

**\$268,300,000**

**Triborough Bridge and Tunnel Authority  
General Purpose Revenue Bonds, Series 2002A**

**Dated: March 1, 2002**

**Due: January 1, as shown on the inside cover**

The Series 2002A Bonds are being issued to finance certain improvements to TBTA's bridges and tunnels.

The Series 2002A Bonds—

- are general obligations of TBTA, payable generally from the tolls on the bridges and tunnels operated by TBTA as described herein, and
- are not a debt of the State or The City of New York or any other local government unit.

TBTA has no taxing power.

*Upon compliance with the conditions described under SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION, TBTA may, without the consent of any owners of Series 2002A Bonds, substantially change the security for the Series 2002A Bonds by substituting the terms and provisions of the Proposed TBTA Resolution for the terms and provisions of the Existing TBTA Resolution. On February 27, 2002, the Proposed TBTA Resolution was approved by the Review Board. The Proposed TBTA Resolution, among other things, eliminates certain reserve funds. TBTA currently expects to exercise the right of substitution during 2002 when certain conditions described herein are satisfied.*

In the opinion of Hawkins, Delafield & Wood, Bond Counsel to TBTA, under existing law and relying on certain representations by TBTA and assuming the compliance by TBTA with certain covenants, interest on the Series 2002A Bonds is

- excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986,
- not a preference item for a bondholder under the federal alternative minimum tax, and
- included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

Also in Bond Counsel's opinion, under existing law interest on the Series 2002A Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State.

The Series 2002A Bonds are offered when, as, and if issued, subject to certain conditions, and are expected to be delivered through DTC's facilities on or about March 14, 2002.

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**This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2002A Bonds. Investors are advised to read the entire official statement, including all portions hereof included by specific reference, to obtain information essential to making an informed decision.**

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**UBS PaineWebber Inc.**

**Bear, Stearns & Co. Inc.**

**First Albany Corporation**

**JPMorgan**

**Lehman Brothers**

**Morgan Stanley**

**Salomon Smith Barney**

**ABN AMRO Financial Services, Inc.**

**Advest, Inc./Lebenthal**

**CIBC World Markets**

**Commerce Capital Markets RBC Dain Rauscher, Inc. Fahnestock & Co. First Union National Bank**

**Jackson Securities Inc. Merrill Lynch & Co. Quick & Reilly, Inc. Ramirez & Co., Inc.**

**Raymond, James & Associates, Inc. Roosevelt & Cross, Inc. Siebert Brandford Shank & Co., LLC**

March 6, 2002

**\$268,300,000**  
**Triborough Bridge and Tunnel Authority**  
**General Purpose Revenue Bonds, Series 2002A**

**\$109,975,000 Serial Bonds**

| <u>Maturity</u><br><u>(January 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Price or</u><br><u>Yield</u> | <u>Maturity</u><br><u>(January 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Price or</u><br><u>Yield</u> |
|---------------------------------------|-----------------------------------|--------------------------------|---------------------------------|---------------------------------------|-----------------------------------|--------------------------------|---------------------------------|
| 2014*                                 | \$ 8,695,000                      | 5.00%                          | 4.51%                           | 2019*                                 | \$ 11,155,000                     | 5.25 %                         | 4.95 %                          |
| 2015*                                 | 9,130,000                         | 5.00                           | 4.61                            | 2020*                                 | 11,740,000                        | 5.25                           | 5.00                            |
| 2016*                                 | 9,590,000                         | 5.00                           | 4.71                            | 2021                                  | 12,355,000                        | 5.125                          | 100                             |
| 2017*                                 | 10,070,000                        | 5.25                           | 4.81                            | 2022                                  | 12,990,000                        | 5.125                          | 5.15                            |
| 2018*                                 | 10,595,000                        | 5.25                           | 4.89                            | 2023                                  | 13,655,000                        | 5.00                           | 5.18                            |

**\$158,325,000 Term Bonds**

\$61,790,000 5.00% Series 2002A Term Bonds Due January 1, 2027 — Priced to Yield 5.24%  
 \$75,250,000 5.125% Series 2002A Term Bonds Due January 1, 2031— Priced to Yield 5.27%  
 \$21,285,000 5.50% Series 2002A Term Bonds Due January 1, 2032\*\* — Priced to Yield 4.90%  
 (plus accrued interest)

\* Priced at the stated yield to the January 1, 2012 optional redemption date at a redemption price of 100%.

