>MTA Bus Company</b>	39,816,706	40,399,535	1.46%	41,075,382	1.67%
<b>MTA Bridges &amp; Tunnels</b>	86,715,360	89,628,670	3.36%	95,702,936	6.78%
<b>Total All Agencies</b>	<b>873,265,386</b>	<b>875,329,521</b>	<b>0.24%</b>	<b>887,279,516</b>	<b>1.37%</b>
(Excludes Bridges & Tunnels)					
Weekdays:	83	83		82	
Holidays:	3	3		3	
Weekend Days:	34	34		36	
Days	120	120		121	

Friday, June 10, 2016

Metropolitan Transportation Authority				April	
Revenue Passengers					
12 Month Averages	2014	2015	Percent Change	2016	Percent Change
MTA New York City Transit	198,673,101	201,599,530	1.47%	201,891,514	0.14%
MTA New York City Subway	143,049,113	146,341,118	2.30%	147,593,399	0.86%
MTA New York City Bus	55,623,988	55,258,412	-0.66%	54,298,115	-1.74%
MTA Staten Island Railway	353,088	364,950	3.36%	380,866	4.36%
MTA Long Island Rail Road	6,976,801	7,184,834	2.98%	7,380,830	2.73%
MTA Metro-North Railroad	6,925,932	7,076,345	2.17%	7,237,470	2.28%
East of Hudson	6,792,129	6,933,686	2.08%	7,092,439	2.29%
Harlem Line	2,238,502	2,261,853	1.04%	2,316,016	2.39%
Hudson Line	1,320,121	1,357,332	2.82%	1,380,689	1.72%
New Haven Line	3,233,507	3,314,501	2.50%	3,395,733	2.45%
West of Hudson	133,803	142,659	6.62%	145,031	1.66%
Port Jervis Line	82,879	85,539	3.21%	86,266	0.85%
Pascack Valley Line	50,923	57,121	12.17%	58,765	2.88%
MTA Bus Company	10,271,336	10,513,672	2.36%	10,506,285	-0.07%
MTA Bridges & Tunnels	23,508,839	24,106,202	2.54%	25,335,143	5.10%
Total All Agencies	223,200,258	226,739,332	1.59%	227,396,964	0.29%
(Excludes Bridges & Tunnels)					
Weekdays:	22	22		21	
Holidays:	0	0		0	
Weekend Days:	8	8		9	
Days	30	30		30	

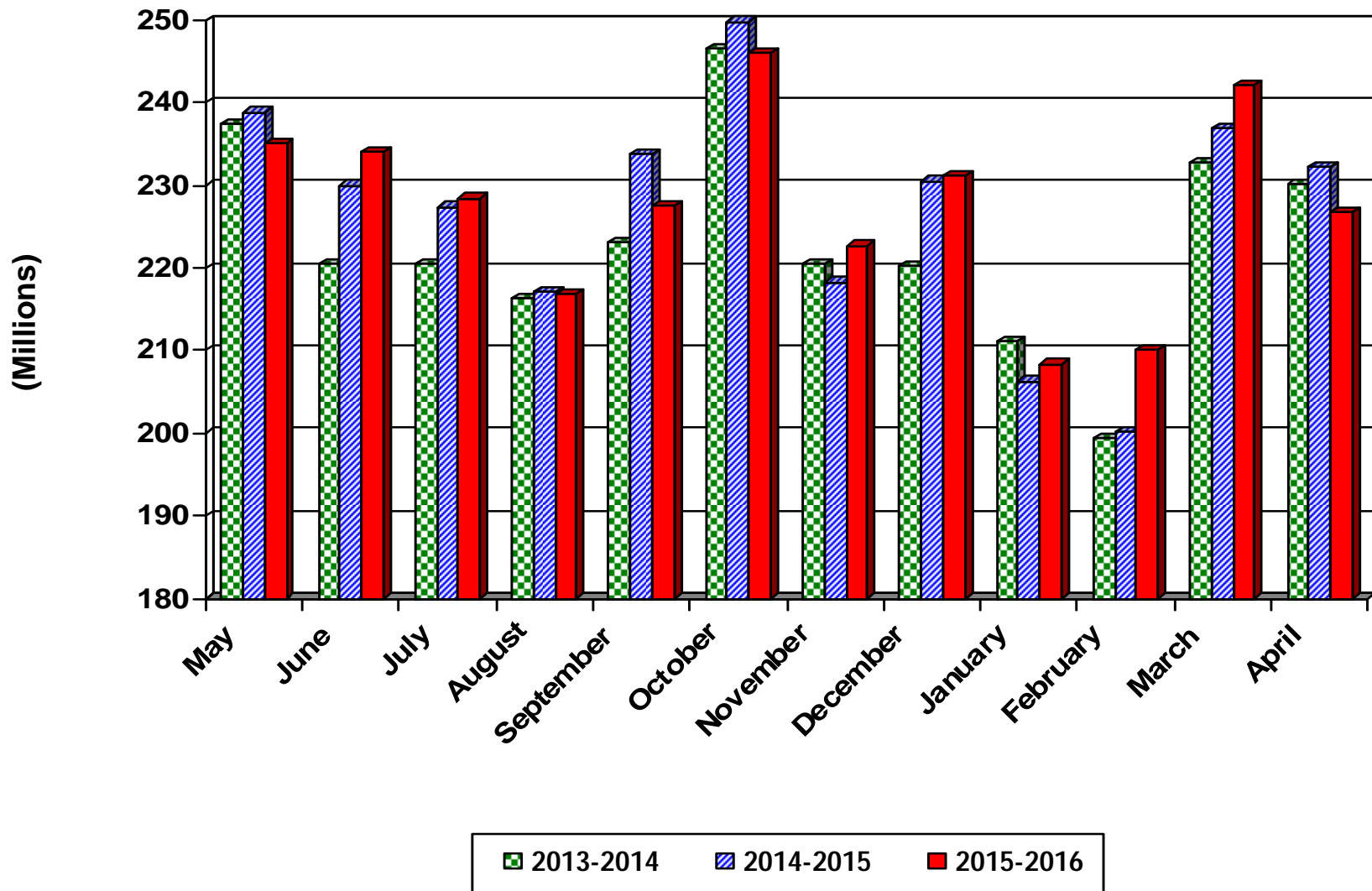
Friday, June 10, 2016

**Metropolitan Transportation Authority****April**

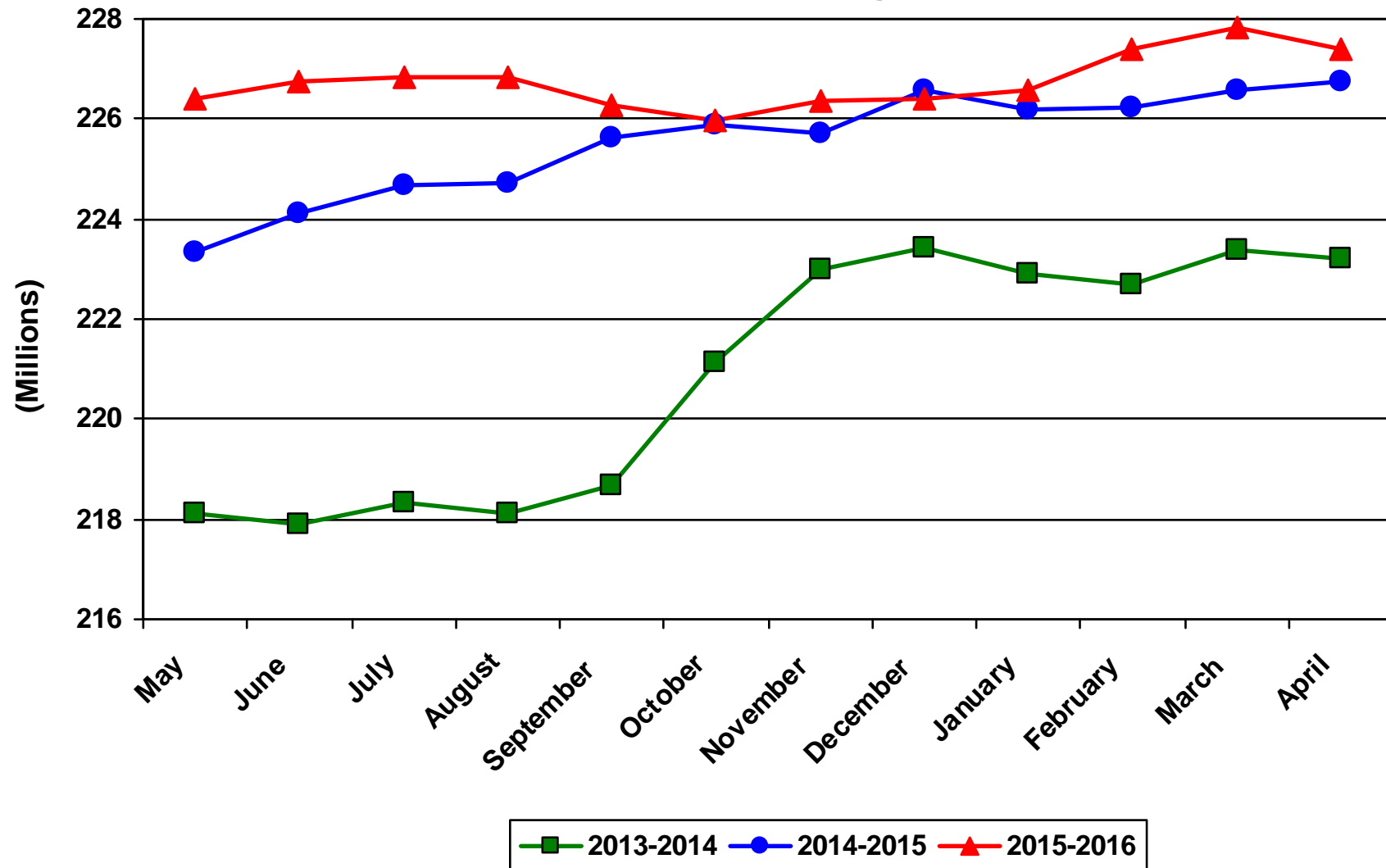
<b>Average Weekday Passengers</b>	<b>2014</b>	<b>2015</b>	<b>Percent Change</b>	<b>2016</b>	<b>Percent Change</b>
<b>MTA New York City Transit</b>	7,752,530	7,836,222	1.08%	7,814,164	-0.28%
MTA New York City Subway	5,607,703	5,723,687	2.07%	5,724,492	0.01%
MTA New York City Bus	2,144,827	2,112,535	-1.51%	2,089,672	-1.08%
<b>MTA Staten Island Railway</b>	14,953	15,604	4.36%	16,039	2.79%
<b>MTA Long Island Rail Road</b>	289,571	294,548	1.72%	305,742	3.80%
<b>MTA Metro-North Railroad</b>	287,779	289,364	0.55%	282,010	-2.54%
<b>East of Hudson</b>	281,399	282,620	0.43%	275,402	-2.55%
Harlem Line	92,964	93,050	0.09%	91,219	-1.97%
Hudson Line	55,355	55,226	-0.23%	53,679	-2.80%
New Haven Line	133,080	134,344	0.95%	130,504	-2.86%
<b>West of Hudson</b>	6,380	6,744	5.70%	6,608	-2.02%
Port Jervis Line	3,902	4,024	3.12%	3,937	-2.16%
Pascack Valley Line	2,478	2,720	9.77%	2,671	-1.80%
<b>MTA Bus Company</b>	404,704	413,022	2.06%	413,769	0.18%
<b>MTA Bridges &amp; Tunnels</b>	805,672	837,547	3.96%	864,874	3.26%
<b>Total All Agencies</b>	<b>8,749,537</b>	<b>8,848,760</b>	<b>1.13%</b>	<b>8,831,723</b>	<b>-0.19%</b>
(Excludes Bridges & Tunnels)					
Weekdays:	22	22		21	
Holidays:	0	0		0	
Weekend Days:	8	8		9	
Days	30	30		30	

