



Metropolitan Transportation Authority

Corporate Governance Committee Meeting

November 2016

Committee Members

T. Prendergast, Chairman

F. Ferrer, Vice Chairman

S. Metzger

J. Molloy

M. Pally

P. Trottenberg

J. Vitiello

P. Ward

N. Zuckerman

Corporate Governance Committee Meeting
2 BROADWAY - 20TH FLOOR BOARD ROOM NEW YORK, NY 10004
Monday, 11/14/2016
3:45 - 4:45 PM ET

1. PUBLIC COMMENTS PERIOD

2. APPROVAL of MINUTES-JUNE 22, 2016

Minutes of Meeting - June 22 2016 - Page 3

3. 2017 DRAFT COMMITTEE WORK PLAN

Work Plan 2017 Corporate Governance Committee - Page 5

4. PRESENTATION-COMPLIANCE with PROCUREMENT LOBBY LAW

5. REVIEW MTA BY-LAWS

MTA By Laws - Page 6

Agency By Laws - Page 13

6. REVIEW GOVERNANCE PRINCIPLES

Goverance Guidelines - Page 69

7. REVIEW MTA WHISTLEBLOWER PROTECTION POLICY

Whistleblower Policy - Page 74

8. REVIEW BOARD COMMITTEE CHARTERS

MTA Board Committee Charters - Page 78

9. REVIEW MTA CODE OF ETHICS

MTA All Agency Code of Ethics - Page 117

Board Code of Ethics - Page 158

10. REVIEW AND APPROVE PROCUREMENT GUIDELINES Approve

Staff Summary - Procurment and Service Guidelines - Page 172

All Agency General Contract Procurement Guidelines - Page 173

All Agency Service Procurement Guidelines Policy - Page 188

11. REVIEW AND APPROVE MTA POLICIES IN CONNECTION WITH PROVISIONS OF THE PUBLIC AUTHORITIES LAW Approve

Staff Summary - Travel and Business Expense Policy - Page 202

All Agency Policy Directive 11-022 Travel and Business Expense - Page 203

12. REVIEW AND APPROVE REVISIONS DISPOSAL OF PERSONAL PROPERTY GUIDELINES Approve

Staff Summary - Personal Property Disposition Guidelines - Page 224

Personal Property Disposition Guidelines - Page 225

MINUTES OF THE MEETING
MTA Corporate Governance Committee
June 22, 2016
2 Broadway – 20th Floor
New York, New York

The following MTA Corporate Governance Committee members were present:

Hon. Thomas F. Prendergast, Chairman
Hon. Susan Metzger
Hon. Mitchell H. Pally

The following MTA Corporate Governance Committee members were absent:

Hon. Fernando Ferrer, Vice Chairman
Hon. Jonathan A. Ballan
Hon. Allen P. Cappelli
Hon. John J. Molloy
Hon. James L. Sedore, Jr.

MTA Board member Hon. Robert C. Bickford also attended the meeting.

The following MTA staff attended the meeting:

Donna M. Evans, Chief of Staff
Jerome Page, General Counsel
Veronique Hakim, President, NYCT
Lamond W. Kears, Chief Compliance Officer
Michael Fucilli, Auditor General
Michael J. Garner, Chief Diversity Officer
Barry Kluger, Inspector General
Angel Barbosa, Chief Procurement Officer
Monica Murray, Sr. Associate Counsel

* * *

Chairman Prendergast called the June 22, 2016 meeting of the MTA Corporate Governance Committee to order at 8:30a.m.

Public Comments Period

There were no speakers in the public comments portion of the meeting.

Approval of Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the Committee meeting held on December 16, 2015.

1. Review and Approval of Mission Statement and Performance Measurement Report

MTA Chief of Staff Donna M. Evans advised the Committee that MTA is required to annually submit to the ABO a Mission Statement and Performance Measurement Report. She advised the Committee that the committee book contains the MTA 2015 report. She advised the Committee that the report is similar in substance and style to prior reports. Ms. Evans provided the Committee with a summary of the information covered by the report.

Upon motion duly made and seconded, the Committee recommended Board approval of the Mission Statement and Performance Measurement Report.

2. Review and Approval of Procurement Guidelines

MTA General Counsel Jerome F. Page advised the Committee that the proposed revisions accomplish three principal objectives: (1) incorporate the amendments to the applicable procurement statutes; (2) add best practice provisions, particularly with respect to the facilitation of the use of the design-build project delivery model; and (3) clarify and conform the two guidelines to make them consistent, as well as easier to understand and use.

MTA Chairman/CEO Thomas Prendergast noted important role the Board plays in reviewing the procurement guidelines as they are periodically updated. The Board must make sure that we have a good balance of control between giving the agencies guidelines with respect under which to operate while ensuring the MTA not violate the provisions that require the Board exercise approving authority over procurements.

Chairman Prendergast confirmed that he had instructed the removal from the proposed guidelines of a change which would have eliminated the requirement for Board approval of RFP awards if the value of the contract was \$100 million or less and the proposer is lowest cost even though it was part of the statutory amendments. The Chairman stated that it's important for us to give the information to the Board so they can make an informed decision. This process is also important to ensure we're doing everything right so that we're not questioned on the use of negotiated or RFP procurements.

Upon motion duly made and seconded the Committee approved the Procurement Guidelines.

3. Review and Approve Revisions to Audit and Safety Committee Charters

Lamond W. Kears Chief Compliance Officer informed the Committee that the proposed revisions to the Audit Committee charter are based upon current best practices and that the substantive changes are to sections dealing with the Committee's key responsibilities which include: (1) staff keeping the Committee aware of any significant deficiencies in the design or operation of the internal controls including information technology security and system controls; (2) reviewing and discussing with the Auditor General and the outside auditor significant accounting and reporting issues; (3) meeting on a regular basis with the outside auditors to discuss any matters that the Committee believes should be discussed; and (4) the review of the outside auditors' proposed audit scope and approach.

Mr. Kears also informed the Committee that the proposed revisions to the Safety Committee charter are based upon the establishment of and the need for appropriate Board oversight of MTA's Safety Management System.

Upon motion duly made and seconded, the Committee approved the revisions to both the Audit and Safety Committee Charters.

Adjournment

Upon motion duly made and seconded, Chairman Prendergast adjourned the June 22, 2016 meeting of the Corporate Governance Committee at 8:37am.

Respectfully submitted

Lamond W. Kears
MTA Chief Compliance Officer

2017 CORPORATE GOVERNANCE COMMITTEE WORK PLAN

I. RECURRING AGENDA ITEMS

	<u>Responsibility</u>
Approval of Minutes	Committee Chair & Members
Governance Committee Work Plan	Committee Chair & Members
Follow-up Items	As Appropriate
Review of any Significant Governance Issues	Chief Compliance Officer
Executive Sessions	As Appropriate
Action Items	As listed

II. SPECIFIC AGENDA ITEMS

March 2017

Responsibility

1. Presentation on Recent Developments in
Corporate Governance _____ Chief Compliance Officer
2. Review and Approve Mission Statement and
Measurement Report _____ Various Staff Members
3. Review and Approval MTA Policies in connection
with Provisions of the Public Authorities Law _____ Various Staff Members
4. Review and Approve Procurement Guidelines _____ Chief Procurement Officer

November 2017

Responsibility

1. Review/Update of MTA By-laws _____ General Counsel
2. Presentation on Compliance with
Procurement Lobby Law _____ Chief Compliance Officer
3. Approve 2018 Committee Work Plan _____ Committee Chair & Member
4. Review Governance Principles _____ Chief Compliance Officer
5. Review MTA Whistleblower Protection Policy _____ Chief Compliance Officer
6. Review and Approve Any Revisions to
Board Committee Charters _____ Committee Chair & Members
7. Review and Approval MTA Policies in connection
with Provisions of the Public Authorities Law _____ Various Staff Members
8. Review and Approve Revisions to
MTA Code of Ethics _____ Chief Compliance Officer

BY-LAWS METROPOLITAN TRANSPORTATION AUTHORITY

ARTICLE 1. OFFICES

The principal office of the Metropolitan Transportation Authority (the "Authority") shall be located in the City of New York, County of New York. The Authority may have such other offices as the board may designate or as the business of the Authority may require from time to time.

ARTICLE II. THE BOARD

Section 1. General Affairs. The business and affairs of the Authority shall be managed by its board.

Section 2. Number, Tenure and Qualifications. The Authority ("the board" or "the board of the Authority") as used herein shall consist of all of those persons who from time to time hold office as chairman or members of the Metropolitan Transportation Authority pursuant to §1263 of the Public Authorities Law of the State of New York. Each member shall hold office for the term established by law and until his successor shall have been appointed and qualified. Members shall meet all requirements of law respecting their qualification for office.

Section 3. Regular Meetings. Regular meetings of the board shall be held without other notice than these by-laws at 10:00 A.M. on the fourth Wednesday of each month except that there shall be no regular meeting in the month of August and except that in the months of November and December the regular meetings shall be held on the third Wednesday of the month. The board may provide by resolution for the time and place for the holding of additional regular meetings without other notice than such resolution. The chairman may adjust the date and time of any regular meeting by written notice provided to members at least forty-eight hours prior to such adjusted date and time. Such written notice shall be provided to members by the same means required by Section 4(b) of Article II of these by-laws for delivery of notice to members of special meetings.

Section 4. Special Meetings. (a) Special meetings of the board may be called by the chairman or, in his or her absence or in case of his or her disability, a vice chairman. In addition, a special meeting of the board shall be called by the secretary or in his or her absence by an assistant secretary upon the request of any two members. The person or persons authorized to call special meetings of the board may fix the time and any place within the City of New York as the place for holding any special meeting of the board called or requested by them.

(b) Written notice of each special meeting shall be given by the chairman or secretary or by an assistant secretary, specifying the time and place of the meeting. Such notice shall be addressed to each member at the

member's postal address on record with the Authority and deposited with the U.S. Postal Service at least forty-eight hours prior to the time fixed for such meeting, and in addition, sent by facsimile or email to each member having a facsimile number or email address on record with the Authority at least forty-eight hours prior to the time fixed for such special meeting. Such notice shall state the purpose of such meeting, and no business other than that stated in the notice shall be transacted at such special meeting unless every member of the Authority then in office is present, and it is unanimously agreed to consider matters other than those specifically provided for in the notice of such meeting. Notwithstanding the foregoing, in the event of an emergency the chairman may call a special meeting without advance notice and by means other than the delivery of a writing to the members.

Section 5. Open Meetings. All meetings of the board shall be conducted in compliance with the provisions of the Open Meetings Law, being Chapter 511 of the Laws of 1976, as amended, and with all rules and regulations promulgated thereunder.

Section 6. Quorum. A majority of the whole number of voting members of the board as defined in §1263 (1) (a) of the Public Authorities Law of the State of New York then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Authority. Those members of the board appointed upon the recommendation of the chief executive officers of Dutchess, Orange, Putnam and Rockland counties (the "Hudson Valley Member" or "Hudson Valley Members") shall be considered to be a single member, and the presence of that member for purposes of determining a quorum shall be ascertained pursuant to section 10 of this article. Except as otherwise specified by law, for the transaction of any business or exercise of any power of the Authority, the Authority shall have power to act by a majority of the voting members of the board present at any meeting at which a quorum is in attendance with the chairman having one additional vote in the event of a tie vote. For purposes of determining a tie vote, an abstention shall be counted as a vote against a motion. If a meeting is validly called but a quorum is not present, a majority of the members of the board then present may adjourn the meeting from time to time without further notice.

Section 7. Attendance at Meetings. (a) Any one or more members of the board or of a committee thereof may attend a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons attending the meeting to hear each other at the same time; however, attendance by such means shall not constitute presence at a meeting for the purposes of section 6, section 8 or section 10 of this Article.

(b) Notwithstanding the provisions of Section 7(a), a member's attendance by means of videoconferencing shall constitute presence at a meeting for any purposes of this Article, *provided* (i) the public notice given for such a meeting of

such board or committee states that videoconferencing would be used to conduct the meeting and identifies each location at which members may attend the meeting; and (ii) at each such location, opportunity for public attendance at the meeting is provided.

Section 8. Presumption of Assent. A member of the board who is present at a meeting of the board at which action on any matter is taken shall be presumed to have assented to the action taken unless his abstention or dissent is stated at the meeting, which dissent or abstention shall be duly entered in the minutes of the meeting.

Section 9. Committees. The chairman may establish one or more committees of the board, each committee to consist of one or more of the members and each of which committees shall have and may exercise the powers conferred upon it by the chairman. Such committees shall have such names as shall be given them by the chairman. The chairman shall also establish such committees of the board as shall be mandated by law. Except in an emergency, the chairman and each board member shall be given advance written notice of the time and place of any meeting of any committee of the board.

Section 10. Quorum and Voting for members of the Board from the counties of Dutchess, Orange, Putnam and Rockland.

(a) The Hudson Valley Members shall be considered to be a single member. For the purposes of determining a quorum, such single voting member shall be considered present if one or more Hudson Valley Members is present.

(b) The single collective vote of the Hudson Valley Members shall be determined as follows:

(i) if at least three Hudson Valley Members are then in office: (A) if one such member is present, the single collective vote shall be recognized; (B) if two or more such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such member; (C) if two or more such members are present and two or more such members vote, the majority vote shall be recognized as the single collective vote; and (D) if two or more such members are present and two or more of such members vote but no majority is achieved, the single collective vote shall not be recognized; and

(ii) if two or one Hudson Valley Member(s) are then in office: (A) if one such member is present, the single collective vote shall be recognized as the vote of such voting member; (B) if two such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such voting member; and (C) if two such members are present and both vote, only a unanimous vote shall be recognized as the single collective vote.

To evidence the single collective vote, each such member that is present may be polled as to his vote and such poll shall be recorded in the minutes.

ARTICLE III. OFFICERS

Section 1. Number. The officers of the Authority shall be a chairman, one or more vice chairmen (the number and exact designation thereof and the separate functions to be determined by the board if there is more than one), an executive director, if one is appointed by the chairman, a counsel, other senior officials (the number and exact designation thereof and the separate functions to be determined by the chairman), and a secretary. The chairman shall be appointed and shall serve as provided by law. The vice chairmen shall be appointed by the board, upon recommendation by the Chairman, and shall serve at its pleasure. The executive director, if one is appointed by the chairman, shall serve at the pleasure of the chairman. Other senior officials, the counsel, and the secretary shall be appointed by the chairman and shall serve at the pleasure of the chairman. Such other officials or employees as may be deemed necessary may be appointed by the chairman, and each shall serve at the pleasure of the chairman.

Section 2. Chairman. (a) The chairman shall serve as the chairman of the board of the Authority and as the chief executive officer of the Authority. The chairman shall be responsible for providing leadership to the board as it oversees the management of the Authority. The chairman shall preside at all meetings of the board. The chairman may delegate any or all of his or her powers relating to the leadership of the board to a vice-chairman. In the event of a tie vote, the chairman may cast an additional vote.

(b) The chairman shall also serve as the chief executive officer of the Authority. As chief executive officer of the Authority, the chairman shall be responsible for the discharge of the executive and administrative functions and powers of the Authority.

Section 3. The Vice Chairman. In the event of the chairman's death or inability to act, or in the event the position of chairman is for any other reason vacant, a vice chairman designated by the board shall perform the duties of the chairman and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Such powers and duties shall terminate upon the appointment by the Governor of a successor chairman as provided by law or upon the cessation of the chairman's inability to act.

Section 4. Such Other Officials and Employees. The chairman may, in his or her judgment, appoint such other officials and employees, including an executive director, as shall in his or her judgment be needed to discharge the executive and administrative functions and powers of the of the Authority. The chairman may delegate such of his or her powers relating to the discharge of the executive

and administrative functions, including the administration and day to day operations of the Authority as the chairman may deem appropriate to such other officials and employees.

Section 5. The Agency Presidents. The presidents of the subsidiary and affiliate agencies of the Authority are primarily responsible for the general management and operation of their agencies.

Section 6. The Secretary. The secretary shall keep the minutes of the proceedings of the board, see that all notices are duly given as required by law, be custodian of the corporate records and of the seal of the Authority, see to it that the seal of the Authority is affixed to all documents the execution of which on behalf of the Authority under its seal is duly authorized, and in general shall perform all duties incident to the office of secretary. The chairman may appoint one or more assistant secretaries who may perform the duties of the secretary in the event of the absence, disability or incapacity of the secretary.

Section 7. Salaries. The salaries fixed by the chairman for those officers and employees appointed by the chairman shall at all times be within the amounts budgeted therefore by the board.

ARTICLE IV. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Authority and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Authority shall be signed by such officer or officers, agent or agents of the Authority and in such manner as shall from time to time be determined by resolution of the board.

Section 4. Deposits. All funds of the Authority not otherwise employed shall be deposited from time to time to the credit of the Authority in such banks, trust companies or other depositories as the board may select.

ARTICLE V. FISCAL YEAR

The fiscal year of the Authority shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE VI. CORPORATE SEAL

The board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Authority and the words "Corporate Seal".

ARTICLE VII. INDEMNIFICATION

The Authority shall save harmless and indemnify any person (or his or her estate) who shall have served as a member, officer or employee of the Authority or of a subsidiary of the Authority against financial loss, including punitive damages, or litigation expense incurred in connection with any claim, demand, suit, action or proceeding, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Authority or of a subsidiary of the Authority, or (b) any act or failure to act by any such member, officer or employee while engaged in the discharge of his or her duties on behalf of the Authority or its subsidiaries, or the discharge of his or her duties as a fiduciary of a benefit plan for Authority employees or employees of a subsidiary of the Authority. In the event any such claim, demand, suit, action or proceeding shall occur, such member, officer or employee shall be saved harmless and indemnified as herein provided unless such individual is determined by the Authority or its designee not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Authority or of its subsidiaries or affiliates, and, in criminal actions or proceedings, in addition, not to have had reasonable cause to believe that his or her conduct was lawful. The provisions of this Article shall inure only to the members, officers and employees of the Authority or of its subsidiaries, and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance. The foregoing shall be conditional on (a) the prompt delivery to the Authority of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding; and, in civil cases only, (b) a contemporaneous offer to name counsel to the Authority as counsel to the member, officer or employee in the defense of such claim, demand, suit, action or proceeding; (c) the full cooperation of the member, officer or employee, in the event the offer is accepted, in making of such defense; and (d) an agreement that the Authority may enter into a settlement on behalf of the member, officer or employee. If the Authority or its designee determines that the defense shall not be provided by counsel for the Authority because of a conflict of interests or other grounds warranting separate counsel, the member, officer or employee may select another attorney and the Authority shall pay reasonable attorney's fees and

expenses incurred by or on behalf of such member, officer or employee represented by outside counsel. The Authority's payment of such fees and expenses may be conditioned upon the member, officer or employee's agreement that more than one member, officer or employee shall be represented by the same counsel. The provisions of Section 18 of the Public Officers Law relating to defense and indemnification shall supplement and be available in addition to the provisions of this Article; provided, however, that in the event of any conflict between the substantive provisions of this Article and those of Section 18 of the Public Officers Law, the provisions that afford the greater protection to such members, officers and employees shall control. In the event that the chairman or other member requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor is entitled to indemnification under the by-law, such request shall be submitted to the board for determination. In the event that an officer or employee, other than the chairman, requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor may be entitled to indemnification under the by-law, such request shall be submitted to the chairman or his or her designee for determination. The provisions of this Article replace and supersede the provisions of the prior Article VII governing Indemnification, and govern any claim, demand, suit, action or proceeding that is pending as of the date of the adoption of this Article.

ARTICLE VIII. AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board at any regular or special meeting as to which nature of the proposed alterations, amendments or repeals have been sent in writing to the members of the board together with the notice of meeting if it is a special meeting or if at a regular meeting at least seventy-two hours in advance of such regular meeting.

BY-LAWS MTA BUS COMPANY

ARTICLE 1. OFFICES

The principal office of the MTA Bus Company (the "Company") shall be located in the City of New York, County of New York. The Company may have such other offices as the board may designate or as the business of the Company may require from time to time.

ARTICLE II. THE BOARD

Section 1. General Affairs. The business and affairs of the Company shall be managed by its board.

Section 2. Number, Tenure and Qualifications. The Company ("the board" or "the board of the Company") as used herein shall consist of all of those persons who from time to time hold office as chairman or members of the Metropolitan Transportation Authority pursuant to §1263 of the Public Authorities Law of the State of New York. Each member shall hold office for the term established by law and until his successor shall have been appointed and qualified. Members shall meet all requirements of law respecting their qualification for office.

Section 3. Regular Meetings. Regular meetings of the board shall be held without other notice than these by-laws at 10:00 A.M. on the fourth Wednesday of each month except that there shall be no regular meeting in the month of August and except that in the months of November and December the regular meetings shall be held on the third Wednesday of the month. The board may provide by resolution for the time and place for the holding of additional regular meetings without other notice than such resolution. The chairman may adjust the date and time of any regular meeting by written notice provided to members at least forty-eight hours prior to such adjusted date and time. Such written notice shall be provided to members by the same means required by Section 4(b) of Article II of these by-Laws for delivery of notice to members of special meetings.

Section 4. Special Meetings. (a) Special meetings of the board may be called by the chairman or, in his or her absence or in case of his or her disability, a vice chairman. In addition, a special meeting of the board shall be called by the secretary or in his or her absence by an assistant secretary upon the request of any two members. The person or persons authorized to call special meetings of the board may fix the time and any place within the City of New York as the place for holding any special meeting of the board called or requested by them.

(b) Written notice of each special meeting shall be given by the chairman or secretary or by an assistant secretary, specifying the time and place of the meeting. Such notice shall be addressed to each member at the

member's postal address on record with the Company and deposited with the U.S. Postal Service at least forty-eight hours prior to the time fixed for such meeting, and in addition, sent by facsimile or email to each member having a facsimile number or email address on record with the Company at least forty-eight hours prior to the time fixed for such special meeting. Such notice shall state the purpose of such meeting, and no business other than that stated in the notice shall be transacted at such special meeting unless every member of the Company then in office is present, and it is unanimously agreed to consider matters other than those specifically provided for in the notice of such meeting. Notwithstanding the foregoing, in the event of an emergency the chairman may call a special meeting without advance notice and by means other than the delivery of a writing to the members.

Section 5. Open Meetings. All meetings of the board shall be conducted in compliance with the provisions of the Open Meetings Law, being Chapter 511 of the Laws of 1976, as amended, and with all rules and regulations promulgated thereunder.

Section 6. Quorum. A majority of the whole number of voting members of the board as defined in §1263 (1) (a) of the Public Authorities Law of the State of New York then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Company. Those members of the board appointed upon the recommendation of the chief executive officers of Dutchess, Orange, Putnam and Rockland counties (the "Hudson Valley Member" or "Hudson Valley Members") shall be considered to be a single member, and the presence of that member for purposes of determining a quorum shall be ascertained pursuant to section 10 of this article. Except as otherwise specified by law, for the transaction of any business or exercise of any power of the Company, the Company shall have power to act by a majority of the voting members of the board present at any meeting at which a quorum is in attendance with the chairman having one additional vote in the event of a tie vote. For purposes of determining a tie vote, an abstention shall be counted as a vote against a motion. If a meeting is validly called but a quorum is not present, a majority of the members of the board then present may adjourn the meeting from time to time without further notice.

Section 7. Attendance at Meetings. (a) Any one or more members of the board or of a committee thereof may attend a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons attending the meeting to hear each other at the same time; however, attendance by such means shall not constitute presence at a meeting for the purposes of section 6, section 8 or section 10 of this Article.

(b) Notwithstanding the provisions of Section 7(a), a member's attendance by means of videoconferencing shall constitute presence at a meeting for any purposes of this Article, *provided* (i) the public notice given for

such a meeting of such board or committee states that videoconferencing would be used to conduct the meeting and identifies each location at which members may attend the meeting; and (ii) at each such location, opportunity for public attendance at the meeting is provided.

Section 8. Presumption of Assent. A member of the board who is present at a meeting of the board at which action on any matter is taken shall be presumed to have assented to the action taken unless his abstention or dissent is stated at the meeting, which dissent or abstention shall be duly entered in the minutes of the meeting.

Section 9. Committees. The chairman may establish one or more committees of the board, each committee to consist of one or more of the members and each of which committees shall have and may exercise the powers conferred upon it by the chairman. Such committees shall have such names as shall be given them by the chairman. The chairman shall also establish such committees of the board as shall be mandated by law. Except in an emergency, the chairman and each board member shall be given advance written notice of the time and place of any meeting of any committee of the board.

Section 10. Quorum and Voting for members of the Board from the counties of Dutchess, Orange, Putnam and Rockland.

(a) The Hudson Valley Members shall be considered to be a single member. For the purposes of determining a quorum, such single voting member shall be considered present if one or more Hudson Valley Members is present.

(b) The single collective vote of the Hudson Valley Members shall be determined as follows:

(i) if at least three Hudson Valley Members are then in office: (A) if one such member is present, the single collective vote shall be recognized; (B) if two or more such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such member; (C) if two or more such members are present and two or more such members vote, the majority vote shall be recognized as the single collective vote; and (D) if two or more such members are present and two or more of such members vote but no majority is achieved, the single collective vote shall not be recognized; and

(ii) if two or one Hudson Valley Member(s) are then in office: (A) if one such member is present, the single collective vote shall be recognized as the vote of such voting member; (B) if two such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such voting member; and (C) if two such members are present and both vote, only a unanimous vote shall be recognized as the single collective vote.

To evidence the single collective vote, each such member that is present may be polled as to his vote and such poll shall be recorded in the minutes.

ARTICLE III. OFFICERS

Section 1. Number. The officers of the Company shall be a chairman, one or more vice chairmen (the number and exact designation thereof and the separate functions to be determined by the board if there is more than one), an executive director, if one is appointed by the chairman, a president, a counsel, other senior officials (the number and exact designation thereof and the separate functions to be determined by the chairman), and a secretary. The chairman shall be appointed and shall serve as provided by law. The vice chairmen shall be appointed by the board, upon recommendation by the Chairman, and shall serve at its pleasure. The executive director, if one is appointed by the chairman, and the president shall serve at the pleasure of the chairman. Other senior officials, the counsel, and the secretary shall be appointed by the chairman and shall serve at the pleasure of the chairman. Such other officials or employees as may be deemed necessary may be appointed by the chairman, and each shall serve at the pleasure of the chairman.

Section 2. Chairman. (a) The chairman shall serve as the chairman of the board of the Company and as the chief executive officer of the Company. The chairman shall be responsible for providing leadership to the board as it oversees the management of the Company. The chairman shall preside at all meetings of the board. The chairman may delegate any or all of his or her powers relating to the leadership of the board to a vice-chairman. In the event of a tie vote, the chairman may cast an additional vote.

(b) The chairman shall also serve as the chief executive officer of the Company. As chief executive officer of the Company, the chairman shall be responsible for the discharge of the executive and administrative functions and powers of the Company.

Section 3. The Vice Chairman. In the event of the chairman's death or inability to act, or in the event the position of chairman is for any other reason vacant, a vice chairman designated by the board shall perform the duties of the chairman and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Such powers and duties shall terminate upon the appointment by the Governor of a successor chairman as provided by law or upon the cessation of the chairman's inability to act.

Section 4. Such Other Officials and Employees. The chairman may, in his or her judgment, appoint such other officials and employees, including an executive director, as shall in his or her judgment be needed to discharge the executive and administrative functions and powers of the Company. The chairman may delegate such of his or her powers relating to the discharge of the executive and

administrative functions, including the administration and day to day operations of the Company as the chairman may deem appropriate to such other officials and employees.

Section 5. The President. The president shall have primary responsibility for the general management and operation of the Company and shall have such additional executive and administrative functions and powers as may be delegated to him or her by the chairman.

Section 6. The Secretary. The secretary shall keep the minutes of the proceedings of the board, see that all notices are duly given as required by law, be custodian of the corporate records and of the seal of the Company, see to it that the seal of the Company is affixed to all documents the execution of which on behalf of the Company under its seal is duly authorized, and in general shall perform all duties incident to the office of secretary. The chairman may appoint one or more assistant secretaries who may perform the duties of the secretary in the event of the absence, disability or incapacity of the secretary.

Section 7. Salaries. The salaries fixed by the chairman for those officers and employees appointed by the chairman shall at all times be within the amounts budgeted therefore by the board.

ARTICLE IV. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Company and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Company shall be signed by such officer or officers, agent or agents of the Company and in such manner as shall from time to time be determined by resolution of the board.

Section 4. Deposits. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such banks, trust companies or other depositories as the board may select.

ARTICLE V. FISCAL YEAR

The fiscal year of the Company shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE VI. CORPORATE SEAL

The board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Company and the words "Corporate Seal".

ARTICLE VII. INDEMNIFICATION

The Company shall save harmless and indemnify any person (or his or her estate) who shall have served as a member, officer or employee of the Company or of a subsidiary of the Company against financial loss, including punitive damages, or litigation expense incurred in connection with any claim, demand, suit, action or proceeding, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Company or of a subsidiary of the Company, or (b) any act or failure to act by any such member, officer or employee while engaged in the discharge of his or her duties on behalf of the Company or its subsidiaries, or the discharge of his or her duties as a fiduciary of a benefit plan for Company employees or employees of a subsidiary of the Company. In the event any such claim, demand, suit, action or proceeding shall occur, such member, officer or employee shall be saved harmless and indemnified as herein provided unless such individual is determined by the Company or its designee not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Company or of its subsidiaries or affiliates, and, in criminal actions or proceedings, in addition, not to have had reasonable cause to believe that his or her conduct was lawful. The provisions of this Article shall inure only to the members, officers and employees of the Company or of its subsidiaries, and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance. The foregoing shall be conditional on (a) the prompt delivery to the Company of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding; and, in civil cases only, (b) a contemporaneous offer to name counsel to the Company as counsel to the member, officer or employee in the defense of such claim, demand, suit, action or proceeding; (c) the full cooperation of the member, officer or employee, in the event the offer is accepted, in making of such defense; and (d) an agreement that the Company may enter into a settlement on behalf of the member, officer or employee. If the Company or its designee determines that the defense shall not be provided by counsel for the Company because of a conflict of interests or other grounds warranting separate counsel, the member, officer or employee may select another attorney and the Company shall pay reasonable

attorney's fees and expenses incurred by or on behalf of such member, officer or employee represented by outside counsel. The Company's payment of such fees and expenses may be conditioned upon the member, officer or employee's agreement that more than one member, officer or employee shall be represented by the same counsel. The provisions of Section 18 of the Public Officers Law relating to defense and indemnification shall supplement and be available in addition to the provisions of this Article; provided, however, that in the event of any conflict between the substantive provisions of this Article and those of Section 18 of the Public Officers Law, the provisions that afford the greater protection to such members, officers and employees shall control. In the event that the chairman or other member requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor is entitled to indemnification under the by-law, such request shall be submitted to the board for determination. In the event that an officer or employee, other than the chairman, requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor may be entitled to indemnification under the by-law, such request shall be submitted to the chairman or his or her designee for determination. The provisions of this Article replace and supersede the provisions of the prior Article VII governing Indemnification, and govern any claim, demand, suit, action or proceeding that is pending as of the date of the adoption of this Article.

ARTICLE VIII. AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board at any regular or special meeting as to which nature of the proposed alterations, amendments or repeals have been sent in writing to the members of the board together with the notice of meeting if it is a special meeting or if at a regular meeting at least seventy-two hours in advance of such regular meeting.

BY-LAWS MTA CAPITAL CONSTRUCTION COMPANY

ARTICLE 1. OFFICES

The principal office of the MTA Capital Construction Company (the "Company") shall be located in the City of New York, County of New York. The Company may have such other offices as the board may designate or as the business of the Company may require from time to time.

ARTICLE II. THE BOARD

Section 1. General Affairs. The business and affairs of the Company shall be managed by its board.

Section 2. Number, Tenure and Qualifications. The Company ("the board" or "the board of the Company") as used herein shall consist of all of those persons who from time to time hold office as chairman or members of the Metropolitan Transportation Authority pursuant to §1263 of the Public Authorities Law of the State of New York. Each member shall hold office for the term established by law and until his successor shall have been appointed and qualified. Members shall meet all requirements of law respecting their qualification for office.

Section 3. Regular Meetings. Regular meetings of the board shall be held without other notice than these by-laws at 10:00 A.M. on the fourth Wednesday of each month except that there shall be no regular meeting in the month of August and except that in the months of November and December the regular meetings shall be held on the third Wednesday of the month. The board may provide by resolution for the time and place for the holding of additional regular meetings without other notice than such resolution. The chairman may adjust the date and time of any regular meeting by written notice provided to members at least forty-eight hours prior to such adjusted date and time. Such written notice shall be provided to members by the same means required by Section 4(b) of Article II of these by-Laws for delivery of notice to members of special meetings.

Section 4. Special Meetings. (a) Special meetings of the board may be called by the chairman or, in his or her absence or in case of his or her disability, a vice chairman. In addition, a special meeting of the board shall be called by the secretary or in his or her absence by an assistant secretary upon the request of any two members. The person or persons authorized to call special meetings of the board may fix the time and any place within the City of New York as the place for holding any special meeting of the board called or requested by them.

(b) Written notice of each special meeting shall be given by the chairman or secretary or by an assistant secretary, specifying the time and place of the meeting. Such notice shall be addressed to each member at the

member's postal address on record with the Company and deposited with the U.S. Postal Service at least forty-eight hours prior to the time fixed for such meeting, and in addition, sent by facsimile or email to each member having a facsimile number or email address on record with the Company at least forty-eight hours prior to the time fixed for such special meeting. Such notice shall state the purpose of such meeting, and no business other than that stated in the notice shall be transacted at such special meeting unless every member of the Company then in office is present, and it is unanimously agreed to consider matters other than those specifically provided for in the notice of such meeting. Notwithstanding the foregoing, in the event of an emergency the chairman may call a special meeting without advance notice and by means other than the delivery of a writing to the members.

Section 5. Open Meetings. All meetings of the board shall be conducted in compliance with the provisions of the Open Meetings Law, being Chapter 511 of the Laws of 1976, as amended, and with all rules and regulations promulgated thereunder.

Section 6. Quorum. A majority of the whole number of voting members of the board as defined in §1263 (1) (a) of the Public Authorities Law of the State of New York then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Company. Those members of the board appointed upon the recommendation of the chief executive officers of Dutchess, Orange, Putnam and Rockland counties (the "Hudson Valley Member" or "Hudson Valley Members") shall be considered to be a single member, and the presence of that member for purposes of determining a quorum shall be ascertained pursuant to section 10 of this article. Except as otherwise specified by law, for the transaction of any business or exercise of any power of the Company, the Company shall have power to act by a majority of the voting members of the board present at any meeting at which a quorum is in attendance with the chairman having one additional vote in the event of a tie vote. For purposes of determining a tie vote, an abstention shall be counted as a vote against a motion. If a meeting is validly called but a quorum is not present, a majority of the members of the board then present may adjourn the meeting from time to time without further notice.

Section 7. Attendance at Meetings. (a) Any one or more members of the board or of a committee thereof may attend a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons attending the meeting to hear each other at the same time; however, attendance by such means shall not constitute presence at a meeting for the purposes of section 6, section 8 or section 10 of this Article.

(b) Notwithstanding the provisions of Section 7(a), a member's attendance by means of videoconferencing shall constitute presence at a meeting for any purposes of this Article, *provided* (i) the public notice given for

such a meeting of such board or committee states that videoconferencing would be used to conduct the meeting and identifies each location at which members may attend the meeting; and (ii) at each such location, opportunity for public attendance at the meeting is provided.

Section 8. Presumption of Assent. A member of the board who is present at a meeting of the board at which action on any matter is taken shall be presumed to have assented to the action taken unless his abstention or dissent is stated at the meeting, which dissent or abstention shall be duly entered in the minutes of the meeting.

Section 9. Committees. The chairman may establish one or more committees of the board, each committee to consist of one or more of the members and each of which committees shall have and may exercise the powers conferred upon it by the chairman. Such committees shall have such names as shall be given them by the chairman. The chairman shall also establish such committees of the board as shall be mandated by law. Except in an emergency, the chairman and each board member shall be given advance written notice of the time and place of any meeting of any committee of the board.

Section 10. Quorum and Voting for members of the Board from the counties of Dutchess, Orange, Putnam and Rockland.

(a) The Hudson Valley Members shall be considered to be a single member. For the purposes of determining a quorum, such single voting member shall be considered present if one or more Hudson Valley Members is present.

(b) The single collective vote of the Hudson Valley Members shall be determined as follows:

(i) if at least three Hudson Valley Members are then in office: (A) if one such member is present, the single collective vote shall be recognized; (B) if two or more such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such member; (C) if two or more such members are present and two or more such members vote, the majority vote shall be recognized as the single collective vote; and (D) if two or more such members are present and two or more of such members vote but no majority is achieved, the single collective vote shall not be recognized; and

(ii) if two or one Hudson Valley Member(s) are then in office: (A) if one such member is present, the single collective vote shall be recognized as the vote of such voting member; (B) if two such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such voting member; and (C) if two such members are present and both vote, only a unanimous vote shall be recognized as the single collective vote.

To evidence the single collective vote, each such member that is present may be polled as to his vote and such poll shall be recorded in the minutes.

ARTICLE III. OFFICERS

Section 1. Number. The officers of the Company shall be a chairman, one or more vice chairmen (the number and exact designation thereof and the separate functions to be determined by the board if there is more than one), an executive director, if one is appointed by the chairman, a president, a counsel, other senior officials (the number and exact designation thereof and the separate functions to be determined by the chairman), and a secretary. The chairman shall be appointed and shall serve as provided by law. The vice chairmen shall be appointed by the board, upon recommendation by the Chairman, and shall serve at its pleasure. The executive director, if one is appointed by the chairman, and the president shall serve at the pleasure of the chairman. Other senior officials, the counsel, and the secretary shall be appointed by the chairman and shall serve at the pleasure of the chairman. Such other officials or employees as may be deemed necessary may be appointed by the chairman, and each shall serve at the pleasure of the chairman.

Section 2. Chairman. (a) The chairman shall serve as the chairman of the board of the Company and as the chief executive officer of the Company. The chairman shall be responsible for providing leadership to the board as it oversees the management of the Company. The chairman shall preside at all meetings of the board. The chairman may delegate any or all of his or her powers relating to the leadership of the board to a vice-chairman. In the event of a tie vote, the chairman may cast an additional vote.

(b) The chairman shall also serve as the chief executive officer of the Company. As chief executive officer of the Company, the chairman shall be responsible for the discharge of the executive and administrative functions and powers of the Company.

Section 3. The Vice Chairman. In the event of the chairman's death or inability to act, or in the event the position of chairman is for any other reason vacant, a vice chairman designated by the board shall perform the duties of the chairman and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Such powers and duties shall terminate upon the appointment by the Governor of a successor chairman as provided by law or upon the cessation of the chairman's inability to act.

Section 4. Such Other Officials and Employees. The chairman may, in his or her judgment, appoint such other officials and employees, including an executive director, as shall in his or her judgment be needed to discharge the executive and administrative functions and powers of the Company. The chairman may delegate such of his or her powers relating to the discharge of the executive and

administrative functions, including the administration and day to day operations of the Company as the chairman may deem appropriate to such other officials and employees.

Section 5. The President. The president shall have primary responsibility for the general management and operation of the Company and shall have such additional executive and administrative functions and powers as may be delegated to him or her by the chairman.

Section 6. The Secretary. The secretary shall keep the minutes of the proceedings of the board, see that all notices are duly given as required by law, be custodian of the corporate records and of the seal of the Company, see to it that the seal of the Company is affixed to all documents the execution of which on behalf of the Company under its seal is duly authorized, and in general shall perform all duties incident to the office of secretary. The chairman may appoint one or more assistant secretaries who may perform the duties of the secretary in the event of the absence, disability or incapacity of the secretary.

Section 7. Salaries. The salaries fixed by the chairman for those officers and employees appointed by the chairman shall at all times be within the amounts budgeted therefore by the board.

ARTICLE IV. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Company and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Company shall be signed by such officer or officers, agent or agents of the Company and in such manner as shall from time to time be determined by resolution of the board.

Section 4. Deposits. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such banks, trust companies or other depositories as the board may select.

ARTICLE V. FISCAL YEAR

The fiscal year of the Company shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE VI. CORPORATE SEAL

The board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Company and the words "Corporate Seal".

ARTICLE VII. INDEMNIFICATION

The Company shall save harmless and indemnify any person (or his or her estate) who shall have served as a member, officer or employee of the Company or of a subsidiary of the Company against financial loss, including punitive damages, or litigation expense incurred in connection with any claim, demand, suit, action or proceeding, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Company or of a subsidiary of the Company, or (b) any act or failure to act by any such member, officer or employee while engaged in the discharge of his or her duties on behalf of the Company or its subsidiaries, or the discharge of his or her duties as a fiduciary of a benefit plan for Company employees or employees of a subsidiary of the Company. In the event any such claim, demand, suit, action or proceeding shall occur, such member, officer or employee shall be saved harmless and indemnified as herein provided unless such individual is determined by the Company or its designee not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Company or of its subsidiaries or affiliates, and, in criminal actions or proceedings, in addition, not to have had reasonable cause to believe that his or her conduct was lawful. The provisions of this Article shall inure only to the members, officers and employees of the Company or of its subsidiaries, and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance. The foregoing shall be conditional on (a) the prompt delivery to the Company of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding; and, in civil cases only, (b) a contemporaneous offer to name counsel to the Company as counsel to the member, officer or employee in the defense of such claim, demand, suit, action or proceeding; (c) the full cooperation of the member, officer or employee, in the event the offer is accepted, in making of such defense; and (d) an agreement that the Company may enter into a settlement on behalf of the member, officer or employee. If the Company or its designee determines that the defense shall not be provided by counsel for the Company because of a conflict of interests or other grounds warranting separate counsel, the member, officer or employee may select another attorney and the Company shall pay reasonable

attorney's fees and expenses incurred by or on behalf of such member, officer or employee represented by outside counsel. The Company's payment of such fees and expenses may be conditioned upon the member, officer or employee's agreement that more than one member, officer or employee shall be represented by the same counsel. The provisions of Section 18 of the Public Officers Law relating to defense and indemnification shall supplement and be available in addition to the provisions of this Article; provided, however, that in the event of any conflict between the substantive provisions of this Article and those of Section 18 of the Public Officers Law, the provisions that afford the greater protection to such members, officers and employees shall control. In the event that the chairman or other member requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor is entitled to indemnification under the by-law, such request shall be submitted to the board for determination. In the event that an officer or employee, other than the chairman, requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor may be entitled to indemnification under the by-law, such request shall be submitted to the chairman or his or her designee for determination. The provisions of this Article replace and supersede the provisions of the prior Article VII governing Indemnification, and govern any claim, demand, suit, action or proceeding that is pending as of the date of the adoption of this Article.

ARTICLE VIII. AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board at any regular or special meeting as to which nature of the proposed alterations, amendments or repeals have been sent in writing to the members of the board together with the notice of meeting if it is a special meeting or if at a regular meeting at least seventy-two hours in advance of such regular meeting.

BY-LAWS

FIRST MUTUAL TRANSPORTATION ASSURANCE COMPANY

ARTICLE 1. OFFICES

The principal office of the First Mutual Transportation Assurance Company (the "Company") shall be located in the City of New York, County of New York. The Company may have such other offices as the board may designate or as the business of the Company may require from time to time.

ARTICLE II. THE BOARD

Section 1. General Affairs. The business and affairs of the Company shall be managed by its board.

Section 2. Number, Tenure and Qualifications. The Company ("the board" or "the board of the Company") as used herein shall consist of all of those persons who from time to time hold office as chairman or members of the Metropolitan Transportation Authority pursuant to §1263 of the Public Authorities Law of the State of New York. Each member shall hold office for the term established by law and until his successor shall have been appointed and qualified. Members shall meet all requirements of law respecting their qualification for office.

Section 3. Regular Meetings. Regular meetings of the board shall be held without other notice than these by-laws at 10:00 A.M. on the fourth Wednesday of each month except that there shall be no regular meeting in the month of August and except that in the months of November and December the regular meetings shall be held on the third Wednesday of the month. The board may provide by resolution for the time and place for the holding of additional regular meetings without other notice than such resolution. The chairman may adjust the date and time of any regular meeting by written notice provided to members at least forty-eight hours prior to such adjusted date and time. Such written notice shall be provided to members by the same means required by Section 4(b) of Article II of these by-Laws for delivery of notice to members of special meetings. At least one meeting of the board in each year shall be held in New York State.

Section 4. Special Meetings. (a) Special meetings of the board may be called by the chairman or, in his or her absence or in case of his or her disability, a vice chairman. In addition, a special meeting of the board shall be called by the secretary or in his or her absence by an assistant secretary upon the request of any two members. The person or persons authorized to call special meetings of the board may fix the time and any place within the City of New York as the place for holding any special meeting of the board called or requested by them.

(b) Written notice of each special meeting shall be given by the chairman or secretary or by an assistant secretary, specifying the time and place

of the meeting. Such notice shall be addressed to each member at the member's postal address on record with the Company and deposited with the U.S. Postal Service at least forty-eight hours prior to the time fixed for such meeting, and in addition, sent by facsimile or email to each member having a facsimile number or email address on record with the Company at least forty-eight hours prior to the time fixed for such special meeting. Such notice shall state the purpose of such meeting, and no business other than that stated in the notice shall be transacted at such special meeting unless every member of the Company then in office is present, and it is unanimously agreed to consider matters other than those specifically provided for in the notice of such meeting. Notwithstanding the foregoing, in the event of an emergency the chairman may call a special meeting without advance notice and by means other than the delivery of a writing to the members.

Section 5. Open Meetings. All meetings of the board shall be conducted in compliance with the provisions of the Open Meetings Law, being Chapter 511 of the Laws of 1976, as amended, and with all rules and regulations promulgated thereunder.