\*\* Priced at the stated yield to the January 1, 2009 optional redemption date at a redemption price of 100%.

# Triborough Bridge and Tunnel Authority

TRIBOROUGH STATION, BOX 35

New York, New York 10035

(212) 360-3000

Website: [www.mta.info](http://www.mta.info)

Peter S. Kalikow.....*Chairman*  
David S. Mack.....*Vice-Chairman*  
Ronnie P. Ackman.....*Non-Voting Member*  
Nancy Shevell Blakeman.....*Member*  
Anthony J. Bottalico.....*Non-Voting Member*  
Kenneth A. Caruso.....*Member*  
Thomas J. Cassano.....*Non-Voting Member*  
Beverly L. Dolinsky.....*Non-Voting Member*  
Edward B. Dunn.....*Member*  
Barry Feinstein.....*Member*  
Alan B. Friedberg.....*Member*  
Lawrence W. Gamache.....*Member*  
James H. Harding, Jr.....*Member*  
Robert M. Harding.....*Member*  
Joseph Rutigliano.....*Non-Voting Member*  
Ernest J. Salerno.....*Member*  
Andrew M. Saul.....*Member*  
James L. Sedore, Jr.....*Member*  
James S. Simpson.....*Member*  
Edward A. Vrooman.....*Member*  
Rudy Washington.....*Member*  
Alfred E. Werner.....*Member*

Katherine N. Lapp.....*Executive Director*  
Michael C. Ascher.....*President*  
Stanley Vonasek.....*Vice President and Chief Engineer*  
Robert M. O'Brien, Esq.....*General Counsel*  
David Moretti.....*Chief Financial Officer*

HAWKINS, DELAFIELD & WOOD  
New York, New York  
*Bond Counsel*

GOLDMAN, SACHS & CO.  
New York, New York  
*Financial Advisor*

URS CORPORATION  
New York, New York  
*Consulting Engineers*

### Summary of Terms

TBTA has prepared this Summary of Terms to describe the specific terms of the Series 2002A Bonds. The information in this official statement, including the materials filed with the repositories and included by specific reference as described herein, provides a more detailed description of matters relating to TBTA and TBTA's General Purpose Revenue Bonds, Series 2002A. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the bonds being offered.