Friday, June 10, 2016

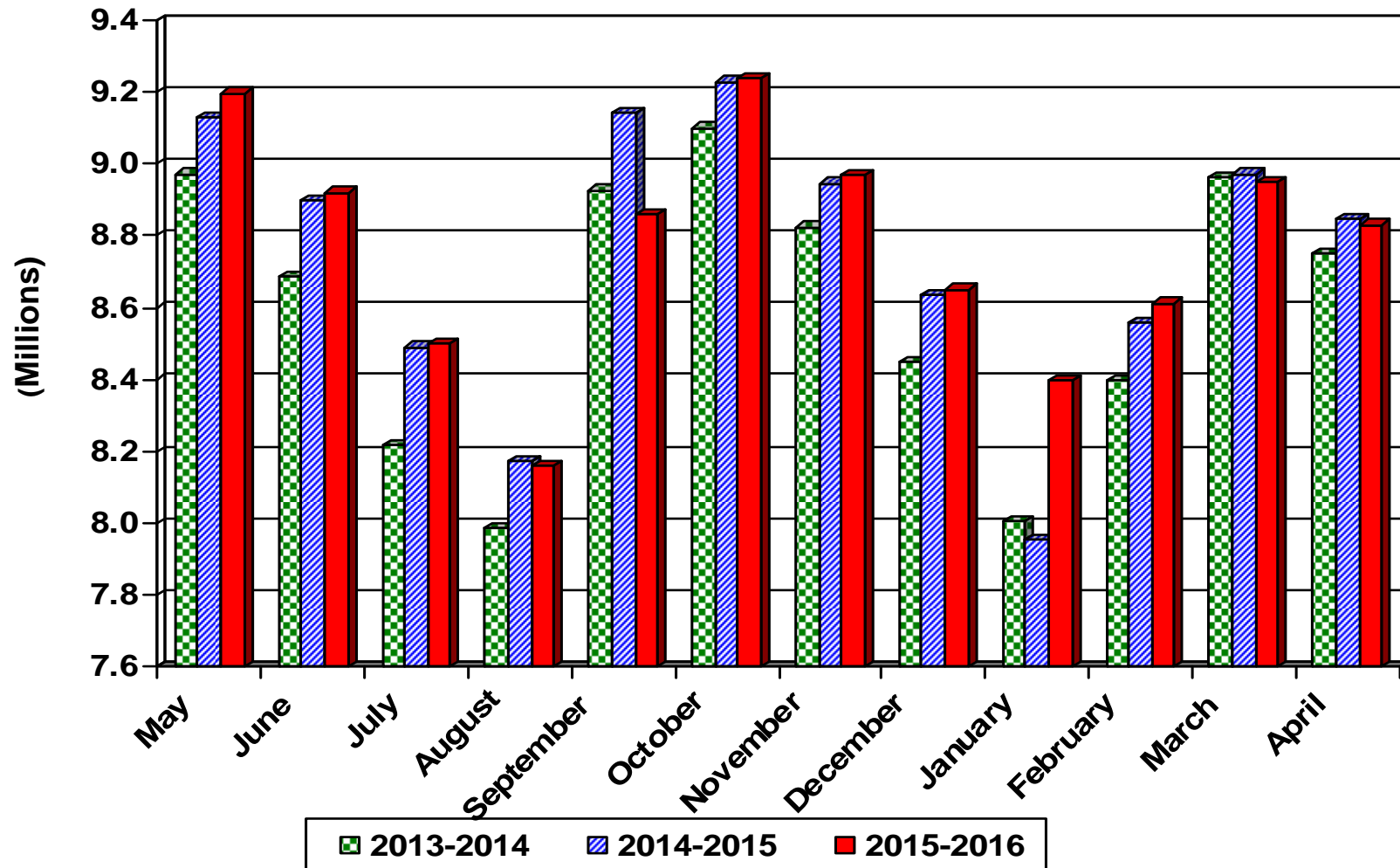
## Metropolitan Transportation Authority Revenue Passengers



# Metropolitan Transportation Authority Revenue Passengers 12 Month Averages



## Metropolitan Transportation Authority Average Weekday Passengers



## Metropolitan Transportation Authority

April

## Metropolitan Transportation Authority

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	237,347,958	238,847,033	0.63%	235,019,006	-1.60%
June	220,490,708	229,971,756	4.30%	233,980,472	1.74%
July	220,562,209	227,358,980	3.08%	228,409,086	0.46%
August	216,372,684	217,065,083	0.32%	216,756,306	-0.14%
September	223,125,464	233,808,873	4.79%	227,525,786	-2.69%
October	246,469,549	249,749,147	1.33%	246,027,442	-1.49%
November	220,519,382	218,236,110	-1.04%	222,702,079	2.05%
December	220,249,751	230,505,478	4.66%	231,063,876	0.24%
January	211,066,938	206,268,455	-2.27%	208,365,217	1.02%
February	199,451,154	200,136,659	0.34%	210,065,926	4.96%
March	232,619,587	236,828,923	1.81%	242,057,167	2.21%
<b>April</b>	<b>230,127,706</b>	<b>232,095,483</b>	<b>0.86%</b>	<b>226,791,206</b>	<b>-2.29%</b>
<b>12 Month Ave</b>	<b>223,200,258</b>	<b>226,739,332</b>	<b>1.59%</b>	<b>227,396,964</b>	<b>0.29%</b>
<b>Year-to-Date</b>	<b>873,265,386</b>	<b>875,329,521</b>	<b>0.24%</b>	<b>887,279,516</b>	<b>1.37%</b>

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	218,119,322	223,325,180	2.39%	226,420,329	1.39%
June	217,898,629	224,115,268	2.85%	226,754,389	1.18%
July	218,339,454	224,681,665	2.90%	226,841,898	0.96%
August	218,125,773	224,739,365	3.03%	226,816,166	0.92%
September	218,679,668	225,629,649	3.18%	226,292,576	0.29%
October	221,154,082	225,902,949	2.15%	225,982,434	0.04%
November	223,004,123	225,712,677	1.21%	226,354,598	0.28%
December	223,421,626	226,567,320	1.41%	226,401,131	-0.07%
January	222,922,783	226,167,447	1.46%	226,575,861	0.18%
February	222,682,304	226,224,572	1.59%	227,403,300	0.52%
March	223,381,034	226,575,350	1.43%	227,838,987	0.56%
<b>April</b>	<b>223,200,258</b>	<b>226,739,332</b>	<b>1.59%</b>	<b>227,396,964</b>	<b>0.29%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	8,972,963	9,129,881	1.75%	9,198,768	0.75%
June	8,688,245	8,900,992	2.45%	8,920,884	0.22%
July	8,216,654	8,489,922	3.33%	8,502,405	0.15%
August	7,987,369	8,172,203	2.31%	8,161,363	-0.13%
September	8,928,275	9,141,834	2.39%	8,859,276	-3.09%
October	9,101,830	9,230,840	1.42%	9,238,929	0.09%
November	8,824,741	8,947,640	1.39%	8,970,657	0.26%
December	8,450,370	8,635,225	2.19%	8,651,329	0.19%
January	8,004,540	7,953,770	-0.63%	8,399,482	5.60%
February	8,398,198	8,556,045	1.88%	8,613,053	0.67%
March	8,961,785	8,972,642	0.12%	8,952,371	-0.23%
<b>April</b>	<b>8,749,537</b>	<b>8,848,760</b>	<b>1.13%</b>	<b>8,831,723</b>	<b>-0.19%</b>

## MTA New York City Transit

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	211,398,239	212,847,982	0.69%	209,230,157	-1.70%
June	196,048,183	204,157,340	4.14%	207,528,922	1.65%
July	195,519,881	201,455,345	3.04%	202,067,215	0.30%
August	191,741,194	192,219,890	0.25%	191,546,098	-0.35%
September	198,671,419	207,769,829	4.58%	201,668,047	-2.94%
October	219,617,281	222,191,504	1.17%	218,903,424	-1.48%
November	196,664,216	194,418,829	-1.14%	197,975,727	1.83%
December	195,693,862	204,555,139	4.53%	204,749,107	0.09%
January	188,182,009	183,767,097	-2.35%	185,585,948	0.99%
February	178,057,023	178,598,334	0.30%	187,018,360	4.71%
March	207,634,529	210,843,049	1.55%	214,962,054	1.95%
<b>April</b>	<b>204,849,373</b>	<b>206,370,025</b>	<b>0.74%</b>	<b>201,463,105</b>	<b>-2.38%</b>
12 Month Ave	198,673,101	201,599,530	1.47%	201,891,514	0.14%
Year-to-Date	778,722,934	779,578,505	0.11%	789,029,467	1.21%

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	193,913,647	198,793,913	2.52%	201,298,045	1.26%
June	193,740,790	199,469,676	2.96%	201,579,010	1.06%
July	194,136,965	199,964,298	3.00%	201,629,999	0.83%
August	193,971,658	200,004,189	3.11%	201,573,850	0.78%
September	194,481,295	200,762,390	3.23%	201,065,368	0.15%
October	196,708,338	200,976,908	2.17%	200,791,361	-0.09%
November	198,382,087	200,789,793	1.21%	201,087,770	0.15%
December	198,760,429	201,528,233	1.39%	201,103,934	-0.21%
January	198,352,722	201,160,323	1.42%	201,255,504	0.05%
February	198,161,191	201,205,432	1.54%	201,957,173	0.37%
March	198,837,151	201,472,809	1.33%	202,300,424	0.41%
<b>April</b>	<b>198,673,101</b>	<b>201,599,530</b>	<b>1.47%</b>	<b>201,891,514</b>	<b>0.14%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	7,952,469	8,088,167	1.71%	8,139,590	0.64%
June	7,672,456	7,860,640	2.45%	7,883,012	0.28%
July	7,246,503	7,486,780	3.32%	7,490,656	0.05%
August	7,040,270	7,193,127	2.17%	7,177,366	-0.22%
September	7,900,537	8,081,709	2.29%	7,814,868	-3.30%
October	8,074,957	8,177,035	1.26%	8,180,299	0.04%
November	7,802,540	7,892,538	1.15%	7,914,613	0.28%
December	7,464,105	7,623,337	2.13%	7,630,448	0.09%
January	7,082,303	7,023,925	-0.82%	7,427,622	5.75%
February	7,448,314	7,594,202	1.96%	7,637,655	0.57%
March	7,952,858	7,952,993	0.00%	7,928,251	-0.31%
<b>April</b>	<b>7,752,530</b>	<b>7,836,222</b>	<b>1.08%</b>	<b>7,814,164</b>	<b>-0.28%</b>

## Metropolitan Transportation Authority

April

## MTA New York City Subway

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	150,755,402	152,868,196	1.40%	151,579,782	-0.84%
June	141,227,567	147,939,131	4.75%	152,192,133	2.87%
July	140,822,610	146,505,849	4.04%	148,437,225	1.32%
August	138,560,862	139,868,371	0.94%	140,064,643	0.14%
September	141,523,393	149,373,432	5.55%	146,876,344	-1.67%
October	156,433,315	160,120,773	2.36%	159,987,486	-0.08%
November	141,447,579	141,226,971	-0.16%	144,542,523	2.35%
December	142,566,679	150,132,948	5.31%	150,827,541	0.46%
January	137,147,363	133,814,801	-2.43%	136,413,951	1.94%
February	129,802,427	130,776,608	0.75%	136,690,795	4.52%
March	148,394,847	153,093,778	3.17%	156,297,328	2.09%
<b>April</b>	<b>147,907,313</b>	<b>150,372,555</b>	<b>1.67%</b>	<b>147,211,036</b>	<b>-2.10%</b>
12 Month Ave	143,049,113	146,341,118	2.30%	147,593,399	0.86%
Year-to-Date	563,251,950	568,057,742	0.85%	576,613,110	1.51%