Section 6. Quorum. A majority of the whole number of voting members of the board as defined in §1263 (1) (a) of the Public Authorities Law of the State of New York then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Company. Those members of the board appointed upon the recommendation of the chief executive officers of Dutchess, Orange, Putnam and Rockland counties (the "Hudson Valley Member" or "Hudson Valley Members") shall be considered to be a single member, and the presence of that member for purposes of determining a quorum shall be ascertained pursuant to section 10 of this article. Except as otherwise specified by law, for the transaction of any business or exercise of any power of the Company, the Company shall have power to act by a majority of the voting members of the board present at any meeting at which a quorum is in attendance with the chairman having one additional vote in the event of a tie vote. For purposes of determining a tie vote, an abstention shall be counted as a vote against a motion. If a meeting is validly called but a quorum is not present, a majority of the members of the board then present may adjourn the meeting from time to time without further notice.

Section 7. Attendance at Meetings. (a) Any one or more members of the board or of a committee thereof may attend a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons attending the meeting to hear each other at the same time; however, attendance by such means shall not constitute presence at a meeting for the purposes of section 6, section 8 or section 10 of this Article.

(b) Notwithstanding the provisions of Section 7(a), a member's attendance by means of videoconferencing shall constitute presence at a

meeting for any purposes of this Article, *provided* (i) the public notice given for such a meeting of such board or committee states that videoconferencing would be used to conduct the meeting and identifies each location at which members may attend the meeting; and (ii) at each such location, opportunity for public attendance at the meeting is provided.

Section 8. Presumption of Assent. A member of the board who is present at a meeting of the board at which action on any matter is taken shall be presumed to have assented to the action taken unless his abstention or dissent is stated at the meeting, which dissent or abstention shall be duly entered in the minutes of the meeting.

Section 9. Committees. The chairman may establish one or more committees of the board, each committee to consist of one or more of the members and each of which committees shall have and may exercise the powers conferred upon it by the chairman. Such committees shall have such names as shall be given them by the chairman. The chairman shall also establish such committees of the board as shall be mandated by law. Except in an emergency, the chairman and each board member shall be given advance written notice of the time and place of any meeting of any committee of the board.

Section 10. Quorum and Voting for members of the Board from the counties of Dutchess, Orange, Putnam and Rockland.

(a) The Hudson Valley Members shall be considered to be a single member. For the purposes of determining a quorum, such single voting member shall be considered present if one or more Hudson Valley Members is present.

(b) The single collective vote of the Hudson Valley Members shall be determined as follows:

(i) if at least three Hudson Valley Members are then in office: (A) if one such member is present, the single collective vote shall be recognized; (B) if two or more such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such member; (C) if two or more such members are present and two or more such members vote, the majority vote shall be recognized as the single collective vote; and (D) if two or more such members are present and two or more of such members vote but no majority is achieved, the single collective vote shall not be recognized; and

(ii) if two or one Hudson Valley Member(s) are then in office: (A) if one such member is present, the single collective vote shall be recognized as the vote of such voting member; (B) if two such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such voting member; and (C) if two such members are present and both vote, only a unanimous vote shall be recognized as the single collective vote.

To evidence the single collective vote, each such member that is present may be polled as to his vote and such poll shall be recorded in the minutes.

ARTICLE III. OFFICERS

Section 1. Number. The officers of the Company shall be a chairman, one or more vice chairmen (the number and exact designation thereof and the separate functions to be determined by the board if there is more than one), an executive director, if one is appointed by the chairman, a president, a counsel, other senior officials (the number and exact designation thereof and the separate functions to be determined by the chairman), and a secretary. The chairman shall be appointed and shall serve as provided by law. The vice chairmen shall be appointed by the board, upon recommendation by the Chairman, and shall serve at its pleasure. The executive director, if one is appointed by the chairman, and the president shall serve at the pleasure of the chairman. Other senior officials, the counsel, and the secretary shall be appointed by the chairman and shall serve at the pleasure of the chairman. Such other officials or employees as may be deemed necessary may be appointed by the chairman, and each shall serve at the pleasure of the chairman.

Section 2. Chairman. (a) The chairman shall serve as the chairman of the board of the Company and as the chief executive officer of the Company. The chairman shall be responsible for providing leadership to the board as it oversees the management of the Company. The chairman shall preside at all meetings of the board. The chairman may delegate any or all of his or her powers relating to the leadership of the board to a vice-chairman. In the event of a tie vote, the chairman may cast an additional vote.

(b) The chairman shall also serve as the chief executive officer of the Company. As chief executive officer of the Company, the chairman shall be responsible for the discharge of the executive and administrative functions and powers of the Company.

Section 3. The Vice Chairman. In the event of the chairman's death or inability to act, or in the event the position of chairman is for any other reason vacant, a vice chairman designated by the board shall perform the duties of the chairman and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Such powers and duties shall terminate upon the appointment by the Governor of a successor chairman as provided by law or upon the cessation of the chairman's inability to act.

Section 4. Such Other Officials and Employees. The chairman may, in his or her judgment, appoint such other officials and employees, including an executive director, as shall in his or her judgment be needed to discharge the executive and administrative functions and powers of the Company. The chairman may

delegate such of his or her powers relating to the discharge of the executive and administrative functions, including the administration and day to day operations of the Company as the chairman may deem appropriate to such other officials and employees.

Section 5. The President. The president shall have primary responsibility for the general management and operation of the Company and shall have such additional executive and administrative functions and powers as may be delegated to him or her by the chairman.

Section 6. The Secretary. The secretary shall keep the minutes of the proceedings of the board, see that all notices are duly given as required by law, be custodian of the corporate records and of the seal of the Company, see to it that the seal of the Company is affixed to all documents the execution of which on behalf of the Company under its seal is duly authorized, and in general shall perform all duties incident to the office of secretary. The chairman may appoint one or more assistant secretaries who may perform the duties of the secretary in the event of the absence, disability or incapacity of the secretary.

Section 7. Salaries. The salaries fixed by the chairman for those officers and employees appointed by the chairman shall at all times be within the amounts budgeted therefore by the board.

ARTICLE IV. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Company and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Company shall be signed by such officer or officers, agent or agents of the Company and in such manner as shall from time to time be determined by resolution of the board.

Section 4. Deposits. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such banks, trust companies or other depositories as the board may select.

ARTICLE V. FISCAL YEAR

The fiscal year of the Company shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE VI. CORPORATE SEAL

The board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Company and the words "Corporate Seal".

ARTICLE VII. INDEMNIFICATION

The Company shall save harmless and indemnify any person (or his or her estate) who shall have served as a member, officer or employee of the Company or of a subsidiary of the Company against financial loss, including punitive damages, or litigation expense incurred in connection with any claim, demand, suit, action or proceeding, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Company or of a subsidiary of the Company, or (b) any act or failure to act by any such member, officer or employee while engaged in the discharge of his or her duties on behalf of the Company or its subsidiaries, or the discharge of his or her duties as a fiduciary of a benefit plan for Company employees or employees of a subsidiary of the Company. In the event any such claim, demand, suit, action or proceeding shall occur, such member, officer or employee shall be saved harmless and indemnified as herein provided unless such individual is determined by the Company or its designee not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Company or of its subsidiaries or affiliates, and, in criminal actions or proceedings, in addition, not to have had reasonable cause to believe that his or her conduct was lawful. The provisions of this Article shall inure only to the members, officers and employees of the Company or of its subsidiaries, and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance. The foregoing shall be conditional on (a) the prompt delivery to the Company of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding; and, in civil cases only, (b) a contemporaneous offer to name counsel to the Company as counsel to the member, officer or employee in the defense of such claim, demand, suit, action or proceeding; (c) the full cooperation of the member, officer or employee, in the event the offer is accepted, in making of such defense; and (d) an agreement that the Company may enter into a settlement on behalf of the member, officer or employee. If the Company or its designee determines that the defense shall not be provided by counsel for the Company because of a conflict of interests or other grounds warranting separate counsel, the member, officer or employee may select another attorney and the Company shall pay reasonable

attorney's fees and expenses incurred by or on behalf of such member, officer or employee represented by outside counsel. The Company's payment of such fees and expenses may be conditioned upon the member, officer or employee's agreement that more than one member, officer or employee shall be represented by the same counsel. The provisions of Section 18 of the Public Officers Law relating to defense and indemnification shall supplement and be available in addition to the provisions of this Article; provided, however, that in the event of any conflict between the substantive provisions of this Article and those of Section 18 of the Public Officers Law, the provisions that afford the greater protection to such members, officers and employees shall control. In the event that the chairman or other member requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor is entitled to indemnification under the by-law, such request shall be submitted to the board for determination. In the event that an officer or employee, other than the chairman, requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor may be entitled to indemnification under the by-law, such request shall be submitted to the chairman or his or her designee for determination. The provisions of this Article replace and supersede the provisions of the prior Article VII governing Indemnification, and govern any claim, demand, suit, action or proceeding that is pending as of the date of the adoption of this Article.

ARTICLE VIII. AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board at any regular or special meeting as to which nature of the proposed alterations, amendments or repeals have been sent in writing to the members of the board together with the notice of meeting if it is a special meeting or if at a regular meeting at least seventy-two hours in advance of such regular meeting.

BY-LAWS LONG ISLAND RAIL ROAD COMPANY

ARTICLE 1. OFFICES

The principal office of the Long Island Rail Road Company (the "Rail Road") shall be located at Jamaica Station, 93-02 Sutphin Boulevard, Borough and County of Queens, City of New York. The Rail Road may have such other offices as the board may designate or as the business of the Rail Road may require from time to time.

ARTICLE II. THE BOARD

Section 1. General Affairs. The business and affairs of the Rail Road shall be managed by its board.

Section 2. Number, Tenure and Qualifications. The Rail Road ("the board" or "the board of the Rail Road") as used herein shall consist of all of those persons who from time to time hold office as chairman or members of the Metropolitan Transportation Authority pursuant to §1263 of the Public Authorities Law of the State of New York. Each member shall hold office for the term established by law and until his successor shall have been appointed and qualified. Members shall meet all requirements of law respecting their qualification for office.

Section 3. Regular Meetings. Regular meetings of the board shall be held without other notice than these by-laws at 10:00 A.M. on the fourth Wednesday of each month except that there shall be no regular meeting in the month of August and except that in the months of November and December the regular meetings shall be held on the third Wednesday of the month. The board may provide by resolution for the time and place for the holding of additional regular meetings without other notice than such resolution. The chairman may adjust the date and time of any regular meeting by written notice provided to members at least forty-eight hours prior to such adjusted date and time. Such written notice shall be provided to members by the same means required by Section 4(b) of Article II of these by-Laws for delivery of notice to members of special meetings.

Section 4. Special Meetings. (a) Special meetings of the board may be called by the chairman or, in his or her absence or in case of his or her disability, a vice chairman. In addition, a special meeting of the board shall be called by the secretary or in his or her absence by an assistant secretary upon the request of any two members. The person or persons authorized to call special meetings of the board may fix the time and any place within the City of New York as the place for holding any special meeting of the board called or requested by them.

(b) Written notice of each special meeting shall be given by the chairman or secretary or by an assistant secretary, specifying the time and place

of the meeting. Such notice shall be addressed to each member at the member's postal address on record with the Rail Road and deposited with the U.S. Postal Service at least forty-eight hours prior to the time fixed for such meeting, and in addition, sent by facsimile or email to each member having a facsimile number or email address on record with the Rail Road at least forty-eight hours prior to the time fixed for such special meeting. Such notice shall state the purpose of such meeting, and no business other than that stated in the notice shall be transacted at such special meeting unless every member of the Rail Road then in office is present, and it is unanimously agreed to consider matters other than those specifically provided for in the notice of such meeting. Notwithstanding the foregoing, in the event of an emergency the chairman may call a special meeting without advance notice and by means other than the delivery of a writing to the members.

Section 5. Open Meetings. All meetings of the board shall be conducted in compliance with the provisions of the Open Meetings Law, being Chapter 511 of the Laws of 1976, as amended, and with all rules and regulations promulgated thereunder.

Section 6. Quorum. A majority of the whole number of voting members of the board as defined in §1263 (1) (a) of the Public Authorities Law of the State of New York then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Rail Road. Those members of the board appointed upon the recommendation of the chief executive officers of Dutchess, Orange, Putnam and Rockland counties (the "Hudson Valley Member" or "Hudson Valley Members") shall be considered to be a single member, and the presence of that member for purposes of determining a quorum shall be ascertained pursuant to section 10 of this article. Except as otherwise specified by law, for the transaction of any business or exercise of any power of the Rail Road, the Rail Road shall have power to act by a majority of the voting members of the board present at any meeting at which a quorum is in attendance with the chairman having one additional vote in the event of a tie vote. For purposes of determining a tie vote, an abstention shall be counted as a vote against a motion. If a meeting is validly called but a quorum is not present, a majority of the members of the board then present may adjourn the meeting from time to time without further notice.

Section 7. Attendance at Meetings. (a) Any one or more members of the board or of a committee thereof may attend a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons attending the meeting to hear each other at the same time; however, attendance by such means shall not constitute presence at a meeting for the purposes of section 6, section 8 or section 10 of this Article.

(b) Notwithstanding the provisions of Section 7(a), a member's attendance by means of videoconferencing shall constitute presence at a

meeting for any purposes of this Article, *provided* (i) the public notice given for such a meeting of such board or committee states that videoconferencing would be used to conduct the meeting and identifies each location at which members may attend the meeting; and (ii) at each such location, opportunity for public attendance at the meeting is provided.

Section 8. Presumption of Assent. A member of the board who is present at a meeting of the board at which action on any matter is taken shall be presumed to have assented to the action taken unless his abstention or dissent is stated at the meeting, which dissent or abstention shall be duly entered in the minutes of the meeting.

Section 9. Committees. The chairman may establish one or more committees of the board, each committee to consist of one or more of the members and each of which committees shall have and may exercise the powers conferred upon it by the chairman. Such committees shall have such names as shall be given them by the chairman. The chairman shall also establish such committees of the board as shall be mandated by law. Except in an emergency, the chairman and each board member shall be given advance written notice of the time and place of any meeting of any committee of the board.

Section 10. Quorum and Voting for members of the Board from the counties of Dutchess, Orange, Putnam and Rockland.

(a) The Hudson Valley Members shall be considered to be a single member. For the purposes of determining a quorum, such single voting member shall be considered present if one or more Hudson Valley Members is present.

(b) The single collective vote of the Hudson Valley Members shall be determined as follows:

(i) if at least three Hudson Valley Members are then in office: (A) if one such member is present, the single collective vote shall be recognized; (B) if two or more such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such member; (C) if two or more such members are present and two or more such members vote, the majority vote shall be recognized as the single collective vote; and (D) if two or more such members are present and two or more of such members vote but no majority is achieved, the single collective vote shall not be recognized; and

(ii) if two or one Hudson Valley Member(s) are then in office: (A) if one such member is present, the single collective vote shall be recognized as the vote of such voting member; (B) if two such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such voting member; and (C) if two such members are present and both vote, only a unanimous vote shall be recognized as the single collective vote.

To evidence the single collective vote, each such member that is present may be polled as to his vote and such poll shall be recorded in the minutes.

ARTICLE III. OFFICERS

Section 1. Number. The officers of the Rail Road shall be a chairman, one or more vice chairmen (the number and exact designation thereof and the separate functions to be determined by the board if there is more than one), an executive director, if one is appointed by the chairman, a president, a counsel, other senior officials (the number and exact designation thereof and the separate functions to be determined by the chairman), and a secretary. The chairman shall be appointed and shall serve as provided by law. The vice chairmen shall be appointed by the board, upon recommendation by the Chairman, and shall serve at its pleasure. The executive director, if one is appointed by the chairman, and the president shall serve at the pleasure of the chairman. Other senior officials, the counsel, and the secretary shall be appointed by the chairman and shall serve at the pleasure of the chairman. Such other officials or employees as may be deemed necessary may be appointed by the chairman, and each shall serve at the pleasure of the chairman.

Section 2. Chairman. (a) The chairman shall serve as the chairman of the board of the Rail Road and as the chief executive officer of the Rail Road. The chairman shall be responsible for providing leadership to the board as it oversees the management of the Rail Road. The chairman shall preside at all meetings of the board. The chairman may delegate any or all of his or her powers relating to the leadership of the board to a vice-chairman. In the event of a tie vote, the chairman may cast an additional vote.

(b) The chairman shall also serve as the chief executive officer of the Rail Road. As chief executive officer of the Rail Road, the chairman shall be responsible for the discharge of the executive and administrative functions and powers of the Rail Road.

Section 3. The Vice Chairman. In the event of the chairman's death or inability to act, or in the event the position of chairman is for any other reason vacant, a vice chairman designated by the board shall perform the duties of the chairman and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Such powers and duties shall terminate upon the appointment by the Governor of a successor chairman as provided by law or upon the cessation of the chairman's inability to act.

Section 4. Such Other Officials and Employees. The chairman may, in his or her judgment, appoint such other officials and employees, including an executive director, as shall in his or her judgment be needed to discharge the executive and administrative functions and powers of the Rail Road. The chairman may

delegate such of his or her powers relating to the discharge of the executive and administrative functions, including the administration and day to day operations of the Rail Road as the chairman may deem appropriate to such other officials and employees.

Section 5. The President. The president shall have primary responsibility for the general management and operation of the Rail Road and shall have such additional executive and administrative functions and powers as may be delegated to him or her by the chairman.

Section 6. The Secretary. The secretary shall keep the minutes of the proceedings of the board, see that all notices are duly given as required by law, be custodian of the corporate records and of the seal of the Rail Road, see to it that the seal of the Rail Road is affixed to all documents the execution of which on behalf of the Rail Road under its seal is duly authorized, and in general shall perform all duties incident to the office of secretary. The chairman may appoint one or more assistant secretaries who may perform the duties of the secretary in the event of the absence, disability or incapacity of the secretary.

Section 7. Salaries. The salaries fixed by the chairman for those officers and employees appointed by the chairman shall at all times be within the amounts budgeted therefore by the board.

ARTICLE IV. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Rail Road, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Rail Road and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Rail Road shall be signed by such officer or officers, agent or agents of the Rail Road and in such manner as shall from time to time be determined by resolution of the board.

Section 4. Deposits. All funds of the Rail Road not otherwise employed shall be deposited from time to time to the credit of the Rail Road in such banks, trust companies or other depositories as the board may select.

ARTICLE V. FISCAL YEAR

The fiscal year of the Rail Road shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE VI. CORPORATE SEAL

The board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Rail Road and the words "Corporate Seal".

ARTICLE VII. INDEMNIFICATION

The Rail Road shall save harmless and indemnify any person (or his or her estate) who shall have served as a member, officer or employee of the Rail Road or of a subsidiary of the Rail Road against financial loss, including punitive damages, or litigation expense incurred in connection with any claim, demand, suit, action or proceeding, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Rail Road or of a subsidiary of the Rail Road, or (b) any act or failure to act by any such member, officer or employee while engaged in the discharge of his or her duties on behalf of the Rail Road or its subsidiaries, or the discharge of his or her duties as a fiduciary of a benefit plan for Rail Road employees or employees of a subsidiary of the Rail Road. In the event any such claim, demand, suit, action or proceeding shall occur, such member, officer or employee shall be saved harmless and indemnified as herein provided unless such individual is determined by the Rail Road or its designee not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Rail Road or of its subsidiaries or affiliates, and, in criminal actions or proceedings, in addition, not to have had reasonable cause to believe that his or her conduct was lawful. The provisions of this Article shall inure only to the members, officers and employees of the Rail Road or of its subsidiaries, and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance. The foregoing shall be conditional on (a) the prompt delivery to the Rail Road of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding; and, in civil cases only, (b) a contemporaneous offer to name counsel to the Rail Road as counsel to the member, officer or employee in the defense of such claim, demand, suit, action or proceeding; (c) the full cooperation of the member, officer or employee, in the event the offer is accepted, in the making of such defense; and (d) an agreement that the Rail Road may enter into a settlement on behalf of the member, officer or employee. If the Rail Road or its designee determines that the defense shall not be provided by counsel for the Rail Road because of a conflict of interests or other grounds warranting separate counsel, the member, officer or employee may select another attorney and the Rail Road shall pay reasonable attorney's

fees and expenses incurred by or on behalf of such member, officer or employee represented by outside counsel. The Rail Road's payment of such fees and expenses may be conditioned upon the member, officer or employee's agreement that more than one member, officer or employee shall be represented by the same counsel. The provisions of Section 18 of the Public Officers Law relating to defense and indemnification shall supplement and be available in addition to the provisions of this Article; provided, however, that in the event of any conflict between the substantive provisions of this Article and those of Section 18 of the Public Officers Law, the provisions that afford the greater protection to such members, officers and employees shall control. In the event that the chairman or other member requests indemnification under this section, such request shall be submitted to the board for its determination. In the event that the chairman or other member requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor is entitled to indemnification under the by-law, such request shall be submitted to the board for determination. In the event that an officer or employee, other than the chairman, requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor may be entitled to indemnification under the by-law, such request shall be submitted to the chairman or his or her designee for determination. The provisions of this Article replace and supersede the provisions of the prior Article VII governing Indemnification, and govern any claim, demand, suit, action or proceeding that is pending as of the date of the adoption of this Article.

ARTICLE VIII. AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board at any regular or special meeting as to which nature of the proposed alterations, amendments or repeals have been sent in writing to the members of the board together with the notice of meeting if it is a special meeting or if at a regular meeting at least seventy-two hours in advance of such regular meeting.

BY-LAWS METRO-NORTH COMMUTER RAILROAD

ARTICLE 1. OFFICES

The principal office of the Metro-North Commuter Railroad (the "Railroad") shall be located in the City of New York, County of New York. The Railroad may have such other offices as the board may designate or as the business of the Railroad may require from time to time.

ARTICLE II. THE BOARD

Section 1. General Affairs. The business and affairs of the Railroad shall be managed by its board.

Section 2. Number, Tenure and Qualifications. The Railroad ("the board" or "the board of the Railroad") as used herein shall consist of all of those persons who from time to time hold office as chairman or members of the Metropolitan Transportation Authority pursuant to §1263 of the Public Authorities Law of the State of New York. Each member shall hold office for the term established by law and until his successor shall have been appointed and qualified. Members shall meet all requirements of law respecting their qualification for office.

Section 3. Regular Meetings. Regular meetings of the board shall be held without other notice than these by-laws at 10:00 A.M. on the fourth Wednesday of each month except that there shall be no regular meeting in the month of August and except that in the months of November and December the regular meetings shall be held on the third Wednesday of the month. The board may provide by resolution for the time and place for the holding of additional regular meetings without other notice than such resolution. The chairman may adjust the date and time of any regular meeting by written notice provided to members at least forty-eight hours prior to such adjusted date and time. Such written notice shall be provided to members by the same means required by Section 4(b) of Article II of these by-Laws for delivery of notice to members of special meetings.

Section 4. Special Meetings. (a) Special meetings of the board may be called by the chairman or, in his or her absence or in case of his or her disability, a vice chairman. In addition, a special meeting of the board shall be called by the secretary or in his or her absence by an assistant secretary upon the request of any two members. The person or persons authorized to call special meetings of the board may fix the time and any place within the City of New York as the place for holding any special meeting of the board called or requested by them.

(b) Written notice of each special meeting shall be given by the chairman or secretary or by an assistant secretary, specifying the time and place of the meeting. Such notice shall be addressed to each member at the

member's postal address on record with the Railroad and deposited with the U.S. Postal Service at least forty-eight hours prior to the time fixed for such meeting, and in addition, sent by facsimile or email to each member having a facsimile number or email address on record with the Railroad at least forty-eight hours prior to the time fixed for such special meeting. Such notice shall state the purpose of such meeting, and no business other than that stated in the notice shall be transacted at such special meeting unless every member of the Railroad then in office is present, and it is unanimously agreed to consider matters other than those specifically provided for in the notice of such meeting. Notwithstanding the foregoing, in the event of an emergency the chairman may call a special meeting without advance notice and by means other than the delivery of a writing to the members.

Section 5. Open Meetings. All meetings of the board shall be conducted in compliance with the provisions of the Open Meetings Law, being Chapter 511 of the Laws of 1976, as amended, and with all rules and regulations promulgated thereunder.

Section 6. Quorum. A majority of the whole number of voting members of the board as defined in §1263 (1) (a) of the Public Authorities Law of the State of New York then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Railroad. Those members of the board appointed upon the recommendation of the chief executive officers of Dutchess, Orange, Putnam and Rockland counties (the "Hudson Valley Member" or "Hudson Valley Members") shall be considered to be a single member, and the presence of that member for purposes of determining a quorum shall be ascertained pursuant to section 10 of this article. Except as otherwise specified by law, for the transaction of any business or exercise of any power of the Railroad, the Railroad shall have power to act by a majority of the voting members of the board present at any meeting at which a quorum is in attendance with the chairman having one additional vote in the event of a tie vote. For purposes of determining a tie vote, an abstention shall be counted as a vote against a motion. If a meeting is validly called but a quorum is not present, a majority of the members of the board then present may adjourn the meeting from time to time without further notice.

Section 7. Attendance at Meetings. (a) Any one or more members of the board or of a committee thereof may attend a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons attending the meeting to hear each other at the same time; however, attendance by such means shall not constitute presence at a meeting for the purposes of section 6, section 8 or section 10 of this Article.

(b) Notwithstanding the provisions of Section 7(a), a member's attendance by means of videoconferencing shall constitute presence at a meeting for any purposes of this Article, *provided* (i) the public notice given for

such a meeting of such board or committee states that videoconferencing would be used to conduct the meeting and identifies each location at which members may attend the meeting; and (ii) at each such location, opportunity for public attendance at the meeting is provided.

Section 8. Presumption of Assent. A member of the board who is present at a meeting of the board at which action on any matter is taken shall be presumed to have assented to the action taken unless his abstention or dissent is stated at the meeting, which dissent or abstention shall be duly entered in the minutes of the meeting.

Section 9. Committees. The chairman may establish one or more committees of the board, each committee to consist of one or more of the members and each of which committees shall have and may exercise the powers conferred upon it by the chairman. Such committees shall have such names as shall be given them by the chairman. The chairman shall also establish such committees of the board as shall be mandated by law. Except in an emergency, the chairman and each board member shall be given advance written notice of the time and place of any meeting of any committee of the board.

Section 10. Quorum and Voting for members of the Board from the counties of Dutchess, Orange, Putnam and Rockland.

(a) The Hudson Valley Members shall be considered to be a single member. For the purposes of determining a quorum, such single voting member shall be considered present if one or more Hudson Valley Members is present.

(b) The single collective vote of the Hudson Valley Members shall be determined as follows:

(i) if at least three Hudson Valley Members are then in office: (A) if one such member is present, the single collective vote shall be recognized; (B) if two or more such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such member; (C) if two or more such members are present and two or more such members vote, the majority vote shall be recognized as the single collective vote; and (D) if two or more such members are present and two or more of such members vote but no majority is achieved, the single collective vote shall not be recognized; and

(ii) if two or one Hudson Valley Member(s) are then in office: (A) if one such member is present, the single collective vote shall be recognized as the vote of such voting member; (B) if two such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such voting member; and (C) if two such members are present and both vote, only a unanimous vote shall be recognized as the single collective vote.

To evidence the single collective vote, each such member that is present may be polled as to his vote and such poll shall be recorded in the minutes.

ARTICLE III. OFFICERS

Section 1. Number. The officers of the Railroad shall be a chairman, one or more vice chairmen (the number and exact designation thereof and the separate functions to be determined by the board if there is more than one), an executive director, if one is appointed by the chairman, a president, a counsel, other senior officials (the number and exact designation thereof and the separate functions to be determined by the chairman), and a secretary. The chairman shall be appointed and shall serve as provided by law. The vice chairmen shall be appointed by the board, upon recommendation by the Chairman, and shall serve at its pleasure. The executive director, if one is appointed by the chairman, and the president shall serve at the pleasure of the chairman. Other senior officials, the counsel, and the secretary shall be appointed by the chairman and shall serve at the pleasure of the chairman. Such other officials or employees as may be deemed necessary may be appointed by the chairman, and each shall serve at the pleasure of the chairman.

Section 2. Chairman. (a) The chairman shall serve as the chairman of the board of the Railroad and as the chief executive officer of the Railroad. The chairman shall be responsible for providing leadership to the board as it oversees the management of the Railroad. The chairman shall preside at all meetings of the board. The chairman may delegate any or all of his or her powers relating to the leadership of the board to a vice-chairman. In the event of a tie vote, the chairman may cast an additional vote.

(b) The chairman shall also serve as the chief executive officer of the Railroad. As chief executive officer of the Railroad, the chairman shall be responsible for the discharge of the executive and administrative functions and powers of the Railroad.

Section 3. The Vice Chairman. In the event of the chairman's death or inability to act, or in the event the position of chairman is for any other reason vacant, a vice chairman designated by the board shall perform the duties of the chairman and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Such powers and duties shall terminate upon the appointment by the Governor of a successor chairman as provided by law or upon the cessation of the chairman's inability to act.

Section 4. Such Other Officials and Employees. The chairman may, in his or her judgment, appoint such other officials and employees, including an executive director, as shall in his or her judgment be needed to discharge the executive and administrative functions and powers of the Railroad. The chairman may delegate such of his or her powers relating to the discharge of the executive and

administrative functions, including the administration and day to day operations of the Railroad as the chairman may deem appropriate to such other officials and employees.

Section 5. The President. The president shall have primary responsibility for the general management and operation of the Railroad and shall have such additional executive and administrative functions and powers as may be delegated to him or her by the chairman.

Section 6. The Secretary. The secretary shall keep the minutes of the proceedings of the board, see that all notices are duly given as required by law, be custodian of the corporate records and of the seal of the Railroad, see to it that the seal of the Railroad is affixed to all documents the execution of which on behalf of the Railroad under its seal is duly authorized, and in general shall perform all duties incident to the office of secretary. The chairman may appoint one or more assistant secretaries who may perform the duties of the secretary in the event of the absence, disability or incapacity of the secretary.

Section 7. Salaries. The salaries fixed by the chairman for those officers and employees appointed by the chairman shall at all times be within the amounts budgeted therefore by the board.

ARTICLE IV. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Railroad, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Railroad and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Railroad shall be signed by such officer or officers, agent or agents of the Railroad and in such manner as shall from time to time be determined by resolution of the board.

Section 4. Deposits. All funds of the Railroad not otherwise employed shall be deposited from time to time to the credit of the Railroad in such banks, trust companies or other depositories as the board may select.

ARTICLE V. FISCAL YEAR

The fiscal year of the Railroad shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE VI. CORPORATE SEAL

The board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Railroad and the words "Corporate Seal".

ARTICLE VII. INDEMNIFICATION

The Railroad shall save harmless and indemnify any person (or his or her estate) who shall have served as a member, officer or employee of the Railroad or of a subsidiary of the Railroad against financial loss, including punitive damages, or litigation expense incurred in connection with any claim, demand, suit, action or proceeding, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Railroad or of a subsidiary of the Railroad, or (b) any act or failure to act by any such member, officer or employee while engaged in the discharge of his or her duties on behalf of the Railroad or its subsidiaries, or the discharge of his or her duties as a fiduciary of a benefit plan for Railroad employees or employees of a subsidiary of the Railroad. In the event any such claim, demand, suit, action or proceeding shall occur, such member, officer or employee shall be saved harmless and indemnified as herein provided unless such individual is determined by the Railroad or its designee not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Railroad or of its subsidiaries or affiliates, and, in criminal actions or proceedings, in addition, not to have had reasonable cause to believe that his or her conduct was lawful. The provisions of this Article shall inure only to the members, officers and employees of the Railroad or of its subsidiaries, and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance. The foregoing shall be conditional on (a) the prompt delivery to the Railroad of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding; and, in civil cases only, (b) a contemporaneous offer to name counsel to the Railroad as counsel to the member, officer or employee in the defense of such claim, demand, suit, action or proceeding; (c) the full cooperation of the member, officer or employee, in the event the offer is accepted, in making of such defense; and (d) an agreement that the Railroad may enter into a settlement on behalf of the member, officer or employee. If the Railroad or its designee determines that the defense shall not be provided by counsel for the Railroad because of a conflict of interests or other grounds warranting separate counsel, the member, officer or employee may select another attorney and the Railroad shall pay reasonable attorney's fees and expenses incurred by or on behalf of such member, officer or employee represented by outside counsel. The Railroad's payment of such fees

and expenses may be conditioned upon the member, officer or employee's agreement that more than one member, officer or employee shall be represented by the same counsel. The provisions of Section 18 of the Public Officers Law relating to defense and indemnification shall supplement and be available in addition to the provisions of this Article; provided, however, that in the event of any conflict between the substantive provisions of this Article and those of Section 18 of the Public Officers Law, the provisions that afford the greater protection to such members, officers and employees shall control. In the event that the chairman or other member requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor is entitled to indemnification under the by-law, such request shall be submitted to the board for determination. In the event that an officer or employee, other than the chairman, requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor may be entitled to indemnification under the by-law, such request shall be submitted to the chairman or his or her designee for determination. The provisions of this Article replace and supersede the provisions of the prior Article VII governing Indemnification, and govern any claim, demand, suit, action or proceeding that is pending as of the date of the adoption of this Article.

ARTICLE VIII. AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board at any regular or special meeting as to which nature of the proposed alterations, amendments or repeals have been sent in writing to the members of the board together with the notice of meeting if it is a special meeting or if at a regular meeting at least seventy-two hours in advance of such regular meeting.

BY-LAWS NEW YORK CITY TRANSIT AUTHORITY

ARTICLE 1. OFFICES

The principal office of the New York City Transit Authority (the "Authority") shall be located in the City of New York, County of Kings. The Authority may have such other offices as the board may designate or as the business of the Authority may require from time to time.

ARTICLE II. THE BOARD

Section 1. General Affairs. The business and affairs of the Authority shall be managed by its board.

Section 2. Number, Tenure and Qualifications. The Authority ("the board" or "the board of the Authority") as used herein shall consist of all of those persons who from time to time hold office as chairman or members of the Metropolitan Transportation Authority pursuant to §1263 of the Public Authorities Law of the State of New York. Each member shall hold office for the term established by law and until his successor shall have been appointed and qualified. Members shall meet all requirements of law respecting their qualification for office.

Section 3. Regular Meetings. Regular meetings of the board shall be held without other notice than these by-laws at 10:00 A.M. on the fourth Wednesday of each month except that there shall be no regular meeting in the month of August and except that in the months of November and December the regular meetings shall be held on the third Wednesday of the month. The board may provide by resolution for the time and place for the holding of additional regular meetings without other notice than such resolution. The chairman may adjust the date and time of any regular meeting by written notice provided to members at least forty-eight hours prior to such adjusted date and time. Such written notice shall be provided to members by the same means required by Section 4(b) of Article II of these by-Laws for delivery of notice to members of special meetings.

Section 4. Special Meetings. (a) Special meetings of the board may be called by the chairman or, in his or her absence or in case of his or her disability, a vice chairman. In addition, a special meeting of the board shall be called by the secretary or in his or her absence by an assistant secretary upon the request of any two members. The person or persons authorized to call special meetings of the board may fix the time and any place within the City of New York as the place for holding any special meeting of the board called or requested by them.

(b) Written notice of each special meeting shall be given by the chairman or secretary or by an assistant secretary, specifying the time and place of the meeting. Such notice shall be addressed to each member at the

member's postal address on record with the Authority and deposited with the U.S. Postal Service at least forty-eight hours prior to the time fixed for such meeting, and in addition, sent by facsimile or email to each member having a facsimile number or email address on record with the Authority at least forty-eight hours prior to the time fixed for such special meeting. Such notice shall state the purpose of such meeting, and no business other than that stated in the notice shall be transacted at such special meeting unless every member of the Authority then in office is present, and it is unanimously agreed to consider matters other than those specifically provided for in the notice of such meeting. Notwithstanding the foregoing, in the event of an emergency the chairman may call a special meeting without advance notice and by means other than the delivery of a writing to the members.

Section 5. Open Meetings. All meetings of the board shall be conducted in compliance with the provisions of the Open Meetings Law, being Chapter 511 of the Laws of 1976, as amended, and with all rules and regulations promulgated thereunder.

Section 6. Quorum. A majority of the whole number of voting members of the board as defined in §1263 (1) (a) of the Public Authorities Law of the State of New York then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Authority. Those members of the board appointed upon the recommendation of the chief executive officers of Dutchess, Orange, Putnam and Rockland counties (the "Hudson Valley Member" or "Hudson Valley Members") shall be considered to be a single member, and the presence of that member for purposes of determining a quorum shall be ascertained pursuant to section 10 of this article. Except as otherwise specified by law, for the transaction of any business or exercise of any power of the Authority, the Authority shall have power to act by a majority of the voting members of the board present at any meeting at which a quorum is in attendance with the chairman having one additional vote in the event of a tie vote. For purposes of determining a tie vote, an abstention shall be counted as a vote against a motion. If a meeting is validly called but a quorum is not present, a majority of the members of the board then present may adjourn the meeting from time to time without further notice.

Section 7. Attendance at Meetings. (a) Any one or more members of the board or of a committee thereof may attend a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons attending the meeting to hear each other at the same time; however, attendance by such means shall not constitute presence at a meeting for the purposes of section 6, section 8 or section 10 of this Article.

(b) Notwithstanding the provisions of Section 7(a), a member's attendance by means of videoconferencing shall constitute presence at a meeting for any purposes of this Article, *provided* (i) the public notice given for

such a meeting of such board or committee states that videoconferencing would be used to conduct the meeting and identifies each location at which members may attend the meeting; and (ii) at each such location, opportunity for public attendance at the meeting is provided.

Section 8. Presumption of Assent. A member of the board who is present at a meeting of the board at which action on any matter is taken shall be presumed to have assented to the action taken unless his abstention or dissent is stated at the meeting, which dissent or abstention shall be duly entered in the minutes of the meeting.

Section 9. Committees. The chairman may establish one or more committees of the board, each committee to consist of one or more of the members and each of which committees shall have and may exercise the powers conferred upon it by the chairman. Such committees shall have such names as shall be given them by the chairman. The chairman shall also establish such committees of the board as shall be mandated by law. Except in an emergency, the chairman and each board member shall be given advance written notice of the time and place of any meeting of any committee of the board.

Section 10. Quorum and Voting for members of the Board from the counties of Dutchess, Orange, Putnam and Rockland.

(a) The Hudson Valley Members shall be considered to be a single member. For the purposes of determining a quorum, such single voting member shall be considered present if one or more Hudson Valley Members is present.

(b) The single collective vote of the Hudson Valley Members shall be determined as follows:

(i) if at least three Hudson Valley Members are then in office: (A) if one such member is present, the single collective vote shall be recognized; (B) if two or more such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such member; (C) if two or more such members are present and two or more such members vote, the majority vote shall be recognized as the single collective vote; and (D) if two or more such members are present and two or more of such members vote but no majority is achieved, the single collective vote shall not be recognized; and

(ii) if two or one Hudson Valley Member(s) are then in office: (A) if one such member is present, the single collective vote shall be recognized as the vote of such voting member; (B) if two such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such voting member; and (C) if two such members are present and both vote, only a unanimous vote shall be recognized as the single collective vote.

To evidence the single collective vote, each such member that is present may be polled as to his vote and such poll shall be recorded in the minutes.

ARTICLE III. OFFICERS

Section 1. Number. The officers of the Authority shall be a chairman, one or more vice chairmen (the number and exact designation thereof and the separate functions to be determined by the board if there is more than one), an executive director, if one is appointed by the chairman, a president, a counsel, other senior officials (the number and exact designation thereof and the separate functions to be determined by the chairman), and a secretary. The chairman shall be appointed and shall serve as provided by law. The vice chairmen shall be appointed by the board, upon recommendation by the Chairman, and shall serve at its pleasure. The executive director, if one is appointed by the chairman, and the president shall serve at the pleasure of the chairman. Other senior officials, the counsel, and the secretary shall be appointed by the chairman and shall serve at the pleasure of the chairman. Such other officials or employees as may be deemed necessary may be appointed by the chairman, and each shall serve at the pleasure of the chairman.

Section 2. Chairman. (a) The chairman shall serve as the chairman of the board of the Authority and as the chief executive officer of the Authority. The chairman shall be responsible for providing leadership to the board as it oversees the management of the Authority. The chairman shall preside at all meetings of the board. The chairman may delegate any or all of his or her powers relating to the leadership of the board to a vice-chairman. In the event of a tie vote, the chairman may cast an additional vote.

(b) The chairman shall also serve as the chief executive officer of the Authority. As chief executive officer of the Authority, the chairman shall be responsible for the discharge of the executive and administrative functions and powers of the Authority.

Section 3. The Vice Chairman. In the event of the chairman's death or inability to act, or in the event the position of chairman is for any other reason vacant, a vice chairman designated by the board shall perform the duties of the chairman and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Such powers and duties shall terminate upon the appointment by the Governor of a successor chairman as provided by law or upon the cessation of the chairman's inability to act.

Section 4. Such Other Officials and Employees. The chairman may, in his or her judgment, appoint such other officials and employees, including an executive director, as shall in his or her judgment be needed to discharge the executive and administrative functions and powers of the Authority. The chairman may delegate such of his or her powers relating to the discharge of the executive and

administrative functions, including the administration and day to day operations of the Authority as the chairman may deem appropriate to such other officials and employees.

Section 5. The President. The president shall have primary responsibility for the general management and operation of the Authority and shall have such additional executive and administrative functions and powers as may be delegated to him or her by the chairman.

Section 6. The Secretary. The secretary shall keep the minutes of the proceedings of the board, see that all notices are duly given as required by law, be custodian of the corporate records and of the seal of the Authority, see to it that the seal of the Authority is affixed to all documents the execution of which on behalf of the Authority under its seal is duly authorized, and in general shall perform all duties incident to the office of secretary. The chairman may appoint one or more assistant secretaries who may perform the duties of the secretary in the event of the absence, disability or incapacity of the secretary.

Section 7. Salaries. The salaries fixed by the chairman for those officers and employees appointed by the chairman shall at all times be within the amounts budgeted therefore by the board.

ARTICLE IV. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Authority and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Authority shall be signed by such officer or officers, agent or agents of the Authority and in such manner as shall from time to time be determined by resolution of the board.

Section 4. Deposits. All funds of the Authority not otherwise employed shall be deposited from time to time to the credit of the Authority in such banks, trust companies or other depositories as the board may select.

ARTICLE V. FISCAL YEAR

The fiscal year of the Authority shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE VI. CORPORATE SEAL

The board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Authority and the words "Corporate Seal".

ARTICLE VII. INDEMNIFICATION

The Authority shall save harmless and indemnify any person (or his or her estate) who shall have served as a member, officer or employee of the Authority or of a subsidiary of the Authority against financial loss, including punitive damages, or litigation expense incurred in connection with any claim, demand, suit, action or proceeding, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Authority or of a subsidiary of the Authority, or (b) any act or failure to act by any such member, officer or employee while engaged in the discharge of his or her duties on behalf of the Authority or its subsidiaries, or the discharge of his or her duties as a fiduciary of a benefit plan for Authority employees or employees of a subsidiary of the Authority. In the event any such claim, demand, suit, action or proceeding shall occur, such member, officer or employee shall be saved harmless and indemnified as herein provided unless such individual is determined by the Authority or its designee not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Authority or of its subsidiaries or affiliates, and, in criminal actions or proceedings, in addition, not to have had reasonable cause to believe that his or her conduct was lawful. The provisions of this Article shall inure only to the members, officers and employees of the Authority or of its subsidiaries, and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance. The foregoing shall be conditional on (a) the prompt delivery to the Authority of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding; and, in civil cases only, (b) a contemporaneous offer to name counsel to the Authority as counsel to the member, officer or employee in the defense of such claim, demand, suit, action or proceeding; (c) the full cooperation of the member, officer or employee, in the event the offer is accepted, in making of such defense; and (d) an agreement that the Authority may enter into a settlement on behalf of the member, officer or employee. If the Authority or its designee determines that the defense shall not be provided by counsel for the Authority because of a conflict of interests or other grounds warranting separate counsel, the member, officer or employee may select another attorney and the Authority shall pay reasonable attorney's fees and

expenses incurred by or on behalf of such member, officer or employee represented by outside counsel. The Authority's payment of such fees and expenses may be conditioned upon the member, officer or employee's agreement that more than one member, officer or employee shall be represented by the same counsel. The provisions of Section 18 of the Public Officers Law relating to defense and indemnification shall supplement and be available in addition to the provisions of this Article; provided, however, that in the event of any conflict between the substantive provisions of this Article and those of Section 18 of the Public Officers Law, the provisions that afford the greater protection to such members, officers and employees shall control. In the event that the chairman or other member requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor is entitled to indemnification under the by-law, such request shall be submitted to the board for determination. In the event that an officer or employee, other than the chairman, requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor may be entitled to indemnification under the by-law, such request shall be submitted to the chairman or his or her designee for determination. The provisions of this Article replace and supersede the provisions of the prior Article VII governing Indemnification, and govern any claim, demand, suit, action or proceeding that is pending as of the date of the adoption of this Article.

ARTICLE VIII. AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board at any regular or special meeting as to which nature of the proposed alterations, amendments or repeals have been sent in writing to the members of the board together with the notice of meeting if it is a special meeting or if at a regular meeting at least seventy-two hours in advance of such regular meeting.

BY-LAWS

STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY

ARTICLE 1. OFFICES

The principal office of the Staten Island Rapid Transit Operating Authority (the "Authority") shall be located in the City of New York, County of Kings. The Authority may have such other offices as the board may designate or as the business of the Authority may require from time to time.

ARTICLE II. THE BOARD

Section 1. General Affairs. The business and affairs of the Authority shall be managed by its board.