|   |   |
|---|---|
| Issuer .....                                | Triborough Bridge and Tunnel Authority, a public benefit corporation of the State of New York.  |
| Bonds Being Offered .....                   | General Purpose Revenue Bonds, Series 2002A.  |
| Purpose of Issue .....                      | The Series 2002A Bonds are being issued to finance certain improvements to TBTA's bridges and tunnels.  |
| Details .....                               | TBTA is issuing the Series 2002A Bonds with the maturities, in the aggregate principal amounts, and at the interest rates shown on the inside cover of this official statement.   |
| Denominations .....                         | \$5,000 and whole multiples of \$5,000.   |
| Interest Payment Dates.....                 | January 1 and July 1, commencing July 1, 2002.  |
| Redemption .....                            | The Series 2002A Bonds maturing January 1, 2014 through January 1, 2031 are subject to optional redemption on or after January 1, 2012. The Series 2002A Bonds maturing January 1, 2032 are subject to optional redemption on or after January 1, 2009. <i>See</i> REDEMPTION PRIOR TO MATURITY <i>in Part I</i> for other redemption information.  |
| Sources of Payment and Security.....        | Generally, the tolls on the bridges and tunnels operated by TBTA after the payment of operating expenses.   |
| Substitution of Security.....               | Upon compliance with the conditions described under SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION <i>in Part II</i> , TBTA may, without the consent of any owners of Series 2002A Bonds, substantially change the security for the Series 2002A Bonds by substituting the terms and provisions of the Proposed TBTA Resolution for the terms and provisions of the Existing TBTA Resolution. The Proposed TBTA Resolution, among other things, eliminates certain reserve funds. TBTA currently expects to exercise the right of substitution when the conditions described herein are satisfied. |
| Registration of the Bonds.....              | DTC Book-Entry Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.   |
| Trustee .....                               | U.S. Bank Trust National Association. The Trustee may be replaced as provided in SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION.   |
| Bond Counsel.....                           | Hawkins, Delafield & Wood, New York, New York.  |
| Tax Status.....                             | Interest excluded from federal gross income and exempt from personal income taxes of the State of New York or any of its political subdivisions. <i>See</i> TAX MATTERS <i>in Part III</i> .  |
| Ratings .....                               | Moody's – Aa3<br>Standard & Poor's – AA–<br>Fitch – AA<br><i>See</i> RATINGS <i>in Part III</i> .   |
| Financial Advisor.....                      | Goldman, Sachs & Co.  |
| Underwriters .....                          | <i>See</i> cover page.  |
| Purchase Price/Underwriters' Discount ..... | <i>See</i> UNDERWRITING <i>in Part III</i> .  |
| Counsel to the Underwriters.....            | Harris Beach LLP, New York, New York.   |
| MTA Special Counsel.....                    | Squire, Sanders & Dempsey L.L.P., New York, New York.   |

- ***No Unauthorized Offer.*** This official statement is not an offer to sell, or the solicitation of an offer to buy, the Series 2002A Bonds, in any jurisdiction where that would be unlawful. TBTA has not authorized any dealer, salesperson or anyone else to give any information or make any representation in connection with the offering of the Series 2002A Bonds, except as set forth in this official statement. No other information or representations should be relied upon.
- ***No Contract or Investment Advice.*** This official statement is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this official statement and the Series 2002A Bonds being offered, or anything else related to this bond issue.
- ***Information Subject to Change.*** Information and expressions of opinion are subject to change without notice, and it should not be inferred that there have been no changes since the date of this document. Neither the delivery of nor any sale made under this official statement shall under any circumstances create any implication that there has been no change in TBTA's affairs or in any other matters described.
- ***Forward-Looking Statements.*** Many statements contained in this official statement, including the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on TBTA's beliefs, as well as assumptions made by, and information currently available to, the management and staff of TBTA. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate", "budget", "estimate", "expect", "objective", "projection", "forecast", "goal" or similar words are intended to identify forward-looking statements. The words or phrases "to date", "now", "currently", and the like are intended to mean as of the date of this official statement.
- ***No Guarantee of Information by Underwriters.*** The Underwriters have provided the following sentence for inclusion in this official statement: The Underwriters have reviewed the information in this official statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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*The Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the Series 2002A Bonds at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are free to discontinue it at any time.*

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***Information Included by Specific Reference.*** The following portions of MTA's 2001 Combined Continuing Disclosure Filings, dated April 27, 2001, and filed with the repositories identified in the Introduction to this official statement, are included by specific reference in this official statement, along with material that updates this official statement or any such portions and that is either filed with those repositories or, in the case of official statements, filed with the Municipal Securities Rulemaking Board (MSRB) prior to the delivery date of the Series 2002A Bonds, together with any supplements or amendments thereto:

- **Appendix A** – The Related Entities (*See also Attachment 1* – Addendum to **Appendix A**)
- **Appendix D** – Audited Financial Statements of Triborough Bridge and Tunnel Authority for the Years Ended December 31, 2000 and 1999
- **Appendix I** – TBTA General Purpose Revenue Bonds – Summary of Certain Provisions of the 1980 Resolution
- **Appendix M**– Projection of Traffic, Toll Revenues and Expenses and Review of Physical Condition of the Facilities of Triborough Bridge and Tunnel Authority.