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	138,282,007	143,225,179	3.57%	146,233,750	2.10%
June	138,218,777	143,784,476	4.03%	146,588,167	1.95%
July	138,518,289	144,258,080	4.14%	146,749,115	1.73%
August	138,460,564	144,367,039	4.27%	146,765,471	1.66%
September	138,845,743	145,021,209	4.45%	146,557,380	1.06%
October	140,443,564	145,328,497	3.48%	146,546,273	0.84%
November	141,871,752	145,310,113	2.42%	146,822,569	1.04%
December	142,296,309	145,940,635	2.56%	146,880,452	0.64%
January	142,301,998	145,662,922	2.36%	147,097,047	0.98%
February	142,460,499	145,744,103	2.30%	147,589,896	1.27%
March	142,966,236	146,135,681	2.22%	147,856,859	1.18%
<b>April</b>	<b>143,049,113</b>	<b>146,341,118</b>	<b>2.30%</b>	<b>147,593,399</b>	<b>0.86%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	5,664,205	5,815,676	2.67%	5,909,329	1.61%
June	5,536,340	5,700,985	2.97%	5,790,176	1.56%
July	5,240,690	5,466,523	4.31%	5,537,445	1.30%
August	5,116,343	5,260,029	2.81%	5,291,858	0.61%
September	5,627,647	5,812,513	3.28%	5,707,385	-1.81%
October	5,750,807	5,893,267	2.48%	5,975,276	1.39%
November	5,608,862	5,734,440	2.24%	5,781,526	0.82%
December	5,420,212	5,584,168	3.02%	5,616,142	0.57%
January	5,159,344	5,112,634	-0.91%	5,450,158	6.60%
February	5,442,073	5,568,552	2.32%	5,597,172	0.51%
March	5,691,221	5,779,365	1.55%	5,771,631	-0.13%
<b>April</b>	<b>5,607,703</b>	<b>5,723,687</b>	<b>2.07%</b>	<b>5,724,492</b>	<b>0.01%</b>

## MTA New York City Bus

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	60,642,837	59,979,786	-1.09%	57,650,375	-3.88%
June	54,820,616	56,218,209	2.55%	55,336,789	-1.57%
July	54,697,271	54,949,495	0.46%	53,629,990	-2.40%
August	53,180,332	52,351,519	-1.56%	51,481,455	-1.66%
September	57,148,026	58,396,397	2.18%	54,791,703	-6.17%
October	63,183,966	62,070,731	-1.76%	58,915,938	-5.08%
November	55,216,637	53,191,858	-3.67%	53,433,204	0.45%
December	53,127,183	54,422,191	2.44%	53,921,566	-0.92%
January	51,034,646	49,952,296	-2.12%	49,171,997	-1.56%
February	48,254,596	47,821,726	-0.90%	50,327,565	5.24%
March	59,239,682	57,749,271	-2.52%	58,664,726	1.59%
<b>April</b>	<b>56,942,060</b>	<b>55,997,469</b>	<b>-1.66%</b>	<b>54,252,069</b>	<b>-3.12%</b>
12 Month Ave	55,623,988	55,258,412	-0.66%	54,298,115	-1.74%
Year-to-Date	215,470,984	211,520,762	-1.83%	212,416,357	0.42%

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	55,631,640	55,568,734	-0.11%	55,064,295	-0.91%
June	55,522,013	55,685,200	0.29%	54,990,843	-1.25%
July	55,618,676	55,706,218	0.16%	54,880,884	-1.48%
August	55,511,094	55,637,150	0.23%	54,808,379	-1.49%
September	55,635,553	55,741,181	0.19%	54,507,988	-2.21%
October	56,264,774	55,648,412	-1.10%	54,245,089	-2.52%
November	56,510,334	55,479,680	-1.82%	54,265,201	-2.19%
December	56,464,119	55,587,597	-1.55%	54,223,482	-2.45%
January	56,050,724	55,497,402	-0.99%	54,158,457	-2.41%
February	55,700,693	55,461,329	-0.43%	54,367,277	-1.97%
March	55,870,915	55,337,128	-0.96%	54,443,565	-1.61%
<b>April</b>	<b>55,623,988</b>	<b>55,258,412</b>	<b>-0.66%</b>	<b>54,298,115</b>	<b>-1.74%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	2,288,264	2,272,491	-0.69%	2,230,261	-1.86%
June	2,136,116	2,159,655	1.10%	2,092,836	-3.09%
July	2,005,813	2,020,257	0.72%	1,953,211	-3.32%
August	1,923,927	1,933,097	0.48%	1,885,508	-2.46%
September	2,272,890	2,269,196	-0.16%	2,107,483	-7.13%
October	2,324,150	2,283,768	-1.74%	2,205,022	-3.45%
November	2,193,679	2,158,097	-1.62%	2,133,088	-1.16%
December	2,043,893	2,039,169	-0.23%	2,014,306	-1.22%
January	1,922,959	1,911,291	-0.61%	1,977,463	3.46%
February	2,006,241	2,025,650	0.97%	2,040,483	0.73%
March	2,261,636	2,173,629	-3.89%	2,156,619	-0.78%
<b>April</b>	<b>2,144,827</b>	<b>2,112,535</b>	<b>-1.51%</b>	<b>2,089,672</b>	<b>-1.08%</b>

## MTA Bus Company

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	11,257,915	11,192,859	-0.58%	10,954,849	-2.13%
June	10,003,795	10,566,947	5.63%	10,660,010	0.88%
July	10,040,732	10,414,380	3.72%	10,461,178	0.45%
August	9,915,420	10,055,633	1.41%	10,113,391	0.57%
September	10,509,491	11,134,458	5.95%	10,627,657	-4.55%
October	11,612,978	11,810,454	1.70%	11,333,752	-4.04%
November	10,156,366	10,098,386	-0.57%	10,324,241	2.24%
December	9,942,627	10,491,414	5.52%	10,524,956	0.32%
January	9,436,030	9,498,182	0.66%	9,464,783	-0.35%
February	9,007,308	9,112,713	1.17%	9,650,946	5.91%
March	10,804,408	11,036,594	2.15%	11,393,621	3.23%
<b>April</b>	<b>10,568,960</b>	<b>10,752,047</b>	<b>1.73%</b>	<b>10,566,032</b>	<b>-1.73%</b>
12 Month Ave	10,271,336	10,513,672	2.36%	10,506,285	-0.07%
Year-to-Date	39,816,706	40,399,535	1.46%	41,075,382	1.67%

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	10,179,955	10,265,915	0.84%	10,493,838	2.22%
June	10,170,029	10,312,844	1.40%	10,501,593	1.83%
July	10,200,588	10,343,981	1.41%	10,505,493	1.56%
August	10,191,220	10,355,666	1.61%	10,510,306	1.49%
September	10,227,934	10,407,746	1.76%	10,468,073	0.58%
October	10,355,557	10,424,203	0.66%	10,428,348	0.04%
November	10,408,546	10,419,371	0.10%	10,447,169	0.27%
December	10,412,599	10,465,103	0.50%	10,449,964	-0.14%
January	10,340,007	10,470,282	1.26%	10,447,181	-0.22%
February	10,286,529	10,479,066	1.87%	10,492,034	0.12%
March	10,311,085	10,498,415	1.82%	10,521,786	0.22%
<b>April</b>	<b>10,271,336</b>	<b>10,513,672</b>	<b>2.36%</b>	<b>10,506,285</b>	<b>-0.07%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	432,244	432,168	-0.02%	433,656	0.34%
June	398,327	412,766	3.62%	408,956	-0.92%
July	375,087	389,844	3.93%	387,040	-0.72%
August	366,042	379,207	3.60%	376,831	-0.63%
September	425,744	439,524	3.24%	415,874	-5.38%
October	433,829	442,183	1.93%	430,760	-2.58%
November	410,328	420,197	2.41%	418,413	-0.42%
December	388,825	399,293	2.69%	398,969	-0.08%
January	361,347	370,707	2.59%	387,423	4.51%
February	381,461	393,191	3.08%	398,129	1.26%
March	421,636	423,737	0.50%	425,372	0.39%
<b>April</b>	<b>404,704</b>	<b>413,022</b>	<b>2.06%</b>	<b>413,769</b>	<b>0.18%</b>

## Metropolitan Transportation Authority

April

## MTA Staten Island Railway

Revenue Passengers					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	381,077	385,989	1.29%	390,089	1.06%
June	348,493	378,355	8.57%	406,750	7.50%
July	300,308	342,895	14.18%	359,630	4.88%
August	309,082	311,243	0.70%	331,564	6.53%
September	367,724	391,276	6.40%	386,275	-1.28%
October	425,014	430,201	1.22%	435,865	1.32%
November	351,758	351,734	-0.01%	376,346	7.00%
December	347,265	369,585	6.43%	397,292	7.50%
January	357,221	336,800	-5.72%	363,383	7.89%
February	315,154	311,519	-1.15%	339,259	8.90%
March	373,386	393,272	5.33%	412,851	4.98%
<b>April</b>	<b>360,578</b>	<b>376,535</b>	<b>4.43%</b>	<b>371,087</b>	<b>-1.45%</b>
12 Month Ave	353,088	364,950	3.36%	380,866	4.36%
Year-to-Date	1,406,339	1,418,126	0.84%	1,486,580	4.83%
12 Month Averages					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	356,080	353,498	-0.73%	365,292	3.34%
June	352,773	355,986	0.91%	367,658	3.28%
July	350,423	359,535	2.60%	369,053	2.65%
August	346,841	359,715	3.71%	370,746	3.07%
September	345,834	361,678	4.58%	370,330	2.39%
October	347,784	362,110	4.12%	370,802	2.40%
November	349,719	362,108	3.54%	372,853	2.97%
December	351,714	363,968	3.48%	375,161	3.08%
January	350,980	362,266	3.22%	377,377	4.17%
February	350,928	361,963	3.14%	379,688	4.90%
March	353,474	363,621	2.87%	381,320	4.87%
<b>April</b>	<b>353,088</b>	<b>364,950</b>	<b>3.36%</b>	<b>380,866</b>	<b>4.36%</b>
Average Weekday Passengers					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	15,784	16,310	3.33%	17,077	4.70%
June	15,289	16,110	5.37%	16,876	4.75%
July	12,713	13,854	8.97%	14,458	4.36%
August	12,370	12,742	3.01%	13,653	7.15%
September	16,402	16,792	2.38%	16,818	0.15%
October	17,025	17,290	1.56%	18,135	4.89%
November	16,011	16,296	1.77%	17,361	6.54%
December	14,815	15,248	2.92%	16,372	7.37%
January	14,995	14,543	-3.02%	16,441	13.06%
February	14,860	14,883	0.15%	15,911	6.91%
March	16,025	16,442	2.60%	16,674	1.41%
<b>April</b>	<b>14,953</b>	<b>15,604</b>	<b>4.36%</b>	<b>16,039</b>	<b>2.79%</b>

## MTA Long Island Rail Road

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	7,112,429	7,250,532	1.94%	7,262,655	0.17%
June	6,994,737	7,509,011	7.35%	7,777,803	3.58%
July	7,401,120	7,626,108	3.04%	7,873,688	3.25%
August	7,274,722	7,399,382	1.71%	7,563,444	2.22%
September	6,790,701	7,297,453	7.46%	7,491,598	2.66%
October	7,431,994	7,663,987	3.12%	7,686,741	0.30%
November	6,666,796	6,681,433	0.22%	7,027,591	5.18%
December	7,203,125	7,587,185	5.33%	7,760,262	2.28%
January	6,565,428	6,362,309	-3.09%	6,483,006	1.90%
February	6,107,685	6,142,068	0.56%	6,614,306	7.69%
March	6,983,094	7,384,700	5.75%	7,757,041	5.04%
<b>April</b>	<b>7,189,777</b>	<b>7,313,844</b>	<b>1.73%</b>	<b>7,271,823</b>	<b>-0.57%</b>
12 Month Ave	6,976,801	7,184,834	2.98%	7,380,830	2.73%
Year-to-Date	26,845,984	27,202,921	1.33%	28,126,176	3.39%