Section 2. Number, Tenure and Qualifications. The Authority ("the board" or "the board of the Authority") as used herein shall consist of all of those persons who from time to time hold office as chairman or members of the Metropolitan Transportation Authority pursuant to §1263 of the Public Authorities Law of the State of New York. Each member shall hold office for the term established by law and until his successor shall have been appointed and qualified. Members shall meet all requirements of law respecting their qualification for office.

Section 3. Regular Meetings. Regular meetings of the board shall be held without other notice than these by-laws at 10:00 A.M. on the fourth Wednesday of each month except that there shall be no regular meeting in the month of August and except that in the months of November and December the regular meetings shall be held on the third Wednesday of the month. The board may provide by resolution for the time and place for the holding of additional regular meetings without other notice than such resolution. The chairman may adjust the date and time of any regular meeting by written notice provided to members at least forty-eight hours prior to such adjusted date and time. Such written notice shall be provided to members by the same means required by Section 4(b) of Article II of these by-Laws for delivery of notice to members of special meetings.

Section 4. Special Meetings. (a) Special meetings of the board may be called by the chairman or, in his or her absence or in case of his or her disability, a vice chairman. In addition, a special meeting of the board shall be called by the secretary or in his or her absence by an assistant secretary upon the request of any two members. The person or persons authorized to call special meetings of the board may fix the time and any place within the City of New York as the place for holding any special meeting of the board called or requested by them.

(b) Written notice of each special meeting shall be given by the chairman or secretary or by an assistant secretary, specifying the time and place of the meeting. Such notice shall be addressed to each member at the

member's postal address on record with the Authority and deposited with the U.S. Postal Service at least forty-eight hours prior to the time fixed for such meeting, and in addition, sent by facsimile or email to each member having a facsimile number or email address on record with the Authority at least forty-eight hours prior to the time fixed for such special meeting. Such notice shall state the purpose of such meeting, and no business other than that stated in the notice shall be transacted at such special meeting unless every member of the Authority then in office is present, and it is unanimously agreed to consider matters other than those specifically provided for in the notice of such meeting. Notwithstanding the foregoing, in the event of an emergency the chairman may call a special meeting without advance notice and by means other than the delivery of a writing to the members.

Section 5. Open Meetings. All meetings of the board shall be conducted in compliance with the provisions of the Open Meetings Law, being Chapter 511 of the Laws of 1976, as amended, and with all rules and regulations promulgated thereunder.

Section 6. Quorum. A majority of the whole number of voting members of the board as defined in §1263 (1) (a) of the Public Authorities Law of the State of New York then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Authority. Those members of the board appointed upon the recommendation of the chief executive officers of Dutchess, Orange, Putnam and Rockland counties (the "Hudson Valley Member" or "Hudson Valley Members") shall be considered to be a single member, and the presence of that member for purposes of determining a quorum shall be ascertained pursuant to section 10 of this article. Except as otherwise specified by law, for the transaction of any business or exercise of any power of the Authority, the Authority shall have power to act by a majority of the voting members of the board present at any meeting at which a quorum is in attendance with the chairman having one additional vote in the event of a tie vote. For purposes of determining a tie vote, an abstention shall be counted as a vote against a motion. If a meeting is validly called but a quorum is not present, a majority of the members of the board then present may adjourn the meeting from time to time without further notice.

Section 7. Attendance at Meetings. (a) Any one or more members of the board or of a committee thereof may attend a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons attending the meeting to hear each other at the same time; however, attendance by such means shall not constitute presence at a meeting for the purposes of section 6, section 8 or section 10 of this Article.

(b) Notwithstanding the provisions of Section 7(a), a member's attendance by means of videoconferencing shall constitute presence at a meeting for any purposes of this Article, *provided* (i) the public notice given for

such a meeting of such board or committee states that videoconferencing would be used to conduct the meeting and identifies each location at which members may attend the meeting; and (ii) at each such location, opportunity for public attendance at the meeting is provided.

Section 8. Presumption of Assent. A member of the board who is present at a meeting of the board at which action on any matter is taken shall be presumed to have assented to the action taken unless his abstention or dissent is stated at the meeting, which dissent or abstention shall be duly entered in the minutes of the meeting.

Section 9. Committees. The chairman may establish one or more committees of the board, each committee to consist of one or more of the members and each of which committees shall have and may exercise the powers conferred upon it by the chairman. Such committees shall have such names as shall be given them by the chairman. The chairman shall also establish such committees of the board as shall be mandated by law. Except in an emergency, the chairman and each board member shall be given advance written notice of the time and place of any meeting of any committee of the board.

Section 10. Quorum and Voting for members of the Board from the counties of Dutchess, Orange, Putnam and Rockland.

(a) The Hudson Valley Members shall be considered to be a single member. For the purposes of determining a quorum, such single voting member shall be considered present if one or more Hudson Valley Members is present.

(b) The single collective vote of the Hudson Valley Members shall be determined as follows:

(i) if at least three Hudson Valley Members are then in office: (A) if one such member is present, the single collective vote shall be recognized; (B) if two or more such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such member; (C) if two or more such members are present and two or more such members vote, the majority vote shall be recognized as the single collective vote; and (D) if two or more such members are present and two or more of such members vote but no majority is achieved, the single collective vote shall not be recognized; and

(ii) if two or one Hudson Valley Member(s) are then in office: (A) if one such member is present, the single collective vote shall be recognized as the vote of such voting member; (B) if two such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such voting member; and (C) if two such members are present and both vote, only a unanimous vote shall be recognized as the single collective vote.

To evidence the single collective vote, each such member that is present may be polled as to his vote and such poll shall be recorded in the minutes.

ARTICLE III. OFFICERS

Section 1. Number. The officers of the Authority shall be a chairman, one or more vice chairmen (the number and exact designation thereof and the separate functions to be determined by the board if there is more than one), an executive director, if one is appointed by the chairman, a president, a counsel, other senior officials (the number and exact designation thereof and the separate functions to be determined by the chairman), and a secretary. The chairman shall be appointed and shall serve as provided by law. The vice chairmen shall be appointed by the board, upon recommendation by the Chairman, and shall serve at its pleasure. The executive director, if one is appointed by the chairman, and the president shall serve at the pleasure of the chairman. Other senior officials, the counsel, and the secretary shall be appointed by the chairman and shall serve at the pleasure of the chairman. Such other officials or employees as may be deemed necessary may be appointed by the chairman, and each shall serve at the pleasure of the chairman.

Section 2. Chairman. (a) The chairman shall serve as the chairman of the board of the Authority and as the chief executive officer of the Authority. The chairman shall be responsible for providing leadership to the board as it oversees the management of the Authority. The chairman shall preside at all meetings of the board. The chairman may delegate any or all of his or her powers relating to the leadership of the board to a vice-chairman. In the event of a tie vote, the chairman may cast an additional vote.

(b) The chairman shall also serve as the chief executive officer of the Authority. As chief executive officer of the Authority, the chairman shall be responsible for the discharge of the executive and administrative functions and powers of the Authority.

Section 3. The Vice Chairman. In the event of the chairman's death or inability to act, or in the event the position of chairman is for any other reason vacant, a vice chairman designated by the board shall perform the duties of the chairman and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Such powers and duties shall terminate upon the appointment by the Governor of a successor chairman as provided by law or upon the cessation of the chairman's inability to act.

Section 4. Such Other Officials and Employees. The chairman may, in his or her judgment, appoint such other officials and employees, including an executive director, as shall in his or her judgment be needed to discharge the executive and administrative functions and powers of the Authority. The chairman may delegate such of his or her powers relating to the discharge of the executive and

administrative functions, including the administration and day to day operations of the Authority as the chairman may deem appropriate to such other officials and employees.

Section 5. The President. The president shall have primary responsibility for the general management and operation of the Authority and shall have such additional executive and administrative functions and powers as may be delegated to him or her by the chairman.

Section 6. The Secretary. The secretary shall keep the minutes of the proceedings of the board, see that all notices are duly given as required by law, be custodian of the corporate records and of the seal of the Authority, see to it that the seal of the Authority is affixed to all documents the execution of which on behalf of the Authority under its seal is duly authorized, and in general shall perform all duties incident to the office of secretary. The chairman may appoint one or more assistant secretaries who may perform the duties of the secretary in the event of the absence, disability or incapacity of the secretary.

Section 7. Salaries. The salaries fixed by the chairman for those officers and employees appointed by the chairman shall at all times be within the amounts budgeted therefore by the board.

ARTICLE IV. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Authority and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Authority shall be signed by such officer or officers, agent or agents of the Authority and in such manner as shall from time to time be determined by resolution of the board.

Section 4. Deposits. All funds of the Authority not otherwise employed shall be deposited from time to time to the credit of the Authority in such banks, trust companies or other depositories as the board may select.

ARTICLE V. FISCAL YEAR

The fiscal year of the Authority shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE VI. CORPORATE SEAL

The board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Authority and the words "Corporate Seal".

ARTICLE VII. INDEMNIFICATION

The Authority shall save harmless and indemnify any person (or his or her estate) who shall have served as a member, officer or employee of the Authority or of a subsidiary of the Authority against financial loss, including punitive damages, or litigation expense incurred in connection with any claim, demand, suit, action or proceeding, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Authority or of a subsidiary of the Authority, or (b) any act or failure to act by any such member, officer or employee while engaged in the discharge of his or her duties on behalf of the Authority or its subsidiaries, or the discharge of his or her duties as a fiduciary of a benefit plan for Authority employees or employees of a subsidiary of the Authority. In the event any such claim, demand, suit, action or proceeding shall occur, such member, officer or employee shall be saved harmless and indemnified as herein provided unless such individual is determined by the Authority or its designee not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Authority or of its subsidiaries or affiliates, and, in criminal actions or proceedings, in addition, not to have had reasonable cause to believe that his or her conduct was lawful. The provisions of this Article shall inure only to the members, officers and employees of the Authority or of its subsidiaries, and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance. The foregoing shall be conditional on (a) the prompt delivery to the Authority of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding; and, in civil cases only, (b) a contemporaneous offer to name counsel to the Authority as counsel to the member, officer or employee in the defense of such claim, demand, suit, action or proceeding; (c) the full cooperation of the member, officer or employee, in the event the offer is accepted, in making of such defense; and (d) an agreement that the Authority may enter into a settlement on behalf of the member, officer or employee. If the Authority or its designee determines that the defense shall not be provided by counsel for the Authority because of a conflict of interests or other grounds warranting separate counsel, the member, officer or employee may select another attorney and the Authority shall pay reasonable attorney's fees and

expenses incurred by or on behalf of such member, officer or employee represented by outside counsel. The Authority's payment of such fees and expenses may be conditioned upon the member, officer or employee's agreement that more than one member, officer or employee shall be represented by the same counsel. The provisions of Section 18 of the Public Officers Law relating to defense and indemnification shall supplement and be available in addition to the provisions of this Article; provided, however, that in the event of any conflict between the substantive provisions of this Article and those of Section 18 of the Public Officers Law, the provisions that afford the greater protection to such members, officers and employees shall control. In the event that the chairman or other member requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor is entitled to indemnification under the by-law, such request shall be submitted to the board for determination. In the event that an officer or employee, other than the chairman, requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor may be entitled to indemnification under the by-law, such request shall be submitted to the chairman or his or her designee for determination. The provisions of this Article replace and supersede the provisions of the prior Article VII governing Indemnification, and govern any claim, demand, suit, action or proceeding that is pending as of the date of the adoption of this Article.

ARTICLE VIII. AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board at any regular or special meeting as to which nature of the proposed alterations, amendments or repeals have been sent in writing to the members of the board together with the notice of meeting if it is a special meeting or if at a regular meeting at least seventy-two hours in advance of such regular meeting.

BY-LAWS TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

ARTICLE 1. OFFICES

The principal office of the Triborough Bridge and Tunnel Authority (the "Authority") shall be located in the City of New York, County of New York. The Authority may have such other offices as the board may designate or as the business of the Authority may require from time to time.

ARTICLE II. THE BOARD

Section 1. General Affairs. The business and affairs of the Authority shall be managed by its board.

Section 2. Number, Tenure and Qualifications. The Authority ("the board" or "the board of the Authority") as used herein shall consist of all of those persons who from time to time hold office as chairman or members of the Metropolitan Transportation Authority pursuant to §1263 of the Public Authorities Law of the State of New York. Each member shall hold office for the term established by law and until his successor shall have been appointed and qualified. Members shall meet all requirements of law respecting their qualification for office.

Section 3. Regular Meetings. Regular meetings of the board shall be held without other notice than these by-laws at 10:00 A.M. on the fourth Wednesday of each month except that there shall be no regular meeting in the month of August and except that in the months of November and December the regular meetings shall be held on the third Wednesday of the month. The board may provide by resolution for the time and place for the holding of additional regular meetings without other notice than such resolution. The chairman may adjust the date and time of any regular meeting by written notice provided to members at least forty-eight hours prior to such adjusted date and time. Such written notice shall be provided to members by the same means required by Section 4(b) of Article II of these by-Laws for delivery of notice to members of special meetings.

Section 4. Special Meetings. (a) Special meetings of the board may be called by the chairman or, in his or her absence or in case of his or her disability, a vice chairman. In addition, a special meeting of the board shall be called by the secretary or in his or her absence by an assistant secretary upon the request of any two members. The person or persons authorized to call special meetings of the board may fix the time and any place within the City of New York as the place for holding any special meeting of the board called or requested by them.

(b) Written notice of each special meeting shall be given by the chairman or secretary or by an assistant secretary, specifying the time and place of the meeting. Such notice shall be addressed to each member at the

member's postal address on record with the Authority and deposited with the U.S. Postal Service at least forty-eight hours prior to the time fixed for such meeting, and in addition, sent by facsimile or email to each member having a facsimile number or email address on record with the Authority at least forty-eight hours prior to the time fixed for such special meeting. Such notice shall state the purpose of such meeting, and no business other than that stated in the notice shall be transacted at such special meeting unless every member of the Authority then in office is present, and it is unanimously agreed to consider matters other than those specifically provided for in the notice of such meeting. Notwithstanding the foregoing, in the event of an emergency the chairman may call a special meeting without advance notice and by means other than the delivery of a writing to the members.

Section 5. Open Meetings. All meetings of the board shall be conducted in compliance with the provisions of the Open Meetings Law, being Chapter 511 of the Laws of 1976, as amended, and with all rules and regulations promulgated thereunder.

Section 6. Quorum. A majority of the whole number of voting members of the board as defined in §1263 (1) (a) of the Public Authorities Law of the State of New York then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Authority. Those members of the board appointed upon the recommendation of the chief executive officers of Dutchess, Orange, Putnam and Rockland counties (the "Hudson Valley Member" or "Hudson Valley Members") shall be considered to be a single member, and the presence of that member for purposes of determining a quorum shall be ascertained pursuant to section 10 of this article. Except as otherwise specified by law, for the transaction of any business or exercise of any power of the Authority, the Authority shall have power to act by a majority of the voting members of the board present at any meeting at which a quorum is in attendance with the chairman having one additional vote in the event of a tie vote. For purposes of determining a tie vote, an abstention shall be counted as a vote against a motion. If a meeting is validly called but a quorum is not present, a majority of the members of the board then present may adjourn the meeting from time to time without further notice.

Section 7. Attendance at Meetings. (a) Any one or more members of the board or of a committee thereof may attend a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons attending the meeting to hear each other at the same time; however, attendance by such means shall not constitute presence at a meeting for the purposes of section 6, section 8 or section 10 of this Article.

(b) Notwithstanding the provisions of Section 7(a), a member's attendance by means of videoconferencing shall constitute presence at a meeting for any purposes of this Article, *provided* (i) the public notice given for

such a meeting of such board or committee states that videoconferencing would be used to conduct the meeting and identifies each location at which members may attend the meeting; and (ii) at each such location, opportunity for public attendance at the meeting is provided.

Section 8. Presumption of Assent. A member of the board who is present at a meeting of the board at which action on any matter is taken shall be presumed to have assented to the action taken unless his abstention or dissent is stated at the meeting, which dissent or abstention shall be duly entered in the minutes of the meeting.

Section 9. Committees. The chairman may establish one or more committees of the board, each committee to consist of one or more of the members and each of which committees shall have and may exercise the powers conferred upon it by the chairman. Such committees shall have such names as shall be given them by the chairman. The chairman shall also establish such committees of the board as shall be mandated by law. Except in an emergency, the chairman and each board member shall be given advance written notice of the time and place of any meeting of any committee of the board.

Section 10. Quorum and Voting for members of the Board from the counties of Dutchess, Orange, Putnam and Rockland.

(a) The Hudson Valley Members shall be considered to be a single member. For the purposes of determining a quorum, such single voting member shall be considered present if one or more Hudson Valley Members is present.

(b) The single collective vote of the Hudson Valley Members shall be determined as follows:

(i) if at least three Hudson Valley Members are then in office: (A) if one such member is present, the single collective vote shall be recognized; (B) if two or more such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such member; (C) if two or more such members are present and two or more such members vote, the majority vote shall be recognized as the single collective vote; and (D) if two or more such members are present and two or more of such members vote but no majority is achieved, the single collective vote shall not be recognized; and

(ii) if two or one Hudson Valley Member(s) are then in office: (A) if one such member is present, the single collective vote shall be recognized as the vote of such voting member; (B) if two such members are present but only one such member votes, the single collective vote shall be recognized as the vote of such voting member; and (C) if two such members are present and both vote, only a unanimous vote shall be recognized as the single collective vote.

To evidence the single collective vote, each such member that is present may be polled as to his vote and such poll shall be recorded in the minutes.

ARTICLE III. OFFICERS

Section 1. Number. The officers of the Authority shall be a chairman, one or more vice chairmen (the number and exact designation thereof and the separate functions to be determined by the board if there is more than one), an executive director, if one is appointed by the chairman, a president, a counsel, other senior officials (the number and exact designation thereof and the separate functions to be determined by the chairman), and a secretary. The chairman shall be appointed and shall serve as provided by law. The vice chairmen shall be appointed by the board, upon recommendation by the Chairman, and shall serve at its pleasure. The executive director, if one is appointed by the chairman, and the president shall serve at the pleasure of the chairman. Other senior officials, the counsel, and the secretary shall be appointed by the chairman and shall serve at the pleasure of the chairman. Such other officials or employees as may be deemed necessary may be appointed by the chairman, and each shall serve at the pleasure of the chairman.

Section 2. Chairman. (a) The chairman shall serve as the chairman of the board of the Authority and as the chief executive officer of the Authority. The chairman shall be responsible for providing leadership to the board as it oversees the management of the Authority. The chairman shall preside at all meetings of the board. The chairman may delegate any or all of his or her powers relating to the leadership of the board to a vice-chairman. In the event of a tie vote, the chairman may cast an additional vote.

(b) The chairman shall also serve as the chief executive officer of the Authority. As chief executive officer of the Authority, the chairman shall be responsible for the discharge of the executive and administrative functions and powers of the Authority.

Section 3. The Vice Chairman. In the event of the chairman's death or inability to act, or in the event the position of chairman is for any other reason vacant, a vice chairman designated by the board shall perform the duties of the chairman and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman. Such powers and duties shall terminate upon the appointment by the Governor of a successor chairman as provided by law or upon the cessation of the chairman's inability to act.

Section 4. Such Other Officials and Employees. The chairman may, in his or her judgment, appoint such other officials and employees, including an executive director, as shall in his or her judgment be needed to discharge the executive and administrative functions and powers of the Authority. The chairman may delegate such of his or her powers relating to the discharge of the executive and

administrative functions, including the administration and day to day operations of the Authority as the chairman may deem appropriate to such other officials and employees.

Section 5. The President. The president shall have primary responsibility for the general management and operation of the Authority and shall have such additional executive and administrative functions and powers as may be delegated to him or her by the chairman.

Section 6. The Secretary. The secretary shall keep the minutes of the proceedings of the board, see that all notices are duly given as required by law, be custodian of the corporate records and of the seal of the Authority, see to it that the seal of the Authority is affixed to all documents the execution of which on behalf of the Authority under its seal is duly authorized, and in general shall perform all duties incident to the office of secretary. The chairman may appoint one or more assistant secretaries who may perform the duties of the secretary in the event of the absence, disability or incapacity of the secretary.

Section 7. Salaries. The salaries fixed by the chairman for those officers and employees appointed by the chairman shall at all times be within the amounts budgeted therefore by the board.

ARTICLE IV. CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such authority may be general or confined to specific instances.

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Section 4. Deposits. All funds of the Authority not otherwise employed shall be deposited from time to time to the credit of the Authority in such banks, trust companies or other depositories as the board may select.

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The fiscal year of the Authority shall begin on the first day of January and end on the thirty-first day of December in each year.

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The board shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Authority and the words "Corporate Seal".

ARTICLE VII. INDEMNIFICATION

The Authority shall save harmless and indemnify any person (or his or her estate) who shall have served as a member, officer or employee of the Authority or of a subsidiary of the Authority against financial loss, including punitive damages, or litigation expense incurred in connection with any claim, demand, suit, action or proceeding, whether civil or criminal, or the defense thereof, and arising out of (a) any transaction of the Authority or of a subsidiary of the Authority, or (b) any act or failure to act by any such member, officer or employee while engaged in the discharge of his or her duties on behalf of the Authority or its subsidiaries, or the discharge of his or her duties as a fiduciary of a benefit plan for Authority employees or employees of a subsidiary of the Authority. In the event any such claim, demand, suit, action or proceeding shall occur, such member, officer or employee shall be saved harmless and indemnified as herein provided unless such individual is determined by the Authority or its designee not to have acted, in good faith, for a purpose which he or she reasonably believed to be in the best interests of the Authority or of its subsidiaries or affiliates, and, in criminal actions or proceedings, in addition, not to have had reasonable cause to believe that his or her conduct was lawful. The provisions of this Article shall inure only to the members, officers and employees of the Authority or of its subsidiaries, and to their estates, shall not enlarge or diminish the rights of any other party, and shall not impair, limit or modify the rights and obligations of any insurer under any policy of insurance. The foregoing shall be conditional on (a) the prompt delivery to the Authority of a copy of the summons, complaint, process, notice, demand or pleading commencing any such claim, demand, suit, action or proceeding; and, in civil cases only, (b) a contemporaneous offer to name counsel to the Authority as counsel to the member, officer or employee in the defense of such claim, demand, suit, action or proceeding; (c) the full cooperation of the member, officer or employee, in the event the offer is accepted, in making of such defense; and (d) an agreement that the Authority may enter into a settlement on behalf of the member, officer or employee. If the Authority or its designee determines that the defense shall not be provided by counsel for the Authority because of a conflict of interests or other grounds warranting separate counsel, the member, officer or employee may select another attorney and the Authority shall pay reasonable attorney's fees and

expenses incurred by or on behalf of such member, officer or employee represented by outside counsel. The Authority's payment of such fees and expenses may be conditioned upon the member, officer or employee's agreement that more than one member, officer or employee shall be represented by the same counsel. The provisions of Section 18 of the Public Officers Law relating to defense and indemnification shall supplement and be available in addition to the provisions of this Article; provided, however, that in the event of any conflict between the substantive provisions of this Article and those of Section 18 of the Public Officers Law, the provisions that afford the greater protection to such members, officers and employees shall control. In the event that the chairman or other member requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor is entitled to indemnification under the by-law, such request shall be submitted to the board for determination. In the event that an officer or employee, other than the chairman, requests indemnification under this by-law, the counsel for the Authority shall review and act upon such request; provided that if upon review, the counsel believes that the facts and circumstances warrant denial of such request or raise serious question as to whether the requestor may be entitled to indemnification under the by-law, such request shall be submitted to the chairman or his or her designee for determination. The provisions of this Article replace and supersede the provisions of the prior Article VII governing Indemnification, and govern any claim, demand, suit, action or proceeding that is pending as of the date of the adoption of this Article.

ARTICLE VIII. AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted by the board at any regular or special meeting as to which nature of the proposed alterations, amendments or repeals have been sent in writing to the members of the board together with the notice of meeting if it is a special meeting or if at a regular meeting at least seventy-two hours in advance of such regular meeting.

METROPOLITAN TRANSPORTATION AUTHORITY

GOVERNANCE GUIDELINES

The following mission statement and governance guidelines, as amended, have been recommended by the Governance Committee and approved by the Chairman and a majority of the members of the MTA Board and, along with the laws of the State of New York, the MTA By-laws, the by-laws of certain MTA subsidiaries and component units, and the charters and key practices of certain Committee of the Board, provide the framework for the governance of the MTA and its subsidiaries and component units. The Chairman and the Governance Committee will review these guidelines and other aspects of MTA governance annually or more often if deemed necessary.

Adopted by the Board March 26, 2014

Mission Statement of the Metropolitan Transportation Authority

The Metropolitan Transportation Authority (“MTA”) preserves and enhances the quality of life and economic health of the region we serve through cost-efficient provision of safe, on-time, reliable and clean transportation services.

The MTA is the public benefit corporation of the State of New York responsible for an integrated mass transportation system for the City of New York and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties. The statutory purposes set forth in the MTA enabling act are:

“the continuance, further development and improvement of commuter transportation and other services related thereto within the metropolitan commuter transportation district, including but not limited to such transportation by railroad, omnibus, marine and air, in accordance with the provisions of this title. It shall be the further purpose of the authority, consistent with its status as the ex officio board of both the New York city transit authority and the triborough bridge and tunnel authority, to develop and implement a unified mass transportation policy for such district.” (Public Authorities Law §1264(1))

Governance Guidelines

These Governance Guidelines apply to MTA and the other public benefit corporations under common control of MTA (collectively with MTA, the “MTA Agencies”). The MTA Agencies consist of:

Metropolitan Transportation Authority
Triborough Bridge and Tunnel Authority
New York City Transit Authority
Manhattan and Bronx Surface Transit Operating Authority
The Long Island Rail Road Company
Metro-North Commuter Railroad Company
Staten Island Rapid Transit Operating Authority
Metropolitan Suburban Bus Authority
MTA Bus Company
MTA Capital Construction Company
First Mutual Transportation Assurance Company

1. Functions of the MTA Chairman/Chief Executive Officer.

(a) The Chairman of the MTA shall be primarily responsible for providing leadership to the MTA Board in performing oversight of the senior management in the effective and ethical management of the MTA Agencies’ integrated mass transportation system. The Chairman, inter alia, convenes and presides over Board meetings, establishes Board committees and appoints committee members and chairs, and shall serve as the principal liaison between MTA management and the Board.

(b) The Chairman, pursuant to statute, is the chief executive officer of the Authority and shall have responsibility to discharge the executive and administrative functions and

powers of the Authority. In discharging the executive and administrative functions and powers of the Authority, the Chairman shall, inter alia, be responsible for (i) managing the day-to-day operations of the MTA's integrated mass transportation system, (ii) coordinating the development and approval by the Board of long term strategy for the maintenance and expansion of that system, (iii) overseeing and providing appropriate direction to the President of each of the MTA's constituent Agencies and (iv) appointing, disciplining, and removing officers or employees.

2. **Functions of the MTA Board.** The Board shall meet no less than 11 times a year at which the Board shall review and discuss reports by management on the performance of the MTA, its plans and prospects, as well as immediate issues facing the MTA. Board members are expected to attend all scheduled meetings of the Board and meetings of Committees on which they serve. The entire Board shall be responsible for the general oversight of the Authority's senior management in furtherance of the effective and ethical management of the entire MTA, as required by law. In addition to this general responsibility, the entire Board (with the assistance of Committees of the Board as appropriate) shall also perform a number of specific functions, including
- (a) providing counsel and oversight on the evaluation, development and compensation of senior management. When determining compensation for the Chairman/Chief Executive Officer, the Board, as required by law, shall act without the participation of the Chairman/Chief Executive Officer;
 - (b) reviewing, approving and monitoring fundamental financial and business strategies and major actions, including fundamental financial and management controls;
 - (c) assessing major risks facing the MTA and reviewing options for the mitigation of these risks;
 - (d) ensuring processes are in place for maintaining the integrity of the MTA, including the integrity of the financial statements of the MTA (and the financial statements of the MTA subsidiaries or component units that are required by law to issue separate financial statements), the integrity of the MTA's compliance with law and ethics (including by adopting and updating codes of ethics applicable to MTA directors, officers and employees that at a minimum incorporate the standards established in section seventy-four of the Public Officers Law), the integrity of the MTA's relationships with customers and suppliers, and the integrity of the MTA's relationship with the public at large;
 - (e) establishing written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee or board member of the authority; investments; travel; the acquisition of real property; the disposition of real and personal property; and the procurement of goods and services; and

- (f) adopting a defense and indemnification policy and disclose such plan to any and all prospective board members.
3. **Functions of Senior Management:** The Chairman/Chief Executive Officer serves ex officio as the chair and chief executive officer of each of affiliated and subsidiary MTA Agencies and is responsible for appointing such other officials and employees (including, in his or her discretion, an Executive Director) as he or she determines is necessary and appropriate. These other officials and employees serve under the direction and at the pleasure of the Chairman/Chief Executive Officer. The Presidents of the MTA's constituent Agencies, pursuant to the direction of the Chairman/Chief Executive Officer, are primarily responsible for the general management and operations of such constituent Agencies.
4. **Committees of the Board.** The Chairman has established the following Committees to assist him and the Board in discharging their responsibilities: (1) the Audit Committee; (2) the Committee on Finance; (3) the Committee on Operations of the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority, the Staten Island Rapid Transit Operating Authority and the MTA Bus Company; (4) the Committee on Operation of the Metro-North Commuter Railroad; (5) the Committee on Operation of the Long Island Rail Road; (6) the Committee on Operations of the Triborough Bridge and Tunnel Authority; (7) the Committee on Capital Program Oversight; (8) the Diversity Committee; (9) the Corporate Governance Committee; and (10) the Safety Committee. The current charters and key practices of these Committees shall be maintained on the MTA website. The Committees may hold meetings in conjunction with the entire Board, as appropriate.
5. **Self-Assessment.** The Board, as a whole, and each of the Committees, individually, will perform an annual self-assessment. The Board will be requested to provide their assessments of the effectiveness of the Board, as a whole, and of the Committees on which they serve. The individual assessments will be organized and summarized for discussion with the Board and the Committees.
6. **Setting Agendas for Meetings of the Board.** The Chairman shall be responsible for the agenda of the Board meetings. Upon the request of the Chairman, an Agency President shall report to the Board regarding that Agency's operations, finances, and performance (with specific reference to the benchmarks established for that Agency) since the last time such Agency President reported to a meeting of the Board. The Chairman, or Committee chair as appropriate in consultation with the Chairman, shall determine the nature and extent of information that shall be provided regularly to Board members before each scheduled Board or Committee meeting. Committee chairs shall report to the entire Board for approval the matters discussed or recommended at Committee meetings as appropriate. Board members are urged to make suggestions for agenda items, or additional pre-meeting materials, to the Chairman, or the appropriate Committee chair at any time.
7. **Ethics and Conflicts of Interest.** The Chairman, Board members and the other officers and employees of the MTA are expected to act ethically at all times, to acknowledge their adherence to the policies comprising the MTA All-Agency and MTA Board Members

Codes of Ethics and to comply in all respects with the Codes of Ethics. If an actual or potential conflict of interest arises for an MTA Board Member, the MTA Member shall promptly inform the Chairman. All Board members will recuse themselves from any discussion or decision affecting their personal or commercial interests. Other than in such instances where jurisdiction over a conflict matter lies with the New York State Joint Commission on Public Ethics, the Board shall resolve any unresolved conflict of interest question involving the Chairman, a Vice Chairman, an MTA Member, the Auditor General, or an Agency President, and the Chairman shall resolve any unresolved conflict of interest issue involving any other officer of the MTA. If a significant conflict exists and cannot be resolved, the MTA Board Member should resign.

8. **Oversight of Significant MTA Policies.** The Board shall ensure that the MTA has policies addressing significant issues, and shall regularly review and, as appropriate, suggest changes or additions to, all such statements of significant MTA policy. Each statement of a significant MTA policy should be published in an accessible manner.
9. **Access of Senior Management to the Board.** Senior management are encouraged to, from time to time, bring managers into meetings of the Board who (a) can provide additional insight into the items being discussed because of personal involvement in these areas, an/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.
10. **Access to Independent Advisors.** The Board or any Committee thereof shall have the right at any time to retain independent outside financial, legal or other advisors.
11. **MTA Member Orientation.** Each new MTA Board member shall, within three months of appointment as an MTA Board member, spend a day at MTA headquarters for personal briefing by the Chairman and other senior management on the MTA's strategic plans, its financial statements, and its key policies and practices. In addition, within one year of appointment, each new MTA Board member must participate in State-approved training regarding their legal, fiduciary, financial and ethical responsibilities. The Chief Executive Officer, the MTA General Counsel and Chief Compliance Officer shall be responsible for providing additional orientation materials and programs for new Board members, as appropriate. MTA Board members shall participate in such continuing training as may be required to remain informed of best practices, regulatory and statutory changes relating to the effective oversight of the management and financial activities of the MTA and to adhere to the highest standards.

All Agency Policy Directive

WHISTLEBLOWER PROTECTION

Policy Number	Responsible Agency/Department	Effective Date	Page
11-041	MTAHQ/General Counsel	November 19, 2014	Page 1 of 4

I. PURPOSE

To encourage and enable the reporting by MTA employees of wrongful acts, protect MTA employees from retaliation for whistleblowing and ensure that the MTA complies with applicable law protecting whistleblowers.

II. SCOPE

This policy directive applies to all officers and employees of the MTA including MTA Headquarters (including the Business Service Center); MTA Long Island Rail Road; MTA Capital Construction Company; MTA Bridges and Tunnels; MTA Bus Company; MTA Long Island Bus; MTA Metro-North Railroad; MTA New York City Transit, including the Manhattan and Bronx Surface Transportation Operating Authority and the Staten Island Rapid Transit Operating Authority; and, any future subsidiary or affiliated entity of the Metropolitan Transportation Authority.

III. DEFINITIONS

For purposes of this policy, the following terms shall have the meaning stated below:

Adverse Action means to fire, discharge, discipline, demote, suspend, threaten, harass, or discriminate against an MTA Employee and includes, but is not limited to, an action that adversely affects an MTA Employee's compensation, appointment, promotion, transfer, assignment, reassignment, reinstatement, or evaluation of performance.

MTA Agency means any of the following: MTA Headquarters (including the Business Service Center); MTA Long Island Rail Road; MTA Capital Construction Company; MTA Bridges and Tunnels; MTA Bus Company; MTA Long Island Bus; MTA Metro-North Railroad; MTA New York City Transit, including the Manhattan and Bronx Surface Transportation Operating Authority and the Staten Island Rapid Transit Operating Authority; and, any future subsidiary or affiliated entity of the Metropolitan Transportation Authority.

MTA Codes of Ethics mean the All-Agency Code of Ethics, the MTA Board Member Code of Ethics, and the Vendor Code of Ethics.

MTA Employee means any officer or employee of an MTA Agency and includes, but is not limited to,

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full-time and part-time employees, those employees on probation, temporary employees including persons hired on a seasonal, per diem, or part time basis.

Whistleblower means an MTA Employee who pursuant to statute or the All-Agency Code of Ethics reports a Wrongful Act or an MTA Employee who discloses information concerning a Wrongful Act, insofar as the actions taken by the MTA Employee are legal.

Wrongful Act means an act by any MTA Employee or MTA Board member, or by a person doing business with an MTA Agency, of alleged fraud, corruption, criminal or unethical activity or violating the MTA Codes of Ethics or a law or regulation applicable to an MTA Agency and shall include an act of wrongdoing, misconduct, malfeasance or other inappropriate behavior, concerning any MTA Agency's investments, travel, acquisition of real or personal property, disposition of real or personal property, or procurements of goods or services.

IV. POLICY

A. Reporting of Wrongful Acts.

MTA Employees are encouraged to report any Wrongful Act. Such a report may be made through a number of mechanisms including, but not limited to:

- Direct contact with:
 - the MTA Chief Compliance Officer;
 - the MTA Inspector General;
 - their Agency's Ethics Officer; or
 - any other internal complaint office designated by their Agency President.
- A Report to the Hotline maintained by the MTA Chief Compliance Officer: 888-U-ASK-MTA (888-827-5682). Such a report may be made anonymously.
- A report to the New York State Authorities Budget Office.

The identity of the whistleblower and the substance of his or her report shall be kept confidential to the extent possible.

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Reports by an MTA Employee of a Wrongful Act involving corruption, fraud or criminal activity should be made to the MTA Inspector General:

Office of the Inspector General,
Metropolitan Transportation Authority
Two Penn Plaza, 5th Floor
New York, New York 10121
800-MTA-IG4U (800-682-4448)

An MTA Employee should also feel free to discuss concerns about a Wrongful Act with their supervisor, but no supervisor may discourage an MTA Employee from making a report of a Wrongful Act.

B. Investigation of Reported Wrongful Acts

1. Alleged Wrongful Acts that have been reported by MTA Employees to the MTA Chief Compliance Officer, to an Agency's Ethics Officer, or to such other internal complaint office designated by an Agency President shall be promptly investigated by the applicable MTA Agency or, in the case of reports involving alleged corruption, fraud or criminal activity, shall be referred to the MTA Inspector General for investigation.

2. No MTA Employee alleged to have been involved in a Wrongful Act shall supervise or conduct the investigation of such Wrongful Act. Each MTA Employee must cooperate fully and honestly with such investigations of alleged Wrongful Acts.

3. The findings of an investigation undertaken by an MTA Agency pursuant to this policy shall be provided to the President of the applicable MTA Agency or his or her designee, or in the case of MTA Headquarters to the Chairman/Chief Executive Officer or his or her designee (unless a President is the subject of the investigation, in which case the finding shall be discussed directly with the Chairman/Chief Executive Officer), for review and determination of what further action should be taken.

C. No Retaliation for Whistleblowing; Investigation of Adverse Action

1. No MTA Employee shall take any Adverse Action against another MTA Employee because of such MTA Employee's lawful disclosure or reporting of information concerning a Wrongful Act or because of

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such MTA Employee's role as a Whistleblower. An MTA Employee is prohibited from interfering with another MTA Employee's disclosure of a wrongful act. Violations of this policy are subject to disciplinary action up to and including termination from employment.

2. An MTA Employee who has reason to believe he or she has been the target of an Adverse Action in violation of Section IV.C.1 of this policy directive, or who has reason to believe that an Adverse Action has been taken against another MTA Employee in violation of Section IV.C.1 of this policy directive, shall immediately report such suspected Adverse Action to the MTA Chief Compliance Officer or such other person as may be designated by an MTA Agency President for the receipt of such a report, and an investigation thereof shall be promptly undertaken.

3. All allegations of Adverse Actions in violation of Section IV.C.1 shall be investigated in the same manner as set forth above for investigation of claims of Wrongful Acts. Each MTA Employee must cooperate fully and honestly with such investigations of alleged Adverse Actions. An MTA Employee alleged to have been involved in an Adverse Action shall not supervise or conduct the investigation of such Adverse Action.

D. False Allegations

No MTA Employee may knowingly and willfully make a false report of a Wrongful Act or of an Adverse Action. Any MTA Employee who knowingly and willfully makes a false report of a Wrongful Act or of an Adverse Action is subject to disciplinary action up to and including termination of employment.

E. No Impairment of Rights

Nothing in this policy is intended to limit, diminish or impair the rights of any MTA Employee under any provision of law or regulation.

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METROPOLITAN TRANSPORTATION AUTHORITY

BOARD

COMMITTEE CHARTERS

The Metropolitan Transportation Authority

AUDIT COMMITTEE

This Charter for the Audit Committee was adopted by the Board Chair and a majority of the members of the Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), as amended on June 22, 2016.

I. PURPOSE

The Audit Committee (the “Committee”) shall assist and provide guidance to the Board Chair and the Board in monitoring and overseeing (a) the conduct of the MTA’s financial reporting process, the application of accounting principles, and the engagement of the MTA’s outside accountants; (b) the MTA’s internal controls and risk management systems; and (c) general matters relating to legal, regulatory and ethical compliance at the MTA (hereinafter referred to as the “Purpose”).

II. COMMITTEE AUTHORITY

The Committee’s role is one of oversight. In carrying out this oversight function, the chairperson of the Committee (the “Committee Chair”) and the vice-chairperson of the Committee (the “Committee Vice-Chair”) shall have additional responsibilities, as set forth in Section VI of this Charter. The Committee Chair and/or the Committee Vice-Chair regularly shall report to the entire Committee their findings with respect to these additional responsibilities and refer to the entire Committee for its consideration any matter relating thereto as the Committee Chair and/or the Committee Vice-Chair deem necessary or appropriate. MTA Audit Services’ organizational independence is derived from its reporting structure as it reports to the MTA Audit Committee and MTA Chairman/CEO.

Notwithstanding these oversight responsibilities, the MTA and each of its subsidiary corporations and affiliates are responsible for preparing their own financial statements and the respective outside auditors are responsible for auditing the respective financial statements. The Committee, the Committee Chair, and the Committee Vice-Chair recognize that the Auditor General and the outside auditors have more time, knowledge and detailed information about the MTA and each of its subsidiary corporations and affiliates than do Committee members. Consequently, in carrying out its oversight responsibilities, no member of the Committee shall be deemed to provide (i) any expert or special assurance as to the financial statements of the MTA or of any subsidiary corporation or affiliate or (ii) any professional certification as to the work of any outside auditor.

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the Committee Chairman and/or Vice Chairman shall have access to all books, records, facilities and staff of the MTA (including any of its subsidiary corporations or affiliates).

The foregoing is not intended to alter or curtail existing rights of individual board members to access books, records or staff in connection with the performance of their fiduciary duties as board members. With the prior approval of the Board Chair or a majority of the Board, the Committee may retain, compensate and/or terminate outside counsel, auditors or other experts as it deems necessary and will receive adequate funding from the MTA to engage such advisors in accordance with MTA procedures.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of at least three members of the Board, appointed by the Board Chair. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall appoint the Committee Chair and the Committee Vice-Chair. A member of the Committee may be removed, for cause or without cause, by the Board Chair. In the absence of the Committee Chair or the Committee Vice-Chair at a meeting of the Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. At least one member shall have accounting or financial management expertise. No member of the Committee shall be employed by (a) the MTA, or (b) a private entity that does, or is likely to do, business with the MTA.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least 4 times per year, and more frequently as circumstances dictate. The Committee will cause to be kept adequate minutes of all its proceedings and records of any action taken and will report on its proceedings and any action taken to the next full meeting of the Board. Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public, and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees when appropriate.

The Committee may request that any member of the Board, the Auditor General, the Chief Compliance Officer, any officer or staff of the MTA, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information at the Committee requests. The Auditor General shall (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda relating to the Purpose, (2) provide the chairperson of the Committee with all information regarding the Purpose that is material to the Committee's monitoring and oversight of the Purpose, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing the Purpose.

V. COMMITTEE REPORTS

The Committee Chair shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES OF COMMITTEE CHAIR AND VICE-CHAIR

The following responsibilities are set forth as a guide. The Committee Chair and the Committee Vice-Chair are authorized to carry out these and such other responsibilities assigned by the Committee, the Board Chair or the Board, from time to time, and take any actions reasonably related to the mandate of this Charter.

To assist the Committee in fulfilling its purpose, the Committee Chair and/or the Committee Vice-Chair shall:

Auditors, Financial Statements & Accounting Policies:

1. review and discuss with the Auditor General, the relevant MTA employees, the outside auditor, and the internal auditors any audit problems or difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information and advise the Committee as to how to resolve any disagreements regarding financial reporting;
2. review and discuss with the Auditor General and outside auditor significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
3. inquire as to the outside auditor's view of the accounting treatment related to significant new transactions or other significant matters or events not in the ordinary course of business;
4. review and discuss with the Auditor General, the relevant MTA employees, and the outside auditor and any material financial or non-financial arrangements that do not appear on the financial statements of the MTA (or of any subsidiary corporation or affiliate);
5. review and discuss with the Auditor General and the outside auditor: (i) any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by any outside auditor to the MTA (including to any subsidiary corporation or affiliate);
6. review with the Auditor General and the outside auditor the periodic financial statements and footnotes of the MTA (and of each subsidiary corporation or affiliate, as applicable) and discussing the adequacy of the system of internal controls and the appropriateness of the accounting principles used, and the judgments made, in the preparation of such periodic financial statements;
7. meet annually (or more frequently if necessary) with each respective outside auditor (without the Auditor General or any other officers or staff of the MTA present) to

discuss the periodic financial statements of the MTA (and of each subsidiary corporation or affiliate, as applicable);

Internal Controls & Risk Management:

8. together with the Auditor General and the Chief Compliance Officer, review, discuss and (if necessary) investigate compliance with MTA policies and/or refer instances of non-compliance to the MTA Inspector General for investigation;
9. review and discuss with the Auditor General, the Chief Compliance Officer, the relevant employees of the MTA, and the outside auditor: (i) any significant deficiencies in the design or operation of the internal controls of the MTA, including information technology security and system controls (ii) any fraud, whether or not material, involving MTA and (iii) related findings and recommendations of the outside auditors together with management's responses;
10. review the scope of the external auditors' assessment of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
11. review and discuss with the Auditor General, the Chief Compliance Officer, the relevant MTA employees, and the outside auditor the MTA's risk assessment and risk management systems, and oversee the underlying policies with respect to risk assessment and risk management;
12. together with the Auditor General and the Chief Compliance Officer, serve as the point of contact for the MTA Inspector General, including by reviewing all reports and draft reports delivered to the MTA by the MTA Inspector General, and being available to meet with the MTA Inspector General as part of the Inspector General's audits of the MTA's books and records;
13. recognizing the statutory obligations of the MTA Inspector General, and without denigrating from those obligations, seek to communicate with the MTA Inspector General with respect to any matter the Committee Chair and/or Vice Chair, the entire Committee, the Board Chair, the Board or the MTA Inspector General deem appropriate;

Miscellaneous:

14. submit to the entire Committee for its consideration any matters (including matters relating to the foregoing) that the Committee Chair and/or Committee Vice-Chair deem should appropriately be considered by the entire Committee; and
15. report regularly to the Committee on the findings and recommendations of the Committee Chair and the Committee Vice-Chair relating to the foregoing, and on any other matters the Committee Chair and/or the Committee Vice-Chair deem appropriate or the Committee, the Board Chair or the Board request.