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## INTRODUCTION

Unless otherwise noted, the terms used in this official statement are the terms as used and defined in the Existing TBTA Resolution and *not* the Proposed TBTA Resolution. The same term may be used in both the Existing TBTA Resolution and the Proposed TBTA Resolution but may have different meanings.

### TBTA, MTA and Other Related Entities

Triborough Bridge and Tunnel Authority, or TBTA, is a public benefit corporation, which means that it is a corporate entity separate and apart from the State, without any power of taxation – frequently called a “public authority”. TBTA is empowered to construct and operate toll bridges and tunnels and other public facilities in New York City. TBTA issues debt obligations to finance the capital costs of its facilities and the transit and commuter systems operated by other affiliates and subsidiaries of the Metropolitan Transportation Authority, or MTA. TBTA’s surplus amounts are used to fund transit and commuter operations and capital projects. The board members of MTA also serve as the board members of MTA’s affiliates and subsidiaries, including TBTA.

MTA has responsibility for developing and implementing a single, integrated mass transportation policy for New York City and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. It carries out some of those responsibilities by operating the transit and commuter systems through its subsidiary and affiliate entities: the New York City Transit Authority (the Transit Authority) and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA); the Staten Island Rapid Transit Operating Authority (SIRTOA); The Long Island Rail Road Company (LIRR); the Metro-North Commuter Railroad Company (MNCRC); and the Metropolitan Suburban Bus Authority (MSBA). MTA issues debt obligations to finance a substantial portion of the capital costs of these systems.

MTA, TBTA and the other related entities are described in detail in **Appendix A** to MTA’s 2001 Combined Continuing Disclosure Filings, which is included by specific reference in this official statement. **Attachment 1** is an Addendum to **Appendix A** that updates **Appendix A**. **Appendix A**, together with **Attachment 1**, is referred to throughout as **Appendix A**.

### Terrorist Attack on World Trade Center

As more fully described in **Attachment 1**, certain portions of the MTA regional transportation operations were affected by the terrorist attack on the World Trade Center (WTC) on September 11, 2001. The most significant infrastructure damage includes the subway tunnel running beneath the WTC on the #1 and #9 subway lines that will need to be completely rebuilt, along with the related stations and infrastructure, and damage to the N/R Line Cortlandt Street Station. The most recent estimate of property damage to the transit system (dated December 6, 2001) is \$855 million. The MTA currently expects that insurance coverage in the amount of approximately \$1.5 billion (subject to a \$15 million deductible) and federal disaster assistance funds will cover substantially all of the property and business interruption losses related to this event. Bridges and tunnels operated by TBTA suffered no structural damage; however, certain bridges and tunnels, particularly the Brooklyn-Battery Tunnel and the Queens Midtown Tunnel, are subject to sporadic closings and restrictions on traffic coordinated by federal, state and local agencies.

MTA continues to assess the long-term impact of, among other things, the attack and its aftermath on state subsidies generated by regional economic transactions, such as the regional sales and use tax and certain business taxes. All estimates of the adverse impact on the MTA and the regional economy are of necessity preliminary and are subject to adjustment as more information becomes available. As more information becomes known, MTA expects to provide revised estimates in its periodic filings with the municipal market and may provide more frequent updates as the fiscal and economic ramifications of the terrorist attack become more clear. No assurance can be given that the amounts available under the insurance policies and from FEMA and SEMO will be sufficient to compensate MTA and the Related Entities in full for the aggregate damages caused by the attack on WTC, including loss of revenues and increases in expenses.

See **Attachment 1** for more information relating to the damage caused by the attack on WTC and its impact on MTA and the Related Entities.