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	6,786,393	6,988,309	2.98%	7,185,845	2.83%
June	6,766,327	7,031,165	3.91%	7,208,244	2.52%
July	6,775,613	7,049,914	4.05%	7,228,875	2.54%
August	6,758,262	7,060,303	4.47%	7,242,547	2.58%
September	6,764,217	7,102,532	5.00%	7,258,726	2.20%
October	6,831,719	7,121,865	4.25%	7,260,622	1.95%
November	6,920,002	7,123,085	2.93%	7,289,469	2.34%
December	6,948,675	7,155,090	2.97%	7,303,892	2.08%
January	6,943,439	7,138,163	2.80%	7,313,950	2.46%
February	6,950,689	7,141,028	2.74%	7,353,303	2.97%
March	6,957,791	7,174,495	3.11%	7,384,332	2.92%
<b>April</b>	<b>6,976,801</b>	<b>7,184,834</b>	<b>2.98%</b>	<b>7,380,830</b>	<b>2.73%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	286,442	302,178	5.49%	314,372	4.04%
June	302,486	308,600	2.02%	310,718	0.69%
July	293,335	302,669	3.18%	312,440	3.23%
August	288,390	302,316	4.83%	308,139	1.93%
September	296,361	305,806	3.19%	313,050	2.37%
October	289,647	298,040	2.90%	309,872	3.97%
November	304,762	318,659	4.56%	319,904	0.39%
December	296,888	301,964	1.71%	309,372	2.45%
January	277,061	283,228	2.23%	298,683	5.46%
February	282,588	285,444	1.01%	292,604	2.51%
March	291,919	297,011	1.74%	301,360	1.46%
<b>April</b>	<b>289,571</b>	<b>294,548</b>	<b>1.72%</b>	<b>305,742</b>	<b>3.80%</b>

## MTA Metro-North Railroad

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	7,198,299	7,169,671	-0.40%	7,181,256	0.16%
June	7,095,500	7,360,103	3.73%	7,606,986	3.35%
July	7,300,168	7,520,253	3.01%	7,647,375	1.69%
August	7,132,265	7,078,935	-0.75%	7,201,809	1.74%
September	6,786,130	7,215,858	6.33%	7,352,209	1.89%
October	7,382,282	7,653,001	3.67%	7,667,660	0.19%
November	6,680,246	6,685,728	0.08%	6,998,173	4.67%
December	7,062,872	7,502,155	6.22%	7,632,258	1.73%
January	6,526,250	6,304,068	-3.40%	6,468,097	2.60%
February	5,963,984	5,972,025	0.13%	6,443,054	7.89%
March	6,824,170	7,171,308	5.09%	7,531,600	5.02%
<b>April</b>	<b>7,159,018</b>	<b>7,283,033</b>	<b>1.73%</b>	<b>7,119,160</b>	<b>-2.25%</b>
<b>12 Month Ave</b>	<b>6,925,932</b>	<b>7,076,345</b>	<b>2.17%</b>	<b>7,237,470</b>	<b>2.28%</b>
<b>Year-to-Date</b>	<b>26,473,422</b>	<b>26,730,434</b>	<b>0.97%</b>	<b>27,561,911</b>	<b>3.11%</b>

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	6,883,247	6,923,546	0.59%	7,077,310	2.22%
June	6,868,710	6,945,597	1.12%	7,097,884	2.19%
July	6,875,866	6,963,937	1.28%	7,108,477	2.08%
August	6,857,792	6,959,493	1.48%	7,118,717	2.29%
September	6,860,388	6,995,304	1.97%	7,130,079	1.93%
October	6,910,684	7,017,863	1.55%	7,131,301	1.62%
November	6,943,771	7,018,320	1.07%	7,157,338	1.98%
December	6,948,209	7,054,927	1.54%	7,168,180	1.61%
January	6,935,635	7,036,412	1.45%	7,181,849	2.07%
February	6,932,967	7,037,082	1.50%	7,221,102	2.61%
March	6,921,533	7,066,010	2.09%	7,251,126	2.62%
<b>April</b>	<b>6,925,932</b>	<b>7,076,345</b>	<b>2.17%</b>	<b>7,237,470</b>	<b>2.28%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	286,024	291,057	1.76%	294,073	1.04%
June	299,687	302,876	1.06%	301,323	-0.51%
July	289,015	296,775	2.69%	297,811	0.35%
August	280,298	284,812	1.61%	285,374	0.20%
September	289,232	298,002	3.03%	298,666	0.22%
October	286,372	296,293	3.46%	299,864	1.21%
November	291,100	299,951	3.04%	300,366	0.14%
December	285,736	295,383	3.38%	296,167	0.27%
January	268,835	261,367	-2.78%	269,313	3.04%
February	270,975	268,325	-0.98%	268,755	0.16%
March	279,347	282,459	1.11%	280,715	-0.62%
<b>April</b>	<b>287,779</b>	<b>289,364</b>	<b>0.55%</b>	<b>282,010</b>	<b>-2.54%</b>

## Metropolitan Transportation Authority

April

## East of Hudson

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	7,061,066	7,028,443	-0.46%	7,038,334	0.14%
June	6,959,429	7,213,680	3.65%	7,450,980	3.29%
July	7,156,528	7,366,433	2.93%	7,490,170	1.68%
August	6,995,610	6,935,605	-0.86%	7,054,321	1.71%
September	6,659,062	7,072,104	6.20%	7,202,664	1.85%
October	7,241,822	7,499,635	3.56%	7,513,131	0.18%
November	6,556,763	6,555,045	-0.03%	6,859,735	4.65%
December	6,927,541	7,356,438	6.19%	7,486,228	1.76%
January	6,398,208	6,173,389	-3.51%	6,340,920	2.71%
February	5,846,639	5,849,842	0.05%	6,313,644	7.93%
March	6,684,169	7,018,867	5.01%	7,378,875	5.13%
<b>April</b>	<b>7,018,716</b>	<b>7,134,749</b>	<b>1.65%</b>	<b>6,980,262</b>	<b>-2.17%</b>
<b>12 Month Ave</b>	<b>6,792,129</b>	<b>6,933,686</b>	<b>2.08%</b>	<b>7,092,439</b>	<b>2.29%</b>
<b>Year-to-Date</b>	<b>25,947,732</b>	<b>26,176,847</b>	<b>0.88%</b>	<b>27,013,701</b>	<b>3.20%</b>

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	6,754,425	6,789,411	0.52%	6,934,510	2.14%
June	6,740,951	6,810,598	1.03%	6,954,285	2.11%
July	6,748,747	6,828,091	1.18%	6,964,597	2.00%
August	6,732,336	6,823,090	1.35%	6,974,490	2.22%
September	6,735,742	6,857,510	1.81%	6,985,370	1.86%
October	6,785,901	6,878,995	1.37%	6,986,494	1.56%
November	6,814,649	6,878,852	0.94%	7,011,885	1.93%
December	6,816,857	6,914,593	1.43%	7,022,701	1.56%
January	6,803,409	6,895,858	1.36%	7,036,662	2.04%
February	6,800,316	6,896,125	1.41%	7,075,312	2.60%
March	6,788,349	6,924,016	2.00%	7,105,313	2.62%
<b>April</b>	<b>6,792,129</b>	<b>6,933,686</b>	<b>2.08%</b>	<b>7,092,439</b>	<b>2.29%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	279,778	284,329	1.63%	286,935	0.92%
June	292,904	295,913	1.03%	294,228	-0.57%
July	282,473	289,768	2.58%	290,649	0.30%
August	274,082	277,998	1.43%	278,362	0.13%
September	282,886	291,153	2.92%	291,542	0.13%
October	280,254	289,611	3.34%	292,836	1.11%
November	284,607	292,710	2.85%	293,087	0.13%
December	279,287	288,744	3.39%	289,518	0.27%
January	262,725	254,821	-3.01%	262,627	3.06%
February	264,816	261,911	-1.10%	262,291	0.14%
March	272,688	275,526	1.04%	274,064	-0.53%
<b>April</b>	<b>281,399</b>	<b>282,620</b>	<b>0.43%</b>	<b>275,402</b>	<b>-2.55%</b>

## Metropolitan Transportation Authority

April

## Harlem Line

Revenue Passengers					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	2,326,618	2,295,131	-1.35%	2,288,972	-0.27%
June	2,244,617	2,337,339	4.13%	2,416,982	3.41%
July	2,330,442	2,363,438	1.42%	2,406,276	1.81%
August	2,234,767	2,206,725	-1.25%	2,252,057	2.05%
September	2,201,297	2,298,402	4.41%	2,346,955	2.11%
October	2,436,355	2,465,785	1.21%	2,472,035	0.25%
November	2,160,739	2,138,624	-1.02%	2,239,569	4.72%
December	2,303,474	2,398,294	4.12%	2,442,546	1.85%
January	2,136,239	2,040,760	-4.47%	2,098,696	2.84%
February	1,958,194	1,931,569	-1.36%	2,097,939	8.61%
March	2,225,318	2,335,202	4.94%	2,435,142	4.28%
<b>April</b>	<b>2,303,958</b>	<b>2,330,964</b>	<b>1.17%</b>	<b>2,295,023</b>	<b>-1.54%</b>
12 Month Ave	2,238,502	2,261,853	1.04%	2,316,016	2.39%
Year-to-Date	8,623,709	8,638,495	0.17%	8,926,800	3.34%
12 Month Averages					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	2,217,299	2,235,878	0.84%	2,261,340	1.14%
June	2,211,163	2,243,604	1.47%	2,267,976	1.09%
July	2,215,865	2,246,354	1.38%	2,271,546	1.12%
August	2,209,433	2,244,017	1.57%	2,275,324	1.40%
September	2,212,700	2,252,109	1.78%	2,279,370	1.21%
October	2,234,034	2,254,562	0.92%	2,279,891	1.12%
November	2,241,707	2,252,719	0.49%	2,288,303	1.58%
December	2,245,806	2,260,621	0.66%	2,291,991	1.39%
January	2,241,912	2,252,664	0.48%	2,296,819	1.96%
February	2,240,156	2,250,445	0.46%	2,310,683	2.68%
March	2,237,048	2,259,602	1.01%	2,319,011	2.63%
<b>April</b>	<b>2,238,502</b>	<b>2,261,853</b>	<b>1.04%</b>	<b>2,316,016</b>	<b>2.39%</b>
Average Weekday Passengers					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	92,633	93,578	1.02%	94,368	0.84%
June	95,281	96,687	1.47%	96,266	-0.44%
July	92,508	93,783	1.38%	94,386	0.64%
August	88,214	89,396	1.34%	89,923	0.59%
September	93,887	95,338	1.55%	95,719	0.40%
October	94,635	95,720	1.15%	97,017	1.35%
November	94,617	96,470	1.96%	96,730	0.27%
December	93,600	94,891	1.38%	95,346	0.48%
January	88,158	84,941	-3.65%	87,650	3.19%
February	89,179	87,218	-2.20%	87,698	0.55%
March	91,373	92,289	1.00%	90,893	-1.51%
<b>April</b>	<b>92,964</b>	<b>93,050</b>	<b>0.09%</b>	<b>91,219</b>	<b>-1.97%</b>

## Metropolitan Transportation Authority

April

## Hudson Line

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	1,396,805	1,381,606	-1.09%	1,381,366	-0.02%
June	1,370,358	1,422,392	3.80%	1,448,469	1.83%
July	1,344,284	1,454,534	8.20%	1,464,154	0.66%
August	1,373,141	1,381,075	0.58%	1,397,488	1.19%
September	1,335,036	1,402,529	5.06%	1,420,180	1.26%
October	1,447,870	1,465,645	1.23%	1,468,000	0.16%
November	1,280,951	1,271,965	-0.70%	1,317,990	3.62%
December	1,255,542	1,419,350	13.05%	1,438,103	1.32%
January	1,230,001	1,185,529	-3.62%	1,216,365	2.60%
February	1,134,115	1,135,396	0.11%	1,219,067	7.37%
March	1,288,797	1,370,062	6.31%	1,433,576	4.64%
<b>April</b>	<b>1,384,546</b>	<b>1,397,902</b>	<b>0.96%</b>	<b>1,363,513</b>	<b>-2.46%</b>
<b>12 Month Ave</b>	<b>1,320,121</b>	<b>1,357,332</b>	<b>2.82%</b>	<b>1,380,689</b>	<b>1.72%</b>
<b>Year-to-Date</b>	<b>5,037,459</b>	<b>5,088,889</b>	<b>1.02%</b>	<b>5,232,521</b>	<b>2.82%</b>