VII. KEY RESPONSIBILITIES OF THE COMMITTEE

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board, from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall:

Auditors, Financial Reporting & Accounting Policies:

1. in consultation with the Auditor General and the officer primarily responsible for the finances of the MTA and each subsidiary corporation and affiliate, oversee the work of the MTA's outside auditor and provide guidance to the Board Chair and the Board with respect to the appointment (and if appropriate dismissal), evaluation, compensation of the outside MTA's auditors;
2. review and provide guidance to the Board with respect to pre-approving all auditing and non-auditing services provided by the outside auditor to the MTA;
3. provide guidance to the Board with respect to, and approve, the annual audit plan and any subsequent major changes to it and the risk assessment as proposed by the Auditor General in consultation with the MTA Chairman/CEO and the President of each subsidiary and affiliated corporation;
4. review and discuss with the Auditor General, relevant MTA employees, and the outside auditor: (i) any significant audit findings during the year, including the status of previous audit recommendations; (ii) internal audit's activity's performance relative to its plan; (iii) any changes required in the scope of the audit plan; (iv) the audit budget and staffing; and (v) the coordination of audit efforts, status of the internal audit plan and the adequacy of internal audit resources (both numbers and capabilities);
5. on a regular basis, meet with the external auditors to discuss any matters that the committee or internal audit believes should be discussed;
6. review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit;
7. review and discuss with the Auditor General, relevant MTA employees, and the outside auditor accounting policies that may be viewed as critical, all matters required to be communicated to the committee under generally accepted auditing standards, as well as any recent or proposed significant changes in MTA accounting policies; and inquire as to the outside auditors' views as to the application of accounting principles;
8. monitor the consistency and comparability of the financial reporting processes of the MTA;

9. monitor the integrity, consistency and comparability of the financial reports and other financial information provided by the MTA to any other governmental or regulatory body, the public or other users thereof, including reconciliations where necessary;
10. review and provide guidance to the Board with respect to the appointment, compensation, and (if necessary) dismissal of the Auditor General.
11. at least annually, review with the Auditor General a report by the outside auditor describing: (i) such outside auditor's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the outside auditor and the MTA (or any subsidiary corporation or affiliate);
12. on an annual basis, in each case together with the Auditor General: (i) review a formal written statement from the outside auditor delineating all relationships between such outside auditor and the MTA; (ii) actively engage in a dialogue with the outside auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of such outside auditor and take appropriate action in response to such outside auditor's report to satisfy itself of such auditor's independence; (iii) consider whether, in the interest of assuring continuing independence of the outside auditor, the MTA's respective outside auditors should be rotated; and (iv) set clear hiring policies for employees or former employees of the outside auditors;

Internal Controls & Risk Management:

13. review and discuss with the Auditor General, the Chief Compliance Officer, the relevant MTA employees, and the outside auditor the adequacy of the MTA's internal and disclosure controls and procedures;
14. together with the Chief Compliance Officer, review and discuss with the relevant MTA employees, and the outside auditor any significant risks or exposures and assess the steps such employees have taken to minimize such risks;
15. review periodically with the Chief Compliance Officer and the General Counsels of the MTA and each subsidiary corporation and affiliate: (i) legal and regulatory matters that may have a material impact on the financial statements of the MTA (or any subsidiary corporation or affiliate); and (ii) the scope and effectiveness of compliance policies and programs;

Ethics & Conflicts of Interests:

16. together with the Chief Compliance Officer, review periodically with the relevant MTA employees (i) the process for communicating the code of conduct to company personnel; (ii) the level of compliance with all applicable ethics codes, guidelines, and regulations; and, (iii) the performance of the MTA Ethics and Compliance programs.

Miscellaneous:

17. conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
18. review and reassess the adequacy of this Charter annually;
19. approve the internal audit charter;
20. consider any matter referred to the entire Committee by the Committee Chair and/or Vice-Chair; and
21. report regularly to the Board on Committee findings and recommendations and any other matters the Committee deems appropriate, or the Board Chair or the Board request.

The Metropolitan Transportation Authority

DIVERSITY COMMITTEE

This Diversity Committee Charter was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), on the 17th day of December, 2008. This charter was amended on December 16, 2009 and further amended on November 16, 2011.

I. PURPOSE

The Diversity Committee (the “Committee”) shall assist the Board Chair and the Board by reviewing, providing guidance, and making recommendations with respect to the diversity programs and initiatives undertaken by MTA and its subsidiary and affiliate agencies.

II. COMMITTEE AUTHORITY

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Committee shall have access to all books, records, facilities and staff of the MTA (including any of its subsidiary corporations or affiliates). The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records or staff in connection with the performance of their fiduciary duties as Board members.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of 3 or more members of the Board, appointed by the Board Chair. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall appoint the chairperson of the Committee. In the absence of the chairperson at a meeting of the Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Committee may be removed, for cause or without cause, by the Board Chair.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least four (4) times per year, and more frequently as circumstances dictate. The Committee shall cause to be kept adequate minutes of all its proceedings and records of any action taken. Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public, and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees when appropriate.

The Committee may request that any member of the Board, the Auditor General, any officer or staff of the MTA, or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Chief Diversity Officer shall (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda, (2) provide the chairperson of the Committee with all information that is material to the Committee's monitoring and oversight of diversity programs and initiatives undertaken by MTA and its subsidiary and affiliate agencies, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing diversity programs and initiatives undertaken by MTA and its subsidiary and affiliate agencies

V. COMMITTEE REPORTS.

The chairperson of the Committee shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board, from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall:

1. Consult with the MTA Department of Diversity/Civil Rights and diversity representatives from the MTA's affiliate and subsidiary agencies with respect to the setting of priorities for the MTA's diversity and outreach agenda;
2. Receive regular reports from the MTA Department of Diversity/Civil Rights and diversity representatives from the MTA's affiliate and subsidiary agencies regarding upcoming diversity and outreach events;
3. Receive regular reports from the MTA Department of Diversity/Civil Rights regarding the certification of disadvantaged, minority- and women-owned businesses and the setting of goals for disadvantaged, minority- and women-owned business participation on agency contracts;
4. Receive regular reports from the MTA Department of Diversity/Civil Rights and from staff of MTA affiliate and subsidiary agencies regarding the status of Equal Employment Opportunity ("EEO") programs, including, as applicable, EEO investigations, EEO compliance and reporting, and Title VI program compliance and reporting;

5. Receive regular reports from MTA Department of Diversity/Civil Rights regarding contractor compliance with goals for such participation and, if applicable, action plans to achieve compliance;
6. Set the annual agenda for the Committee;
7. Review and assess the adequacy of this Charter annually;
8. Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter; and
9. Report regularly to the Board Chair and Board on Committee findings and recommendations and any other matters the Committee deems appropriate or that the Board Chair or the Board requests, and maintain minutes or other records of Committee meetings and activities.

Metropolitan Transportation Authority

COMMITTEE ON OPERATIONS OF THE BUS DIVISION OF NEW YORK CITY TRANSIT AUTHORITY, MTA BUS COMPANY, METROPOLITAN SUBURBAN BUS AUTHORITY AND MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY

This Charter for the committee on Operations of the Bus Division of New York City Transit Authority, MTA Bus Company, Metropolitan Suburban Bus Authority, and Manhattan and Bronx Surface Transit Operating Authority (hereafter referred to as the “Bus Committee”) was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), on the 24th day of March, 2010. This charter was amended on May 25, 2011.

I. PURPOSE

The Bus Committee shall assist the Board Chair and the Board in fulfilling their responsibility to monitor and oversee the operations of the Bus Division of New York City Transit Authority, MTA Bus Company, Metropolitan Suburban Bus Authority, and Manhattan and Bronx Surface Transit Operating Authority (referred to as the “Bus Operations”).

II. COMMITTEE AUTHORITY

In discharging its role, the Bus Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Bus Committee shall have access to all books, records, facilities and staff of the MTA and/or any of the Bus Operations. The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records or staff in connection with the performance of their fiduciary duties as Board members.

III. COMMITTEE MEMBERSHIP

The Bus Committee shall consist of the members of the Board appointed by the Board Chair. If not otherwise a member of the Bus Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Bus Committee. The Board Chair shall appoint the chairperson of the Bus Committee. In the absence of the chairperson at a meeting of the Bus Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Bus Committee may be removed, for cause or without cause, by the Board Chair.

IV. COMMITTEE MEETINGS

The Bus Committee shall meet on a regularly-scheduled basis at least 11 times per year, and more frequently as circumstances dictate. The Bus Committee shall cause to be kept adequate minutes of all its proceedings, which shall include records of any action taken. Bus Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Bus Committee shall be open to the public, and the Bus Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Bus Committee may form and assign responsibilities to subcommittees when appropriate.

The Bus Committee may request that any member of the Board, the Auditor General, any officer or staff of any of the Bus Operations or any other person whose advice and counsel are sought by the Bus Committee, attend any meeting of the Bus Committee to provide such pertinent information as the Bus Committee requests. The President of the MTA Bus Company, the President of the Metropolitan Suburban Bus Authority, the head of the Bus Division of the New York City Transit Authority and the President of the MTA Capital Construction Company shall each (1) furnish the Bus Committee with all material information pertinent to matters appearing on the Bus Committee agenda relating to his or her respective organization, (2) provide the chairperson of the Bus Committee with all information regarding the affairs of his or her respective organization that is material to the Bus Committee's monitoring and oversight of the operations of such organization, and (3) inform the chairperson of the Bus Committee of any matters not already on the Bus Committee agenda that should be added to the agenda in order for the Bus Committee to be adequately monitoring and overseeing the operations of his or her respective organization.

V. COMMITTEE REPORTS.

The chairperson of the Bus Committee shall report regularly to the Chairman and the Board on the Bus Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Bus Committee may diverge as appropriate given the circumstances. The Bus Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Bus Committee shall:

- 1 monitor and update the Board Chair and the Board on the operating performance of the Bus Operations, including information on bus and paratransit service;
- 2 monitor and update the Board Chair and the Board on the safety record of Bus Operations; such monitoring shall include reviewing and monitoring customer and employee safety;
- 3 monitor and update the Board Chair and the Board on the finances of each of the Bus Operations, including financial reports, ridership reports, and the use of Bus Operations' funds;

- 4 review and make recommendations to the Board Chair and the Board regarding proposed procurement contracts of the Bus Operations that require Board approval;
- 5 review and make recommendations to the Board Chair and the Board on proposed capital projects of the Bus Operations and monitor the status of such projects;
- 6 review and make recommendations to the Board Chair and the Board regarding service and policy changes that require Board approval;
- 7 review periodically with the Counsel of the MTA, the Chief Compliance Officer, and the Counsel of the Bus Operations: (i) legal and regulatory matters that may have a material impact on the Bus Operations; and (ii) the scope and effectiveness of compliance policies and programs;
- 8 conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
- 9 review and assess the adequacy of this Charter annually; and
- 10 report regularly to the Board Chair and the Board on Bus Committee findings and recommendations and any other matters the Bus Committee deems appropriate or the Board Chair or the Board requests, and maintain minutes or other records of Bus Committee meetings and activities.

With respect to capital projects undertaken by the MTA Capital Construction Company (MTACC) on behalf of the Bus Division of New York City Transit Authority, MTA Bus Company, Metropolitan Suburban Bus Authority, and Manhattan and Bronx Surface Transit Operating Authority:

- 1 Review and make recommendations to the Board Chair and Board with respect to the proposed procurements made by the MTACC that require Board approval;
- 2 Review and make recommendations to the Board Chair and the Board with respect to contract procurement solicitations that require Board approval;
- 3 Monitor the progress of the capital projects undertaken by the MTACC;
- 4 Monitor the budget and the schedule of capital projects undertaken by the MTACC;
- 5 Monitor the progress of contract commitments and completions with respect to capital projects; and
- 6 Track funding needs of capital projects as well as the availability of funds to meet such needs from all sources of funding.

The Metropolitan Transportation Authority
CORPORATE GOVERNANCE COMMITTEE

This Charter for the Corporate Governance Committee was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), as amended on February 26, 2014.

I. PURPOSE

The Corporate Governance Committee (the “Committee”) shall assist the Board Chair and the Board in: (i) developing and recommending to the Board, policies to promote honest and ethical conduct by Board members, officers, and employees, and enhance public confidence in the MTA; (ii) developing, recommending to the Board and overseeing implementation of MTA policies relating to corporate governance, including the MTA Corporate Governance Principles; and (iii) reviewing on a regular basis the overall corporate governance of the MTA and recommending improvements when necessary (hereinafter referred to as the “Purpose”).

II. COMMITTEE AUTHORITY

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Committee shall have access to all books, records, facilities and staff of the MTA (including any of its subsidiary corporations or affiliates). The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records or staff in connection with the performance of their fiduciary duties as Board members.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of 3 or more members of the Board and shall include the Board Chair, and the chairs of each committee of the Board. All other members of the Committee shall be appointed by the Board Chair. At all times, the Committee shall include at least one member from among those recommended for appointment to the Board by the Mayor of the City of New York. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall be the chairperson of the Committee. In the absence of the chairperson at a meeting of the Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Committee may be removed, for cause or without cause, by the Board Chair. No member of the Committee shall be employed by a private entity that does, or is likely to do, business with the MTA.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least 2 times per year, and more frequently as circumstances dictate. The Committee shall cause to be kept adequate minutes of all its proceedings and records of any action taken. Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public,

and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees when appropriate.

The Committee may request that any member of the Board, the Auditor General, any officer or staff of the MTA, or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information at the Committee requests. The Chief Compliance Officer shall (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda relating to the Purpose, (2) provide the chairperson of the Committee with all information that is material to the Committee's monitoring and oversight of the Purpose, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing the Purpose.

V. COMMITTEE REPORTS

The chairperson of the Committee shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board, from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purposes, the Committee shall:

1. coordinate and oversee the annual self-evaluation of the role and performance of the Board, its committees, and management in the governance of the MTA;
2. develop and recommend to the Board, oversee the implementation and effectiveness of, and recommend modifications as appropriate to, any policies or documents relating to the governance of the MTA, including the MTA Corporate Governance Principles;
3. consider corporate governance issues that arise from time to time, and develop appropriate recommendations for the Board regarding such matters;
4. review, and as necessary recommend to the Board any revisions to, MTA policies regarding the procurement of goods and services;
5. monitor the MTA's compliance with MTA policy and the laws and requirements of the State of New York with respect to procurement lobbying;
6. review, and as necessary recommend to the Board any revisions to, MTA policies regarding the protection of whistleblowers from retaliation;

7. review and assess the adequacy of this Charter annually;
8. conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter; and
9. report regularly to the Board Chair and Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board Chair or the Board requests, and maintain minutes or other records of Committee meetings and activities.

THE METROPOLITAN TRANSPORTATION AUTHORITY

CAPITAL PROGRAM OVERSIGHT COMMITTEE

This Charter for the Capital Program Oversight Committee was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), on July 24, 2013.

I. PURPOSE

The Capital Program Oversight Committee (the “Committee”) shall assist the Board Chair and the Board in fulfilling their responsibility to monitor the effective and efficient implementation of the MTA’s five-year capital program.

II. COMMITTEE AUTHORITY

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson and/or vice-chairperson of the Committee shall have access to all books, records, facilities and staff of the MTA (including any of its subsidiary corporations or affiliates). The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records or staff in connection with the performance of their fiduciary duties as Board members.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of 6 or more members of the Board, and shall include the Board Chair; the Chair of the Committee on Operations of the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority and the Staten Island Rapid Transit Operating Authority and the MTA Bus Company; the Chair of the Committee on Operations of the Triborough Bridge and Tunnel Authority; the Chair of the Committee on Operations of the MetroNorth Commuter Railroad; and the Chair of the Committee on Operations of the Long Island Rail Road and Metropolitan Suburban Bus Authority. All other members of the Committee shall be appointed by the Board Chair. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall serve as the chairperson of the Committee and shall appoint the vice-chairperson of the Committee. In the absence of the chairperson or vice-chairperson at a meeting of the Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Committee may be removed, for cause or without cause, by the Board Chair.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least 11 times per year, and more frequently as circumstances dictate. The Committee shall cause to be kept adequate minutes of all its proceedings and records of any action taken. Committee members will

be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public, and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees when appropriate.

The Committee may request that any member of the Board, the Auditor General, any officer or staff of the MTA, or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Director of the Office of Construction Oversight and the Deputy Executive Director of Administration, and/or his or her designee, shall (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda, (2) provide the chairperson of the Committee with all information regarding the MTA's five year capital program that is material to the Committee's monitoring and oversight of the MTA's five year capital program, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing the MTA's five year capital program. The Director of Security and/or his or her designee shall (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda relating to MTA security projects and MTA-wide security issues, (2) provide the chairperson of the Committee with all information regarding MTA security projects that is material to the Committee's monitoring and oversight of security projects contained in the MTA's five year capital program, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing security projects contained in MTA's five year capital program.

V. COMMITTEE REPORTS

The chairperson of the Committee shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall, with respect to any approved or proposed capital program plans:

1. Monitor the current and future availability of funds to be utilized for such capital improvement programs and plans;

2. Monitor the contracts awards of the MTA to insure that such awards are consistent with:
 - a. provisions of law authorizing United States content and New York State content;
 - b. any collective bargaining agreements;
 - c. provisions of law providing for participation by minority and women-owned businesses;
 - d. New York State labor laws;
 - e. competitive bidding requirements including those regarding sole source contracts; and
 - f. any other relevant requirements established by law.
3. Monitor the award of contracts to determine if such awards are consistent with the manner in which the work was traditionally performed in the past;
4. Review the relationship between capital expenditures pursuant to each such capital program plan and current and future operating budget requirements;
5. Monitor the progress of capital elements described in each approved capital program plan;
6. Monitor the expenditures incurred and to be incurred for each such element;
7. Identify capital elements not progressing on schedule, ascertain responsibility therefor and recommend those actions required or appropriate to accelerate their implementation;
8. Monitor the proposed benefits for approved projects in the capital program at appropriate points during the life of the capital project to ensure that the benefits materialize;
9. Review capital elements and program management to improve the efficiency and effectiveness of the program, securing analytic resources as needed;
10. Monitor awarded contracts to determine if the work is being implemented in the most efficient and effective manner possible;
11. Consult as necessary with other New York State departments, agencies and divisions with respect to the foregoing;
12. Provide guidance to the Board Chair and the Board with respect to the appointment (and if appropriate dismissal), evaluation, and compensation of an independent engineering firm to provide an independent review of reports by the MTA agencies with respect to the foregoing;

13. In consultation with the Office of Construction Oversight, oversee the work of such independent engineering firm;
14. Together with the Office of Construction Oversight, review the periodic and/or special reports provided by such independent engineering firm;
15. Monitor the implementation of MTA security projects contained in approved capital programs, provide a forum for discussion of MTA-wide security issues among representatives of MTA and each of its subsidiaries and constituent agencies, and provide guidance to the Board Chair and the Board with respect to security on an MTA-wide basis;
16. Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
17. Review and assess the adequacy of this Charter annually; and
18. Report regularly to the Board Chair and the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board Chair or the Board requests.

THE METROPOLITAN TRANSPORTATION AUTHORITY

FINANCE COMMITTEE

The Charter for the Finance Committee was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), as amended on February 26, 2014.

I. PURPOSE

The Finance Committee (the “Committee”) shall assist the Board Chair and the Board by (1) reviewing, providing guidance, and making recommendations with respect to the MTA’s core financial policies and (2) reviewing, providing guidance and making recommendations with respect to MTA real estate matters.

II. COMMITTEE AUTHORITY

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Committee shall have access to all books, records, facilities and staff of the MTA (including any of its subsidiary corporations or affiliates). The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records or staff in connection with the performance of their fiduciary duties as Board members.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of 3 or more members of the Board, appointed by the Board Chair. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall appoint the chairperson of the Committee. In the absence of the chairperson at a meeting of the Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Committee may be removed, for cause or without cause, by the Board Chair.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least 11 times per year, and more frequently as circumstances dictate. The Committee shall cause to be kept adequate minutes of all its proceedings and records of any action taken. Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public, and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees when appropriate.

The Committee may request that any member of the Board, the Auditor General, any officer or staff of the MTA, or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information at the Committee requests. The Chief Financial Officer and/or the Director of the Division of Management and Budget, the Director of Finance, and the MTA Director of Real Estate, with respect to real estate matters, shall (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda, (2) provide the chairperson of the Committee with all information that is material to the Committee's monitoring and oversight of the MTA's core financial policies and real estate matters, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing the MTA's core financial policies and real estate matters.

V. COMMITTEE REPORTS.

The chairperson of the Committee shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board, from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall:

1. Review the MTA's annual budget, and ensure that the MTA operates on a self sustaining basis, as required by applicable law, and with support from various levels of government.
2. Monitor the MTA's compliance during the fiscal year with its annual budget.
3. Review the financial requirements of the MTA's capital plans.
4. Review annually the proposed plan to meet the financial requirements of the MTA's capital plans, as well as any financing proposals during the fiscal year that deviate from the proposed financial plan for that year.
5. Review any proposal relating to the incurrence (or repayment) of material indebtedness or other financing arrangement.
6. Review any proposed procurements submitted to the Committee by the Chief Procurement Officer or Agency Procurement Officers.

7. Oversee the operations of MTA headquarters, including by reviewing proposed procurements for MTA headquarters that require Board approval.
8. Oversee the operations of the First Mutual Transportation Assurance Company (“FMTAC”), including by reviewing proposed procurements for FMTAC.
9. Review annually the scope and terms of the MTA’s insurance policies and coverage.
10. Monitor the economic performance of the various MTA pension plans.
11. Review and make recommendations to the Board with respect to the leasing and acquisition of real property; the licensing of customer services and amenities; the maximizing of advertising opportunities; the disposition or conveyance of interests in real property; the management of occupancies on the property of the MTA and the adoption or amendment of any policies relating thereto;
12. Review and make recommendations to the Board with respect to the procurement of certain professional services in support of the activities of the real estate department, including real estate brokerage and other specialized consultant services;
13. Review the MTA’s offering and management of leasing, licensing, or other business opportunities on the property of the MTA and its subsidiaries and affiliates;
14. Provide support and guidance to the MTA in its formulation of its real estate policies and procedures;
15. Review and assess the adequacy of this Charter annually;
16. Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
17. Report regularly to the Board Chair and Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board Chair or the Board requests, and maintain minutes or other records of Committee meetings and activities.

THE METROPOLITAN TRANSPORTATION AUTHORITY

COMMITTEE ON OPERATIONS OF THE LONG ISLAND RAIL ROAD AND THE METROPOLITAN SUBURBAN BUS AUTHORITY

This Charter for the Committee on Operations of the Long Island Railroad and the Metropolitan Suburban Bus Authority was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), on July 24, 2013.

I. PURPOSE

The Committee on Operations of the Long Island Railroad and the Metropolitan Suburban Bus Authority (the “Committee”) shall assist the Board Chair and the Board in fulfilling their responsibility to monitor and oversee the operations of the Long Island Railroad Company and the Metropolitan Suburban Bus Authority (referred to as “Long Island Bus” or “LIB” and with LIRR as the “LIRR/LIB”).

II. COMMITTEE AUTHORITY

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Committee shall have access to all books, records, facilities and staff of the MTA and/or the LIRR/LIB. The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records or staff in connection with the performance of their fiduciary duties as Board members.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of 3 or more members of the Board, appointed by the Board Chair. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall appoint the chairperson of the Committee. In the absence of the chairperson at a meeting of the Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Committee may be removed, for cause or without cause, by the Board Chair.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least 11 times per year, and more frequently as circumstances dictate. The Committee shall cause to be kept adequate minutes of all its proceedings, which shall include records of any action taken. Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public, and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees when appropriate. The Committee may request

that any member of the Board, the Auditor General, any officer or staff of the MTA, LIRR/LIB or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The President of the LIRR, the President of LIB and the President of the MTA Capital Construction Company shall each (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda relating to his or her respective organization, (2) provide the chairperson of the Committee with all information regarding the affairs of his or her respective organization that is material to the Committee's monitoring and oversight of the operations of such organization, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing the operations of his or her respective organization.

V. COMMITTEE REPORTS.

The chairperson of the Committee shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall:

- 1 monitor and update the Board Chair and the Board on the operating performance of the LIRR/LIB, including information on railroad, bus and paratransit service;
- 2 monitor and update the Board Chair and the Board on the safety record of LIRR/LIB; such monitoring shall include reviewing and monitoring customer and employee safety;
- 3 monitor and update the Board Chair and the Board on the implementation of security programs pertaining to LIRR/LIB operations and facilities;
- 4 monitor and update the Board Chair and the Board on the finances of the LIRR/LIB, including financial reports, ridership reports, and the use of LIRR/LIB funds;
- 5 review and make recommendations to the Board Chair and the Board regarding proposed procurement contracts of the LIRR/LIB that require Board approval;
- 6 review and make recommendations to the Board Chair and the Board on proposed capital projects of the LIRR/LIB and monitor the status of such projects;
- 7 review and make recommendations to the Board Chair and the Board regarding service and policy changes that require Board approval;

- 8 facilitate the identification of approaches and solutions that address LIRR/LIB security issues, including best practices in national and international security respecting transportation operations and facilities and review and make recommendations to the Board Chair and the Board regarding LIRR/LIB security issues;
- 9 review periodically with the Counsel of the MTA, the Chief Compliance Officer, and the Counsel of the LIRR/LIB: (i) legal and regulatory matters that may have a material impact on the LIRR/LIB; and (ii) the scope and effectiveness of compliance policies and programs;
- 10 conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
- 11 review and assess the adequacy of this Charter annually; and
- 12 report regularly to the Board Chair and the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board Chair or the Board requests, and maintain minutes or other records of Committee meetings and activities.

With respect to capital projects undertaken by the MTA Capital Construction Company (MTACC) on behalf of Long Island Railroad or Long Island Bus:

- 1 Review and make recommendations to the Board Chair and Board with respect to the proposed procurements made by the MTACC that require Board approval;
- 2 Review and make recommendations to the Board Chair and the Board with respect to contract procurement solicitations that require Board approval;
- 3 Monitor the progress of the capital projects undertaken by the MTACC;
- 4 Monitor the budget and the schedule of capital projects undertaken by the MTACC;
- 5 Monitor the progress of contract commitments and completions with respect to capital projects; and
- 6 Track funding needs of capital projects as well as the availability of funds to meet such needs from all sources of funding.

THE METROPOLITAN TRANSPORTATION AUTHORITY

COMMITTEE ON OPERATIONS OF THE METRO-NORTH COMMUTER RAILROAD

This Charter for the Committee on the Operations of the Metro-North Commuter Railroad was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), on July 24, 2013.

I. PURPOSE

The Committee on the Operations of the Metro-North Commuter Railroad (the “Committee”) shall assist the Board Chair and the Board in fulfilling their responsibility to monitor and oversee the operations of the Metro-North Commuter Railroad Company (“Metro-North”).

II. COMMITTEE AUTHORITY

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Committee shall have access to all books, records, facilities and staff of the MTA and/or Metro-North. The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records or staff in connection with the performance of their fiduciary duties as Board members.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of 3 or more members of the Board, appointed by the Board Chair. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall appoint the chairperson of the Committee. In the absence of the chairperson at a meeting of the Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Committee may be removed, for cause or without cause, by the Board Chair.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least 11 times per year, and more frequently as circumstances dictate. The Committee shall cause to be kept adequate minutes of all its proceedings, which shall include records of any action taken. Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public, and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees when appropriate.

The Committee may request that any member of the Board, the Auditor General, any officer or staff of the MTA, Metro-North or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information at the Committee requests. The President of Metro-North and the President of the MTA Capital Construction Company shall each (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda relating to his or her organization, (2) provide the chairperson of the Committee with all information regarding the affairs of his or her organization that is material to the Committee's monitoring and oversight of the operations of such organization, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing the operations of his or her organization.

V. COMMITTEE REPORTS.

The chairperson of the Committee shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall:

- 1 monitor and update the Board Chair and the Board on the operating performance of Metro-North, including information on railroad service;
- 2 monitor and update the Board Chair and the Board on the safety record of Metro-North; such monitoring shall include reviewing and monitoring customer and employee safety;
- 3 monitor and update the Board Chair and the Board on the implementation of security programs pertaining to Metro-North operations and facilities;
- 4 monitor and update the Board Chair and the Board on the finances of Metro-North, including financial reports, ridership reports, and the use of funds by Metro-North;
- 5 review and make recommendations to the Board Chair and the Board regarding proposed procurement contracts of Metro-North that require Board approval;
- 6 review and make recommendations to the Board Chair and the Board on proposed capital projects of Metro-North and monitor the status of such projects;
- 7 review and make recommendations to the Board Chair and the Board regarding Metro-North service and policy changes that require Board approval;

- 8 facilitate the identification of approaches and solutions that address Metro-North security issues, including best practices in national and international security respecting transportation operations and facilities and review and make recommendations to the Board Chair and the Board regarding Metro-North security issues;
- 9 review periodically with the Counsel of the MTA, the Chief Compliance Officer, and the Counsel of Metro-North: (i) legal and regulatory matters that may have a material impact on Metro-North; and (ii) the scope and effectiveness of compliance policies and programs;
- 10 conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
- 11 review and assess the adequacy of this Charter annually; and
- 12 report regularly to the Board Chair and the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board Chair or the Board requests, and maintain minutes or other records of Committee meetings and activities.

With respect to capital projects undertaken by the MTA Capital Construction Company (MTACC) on behalf of Metro-North:

- 1 Review and make recommendations to the Board Chair and Board with respect to the proposed procurements made by the MTACC that require Board approval;
- 2 Review and make recommendations to the Board Chair and the Board with respect to contract procurement solicitations that require Board approval;
- 3 Monitor the progress of the capital projects undertaken by the MTACC;
- 4 Monitor the budget and the schedule of capital projects undertaken by the MTACC;
- 5 Monitor the progress of contract commitments and completions with respect to capital projects; and
- 6 Track funding needs of capital projects as well as the availability of funds to meet such needs from all sources of funding.

THE METROPOLITAN TRANSPORTATION AUTHORITY

COMMITTEE ON OPERATIONS OF THE NEW YORK CITY TRANSIT AUTHORITY, THE MANHATTAN AND BRONX SURFACE TRANSIT OPERATING AUTHORITY, THE STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY AND THE MTA BUS COMPANY

This Charter for the Committee on Operations of the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority, the Staten Island Rapid Transit Operating Authority and the MTA Bus Company was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”) on July 24, 2013.

I. PURPOSE

The Committee on Operations of the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority, and the Staten Island Rapid Transit Operating Authority and the MTA Bus Company (the “Committee”) shall assist the Board Chair and the Board in fulfilling their responsibility to monitor and oversee the operations of the New York City Transit Authority, the Manhattan and Bronx Surface Transit Operating Authority and the Staten Island Rapid Transit Operating Authority (collectively, “NYCT”) and of the MTA Bus Company (“MTA Bus”).

II. COMMITTEE AUTHORITY

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Committee shall have access to all books, records, facilities and staff of the MTA, NYCT and/or MTA Bus. The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records or staff in connection with the performance of their fiduciary duties as Board members.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of 3 or more members of the Board, appointed by the Board Chair. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall appoint the chairperson and the vice-chairperson of the Committee. The vice-chairperson of the Committee shall be a person recommended to the Board by the Mayor of the City of New York. In the absence of the chairperson at a meeting of the Committee, the vice chairperson shall chair such meeting. In the absence of the chairperson and the vice chairperson, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Committee may be removed, for cause or without cause, by the Board Chair.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least 11 times per year, and more frequently as circumstances dictate. The Committee shall cause to be kept adequate minutes of all its

proceedings, which shall include records of any action taken. Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public, and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees when appropriate.

The Committee may request that any member of the Board, the Auditor General, any officer or staff of the MTA, the NYCT, MTA Bus or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The President of NYCT, the President of MTA Bus , and the President of the MTA Capital Construction Company shall each (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda relating to his or her respective organization, (2) provide the chairperson of the Committee with all information regarding the affairs of his or her respective organization that is material to the Committee's monitoring and oversight of the operations of such organization, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing the operations of his or her organization.

V. COMMITTEE REPORTS.

The chairperson of the Committee shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall, with respect to NYCT and MTA Bus:

- 1 monitor and update the Board Chair and the Board on the operating performance of NYCT and MTA Bus, including information on subway, bus and paratransit service;
- 2 monitor and update the Board Chair and the Board on the safety record of NYCT and MTA Bus; such monitoring shall include reviewing and monitoring customer and employee safety as well as crime statistics;
- 3 monitor and update the Board Chair and the Board on the implementation of security programs pertaining to NYCT and MTA Bus operations and facilities;
- 4 monitor and update the Board Chair and the Board on the finances of NYCT and MTA Bus, including financial reports, ridership reports, and the use of funds by NYCT and MTA Bus;

- 5 review and make recommendations to the Board Chair and the Board regarding proposed procurement contracts of NYCT and MTA Bus that require Board approval;
- 6 review and make recommendations to the Board Chair and the Board on proposed capital projects of NYCT and MTA Bus and monitor the status of such projects;
- 7 review and make recommendations to the Board Chair and the Board regarding NYCT and MTA Bus service and policy changes that require Board approval;
- 8 facilitate the identification of approaches and solutions that address NYCT and MTA Bus security issues, including best practices in national and international security respecting transportation operations and facilities and review and make recommendations to the Board Chair and the Board regarding NYCT and MTA Bus security issues; and
- 9 review periodically with the Counsel of the MTA, the Chief Compliance Officer, and the Counsel of NYCT and MTA Bus: (i) legal and regulatory matters that may have a material impact on NYCT; and (ii) the scope and effectiveness of compliance policies and programs.

With respect to capital projects undertaken by the MTA Capital Construction Company (MTACC) on behalf of NYCT or MTA Bus:

- 1 review and make recommendations to the Board Chair and Board with respect to the proposed procurements made by the MTACC that require Board approval;
- 2 review and make recommendations to the Board Chair and the Board with respect to contract procurement solicitations that require Board approval;
- 3 monitor the progress of the capital projects undertaken by the MTACC;
- 4 monitor the budget and the schedule of capital projects undertaken by the MTACC;
- 5 monitor the progress of contract commitments and completions with respect to capital projects; and
- 6 track funding needs of capital projects as well as the availability of funds to meet such needs from all sources of funding.

In addition, the Committee shall have the following responsibilities:

- 1 conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
- 2 review and assess the adequacy of this Charter annually; and

- 3 report regularly to the Board Chair and the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board Chair or the Board requests, and maintain minutes or other records of Committee meetings and activities.

The Metropolitan Transportation Authority SAFETY COMMITTEE

This Charter for the Safety Committee was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), as amended on June 22, 2016.

I. PURPOSE

The Safety Committee (the “Committee”) shall assist the Board Chair and the Board by reviewing, providing guidance, and making recommendations with respect to the management of safety on an MTA-wide basis.

The MTA manages safety through its SMS or “Safety Management System,” which is a top-down, organization wide, data driven approach to managing safety risk and assuring the effectiveness of safety mitigations. SMS includes systematic policies, procedures, and practices for the management of safety risk.

II. COMMITTEE AUTHORITY

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Committee shall have access to all books, records, facilities and staff of the MTA (including any of its subsidiary corporations or affiliates). The foregoing is not intended to alter or curtail existing rights of individual Board members to access books, records or staff in connection with the performance of their fiduciary duties as Board members.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of 3 or more members of the Board and shall include the Board Chair, the chairs of each operating committee of the Board, and each member of the Board recommended for appointment to the Board by a labor organization. All other members of the Committee shall be appointed by the Board Chair. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall appoint the chairperson of the Committee. In the absence of the chairperson at a meeting of the Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Committee may be removed, for cause or without cause, by the Board Chair.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least 4 times per year, and more frequently as circumstances dictate. The Committee shall cause to be kept adequate minutes of all its proceedings and records of any action taken. Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public, and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees

when appropriate. The Committee may request that any member of the Board, the Chief Safety Officer, the Auditor General, any officer or staff of the MTA, or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Chief Safety Officer shall (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda relating to safety on an MTA-wide basis, (2) provide the chairperson of the Committee with all information regarding safety on an MTA-wide basis that is material to the Committee's monitoring and oversight of safety on an MTA-wide basis, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing safety on an MTA-wide basis.

V. COMMITTEE REPORTS

The chairperson of the Committee shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board, from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall:

1. Monitor the implementation and operation of the MTA's SMS;
2. Monitor the safety record of the MTA and each of its subsidiaries and constituent authorities, including by selecting and reviewing key safety indicators;
3. Provide a forum for the open discussion of safety issues among representatives from the MTA and each of its subsidiaries and constituent agencies;
4. Facilitate the identification of approaches and solutions that address MTA-wide safety issues;
5. Review and assess the adequacy of this Charter annually;
6. Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter; and
7. Report regularly to the Board Chair and Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board Chair or the Board requests, and maintain minutes or other records of Committee meetings and activities.

THE METROPOLITAN TRANSPORTATION AUTHORITY
COMMITTEE ON OPERATIONS OF THE TRIBOROUGH BRIDGE AND TUNNEL
AUTHORITY

This Charter for the Committee on Operations of the Triborough Bridge and Tunnel Authority was adopted by the Board Chair and a majority of the members of Board of the Metropolitan Transportation Authority, a public benefit corporation established under the laws of the State of New York (together with any other entity or corporation for which the members of the Metropolitan Transportation Authority serve as a board of directors, the “MTA”), on July 24, 2013.

I. PURPOSE

The Committee on Operations of the Triborough Bridge and Tunnel Authority (the “Committee”) shall assist the Board Chair and the Board in fulfilling their responsibility to monitor and oversee the operations of the Triborough Bridge and Tunnel Authority (together with its subsidiaries, “B&T”).

II. COMMITTEE AUTHORITY

In discharging its role, the Committee is empowered to investigate any matter brought to its attention. To facilitate any such investigation, the chairperson of the Committee shall have access to all books, records, facilities and staff of the MTA and/or the B&T. The foregoing is not intended to alter or curtail existing rights of individual board members to access books, records or staff in connection with the performance of their fiduciary duties as board members.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of 3 or more members of the Board, appointed by the Board Chair. If not otherwise a member of the Committee, each Vice-Chair of the Board shall be an *ex officio* member of the Committee. The Board Chair shall appoint the chairperson of the Committee. In the absence of the chairperson at a meeting of the Committee, the Board Chair shall appoint a temporary chairperson to chair such meeting. A member of the Committee may be removed, for cause or without cause, by the Board Chair.

IV. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis at least 11 times per year, and more frequently as circumstances dictate. The Committee shall cause to be kept adequate minutes of all its proceedings. Committee members will be furnished with copies of the minutes of each meeting. Meetings of the Committee shall be open to the public, and the Committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice, public speaking and the conduct of executive session. The Committee may form and assign responsibilities to subcommittees when appropriate.

The Committee may request that any member of the Board, the Auditor General, any officer or staff of the MTA, or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information at the Committee requests. The President of the B&T shall (1) furnish the Committee with all material information pertinent to matters appearing on the Committee agenda relating to his or her organization, (2) provide the chairperson of the Committee with all information regarding the affairs of his or her organization that is material to the Committee's monitoring and oversight of the operations of such organization, and (3) inform the chairperson of the Committee of any matters not already on the Committee agenda that should be added to the agenda in order for the Committee to be adequately monitoring and overseeing the operations of his or her organization.

V. COMMITTEE REPORTS.

The chairperson of the Committee shall report on the Committee's proceedings, and any recommendations made.

VI. KEY RESPONSIBILITIES

The following responsibilities are set forth as a guide with the understanding that the Committee may diverge as appropriate given the circumstances. The Committee is authorized to carry out these and such other responsibilities assigned by the Board Chair or the Board from time to time, and take any actions reasonably related to the mandate of this Charter.

To fulfill its purpose, the Committee shall:

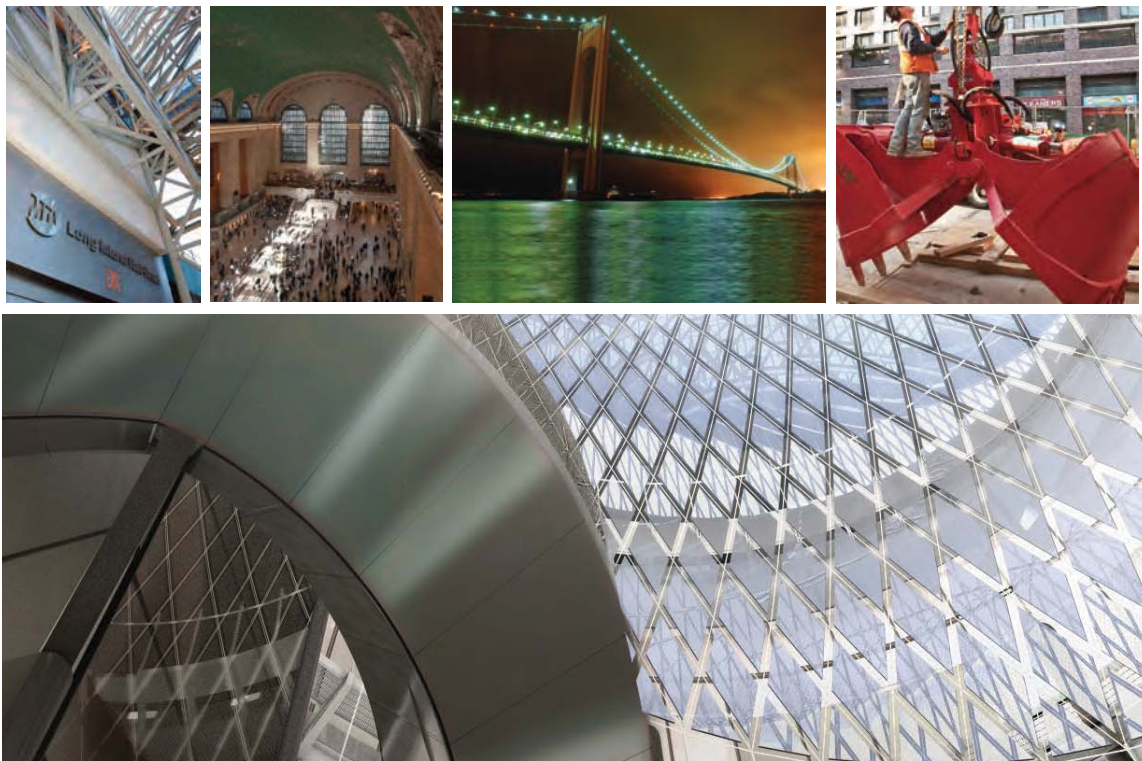
1. monitor and update the Board Chair and the Board on the operating performance of B&T, including information on the service and conditions of the bridges and tunnels operated by B&T and the operation, maintenance, construction and reconstruction of B&T projects;
2. monitor and update the Board Chair and the Board on the safety record of B&T; such monitoring shall include reviewing and monitoring customer and employee safety;
3. monitor and update the Board Chair and the Board on the implementation of security programs pertaining to B&T operations and facilities;
4. monitor and update the Board Chair and the Board on the finances of B&T, including financial reports the use of funds by the B&T, and the collection and distribution of B&T revenue, such as tolls, fees and rentals charged for the use of B&T projects;
5. review and make recommendations to the Board Chair and the Board regarding proposed procurement contracts of B&T that require Board approval;
6. review and make recommendations to the Board Chair and the Board on proposed projects of B&T and monitor the status of such projects;
7. review and make recommendations to the Board Chair and the Board regarding B&T policy changes;

8. facilitate the identification of approaches and solutions that address B&T security issues, including best practices in national and international security respecting transportation operations and facilities and review and make recommendations to the Board Chair and the Board regarding B&T security issues;
9. review periodically with the Counsel of the MTA, the Chief Compliance Officer, and the Counsel of B&T: (i) legal and regulatory matters that may have a material impact on B&T; and(ii) the scope and effectiveness of compliance policies and programs;
10. conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter; and
11. review and assess the adequacy of this Charter annually; and report regularly to the Board Chair and the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board Chair or the Board requests, and maintain minutes or other records of Committee meetings and activities.



All-Agency **CODE OF ETHICS**

Adopted by the MTA Board December 16, 2015





**Originally Issued
June 1, 2005**

Revised

**March 29, 2006
March 28, 2007
December 16, 2009
November 16, 2011
February 26, 2014
November 19, 2014
December 16, 2015**

Additional copies may be obtained from MTA Corporate Compliance or
your Agency's Human Resources Department

Internal Control Number GRC001921

ALL-AGENCY CODE OF ETHICS

Introduction

The Metropolitan Transportation Authority provides services to more than eight million customers a day, each one of whom expects a high standard of service. As employees of the MTA, you are entrusted with the duty to provide this high standard of service. The ability to provide a high standard of service is grounded in a strong work ethic, clear corporate policies, and the dedication of a creative work force. The adherence to a strict code of ethics is central to gaining and keeping the trust of our customers.

This Metropolitan Transportation Authority All-Agency Code of Ethics (“Code of Ethics”) applies to every employee of the MTA, including its current and future subsidiaries and affiliates. For ease of reference, this Code of Ethics will refer to all such employees as “Employees.” In addition, persons performing services for the MTA and its subsidiaries and affiliates may be subject to the Code of Ethics by contract or agreement.

There is only one Code of Ethics for the entire MTA. You are expected to become familiar with this Code, and the various applicable statutes, regulations, professional codes of ethics, and disciplinary rules. **You are expected to read this Code immediately upon receipt.**

*“There is only one
Code of Ethics for
all MTA employees”*

The Code of Ethics is intended to provide guidance to all Employees with respect to applicable laws governing ethical conduct and the MTA’s ethical standards, which sometimes exceed the requirements of State law.