## Where to Find Information

**Information in this Official Statement.** This official statement is organized as follows:

- This **Introduction** provides the background and process for the restructuring of public debt securities by MTA and its affiliates, TBTA and the Transit Authority.
- **Part I** provides specific information about the Series 2002A Bonds.
- **Part II** describes the sources of payment and security for all TBTA General Purpose Revenue Bonds, including the Series 2002A Bonds, prior to the substitution of the Proposed TBTA Resolution for the Existing TBTA Resolution, and a description of the conditions that must be satisfied before the substitution can occur.
- The section entitled SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION in Part II describes the ability to make changes to the Proposed TBTA Resolution prior to any substitution, as well as the conditions that must be satisfied before any substitution.
- **Part III** provides miscellaneous information relating to the Series 2002A Bonds.
- **Attachment 1** is an addendum to **Appendix A** and includes an update to certain information contained in **Appendix A** that TBTA deems relevant to the Series 2002A Bonds.
- **Attachment 2** includes a summary of certain provisions of the current version of the Proposed TBTA Resolution and Standard Resolution Provisions.
- **Attachment 3** sets forth certain provisions applicable to the book-entry system of registration to be used for the Series 2002A Bonds.
- **Attachment 4** sets forth a summary of certain provisions of a continuing disclosure agreement relating to the Series 2002A Bonds.
- **Attachment 5** is the form of opinion of Bond Counsel in connection with the Series 2002A Bonds.
- **Attachment 6** is a letter from the Consulting Engineers updating its report set forth as **Appendix M** to the MTA's 2001 Combined Continuing Disclosure Filings.
- **Information Included by Specific Reference** in this official statement and identified in the Table of Contents may be obtained, as described below, from the repositories or the MSRB and from MTA.

**Information from Repositories.** MTA and TBTA file annual and other information with each Nationally Recognized Municipal Securities Information Repository. Documents filed by MTA and TBTA should be available from those repositories designated as such at the time of the filing. The repositories may charge a fee for access to those documents. The current repositories are as follows:

**Bloomberg Municipal Repository**  
100 Business Park Drive  
Skillman, NJ 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
Email: munis@bloomberg.com

**FT Interactive Data**  
Attn: NRMSIR  
100 William Street  
New York, NY 10038  
Phone: (212) 771-6999  
Fax: (212) 771-7390 (Secondary Market Information)  
(212) 771-7391 (Primary Market Information)  
Email: NRMSIR@FTID.com

**DPC Data Inc.**  
One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107  
Email: nrmsir@dpcdata.com

**Standard & Poor's J.J. Kenny Repository**  
55 Water Street  
45<sup>th</sup> Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
Email: nrmsir\_repository@sandp.com

**Information Included by Specific Reference.** The information listed in the Table of Contents, as filed with the repositories to date, is “included by specific reference” in this official statement. This means that important information is disclosed by referring to those documents and that the specified portions of those documents are considered to be part of this official statement. **This official statement, which includes those filings and may include filings to be made, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Series 2002A Bonds.**

**Information Available at No Cost.** Information filed with the repositories is also available, at no cost, on MTA's website or by contacting MTA, Attn.: Finance Department, at the address on page i above. For important information about MTA's website, *see Part III – FURTHER INFORMATION below.*

## **Overview of the Debt Restructuring Program**

**Background.** As part of the process of determining funding sources for its transit and commuter capital programs for the years 2000-2004, and in order to increase bonding capacity, release existing reserve funds and simplify its current credit structure, the MTA developed a program to restructure its, the Transit Authority's and TBTA's debt by consolidating most existing credits into four principal new credits:

- MTA Transportation Revenue Bonds
- TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds
- MTA Dedicated Tax Fund Bonds
- MTA State Service Contract Bonds

On February 12, 2002, MTA submitted the new resolutions to the Metropolitan Transportation Authority Capital Program Review Board (Review Board) for approval. By statute, since no member notified the Review Board of a veto by February 27, 2002, the new resolutions were deemed approved.