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	1,317,972	1,318,854	0.07%	1,357,312	2.92%
June	1,316,000	1,323,190	0.55%	1,359,485	2.74%
July	1,311,263	1,332,378	1.61%	1,360,287	2.09%
August	1,306,272	1,333,039	2.05%	1,361,655	2.15%
September	1,309,113	1,338,663	2.26%	1,363,126	1.83%
October	1,321,075	1,340,144	1.44%	1,363,322	1.73%
November	1,328,644	1,339,396	0.81%	1,367,157	2.07%
December	1,323,130	1,353,046	2.26%	1,368,720	1.16%
January	1,321,391	1,349,340	2.12%	1,371,290	1.63%
February	1,319,982	1,349,447	2.23%	1,378,262	2.14%
March	1,317,667	1,356,219	2.93%	1,383,555	2.02%
<b>April</b>	<b>1,320,121</b>	<b>1,357,332</b>	<b>2.82%</b>	<b>1,380,689</b>	<b>1.72%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	55,108	55,684	1.05%	56,057	0.67%
June	57,371	58,063	1.21%	56,988	-1.85%
July	53,128	56,978	7.25%	56,554	-0.74%
August	53,645	55,092	2.70%	54,834	-0.47%
September	56,228	57,423	2.13%	57,125	-0.52%
October	55,821	56,450	1.13%	56,955	0.89%
November	55,544	56,666	2.02%	56,152	-0.91%
December	50,648	55,712	10.00%	55,642	-0.12%
January	50,387	48,922	-2.91%	50,314	2.85%
February	51,284	50,800	-0.94%	50,631	-0.33%
March	52,564	53,704	2.17%	53,190	-0.96%
<b>April</b>	<b>55,355</b>	<b>55,226</b>	<b>-0.23%</b>	<b>53,679</b>	<b>-2.80%</b>

## New Haven Line

Revenue Passengers					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	3,337,643	3,351,706	0.42%	3,367,996	0.49%
June	3,344,454	3,453,949	3.27%	3,585,529	3.81%
July	3,481,802	3,548,461	1.91%	3,619,740	2.01%
August	3,387,702	3,347,805	-1.18%	3,404,776	1.70%
September	3,122,729	3,371,173	7.96%	3,435,529	1.91%
October	3,357,597	3,568,205	6.27%	3,573,096	0.14%
November	3,115,073	3,144,456	0.94%	3,302,176	5.02%
December	3,368,525	3,538,794	5.05%	3,605,579	1.89%
January	3,031,968	2,947,100	-2.80%	3,025,859	2.67%
February	2,754,330	2,782,877	1.04%	2,996,638	7.68%
March	3,170,054	3,313,603	4.53%	3,510,157	5.93%
<b>April</b>	<b>3,330,212</b>	<b>3,405,883</b>	<b>2.27%</b>	<b>3,321,726</b>	<b>-2.47%</b>
12 Month Ave	3,233,507	3,314,501	2.50%	3,395,733	2.45%
Year-to-Date	12,286,564	12,449,463	1.33%	12,854,380	3.25%
12 Month Averages					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	3,219,154	3,234,679	0.48%	3,315,859	2.51%
June	3,213,788	3,243,804	0.93%	3,326,824	2.56%
July	3,221,619	3,249,359	0.86%	3,332,763	2.57%
August	3,216,631	3,246,034	0.91%	3,337,511	2.82%
September	3,213,929	3,266,738	1.64%	3,342,874	2.33%
October	3,230,793	3,284,288	1.66%	3,343,282	1.80%
November	3,244,299	3,286,737	1.31%	3,356,425	2.12%
December	3,247,921	3,300,926	1.63%	3,361,990	1.85%
January	3,240,107	3,293,854	1.66%	3,368,554	2.27%
February	3,240,178	3,296,233	1.73%	3,386,367	2.73%
March	3,233,634	3,308,195	2.31%	3,402,747	2.86%
<b>April</b>	<b>3,233,507</b>	<b>3,314,501</b>	<b>2.50%</b>	<b>3,395,733</b>	<b>2.45%</b>
Average Weekday Passengers					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	132,037	135,067	2.29%	136,510	1.07%
June	140,251	141,163	0.65%	140,974	-0.13%
July	136,836	139,007	1.59%	139,710	0.51%
August	132,224	133,509	0.97%	133,604	0.07%
September	132,771	138,392	4.23%	138,697	0.22%
October	129,799	137,441	5.89%	138,865	1.04%
November	134,447	139,574	3.81%	140,206	0.45%
December	135,039	138,141	2.30%	138,530	0.28%
January	124,180	120,958	-2.59%	124,663	3.06%
February	124,353	123,893	-0.37%	123,962	0.06%
March	128,751	129,533	0.61%	129,981	0.35%
<b>April</b>	<b>133,080</b>	<b>134,344</b>	<b>0.95%</b>	<b>130,504</b>	<b>-2.86%</b>

## West of Hudson

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	137,233	141,228	2.91%	142,922	1.20%
June	136,071	146,423	7.61%	156,006	6.54%
July	143,640	153,820	7.09%	157,205	2.20%
August	136,655	143,330	4.88%	147,488	2.90%
September	127,068	143,754	13.13%	149,545	4.03%
October	140,460	153,366	9.19%	154,529	0.76%
November	123,483	130,683	5.83%	138,438	5.93%
December	135,331	145,717	7.67%	146,030	0.21%
January	128,042	130,679	2.06%	127,177	-2.68%
February	117,345	122,183	4.12%	129,410	5.91%
March	140,001	152,441	8.89%	152,725	0.19%
<b>April</b>	<b>140,302</b>	<b>148,284</b>	<b>5.69%</b>	<b>138,898</b>	<b>-6.33%</b>
12 Month Ave	133,803	142,659	6.62%	145,031	1.66%
Year-to-Date	525,690	553,587	5.31%	548,210	-0.97%

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	128,822	134,136	4.12%	142,800	6.46%
June	127,759	134,998	5.67%	143,599	6.37%
July	127,119	135,847	6.87%	143,881	5.91%
August	125,456	136,403	8.73%	144,227	5.74%
September	124,646	137,793	10.55%	144,710	5.02%
October	124,782	138,869	11.29%	144,807	4.28%
November	129,121	139,469	8.01%	145,453	4.29%
December	131,352	140,334	6.84%	145,479	3.67%
January	132,226	140,554	6.30%	145,187	3.30%
February	132,651	140,957	6.26%	145,790	3.43%
March	133,184	141,994	6.61%	145,813	2.69%
<b>April</b>	<b>133,803</b>	<b>142,659</b>	<b>6.62%</b>	<b>145,031</b>	<b>1.66%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	6,247	6,728	7.71%	7,138	6.09%
June	6,783	6,964	2.67%	7,095	1.88%
July	6,543	7,008	7.10%	7,162	2.20%
August	6,215	6,814	9.63%	7,012	2.91%
September	6,346	6,849	7.93%	7,124	4.02%
October	6,118	6,682	9.22%	7,028	5.18%
November	6,493	7,241	11.52%	7,279	0.52%
December	6,449	6,639	2.95%	6,649	0.15%
January	6,109	6,546	7.15%	6,686	2.14%
February	6,159	6,414	4.15%	6,464	0.78%
March	6,659	6,933	4.12%	6,651	-4.07%
<b>April</b>	<b>6,380</b>	<b>6,744</b>	<b>5.70%</b>	<b>6,608</b>	<b>-2.02%</b>

## Metropolitan Transportation Authority

April

## Port Jervis Line

## Revenue Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	85,089	85,895	0.95%	86,116	0.26%
June	83,426	87,459	4.83%	92,381	5.63%
July	91,288	93,470	2.39%	93,755	0.30%
August	89,188	86,344	-3.19%	88,786	2.83%
September	80,627	86,526	7.32%	89,066	2.94%
October	86,989	93,068	6.99%	93,069	0.00%
November	75,365	78,265	3.85%	82,436	5.33%
December	83,241	87,965	5.68%	86,298	-1.90%
January	77,576	77,335	-0.31%	74,238	-4.00%
February	71,485	72,288	1.12%	76,153	5.35%
March	84,471	89,367	5.80%	90,131	0.85%
<b>April</b>	<b>85,808</b>	<b>88,480</b>	<b>3.11%</b>	<b>82,766</b>	<b>-6.46%</b>
12 Month Ave	82,879	85,539	3.21%	86,266	0.85%
Year-to-Date	319,340	327,470	2.55%	323,288	-1.28%

## 12 Month Averages

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	81,148	82,947	2.22%	85,557	3.15%
June	80,229	83,283	3.81%	85,967	3.22%
July	79,738	83,465	4.67%	85,991	3.03%
August	78,766	83,228	5.66%	86,194	3.56%
September	78,351	83,719	6.85%	86,406	3.21%
October	78,344	84,226	7.51%	86,406	2.59%
November	80,656	84,467	4.72%	86,754	2.71%
December	81,947	84,861	3.56%	86,615	2.07%
January	82,281	84,841	3.11%	86,357	1.79%
February	82,442	84,908	2.99%	86,679	2.09%
March	82,609	85,316	3.28%	86,742	1.67%
<b>April</b>	<b>82,879</b>	<b>85,539</b>	<b>3.21%</b>	<b>86,266</b>	<b>0.85%</b>

## Average Weekday Passengers

Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	3,874	4,092	5.63%	4,300	5.07%
June	4,158	4,159	0.03%	4,202	1.04%
July	4,159	4,260	2.43%	4,273	0.31%
August	4,056	4,104	1.17%	4,221	2.85%
September	4,026	4,123	2.41%	4,243	2.91%
October	3,790	4,056	7.02%	4,233	4.36%
November	3,963	4,335	9.39%	4,334	-0.02%
December	3,967	4,008	1.03%	3,930	-1.95%
January	3,703	3,875	4.65%	3,902	0.70%
February	3,750	3,793	1.16%	3,803	0.26%
March	4,017	4,065	1.20%	3,926	-3.42%
<b>April</b>	<b>3,902</b>	<b>4,024</b>	<b>3.12%</b>	<b>3,937</b>	<b>-2.16%</b>

## Metropolitan Transportation Authority

April

## Pascack Valley Line

Revenue Passengers					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	52,144	55,333	6.12%	56,806	2.66%
June	52,645	58,964	12.00%	63,625	7.90%
July	52,352	60,350	15.28%	63,450	5.14%
August	47,467	56,986	20.05%	58,702	3.01%
September	46,441	57,228	23.23%	60,479	5.68%
October	53,471	60,298	12.77%	61,460	1.93%
November	48,118	52,418	8.94%	56,002	6.84%
December	52,090	57,752	10.87%	59,732	3.43%
January	50,466	53,344	5.70%	52,939	-0.76%
February	45,860	49,895	8.80%	53,257	6.74%
March	55,530	63,074	13.59%	62,594	-0.76%
<b>April</b>	<b>54,494</b>	<b>59,804</b>	<b>9.74%</b>	<b>56,132</b>	<b>-6.14%</b>
12 Month Ave	50,923	57,121	12.17%	58,765	2.88%
Year-to-Date	206,350	226,117	9.58%	224,922	-0.53%
12 Month Averages					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	47,675	51,189	7.37%	57,243	11.83%
June	47,531	51,716	8.80%	57,632	11.44%
July	47,381	52,382	10.55%	57,890	10.52%
August	46,691	53,175	13.89%	58,033	9.14%
September	46,295	54,074	16.80%	58,304	7.82%
October	46,439	54,643	17.67%	58,401	6.88%
November	48,465	55,001	13.49%	58,699	6.72%
December	49,405	55,473	12.28%	58,864	6.11%
January	49,945	55,713	11.55%	58,831	5.60%
February	50,209	56,049	11.63%	59,111	5.46%
March	50,575	56,678	12.07%	59,071	4.22%
<b>April</b>	<b>50,923</b>	<b>57,121</b>	<b>12.17%</b>	<b>58,765</b>	<b>2.88%</b>
Average Weekday Passengers					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	2,372	2,636	11.11%	2,838	7.67%
June	2,625	2,805	6.83%	2,893	3.14%
July	2,384	2,748	15.25%	2,889	5.14%
August	2,159	2,710	25.53%	2,791	2.99%
September	2,320	2,726	17.50%	2,881	5.69%
October	2,328	2,626	12.80%	2,795	6.44%
November	2,530	2,906	14.86%	2,945	1.34%
December	2,482	2,631	6.00%	2,719	3.34%
January	2,406	2,671	10.99%	2,784	4.23%
February	2,409	2,621	8.80%	2,661	1.53%
March	2,642	2,868	8.55%	2,725	-4.99%
<b>April</b>	<b>2,478</b>	<b>2,720</b>	<b>9.77%</b>	<b>2,671</b>	<b>-1.80%</b>