While the Code of Ethics sets out specific standards, in our evolving business environment, no written code can anticipate every possible situation. However, this Code of Ethics establishes a standard against which you can measure your daily decisions and actions. The Code of Ethics is not a restatement of all applicable laws and standards; you are expected to be familiar with and comply with all laws and standards related to your specific job. The principal source of most New York State law governing the ethical conduct of public employees and officers is the Public Officers Law, the applicable provisions of which are available from the Law and Human Resources departments at each MTA Agency.



As an Employee, you are expected to be an ethical role model. Managers and supervisors must foster an atmosphere that encourages Employees to seek

assistance if faced with ethical dilemmas. Every Employee must be alert to potential ethical issues and be ready to respond appropriately.

Responsibility for compliance with the applicable rules and standards for ethical conduct, including the related financial disclosure requirements, ultimately rests with you. If you have an ethics-related question, you should ask your supervisor or the applicable Agency Ethics Committee for guidance.

VIOLATIONS OF THE CODE OF ETHICS OR APPLICABLE
STATUTORY PROVISIONS MAY SUBJECT AN EMPLOYEE
TO DISCIPLINE UP TO AND INCLUDING DISMISSAL
AND/OR EXPOSE THE EMPLOYEE TO CIVIL OR CRIMINAL
PENALTIES. (SEE CHAPTER 9)

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Chapter 1: Definitions/Structure



Section 1.01 Definitions

As used in this Code, capitalized terms shall have the following meanings:

Agency Ethics Committee means the committee established by an individual MTA Agency.

All-Agency Ethics Committee means the committee comprised of the Agency Ethics Officers or chairpersons of each Agency Ethics Committee and the Chief Compliance Officer.

Annual Statement of Financial Disclosure means the financial disclosure statement required to be filed with the Joint Commission on Public Ethics by certain Employees pursuant to Public Officers Law Section 73-a and this Code.

Business means any activity, paid or unpaid, by an Employee or any individual, firm, company, corporation or other entity, wherein the goal or objective is obtaining monetary income or other things of value or operating an enterprise. Such activity may be for profit or not-for-profit.

Code means this MTA All-Agency Code of Ethics.

Confidential Information means information, whether or not set forth in writing, that is available to an Employee only because of such Employee's position within an MTA Agency and which is treated by such MTA Agency as being confidential or which the Employee has reason to believe is confidential. Information does not have to be formally labeled "confidential" to be confidential.

Conflicts of Interest means a situation in which the financial, familial, or personal interests of an Employee come into real or apparent conflict with their duties and responsibilities to the MTA. Apparent Conflicts of Interest are situations where there is the appearance that an Employee can personally benefit from actions or decisions made in their official capacity, or where an Employee may be influenced to act in a manner that does not represent the best interests of the MTA. The appearance of a conflict may occur if circumstances would suggest to a reasonable person that an Employee may have a conflict. The appearance of a conflict and a real conflict should be treated in the same manner for the purposes of this Code.

Department Head means a Department Head as that term is generally used within the applicable MTA Agency.

Employee means an officer or employee of an MTA Agency.

Employment means performance of services, for or on behalf of any entity or individual, to obtain economic or other material benefit.

Family Member means (i) an Employee's spouse, domestic partner, child or sibling; (ii) a person who is a direct descendant (or the spouse of a direct descendant) of a grandparent of the Employee or a grandparent of the Employee's spouse or domestic partner; or (iii) a person living in the same household as an Employee.

Fundraising means the raising of funds for an organization through solicitation of funds or sale of items or participation in the conduct of an event.

Gift (s) means the transfer, without equivalent consideration, of anything or benefit, tangible or intangible, having more than nominal value, including, but not limited to, loans, forbearance, services, travel, gratuities of any kind, favors, money, meals, refreshments, entertainment, hospitality, promises, tickets to entertainment or sporting events, weekend trips, golf outings, loans of equipment, or other thing or benefit. **(See definition of "Items of Nominal Value" below.)** Note: The State Legislature has determined that provision of local transportation by a Prohibited Source for purposes of inspection or touring of facilities, operations or property located in New York State, where such inspection or tour is related to an Employee's official duties or responsibilities, does not constitute a Gift.

Honorarium means (a) payment, fee or other compensation in connection with a service rendered by an Employee not related to the person's official duties, and for which MTA Agency equipment or staff are not used, which is in the nature of a gratuity or as an award or an honor (e.g., for delivering a speech, for attending a conference, for writing an article); and (b) a payment, whether to a lodging site or a provider of transportation, for travel expenses made to or on behalf of an Employee, or reimbursement made to the Employee for travel expenses incurred, for services rendered by an Employee not related to their official duties.

Items of Nominal Value means items such as mugs, key rings, calendars, pens and the like that are of minimal value unless such items are being given under circumstances where it reasonably can be inferred that such item was intended to influence the Employee in the performance of such Employee's official duties. For purposes of determining value, an item is not deemed reduced in value by virtue of its being embossed or otherwise marked with a company logo, identification, or advertising.

Joint Commission on Public Ethics means the Commission established within

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the New York Department of State under Section 94 of the New York Executive Law pursuant to the Public Integrity Reform Act of 2011.

MTA Agency or MTA means any of the following: Metropolitan Transportation Authority Headquarters, MTA New York City Transit, Manhattan and Bronx Surface Transit Operating Authority, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus Company, MTA Capital Construction Company, the Staten Island Rapid Transit Operating Authority, the First Mutual Transportation Assurance Company, MTA Bridges and Tunnels and all future affiliated and subsidiary entities of the MTA.

New York State Agency means any New York State department, or division, board, commission, or bureau of any state department, any public benefit corporation, public authority, or commission at least one of whose members is appointed by the Governor, or the State University of New York, or the City University of New York, including all their constituent units except community colleges of the State University of New York and the independent institutions operating statutory or contract colleges on behalf of the State. All MTA Agencies are New York State Agencies for purposes of this Code.

Participation in the Conduct of an Event means active and visible participation in the promotion, production or presentation of the event and includes serving as honorary chairperson or committee member or sitting at the head table during the event. The term does not mean the mere attendance at the event, provided the Employee's attendance is not being used by the non-profit to promote the event.

Policy-Making Position means those management and non-management positions designated as policy-making positions by each MTA Agency, because the individual holding the position exercises responsibilities of a broad scope in the formulation of plans for the implementation of action or policy for an MTA Agency or has an effective or substantial influence on an individual in such a position; e.g., positions in which Employees have discretion to (i) significantly influence, control, or bind an MTA Agency in the expenditure or receipt of money, (ii) significantly influence the discretionary selection or rejection of Employees, their promotion, transfer, or salary increases, (iii) select or supervise Prohibited Sources, (iv) negotiate leases, real estate agreements, estates, purchase or sale of goods or services, or (v) supervise or approve additional work orders and progress payments to Prohibited Sources retained by an MTA Agency.

Prohibited Source means:

- (a) a Vendor including any person, seller of goods or services, bidder, proposer, consultant, contractor, trade, contractor or industry association, or any other person/entity with which your MTA Agency is doing business, as well as those persons and business entities who have expressed an interest in doing business with your MTA Agency, whose activities directly or indirectly benefit your Agency, or who have a history of doing business with your Agency in the recent past; or
- (b) a tenant or licensee of your MTA Agency; or
- (c) any person or entity who on his, her or its own behalf, or on behalf of any other person or entity, satisfies any one of the following:
 - (1) is regulated by, negotiates with, appears before in other than a ministerial matter, seeks to contract with or has contracts with, or does other business with: (i) the Employee, in his or her official capacity; (ii) your MTA Agency; or (iii) any other New York State Agency when your MTA Agency is to receive the benefits of the contract; or
 - (2) is required to be listed on a statement of registration pursuant to § 1-e(a)(1) of article 1-A of the Legislative Law and lobbies or attempts to influence actions, decisions, or policies of your MTA Agency; or
 - (3) is the spouse or unemancipated child of any individual satisfying the requirements of subsection (c)(2) above; or
 - (4) is involved in any action or proceeding, in which administrative and judicial remedies thereto have not been exhausted, and which is adverse to either: (i) the Employee in his or her official capacity; or (ii) your MTA Agency; or
 - (5) has received or applied for funds from your MTA Agency at any time during the previous 12 months up to and including the date of the proposed or actual receipt of the item or service of more than Nominal Value. This does not include a request for funds received by the MTA in the ordinary course of business. For example, this does not include a customer's request for a refund or MTA's purchase of tickets or a table to an event.

For purposes of this definition, the term "your Agency" refers to the Agency by which you are employed. However, certain Employees working on matters involving more than one MTA Agency may be considered an Employee of multiple MTA Agencies for purposes of this Code.

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Solicitation means any request, invitation, or suggestion (oral or written) made under circumstances where it reasonably could be concluded that the individual or entity receiving same is being asked to, or is expected to, comply with a request, invitation, or suggestion.

State Ethics Law means New York Public Officers Law Sections 73, 73-a, 74 as may be amended or modified by the New York State Legislature and the rules and regulations promulgated thereunder.

Section 1.02 Agency Ethics Committees/All-Agency Ethics Committee

The Metropolitan Transportation Authority Headquarters, MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus Company, MTA Capital Construction Company, and MTA Bridges and Tunnels shall each appoint an Agency Ethics Officer and can establish an Ethics Committee to render guidance on ethics-related questions, including Conflicts of Interest. The procedures for the appointment of the Agency Ethics Officer shall be determined by each MTA Agency upon consultation with the Chief Compliance Officer. However, each Committee will designate one senior-level executive as Chairperson of the Agency Ethics Committee. Upon request, information disclosed to the Agency Ethics Committees and their members shall be deemed confidential, provided that appropriate disclosure of such information must be made in accordance with applicable laws, rules, and regulations.

MTA's Chief Compliance Officer shall serve as Chairperson of the All-Agency Ethics Committee. The Committee will meet periodically to review the current state of ethics at the MTA and to review or revise the Code of Ethics as needed.

Section 1.03 Ethics & Financial Disclosure Questions

Questions concerning this Code or potential Conflicts of Interest may be directed to the applicable Agency Ethics Officer or Ethics Committee at the phone number set forth in Appendix A. It is not the function of a supervisor, an Agency Ethics Officer or Ethics Committee, or an MTA Agency lawyer to act as counsel to any individual Employee.

Information regarding violations of this Code or questions concerning ethics-related matters, may also be directed to:

*MTA Corporate Compliance
Metropolitan Transportation Authority
2 Broadway, 16th Floor
New York, New York 10004
888-U-ASK-MTA (888-827-5682)*

Any MTA Employee who has a complaint or allegation regarding the MTA may also contact the MTA Inspector General.

*Office of the Inspector General,
Metropolitan Transportation Authority
Two Penn Plaza, 5th Floor
New York, New York 10121
800-MTA-IG4U (800-682-4448)*

Section 1.04 Revocation of Agencies Ethics Policies

This Code supersedes and by effect rescinds the MTA All-Agency Acceptance of Gifts Policy Statement 11-007, the MTA Guideline Document—Gifts, and all MTA Agencies’ Ethics Policies and Codes.

Section 1.05 Duty to Disclose

“Employees must promptly report any violation of this Code”

Employees must promptly report any violation or potential violation of the MTA’s Codes of Ethics (All-Agency Code of Ethics, Board Member Code of Ethics or Vendor Code of Ethics) as well as any actual or potential violation of law, regulations, or policies and procedures, relating to the MTA, whether committed by an Employee or by a person doing business with the MTA. Employees should report to the MTA Inspector General allegations or information involving corruption, fraud, criminal activity or abuse. Employees should report to their Agency’s Ethics Officer, their Agency General Counsel, the MTA’s Chief Compliance Officer or to the MTA Inspector General, all other violations or potential violations. Employees should feel free to discuss their concerns initially with their supervisor, but no supervisor may discourage an Employee from making a report.

Note: To obtain answers to questions or increase their understanding, Employees are encouraged to discuss particular situations or concerns they have regarding violations or potential violations of this Code or any laws, regulations or policies or procedures with their Agency Ethics Officer, the MTA Chief Compliance Officer or the MTA Inspector General.

Section 1.06 No Reprisals/Whistle-Blowing

Employees who report violations or potential violations of this Code or any

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actual or potential violations of laws, regulations or policies and procedures are protected under MTA All-Agency Whistleblower Protection Policy, No. 11-041 and will not be subjected to punitive sanctions, reprisals, or other penalties solely for reporting such violations. Employees who file an intentionally false report may be subject to appropriate disciplinary penalty, up to and including dismissal as well as civil or criminal charges.

Section 1.07 Cooperation with Audits and Investigations

Employees must cooperate fully and honestly with audits and investigations conducted by the MTA Inspector General, Joint Commission on Public Ethics, Auditor General, Chief Compliance Officer, Agency Ethics Officer, or other governmental agencies. Failure to so cooperate will subject an Employee to appropriate disciplinary penalty, up to and including dismissal.

Section 1.08 Mandatory Ethics Training

Employees subject to the financial disclosure requirements of Section 6.01 of this Code must complete a comprehensive ethics training course within three months of becoming subject to that requirement.

Employees subject to the financial disclosure requirements and such other Employees as may be determined by their Agency Ethics Officer or Ethics Committee are required to attend continuing ethics training every three years.

Section 1.09 Certifications

Employees upon hire must certify to the MTA Code of Ethics by signing an Acknowledgment Form. Additionally, Employees are required to annually sign a certification attesting to their familiarity with the MTA Code of Ethics.

Chapter 2: Gifts, Awards, and Honoraria



Section 2.01 Gift Prohibition – Zero Tolerance

Employees are prohibited from soliciting or receiving Gifts, directly or indirectly, from any Prohibited Source. The defined term “Gift” does not include items of truly nominal value. **(See definitions of “Gifts” and “Items of Nominal Value.”)**

However, Employees may accept Gifts from employees of a Prohibited Source if these Gifts are reflective of a personal relationship independent of the relationship between the Prohibited Source and the MTA. For example, if the sibling of an MTA Agency Employee worked for a Prohibited Source, the MTA Agency

Employee could nonetheless accept a Gift that reflects this personal relationship. In addition, an Employee can accept a modest, reasonable, and customary offering on an extraordinary occasion, such as a wedding, retirement, funeral, or serious illness. A Gift shall not be considered representative of a personal relationship, if the donor seeks to charge or deduct the value of the Gift as a business expense or seeks reimbursement from a Prohibited Source or when gifts from the same Prohibited Source are offered to multiple Employees at or about the same time.

Employees are permitted to accept discounts or special offers from a Prohibited Source so long as those discounts or special offers are generally available to similarly situated employees of other public and private sector organizations. Employees should check with their Agency Ethics Officer before accepting such discounts or special offers from a Prohibited Source.

Under no circumstances may an Employee accept an item, even an Item of Nominal Value, under circumstances in which it could be reasonably inferred that the item was intended to influence the Employee, or could reasonably be expected to influence the Employee, in the performance of the Employee's official duties or was intended as a reward for any official action on such Employee's part.

Reminders:

- (a) Employees should avoid accepting numerous items of nominal value from the same Prohibited Source because their aggregate value is likely to exceed the nominal threshold. The MTA will aggregate the value of items received from the same Prohibited Source in any 12-month period.
- (b) Accepting Gifts in connection with the performance of official duties from persons or entities *other than* Prohibited Sources could still be a violation of State law and this Code, if it could be reasonably inferred that the Gift was intended to influence the Employee, or could reasonably be expected to influence the Employee, in the performance of the Employee's official duties or was intended as a reward for any official action on such Employee's part.
- (c) Proof that an Employee was actually influenced by a Gift is not necessary for a finding of a violation of this Code or State Ethics Law.
- (d) Employees should use caution in accepting such items they believe are of nominal value because it may not always be easy to determine if an item is truly of nominal value.
- (e) An Employee may not designate a friend, Family Member, or entity (such as

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a charity) to receive a Gift that the Employee would not be permitted to receive.

Example:

- (a) A Prohibited Source offers an Employee a briefcase with the Prohibited Source's logo embroidered on it. Because that briefcase, without such logo, would have a retail cost greater than nominal value, the Employee is prohibited from accepting it, even if the Employee considers it valueless because of the logo.

Common Gift Issues: It is not practical in a code of this type to describe all of the circumstances that might give rise to a prohibited Gift. The following are some of the situations that have come up in the past and are examples of Gift-related actions that are prohibited:

- (a) Any Solicitation or attempt to Solicit a job for a relative from a Prohibited Source, including a summer job; or
- (b) Any Solicitation or acceptance from a Prohibited Source of:
 - (1) tickets to a concert, play, sporting event, or show;
 - (2) meals;
 - (3) a golf outing, a weekend trip, a vacation, use of a vacation home, or an airline ticket; or
 - (4) individual discounts to Employees on goods or services (such as televisions, computers, clothing, home improvements, or car or appliance repairs).

Section 2.02 Monetary Gifts and Kickbacks

Gifts of money to an Employee from a Prohibited Source are prohibited regardless of amount and shall be **deemed to be a kickback** or bribe intended to influence the Employee in the performance of the Employee's official duties.

Employees may not give or promise to give any portion of their compensation or any money or valuable thing to any person, nor shall any person accept any such money, or valuable thing, in connection with appointment, employment, promotion, assignment, or reassignment by an MTA Agency. Employees may not, directly or indirectly, make (or request that other Employees make) any contribution or pay any assessment in order to secure promotion, compensation, or to affect job status, duties, or functions, or in consideration of being appointed or employed at an MTA Agency.

Section 2.03 Tips

Employees are not permitted to accept tips or other gratuities in connection with the performance of their official duties unless:

- (1) the Employee is represented by a labor union;
- (2) it has been customary in the past for MTA Agency Employees in the relevant job classification to receive tips in connection with the performance of their official duties; and
- (3) in the private sector it would be customary for an Employee in the equivalent job classification (such as a bartender) to receive tips as part of their income.

Section 2.04 Reporting Gift or Gift Offers

An Employee to whom a Gift is offered or given in violation of Section 2.01 above shall promptly report such offer or Gift to the applicable Agency Ethics Officer Ethics Committee and, in the case where a Gift has been given, the Employee or Agency Ethics Officer or Ethics Committee shall promptly return the Gift to the person or entity giving the Gift with a copy of the MTA Gift return letter. A copy of the executed gift return letter shall be sent to MTA Corporate Compliance.

Section 2.05 Awards, Plaques, and Honors

“Awards and plaques publicly presented in recognition of MTA Agency or public service may be accepted”

Awards and plaques publicly presented in recognition of an Employee’s service to an MTA Agency or non-job-related public service may be accepted. Employees must notify and seek the approval of their Agency Ethics Officer or Ethics Committee prior to accepting an award, plaque, or honor presented by a Prohibited Source.

However, awards or plaques presented by a Prohibited Source in recognition of job-related MTA Agency service and valued at more than seventy-five dollars (\$75) shall become the property of the applicable MTA Agency. The

MTA Agency’s Ethics Officer or Ethics Committee can determine the disposition of the award or plaque.

Section 2.06 Honoraria

An Employee may not accept an honorarium for services related to his or her duties for the MTA.

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Employees must obtain written approval for each honorarium from their Agency Ethics Officer or Ethics Committee with the concurrence of Corporate Compliance prior to accepting an Honorarium. The approval request should be in writing and received by the Agency Ethics Officer or Ethics Committee no less than thirty (30) days prior to the time performance of the service for which the Honorarium is being offered is due to occur or thirty (30) days prior to the receipt of the honorarium. A detailed statement of all of the circumstances in which an Employee may accept an honorarium from a third party is set forth in Title 19 NYCRR Part 930.

The following is a summary of the rules relating to honoraria.

Prohibited Honoraria. Prohibited Honoraria: An Employee may not accept an Honorarium (or payment in lieu of Honorarium) that is offered for services related to his or her official duties for the MTA. In such circumstances, payment for services related to official MTA duties must be made directly to the applicable MTA Agency.

In addition, an Honorarium may not be accepted by any Employee from a Prohibited Source without the written approval of the Chief Compliance Officer.

Irrespective of whether approval was obtained in advance, however, any receipt of an honorarium in excess of \$1000 must be included in the Employee's annual financial disclosure statement. .

Chapter 3: Prohibited-Source Sponsored Events, Receptions, and Meals



Section 3.01 Business Meals

In general, Employees are prohibited from accepting a meal from a Prohibited Source. However, an Employee may accept free *modest* meals or refreshments from a Prohibited Source under the following limited circumstances:

- (a) in the course of and for the purpose of conducting MTA Agency business at a Prohibited Source's facility, when offered unexpectedly during a meeting which the Employee is attending for official reasons, or when offered at a company cafeteria or other company facility at the Prohibited Source's place of business and individual payment is *impractical*; or
- (b) when attending a seminar or conference in connection with an MTA Agency and meals or refreshments are provided to all participants.

A meal is considered modest for purposes of the foregoing if the food and beverage is valued at fifteen dollars or less. Under the MTA Code of Ethics, an Employee may accept such a modest meal only under the circumstances noted above.

An Employee may not accept a meal from a Prohibited Source outside of a Prohibited Source's facility (except at a seminar or conference as set forth in Section 3.01(b) above). If an Employee has a meal with a Prohibited Source, the Employee shall pay the full value of such meal with his or her own funds with or without MTA Agency reimbursement.

Reminders: If you have a meal with a Prohibited Source and simply split the bill, you may be in violation of this Code if you do not pay the full value of your meal. **It is prudent for Employees to obtain proof of payment because simply putting money on the table may not provide an adequate basis for proving that an Employee paid for his or her own meal. The better practice is to get a separate check and keep the receipt.**

Section 3.02 Educational Seminars

“Employees are encouraged to participate in events that enhance professional development.”

Employees are encouraged to continue to participate in events that will enhance their professional development. In certain professions, it is customary for Prohibited Sources, including companies that do business with the MTA, and industry groups, to sponsor lectures and continuing education seminars. Occasionally, such educational events are targeted to Employees and do not include other similarly situated public or private sector

employees. Employees may attend such educational events if attendance at the event would further the interests of the MTA Agency, if the event relates to the Employee's official duties, and if the invitation does not involve recreational activities such as golf, tennis, or cruises.

However, Employees who manage the Prohibited Source's work or are involved in the review/approval of payments to the Prohibited Source must consult with their Agency's Ethics Officer before accepting professional continuing education credits.

Section 3.03 Attendance at Prohibited-Source/Industry-Sponsored Events and Receptions

Employees are encouraged to continue to participate in events that will enhance their professional development. Employees frequently receive complimentary

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invitations to Prohibited Source/industry groups sponsored events that include receptions or hospitality suites sponsored by a Prohibited Source/industry group. **Employees should evaluate any such invitations with caution and obtain prior approval from their Agency Ethics Officer.** Employees may attend complimentary Prohibited Source/industry-sponsored events, including receptions or hospitality suites only if all of the following conditions are met:

- (1) Attendance at the event would further the interests of the MTA Agency;
- (2) The event relates to the Employee's official duties or responsibilities or allows the Employee to perform a ceremonial function appropriate to his or her position;
- (3) The event is a "widely attended event" at which at least twenty-five individuals other than Employees attend or were, in good faith, invited to attend and the event is also complimentary to such other non-Employees attending or invited to attend;
- (4) Any reception or hospitality suite is open to all event attendees; and
- (5) The event does not include a formal sit-down meal or involve recreational activities such as golf, tennis, or cruises.

In evaluating approval of such participation, your Agency Ethics Officer will take into consideration a number of factors, including but not limited to: the nature of any pending matter affecting the sponsor or donor's interest, the importance of the event to the MTA, the significance of the Employee's role in the event and whether the MTA Agency's interest in the Employee's participation outweighs the likelihood that such participation would be perceived as improperly influencing the Employee in the performance of his or her official duties, the timing of the event, the purpose of the event, the identity of other expected participants and the monetary value of the event.

In circumstances in which a significant activity at the event will be a speaker or attendee addressing an issue of public interest or concern, the State Legislature has determined the requirement that the event "relate to official duties or responsibilities" is satisfied.

An Employee's travel expenses relating to attendance at an industry or Prohibited Source-sponsored event may not be reimbursed or paid for by the event sponsor or other Prohibited Source. (See Travel Reimbursement Section 3.08)

An Employee may attend a Prohibited Source-sponsored event at his or her own expense but the cost paid by the Employee shall be based on the price paid by

the other paying attendees or if there is no admission fee required, then based on the actual cost to the sponsor. **It is prudent for Employees to obtain proof of payment.**

Section 3.04 Senior Management Attendance at Prohibited-Source-Sponsored Events

The Chair/Chief Executive Officer of MTA, the President of an MTA Agency, or their designee(s) may attend functions sponsored and paid for by Prohibited Sources when attendance is related and appropriate to that attendee's official duties or when the purpose of attendance is the performance of a ceremonial or other function that is appropriate to that attendee's official duties with their MTA Agency. The attendee shall provide advance written notice of such invitation to the MTA Chief Compliance Officer and their Agency's General Counsel.

Section 3.05 Attendance at Banquets, Galas, and Fund-Raising Events

- (a) Employees may purchase tickets using their own funds and may attend fund-raising and charitable events sponsored by Prohibited Sources on their own time, subject to compliance with the applicable provisions of the State Ethics Law, this Code, and any other applicable statutes, rules, regulations, policies, or procedures.
- (b) Employees may attend fund-raising and charitable events with tickets purchased by an MTA Agency in compliance with the applicable policies and procedures relating to such purchases.
- (c) Employees may not accept from any individual or firm, directly or

“Employees may not accept tickets to any banquet, gala, or fund-raising event by a Prohibited Source.”

indirectly, tickets to any banquet, gala, or fund-raising event by a Prohibited Source, if those tickets were subsidized or paid for directly or indirectly by the Prohibited Source including without limitation the Transit Museum Gala. Such tickets may not be donated by an individual or firm to an MTA Agency and then distributed to Employees of an MTA Agency.

Section 3.06 Charitable/Political Benefits, Contributions, and Fundraising Activities

Solicitation by Employees of charitable or political contributions from Prohibited Sources, including giving Prohibited Sources invitations to charitable or political functions or events, is prohibited.

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Employees are prohibited from using the MTA's name, their official title, position or authority in any fundraising activity unless authorized by MTA's Chief Compliance Officer. Authorization may be granted **only if** the fundraising is in furtherance of the MTA's mission and does not create an appearance of or any actual conflict of interest.

Employees may engage in fundraising in a personal capacity provided they do not use their title, position or authority to further their fundraising activities and do not personally solicit funds from a subordinate or from persons known to the Employee to be a Prohibited Source.

Section 3.07 Events Honoring an Employee

Prohibited Sources should only be invited to events honoring an Employee (such as an Employee's retirement dinner or an event where the Employee is one of the honored guests) if they have a personal relationship with the honored Employee and there is no actual, implied, or apparent promise of benefit from accepting, or actual, implied, or apparent threat of retaliation from refusing, such invitation. Such invitations should be made with caution.

Section 3.08 Reimbursement of Travel Expenses for Official Duties

Under no circumstances shall an Employee accept reimbursement of travel expenses, including but not limited to, transportation costs, registration fees, food or lodging from a Prohibited Source.

Employees may accept reimbursement from entities other than Prohibited Sources for travel expenses related to the Employees' official duties if the purpose of the travel benefits the MTA Agency in the conduct of its business and prior approval has been received in accordance with the procedures set by the applicable MTA Agency and this Code.

Employees must obtain approval from their Agency Ethics Officer with the concurrence of Corporate Compliance prior to accepting such travel reimbursement. The approval request must be in writing and received by the Agency Ethics Officer reasonably in advance of the time the travel is to begin.

Employees required to file a financial disclosure statement must report any reimbursement for travel expenses which totals in excess of \$1,000.

Chapter 4: Conflicts Of Interest, Other Employment, and Political Activities



Section 4.01 Conflicts of Interest/Recusal

Conflict of Interest

Employees shall not have any interest, personal, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is or may be in conflict with the proper discharge of his or her duties.

Employees must notify their Agency Ethics Officer or Ethics Committee directly regarding any possible Conflict of Interest.

Employees must not only avoid Conflicts of Interest with the MTA but also even the appearance of a conflict.

Reminders:

- (a) If an Employee is uncertain as to whether a given situation creates a real or apparent Conflict of Interest, such Employee should promptly disclose that situation to, and seek guidance from, his or her supervisor, Department Head, the applicable Agency Ethics Officer or Ethics Committee, or MTA Chief Compliance Officer.
- (b) With respect to all work an Employee performs, such Employee must be vigilant about the existence of any circumstances, interests, or relationships which might create or might be reasonably perceived by others as constituting a Conflict of Interest. If an Employee is uncertain as to whether a given situation creates a real or apparent Conflict of Interest, such Employee must promptly disclose that situation to, and seek guidance from, such Employee's Agency Ethics Officer, Ethics Committee, or MTA Chief Compliance Officer. In order to avoid a Conflict of Interest or the appearance of one, it may be necessary for Employees to seek recusal from involvement with a matter creating the Conflict of Interest or the appearance of a Conflict of Interest. Employees must adhere strictly to the Conflict of Interest guidance they receive from their applicable Agency Ethics Officer or Ethics Committee.

Examples: It could be a Conflict of Interest if an Employee participated in a transaction involving an MTA Agency in which transaction the Employee or someone associated with the Employee (Family Member

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or by a Business or financial relationship) had, directly or indirectly, a financial or other private interest (other than a de minimis financial interest as discussed in Section 4.04 below).

It could be a Conflict of Interest if an Employee participates in a transaction or business decision in their official capacity involving someone with whom they have a personal relationship.

Recusal

If an Employee believes he or she has an actual or apparent Conflict of Interest involving the MTA on a particular matter, the Employee shall not participate in the matter pending a determination by their Agency Ethics Officer. Recusals are at the Agency's discretion and shall be approved only if practical and in the best interests of the applicable MTA Agency.

The recusal requires that the Employee not participate directly or indirectly in any discussion or decision that in any way relates to the matter that gives rise to the Conflict of Interest.

The recusal must be in writing and contain:

- (a) The nature of the actual or apparent Conflict of Interest;
- (b) A delegation of authority to a non-subordinate employee;
- (c) Any requirements and conditions of the recusal;
- (d) The period of time the recusal will remain in effect;
- (e) The approval of the Agency Ethics Officer; and
- (f) The concurrence of the Chief Compliance Officer.

A copy of the recusal must be sent to all employees who are likely to work on the matter giving rise to the recusal.

Section 4.02 Public Trust

- (a) Employees shall not engage in a course of conduct that will raise suspicion among the public that they are likely to be engaged in acts that are in violation of the public trust. Employees shall avoid even the appearance that they can be improperly (1) influenced in the performance of their official duties or (2) induced to violate the public trust or impair

“Employees shall not engage in a course of conduct that will raise suspicion among the public that they are in violation of the public trust.”

their independence of judgment in the exercise of their official duties.

Example: An Employee's undisclosed social relationship with a Prohibited Source might create an impression of impropriety if the Employee were in a position to act favorably toward the Prohibited Source in an MTA Agency matter.

- (b) Employees shall not use or attempt to use their official position to secure unwarranted privileges or exemptions for themselves or others.
- (c) Employees shall not by their conduct give reasonable basis for the impression that any person can improperly influence them or unduly enjoy their favor in the performance of their official duties, or that they are affected by the kinship, rank, position, or influence of any party or person.

Section 4.03 Confidential Information

Employees shall not disclose Confidential Information without the permission of the General Counsel of the MTA Agency at which such individual is employed for any purpose, or use such information to further their personal interests.

Section 4.04 Financial Interest

- (a) An Employee, or firm or association of which such Employee is a member, or corporation, ten per cent (10%) or more of the stock of which is owned or controlled directly or indirectly by such Employee, shall not (1) sell any goods or services having a value in excess of twenty-five dollars (\$25) to any New York State Agency, or (2) contract for or provide such goods or services with or to any private entity where the power to contract, appoint or retain on behalf of such private entity is exercised, directly or indirectly, by a New York State Agency or officer thereof, unless such goods or services are provided pursuant to an award or contract let after public notice and competitive bidding.

Exception: This restriction does not apply to the publication of resolutions, advertisements, or other legal propositions or notices in newspapers designated pursuant to law for such purpose and for which the rates are fixed pursuant to law.

- (b) Employees shall not knowingly engage in any transaction on behalf of an MTA Agency with any business entity in which they or a Family Member has a direct or indirect financial interest, excluding mutual funds or exchange traded funds, that might reasonably tend to conflict with the

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proper discharge of their official duties. These provisions may be waived if **both** the Head of the Agency's Procurement Department and the Agency General Counsel state in writing that it is in the best interests of the Agency to waive the provisions.

In addition, New York Public Officers Law §74 provides for civil penalties in circumstances of self dealing and makes it a misdemeanor offense for an Employee of NYCT to have any interest, direct or indirect, in any contract entered into by the Employee's Agency.

Section 4.05 Employees Engaged in Selection, Award, and Administration of Contracts

- (a) Employees shall not participate in the selection, award, or administration of a contract if the Employee knows that he/she or any of his/her Family Members, his/her business partner, or an organization that employs or is about to employ any of the above, has a financial or other interest, other than mutual funds or exchange traded funds, in any of the companies, their parent company, its affiliates or subsidiaries ("the company") that propose or bid on or are awarded such contract. The provisions of Section 4.05(a) may be waived if the Head of the relevant Agency's Department, as well as the Agency General Counsel, and the Agency's Ethics Officer state in writing that it is in the best interests of the Agency to waive the provisions of this Section for a specific procurement or contract. Copies of any approved Waiver Request must also be filed with MTA Corporate Compliance.
- "Employees shall not engage in any transaction on behalf of an MTA Agency with any business entity in which they have a direct or indirect financial interest."*
- (b) If a waiver is granted, (1) the Employee engaged in the **award or selection** of a contract, shall not during the selection process and for two weeks after the award of the contract buy or sell any of the company's securities or (2) the Employee engaged in the **administration** of a contract shall not buy or sell any of the awarded company's securities for six months after the award of the contract.
- (c) An Employee shall not buy or sell any of the company's securities based upon information received as a result of their employment with an MTA

Agency or for two weeks after the public release of information by any MTA Agency regarding the company.

- (d) For two years from the commencement of employment with an MTA Agency, an Employee shall not do either of the following in relation to the Employee's immediate past non-governmental employer: (1) participate in the selection or award of a contract in which a bidder or proposer is such immediate past employer; or (2) administer a contract awarded to such immediate past employer, unless the Employee has notified the Employee's Department Head in writing of the potential conflict and has received from such Department Head, Agency General Counsel, and the Agency Ethics Officer or Ethics Committee a written waiver stating that it is in the best interests of the applicable MTA Agency for such Employee to act in such a role. A copy of such waiver request must be submitted to the MTA Chief Compliance Officer for approval.
- (e) No Employee may ask a current or former contractor, or any officer, director or employee thereof, to disclose: (i) the political party affiliation of such contractor, or any officer, director or employee thereof; (ii) whether such contractor, or any officer, director or employee thereof, has made campaign contributions to any party, elected official, or candidate for elective office; or (iii) whether such contractor, or any officer, director or employee thereof, cast a vote for or against any elected official, candidate or political party. No Employee may award or decline to award any contract, or recommend, promise or threaten to do so, in whole or in part, because of a current or prospective contractor's refusal to answer any inquiry regarding the above.

Section 4.06 Representation of Other Parties and Certain Appearances and Services

Employees shall not, directly or indirectly, act or appear on behalf of any individual, firm, or corporation, in any Business dealings with, or any matter against the interests of, an MTA Agency, or any other New York State Agency, other than as a fact witness. Employees of an MTA Agency are prohibited from appearing for compensation of any kind before a New York State Agency in connection with the purchase or sale of real estate, any rate-making proceeding, licensing, obtaining grants of money or loans, proceedings related to franchise(s), or the adoption or repeal of any rule having the force of law.

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Exceptions

- (a) Employees may appear before an MTA Agency or any New York State Agency or tribunal (1) in a representative capacity on behalf of an Employee organization or association or (2) in connection with a ministerial matter, such as acting as a notary or translator.
- (b) Uncompensated work by Employees for not-for-profit entities doing Business with the State or City is not automatically a conflict of interest if the Employee takes no part in such Business dealings and the entity in question is not subject to supervision, control, or regulation by an MTA Agency. For example, an Employee might serve, without fee, on the Board of a community or church-sponsored day-care center that receives State funds. In such a case, the Employee cannot communicate with the State concerning receipt of those funds.

Section 4.07 Other Employment and Outside Activities

Outside employment/activities may pose ethical issues if there is a conflict between the Employee's duties as an Employee and the requirements of the outside employment/activity.

“Full-time employment with an MTA Agency is deemed to be an Employee's primary employment.”

Employees are prohibited from outside employment, business, professional, or other outside activity that interferes or is in conflict with the proper and effective discharge of the individual's official duties or responsibilities. Each MTA Agency requires that Employees devote appropriate time and attention to their employment with that agency. Full-time employment with an MTA Agency is deemed to be

an Employee's primary employment. All Employees must be fit for duty during their work hours.

Employees who wish to engage in outside employment/activities must consult with their Agency's Human Resources Department or Ethics Officer or Ethics Committee to determine what dual employment or outside activity policy exists at the employing Agency.

Employees may engage in outside employment/activity provided that (1) such employment/activity does not interfere with their ability to devote appropriate time and attention to their employment with their MTA Agency; (2) such employment/activity does not violate the specific guidelines for other

employment set by their MTA Agency; (3) they do not use any MTA Agency resources (e.g., time, equipment, telephone, etc.) in connection with such employment; and (4) they obtain the required approvals as set forth in the specific procedures for approval of other employment set by their MTA Agency. Any Employee interested in running for elective office must also comply with the provisions of Section 4.08 of the Code.

Employees holding Policy-Making Positions must comply with certain additional requirements in connection with engaging in outside employment/activities:

- (1) Employees holding Policy-Making Positions are prohibited from serving as a director or officer of a Prohibited Source (including nonprofit organizations) or a corporation or institution engaged in profit-making activities, holding an appointed or elected public office, or serving as a compensated director or officer of a nonprofit organization, without the prior approval of the applicable Agency Ethics Committee or Ethics Officer, and possibly the Joint Commission on Public Ethics.
- (2) Employees in Policy-Making Positions shall not engage in any private employment, profession or Business or other outside activity, without the following prior approvals:
 - (a) Annual compensation up to \$1,000—No approval required.
 - (b) Annual compensation in excess of \$1,000 to \$5,000—Written approval by the applicable MTA Agency Ethics Officer.
 - (c) Annual compensation in excess of \$5,000—Written approval by the applicable MTA Agency and the Joint Commission on Public Ethics.
- (3) Employees in Policy-Making Positions with approved outside activities must inform their Agency Ethics Officer if there is any material change to either their approved outside activity or their current job responsibilities which would require a new evaluation of their outside activity approval.
- (4) In addition, employees in Policy-Making Positions with approved outside activities shall annually complete a certification attesting to the fact that there have been no material changes to either their approved outside activity or their current job responsibilities which would require a new evaluation of their outside activity approval.

Remember:

- (a) These approvals are in addition to any approvals which may be required by your Agency.

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- (b) Employees must comply with all conflict of interest rules and may not use any MTA Agency resources in connection with such activities.
- (c) Employees holding Policy-Making Positions who request approval from the Joint Commission on Public Ethics to engage in outside activities must file a written request with the Commission which contains the approval of the activity by the applicable MTA Agency. Each Agency Ethics Officer or Ethics Committee shall establish a form for requests of approval of such outside activity. The Agency Ethics Officer or Ethics Committee acts as the agent of the applicable MTA Agency in approving or disapproving such requests. The Agency Ethics Officer's or Ethics Committee's disapproval is final.

Section 4.08 Political Activities of Employees

- (a) An Employee interested in running for elective office shall give written notice of his or her intentions to the applicable Agency Ethics Officer or Ethics Committee, so that it may determine whether, and upon what conditions, seeking elective public office would be consistent with the ethics laws and regulations. Notice and approval of the Joint Commission on Public Ethics may also be required for Employees holding Policy-Making Positions pursuant to Title 19 NYCRR Part 932. In advance of running as a candidate in any election, the provisions of the Hatch Act should also be evaluated to determine whether such a candidacy is permitted under its terms.
- (b) Employees shall not conduct political activities during work hours. MTA Agency property, including, without limitation, telephone, copy machines, computers, and other MTA Agency equipment, vehicles, office space, and services may not be used for political activities under any circumstances.
- (c) Employees are prohibited from using federal funds for partisan political purposes of any kind in the administration of MTA Agency programs, either directly or through individuals or organizations with whom the MTA Agency contracts.
- (d) Employees shall not use their positions or influence for the purpose of interfering with or affecting the result of an election. No Employee shall, directly or indirectly, use his or her official authority to compel or induce any other Employee or state official to make or promise to make any political contribution, whether by gift of money, service or other thing of value.
- (e) Employees holding Policy-Making Positions shall not serve as: (1) officers

of any political party or political organization or (2) members of any political party committee, including political party district leaders or as members of a political party national committee. "Political organization" means any organization affiliated with a political party but does not include a judicial nominating committee, an organization supporting a particular cause with no partisan activities, a campaign or fundraising committee, or serving as a delegate to a state or national party convention.

- (f) Consistent with this Code, Employees are otherwise free to participate in the political process on their own time, but there must be a clear separation between their political activities and the discharge of their duties as Employees of an MTA Agency.
- (g) No Employee may during the consideration of an employment decision ask any applicant to disclose: (i) their political party affiliation; (ii) whether they made campaign contributions to any party, elected official or candidate for elective office; or (iii) whether the applicant cast a vote for or against any elected official, candidate or political party. The provisions of this paragraph shall not apply where such inquiry is necessary for the proper application of any state law or regulation.

No Employee may decline to hire or promote, discharge, discipline, or in any manner change the official rank or compensation of any Employee, or applicant for employment, or promise or threaten to do so, based upon a refusal to answer any inquiry prohibited by this section or for giving or withholding or neglecting to make any contribution of money or service or any other valuable thing for any political purpose.

- (h) The MTA's Chairman and Chief Executive Officer and Agency Presidents shall not seek nomination or election to any compensated federal, state or local public office, or shall become a candidate for such office, unless such individual first resigns from his or her employment, or requests and is granted a leave of absence without pay, such resignation or leave must commence before such individual engages in any campaign activities, including but not limited to, announcing a candidacy, circulating petitions, soliciting contributions, distributing literature, or taking any other action to actively promote oneself as a candidate for elective office.

Section 4.09 Other State Employment

Employees who are subject to the New York State Civil Service Law shall not accept appointment or employment on a full-time or part-time basis, in a State

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department or agency, or in the Legislature or the judiciary, for which compensation is payable, without the prior consent in writing of the Agency President and Agency Ethics Officer. The written consent shall be filed with the NYS Office of the Comptroller and MTA Corporate Compliance.

Chapter 5: Future Employment



Section 5.01 Restrictions on Future Employment – Purpose

Employment with an MTA Agency restricts to a degree the type of employment one may accept upon leaving an MTA Agency. These restrictions are based upon statutory requirements. Both this Code and applicable statutes seek to discourage actual conflicts of interest and conduct from which reasonable inferences may be drawn that Employees of an MTA Agency might not have been loyally serving such MTA Agency's interests during their employment or, thereafter, might be taking undue advantage of inside information or positioning derived from their former employment with an MTA Agency.

“Employment with an MTA Agency restricts to a degree the type of employment one may accept upon leaving an MTA Agency.”

Section 5.02 Restrictions on Future Employment – Limited and Lifetime Bars

(a) Two-Year Bar

No former Employee shall, within two (2) years after termination of employment with an MTA Agency, appear before such agency or receive compensation for, or render compensated services on behalf of, any person, firm, corporation, or association in relation to any case, proceeding or application or any other matter before such MTA Agency.

(b) Lifetime Bar

No former Employee shall ever appear, practice, communicate, or otherwise render any services or receive compensation for such services rendered before an MTA Agency or any New York State Agency for, or on behalf of, any person, firm, corporation, or other entity in relation to any case, proceeding, or transaction with respect to which such person was directly concerned and in which he or she personally participated during the period of service or employment, or which

was under their active consideration. The definition of what constitutes “ever appear, practice, communicate or otherwise render any services” is given a broad interpretation. Employees should contact their Agency Ethics Officer regarding this definition before rendering any such service.

Exceptions:

- (1) These restrictions on future employment do not apply to subsequent services rendered in an official capacity as an elected official or an Employee of another governmental entity.
- (2) The Agency may seek a waiver with respect to a former Employee pursuant to Public Officer Law Section 73 if the Employee has expertise, knowledge, or experience with respect to a particular matter that meets the needs of the agency and is otherwise unavailable at a comparable cost.
- (3) The Agency may seek a waiver with respect to a former Employee pursuant to Public Officer Law Section 73 if the services of such former officer or Employee are required in connection with the agency’s response to a disaster emergency declared by the governor pursuant to section twenty-eight of the Executive Law.

Reminders:

- (1) For purposes of the post-employment bars, certain Employees, particularly those at MTA Headquarters and MTA Capital Construction, may be considered to be Employees of multiple MTA Agencies based on the scope of their job responsibilities. For clarification of their particular circumstances, the Employees may seek guidance from their former Agency Ethics Officer or MTA Corporate Compliance.
- (2) The Joint Commission on Public Ethics may not consider not-for-profit entities in the transportation field and certain quasi-governmental organizations as governmental entities for purposes of the exception noted above and employment at such entities may be subject to the post-employment bars described above.

The following are examples of the application of the two-year and lifetime bars:

Example 1: A former Construction Manager in the Department of Capital Program Management at New York City Transit (NYCT) may not, within two years after termination of NYCT employment, render services on behalf of a contractor in connection with any Business the contractor has with NYCT.