The restructuring is designed to allow more efficient operations and to provide for modernized, flexible, cost-effective access to capital. The most significant change is the consolidation of the previously separate commuter and transit farebox credits into one resolution, creating the new MTA Transportation Revenue Obligation Resolution.

The actual results of the restructuring will depend upon many factors, including market conditions at the time of each element of the restructuring. There is no assurance that all the goals of the restructuring and the amount of new bonding capacity assumed, as described below, will be successfully achieved.

MTA plans to accomplish the objectives of the restructuring through the following actions.

**I. Defeasance of Old Credits.** MTA, the Transit Authority and TBTA will be refunding and defeasing substantially all of their outstanding debt and consolidating most of their existing credits. MTA and TBTA have issued bonds under the existing resolutions that permit the substitution of the terms and provisions of the new resolutions for the existing resolutions upon the satisfaction of certain conditions, including the Series 2002A Bonds. The following credits described in more detail under the caption “Public Debt Securities” in **Appendix A** are expected to be defeased in full upon completion of the debt restructuring, and once all of the new resolutions have

been adopted by the MTA board and bonds have been issued thereunder, no other bonds or notes will be issued under the existing resolutions:

- “Old Farebox Bonds” —
  - o MTA Transit Facilities Revenue Bonds
  - o MTA Commuter Facilities Revenue Bonds
  - o MTA Subordinated Commuter Facilities Revenue Bonds (Grand Central Terminal Redevelopment Project)
  - o Transit Authority Subordinated Transit Facilities Revenue Bonds (Livingston Plaza Project)
  
- “Old TBTA Bonds” —
  - o TBTA General Purpose Revenue Bonds (Existing TBTA Resolution)
  - o TBTA 1991 Mortgage Recording Tax Special Obligation Bonds
  - o TBTA 1988 Mortgage Recording Tax Special Obligation Bonds (no bonds or notes are currently outstanding)
  - o TBTA Beneficial Interest Certificates
  - o TBTA 1994 Subordinated Special Obligation Bonds
  
- “Other Old MTA Bonds”<sup>1</sup> —
  - o MTA Dedicated Tax Fund Bonds (1995 Resolution)
  - o MTA Transit Facilities Service Contract Bonds (1982 and 1987 Resolutions)
  - o MTA Commuter Facilities Service Contract Bonds (1982 and 1987 Resolutions)

The Series 2002A Bonds are being issued under the Existing TBTA Resolution. Since the Review Board has approved the Proposed TBTA Resolution,

- upon compliance with the conditions described under SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION, TBTA may, without the consent of any owners of Series 2002A Bonds, substantially change the security for the Series 2002A Bonds by substituting the terms and provisions of the Proposed TBTA Resolution for the terms and provisions of the Existing TBTA Resolution, and
  
- the Series 2002A Bonds will thereafter be secured in accordance with the terms and provisions of the Proposed TBTA Resolution.

**(a) Completion of Various Financings Prior to the Commencement of the Debt Restructuring – DTF Bonds and TBTA Bonds previously issued under the existing resolutions with provisions to substitute new resolutions.** MTA issued \$554,105,000 Dedicated Tax Fund Bonds, Series 2001A (the DTF Series 2001A Bonds) under the existing DTF Resolution to finance new transit and commuter projects, which bonds permit the substitution of the terms and provisions of the proposed DTF Resolution.

In a similar manner, TBTA issued the following Bonds under the Existing TBTA Resolution:

- \$1,125,720,000 General Purpose Revenue Bonds, Series 2001A (the TBTA Series 2001A Bonds), and
  
- \$296,400,000 General Purpose Variable Rate Revenue Bonds, Series 2001B and C (the TBTA Series 2001B and C Bonds, the Series 2001A Bonds and the TBTA Series 2001B and C Bonds being collectively referred to herein as the TBTA Series 2001 Bonds) to refund certain outstanding General Purpose Revenue Bonds.