## MTA Bridges &amp; Tunnels

Revenue Vehicles					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	25,045,252	25,668,919	2.49%	26,520,622	3.32%
June	24,738,988	25,374,933	2.57%	26,140,659	3.02%
July	24,886,530	25,435,425	2.21%	26,900,933	5.76%
August	25,636,599	25,951,945	1.23%	27,179,957	4.73%
September	23,810,071	24,481,160	2.82%	25,176,781	2.84%
October	25,036,991	25,189,827	0.61%	26,221,062	4.09%
November	23,200,297	23,361,017	0.69%	24,793,552	6.13%
December	23,035,975	24,182,522	4.98%	25,385,215	4.97%
January	20,747,317	20,983,289	1.14%	22,206,860	5.83%
February	18,701,703	19,983,679	6.85%	22,367,441	11.93%
March	23,431,567	23,836,645	1.73%	25,670,589	7.69%
<b>April</b>	<b>23,834,773</b>	<b>24,825,057</b>	<b>4.15%</b>	<b>25,458,046</b>	<b>2.55%</b>
12 Month Ave	23,508,839	24,106,202	2.54%	25,335,143	5.10%
Year-to-Date	86,715,360	89,628,670	3.36%	95,702,936	6.78%
12 Month Averages					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	23,413,736	23,560,811	0.63%	24,177,177	2.62%
June	23,372,538	23,613,806	1.03%	24,240,987	2.66%
July	23,372,447	23,659,548	1.23%	24,363,113	2.97%
August	23,369,679	23,685,826	1.35%	24,465,447	3.29%
September	23,373,597	23,741,750	1.58%	24,523,416	3.29%
October	23,549,320	23,754,487	0.87%	24,609,352	3.60%
November	23,737,233	23,767,880	0.13%	24,728,730	4.04%
December	23,710,625	23,863,426	0.64%	24,828,954	4.05%
January	23,582,050	23,883,090	1.28%	24,930,919	4.39%
February	23,487,861	23,989,921	2.14%	25,129,565	4.75%
March	23,492,490	24,023,678	2.26%	25,282,394	5.24%
<b>April</b>	<b>23,508,839</b>	<b>24,106,202</b>	<b>2.54%</b>	<b>25,335,143</b>	<b>5.10%</b>
Average Weekday Passengers					
Service Month	2013-2014	2014-2015	Percentage Change	2015-2016	Percentage Change
May	834,831	849,333	1.74%	880,801	3.71%
June	838,525	850,160	1.39%	884,039	3.99%
July	824,594	846,651	2.67%	887,418	4.82%
August	837,517	856,625	2.28%	884,166	3.22%
September	811,806	834,545	2.80%	852,788	2.19%
October	817,107	824,083	0.85%	862,734	4.69%
November	802,918	810,122	0.90%	853,314	5.33%
December	785,165	809,947	3.16%	844,618	4.28%
January	700,973	709,750	1.25%	790,094	11.32%
February	693,199	752,873	8.61%	802,957	6.65%
March	780,125	790,371	1.31%	844,919	6.90%
<b>April</b>	<b>805,672</b>	<b>837,547</b>	<b>3.96%</b>	<b>864,874</b>	<b>3.26%</b>

# Fuel Hedge Program

# Current ULSD Hedges

Date	Gallons Hedged	Percent of Expected Gallons Purchased	Weighted Average Hedge Price for each Month	2015 Adopted Budget Forecasted Commodity Price	2016 Adopted Budget (February Plan) Forecasted Commodity Price
June-16	3,039,526	50	2.27	2.72	1.73
July-16	3,039,526	50	2.27	2.72	1.73
August-16	3,165,708	50	2.20	2.72	1.73
September-16	3,082,195	50	2.09	2.72	1.73
October-16	3,031,772	51	2.00	2.72	1.73
November-16	3,112,662	53	1.93	2.72	1.73
December-16	2,725,283	51	1.87	2.72	1.73
January-17	2,843,162	51	1.83	2.77	1.84
February-17	2,795,374	50	1.78	2.77	1.84
March-17	2,752,898	50	1.72	2.77	1.84
April-17	2,933,580	50	1.67	2.77	1.84
May-17	2,860,855	50	1.63	2.77	1.84
June-17	2,944,064	50	1.59	2.77	1.84
July-17	2,782,696	46	1.56	2.77	1.84
August-17	2,629,603	42	1.53	2.77	1.84
September-17	2,310,305	37	1.52	2.77	1.84
October-17	1,992,230	33	1.50	2.77	1.84
November-17	1,724,445	29	1.47	2.77	1.84
December-17	1,333,751	25	1.44	2.77	1.84
January-18	1,167,313	21	1.43	2.86	2.10
February-18	931,642	17	1.47	2.86	2.10
March-18	688,059	12	1.52	2.86	2.10
April-18	488,734	8	1.59	2.86	2.10
May-18	238,194	4	1.62	2.86	2.10

# Annual Impact as of June 9, 2016

	(\$ in millions)		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>Ultra Low Sulfur Diesel</u></b>			
Current Prices vs. 2016 Adopted Budget	\$24.774	\$18.217	\$31.607
Impact of Hedge	<u>(29.215)</u>	<u>(0.522)</u>	<u>0.175</u>
<b>Net Impact: Fav/(Unfav)</b>	(\$4.441)	\$17.695	\$31.782
 <b><u>Compressed Natural Gas</u></b>			
Current Prices vs. 2016 Adopted Budget	\$21.399	(\$3.001)	(\$3.392)
Impact of Hedge	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
<b>Net Impact: Fav/(Unfav)</b>	\$21.399	(\$3.001)	(\$3.392)
 <b><u>Summary</u></b>			
Current Prices vs. 2016 Adopted Budget	\$46.173	\$15.217	\$28.215
Impact of Hedge	<u>(29.215)</u>	<u>(0.522)</u>	<u>0.175</u>
<b>Net Impact: Fav/(Unfav)</b>	\$16.959	\$14.695	\$28.390

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**JUNE 2016**  
**MTA REAL ESTATE**  
**FINANCE COMMITTEE AGENDA ITEMS**

**1. ACTION ITEMS**

**MTA NEW YORK CITY TRANSIT**

- a. Surrender of NYCT's Master Lease interest in a subway entrance at 195 Broadway, Manhattan
- b. Modification of License Agreement with Transit Wireless, LLC

**MTA BRIDGES & TUNNELS**

- c. Amendment to License Agreement with National September 11 Memorial and Museum at the World Trade Center Foundation, Inc., relating to annual Tribute In Light at Battery Parking Garage, Manhattan

**METROPOLITAN TRANSPORTATION AUTHORITY & MTA CAPITAL CONSTRUCTION COMPANY**

- d. Agreements for easements to construct, operate and maintain new East Side Access entrance at 280 Park Avenue, Manhattan

**METROPOLITAN TRANSPORTATION AUTHORITY & MTA BUS COMPANY**

- e. Amendment to Sub-Lease Agreement with City of New York to expand existing bus parking facility at 49-19 Rockaway Beach Boulevard, Arverne, Queens

**2. INFORMATION ITEMS**

- a. Status report on month-to-month licenses
- b. Status report on Grand Central Terminal Vanderbilt Hall events
- c. Status report on Grand Central Terminal Graybar Passage retail kiosks
- d. Permit with Premium Outlet Partners, L.P., for use of a portion of Metro-North's Harriman Parking Facility
- e. Permit with I.M. Robbins, P.C., for entering a portion of Bridges and Tunnels' Queens-Midtown Tunnel at the Manhattan Exit Plaza
- f. Permit with Pamal Broadcasting, Ltd., for use of a portion of Metro-North's Beacon Parking Facility
- g. Permit with Dia Art Foundation for use of a portion of Metro-North's Beacon Parking Facility
- h. Permit with the City of Yonkers for installation of artwork on, and maintenance of, planters at the Yonkers Station

**Legal Name    Popular Name    Abbreviation**

New York City Transit Authority	MTA New York City Transit	NYC Transit
The Long Island Rail Road Company	MTA Long Island Rail Road	LIRR
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).*

# **MTA NEW YORK CITY TRANSIT**

# Staff Summary



Subject <b>SURRENDER OF MASTER LEASE PROPERTY</b>
Department <b>REAL ESTATE</b>
Department Head Name <b>JEFFREY B. ROSEN</b>
Department Head Signature 
Project Manager Name <b>IAN SALSBERG</b>

Date <b>JUNE 20, 2016</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	6/20/16	X		
2	Board	6/22/16	X		

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

AGENCY: MTA New York City Transit ("NYCT")

LOCATION: Subway entrance for Brooklyn-bound platform of Fulton Street Station on Lexington Avenue Line ("Station"), situated at northwest corner of Dey Street and Broadway ("Entrance"), within 195 Broadway (Block: 80, Lot: 1; "Property"), Manhattan

ACTIVITY: Surrender NYCT's leasehold interest in Entrance to City of New York ("City")

ACTION REQUESTED: Approval to surrender leasehold interest to City

## COMMENTS:

Pursuant to an indenture dated August 23<sup>rd</sup>, 1915, the owner of a portion of the Property built the Entrance and granted an easement to the City. The Entrance is currently leased to NYCT under the Agreement of Lease between NYC and NYCT dated June 1, 1953, as amended (the "Master Lease"). The Master Lease governs the terms and conditions under which most City-owned subway property is used for NYCT's transportation purposes.

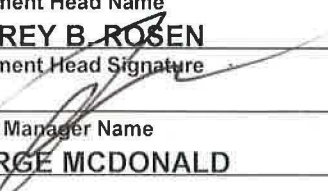
As part of the design of the Fulton Street Complex, an escalator up to the Brooklyn-bound platform was constructed in front of the platform opening to the Entrance, thus blocking use of the Entrance. In lieu of the Entrance, a new ADA-compliant entrance to the Brooklyn-bound platform and other parts of the Station was built on the southwest corner of Dey Street and Broadway providing excess capacity for subway customers.

The current owner of the Property has asked the City to extinguish the 1915 easement. NYCT does not have a current use for the Entrance.

A second existing subway easement entrance through the Property (on the north end at Fulton Street) will be unaffected by this action. In addition, a right to build a sidewalk entrance in front of the Property is unaffected.



Based on the foregoing, MTA Real Estate requests approval to surrender the Entrance to the City.

# Staff Summary

Subject <b>MODIFICATION OF LICENSE AGREEMENT</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>JUNE 20, 2016</b>
Vendor Name <b>TRANSIT WIRELESS, LLC</b>
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	6/20/16	X		
2	Board	6/22/16	X		

Internal Approvals			
Order	Approval	Order	Approval
		1	Legal 
3	Chief of Staff 	4	President NYCT 
2	Chief Financial Officer 		

AGENCY: MTA New York City Transit ("NYCT")

LICENSEE: Transit Wireless, LLC ("TW")

LOCATION: NYCT Underground Station

ACTIVITY: License modification related to acceleration of the completion date for the installation of TW's communications network in the NYCT's underground subway stations

ACTION REQUESTED: Approval of terms

## PURPOSE:

To request that the Board approve a modification to the License Agreement between NYCT, as licensor, and TW, as licensee, pursuant to which modification TW will accelerate the substantial completion of the installation of the TW wireless network in the NYCT's underground stations by approximately 18 months to December 31, 2016, and NYCT will agree to offset an amount not to exceed \$5,415,400 of TW's costs associated with such acceleration effort through a waiver of TW's obligation to pay a like amount as reimbursement to NYCT for force account costs.