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Example 2: No former Metro-North Employee, for a period of two years subsequent to his or her termination from employment (including retirement) may contract with Metro-North as a consultant to perform services of any kind on behalf of Metro-North, unless MNR has obtained a waiver from the Joint Commission on Public Ethics as set forth above.

Example 3: A former procurement representative in the procurement department at LIRR who was directly concerned with, or was responsible for, the negotiation of a contract during his or her LIRR employment may never appear before an MTA Agency or any other New York State Agency or render services on behalf of any outside person or firm, such as a contractor or subcontractor with regard to that contract, including but not limited to, the preparation or evaluation of claims, or the negotiations of change orders, relating to the contract.

Section 5.03 Negotiations for Future Employment

(a) Solicited

Employees are prohibited from soliciting, negotiating or having any arrangement concerning an employment opportunity with a non-governmental individual or entity that has a specific pending matter before the Employee.

Those Employees seeking employment outside of government with an entity or individual that has a specific pending matter before the Employee may only solicit an employment opportunity with the non-governmental individual or entity after waiting:

- (1) 30 days from the time the matter before the Employee is closed, or
- (2) 30 days from the time the Employee has no further involvement with the matter because of recusal or reassignment.

(b) Unsolicited

Employees who receive an unsolicited post-government employment-related communication from a non-governmental individual or entity that has a specific pending matter before the Employee cannot pursue employment with the non-governmental entity or individual unless the following occurs:

- (1) they are recused from the matter and any further official contact with the entity or individual and
- (2) they wait 30 days from such recusal to enter into post-government employment communications with the entity or individual.

(c) Notification

Employees must promptly notify their supervisor and Agency Ethics Officer of such outside employment related communications whether or not they intend to pursue the post-government employment opportunity.

In the event of such notification of a solicitation and Employee's desire to pursue the solicitation, the Employee's supervisor is obligated to advise such supervisor's superiors, in writing, up to and including the Department Head, of the Employee's desire to pursue the solicitation and the manager's intention to establish recusal procedures, if practical, to reassign the individual or to refuse reassignment.

(d) Recusal

Recusal shall be granted only if practical and in the best interests of the applicable MTA Agency. Reassignment shall be refused when the manager determines that reassignment would be impractical or inappropriate. The manager may not take action with respect to notifying the Employee of such manager's decision until approved by the Department Head. If recusal is not practical, and in the best interests of the applicable MTA Agency, or if reassignment is refused, the Employee is prohibited from pursuing the solicitation.

Exception: This provision does not apply to employment negotiations with other government agencies.

Remember: The higher the level of responsibility which an Employee holds within an MTA Agency, the greater the number of matters which are likely to be deemed as specific pending matters before him or her. Employees should take an expansive view as to the existence of possible conflicts when deciding whether to give notice as described in this Section.

The following are examples of the application of the employment negotiation procedures:

Example 1: A Deputy Vice President in the Department of Capital Program Management at NYCT who receives an unsolicited job offer from a Prohibited Source with specific pending matters before such Employee may not negotiate for such position without full compliance with the notice, approval, and recusal procedures set forth above.

Example 2: A manager at LIRR whose duties include procurement is approached by a firm with which he or she has a specific pending matter

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and told “if you ever decide to leave the LIRR, we have a place for you in our firm.” The LIRR manager must notify his or her supervisor and ethics officer of this conversation because it would be considered a communication intended to solicit employment.

Section 5.04 Notice of Future Employment Restrictions

An Employee who provides notice of leaving service at an MTA Agency, either by retirement or resignation, or whose employment is terminated, will receive a memorandum summarizing the future-employment restrictions of the Ethics Law and of this Code. All Employees in management and non-represented titles and Employees in certain represented titles designated by the applicable MTA Agency may be required to sign a certification stating that the policies outlined in the memorandum have been complied with, and to state the name of a new employer, if applicable.

Exception: From time to time, the Future-Employment restrictions have been legislatively modified to permit exceptions to these policies when Employees are laid off. An Employee in such a position should consult with the applicable Agency Ethics Officer or Ethics Committee if there is a question of whether such exceptions are in force.

Chapter 6: Financial Disclosure



Section 6.01 Covered Employees

Employees must file an Annual Statement of Financial Disclosure if such Employee:

- (a) Has a gross salary within the preceding calendar year that exceeded the annual salary of state employees at the SG-24 job rate as of April 1 of the year in which the Annual Statement of Financial Disclosure is to be filed, unless specifically exempted in accordance with the State Ethics in Government Act; or
- (b) Regardless of income, holds a Policy-Making Position.

Notes:

- (a) The Joint Commission on Public Ethics is required to make Annual Statements of Financial Disclosure available to the public upon request, except as to values and amounts, and except to the extent the reporting

individual has obtained a ruling from the Joint Commission on Public Ethics preventing or limiting public disclosure.

- (b) Each MTA Agency shall prepare a list of Employees in Policy-Making Positions and shall, during February of each year, notify the Joint Commission on Public Ethics of the identity of all such titles and persons required to file an Annual Statement of Financial Disclosure with the Commission. Procedures shall also be established for identifying to the Joint Commission on Public Ethics all Employees newly subject to the filing requirements by reason of having assumed Policy-Making Positions. The Joint Commission on Public Ethics may be asked to render advisory opinions or issue guidelines for such determinations.

- (c) The Annual Statement of Financial Disclosure solicits various items of information concerning the finances and employment of the Employee, the Employee's spouse, and unemancipated children.

Exceptions:

- (a) Non-policy making Employees, or their bargaining or other representatives, may request that the Joint Commission on Public Ethics grant exemptions, either in whole or in part, from the reporting requirements. Appeals from denials of such an exemption are to be made to the Joint Commission on Public Ethics.
- (b) Employees who are required to file an Annual Statement of Financial Disclosure based on their gross salary but do not hold Policy-Making Positions may be entitled to an exemption from the financial disclosure requirements, on the grounds that the public interest does not require disclosure and that the Employee is not involved with the discretionary, Business, or regulatory activities of the applicable MTA Agency.
- (c) Employees may seek an exemption from any requirement to report one or more items of information pertaining to the financial status of their spouse or unemancipated child. An Employee may also request deletion of portions of information called for on the Annual Statement of Financial Disclosure form that could otherwise be publicly disclosed. Grounds

“The Annual Statement of Financial Disclosure solicits various items of information concerning the finances and employment of the Employee, the Employee’s spouse, and unemancipated children.”

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supporting such requests are that the spouse or child (where applicable) objects to providing the information necessary to make such disclosure and that such information would have no material bearing on the discharge of the reporting Employee's duties.

Section 6.02 Dates for Filing and Related Penalties

- (a) Employees required to file pursuant to Section 6.01 must file their Annual Statement of Financial Disclosure by May 15th of each year, **or within thirty (30) days of a covered Employee's appointment or promotion**, whichever is later. An Employee may indicate with respect to any item of the Annual Statement of Financial Disclosure that information with respect thereto is lacking and will be supplied in a supplemental statement to be filed no later than the seventh (7th) day following the date to which that Employee could have received an automatic extension to file their income tax returns for that year. The Joint Commission on Public Ethics may also grant hardship applications.
- (b) If an Employee fails to file the Annual Statement of Financial Disclosure as required or omits relevant information, he or she shall be subject to discipline, up to and including dismissal. In addition, criminal or civil penalties may be imposed as set forth in Chapter 9 below.

Chapter 7: Books And Records



Section 7.01 Accuracy and Completeness of Financial Records

- (a) Employees who are involved in the preparation of the MTA Agency's financial records must ensure that the accounting and financial records of their MTA Agency meet the highest standards of accuracy and completeness. Reporting accurate and complete information about the MTA Agency's financial condition is an essential responsibility of all Employees.
- (b) If you have reason to believe that any of the MTA Agency's financial records are not being maintained in an accurate or complete manner, you are expected to report this immediately to your Agency's General Counsel's Office or Chief Compliance Officer or your Agency's Chief Financial Officer or the Auditor General.

Section 7.02 Financial Statements and Accounts

Employees who are involved in the preparation of the MTA Agency's financial

statements must do so according to generally accepted accounting principles and other applicable accounting standards and rules, so that the statements fairly and completely reflect the operations and financial condition of the MTA Agency.

Chapter 8: Other Ethics Issues



Section 8.01 Nepotism

It is the policy of the MTA Agencies to ensure that all job opportunities at MTA Agencies are based on merit and qualifications. Employees are prohibited from participating in any hiring or employment decision relating to a Family Member. If a hiring or employment matter arises relating to a Family Member, then the Employee must advise his or her supervisor of the relationship, and must be recused from any and all discussions or decisions relating to the matter. There will be no preferential treatment for Family Members of current or former Employees and/or union officials.

“Job opportunities at MTA Agencies are based on merit and qualifications.”

Employees are required to comply with and should consult the All-Agency Policy Directive, Anti-Nepotism Employment Procedures.

MTA Agencies must ensure that contracting opportunities are based only on merit and qualifications. There will be no preferential treatment for Family Members of current or former Employees and/or union officials. Employees are prohibited from taking part in any contracting decision: (i) relating to a Family Member; or (ii) relating to any entity in which either they or a Family Member is an officer, director or partner, or in which a Family Member owns or controls 10% or more of the stock (or 1% or more if in the case of a corporation whose stock is regularly traded on an established securities exchange) of such entity. If a contracting matter arises relating to a Family Member, then the Employee must advise his or her supervisor of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

An Employee cannot participate in any decision to invest MTA funds in any security of any entity in which that Employee or any Family Member of that Employee has a financial interest, is an underwriter, or receives any brokerage, origination or servicing fees.

Section 8.02 Business Relationships between Employees

MTA managers and supervisors are prohibited from hiring Employees whom

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they directly or indirectly supervise or manage to work for or with them as full-time, part-time, or temporary employees or as consultants in any outside business entity.

Section 8.03 Financial Transactions between Employees

MTA managers and supervisors are prohibited from engaging in financial transactions with Employees whom they directly or indirectly supervise or manage. MTA managers and supervisors may not obtain or use or attempt to use the credit of any Employee whom they directly or indirectly supervise or manage as applicant, maker, co-signer, or endorser of any credit instrument in any connection with a loan or similar transaction.

Section 8.04 Prohibition Against the Use of MTA Property

MTA's names, logos, supplies, equipment, computer resources, personnel, and other resources may not be utilized for non-governmental purposes, including for personal purposes or for outside activities of any kind except as may be specifically authorized herein:

- a) Official stationery may not be used for non-governmental purposes, nor may MTA resources be used to mail personal correspondence. The designation "personal" on MTA Agency stationery means only that the contents are meant for the personal viewing of the addressee and not that the sender is acting unofficially. All letters and other written materials printed on such official stationery are considered official, and thus the designation "unofficial" has no meaning and may not be used
- b) Under no circumstances may MTA mail, postage, internal office mail, or inter city couriers be used for non-governmental purposes.
- c) MTA telephones may not be used for non-governmental long distance calls, except for toll free calls, collect calls, and calls billed to a personal telephone number. MTA telephones may be used for incidental and necessary personal local calls that are of limited number and duration and do not conflict with the proper exercise of the duties of the Employee.
- d) MTA computer resources may be used for incidental and necessary personal purposes, such as sending personal electronic mail messages, provided that such use is in a limited amount and duration and does not conflict with the proper exercise of the duties of the Employee. (See MTA Computer Usage and Social Media Policy Directive)

- e) MTA vehicles shall be used for official business or incidental use associated with official business away from an Employee's official work station. Individuals who are authorized by their Agency to use a vehicle for personal purposes shall keep records of such use, and the value of such personal use shall be calculated and reported as personal income to such individual for tax purposes.

Any Agency policy regarding use of MTA property must be consistent with or more restrictive than this Section of the Code.

Chapter 9: Discipline/Penalty for Violation of this Code or State Ethics Laws



Section 9.01 General

Employees who violate any provision of the State Ethics Laws or of this Code may be subject to disciplinary action consistent with that administered for violations of the rules and regulations of the applicable MTA Agency, up to and including termination.

Section 9.02 Civil Penalties

A violation of Public Officers Law Sections 73(2), (3), (4), (5), (7), (8), (12), (14), (15), (16), (17) and Sections 73-a, may result in the Joint Commission on Public Ethics imposing a civil penalty of up to forty thousand dollars (\$40,000) and the value of any gift, compensation, or benefit received as a result of such violation. These sections include but are not limited to prohibitions concerning gifts, future employment, and financial interests in MTA contracts as well as obligations in connection with the filing of Annual Statements of Financial Disclosure.

A violation of Public Officers Law Section 74 may result in the Joint Commission on Public Ethics imposing a civil penalty of up to ten thousand dollars (\$10,000) and the value of any gift, compensation, or benefit received as a result of such violation.

Section 9.03 Criminal Penalties

A violation of Public Officers Law Section 73(2), (3), (4), (5), (7), (8), and Section 73-a, may result, in lieu of civil penalties, the Joint Commission on Public Ethics referring the violation to the New York State Attorney General or local prosecutor for criminal prosecution as a Class A misdemeanor, punishable by imprisonment for up to one year and a fine up to one thousand dollars (\$1,000).

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APPENDIX A:

AGENCY ETHICS OFFICER CONTACT INFORMATION

MTA Headquarters

Lamond Kearsce
646-252-1329

MTA New York City Transit

Paige Graves
718-694-5719

MTA Long Island Rail Road

Stephen N. Papandon
718-558-8327

MTA Metro-North Railroad

Susan Sarch
212-340-4933

MTA Bridges and Tunnels

M. Margaret Terry
646-252-7619

MTA Capital Construction

Evan Eisland
646-252-4274

MTA Bus Company

Elizabeth Cooney
646-252-3754

To obtain a current list of Ethics Officers, please call the Ethics/Compliance Helpline at 888 U ASK MTA or go to MTA Today page and search for Code of Ethics.

BOARD MEMBERS

CODE OF ETHICS



INTEGRITY

ACCOUNTABILITY

COMPLIANCE

TRANSPARENCY

Adopted by the Board November 19, 2014

As Board Members of the MTA, we have been entrusted with the responsibility of overseeing the operation of an organization that serves more than 2.4 billion people on its subways, buses and railroads and almost 300 million people on its bridges and tunnels each year. The MTA is committed to fostering a climate of transparency and the highest ethical standards in its operations and in its dealings with the public. In accordance with the Public Authorities Law, the MTA Board is required to adopt a Board Member Code of Ethics that reflects these goals. The Board Member Code of Ethics is intended to provide guidance with respect to applicable laws and standards governing ethical conduct and help Board Members recognize and deal with ethical issues that they may confront in their capacity as Board Members.

The principal source of most New York State law governing the ethical conduct of Board Members is Section 74 of the Public Officers Law of the State of New York, which establishes certain rules with respect to conflicts of interest. Copies of this statute are available from the Joint Commission on Public Ethics directly or from the MTA Corporate Compliance. Under this section, no Board Member “should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the public interest.”

Board Members are encouraged to bring questions about particular circumstances that may implicate the State Ethics Law or one or more of the provisions of this Code to the Chairman or to either the MTA General Counsel or the Chief Compliance Officer.

Each Board Member brings his or her unique personal experiences and perspectives to bear in making official decisions on behalf of the MTA as a whole. We have a duty to exhibit high standards of integrity and commitment in the performance of our official duties. I am proud of the tremendous progress that MTA has made in improving its corporate governance practices, and this Board Member Code of Ethics reaffirms and memorializes MTA’s commitment to the highest ethical standards in the manner in which it conducts its official business.

Thomas F. Prendergast
Chairman and Chief Executive Officer

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Chapter 1: DEFINITIONS/STRUCTURE

Section 1.01 Definitions

As used in this Code, capitalized terms, except where it is clear by the context that another meaning is intended, shall have the following meanings:

Annual Statement of Financial Disclosure means the financial disclosure statement required to be filed with the Joint Commission on Public Ethics by certain public employees and board members under the State Ethics in Government Act, Public Officers Law Section 73-a and this Code.

Board Member means the Chairman or any of the individuals appointed to serve as a Member of the Board, both voting and non-voting, of the Metropolitan Transportation Authority. All Board Members also serve *ex officio* as members of MTA New York City Transit, Manhattan and Bronx Surface Transit Operating Authority, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Long Island Bus, MTA Bus Company, MTA Capital Construction Company, the Staten Island Rapid Transit Operating Authority, the First Mutual Transportation Assurance Company, MTA Bridges and Tunnels, and all future affiliated or subsidiary entities of the MTA. All of such entities are hereinafter collectively referred to as the MTA.

Business means any activity, paid or unpaid, by a Board Member or any individual, firm, company, corporation or other entity, wherein the goal or objective is obtaining monetary income or other things of value or operating an enterprise. Such activity may be for profit or not-for-profit.

Code means this Board Members' Code of Ethics.

Confidential Information means information, whether or not set forth in writing, that is available to a Board Member only because of such Member's position and which is treated by the MTA as being confidential or which the Board Member has reason to believe is confidential. Information does not have to be formally labeled "confidential" to be confidential. Confidential information includes information disclosed during an executive session of the MTA Board.

Compensation means any money, thing of value or financial benefit conferred, directly or indirectly, in whatever form, in return for services rendered or to be rendered. With regard to matters undertaken by a firm, corporation or association, compensation shall mean net revenues, as defined in accordance with generally accepted accounting principles.

Employment means performance of services, for or on behalf of any entity or individual, to obtain economic or other material benefit.

Family Member means (i) a Board Member's spouse, domestic partner, child or sibling; (ii) a person who is a direct descendant (or the spouse of a direct descendant) of a grandparent

of the Board Member or a grandparent of the Board Member's spouse or domestic partner; or (iii) a person living in the same household as an Board Member.

Fundraising means the raising of funds for an organization through solicitation of funds or sale of items or participation in the conduct of an event.

Gift means the transfer, without equivalent consideration, of anything or benefit, tangible or intangible, having more than nominal value, including, but not limited to, loans, forbearance, services, travel, gratuities of any kind, favors, money, meals, refreshments, entertainment, hospitality, promises, tickets to entertainment or sporting events, weekend trips, golf outings, loans of equipment, or other thing or benefit. **(See definition of "Items of Nominal Value" below.)**

Items of Nominal Value means items such as mugs, key rings, calendars, pens and the like that are of minimal value unless such items are being given under circumstances where it reasonably can be inferred that such item was intended to influence the Board Member in the performance of such Board member's official duties. For purposes of determining value, an item is not deemed reduced in value by virtue of its being embossed or otherwise marked with a company logo, identification, or advertising.

Joint Commission on Public Ethics means the Commission established within the New York Department of State under Section 94 of the New York Executive Law pursuant to the Public Integrity Reform Act of 2011.

New York State Agency means any New York State department, or division, board, commission, or bureau of any state department, any public benefit corporation, public authority, or commission at least one of whose members is appointed by the Governor, or the State University of New York, or the City University of New York, including all their constituent units except community colleges of the State University of New York and the independent institutions operating statutory or contract colleges on behalf of the State. All MTA Agencies are New York State Agencies for purposes of this Code.

Participation in the Conduct of an Event means active and visible participation in the promotion, production or presentation of the event and includes serving as honorary chairperson or committee member or sitting at the head table during the event. The term does not mean the mere attendance at the event, provided the Board Member's attendance is not being used by the non-profit to promote the event.

Prohibited Source means:

- (a) a Vendor; including any person, seller of goods or services, bidder, proposer, consultant, contractor, trade, contractor or industry association, or any other person/entity with which the MTA is doing business, as well as those persons and business entities who have expressed an interest in doing business with the MTA, whose activities directly or indirectly benefit the MTA, or who have a history of doing business with the MTA in the recent past; or
- (b) a tenant or licensee of the MTA; or

- (c) any person or entity who on his, her or its own behalf, or on behalf of any other person or entity, satisfies any one of the following:
 - (1) is regulated by, negotiates with, appears before in other than a Ministerial Matter, seeks to contract with or has contracts with, or does other business with: (i) the Board Member, in his or her official capacity as a Board Member; (ii) the MTA; or (iii) any other New York State Agency when the MTA is to receive the benefits of the contract; or
 - (2) is required to be listed on a statement of registration pursuant to §1-e(a)(1) of article 1-A of the Legislative Law and lobbies or attempts to influence actions, decisions, or policies of the MTA; or
 - (3) is the spouse or unemancipated child of any individual satisfying the requirements of subsection (c)(2) above; or
 - (4) is involved in any action or proceeding, in which administrative and judicial remedies thereto have not been exhausted, and which is adverse to either: (i) the Board Member in his or her official capacity as a Board Member; or (ii) the MTA; or
 - (5) has received or applied for funds from the MTA at any time during the previous 12 months up to and including the date of the proposed or actual receipt of the item or service of more than Nominal Value.

Representative Capacity means the representation of the interests of a client or other person pursuant to an agreement express or implied, for compensation for services.

Regulatory Agency shall mean the banking department, insurance department, state liquor authority, department of agriculture and markets, department of education, department of environmental conservation, department of health, division of housing and community renewal, department of state (other than the division of corporations and state records), department of public service, the industrial board of appeals in the department of labor and the department of law (other than when the attorney general or his agents or employees are performing duties specified in Section Sixty-Three of the Executive Law such as investigation, prosecution and defense of actions in which the State is interested).

Solicitation means any request, invitation, or suggestion (oral or written) made under circumstances where it reasonably could be concluded that the individual or entity receiving same is being asked to, or is expected to, comply with a request, invitation, or suggestion.

State Ethics Law means New York Public Officers Law Sections 73-a and 74 as may be amended or modified by the New York State Legislature and the rules and regulations promulgated thereunder.

Section 1.02 Training

Under the Public Authorities Accountability Act of 2005, all new Board Members are required to participate in an orientation program to familiarize new members with their legal, fiduciary, financial, and ethical responsibilities. Existing Board Members are required to participate in continuing education regarding their ethical and fiduciary obligations.

Board Members must complete a comprehensive ethics training course within three months of becoming subject to the financial disclosure requirements of Public Officers Law Section 73-a and shall attend continuing ethics training every three years.

Section 1.03 Ethics & Financial Disclosure Questions

All Board members are required to complete the Annual Statement of Financial Disclosure. Questions concerning the Annual Statement of Financial Disclosure may be directed to the Chairman, the MTA General Counsel, or the MTA Chief Compliance Officer, who may direct you to the Joint Commission on Public Ethics.

Any questions regarding this Code may be directed to the Chairman or to the MTA General Counsel, or the MTA Chief Compliance Officer. Any general question regarding the State Ethics Law may also be directed to the Joint Commission on Public Ethics.

Chapter 2: DUTIES

Section 2.01 Confidentiality

The State Ethics Law requires Board Members to maintain the confidentiality of Confidential Information entrusted to them by the MTA and any other confidential information about the MTA that comes to them, from whatever source, in their capacity as Board Members, except when disclosure is authorized or legally mandated. A Board Member shall not use Confidential Information to further his or her own interest. Board Members are expected to maintain this confidentiality both while Board Members and after their services to the MTA have ended.

Section 2.02 Compliance with Laws, Rules and Regulations

Board Members shall comply with all applicable laws, rules and regulations applicable to the MTA.

Section 2.03 Encouraging The Reporting of Any Illegal or Unethical Behavior

Board Members shall encourage ethical behavior and take steps to ensure that the MTA: (a) encourages Employees to report violations of laws, rules, regulations or the MTA's Code of Ethics to appropriate personnel; and (b) encourages Employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation.

Section 2.04 Duty to Disclose

Board Members shall promptly report any violation or possible violation of this Code, as well as any actual or potential violation of laws, regulations, or policies and procedures to the Chairman or the Chairman of the Audit Committee.

Section 2.05 Corporate Directorships or Board Memberships

In order to protect against conflicts of interest in violation of the State Ethics Law, Board Members should inform the Chairman or the Chairman of the Audit Committee prior to accepting a position as a director, officer, or board member of a corporation or charitable organization. The Chairman or Chairman of the Audit Committee, as the case may be, may direct the Chief Compliance Officer, as needed, to review the business of the company or organization to determine whether a conflict of interest exists between the MTA and the Company and to advise, as necessary, on steps to address any such conflict.

Section 2.06 Law Firm and Other Professional Association

The State Ethics Law provides that Board members are not permitted to accept other employment that will impair the independence of judgment in the exercise of their official duties. Accordingly, Board Members should inform the Chairman or the Chairman of the Audit Committee prior to affiliating with a law firm, accounting firm or other business that provides services to the MTA. The Chairman or Chairman of the Audit Committee, as the case may be, may direct the Chief Compliance Officer, as needed, to determine whether a conflict of interest exists between the MTA and the Company and to advise, as necessary, on steps to address any such conflict.

Chapter 3: GIFTS, EVENTS, RECEPTIONS, AND MEALS

Section 3.01 Gifts

The State Ethics Law provides that Board members should not by their conduct give reasonable basis for the impression that any person can improperly influence them or enjoy their favor in the performance of their official duties. In the Code of Ethics applicable to its employees, MTA has adopted a zero-tolerance policy for Gifts. The defined term “Gift” does not include items of truly nominal value. (See definitions of “Gifts” and “Items of Nominal Value”). Board members are required to adhere to the zero-tolerance policy on gifts, as contained in Section 2.01 of the MTA Code of Ethics.

As is the case with employees, Board Members may accept Gifts from employees of a Prohibited Source if these Gifts are reflective of a personal relationship independent of the relationship between the Prohibited Source and the MTA.

Section 3.02 Reporting Gift or Gift Offers

A Board Member to whom a Gift is offered or given arising out of his or her affiliation with MTA shall promptly report such offer or Gift either to the Chairman or to the Chairman of the Audit Committee. Board Members should promptly return Gifts to the person or entity giving the Gift.

Section 3.03 Business Meals

It is possible that Board Members may receive invitations for business meals from Prohibited Sources. To the extent that those invitations arise out of the Board Member's affiliation with MTA, such invitations should be viewed with caution because acceptance of such invitations may create the impression that they can be improperly influenced in the performance of their official duties. Board Members may accept free, modest meals in the course of and for the purpose of conducting MTA Agency business at a Prohibited Source's facility or when attending a seminar or conference in connection with MTA business and meals or refreshments are provided to all participants.

Section 3.04 Awards, Plaques and Honors

Awards and plaques publicly presented in recognition of a Board Member's service to the MTA may be accepted. However, Board Members should notify the Chairman or the Chairman of the Audit Committee prior to accepting such an award, plaque, or honor presented by a Prohibited Source. The Board Member or their designee(s) may attend functions sponsored and paid for by Prohibited Sources when attendance is related and appropriate to that attendee's official duties or when the purpose of attendance is the performance of a ceremonial or other function that is appropriate to that attendee's official duties with the MTA. In such cases, however, the Board Member shall provide advance written notice of such invitation to the Chairman or to the Chairman of the Audit Committee.

Chapter 4: CONFLICTS OF INTEREST AND POLITICAL ACTIVITIES**Section 4.01 Financial or Business Interest**

In order to preserve independence of judgment in the exercise of their official duties, Board Members shall not have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, or accept any non-governmental employment, which is in substantial conflict with the proper discharge of the Board Member's duties in the public interest.

Section 4.02 Unwarranted Privileges

Board Members shall not use or attempt to use their official position to secure unwarranted privileges or exemption for the Board Member or others.

Section 4.03 Undue Influence

Board Members' conduct should not give reasonable basis for the impression that any person can improperly influence the Board Member or unduly enjoy the Board Member's favor in the performance of the Board Member's official duties, or that the Board Member is affected by the kinship, rank, position or influence of any party or person.

Section 4.04 Course of Conduct

Board Members should endeavor to pursue a course of conduct which will not raise suspicion among the public that they are likely to be engaged in acts that are in violation of the Board Members' trust.

Section 4.05 Recusal/Conflict of Interest

Board Members must not only avoid conflicts of interest with the MTA but also even the appearance of a conflict. If a Board Member believes he or she has an actual or potential conflict of interest with the MTA on a particular matter, or if the Board Member becomes aware that he or she has an actual or potential conflict of interest on a particular matter during a Committee or Board meeting, the Board Member shall promptly notify the Chairman of the Board or the Chairman of the Committee and shall immediately recuse themselves from further consideration of or action on such matter.

NOTE: **Recusal** requires that the Board Member not participate in any discussion, decision or vote by the Board or Committee that in any way relates to the matter that gives rise to the conflict of interest. Whenever practicable, the Board Member must leave the Board room until any discussion about the matter that gives rise to the conflict of interest has concluded.

Section 4.06 Financial Interest

No Board Member or firm or association of which such Board Member is a member, or corporation, ten per cent or more of the stock of which is owned or controlled directly or indirectly by such Board Member, shall sell any goods or services to the MTA, unless such goods or services are provided pursuant to an award of contract after public notice and competitive bidding or after a competitive request for proposal process. For the purposes of this paragraph, the term "services" shall not include employment as an employee.

This paragraph shall not preclude a firm, association or corporation from selling goods or services to the MTA if the interested Board Member did not participate in any way on behalf of any party in the bidding, solicitation or negotiation process, does not share in the net revenues derived from that sale and does not participate in the decision to award the contract.

Except as permitted above, no Board Member shall be in any way or any manner interested, directly or indirectly, in any contract made by the MTA.

No Board Member, pursuant to Executive Order, may make or offer to make any monetary contribution to the campaign of the Governor, or to any political campaign committee organized by or for the specific benefit of the Governor.

No Board Member may request or demand that any other person make or offer to make any monetary contribution to the campaign of the Governor, or to any political campaign committee organized by or for the specific benefit of the Governor.

Section 4.07 Compensation

No Board Members, other than in the proper discharge of official duties as a Board Member of the MTA or as an officer or employee of a federal, state or local government or agency, shall receive, directly or indirectly, or enter into any agreement, express or implied, for any compensation for the appearance or rendition of services by the Board Member or another in relation to any case, proceeding, application or other matter before the MTA.

A Board Member who is a member, associate, retired member, of counsel to, or shareholder of, any firm, association or corporation which is appearing or rendering services, with or without compensation, in connection with any matter before, or transacting any business with, the MTA shall not communicate as to the merits of such cause with an officer (including another Board Member) or employee of the MTA, without first disclosing the nature and extent of his or her interest in the matter before, or business being transacted with, the MTA.

Section 4.08 Appearance before MTA

A Board Member may appear before the MTA (i) in a representative capacity on behalf of an employee organization, a federal, state or local government or agency, or a transportation advocacy organization or (ii) in connection with a ministerial action.

Section 4.09 Nepotism in Hiring and Contracting

No person who has served as a Board Member shall take part in any hiring or employment decision relating to a family member. If such matter arises, the Board Member must notify the Chairman and recuse themselves from any discussions or decisions related to that matter.

No person who has served as a Board Member shall take part in any contracting decision: (1) relating to a family member: or (2) relating to any entity in which a family member is an officer, director or partner, or in which a family member owns or controls 10% or more of the stock of such entity. If such matter arises, the Board Member must notify the Chairman and recuse themselves from any discussions or decisions related to that matter.

Section 4.10 Prohibition Against the Use of MTA Property

MTA supplies, equipment, computers, personnel, and other resources may not be utilized for non-governmental purposes, including for personal purposes or for outside activities of any kind. This prohibition includes but is not limited to the following:

- a) Official stationery may not be used for non-governmental purposes, nor may MTA resources be used to mail personal correspondence. The designation "personal" on

MTA stationery means only that the contents are meant for the personal viewing of the addressee and not that the sender is acting unofficially. All letters and other written materials printed on such official stationery are considered official, and thus the designation "unofficial" has no meaning and may not be used.

- b) Under no circumstances may MTA mail, postage, internal office mail, or inter-city couriers be used for non-governmental purposes.
- c) MTA telephones may not be used for non-governmental long-distance calls, except for toll-free calls, collect calls, and calls billed to a personal telephone number. MTA telephones may be used for incidental and necessary personal local calls that are of limited number and duration and do not conflict with the proper exercise of the duties of the Board Member.
- d) MTA computers may be used for incidental and necessary personal purposes, such as sending personal electronic mail messages, provided that such use is in a limited amount and duration and does not conflict with the proper exercise of the duties of the Board Member.
- e) No Board Member shall use the MTA's name, their official title, position or authority in any fundraising activity unless authorized by MTA's Chief Compliance Officer. Authorization may be granted only if the fundraising is in furtherance of the MTA's mission and does not create an appearance of or any actual conflict of interest. A Board Member may engage in fundraising in a personal capacity provided they do not use their title, position or authority to further their fundraising activities and do not personally solicit funds from MTA employees or from persons known to the Board Member to be a Prohibited Source.

Section 4.11 Political Activities

- a) Consistent with this Code, Board Members are free to participate in the political process but there must be a clear separation between their political activities and the discharge of their duties as Board Members.
- b) Board Members shall not serve as: (1) officers of any political party or political organization or (2) members of any political party committee, including political party district leaders or as members of a political party national committee. "Political organization" means any organization affiliated with a political party but does not include a judicial nominating committee, an organization supporting a particular cause with no partisan activities, a campaign or fundraising committee, or serving as a delegate to a state or national party convention.
- c) A Board Member interested in running for elective office shall give notice of his or her intentions to the Chairman so that we may determine whether, and upon what conditions, seeking elective public office would be consistent with the ethics laws and regulations. In advance of running as a candidate in any election, the provisions of the Hatch Act should also be evaluated to determine whether such a candidacy is permitted under its terms.

- d) A Board Member shall not use their position on the Board for the purpose of interfering with or affecting the result of an election.
- e) MTA property, including, without limitation, telephone, copy machines, computers, and other MTA Agency equipment, vehicles, office space, and services may not be used for political activities under any circumstances.

Chapter 5: POST BOARD SERVICE RESTRICTIONS

Section 5.01 Two-Year Post Service Bar

No person who has served as a Board Member shall, within a period of two years after the termination of such service, appear or practice before the MTA or receive compensation for any services rendered by such former Board Member on behalf of any person or any non-governmental firm, corporation, association or other entity in relation to any case, proceeding or application or other matter before the MTA.

Section 5.02 Lifetime Bar

No person who has served as a Board Member shall, after the termination of such service, appear, practice, communicate or otherwise render services before the MTA or receive compensation for any such services rendered by such former, Board Member on behalf of any person or any non-governmental firm, corporation, association or other entity in relation to any case, proceeding, application or transaction with respect to which such person was directly and personally concerned during the period of his or her service.

Exception: The restrictions contained in this paragraph shall not apply to any appearance, practice, communication or rendition of services before the MTA, or to the receipt of compensation for any such services rendered by a former Board Member, which is made while carrying out official duties as an elected official or employee of a federal, state or local government or one of its agencies.

Section 5.03 Waiver of Post Service Bar




To the extent permitted by law, nothing contained in this Code shall be construed or applied to prohibit the MTA, at any time, from contracting with or hiring any former Board Member to provide services to the MTA for a specific matter in circumstances in which contracting with or hiring such former Board Member would be in the public interest due to such former Board Member's specialized knowledge of the matter and the efficient and cost-effective results that contracting with or hiring such former Board Member would produce.

Staff Summary

Subject All Agency General Contract Procurement Guidelines and All Agency Service Contract Procurement Guidelines
Department Corporate Compliance
Department Head Name Lamond W. Kearse, Chief Compliance Officer
Department Head Signature 
Project Manager Name Lamond W. Kearse

Date November 16, 2016
Vendor Name
Contract Number
Contract Manager Name
Table of Contents Ref #

Board Action					
Order	To	Date	Approval	Info	Other
	Corporate Governance	11/14/16			
	Board	11/16/16			

Internal Approvals			
Order	Approval	Order	Approval
1	Legal 		
2	Chief Compliance Officer 		
3	Chief of Staff 		

Purpose:

To obtain Board approval of the revised All Agency General Contract Procurement Guidelines and the All Agency Service Contract Procurement Guidelines (collectively, the "Revised Guidelines").

Discussion:

Public Authorities Law Section 2879 requires the MTA to annually review and approve its procurement guidelines, which were last approved by the Board at its June 2016 meeting.

After the Board approved the guidelines in June, staff noticed a few typographical errors. The proposed revisions corrects those errors as well as clarifies the process for discretionary procurements in amounts less than \$100k.

Recommendation:

It is recommended that the MTA Board approve the annexed All Agency General Contract Procurement Guidelines and All Agency Service Contract Procurement Guidelines.



ALL AGENCY GENERAL CONTRACT PROCUREMENT GUIDELINES

Adopted by the Board on June 22, 2016

Revised November 16, 2016

These guidelines (the “**General Contract Guidelines**”) apply to the Metropolitan Transportation Authority (“**MTA**”), the New York City Transit Authority (“**NYCT**”), the Long Island Rail Road Company (“**LIRR**”), The Metro-North Commuter Railroad Company (“**MNR**”), Staten Island Rapid Transit Operating Authority (“**SIRTOA**”), Manhattan and Bronx Surface Transit Operating Authority (“**MaBSTOA**”), MTA Capital Construction (“**MTACC**”), MTA Bus Company (“**MTA Bus**”), First Mutual Transportation Assurance Co. (“**FMTAC**”) and to the Triborough Bridge and Tunnel Authority (“**Bridges and Tunnels**”) insofar as they are consistent with the provisions of law applicable to Bridges and Tunnels (each of which is referred to severally and together, as the “**Authority**”).

Article I - Applicability of General Contract Guidelines

These **General Contract Guidelines** apply to

- i) purchase contracts for supplies, materials, equipment or other goods (“**Purchase Contracts**”);
- ii) public work contracts (“**Public Work Contracts**”); and
- iii) “**Miscellaneous Procurement Contracts**” (which are defined as leases of equipment with or without an option to purchase, computer software licenses including software as a service subscription, software maintenance agreements, printing contracts (where editorial services do not predominate), and any other contract which is not otherwise classified under these General Contract Guidelines or the All Agency Service Contract Procurement Guidelines (the “**Service Contract Guidelines**”, and collectively with these General Contract Guidelines, the “**Guidelines**”).

Purchase Contracts, Public Work Contracts and Miscellaneous Procurement Contracts are collectively referred to herein as “**General Contracts**”).

In the event a proposed contract contains elements of more than one type of General Contract and/or elements of either or both types of Service Contracts (as such term is defined in the Service Contract Guidelines), the elements of the type of contract that predominates shall determine whether the General Contract Guidelines or the Service Contract Guidelines apply and which type of contract within the applicable Guidelines shall apply.

Article II - Delegation of Authority

The Chairman, the President of the respective Authority, or the designated representative or representatives thereof (each defined for purposes of these General Contract Guidelines as an

"Authorized Officer") are hereby empowered with respect to General Contracts to be entered into by the respective Authority acting on its own behalf or as agent for MTA, as follows:

- A. to implement these General Contract Guidelines.
- B. to establish procedures which shall be competitive to the extent deemed practicable by the Authorized Officer, for the award of Purchase Contracts, Public Work Contracts or Miscellaneous Procurement Contracts (including contracts for SBC, M/WBE and SDVOB) estimated to involve the expenditure of \$100,000 or less;
- C. for Purchase Contracts and Public Work Contracts estimated to involve the expenditure of more than \$100,000:
 - 1. to determine the criteria for the evaluation of bids which may include but are not limited to unit or aggregate amount bid, life cycle costs or savings (including but not limited to costs or savings associated with installation, energy use, maintenance, operation, salvage and disposal), discounts and costs of maintenance and inspection services;
 - 2. to determine whether a Purchase Contract or Public Work Contract required to be advertised in the New York State Contract Reporter ("NYSCR") is exempt from such requirement on the basis of a need to award such contract on an emergency or critical basis;
 - 3. to advertise for, solicit and open bids;
 - 4. to record the name of each bidder and the amount(s) bid;
 - 5. to determine the lowest responsive and responsible bidder, including, in the event two or more responsible bidders submit identical bids which are the lowest bids, to award the Purchase Contract or Public Work Contract to any of such bidders or obtain new bids from such bidders;
 - 6. to reject all bids when it is determined to be in the public interest to do so; and
 - 7. to award the Purchase Contract or Public Work Contract.
- D. to determine whether a bidder is responsible pursuant to the All-Agency Responsibility Guidelines.
- E. in addition to the other authorizations set forth elsewhere in this document, to establish guidelines governing the qualifications of bidders for General Contracts, and to fix the standards for the prequalification of bidders entering into such contracts for the East Side Access Project in accordance with Section 1265-a.2(c) of the Public Authorities Law.

Article III - Award of General Contracts Without Competitive Bidding

- A. A Miscellaneous Procurement Contract estimated to involve the expenditure of more than \$100,000, may be awarded after soliciting three or more bids or proposals, except for such contracts awarded pursuant to Article III (D) or (E)

below. However, approval of a majority of the members of the Board in attendance at a meeting at which a quorum is present shall be required to approve the resolution authorizing award of a Miscellaneous Procurement Contract estimated to involve the expenditure of more than \$100,000 that is not awarded pursuant to sealed competitive bidding and no Board approval shall be required for a ride of another qualifying contract.

- B. Except as otherwise provided in paragraphs C and D of this Article III, a Purchase Contract or a Public Work Contract estimated to involve the expenditure of more than \$100,000 may be awarded without competitive bidding under the circumstances set forth below, provided that the Authorized Officer recommends such an action and the Board adopts a resolution (i) declaring competitive bidding to be impractical or inappropriate because of the existence of any of the circumstances set forth in Articles III(B)(1) to (6), (ii) stating the reasons therefore, and (iii) summarizing any negotiations that have been conducted. Except in a situation specified in Article III(B)(1), such resolution shall be approved by two-thirds of the members of the Board then in office. A resolution under Article III(B)(1) shall require approval by a majority of the members of the Board in attendance at a meeting at which a quorum is present.
1. Emergency. The existence of an emergency involving danger to life, safety or property which requires immediate action and cannot await competitive bidding; or when the item to be purchased is essential to the efficient operation of or the adequate provision of service and, as a consequence of an unforeseen circumstance, such purchase cannot await competitive bidding. Competitive bidding is hereby declared to be impractical and inappropriate in any of the foregoing situations where an Authorized Officer must take appropriate action and cannot await action by the Board; provided, however, that notice of such action shall be given to the Board as soon as practicable, together with a statement of the reasons for such action and a request for ratification by the Board.
 2. Single Source. The item to be purchased is available only from a single responsible source provided, however, that a notice of the Authority's intent to purchase such item without competitive bidding shall be posted on the Authority's website, and, if bids have not been solicited for such item within the preceding twelve months, a notice must be published pursuant to Article V hereof. Any notices required by this paragraph shall set forth the Authority's intent to purchase the item without competitive bidding because the item is available from only one source and invites any firm which believes it can provide the item to so inform the Authority and to provide the Authority with additional information which confirms that it can supply the item.
 3. No Bids or One Responsive Bid. Competitive bids are solicited and

- a. no responsive bid is received; or
 - b. only a single responsive bid is received, and the Authorized Officer rejects the bid.
4. Experiments, Tests and Evaluations. With respect to a product or technology, the Authority wishes to:
- a. experiment with or test it;
 - b. experiment or test a new source for it; or
 - c. evaluate its service or reliability.

Such a contract may not be awarded until at least thirty days after the date the Board has declared competitive bidding to be impractical or inappropriate

5. Riding an Existing Contract. The item is available through an existing General Contract between a vendor and any of the following and the resolution adopted by the Board includes a determination that, and the reasons, why, it is in the public interest to do so:
- a. An Authority or any other public authority provided such General Contract had been awarded through a process of competitive bidding or a competitive request for proposals;
 - b. The State of New York, The City of New York, or (except for Transit and MaBSTOA) the County of Nassau.

It is hereby determined that competitive bidding is inappropriate and, because of the likelihood that a competitive process will not result in better commercial terms, that it is in the public interest to purchase an item through an existing General Contract of the State of New York, The City of New York, a different Authority, or any other public authority, where price and other commercial terms specified in such General Contract are satisfactory to the Authorized Officer. Such a determination shall be documented in writing by the Authorized Officer.

6. Request For Proposals. The Authority determines that it is in the public interest to award the General Contract through a competitive request for proposals ("**RFP**") process.
- a. For purposes of this Article III(B)(6), a competitive RFP shall mean a method of soliciting proposals and awarding a General Contract on the basis of a formal evaluation of the characteristics which are deemed relevant to the Authority's operations, such as quality, cost, delivery schedule and financing, against stated selection criteria. Where the RFP involves the purchase or rehabilitation of rail cars, transit cars or buses, the selection criteria may also include the extent to which the performance of all or a portion of the contract will involve the use of sites within the State of New York or the use

of goods produced or services provided within the State of New York.