## BACKGROUND:

In 2007, following a request for proposals process, the Board approved the award to TW of a license to provide commercial cellular/PCS and WiFi service in NYCT's underground subway stations. Under the arrangement, TW constructs the distributed antenna system within the NYCT stations (but not within any of the tunnels between stations) and sublicenses rights to use that system to cellular carriers and other network users. TW's majority owner (Broadcast Australia) is an investment and operating company that specializes in the broadcast and telecommunications fields and is majority owned by Canada's largest public pension fund. The License Agreement gives TW exclusive rights (subject to certain exceptions) for the deployment of FCC licensed frequencies and WiFi in the NYCT underground stations.

At each underground station, TW installs equipment and antennas to provide cellular and WiFi coverage throughout the public areas. Such in-station equipment and antennas are linked by fiber optic cables to TW trunk fiber optic cables running through the streets connecting back to a base station hotel that houses the head-end equipment for TW, the carriers and providers, and NYCT.

# Staff Summary

## FINANCE COMMITTEE MEETING Subject (Cont'd.)

Under the License Agreement, the deadline for TW's substantial completion of installation at the NYCT's underground stations is July, 2018. At NYCT's request, TW has agreed to accelerate the substantial completion to December 31, 2016 subject to certain conditions, including NYCT's agreement to offset \$5,415,400 of TW's costs associated with such acceleration effort through a waiver of TW's obligation to pay a like amount as reimbursement to NYCT for force account costs.

To meet the accelerated completion date, TW has increased the resources it has available for the overall installation process. NYCT has reviewed TW's detailed estimation of the costs to be incurred by such acceleration effort and TW and NYCT have agreed that the additional costs that TW will incur in excess of the costs that would have been incurred by TW to achieve the contractually required completion date (as reduced by any costs incurred by TW that can be recovered from other work being performed by TW) is \$5,415,400. However, NYCT and TW are continuing to explore alternatives that would reduce the amount of the waived force account reimbursement. Because of the potential for a reduction in the waived amount, the Board is being requested to approve a waiver in an amount not to exceed \$5,415,400. If the parties can agree on a reduction in such amount the License Agreement modification that will memorialize the waiver will reflect such lower waived amount.

The proposed License Agreement modification will include terms under which the amount of the waived force account reimbursement amount will be reduced if TW is at fault in its failure to achieve the required acceleration.

### IMPACT ON FUNDING:

Under the License Agreement, TW is obligated to pay to NYCT a share of its revenues from the commercial exploitation of its wireless network in the NYCT system. Such revenue share payments are expected to be substantially in excess of the \$5,415,400 in waived force account reimbursement and such revenue share payment will be used to fund such force account costs.

### ALTERNATIVES:

TW's agreement to the acceleration initiative, which is not required by the License Agreement, was conditioned on NYCT's agreement to offset TW's additional costs associated with the acceleration through a waiver of an equivalent amount of force account reimbursement expenses. Given that the wireless network is being installed as a concession by TW, the proposed agreement is the only way to achieve such acceleration.

### RECOMMENDED ACTIONS:

Because the accelerated completion of the wireless network in all of the NYCT's underground stations provides a significant benefit to MTA customers and employees, and first responders, by providing communications links that are not currently available, thus increasing customer amenities, employee productivity and overall system safety, it is recommended that the Board adopt the attached Resolution, which authorizes the Chairman and Chief Executive Officer of NYCT and his/her designees to execute and deliver the License Agreement modification and related documents, and to take other actions as he/she may deem necessary, desirable or appropriate to implement the proposed actions as described herein.

**RESOLUTION**  
**BOARD OF THE NEW YORK CITY TRANSIT AUTHORITY**

**WHEREAS**, in 2007, following a request for proposal process, the Board of the New York City Transit Authority (“NYCT”) approved the award of a license agreement to Transit Wireless, LLC (“TW”) that granted TW an exclusive license to provide commercial cellular/PCS and WiFi service in NYCT’s underground subway stations (the license agreement and other related documents between NYCT and TW, including modifications and supplements, the “TW Agreements”);

**WHEREAS**, under the TW Agreements, the deadline for TW’s substantial completion of the required wireless infrastructure in all the NYCT underground stations is July, 2018;

**WHEREAS**, NYCT has determined that accelerating such substantial completion provides a significant benefit to MTA customers and employees, and first responders, by providing communications links that are not currently available, thus increasing customer amenities, employee productivity and overall system safety;

**WHEREAS**, NYCT has requested that TW accelerate such substantial completion and TW has agreed subject to certain conditions, including NYCT’s agreement to offset \$5,415,400 of TW’s costs associated with such acceleration effort through a waiver of TW’s obligation to pay a like amount as reimbursement to NYCT for force account costs;

**WHEREAS**, NYCT has reviewed TW’s detailed estimation of the costs to be incurred by such acceleration effort and TW and NYCT have agreed that the additional costs that TW will incur in excess of the costs that would have been incurred by TW to achieve the contractually required completion date (as reduced by any costs incurred by TW that can be recovered from other work being performed by TW) is \$5,415,400; and

**WHEREAS**, NYCT and TW are continuing to explore alternatives that would reduce the amount of the waived force account reimbursement and if the parties can agree on such reductions, the License Agreement modification that will memorialize the waiver will reflect a lower waived amount;

**NOW THEREFORE**, upon the recommendation of the Chairman and Chief Executive Officer of the NYCT, the Board of the NYCT resolves as follows:

1. The Chairman and Chief Executive Officer and his/her respective designees are hereby authorized to finalize the details with respect to the acceleration of the substantial completion of the TW network in the NYCT’s underground stations including the waiver of force account reimbursement in an amount not to exceed \$5,415,400, and to execute and deliver any and all agreements, including modifications and supplements, and other necessary or appropriate agreements, documents, writings and other instruments, and to take any other necessary or appropriate steps as he/she may deem necessary, desirable or appropriate to implement the proposed acceleration of substantial completion of the TW network in the NYCT’s underground stations.
2. The Chairman and Chief Executive Officer and his/her designees are hereby authorized to take any and all actions as may be required to satisfy applicable legal or regulatory requirements in connection with the foregoing actions.


# **MTA BRIDGES & TUNNELS**

# Staff Summary



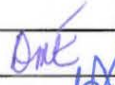

Metropolitan Transportation Authority

Page 1 of 1

Subject <b>AMENDMENT TO LICENSE AGREEMENT</b>
Department <b>REAL ESTATE</b>
Department Head Name <b>JEFFREY B. ROSEN</b>
Department Head Signature 
Project Manager Name <b>PAUL M. FITZPATRICK</b>

Date <b>June 20, 2016</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	6/20/16	X		
2	Board	6/22/16	X		

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

AGENCY: MTA Bridges and Tunnels ("BT")

LICENSEE: National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. ("Memorial")

LOCATION: Battery Parking Garage ("BPG"), 56-70 Greenwich Street, Manhattan

ACTIVITY: Installation, maintenance and removal of a temporary lighting project ("Tribute In Light") and storage of 88 searchlights associated therewith

ACTION REQUESTED: Approval of terms

TERM: Up to 5 years for on-site storage, including approximately 3 weeks of annual rooftop access and use during the Tribute In Light display; terminable upon 60 days' notice

SPACE: Roof of BPG during 3 week display and approximately 1,000 sf for storage on 6<sup>th</sup> floor ramp to roof at BPG throughout term

COMPENSATION: \$12,000 per annum

## COMMENTS:

In July 2005, the MTA Board approved terms for BT to grant a 4-year license agreement with two successive 1-year renewal options to the Municipal Arts Society of New York ("MAS") for the Tribute In Light display on the BPG roof each September 11. Both renewal options were exercised and the term ended July 31, 2011.


A 2<sup>nd</sup> Amendment granted MAS an additional 1-year extension through July 31, 2012. The license was subsequently transferred from MAS to the Memorial and a 3<sup>rd</sup> Amendment granted a further 3-year extension through July 31, 2015. A 4<sup>th</sup> Amendment granted an additional 1-year extension through July 31, 2016.

The Memorial desires to continue the license for another 5 years through July 31, 2021.

MTA Real Estate recommends a 5<sup>th</sup> Amendment to grant Licensee a further 5-year term extension under the same terms and conditions.



**METROPOLITAN TRANSPORTATION  
AUTHORITY  
&  
MTA CAPITAL CONSTRUCTION  
COMPANY**

# Staff Summary

<b>Subject</b> PROPERTY ACQUISITION / CONSTRUCTION AGREEMENTS
<b>Department</b> REAL ESTATE
<b>Department Head Name</b> JEFFREY B. ROSEN
<b>Department Head Signature</b> 
<b>Project Manager Name</b> HELENE CINQUE

<b>Date</b> June 20, 2016
<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	6/20/16	X		
2	Board	6/22/16	X		

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

AGENCY: MTA and MTA Capital Construction Company ("MTACC")

OWNER: Broadway 280 Park Fee LLC (a joint venture entity between Vornado Realty Trust and SL Green Realty Corp.)

LOCATION: 280 Park Avenue, Manhattan ("280 Park")

ACTION REQUESTED: Approval of terms for acquisition of various permanent easements ("PEs") and 2 temporary easements ("TEs") to construct, operate and maintain a customer elevator for East Side Access

AREAS: Total of 783 sq. ft. for all PEs; total of 1,567 sq. ft. for 2 TEs

DURATION OF TEs: Up to 18 months for TE 1 (1,133 sq. ft.); up to 12 months for TE 7 (431 sq. ft.)

COMPENSATION: \$1,750,000 in total for all PEs; \$8,818 per month for TE1; \$1,668 per month for TE 7

## COMMENTS:

In connection with the East Side Access ("ESA") Project, MTACC, MTA Real Estate and Legal have been engaged in lengthy discussions to acquire easements to construct, operate and maintain a new elevator, as required by the Americans with Disabilities Act, that will provide customer access from 280 Park's public plaza area on the north side of East 48th Street to the new underground LIRR Concourse. Exclusive PEs are required for the elevator structure and associated utility connections to the Concourse. Non-exclusive PEs are required for future access to the elevator for maintenance and repair and to restrict Owner's use of certain areas of the plaza in order to accommodate barrier-free pedestrian circulation to and from the elevator and to and from an ESA escalator and stair entrance that will be constructed across the plaza inside 415 Madison Avenue. Additionally, 2 TEs are needed. TE 1 is needed to provide MTACC's contractors with sufficient work space for elevator construction. TE 7, although located in 280 Park's plaza, will be needed as a work space for MTACC's contractors when they construct an exterior wall opening for the ESA escalator and stair entrance at 415 Madison Avenue.

Discussions with the Owner have been complicated by the Owner's concerns about the impacts of our construction on its newly renovated plaza and building and on 280 Park's income-producing potential. Specifically, the Owner raised concerns that our construction activities could incentivize its tenants to seek rent reductions or decline to exercise lease renewal options and also discourage prospective tenants from leasing space during the construction period. Most significantly, while we were in negotiations, the Owner was marketing its renovated first floor retail space to high end restaurants. The Owner's representatives have asserted, and it has been publicly reported, that the Owner is in the process of leasing substantial space in 280 Park to The Four Seasons Restaurant, whose current lease in The Seagram Building on East 52nd Street reportedly will expire in July 2016. The Owner further has stated that the restaurant, which will be constructed in the building immediately adjacent to our construction zones in the plaza, wishes to use portions of the plaza for outdoor seating.

# Staff Summary

## FINANCE COMMITTEE MEETING

Property Acquisition 280 Park Ave., Manhattan (Cont'd)



Metropolitan Transportation Authority

Page 2 of 2

During the initial stages of our negotiations, with the above-referenced issues in the forefront, it was extremely uncertain whether we would be able to reach a negotiated agreement with the Owner or to acquire the easements without a contested condemnation proceeding that would add uncertain delays and cost exposures to the project. As negotiations progressed, we were able to reach certain understandings with the Owner that have resulted in agreement terms that we now are able to recommend for Board approval.

With respect to the compensation issues, we agreed to follow a process comparable to condemnation and arbitration procedures whereby the parties commissioned and exchanged appraisal reports prepared by independent appraisers. After much discussion between our respective attorneys, appraisers and business people, we have reached a tentative agreement with the Owner and recommend approval of the compensation amounts for the PEs and TEs that are summarized on the preceding page of this Staff Summary. The proposed settlement amounts for the easements are below the midpoints of the parties' respective appraisals and according to MTA Legal's condemnation counsel are at or below the most favorable amounts that we reasonably could expect to achieve through condemnation litigation.

In order to address the Owner's concerns that delays in completing work in the easement areas will detrimentally impact the Owner's tenants and rent rolls, the proposed agreement provides for liquidated damages to the Owner as follows: for TE 1, \$7,500 per day for the first 30 days after expiration of the 18 month term and \$5,000 per day thereafter; for TE 7, \$5,000 per day for any occupancies after expiration of the 12 month term. As additional compensation, MTA would reimburse the Owner for the reasonable and documented third-party legal, engineering and architectural services that the Owner necessarily has incurred in reviewing plans related to the elevator design and construction and preparing implementing agreements. Finally, MTA would indemnify the Owner for damage or loss associated with the construction and operation of the elevator.

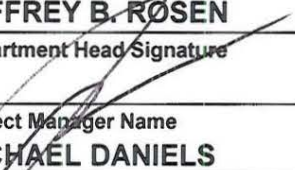
With respect to the construction and operational issues, the proposed agreement requires us to construct and operate the entrance in a manner that will minimize adverse impacts to 280 Park and the Owner's tenants and similarly prohibits the Owner from interfering with our construction and operation of the entrance.

For all the foregoing reasons, the proposed settlement is in MTACC's and MTA's best interests and we hereby recommend approval to proceed with formalizing the terms in implementing agreements with the Owner.

**METROPOLITAN  
TRANSPORTATION  
AUTHORITY  
&  
MTA BUS COMPANY**




# Staff Summary



Subject <b>SUB-LEASE AMENDMENT</b>
Department <b>REAL ESTATE</b>
Department Head Name <b>JEFFREY B. ROSEN</b>
Department Head Signature 
Project Manager Name <b>MICHAEL DANIELS</b>

Date <b>June 20, 2016</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	6/20/16	X		
2	Board	6/22/16	X		

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

AGENCY: Metropolitan Transportation Authority and MTA Bus Company

LANDLORD: City of New York (NYC) / 49-19 Rockaway Beach Boulevard, LLC (Landlord)

LOCATION: 49-19 Rockaway Beach Boulevard, Arverne, Queens

ACTIVITY: Amend sublease to add a lot for bus parking

ACTION REQUESTED: Approval of terms

TERM: From date Landlord delivers Space to January 2027

SPACE: Approximately 3,100 sq. ft.

MAINTENANCE AND REPAIRS: Subtenant's responsibility

COMPENSATION: No additional rent

## COMMENTS:

MTA assumed operational responsibility for several private bus companies, franchised by NYC to do business in New York City, pursuant to a Letter Agreement with NYC dated December 8, 2004 (the "Letter Agreement"). MTA created MTA Bus Company ("MTABC") to effectuate the Letter Agreement.

Included among the assumed bus operations is a NYC lease from Landlord for the Location (the "Lease"). MTA and MTABC (together as sub-tenants) sub-lease the Location from NYC.

Landlord has offered to add the Space to the Location at no additional rent. Landlord will pave the Space and install a fence at no cost to MTABC. MTABC will be responsible for maintenance and repairs during the term. NYC is willing to accept the Space and include same in the Location via an amendment to the Lease. NYC will, in turn, correspondingly amend the sub-lease to include the Space.

Based on the foregoing, MTA Real Estate requests authorization to enter into a sub-lease amendment with NYC, as sub-landlord, on the above described terms and conditions.

# **INFORMATION ITEMS**

# Memorandum



## Metropolitan Transportation Authority

State of New York

Date June 20, 2016

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: JUNE 2016**

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. LIRR	Bellmore Station, Bellmore, NY	Newsstation, Inc./Newsstand	120	March 2009	\$300	To be publicly re-offered 2016
3. MNR	Grand Central Terminal	Grand Central Coffee Corp., d/b/a Irving Farm	253	February 2013	\$9,966	RFP was issued on 3/31/16
4. MNR	Grand Central Terminal	Hudson News	1191	January 2010	\$5,000	Special site conditions require interim tenancy (East Side Access)
5. MNR	Croton Harmon Station	Dry Cleaning Drop Off	714	August 2013	\$2,159.72	Due to MNR station construction project, location to be publicly offered third quarter 2016
6. MNR	Grand Central Terminal	Diptyque	225	February 2, 2015	\$20,000	To be publicly offered in 2016
7. NYCT	Church Avenue, Nostrand Line, Brooklyn	Mahabubar Rahman/Newsstand	120	September 2015	\$2,500	To be publicly offered in 2016
8. MNR	Grand Central Terminal	Moleskine	316	September 1, 2015	\$15,000	To be publicly offered in 2016
9. MNR	Grand Central Terminal	Vineyard Vines	6068	February 2016	\$108,212.67	To be publicly offered in 2018

# Memorandum



## Metropolitan Transportation Authority

State of New York

Date June 20, 2016

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.

### June 2016 Event Forecast

Event	Date	Description	Space	Use
MNR Event	6/7	As per Peter Ramos	Vanderbilt Hall	Private
MNR Event	6/15	Maintenance of Way as per Liz Rivera	Vanderbilt Hall	Private
Wesleyan	6/16	Private cocktail reception	Vanderbilt Hall	Private
Italian Trade Commission	June 20 - July 24	Italian Tourism event with large projections	Vanderbilt Hall	Public

# Memorandum



## Metropolitan Transportation Authority

State of New York

Date June 20, 2016

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 July 2016**

<b>Licensee</b>	<b>License Dates</b>	<b>Use</b>	<b>Monthly Compensation</b>
Selen Designs	7/1/2016-10/31/2016	Retail sale of licensee produced jewelry	7/1/2016 \$3100 8/1/2016 \$3100 9/1/2016 \$3100 10/1/2016 \$3100

# Staff Summary

Subject <b>PERMIT AGREEMENT</b>
Department <b>REAL ESTATE</b>
Department Head Name <b>JEFFREY B. ROSEN</b>
Department Head Signature
Project Manager Name <b>DAVID ROTH</b>

Date <b>JUNE 20, 2016</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	6/20/16		X	

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

## Narrative

AGENCY: MTA Metro-North Railroad ("Metro-North")

PERMITTEE: Premium Outlet Partners, L.P.

LOCATION: Harriman Station parking facility, Harriman

ACTIVITY: Parking for Permittee's employees

TERM: Saturday, May 28 through Monday, May 30, 2016

COMPENSATION: \$6,700

## COMMENTS:

Pursuant to the 2011 Board policy governing use of railroad facilities by for-profit corporations for temporary access to Metro-North Railroad parking facilities in connection with short-term commercial activities, Permittee, owner of the Woodbury Common mall, was granted permission to utilize up to 700 parking spaces at Metro-North's Harriman Station during Memorial Day weekend. Permittee used the additional parking spaces to temporarily relocate employee parking to free up additional spaces at the mall for holiday weekend shoppers. A shuttle bus brought Permittee's employees to and from the parking facility. Compensation was calculated pursuant to the aforementioned Board policy.

MTA Legal approved the permit as to form and Permittee provided the appropriate insurance coverages and indemnification.

# Staff Summary

Subject <b>PERMIT AGREEMENT</b>
Department <b>REAL ESTATE</b>
Department Head Name <b>JEFFREY B. ROSEN</b>
Department Head Signature
Project Manager Name <b>DAVID ROTH</b>

Date <b>June 20, 2016</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	6/20/16		X	

Internal Approvals			
Order	Approval	Order	Approval
			Legal

AGENCY: MTA Bridges and Tunnels ("BT")

PERMITTEE: I.M. Robbins, P.C.

LOCATION: Queens Midtown Tunnel Exit Plaza between East 36<sup>th</sup> Street and Tunnel Exit Street, Manhattan

ACTIVITY: Entry permit for performance of a conditions report

TERM: 2 days; may be extended on a week-to-week basis with prior approval by BT

COMPENSATION: \$1,350

## COMMENTS:

Pursuant to the Board Policy for short-term access agreements issued on behalf of BT, Permittee was granted a permit to enter the Queens Midtown Tunnel ("QMT") for gathering information and providing a conditions report about how a future development proposed by their client, Perlbin Realty, would impact the QMT.

Work is expected to last 2 days and generally take place between the hours of 11:30 PM and 5:00 AM. No QMT lane closures are required.

MTA Legal approved the permit as to form and Permittee provided the appropriate insurance coverages and indemnifications.

# Staff Summary

Subject <b>PERMIT AGREEMENT</b>
Department <b>REAL ESTATE</b>
Department Head Name <b>JEFFREY B. ROSEN</b>
Department Head Signature
Project Manager Name <b>DAVID ROTH</b>

Date <b>June 20, 2016</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	6/20/16		X	

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

AGENCY: MTA Metro-North Railroad ("Metro-North")

PERMITTEE: Pamal Broadcasting, Ltd.

LOCATION: Beacon Station parking facility, Beacon

ACTIVITY: Parking for Permittee's guests

TERM: Sunday, June 5, 2016 from 10:00 AM to 9:00 PM

COMPENSATION: \$319

## COMMENTS:

Pursuant to the 2011 Board policy governing use of railroad facilities by for-profit corporations for temporary access to Metro-North Railroad parking facilities in connection with short-term commercial activities, Permittee was granted permission to utilize 100 parking spaces in Lot 6 at Metro-North's Beacon Station parking facility from 10:00 AM to 9:00 PM on Sunday, June 5<sup>th</sup> in connection with a concert at Dutchess Stadium in Wappingers Falls. The permit allowed Pamal's shuttle bus to bring guests to and from the event. Compensation was calculated pursuant to the aforementioned Board policy.

MTA Legal approved the permit as to form and Permittee provided the appropriate insurance coverages and indemnification.

# Staff Summary

Subject
<b>PERMIT TO ENTER</b>
Department
<b>REAL ESTATE</b>
Department Head Name
<b>JEFFREY B. ROSEN</b>
Department Head Signature
Project Manager Name
<b>DAVID ROTH</b>

Date
<b>JUNE 20, 2016</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee	6/20/16		X	

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

## Narrative

AGENCY: MTA Metro-North Railroad ("Metro-North")

PERMITTEE: Dia Art Foundation ("Dia")

LOCATION: Beacon Station parking facility, Beacon

ACTIVITY: Parking of guests' vehicles with shuttle bus service access

TERM: Saturday, May 7, 2016 from 10:00 AM to 7:00 PM

COMPENSATION: \$1.00; payment waived

## COMMENTS:

Pursuant to the Board policy governing short-term licensing of railroad facilities for municipal and not-for-profit activities, Dia was granted permission to utilize approximately 100 spaces at Metro-North's Beacon Station for overflow parking in connection with a 1-day event. The permit allowed Dia's shuttle bus to access the lot and bring guests to and from their event.

MTA Legal approved the permit as to form and Dia provided appropriate insurance coverages and indemnification.

# Staff Summary

Subject <b>PERMIT TO ENTER</b>
Department <b>REAL ESTATE</b>
Department Head Name <b>JEFFREY B. ROSEN</b>
Department Head Signature
Project Manager Name <b>ALICIA BIGGS</b>

Date <b>June 20, 2016</b>
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref. #

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee			X	

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

AGENCY: MTA Metro-North Railroad ("Metro-North")

PERMITTEE: City of Yonkers

LOCATION: Yonkers Station

ACTIVITY: Decoration and maintenance of 5 planters as part of Yonkers beautification project

TERM: 1 year; annual renewals thereafter; mutually terminable with prior notice

SPACE Plaza in front of station building

COMPENSATION: \$1.00; payment waived

## COMMENTS:

Permittee approached MTA Real Estate for permission to complete an artwork series at the Yonkers Station by decorating 4 planters situated in front of Metro-North's Yonkers station building.

A 5<sup>th</sup> planter is to be relocated from the south end of the station to the front of the building and decorated by Sara Cobles, a local artist. Artwork consists of images depicting figures in Yonkers' history and blends with the historic fabric/color scheme of the Yonkers Station.

Relocation and artwork expenses will be paid by Permittee. Thereafter, Permittee will maintain the planters during the term at its cost and expense.

Permit granted in accordance with Board-approved policy for agreements with public entities where compensation is nominal and where ownership and use of the property will remain with the public entities.