- b. For those contracts awarded under this Article III(B)(6), (1) such contract may not be awarded until at least thirty days after the Board has declared competitive bidding to be impractical or inappropriate and (2) the Board's approval resolution must (i) disclose the other proposers and the substance of their proposals, (ii) summarize the negotiation process including the opportunities, if any, available to proposers to present and modify their proposals, and (iii) set forth the criteria upon which the selection was made. The Board's contract approval resolution may be adopted simultaneously with or subsequent to the Board's declaration that competitive bidding is impractical or inappropriate, provided that, if the Board's declaration and the Board's approval resolution are adopted simultaneously or within less than thirty days of each other, the subject contract may be executed by the Authority no less than thirty days after the adoption of the Board's declaration that competitive bidding is impractical or inappropriate.
- c. In addition to the information required under Article V(C), the public notice of an RFP must include a statement of the selection criteria. Such notice shall also be provided by mail or electronically to professional and other organizations, if any, that represent or regularly notify certified minority or women-owned business enterprises ("MWBEs") or a certified service disabled veteran owned business ("SDVOBs") of the type of procurement opportunity that is the subject of the RFP notice.
- d. The Authority may engage in a selection process involving multiple steps such as requests for qualifications, requests for technical proposals and requests for quotations. After the publication of the notice, any or all of the selection criteria specified in the advertisement may be changed, provided that, if the change is material, proposers and potential proposers who, prior to the deadline for the receipt of proposals, have expressed an interest in the RFP, shall be informed of the change and afforded the opportunity to modify their proposals.
- e. After receipt of the proposals, an Authority may:
 - 1. change the selection criteria provided that, if the change is material, all proposers that have not been eliminated from the competitive process prior to such change, are informed of the change and afforded the opportunity to modify their proposals;

2. request that any of the proposers make a presentation. If it does so, it is not required to afford such opportunity to all proposers;
 3. negotiate with any of the proposers. If it does so, it is not required to negotiate with all proposers;
 4. reject any proposal at any time; and
 5. reject all proposals, in which event the Authority may decide to take no further action, solicit new proposals or solicit bids.
- C. Under the MTA Small Business Mentoring Program (the “**SBMP**”), a non-federally funded Public Work Contract that is designated by the Authority as a small business mentoring program contract (“**SBMP Contract**”) within the meaning of Section 1265-b(1)(e) of the Public Authorities Law, may be awarded in accordance with the provisions of Section 1265-b of the Public Authorities Law, notwithstanding any other provision of law or these General Contract Guidelines. A Public Work Contract that is partially or wholly federally funded, subject to United States Department of Transportation regulations and estimated to involve an expenditure of not more than \$3 million, may be awarded pursuant to the MTA Small Business Federal Program (the “**SBFP**”) established under 49 CFR 26.39 in accordance with the competitive procedures established under the SBFP, notwithstanding any other provision of law or these General Contract Guidelines. The Chairman or his/her designee is authorized to designate which eligible Public Work Contracts shall be SBMP or SBFP Public Work Contracts.
- D. A Purchase Contract or a Miscellaneous Procurement Contract, in an amount not to exceed \$400,000, that is not federally funded, may be awarded pursuant to Section 2879(3)(b)(i) of the Public Authorities Law without competitive bidding or other formal competitive process, notwithstanding any other provision of law or these General Contract Guidelines, where either (i) the Purchase Contract or Miscellaneous Procurement Contract involves goods or technology that are recycled or remanufactured or (ii) the proposed award is to a small business concern (“**SBC**”), an MWBE or a SDVOB.

The relevant Authority Chief Procurement Officer or his/her designee (the “**CPO**”) shall determine which Purchase Contracts or Miscellaneous Procurement Contracts are appropriate for such types of procurements. In the case of Purchase Contracts or Miscellaneous Procurement Contracts that, pursuant to Section 2879(3)(b)(i), are eligible for award to SBCs, MWBEs or SDVOBs, the CPO may make a determination that any such Purchase Contract or Miscellaneous Procurement Contract may only be awarded to an MWBE, or only to an SDVOB, or only to an MWBE or an SDVOB. The basis for such a determination must be to promote participation of MWBEs and SDVOBs in Authority contracts, as mandated by Articles 15-A and 17-B of the Executive Law, and to assist the Authorities in achieving their MWBE and SDVOB goals. Notice of such procurements shall be placed on the Authority website inviting responsive proposals from qualified SBCs, MWBEs or SDVOBs. At least three bids or proposals must be solicited, and there must be a determination that the price is fair and reasonable. Awards pursuant to

this process shall be made to the bidder or proposer determined to have submitted the bid or proposal that is most advantageous to the Authority, price and any other relevant factors considered. An award proposed to be made to a bidder or proposer other than the lowest responsible, responsive bidder or proposer shall require approval by a majority of the Board at which a quorum is present. The CPO may reject all offers and withdraw the designation of a contract as one to be awarded pursuant to this process if the CPO determines that an award will result in the payment of an unreasonable price or otherwise not be advantageous to the Authority.

- E. Pursuant to Article 17-B of the Executive Law, the Authority may determine that a non-federally funded General Contract procurement is appropriate for a set-aside contract for SDVOBs. A notice shall be placed on the MTA website and the NYSCR, stating that only SDVOBs are eligible for contract award. The MTA and its agencies will administer set-aside procurements pursuant to the laws, rules and procedures that govern contracting for each type of procurement.

Article IV - Qualified Products Lists

The Board hereby determines that for reasons of efficiency, economy, compatibility or maintenance reliability, there is a need for standardization as to various supplies, materials and equipment which are purchased by the Authorities and authorizes the establishment of a qualified products list ("**QPL**") identifying such supplies, materials and equipment as hereinafter provided. A purchase contract for an item which has been included on a QPL duly established and maintained by an Authority, may be entered into by that Authority as hereafter set forth:

- A. The Authorized Officer of the Authority determines as to a specific item that, for reasons of efficiency, economy, compatibility or maintenance reliability, there is a need for standardization.
- B. The QPL is reviewed no less than two times per year. The purpose of this review is to evaluate whether to add or delete items or vendors to or from the QPL.
- C. A notice is published by the Authority no less than one time per year in a general circulation newspaper and in the NYSCR which:
 - 1. advertises the existence of the QPL;
 - 2. states that the QPL is available for public inspection; and
 - 3. specifies the name and address of the Authority's office which may be contacted in regard to the procedure for the compilation of the QPL.
- D. A contract for an item on the QPL may be awarded:
 - 1. without competitive bidding if only one source for the item is specified on the QPL;

2. by competitive sealed bidding but without advertising provided the invitation to bid is sent to all vendors listed on the QPL for the particular item;
 3. by competitive sealed bidding after advertising the bid pursuant to Article V(A) of these General Contract Guidelines.
- E. Two or more Authorities may utilize the same QPL provided that such Authorities jointly comply with the provisions of this Article.

Article V – Notice and Advertising

Except as provided in Article V(D) and Article III(B)(2), in those instances where advertising is required under these General Contract Guidelines:

- A. For Purchase Contracts and Public Work Contracts in the actual or estimated amount in excess of \$100,000, an advertisement shall be published at least once in a newspaper of general circulation in the area served by the Authority and in the NYSCR provided that, if the Purchase Contract or Public Work Contract is to be awarded without the solicitation of competitive bids or RFP, the timing of the publication in the NYSCR shall be determined by an Authorized Officer.
- B. The notice in the NYSCR must contain, as applicable, a statement of: i) the name of the contracting Authority; ii) the contract identification number; iii) a brief description of the services sought, the location where services are to be provided and the contract term; iv) the address where bids or proposals are to be submitted; v) the date when bids or proposals are due; vi) a description of any eligibility or qualification requirement or preference; vii) a statement as to whether the contract may be fulfilled by a subcontracting, joint venture or co-production arrangement; viii) any other information which the Authority deems useful to potential contractors; ix) the name, address and the telephone number of the person to be contacted for additional information; and x) a statement as to whether the services sought had, in the immediately preceding three year period, been supplied by a foreign business enterprise as that term is defined in Article 4-C of the Economic Development Law. The first publication shall be no less than fifteen business days prior to the planned bid opening date and the second publication shall be within a reasonable period prior to the planned bid opening date.
- C. The advertisement must contain, as applicable, a statement of: (i) the time and place where bids received will be publicly opened and read; (ii) the name of the contracting Authority; (iii) the contract identification number; (iv) a brief description of the public work, supplies, materials, or equipment sought, the location where work is to be performed, goods are to be delivered or services provided and the contract term; (v) the address where bids or proposals are to be submitted; (vi) the date when bids or proposals are due; (vii) a description of any eligibility or qualification requirement or preference; (viii) a statement as to whether the contract requirement may be fulfilled by a subcontracting, joint venture

or co-production arrangement; (ix) any other information which the Authority deems useful to potential contractors; and (x) the name, address, and telephone number of the person to be contacted for additional information. In addition, if a purchase contract is involved, the advertisement in the NYSCR shall also include a statement as to whether the goods sought had in the immediately preceding three year period been supplied by a foreign business enterprise as that term is defined in Article 4-C of the Economic Development Law

- D. Advertisement in a general circulation newspaper and in the NYSCR is not required if the Authority regularly purchases the particular supplies, material or equipment and bids are solicited from a list of potential suppliers for the item which has been established and maintained as set forth in Article VI hereof.
- E. In addition to the above advertisements, the Authority shall provide notice to professional and other organizations, if any, that regularly notify MWBEs and SDVOBs of the type of procurement opportunity that is the subject of the solicitation.

Article VI - Contractor Outreach

The Authority shall encourage firms to be interested in competing for Authority contracts. The Authority shall do so in the following manner:

- A. Suppliers Lists for Purchase Contracts: The Authority shall compile a list of potential sources of supplies, materials, equipment, and other goods which it regularly purchases. Such list must be compiled in accordance with the following procedures:
 - 1. Advertisements must be periodically placed in one or more publications which are likely to be read by manufacturers, suppliers and others who deal in the item including firms which may be minority or woman owned businesses, which set forth a general description of categories of items which are regularly procured by the Authority and invites firms to advise the Authority in writing of their interest in being placed on the suppliers list for specific items or categories of items.
 - 2. A periodic effort:
 - i) must be undertaken to identify potential bidders for the item who are not on the list including minority or woman owned businesses and service disabled veterans. Such effort shall include the use of the Authorities' websites, use of appropriate publications, including those, if any, that serve minority and women's business communities, and service disabled veterans other sources of information, and cooperation with federal, state and local agencies and other Authorities. Where appropriate, a print or electronic letter shall be sent to a new potential supplier which invites it to request that

it be added to the list and, if it does not wish to be added, requests that it indicate why.

ii) where appropriate, must be undertaken to identify firms which have not responded to bids or expressed an interest in remaining on a list. An effort should be made to contact such firms to determine why they have not bid, whether they are interested in remaining on the list and, if not, why not. A firm may be deleted from the list where it requests deletion, or where the circumstances indicate that it is unlikely that the firm is interested in remaining on the list.

3. The Authority will maintain lists of qualified MWBEs and SDVOBs, including professional firms that have expressed an interest in doing business with the Authority and ensure that such lists are updated regularly. The Authority will also consult the lists of MWBEs maintained by the New York State Department of Economic Development (“**DED**”) and the lists of SDVOBs maintained by the New York State Office of General Services (“**OGS**”), Division of Service-Disabled Veterans’ Business Development
 4. An advertisement must be placed quarterly in the State Register and in the NYSCR.
 5. In the event it is not practicable to maintain a suppliers list for a specific item, such item shall be included in a broader category or other appropriate classification which reasonably includes the item, and a suppliers list shall be maintained with respect to the category or classification.
- B. Capital Program Purchase and Public Work Contracts: The Authority shall place an advertisement in the NYSCR no less than four times per year which sets forth a general list of anticipated capital program Purchase Contracts and Public Work Contracts, and the address of the Authority's office which may be contacted in order to be afforded the opportunity to compete for such contracts and for other Authority contracts. Advertisements will also be placed in publications that serve minority and women’s business communities.

Article VII – Minority/Women Owned and Disadvantaged Business Enterprises and Service-Disabled Veteran-Owned Businesses:

The potential exists for disadvantaged/minority/women owned business enterprise and SDVOB involvement in General Contracts. The Authority shall use its best efforts to maximize the utilization, as applicable, of certified disadvantaged business enterprises (“**DBEs**”) under the Authority's federal program, and MWBEs and SDVOBs under the New York State programs set forth in Public Authorities Law §2879, Article 15-A and 17-B of the Executive Law and these General Contract Guidelines.

- A. The MTA Chief Diversity Officer ("**Chairman's Designee**") is responsible for overseeing the programs established by the MTA to promote and assist: i) the participation by MWBEs and SDVOBs in procurement opportunities and facilitation of the award of General Contracts to such enterprises; ii) the utilization of MWBEs and SDVOBs as subcontractors and suppliers to Authority prime contractors; and iii) the utilization of partnerships, joint ventures ("**JVs**") or other similar arrangements between MWBEs, SDVOBs and prime contractors. The Chief Diversity Officer reports directly to the Chairman in connection with the responsibilities set forth herein, and will participate in the procurement process either directly or through his or her designees.
- B. For contracts awarded pursuant to these General Contract Guidelines, the Authority shall establish appropriate goals for participation by MWBEs and SDVOBs and for the utilization by prime contractors of MWBEs and SDVOBs as subcontractors and suppliers. Statewide MWBE numerical participation target goals will be established by the Authority based on the findings of the New York State 2010 Disparity Study, or any subsequent New York State Disparity Study.
- C. The Authority will conduct non-federally funded procurements in a manner that enables the Authority to achieve the maximum feasible portion of the goals set pursuant to Article VII (B), including by taking the following actions:
 - i) establishing measures and procedures to ensure that MWBEs and SDVOBs are given the opportunity for maximum feasible participation in the performance of Authority contracts and to assist in the identification of those contracts that are best suited for which MWBEs and SDVOBs may best bid to actively and affirmatively promote and assist their participation in the performance of Authority contracts so as to facilitate the Authority's achievement of the maximum feasible portion of the MWBE and SDVOB goals;
 - ii) designating the New York State Division of Minority and Women-owned Business Development ("**DMWBD**") to certify and decertify MWBEs, and OGS Division of Service-Disabled Veterans' Business Development to certify and decertify SDVOBs, for purposes of these General Contract Guidelines;
 - iii) setting forth in each contract solicitation the expected degree of MWBE and SDVOB participation based on potential subcontracting opportunities and the availability of MWBEs and SDVOBs to respond competitively to those opportunities;
 - iv) providing to prospective contractors in writing, or by identifying a link to a specific web site, a current list of MWBEs and SDVOBs;
 - v) with regard to JVs, allowing a bidder to count toward meeting its MWBE and SDVOB participation goals, the MWBE or SDVOB portion of the JV;
 - vi) waiving a contractor's obligation relating to MWBE or SDVOB participation after a showing of good faith efforts to comply with the participation goal; and

- vii) verifying that MWBEs and SDVOBs listed in a successful bid or proposal are actually participating to the extent listed in the project for which the bid or proposal was submitted.

The Authority will also consider, where practicable:

- a. the severability of construction projects and other bundled contracts;
- b. with respect to MWBEs, the implementation of a program that will enable the Authority to evaluate each contract to determine the appropriateness of the goal pursuant to the New York State 2010 Disparity Study, or any subsequent New York State Disparity Study; and
- c. compliance with the requirements of any federal law concerning opportunities for any DBEs, MWBEs and SDVOBs which effectuates the purposes of this Article VII.

- D. The Chairman's Designee is responsible for ensuring compliance with all applicable laws and regulations with regard to the utilization of DBEs on federally funded General Contracts.

Article VIII - Change Orders

- A. A change order to a General Contract which exceeds the lesser of \$750,000 or \$250,000 in the event such change order exceeds 15% of the adjusted contract value, may be entered into by an Authorized Officer, upon the approval of the Board pursuant to a resolution adopted in accordance with Article IX hereof. The submission to the Board shall include an explanation of the need for the change order. All other change orders shall be approved by an Authorized Officer; provided that a change order over \$250,000 must be approved by the Authority president or his or her designee. For purposes of this Article, the "adjusted contract value" shall mean the original amount of the contract plus the aggregate amount of all prior change orders (whether or not approved by the Board). This provision applies to all contracts subject to these General Contract Guidelines, including budget adjustments to estimated quantity contracts previously approved by the Board which exceed the threshold.
- B. Notwithstanding the foregoing, an Authorized Officer may enter into a change order in any of the following situations as determined by an Authorized Officer:
 - 1. The existence of an emergency; or
 - 2. There is a risk of a substantial increase in cost or delay if prompt action is not taken.
 - 3. The change order is for a Design-Build contract where the Board has previously declared (as described in Article III(B)(6)) that it is in the public interest to award the contract through a competitive RFP process, and such change order does not change the total contract price to exceed the project budgeted cost, including contingency.

- C. The Chief Operating Officer shall establish policies with respect to the delegation of responsibilities set forth in this Article.

Article IX - Form of Board Resolution

- A. Except as otherwise required in Article III, the procedure for the adoption by the Board and the format of a resolution pursuant to these General Contract Guidelines shall be determined by the MTA Chairman and may be in the form of a staff summary or a formal resolution. Provided, however, that any Board resolution or staff summary sought pursuant to these General Contract Guidelines shall (i) identify the contractor by name ; (ii) briefly describe the substance of the General Contract; (iii) specify all the information required under the applicable provisions of these General Contract Guidelines; and (iv) specify the estimated or actual cost to the Authority or that the estimated or actual cost shall be within the budget approved by the Board for that purpose.
- B. To the extent practicable, the recommendation of award and the associated resolution or staff summary shall first be submitted to the standing committee of the Board responsible for the Authority.
- C. The MTA Chairman may modify the procedures in this Article for all Authorities.

Article X - Miscellaneous

- A. Any provision of these General Contract Guidelines may be waived by the Chairman, an Authority President, or the Board, or such individuals as they may designate, except to the extent prohibited by law. A waiver may also be in the form of a ratification. If a contract is federally assisted, prior to issuing a waiver, consideration should be given to the steps which may be taken to assure that federal assistance is not jeopardized.
- B. No Board Committee action or Authority policy, other than one approved by the Chairman, shall be inconsistent with these General Contract Guidelines.
- C. An Authority may not divide or split any contract or series of contracts for the purpose of avoiding the requirements of these General Contract Guidelines provided that with regard to SBMP and SBFP contracts awarded under Article III(C) and discretionary contracts awarded under Article III(D), an Authority may divide requirements for the purpose of unbundling contracts to create SBMP, SBFP or discretionary contracting opportunities.
- D. If prior to the commencement of an Authority fiscal year, an Authorized Officer reasonably anticipates that, during the next fiscal year, the Authority will expend, in the aggregate, in excess of \$100,000 for a series of Purchase Contracts for the same or substantially similar good or for a series of Public Work Contracts for same

or substantially the same type of public work: i) such requirement shall be met pursuant to a requirements contract awarded pursuant to the applicable provisions of these General Contract Guidelines; ii) each such Purchase Contract shall be awarded pursuant to the provisions of Article II(C), III, IV or Article VI of these General Contract Guidelines or iii) each such contract shall be awarded pursuant to the provisions of Article II(C) or III or a procedure determined by an Authorized Officer to be comparable to Article IV or VI.

- E. Nothing in these General Contract Guidelines shall preclude the Authority from accepting bids or proposals utilizing an electronic bidding system that may inform bidders whether their bid is the current low bid, and allow bidders to submit new bids before the date and time assigned for the opening of bids. Such procedure shall not constitute disclosure in violation of Section 2878 of the Public Authorities Law.
- F. A General Contract awarded by an Authority pursuant to these General Contract Guidelines may provide that the General Contract includes the requirements of one or more other Authorities.
- G. The Authority shall prepare a publicly available report no less frequently than annually, summarizing procurement activity by the Authority for the period of the report in accordance with the reporting requirements of Section 2879(6) of the Public Authorities Law.
- H. These General Contract Guidelines are intended for the guidance of officers and employees of the Authority only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof.
- I. Nothing in these General Contract Guidelines shall preclude the Authority from offering stipends to proposers on Design-Build contracts as part of an RFP process. The request for Board approval to use the RFP process for a specific Design-Build contract may include a request for approval of the use of stipends in connection with such RFP.
- J. Nothing contained in these General Contract Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, the provisions of these General Contract Guidelines.
- K. Where applicable federal, state or local laws, ordinances, codes, rules or regulations contain requirements which are in conflict with or which impose greater obligations upon the Authority than these General Contract Guidelines, then such requirements shall take precedence over those contained herein.



ALL AGENCY SERVICE CONTRACT PROCUREMENT GUIDELINES

Adopted by the Board on June 22, 2016

Revised on November 16, 2016

These guidelines (the “**Service Contract Guidelines**”) apply to the Metropolitan Transportation Authority (“**MTA**”), the New York City Transit Authority (“**NYCT**”), the Long Island Rail Road Company (“**LIRR**”), The Metro-North Commuter Railroad Company (“**MNR**”), Staten Island Rapid Transit Operating Authority (“**SIRTOA**”), Manhattan and Bronx Surface Transit Operating Authority (“**MaBSTOA**”), MTA Capital Construction (“**MTACC**”), MTA Bus Company (“**MTA Bus**”), First Mutual Transportation Assurance Co. (“**FMTAC**”), and to the Triborough Bridge and Tunnel Authority (“**Bridges and Tunnels**”) insofar as they are consistent with the provisions of law applicable to Bridges and Tunnels (each of which is referred to severally and together, as the “**Authority**”).

Article I-Applicability of Service Contract Guidelines

It is the policy of the Authority to contract for services when, because of factors such as timing, costs, qualifications or availability of Authority staff, or the nature of the services to be rendered, it is more beneficial for such services to be contracted for than performed by employees of the Authority. Contractors shall be selected on a competitive basis except when competition is not required pursuant to applicable law or these Service Contract Guidelines or is waived as impractical or inappropriate.

These **Service Contract Guidelines** apply to

- i) personal service contracts (“**Personal Service Contracts**”); and
 - ii) miscellaneous service contracts (“**Miscellaneous Service Contracts**”, and collectively with Personal Service Contracts, “**Service Contracts**”).
- A. Personal Services Contracts involve contracts for the provision of personal services (“**Personal Services**”) which generally involve retaining a consultant who specializes in one of the following:
- (1) Accounting and auditing
 - (2) Advertising
 - (3) Analysis
 - (4) Appraisal
 - (5) Architecture and design
 - (6) Bonds and financial management
 - (7) Commissioning of original art
 - (8) Dispute resolution
 - (9) Engineering
 - (10) Financial
 - (11) Human resources
 - (12) Information technology
 - (13) Investment

- (14) Labor relations
- (15) Legal
- (16) Legislation
- (17) Management
- (18) Marketing
- (19) Office services requiring specialized skills
- (20) Other consulting, professional or technical services
- (21) Planning
- (22) Printing where editorial services predominate
- (23) Public affairs and corporate relations
- (24) Real estate
- (25) Records management, including electronic data storage and retrieval and discovery
- (26) Research
- (27) Security, including cybersecurity
- (28) Statistics
- (28) Surveying
- (30) Training

B. A Miscellaneous Service Contract is any contract for services which is not:

- i) a Personal Service Contract; or
- ii) a General Contract (capitalized terms not defined in these Service Contract Guidelines shall have the meaning ascribed thereto in the All Agency General Contract Procurement Guidelines (the “**General Contract Guidelines**” and collectively with these Service Contract Guidelines, the “**Guidelines**”).

Examples of miscellaneous services (“**Miscellaneous Services**”) include but are not limited to guard service, custodial service and maintenance work performed by laborers, workers or mechanics which does not result in a substantial improvement to a building or other fixed asset.

C. In the event a proposed contract contains elements of more than one type of contract under these Service Contract Guidelines or the General Contract Guidelines, the elements which predominate shall determine the type of contract for purposes of the Guidelines.

Article II - Delegation of Authority

The Chairman, the President of the respective Authority or the designated representative or representatives thereof (each defined for purposes of these Service Contract Guidelines as an “**Authorized Officer**”) are hereby empowered with respect to Service Contracts to be entered into by the respective Authority acting on its own behalf or as agent for the MTA, as follows:

A. to implement these Service Contract Guidelines.

- B. to establish procedures which shall be competitive to the extent deemed practicable by the Authorized Officer, for the award of Service Contracts (including contracts for SBC, M/WBE and SDVOB) estimated to involve the expenditure of less than \$100,000.
- C. to establish procedures, to the extent not otherwise covered herein, for the award of Service Contracts regardless of the estimated expenditure, which procedures shall provide for Board approval of the award if the Services Contract provides for the estimated expenditure of \$100,000 or more is not awarded pursuant to sealed competitive bidding. A majority of the members of the Board in attendance at a meeting at which a quorum is present shall be required to approve the resolution authorizing such award.
- D. for Service Contracts estimated to involve the expenditure of \$100,000 or more:
 - 1. to determine the criteria for the evaluation of bids;
 - 2. to determine whether a Services Contract required to be advertised in the New York State Contract Reporter ("NYSCR") is exempt from such requirement on the basis of a need to award such contract on an emergency or critical basis;
 - 3. to advertise for, solicit and open bids;
 - 4. to record the name of each bidder and the amount(s) bid;
 - 5. to determine the lowest responsive and responsible bidder, including, in the event two or more responsible bidders submit identical bids which are the lowest bids, to award the Service Contract to any of such bidders or obtain new bids from such bidders;
 - 6. to reject all bids when it is determined to be in the public interest to do so; and
 - 7. to award the Service Contract.
- E. to determine whether a bidder is responsible pursuant to the All-Agency Responsibility Guidelines.

Article III - Selection of Personal and Miscellaneous Service Contractors

A. Requirements for Selection of Personal Service Contractors

The following are the requirements to be followed for selection of contractors for Personal Services, except for:

- i) contracts for architectural, engineering, and survey services (which are subject to Article III(B);
- ii) contracts equal to or less than \$100,000 (which may be entered into pursuant to the provisions of this Article III(A) or pursuant to procedures established

by an Authorized Officer which shall be competitive to the extent deemed practicable by the Authorized Officer); and

- iii) Service Contracts for which a competitive selection process is inappropriate pursuant to the provisions of Article III(C).
 - 1. The Division/Department of the Authority requiring the services shall prepare a written statement containing a description of the services, the reasons why they are required, and the required or estimated schedule or duration of the services.
 - 2. A request for proposals ("**RFP**") to perform the required services shall be sent by mail or electronically to three or more firms to invite competition, including any DBE, MWBE or SDVOB (as such terms are hereinafter defined) firms selected to receive the RFP pursuant to applicable Authority or New York State DBE, MWBE or SDVOB programs, unless there are only two qualified firms or unless competition is waived as hereinafter provided. The RFP or notice thereof shall also be provided by mail or electronically to professional and other organizations, if any, that represent or regularly notify MWBEs and SDVOBs of the type of procurement opportunity that is the subject of the RFP notice.
 - 3. The RFP shall describe the services to be performed, any completion dates or time requirements, DBE/WBE/MBE/SDVOB requirements, if applicable, and the criteria to be utilized by the Authority in evaluating proposals and shall contain a requirement for technical and cost proposals and the date, time and place when proposals must be received.
 - 4. The Authority may select one or more proposers with which to negotiate after evaluation of the proposals received. The award shall be made to the proposer or proposers whose proposal(s) will be the most advantageous to the Authority, price, qualifications and other factors considered, using the evaluation criteria specified in the RFP as the basis for the decision.

B. Architectural- Engineering and Survey Contracts

- 1. In the procurement of architectural, engineering and surveying services, the Authority shall determine whether to comply with the RFP procedures set forth in Article III(A) or the "Brooks" method set forth in this paragraph, provided that, if federal assistance is involved, the decision shall take into account applicable federal requirements.
- 2. The Authority shall encourage professional firms engaged in the lawful practice of the profession to submit an annual statement of qualifications and performance data. For each proposed project identified in accordance with Article III(A)(1), the Authority shall evaluate current statements of qualifications and performance data on file with the Authority. If desired

and to the extent appropriate if federal assistance is involved, the Authority may conduct discussions with three or more professional firms regarding anticipated design concepts and proposed methods of approach to the assignment.

3. The Authority shall then evaluate whether a modification to the written statement prepared in accordance with subparagraph 1 of Article III(A)(iii) is appropriate, and shall then comply with the provisions of subparagraphs 2 and 3 of Article III(A)(iii).
 4. The Authority shall select from the proposals submitted, in order of preference, based upon the criteria established by the Authority, no less than three professional firms deemed to be the most highly qualified to provide the services required.
 5. The Authority shall negotiate a contract with the best qualified professional firm for architectural, engineering or surveying services at compensation which the Authority determines in writing to be fair and reasonable. In making this decision, the Authority shall take into account the estimated value of the services to be rendered, the scope, complexity, and professional nature thereof. Should the Authority be unable to negotiate a satisfactory contract with the professional firm considered to be the most qualified, at a fee it determines to be fair and reasonable, negotiations with that professional firm shall be formally terminated. The Authority shall then undertake negotiations with the second most qualified professional firm. Failing to come to accord with the second most qualified professional firm, the Authority shall formally terminate negotiations. The Authority shall then undertake negotiations with the third most qualified professional firm. Should the Authority be unable to negotiate a satisfactory contract with any of the selected professional firms it shall select additional professional firms, in order of their competence and qualification and it shall continue negotiations in accordance with this subparagraph until an agreement is reached.
 6. The provisions of this Article III(B) shall apply only to engineering, architectural, or surveying services contracts in excess of \$100,000. Contracts for engineering, architectural or surveying services involving lesser amounts may be entered into pursuant to the provisions of this paragraph or pursuant to procedures established by an Authorized Officer which shall be competitive to the extent deemed practicable by the Authorized Officer.
- C. It is hereby determined that a competitive selection process is inappropriate and that a competitive process shall not be required in the following instances:
1. When the services are obtainable from one source only.

2. When the provider of the Personal and Miscellaneous Services has unique or otherwise outstanding qualifications.
 3. When an emergency or other circumstances exist which make competition impracticable or inappropriate.
 4. Legal services.
- D. A Service Contract, in an amount not to exceed \$400,000, that is not federally funded, may be awarded pursuant to Section 2879(3)(b)(i) of the Public Authorities Law without competitive bidding or other formal competitive process, notwithstanding any other provision of law or these Guidelines, where either (i) the proposed award is to a small business concern, a certified minority or women-owned business enterprise (“**MWBE**”) or a certified service disabled veteran owned business (“**SDVOB**”).

The relevant Authority Chief Procurement Officer or his/her designee (the “**CPO**”) shall determine which Service Contracts are appropriate for such types of procurements. In the case of Service Contracts that are eligible pursuant to Section 2879(3)(b)(i) for award to SBCs, MWBEs or SDVOBs, the CPO may make a determination that any such Service Contract may only be awarded to an MWBE, or only to an SDVOB, or only to an MWBE or an SDVOB. The basis for such a determination must be to promote participation of MWBEs and SDVOBs in Authority contracts, as mandated by Articles 15-A and 17-B of the Executive Law, and to assist the Authorities in achieving their MWBE and SDVOB goals. Notice of such procurements shall be placed on the Authority website inviting responsive proposals from qualified SBCs, MWBEs or SDVOBs. At least three bids or proposals, must be solicited, and there must be a determination that the price is fair and reasonable. Awards pursuant to this process shall be made to the bidder or proposer determined to have submitted the bid or proposal that is most advantageous to the Authority, price and any other relevant factors considered. An award proposed to be made to a bidder or proposer other than the lowest responsible, responsive bidder or proposer, shall require approval by a majority of the Board at which a quorum is present. The CPO may reject all offers and withdraw the designation of a contract as one to be awarded pursuant to this process if the CPO determines that an award will result in the payment of an unreasonable price or otherwise not be advantageous to the Authority.

- E. Pursuant to Article 17-B of the Executive Law, the Authority may determine that a non-federally funded Service Contract procurement is appropriate for a set-aside contract for SDVOBs. A notice shall be placed on the MTA website and the NYSCR, stating that only SDVOBs are eligible for contract award. The MTA and its agencies will administer set-aside procurements pursuant to the laws, rules and procedures that govern contracting for each type of procurement.
- F. The Chairman, President, General Counsel, or Chief Procurement Officer of the Authority, or such individuals as they may designate, may give verbal authorization

to contractors or consultants to commence the performance of contracts entered into pursuant to the provisions of this Article IV, where prior written agreement is impracticable, provided, however, that the contract shall be reduced to writing as soon as practicable. Prior to issuing a verbal authorization for a federally assisted contract, consideration should be given to the steps which may be taken to assure that federal assistance is not jeopardized.

Article IV – NYSCR Notice

In those instances where notice in the NYSCR is required under these Service Contract Guidelines:

- A. Regardless of the selection process used, notice of a Services Contract in the actual or estimated amount of \$100,000 or more shall be published at least one time in the NYSCR, except as provided in Article IV(C). The publication shall be no less than fifteen business days prior to the planned date on which a bid or proposal is due, provided that if the Services Contract is to be awarded without bids or proposals and advertising is required, the timing of the publication shall be determined by an Authorized Officer.
- B. The notice must contain, as applicable, a statement of: i) the name of the contracting Authority; ii) the contract identification number; iii) a brief description of the services sought, the location where services are to be provided and the contract term; iv) the address where bids or proposals are to be submitted; v) the date when bids or proposals are due; vi) a description of any eligibility or qualification requirement or preference; vii) a statement as to whether the contract may be fulfilled by a subcontracting, joint venture or co-production arrangement; viii) any other information which the Authority deems useful to potential contractors; ix) the name, address and the telephone number of the person to be contacted for additional information; and x) a statement as to whether the services sought had, in the immediately preceding three year period, been supplied by a foreign business enterprise as that term is defined in Article 4-C of the Economic Development Law.
- C. Notice in the NYSCR is not required under the following circumstances:
 - i) In the event of an emergency or critical need for the services as determined by an Authorized Officer;
 - ii) The contract is re-bid or re-solicited for substantially the same services within forty-five business days after the date bids or proposals were originally due;
 - iii) The contract is awarded to a not-for-profit provider of human services;
 - iv) The contract is awarded pursuant to the provisions of Article III(C)(1) or (2) (single or unique source) or Article III (D) (discretionary procurements to SBCs, MWBEs or SDVOBs) of these Guidelines.

- D. In addition to the above NYSCR notice, the Authority shall provide notice to professional and other organizations, if any, that regularly notify MWBEs and SDVOBs, of the type of procurement opportunity that is the subject of the solicitation.

Article V – Minority/Women Owned and Disadvantaged Business Enterprises

The potential exists for disadvantaged/minority/women owned business enterprise involvement in Service Contracts. The Authority shall use its best efforts to maximize the utilization, as applicable, of certified disadvantaged business enterprises (“**DBEs**”) under the Authority's federal program, and MWBEs and SDVOBs under the New York State program set forth in Public Authorities Law §2879, Article 15-A and 17-B of the Executive Law and these Service Contract Guidelines.

- A. The MTA Chief Diversity Officer ("**Chairman's Designee**") is responsible for overseeing the programs established by the MTA to promote and assist: i) the participation by MWBEs and SDVOBs in procurement opportunities and facilitation of the award of Service Contracts to such enterprises; ii) the utilization of MWBEs and SDVOBs as subcontractors to Authority prime contractors; and iii) the utilization of partnerships, joint ventures (“**JVs**”) or other similar arrangements between MWBEs, SDVOBs and prime contractors. The Chief Diversity Officer reports directly to the Chairman in connection with the responsibilities set forth herein, and will participate in the procurement process either directly or through his or her designees.
- B. For contracts awarded pursuant to these Service Contract Guidelines, the Authority shall establish appropriate goals for participation by MWBEs and SDVOBs and for the utilization by prime contractors of MWBEs as subcontractors and suppliers. Statewide MWBE numerical participation target goals will be established by the Authority based on the findings of the New York State 2010 Disparity Study, or any subsequent New York State Disparity Study.
- C. The Authority will conduct non-federally funded procurements in a manner that enables the Authority to achieve the maximum feasible portion of the goals set pursuant to Article V(B) including by taking the following actions:
- i) establishing measures and procedures to ensure that MWBEs and SDVOBs are given the opportunity for maximum feasible participation in the performance of Authority contracts and to assist in the identification of those contracts that are best suited for which MWBEs and SDVOBs may best bid to actively and affirmatively promote and assist their participation in the performance of Authority contracts so as to facilitate the Authority's achievement of the maximum feasible portion of the MWBE and SDVOB goals;
 - ii) designating the New York State Division of Minority and Women-owned Business Development (“**DMWBD**”) to certify and decertify MWBEs, and OGS Division of Service-Disabled Veterans' Business Development to

- certify and decertify SDVOBs, for purposes of these Service Contract Guidelines;
- iii) setting forth in each contract solicitation the expected degree of MWBE and SDVOB participation based on potential subcontracting opportunities and the availability of MWBEs and SDVOBs to respond competitively to those opportunities;
 - iv) providing to prospective contractors in writing or by identifying a link to a specific web site a current list of MWBEs and SDVOBs;
 - v) with regard to JVs, allowing a bidder to count toward meeting its MWBE and SDVOB participation goal, the MWBE or SDVOB portion of the JV;
 - vi) waiving a contractor's obligation relating to MWBE or SDVOB participation after a showing of good faith efforts to comply with the participation goal; and
 - vii) verifying that MWBEs and SDVOBs listed in a successful bid or proposal are actually participating to the extent listed in the project for which the bid or proposal was submitted.

The Authority will also consider, where practicable:

- a. the severability of service requirements and other bundled service contracts;
- b. with respect to MWBEs, the implementation of a program that will enable the Authority to evaluate each contract to determine the appropriateness of the goal pursuant to the New York State 2010 Disparity Study, or any subsequent New York State Disparity Study; and
- c. compliance with the requirements of any federal law concerning opportunities for any DBEs, MWBEs and SDVOBs which effectuates the purposes of this Article V.

- D. The Chairman's Designee is responsible for ensuring compliance with all applicable laws and regulations with regard to the utilization of DBEs on federally funded Service Contracts.

Article VI-Types of Provisions to be Contained in Service Contracts

- A. The following types of provisions shall be contained in all personal services contracts, except that it is not necessary to include any provision which is inapplicable or unnecessary because of the nature or duration of the services to be performed, the location or locations where they are to be performed or the type of compensation being paid.
 - 1. Description of services
 - 2. Compensation
 - 3. Time for performance or date of completion
 - 4. Liability of contractor or consultant; indemnification of Authority
 - 5. Reports of contractor or consultant
 - 6. Ownership of plans, drawings or other products of the performance of the services

7. Assignments; subcontracts
 8. Maintenance of records, accounts
 9. Right of Authority to Inspect and/or audit books and records of contractor or consultant
 10. Insurance requirements
 11. Termination
 12. Monitoring of the performance of services
 13. Use of Authority supplies, facilities or property
 14. Use of Authority personnel
 15. All provisions required to be included in Authority contracts by federal, state or local laws, ordinances, codes, rules or regulations.
 16. Such modifications and additions as are appropriate in light of the specific circumstances presented.
- B. To the extent practicable, a verbal authorization to commence work and a writing which is not intended to constitute the final agreement, at a minimum shall:
1. Describe the services to be performed;
 2. Specify the amount of compensation to be paid pursuant to the verbal authorization and writing or the rates or fees which will be utilized to determine such compensation; and
 3. Specify a date for completion or the anticipated duration of the services (except in instances where the nature of the services makes an estimate of the time required impossible or impracticable or where the contract is a retainer for the performance of services over an extended period of time on an "as-needed" basis and contains provisions allowing termination by the Authority at any time without cause).
- C. Miscellaneous service contracts shall contain those provisions of paragraph A and of other standard forms of contract deemed appropriate by an Authorized Officer.

Article VII- Responsibilities of Services Contractors

A service contractor shall have the following responsibilities:

- A. To perform the contract in accordance with its terms;
- B. To perform the services required under the contract competently, efficiently, in a timely manner, at a reasonable cost and in a manner which is satisfactory to the Authority; and
- C. To cooperate with the Authority personnel who are directing, supervising or monitoring the performance of the services or who are assisting in their performance.

Article VIII - Contracts Involving Former Officers or Employees of the Authority

The Authority may enter into contracts with any Authority's former officers or employees or with firms employing such officers or employees only to the extent permitted by Public Officers Law §73.

Article IX - Reporting of Service and Purchase Contracts

- A. Each Division/Department of an Authority shall maintain records, for each fiscal year, of the following contracts entered into by the Authority at the request of such Division/Department: i) personal service contracts in the actual or estimated amount of \$15,000 or more; ii) miscellaneous service contracts in the actual or estimated amount of \$15,000 or more; and iii) purchase contracts in an actual or estimated amount of \$15,000 or more.
- B. The Authority's Authorized Officer shall designate a Division or Department which shall be responsible for preparing a report at the end of each fiscal year with respect to the foregoing contracts. With respect to each such contract, the report shall contain the following information:
 - 1. Name of Contractor;
 - 2. Short description of the services involved;
 - 3. Amounts paid pursuant to the contract as of the end of such fiscal year;
 - 4. The selection process used;
 - 5. Status of the contract;
 - 6. If it was exempt from advertising in the NYSCR pursuant to Article IV(C) of these Guidelines:
 - i) a statement to that effect; and
 - ii) the basis for such exemption;
 - 7. Whether the contract was entered into with a New York State business enterprise or a foreign business enterprise, as those terms are defined in Public Authorities Law § 2879.
 - 8. Whether the contract was entered into with an MWBE or SDVOB
 - 9. Referrals to and penalties imposed by the Director of DMWBD pursuant to Executive Law § 316.
- C. Each Authority shall submit a copy of such report to the Board of the Authority upon its completion.

Article X-Personal Service Contracts Requiring Approval of the Board

The following Service Contracts shall require the approval of the Board of the Authority by resolution approved by a majority of the members present at a meeting at which a quorum is in attendance and shall be reviewed by the Board on an annual basis:

- A. Personal Service Contracts of all Authorities : All personal service contracts entered into by an Authority in the actual or estimated amount of \$100,000 or more, except if awarded to the lowest responsible bidder, pursuant to sealed bids, and;
- B. Miscellaneous Service Contracts: See Article II(C) of these Service Contract Guidelines.

Article XI-Change Orders

An Authority may enter into a change order or amendment to a personal service or miscellaneous service contract provided that approval of the Board of the Authority by a resolution approved by a majority of the members present at a meeting at which a quorum is in attendance, shall be required in the following circumstances:

- A. The Service Contract did not equal or exceed the applicable monetary or durational threshold for board approval set forth in Article XI or Article II of these Service Contract Guidelines and the applicable threshold is equaled or exceeded as a result of the change order or amendment. This provision applies to all contracts subject to these Service Contract Guidelines, including budget adjustments to estimated quantity contracts previously approved by the Board which exceed the threshold.
- B. The Service Contract was approved by the Board and the change order or amendment, including any change orders or amendments since Board approval was last obtained, results in a substantial change in the contract as determined by an Authorized Officer. Notwithstanding the foregoing, Board approval of change orders shall only be required if the change order is over \$750,000, or over \$250,000 if the change order exceeds 15% of the adjusted contract value, provided that a change order over \$250,000 must be approved by the Authority president or his or her designee.
- C. The Miscellaneous Service Contract was awarded pursuant to the General Contract Guidelines and the change order or amendment equals or exceeds the requirements for Board approval under Article IX of the General Contract Guidelines.
- D. Notwithstanding the foregoing, an Authorized Officer may enter into a change order or amendment in any of the following situations as determined by an Authorized Officer,
 - 1. The existence of an emergency;
 - 2. The risk of a substantial increase in cost or delay if prompt action is not taken; or
 - 3. The change order is for a Design-Build contract and such change order does not change the total contract price to exceed the project budgeted cost, including contingency.
- E. The Chairman or Chief Operating Officer shall establish policies with respect to the delegation of responsibilities set forth in this Article.


Article XII – Miscellaneous

- A. Any provision of these Service Contract Guidelines may be waived by the Chairman, an Authority President or the Board, or such individuals as they may designate, except to the extent prohibited by law. A waiver may also be in the form of a ratification. If a contract is federally assisted, prior to issuing a waiver, consideration should be given to the steps which may be taken to assure that federal assistance is not jeopardized.
- B. No Board Committee action or Authority policy, other than one approved by the Chairman, shall be inconsistent with these Service Contract Guidelines.
- C. An Authority may not divide or split any contract or series of contracts for the purpose of avoiding the requirements of these Service Contract Guidelines, provided that with regard to discretionary contracts awarded under Article III(D), an Authority may divide requirements for the purpose of unbundling contracts to create discretionary contracting opportunities.
- D. Nothing in these Service Contract Guidelines shall preclude the Authority from accepting bids or proposals utilizing an electronic bidding system that may inform bidders whether their bid is the current low bid, and allow bidders to submit new bids before the date and time assigned for the opening of bids. Such procedure shall not constitute disclosure in violation of Section 2878 of the Public Authorities Law.
- E. A Service Contract awarded by an Authority pursuant to the provisions of these Service Contract Guidelines may provide that the Service Contract includes the requirements of one or more other Authorities.
- F. The Authority shall prepare a publicly available report no less frequently than annually, summarizing procurement activity by the Authority for the period of the report, in accordance with the reporting requirements of Section 2879(6) of the Public Authorities Law.
- G. These Service Contract Guidelines are intended for the guidance of officers and employees of the Authority only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under or by reason, of any requirement or provision thereof.
- H. An Authority may contract for a service available through an existing contract between a contractor and the State of New York or the City of New York or another Authority if: i) the existing contract, if not awarded by the State of New York, was awarded pursuant to a process of competitive sealed bids or a competitive request for proposals; ii) the Authority's Authorized Officer determines that the price and other commercial terms specified in the contract are satisfactory; and iii) if Board

authorization would otherwise be required under these Guidelines, the Board adopts a resolution by a majority vote of the members of the Board present meeting at which a quorum is in attendance which sets forth the reasons why a competitive process is impractical or inappropriate and authorizes the Authority to enter into the Service Contract.

- I. Nothing contained in these Service Contract Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, the provisions of these Service Contract Guidelines.
- J. Where applicable federal, state or local laws, ordinances, codes, rules or regulations contain requirements which are in conflict with or which impose greater obligations upon the Authority than these Service Contract Guidelines, then such requirements shall take precedence over those contained herein.

Staff Summary

Subject
Travel and Business Expense Policy
Department
Corporate Compliance
Department Head Name
Lamond W. Kears
Department Head Signature

Project Manager Name
Lamond W. Kears

Date
November 16, 2016
Vendor Name
N/A
Contract Number
N/A
Contract Manager Name
N/A
Table of Contents Ref #
N/A

Board Action					
Order	To	Date	Approval	Info	Other
1	Governance	11/14/16	X		
2	Board	11/16/16	X		

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

Purpose:

To obtain Board authorization of proposed revisions to the MTA All-Agency Travel and Business Expense Policy ("Travel and Business Policy").

Discussion:

Pursuant to Public Authority Law Section 2824, Board members of state authorities are required to establish written policies and procedures regarding expenses related to travel. The Travel and Business Policy was last approved in March 2015.

After reviewing the Travel and Business Policy, staff proposes several substantive and non-substantive revisions. The substantive revisions are: (1) to travel via business class the employee must travel 12 continuous hours (revised from 6 hours), (2) follow the General Services Administration per diem for the first and last day of travel, (3) clarifies that, subject to MTA approval, an employee may arrive or depart from a travel location within 24 hours of the time required for the travel, and (4) require Chief of Staff approval for travel \$3,000 or more (revised from \$1,500).

Recommendation:

It is recommended that the Board approve the proposed revisions to the Travel and Business Policy.

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TRAVEL AND BUSINESS EXPENSE

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I. PURPOSE

The purpose of this All-Agency Policy Directive is to establish a standardized policy for employees of MTA Headquarters and its subsidiary and affiliated Agencies (collectively, to be referred to as the “Authority”) when incurring, recording, approving and claiming reimbursement for eligible travel and business expenses.

II. SCOPE

This Policy Directive applies to all employees of the Authority including MTA Headquarters (including the Business Service Center), MTA Long Island Rail Road, MTA Capital Construction, MTA Bridges and Tunnels, MTA Bus Company, MTA Metro-North Railroad, MTA New York City Transit, and all future subsidiary/affiliated entities of the MTA.

III. DEFINITIONS

1. Agencies: For the purposes of this Policy Directive, the group of MTA subsidiary and affiliated Agencies referred to as “MTA Agencies” include: MTA Long Island Rail Road; MTA Metro-North Commuter Railroad; MTA New York City Transit; MTA Staten Island Railway; MTA Bridges and Tunnels; MTA Capital Construction; MTA Bus Company and all future subsidiary/affiliated entities of the MTA.
2. Agency Head: An “Agency Head” is defined as including: the Chairman/Chief Executive Officer and Agency Presidents.
3. Authorized Signer: An individual who has been granted the authority to approve employee expense documents and travel authorization requests.
4. Business Meal: The provisioning of food and/or beverages during meetings or special events whereby the attendees’ principal function is to conduct Authority business and a meal of the type considered a business meal under Section IV(A)(6)(b).
5. Coach/Economy: The basic class of accommodations offered by a carrier to passengers that includes a level of service available to all passengers regardless of

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the fare paid.

6. Foreign Travel: Travel outside the Continental United States is considered “Foreign Travel.”
7. Local Travel: Travel inside the New York Metropolitan area is considered “Local Travel.”
8. Official Station: A location within 35 miles of the office where an employee is regularly assigned is her/her “Official Station.”
9. Out-of-Area Travel: Travel outside the New York Metropolitan area or an employee’s Official Station; and beyond the boundaries of the States of New York, New Jersey and Connecticut is considered “Out-of-Area Travel.”
10. Per Diem Allowance: A payment made to reimburse, without receipts, the personal meal and incidental expenses of an Authority employee, payable under certain conditions on days when the employee is in travel status.
11. Travel Status: An employee who travels outside his/her Official Station for at least three consecutive hours on Authority business on a regular workday, authorized holiday or weekend is in “Travel Status.” Employees of the Long Island Rail Road and Metro-North Commuter Railroad must see “SPECIAL NOTE”, below, for proper determination of travel status designation.

SPECIAL NOTE:

Long Island Rail Road employees must travel outside of their Official Station and outside of the Borough of Queens and the Counties of Nassau and Suffolk to be considered in any type of travel status.

Metro-North Commuter Railroad employees must travel at least 35 miles beyond Metro-North territory to qualify for any type of travel status designation.

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IV. POLICY

A. GENERAL

1. Policy Authority: This Policy Directive takes precedence over all other policies of any MTA Agency regarding reimbursement of employee travel and business expenses.
2. Categories of Expenditures: This Policy Directive covers the general categories of expenditures related to business travel and meal expenses, such as, transportation, lodging, per diem meals, business meals, and other miscellaneous expenses.
3. Actual and Necessary Expenses: Reimbursement for travel and business expenses will be made only for actual and necessary expenses incurred in the performance of official duties and upon submission of properly documented and approved employee expense reports as outlined in this Policy Directive instruction.
4. Travel Arrangements through Travel Agent: Except as set forth herein, employees must make all arrangements for lodging and transportation (excluding local travel) through the Authority's official Travel Agent. Amtrak train tickets may be purchased directly from Amtrak without use of the Travel Agent provided such tickets are purchased at a widely available discount rate or are for travel to Washington, D.C. or Albany, New York.

Employees can make lodging reservations directly at a location if they are attending conferences, seminars or meeting at that location or the travel agent is unable to book alternative lodging that is cost effective (after taking into account the cost of travel to alternative lodging and other factors).

Travel arrangements secured by any other means must be fully explained and justified in writing by the employee and approved according to the Agency-specific procedures covered in Section VI.

5. Discounted, No Cost or Reimbursed Travel: Prior to accepting discounted or

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no cost travel arrangements or travel arrangements reimbursed by a source other than the Authority, employees should review Sections 2.01, 3.03, and 3.08 of the MTA All Agency Code of Ethics and obtain approval from their Agency Ethics Officer and the MTA's Chief Compliance Officer.

6. Emergency Situations:

- a. During an emergency situation or under extraordinary circumstances, expenses which normally would be disallowed may be considered for reimbursement. The employee must provide a complete explanation of the emergency and the need for the expense, and obtain approval from the respective Agency Head or his/her designee. This documentation must be submitted along with the employee's expense report.
- b. In addition to the general discretion provided in paragraph a above, during the period of an emergency declared by the Governor of the State of New York or the MTA Chairman or a weather event requiring the employee to be on duty as determined by the employee's supervisor, meals for Authority employees who are required to be on duty during such emergency period or weather event are considered "business meals" that are reimbursable pursuant to Section IV (F) with the approval of the Agency Head or their designee or the MTA Chief of Staff. A description of the emergency and the reason why the employee was required to be on duty must be included with the expense report. Such meal expenses are reimbursed at actual cost; however, the reimbursable cost per person shall not exceed the per diem meal allotment for that location.

B. AUTHORIZATION

1. General: All employee travel and business expense reports must be approved by the employee's Supervisor or, if the Supervisor is not authorized to approve such expenses, by the next highest individual in the employee's chain of command designated as the Authorized Signer to approve expense documents.

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2. Expense Reports of Agency Heads: Travel and business expense reports of Agency Heads must be approved by the MTA Chairman/CEO or his/her designee.
3. Reports Covering Business Meals for More than One Employee: Travel and business expense reports covering business meals for more than one employee must be submitted by the highest-ranking employee and approved according to this Policy Directive.
4. Expenditures Requiring Prior Approval: All business travel must be approved in advance. Requests for travel must be made by an employee by completing an Agency-designated travel request form. In addition, prior approval is required for travel advance requests; expenses to be directly billed to the Authority; interview and relocation expenses; and other special circumstances as described in this and other policy directives.

C. METHODS OF PAYMENT

1. Payment by Employees: Employees are expected to pay for their business and travel expenses at the time they are incurred. Payment in advance is permitted if necessary to secure reservations and/or advantageous rates.
2. Direct Billing: Direct billing to the Authority is permitted when advantageous to the Authority. Arrangements for direct billing are subject to prior approval. See Section VI, Agency-specific procedures for the required approvals.
3. Travel Advances: An Employee may request a travel advance to cover anticipated business and travel expenditures eligible for reimbursement under this Policy Directive. No travel advances will be granted for interview and relocation expenses.

Requests for travel advances must be made using the appropriate BSC travel advance request form (if travel advance is being processed by the BSC) or an Agency-designated form and must be approved according to the Agency-specific procedures. Travel advances needed for out-of-area travel must be

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approved by the Agency Head or designee.

Travel advances will be disbursed through payroll, with the exception of NYCT. Refunds of unused portions of travel advances from employees will be accepted only by personal check, money order, or bank check. Cash will not be accepted.

If the trip is canceled or postponed, appropriate documentation must be filed and the travel advance must be returned within five business days of notification of the cancellation or postponement.

4. Credit Cards: Employees who have been authorized to purchase goods and services for business and travel purposes with an Authority credit card must account for these purchases by filing an expense reports. Expense reports must be filed even in those instances when no additional business expenses are incurred. Authority credit cards are not to be used for personal items.

D. DOCUMENTATION

1. Use of Travel Request Form: Plans for travel must be documented and requested, in specific detail, by the employee on the MTA BSC FIN-AP-062 Travel Authorization form or a NYCT designated travel request form.
2. Use of Expense Report Form: Travel and business expenses must be reported on the MTA BSC FIN-AP-030 Travel and Expense Reimbursement form or a NYCT designated employee expense report form.
3. Actual Expenditures: Unless specifically exempted herein, all reimbursements for employee expenses must be based on actual expenditures and must be supported by receipts or other acceptable documentation.
4. Acceptable Documentation: Acceptable documentation may include ticket stubs; paid receipts; invoices indicating dates and amounts of payment; cardholder's copies of validated credit card charge vouchers; or copies of the employee's canceled checks. With the exception of New York City Transit scanned or electronic copies may be submitted instead of original documents. The

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employee's Agency comptroller or designee may waive this requirement if the employee is unable to provide required documentation. Any waiver must be in writing with a copy attached to the employee's expense report. A copy of the executed waiver should be sent to MTA Corporate Compliance.

5. Statement of Purpose: A specific statement of the business purpose must be included on the employee's expense report. General statements such as "on official business," "by direction of supervisor," or "in connection with duties as director of division" will not suffice.
6. Conventions and Conferences: Travel vouchers for expenses incurred when attending conventions and conferences must be supported by program literature setting forth the opening and closing dates of the convention.
7. Documentation of Authorization: Copies of any documents approved by an appropriate Agency official authorizing the travel must be attached to the employee's expense report.
8. Travel Advances: The approved travel advance form should be received by the BSC at least three (3) weeks prior to start of travel. It must be attached to the expense report along with related schedules and other documentation.
9. Separate Reports: Separate reports should be filed for each business trip. Requests for reimbursement for different types of expenses (local business meals; business travel and out-of-town business meals; interview and relocation expenses) should be submitted on separate employee expense report forms.
10. Timeliness of Report Submission: Employee expense reports must be submitted no more than 30 calendar days from the conclusion of domestic travel and within 45 calendar days from the conclusion foreign travel.

E. TRAVEL (GENERAL POLICY)

1. Official Business: Reimbursement for travel and business expenses of employees will be made only for actual and necessary expenses in the

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performance of official duties upon proper documentation.

2. Out-of-Area Travel: Employees who are planning out-of-area travel for business must obtain prior written approval of their respective Agency Head or his/her designee.

The prior written approval of MTA's Chief of Staff is required for all Foreign Travel, domestic travel costing more than \$3,000 per employee and travel by an Agency Head.

3. Blanket Approvals: Employees, who usually travel to Washington, D.C. or other out-of-area locations, should request blanket approval from their Agency Head or his/her designee. Blanket approvals are valid for one year from date of approval.
4. Travel: Except as provided above in Section IV. A.4, all Authority business travelers must make arrangements for all lodging and transportation needs (excluding local travel) through the Authority's official Travel Agent. Travel must be by the most cost effective route reasonably possible, and must be by either Coach, economy, or equivalent discount fare unless (a) the trip is of an emergency nature and Coach, economy or equivalent discount fares are not available; (b) a business purpose necessitates over-night travel or requires continuous air travel, including stopovers and change of planes, in excess of twelve hours in duration; or (c) when use of other than Coach is necessary to accommodate a documented medical disability or other special need. Any travel by other than Coach, economy, or equivalent fare must be approved in writing in advance by the Agency Head or his/her designee. Unless so approved, an employee shall assume any extra expense incurred.
5. Agencies may approve a discretionary rest period not in excess of 24 hours at the beginning or end of travel status at either an intermediate point or at an employee's destination.
6. When a rest period is authorized, the applicable per diem rate is the rate for the rest period location.

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7. It is important that travelers make airline reservations as much in advance as possible to secure the lowest possible fare.

F. BUSINESS MEALS

1. Travel and Non Travel Status

- i. Business meetings should, whenever possible, be scheduled in such a way as to avoid the need to provide meals for those in attendance. Business Meals should not be provided on a regularly occurring basis.
- ii. Business Meal expenses are reimbursable only when the principal purpose of the meeting is to transact Authority business.
- iii. A statement of the business purpose which includes demonstrating why scheduling a meeting at such a time was unavoidable and a list of attendees present must be included with the expense report.
- iv. Business meal expenses are reimbursed at actual cost; however, such cost per person cannot exceed the per diem allotment for that location.
- v. Agency Head and Agency Ethics Officer approval is required for any business meal involving consultants and/or contractors hired by the Authority.
- vi. Receipts for Business Meals must be attached to the travel and business expense report.
- vii. Business meeting do not include political events, office parties birthdays, holiday/retirement parties or similar celebrations for special occasions.
- viii. Business meal expenses must be reported by the highest-ranking employee in attendance.

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ix. Alcoholic beverages or tobacco products are non-reimbursable.

2. Non Travel Status

i. Prior approval from the:

1. Agency Head and the MTA Chief of Staff for any business meal total exceeding \$3,000;
2. Agency Head or their designee for any business meal total exceeding \$1,000 and is attended only by Authority employees; and
3. Agency's Comptroller/Controller or their designee as well as the Department Head is required for all Business Meals.

ii. Each Agency shall develop a quarterly report on business meal expenditures. These reports will incorporate quarterly as well as year to date expenditure figures. A copy of the reports shall be submitted to the MTA Chief of Staff and MTA Chief Compliance Officer.

3. Travel Status

Business Meals in travel status must be reported on the MTA BSC FIN-AP-030 Travel and Expense Reimbursement form or the appropriate NYCT travel expense reimbursement form.

G. PER DIEM MEAL ALLOWANCE

1. Eligibility: Employees in travel status are eligible for a Per Diem Allowance (or a portion thereof) to cover certain meals and incidental costs.

First and Last Day: The first and last day of travel is calculated at 75 percent of the daily Per Diem Allowance. These amounts are rounded to the nearest

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dollar. The Per Diem Allowance on the first day of travel shall be the allowance for the employee's destination and the Per Diem Allowance on the last day will be the allowance of the employee's departure point.

2. Per Diem Reductions: The daily Per Diem Allowance will be reduced if breakfast or dinner is paid for by the Authority separate from the registration fee paid for the employee to attend an event for which they are in Travel Status. (See MTA Per Diem Allowance Reduction Table)
3. Meals provided by a common carrier or a complimentary meal provided by a hotel does not affect your Per Diem Allowance.
4. Per Diem Allowance Rates: These rates are established based upon a fiscal year beginning October 1. Authority employees must use the rates that were in effect on the first day of travel. (Example: if you begin your travel on September 30, 2015, returning on October 2, 2015, use the rates that would be in effect on September 30, 2015)
5. Per Diem Table: Additional information on calculating the daily Per Diem Allowance or reductions may be found in travel section of MTA Today at <http://www.mtahq.org/travel/index.html>.
6. Foreign Travel: Foreign travelers should see Section L of this Policy Directive entitled Foreign Travel Expense to determine the appropriate Per Diem Allowance for their destination.
7. Ineligibility within Employee's Official Station: No per diem meal allowance shall be allowed while an employee is within his or her official station or place of residence, regardless of the departure or arrival times of a particular trip.
8. Ineligibility of Meal Reported as Business Meal: An employee who has submitted an expense report including a Business Meal or is included as participant in a Business Meal in another employee's expense report is not eligible for a Per Diem Allowance for the same meal. (See MTA Per Diem Allowance Reduction Table)

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9. Documentation: The Per Diem Allowance is payable upon approval of an employee expense report. No receipts are required. The Per Diem Allowance pertains only to an employee's personal meal expenses and incidentals.

H. TRANSPORTATION

1. Intercity Travel: (Plane, Train, or Bus)
 - a. Travel must be arranged through the authorized Authority Travel Agency except as authorized above in Section IV.A.4. Travel generally shall be by either Coach, economy, or equivalent discount fare. All other travel at rates other than Coach, economy, or equivalent rates must be approved in advance by the Agency Head or his/her designee to secure reimbursement.
 - b. The employee must attach the passenger's portion of used tickets and must return any unused tickets.
2. Local Travel: (Mass Transit, Taxicabs, etc.)
 - a. The use of established mass transit lines is encouraged.
 - b. If it is necessary to use taxicabs, receipts must be submitted for expenses of \$10 or more (including tips).
 - c. If receipts are not available for individual taxicab rides or mass transit fares of \$10 or more, the employee must explain the circumstances when submitting his/her expense report.
3. Automobiles
 - a. Official Cars: If travel by an automobile is required, employees are encouraged to use official vehicles. The MTA All-Agency Policy Directive, 11-037, regarding use of official automobiles must be followed.

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b. Personal Cars: Employees, with approval of their supervisors, will be reimbursed for the use of personal cars at the mileage rate established at intervals by the Authority. This mileage rate, as calculated, includes costs for depreciation, gasoline, oil, maintenance and repairs, and insurance. The current mileage rate can be found on the BSC Travel and Expense Reimbursement Form.

c. Tolls and Parking Fees: Tolls and parking fees are reimbursable at actual cost. Receipts must be submitted for expenses of \$10 or more. Long-term parking fees (4 or more consecutive days) must be justified as cost effective and reimbursement for long-term fees requires pre-approval.

4. Rental Cars

a. Justification: Car rental expenses will not be reimbursed unless cost savings based on alternative modes of transportation and/or business necessity can be substantiated. Compact cars should be chosen unless a larger car is justified.

b. Arrangements: If an employee has been approved to use a rental car while on a business trip, arrangements to rent a car must be made through the Authority's official Travel Agent.

c. Documentation: The signed car rental agreement, other appropriate receipts and the justification must be submitted with documentation.

d. Drop-Off Charges: Drop-off charges for one-way rentals should be avoided, if possible, by obtaining a vehicle assigned to the destination city. Advance reservations and/or early inquiry will assist in obtaining such vehicles.

e. Insurance: When renting a car in a domestic or foreign location, employees are advised to purchase collision insurance and third party liability insurance if available through the rental company. These

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insurance costs are reimbursable to the employee.

- f. Weekly or Discount Rates: If the use is sufficiently long to justify a weekly or other discount rate, efforts should be made to secure such a rate.

I. LODGING

1. Official Business: Hotel and motel room expenses shall be reimbursed when incurred in the conduct of official business.
2. Arrangements: Reservations for hotel/motel stays should be made through the Authority's official Travel Agent, unless attending a conference or other event occurring at the hotel. See Section IV A 4 above
3. Government Rates: State, Government or other discount rates shall be secured whenever possible.
4. Weekly or Monthly Rates: If the stay is sufficiently long to justify a weekly or monthly rate, efforts should be made to secure such rates.
5. Documentation: Hotel bills and receipts for hotel and motel room expenses must be attached to the travel and business expense report.
6. Tax-Exemption: Lodging accommodations on official business are exempt from payment of occupancy tax in New York State. In addition, Metro-North Commuter Railroad employees are exempt from paying occupancy tax in the State of Connecticut. Employees will not normally be reimbursed for any ineligible taxes included in their bills for lodging. Employees can obtain tax exemption forms to supply to vendors from their respective Agency Comptroller's Office.
7. Advance Payment: Requests for a check from Authority to make an advance payment for registration fees must be made by submitting the applicable agency form to the Agency Comptroller and approved in advance.

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8. Ineligible Costs: When the cost of lodging has been included in the cost of a program reimbursable under this Policy Directive, no reimbursement will be made for lodging substituted at additional cost.

9. Maximum Allowance: Lodging costs are reimbursed at actual but reasonable cost.

J. EXTENDED OR WEEKEND STAYS; TRAVELING WITH SPOUSE OR OTHERS

1. Extended or Weekend Stays: Any extension of travel to include weekends or any days prior or following the minimum time necessary to accomplish Authority business, with the exception of an approved rest period, is subject to prior written approval and is considered personal time. Such approval must be attached to the related employee expense reports. If such an extension will result in increased costs for the Authority, prior approval must be requested from the respective Agency Head or their designee.

The Per Diem Allowance and lodging expenses are not payable during the extension period.

2. Traveling with Spouse or Others: Expenses incurred on behalf of a spouse or other person who is not involved in the conduct of Authority business, or expenses incurred while on vacation or personal leave, will not be reimbursed. Such expenses should be deducted from the related expense reports.

K. TELEPHONE AND SIMILAR SERVICES

1. Business Calls and Similar: Employees will be reimbursed for all business calls, express mail, facsimile transmissions, or similar expenditures required in the performance of their official duties. Receipts for these expenses must be included as supporting documentation with the employee's expense report.

2. Personal Calls: Reimbursement for personal telephone calls is limited to two per day while in travel status. The calls must be reasonable in length in order to obtain full reimbursement.

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3. Public Wi-Fi: The Authority will not reimburse for charges associated with accessing public Wi-Fi.

L. FOREIGN BUSINESS TRAVEL

1. Foreign travelers can use a per diem rate for reimbursement of meals and incidental travel costs such as laundry and dry cleaning. The Authority uses the foreign travel per diem rates of the U.S. State Department. The rates are available from the MTA Comptroller's Department or from the following Internet website:

http://aoprals.state.gov/web920/per_diem.asp.

Reimbursement for partial day travel should follow the same allocation method as defined for the domestic Per Diem Allowance.

2. Other allowable expenses related specifically to foreign travel include the cost of passports and visas, the cost of immunizations and inoculations (if required or recommended), the cost of car rental insurance coverage, travelers' check fees, currency exchange fees, travel fees and taxes, and airport fees and taxes.
3. It is important that all currency exchange transactions are supported by documentation which reflects the exchange rates used for the transactions. Acceptable documentation will include the exchange rate per the credit card statement or, if not available, the Wall Street Journal rate on the last day of the trip.
4. Lodging costs are reimbursed at actual but reasonable cost.

M. OTHER REIMBURSABLE EXPENSES

Expenses not specifically listed in the preceding paragraphs shall be reimbursable when incurred for business purposes as follows:

1. Laundry and Dry Cleaning: On domestic trips lasting more than three days,

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employees will be reimbursed for the actual cost of such services when incurred and paid for after the third day in travel status and every third day thereafter. Foreign travelers are reimbursed for laundry and dry cleaning costs through the Per Diem Allowance which includes a portion of the rate for incidental cost items.

2. Baggage Checking: Airline baggage checking fees are reimbursable up to a maximum of two personal bags. There are no limits on baggage checking fees related to the transportation of necessary Authority equipment.
3. Tips: Hotel housekeeping, doormen, meal and other normal gratuities are included in the Per Diem Allowance and therefore not separately reimbursable. Tips related to expense such as taxi fare should be reported in the total cost of the related expense and not itemized.
4. Foreign Currency Exchange: Fees associated with the exchange of foreign currency are reimbursable.
5. Other Miscellaneous Business Expenses: Reimbursement for any other category of expenditures is subject to the approval of the Agency Comptroller, Agency Head or MTA Chief of Staff.

N. UNALLOWABLE EXPENSES

The following categories of expenditures are eligible for reimbursement only on an exceptional basis, or under the special circumstances outlined in this Policy Directive.

1. Direct Billing: No employee may incur business expenses to be billed directly to the Authority, except for the authorized use of Authority credit cards for air travel or gasoline, or as otherwise authorized in advance.
2. Expenses Incurred on Behalf of Spouse or Others: The costs of travel, lodging, meals, or other expenses for a spouse, dependent, or other person who is not performing official Authority business and who accompanies an employee on a business trip are not reimbursable.

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3. Personal, Recreational or Entertainment Expenses: Costs incurred for personal, recreational or entertainment purposes are not reimbursable.
4. Commuting Costs: Transportation costs incurred for commuting between the employee's residence and official work station are not reimbursable.
5. Expenses Eligible for Third-Party Recovery: Business expenses which are legitimately recoverable from a third-party are not reimbursable. Such expenses and recovery must be explained on the employee's expense report.
6. Personal Losses: Reimbursement is not allowed for losses of personal property or the loss of funds or tickets.
7. Substituted Lodging: The cost of substituted lodging is not reimbursable when lodging is included in a seminar or other package paid for by the Authority.
8. Clothing, Valet Service, and Similar: Reimbursement for clothing, toiletries, barbering, or similar personal goods or services is not allowed. Laundry and dry cleaning or valet services are reimbursed at actual cost for domestic trips only after an employee has been in travel status for at least three consecutive days, as explained in Section IV-M.1., and as part of the Per Diem Allowance for foreign trips.
9. Alcoholic Beverages: The cost of alcoholic beverages, of any kind, are not reimbursable.
10. Personal Car Expenses: Repairs or maintenance costs of any kind are not reimbursable. Expenses for gasoline, motor oil and other automobile fluids are not reimbursable. These types of expenses are included when the standard mileage rate of reimbursement is calculated and determined.
11. Insurance, Fines and Fees: Reimbursement is not allowed for personal credit debit or ATM card fees, fines for traffic/parking violations, or travel insurance.

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12. Preferred Seating Fees: Reimbursement is not allowed for the selection of preferred seating. The only exception are employees with documented disabilities or other justifiable basis which require special seating. Such exceptions must be approved as part of the travel authorization request.

O. INTERVIEW & RELOCATION EXPENSES

Employees and job candidates eligible for the reimbursement of certain travel, lodging, meal, or other expenses pursuant to the All-Agency Interview and Relocation Policy (11-001) should refer to that Policy Directive for further details. Nothing in the Travel and Business Expense Policy Directive shall be interpreted as in any way superseding or mitigating the requirements of the Interview and Relocation Policy Directive.

P. RESPONSIBILITIES

1. Agency Comptrollers: Each Agency Comptroller is responsible for overall administration of this Policy Directive for his/her respective agency.
2. MTA Corporate Compliance: MTA Corporate Compliance is responsible for administration of this Policy Directive, establishing the Per Diem Allowance, and providing policy interpretation to the Authority.
3. Agency Heads: Exceptions to this Policy Directive may be approved in writing by the respecting Agency Head or his/her designee based on the recommendation of the Agency Comptroller.
4. MTA Chairman and Chief Executive Officer: The MTA Chairman/CEO or his/her designee has the authority to grant exceptions to this Policy Directive without the recommendation or approval of an Agency Head in circumstances deemed by the MTA Chairman/CEO to warrant special consideration.
5. Authorized Signers: Authorized Signers are responsible for informing their staffs of this Policy Directive; for controlling expenditures by careful examination of travel requests and expense reports; and for insuring that only reasonable expenses actually incurred and directly related to Authority

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business are reported.

6. All Employees: Employees are responsible, prior to incurring any expenses or submitting expense reports, for seeking appropriate authorization from their supervisors and/or clarification from their respective Agency Comptroller's Office of any exceptional circumstances or expenditures.

Q. CORPORATE CARD USAGE-TRAVEL EXPENSES

Only appropriate travel expenses as outlined in this Policy Directive may be charged to the card.

The cards are to be used to pay only those expenses relating to travel costs incurred when traveling on official Authority business. Employees may not use travel cards to make personal purchases, even if they intend to reimburse the Authority for those expenses.

An expense report must be submitted detailing all expenses including all card charges. Revocation of an individual's travel card will occur upon repeated delays in the submission of expense reports. Expense reports must be submitted for all charges.

Improper or unauthorized charges will result in mandated reimbursement to the Authority by the employee and may result in suspension or loss of privileges related to the card, and/or disciplinary action.

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V. WAIVER

Unless otherwise indicated in this Policy Directive, MTA's Chief Compliance Officer may grant a waiver of this Policy Directive in the best interest of the Authority. Such waiver must be in writing and be based upon a written request from the employee's Agency head or their designee.

VI. ADDITIONAL REQUIREMENTS




MTA Headquarters and each of its Agencies may issue specific procedures to implement this Policy Directive. Agency-specific procedures shall be included as an appendix to this Policy Directive.

Staff Summary

Subject PERSONAL PROPERTY DISPOSITION GUIDELINES
Department Corporate Compliance
Department Head Name LAMOND W. KEARSE
Department Head Signature 
Project Manager Name LAMOND W. KEARSE

Date November 16, 2016
Vendor Name N/A
Contract Number N/A
Contract Manager Name N/A
Table of Contents Ref # N/A

Board Action					
Order	To	Date	Approval	Info	Other
1	Governance	11/14/16	X		
2	Board	11/16/16	X		

Internal Approvals			
Order	Approval	Order	Approval
1	Legal 		
2	Chief Compliance Officer 		
3	Chief of Staff 		

Purpose:

To obtain Board approval of proposed revisions to the All-Agency Guidelines for the Disposal of Personal Property promulgated in accordance with Sections 2895-2897 of the New York Public Authorities Law.

Discussion:

Public Authorities Law Section requires the MTA approve guidelines regarding the disposition of property. The All-Agency Guidelines for the Disposal of Personal Property were last approved by the Board at its March 2016 meeting.

Staff proposes substantive and non-substantive revisions. The substantive revision relates to amendments of Public Authorities Law Sections 553, 1204, and 1265, which changed the threshold for disposal of personal property by public auction from \$15,000 to \$500,000. It also created the requirement that the public auction be advertised.

Recommendation:

It is recommended that the MTA Board approve the proposed revised All-Agency Guidelines for the Disposal of Personal Property



METROPOLITAN TRANSPORTATION AUTHORITY ALL-AGENCY GUIDELINES FOR THE DISPOSAL OF PERSONAL PROPERTY

Adopted by the Board on November 16, 2016

These guidelines, which have been adopted by the Board of the Metropolitan Transportation Authority (“MTA”), address the disposal of personal property, including obsolete, unneeded, and outdated personal property, by the MTA and its subsidiary and affiliated agencies in accordance with Public Authorities Law (“PAL”) §§ 2895–2897 and other applicable provisions of law. These guidelines shall **not** apply to the disposition of real property which is governed by the MTA Real Estate Department Policies and Procedures for the Leasing-out and Sale of Real Property.

The purpose of these guidelines is to:

1. Ensure that disposal of MTA personal property is undertaken in compliance with governing laws;
2. Define the means for identifying obsolete, unneeded, or otherwise outdated personal property, including but not limited to furniture, equipment, computer equipment, and automobiles;
3. Provide cost-savings to the MTA by outlining a procedure for the transfer of surplus personal property;
4. Recover value from surplus personal property through its sale, either for reuse or for scrap; and
5. Minimize disposal and storage costs by providing means for the donation of surplus personal property with negligible resale value.

These guidelines apply to the MTA and current and future affiliated and subsidiary agencies of the MTA (each, an “MTA Agency”). The MTA subsidiary and affiliated agencies consist of:

Triborough Bridge and Tunnel Authority
New York City Transit Authority
Manhattan and Bronx Surface Transit Operating Authority
The Long Island Rail Road Company
Metro-North Commuter Railroad Company
Staten Island Rapid Transit Operating Authority
MTA Bus Company
MTA Capital Construction Company

For purposes of these guidelines, the terms below are defined as follows:

Contracting Officer(s): The Contracting Officer is the officer or employee of each MTA Agency who is designated by resolution to be responsible for the supervision and direction of the disposition of such MTA Agency’s Surplus Property.

Dispose or disposal: Transfer of title or any other beneficial interest in Surplus Property in

accordance with the methods of disposition described herein. The act of disposition may include the acts of transferring, trading-in, selling, donating or destroying goods that are of no further use to the MTA.

Fair Market Value: The price at which the item of Surplus Property would change hands in a competitive and open market under conditions requisite to a fair sale between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both acting prudently and having reasonable knowledge of the relevant facts.

Furniture: Office furnishings and fixtures including but not limited to desks, tables, chairs, lamps, modular wall units, and partitions.

Metropolitan Transportation Authority or “MTA” or “MTA Agency”: For purposes of this Policy, the terms “MTA” and “MTA Agency” include the Metropolitan Transportation Authority and/or its current and future subsidiaries and affiliates.

MTAHQ: MTA Headquarters.

Not-For-Profit Organization: An organization incorporated for educational, charitable, or cultural purposes and recognized as tax-exempt under article 501(c) (3) of the Internal Revenue Code.

Personal Property: Tangible property, other than real property. Personal Property is physical and movable, subject to ownership, with exchangeable value. Examples of tangible personal property include, but are not limited to, furniture, supplies, automobiles or other vehicles, computer equipment, and commercial “off-the-shelf” software that is transferable pursuant to the software’s licensing agreement.

Qualifying Surplus Property: Surplus Property with a value in excess of \$5,000, and any inchoate or other interest in such Surplus Property, to the extent that such interest may be conveyed to another person, other than an MTA Agency, for any purpose, excluding an interest securing a loan or other financial obligation of another party.

Surplus Property: Personal Property (i) that does not have a useful purpose for a particular department of the MTA or has been deemed to be no longer useful to the MTA; or (ii) the disposition of which has been determined by the Agency’s Contracting Officer to be in the best interest of the MTA or the MTA Agency.

Surplus Property Officers: Regular employees to whom an MTA Agency or Agency department or division head has delegated responsibility for the identification and release of Surplus Property within that agency and/or department or division.

Section 1: General Provisions

1.1 Compliance with Laws and Guidelines.

- a. Disposals of Qualifying Surplus Property (i.e. Surplus Property with a Fair Market Value in excess of \$5,000) shall comply with applicable provisions of PAL §§ 2895 - 2897, the MTA’s enabling legislation, any other applicable law for the disposal of Personal Property, and the provisions of these guidelines.
- b. Disposals of Surplus Property having a Fair Market Value equal to or less than \$5,000 and disposals of Surplus Property, regardless of Fair Market Value, to an MTA Agency are not subject to the disposition requirements set forth in PAL §§

2895 – 2897. Disposition of such Surplus Property should be undertaken in compliance with the provisions of these Guidelines, other than Section 2 (addressing the requirements of PAL §§ 2895 – 2897).

- 1.2 Responsibility for Compliance. The Contracting Officer(s), MTA Procurement Departments, and MTA Corporate Compliance are responsible for ensuring MTA's compliance with and enforcement of these Guidelines.
- 1.3 Surplus Property. Surplus Property shall be disposed of as promptly as possible in a manner that returns as much value as possible to the MTA. Value may be returned through internal transfer of items, thereby reducing expenditures; through sale of items to outside buyers, thereby producing revenue; or through donation or other disposal without direct income, thereby avoiding the costs associated with carrying excess inventories or disposal costs of items of negligible value.
- 1.4 Responsibilities of Surplus Property Officers. Surplus Property Officers shall be responsible for periodically identifying Surplus Property as defined above.

User departments will periodically review their inventory of Personal Property such as furniture, office equipment, computer equipment, and security equipment and determine whether such Personal Property is Surplus Property that should be disposed of.
- 1.5 Computer Equipment/Telecommunications Equipment. The Information Technology Departments for each MTA Agency will be responsible for the review of the continued usefulness of computer equipment and telecommunications communications equipment in their agency and may, in conjunction with the department or division to which such equipment is assigned, identify such equipment as Surplus Property.
- 1.6 Automobiles. Each MTA Agency shall review the continued usefulness of that MTA Agency's automobiles, and may, when appropriate, identify automobiles as Surplus Property and shall dispose of such vehicles in compliance with these guidelines, the All Agency Vehicle Usage Policy Directive, and their agency's vehicle usage procedures.
- 1.7 Estimation of Value.
 - a. If the method of disposal of Surplus Property is not planned to be by publicly advertised bid (see Section 5.1), the user department responsible for such Surplus Property shall estimate the Fair Market Value of such Surplus Property. In estimating the Fair Market Value of such Surplus Property, reference shall be made to identifiable active markets for such property and information concerning additional factors may also be considered, which may include but are not necessarily limited to:
 - Original purchase cost;
 - Depreciation;
 - Residual Value;
 - Estimated Replacement Value; and/or
 - Current condition of the item.
 - b. If the estimated Fair Market Value of such Surplus Property is in excess of \$15,000, it must be disposed of by publicly advertised bid unless it is otherwise eligible for

disposition through negotiation or advertised public auction (PAL § 2897(6)(c); see Section 2.1(b)).

- c. If because of its unique nature or the unique circumstances of the proposed transaction, Qualifying Surplus Property is not readily valued by reference to an active market for similar property, an independent appraisal must be performed prior to disposing of such Qualifying Surplus Property (except in circumstances in which the Surplus Property is being designated for transfer to another MTA Agency user).

Section 2: Compliance with Public Authorities Law §§ 2895 - 2897

2.1 Permitted Methods of Surplus Property Disposal: Publicly Advertised Bid or Negotiation. Under the Public Authorities Law, Surplus Property valued in excess of \$5,000 and being disposed of to other than an MTA Agency (“Qualifying Surplus Property”) either must be disposed of

- a. in accordance with publicly advertised bid procedures (as set forth in Section 5.1 below), or
- b. through negotiation or by advertised public auction, subject to obtaining such competition as is feasible. Disposal by negotiation or by advertised public auction may be used only when at least one of the following conditions is satisfied:
 - (i) the Qualifying Surplus Property involved has qualities separate from the utilitarian purpose of such property, such as artistic quality, antiquity, historical significance, rarity, or other quality of similar effect, that would tend to increase its value, or the Qualifying Surplus Property is to be sold in such quantity that, if it were disposed of by publicly advertising for bids, would adversely affect the state or local market for such property, and the estimated Fair Market Value of such property and other satisfactory terms of disposal can be obtained by negotiation;
 - (ii) the Fair Market Value of the Qualifying Surplus Property does not exceed \$15,000 (for negotiation) or \$500,000 (for advertised public auction);
 - (iii) bid prices after advertising therefore are not reasonable, either as to all or some part of the Qualifying Surplus Property, or have not been independently arrived at in open competition;
 - (iv) the disposal will be to the state or any political subdivision, and the estimated Fair Market Value of the Qualifying Surplus Property and other satisfactory terms of disposal are obtained by negotiation;
 - (v) under those circumstances described in Section 2.3 below; or
 - (vi) such action is otherwise authorized by law.

2.2 Advance Explanatory Statement Requirement for Certain Qualifying Surplus Property

Disposals. PAL § 2897(6)(d) requires that MTA Agencies prepare and disseminate to certain public officials ninety days in advance of a Qualifying Surplus Property disposal, an explanatory statement for (i) disposals by negotiation of any Qualifying Surplus Property with an estimated Fair Market Value in excess of \$15,000; or (ii) a disposal of Qualifying Surplus Property by exchange, where the exchange involves disposal of real property together with related Surplus Property (regardless of value). The explanatory statement shall be sent by the MTA Agency preparing it to the comptroller, the director of the budget, the commissioner of general services, the legislature and the independent authorities budget office at least 90 days before making the disposal.

The explanatory statement shall include:

- a. description of the parties involved in the property transaction;
- b. justification for disposing of property by negotiation;
- c. identification of property, including its location;
- d. estimated fair market value of the property;
- e. proposed sale price of the property;
- f. size of the property; and
- g. expected date of sale of property.

A copy of the statement shall be preserved in the MTA Agency's files.

2.3 Less than Fair Market Value Disposals. The MTA may dispose of Qualifying Surplus Property for less than Fair Market Value, pursuant to PAL § 2897(7), if:

- a. The transferee is a governmental or other public entity and the transfer terms require that ownership of the asset will remain with the governmental entity, or
- b. The transfer is within the purpose, mission or governing statute of the MTA.

Where a proposed transfer of Qualifying Surplus Property is for less than Fair Market Value but does not satisfy either of the above two criteria, the proposed transfer may not proceed without the MTA Agency first providing written notice to the Governor, the Speaker of the Assembly and the Temporary President of the Senate. Such proposed transfer shall be subject to denial by the Governor, the Senate or the Assembly. The Governor, Senate or Assembly has 60 days from receipt of the notice to act if the notice is received between January and June; if the notice is received between July and December, the Senate or Assembly has 60 days from the following January in which to act on the notice.

2.4 Board Information and Approval Requirements: Proposed Less than Fair Market Value Disposal. If a below Fair Market Value Qualifying Surplus Property transfer is proposed, the following information must be provided to the MTA Board and to the public, in accordance with PAL § 2897(7)(b):

- a. a full description of the Qualifying Surplus Property;

- b. an appraisal of the Fair Market Value of the Qualifying Property and any information establishing the Fair Market Value;
- c. a description of the purpose of the transfer and a statement of the kind and amount of the benefit to the public resulting from the transfer;
- d. a statement of the value received compared to the Fair Market Value;
- e. the names of any private parties participating in the transfer; and
- f. the names of other private parties who made an offer for the asset, the amount offered, and the purpose for which the asset was sought.

Before proceeding with such a proposed disposal, the MTA Board shall consider the information required to be provided and make a written determination that there is no reasonable alternative to the proposed below market transfer that would achieve the same purpose of the transfer.

Section 3: Compliance with Federal Transit Administration Circular 5010.1D – Federally Funded Property

In addition to complying with PAL §§ 2895 - 2897, the MTA must also comply with Federal Transit Administration (“FTA”) Circular 5010.1D which governs the disposal of Federally-funded Property with an acquisition value in excess of \$5,000. That Circular requires grantee agencies such as the MTA to obtain FTA approval prior to disposing of such property if the disposition occurs before the end of the asset’s useful life, as determined under the Circular. In addition, upon disposition, the MTA must reimburse the FTA its share of any remaining Federal interest in the asset, as calculated pursuant to Circular 5010.1D.

Section 4: Reassignment or Transfer of Surplus Property to Other MTA Agencies

Prior to disposing of Surplus Property, the MTA Agencies should attempt to reassign it to other departments/divisions within that MTA Agency and/or transfer the Surplus Property to another MTA Agency.

- 4.1 **Reassignment.** The Surplus Property Officer for each MTA Agency will notify its departments/ divisions of the availability of Surplus Property and will facilitate the transfer of same among departments/divisions if such transfer will result in a cost savings to the MTA. Such notification shall take place at least once per year, by publication of an inventory of Surplus Property, and may be supplemented by informal notification of departments on an ad hoc basis. In the event that more than one department or division expresses interest in the reassignment of Surplus Property, the MTA Agency’s Surplus Property Officer and Contracting Officer shall determine the recipient, based on their judgment of which reassignment would be most beneficial to the MTA. Whenever possible, reassignment of Surplus Property shall be accomplished directly, minimizing the number of times an item must be moved.

- 4.2 Transfer to a Constituent Agency. Each Surplus Property Officer will circulate to the MTA Agencies on a periodic or ad hoc basis as appropriate, notice of the availability of Surplus Property. The inspection and, upon acceptance, physical transfer of such property shall be the responsibility of the MTA Agency accepting it.

In the event that more than one MTA Agency expresses interest in the same Surplus Property, the Surplus Property Officer and Contracting Officer shall determine the recipient, based on his judgment of which reassignment would be most beneficial to the MTA. Whenever possible, reassignment of Surplus Property shall be accomplished directly, minimizing the number of times an item must be moved.

Section 5: Disposal of Surplus Property with Estimated Fair Market Value in Excess of \$5,000

- 5.1 Sale by Publicly Advertised Bid. Qualifying Surplus Property (i.e. valued in excess of \$5,000) should periodically be offered by MTA for sale by the competitive process of publicly advertised bid, which is the preferred method of disposal.

The following requirements of PAL § 2897(6)(b) must be observed:

- a. The advertisement for bids shall be made at such time prior to the disposal through such methods and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the Qualifying Surplus Property;
- b. All bids shall be publicly disclosed at the time and place stated in the advertisement; and
- c. The award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the MTA, price and other factors considered; provided, that all bids may be rejected when it is in the public interest to do so.

- 5.2 Disposal of Property by Negotiation or Advertised Public Auction. Surplus Property may be disposed of by negotiation or advertised public auction when (i) the Fair Market Value of such Surplus Property does not exceed \$15,000 (for negotiation) or \$500,000 (for advertised public auction) or (ii) where any of the other criteria listed in Section 2.1(b) above for such disposal is satisfied.

Section 6: Disposal of Surplus Property With a Fair Market Value of \$5,000 or Less

- 6.1 Sale. The preference is to sell property having an estimated or appraised Fair Market Value of \$5,000 or less, in an effort to recover value from Surplus Property for MTA.
- 6.2 Contribution. Items with an estimated or appraised value of \$5,000 or less may be offered to a not-for-profit organization if, in the judgment of the MTA Agency's Surplus Property Officer and Contracting Officer, such property may have value if returned to use in such an organization, such a disposal by contribution will minimize disposal and storage costs to MTA, and the Surplus Property either has negligible resale value or the costs of MTA conducting a sale of such Surplus Property relative to the resale value that could likely be obtained are such that proceeding by contribution is deemed warranted. In such

circumstances, physical transfer of the property will be the responsibility of the receiving organization. Such an offering shall be conducted at the convenience of the MTA, and at minimal expense to the MTA.

Section 7: Disposal as Waste

Surplus Property that the Surplus Property Officer determines has no net monetary value (taking into account costs of storage) and has been unable to dispose of through reassignment, transfer, sale, or donation as outlined above should be disposed of as waste in the most cost-effective means consistent with all relevant laws and regulations.

Section 8: Inventory Management/Internal Controls

Each MTA Agency shall maintain adequate inventory controls and accountability systems for all individual items of Personal Property.

Section 9: Regulatory Disclosure

- 9.1 MTA Agency Reporting. Each MTA Agency's Contracting Officer shall annually provide a report to MTAHQ of all Surplus Property under its custody and control as well as a list and full description of all Surplus Property disposed of during the previous calendar year with the price received and the name of the purchaser.
- 9.2 Format and Timing. The report shall be provided in a format and at such time as requested by the MTA Corporate Compliance to facilitate required reporting of sale information.
- 9.3 Annual Report. MTAHQ shall annually publish, in accordance with PAL § 2896(3), a report with a full description of all Qualifying Surplus Property disposed of during the previous calendar year by all of the MTA agencies with the price received and the name of the purchaser. MTAHQ shall send copies of such report to the comptroller, the director of the budget, the commissioner of general services, the legislature, and the independent authorities budget office.

Section 10: Procedures

Each MTA Agency shall create written procedures as needed for the implementation of these guidelines. Such written procedures, once executed, shall be filed with MTA Corporate Compliance.