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<sup>1</sup> MTA and TBTA do not currently intend to refund and defease any of the “2 Broadway Certificates of Participation”, the “MTA Excess Loss Fund Special Obligation Bonds”, or the “TBTA Convention Center Project Bonds”, as part of the debt restructuring. Those obligations are also described under the caption “Public Debt Securities” in **Appendix A**.

The TBTA Series 2001 Bonds permit the substitution of the terms and provisions of the Proposed TBTA Resolution for the Existing TBTA Resolution in the same manner as the Series 2002A Bonds.

**(b) First Phase of the Debt Restructuring – MTA Transportation Bonds and remaining TBTA Bonds.** In addition to substituting the new resolutions for the existing resolutions as described above, MTA expects to refund and defease in full the Old Farebox Bonds and the remaining Old TBTA Bonds by issuing MTA Transportation Revenue Bonds, TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds.

- MTA and TBTA currently expect to first seek tenders of certain series and maturities of the Old Farebox Bonds and the Old TBTA Bonds (except for the TBTA Beneficial Interest Certificates) in exchange for new MTA Transportation Revenue Bonds or new TBTA General Revenue Bonds, respectively, or cash.
- Not all of the Old Bonds tendered for exchange or purchase may be accepted by MTA and TBTA. Once MTA and TBTA have decided which of the Old Bonds tendered will be accepted for exchange or cash purchase and how much available cash will be applied by MTA and TBTA to defease other debt, MTA will determine the amount of taxable and tax-exempt debt that will be necessary in order to refund in full all remaining obligations and terminate the old resolutions.
- Once bonds offered for tender have been accepted and available cash has been applied, MTA and TBTA will structure the issuance of MTA Transportation Revenue Bonds, TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds in order to refund the Old Farebox Bonds and Old TBTA Bonds and defease the resolutions pursuant to which they were issued.

**(c) Outstanding Old Farebox Bonds and Old TBTA Bonds to be Restructured.** The debt to be restructured by the MTA Transportation Revenue Bonds includes the following:

- approximately \$4.43 billion of Old Farebox Bonds,
- \$750 million of commercial paper issued in the form of Old Farebox bond anticipation notes (to be refunded with new commercial paper in the form of MTA Transportation Revenue bond anticipation notes), and
- \$807,190,000 of TBTA 2000A bond anticipation notes maturing on January 1, 2003 (these notes were sold with provisions that permit TBTA to issue bonds under a new TBTA resolution subject to the satisfaction of certain conditions described in the notes, but it is currently expected that these notes will be refinanced with the proceeds of the new Transportation Revenue Bonds).

The debt to be restructured by TBTA General Revenue Bonds and new TBTA Subordinate Revenue Bonds includes the following:

- approximately \$3.1 billion of fixed rate Old TBTA General Purpose Revenue Bonds,
- approximately \$101.6 million of variable rate Old TBTA General Purpose Revenue Bonds, and
- approximately \$640 million of subordinated Old TBTA Bonds.

The following outstanding TBTA bonds contain provisions permitting the substitution of resolutions, which substitution is expected to take place at or about the time the Existing TBTA Resolution is defeased:

- \$1.42 billion of TBTA Series 2001 Bonds,
- these Series 2002A Bonds, and
- \$507.6 million Special Obligation Variable Rate Refunding Bonds, Series 2000A-Series 2000D

MTA expects that, not including the new money capacity resulting from the restructuring described below and not including bonds that provide for resolution substitution, it will issue the following approximate aggregate principal amounts of refunding bonds of each of these new credits to accomplish the above-referenced defeasances and tenders:

- MTA Transportation Revenue Bonds -- \$4.6 billion

- TBTA General Revenue Bonds -- \$2.7 billion
- TBTA Subordinate Revenue Bonds – \$598 million

(d) **Release of Existing Reserve Funds.** Once the restructuring of the Old Farebox Bonds has been accomplished, approximately \$356 million in reserves under the old farebox resolutions will be released to the MTA, and once the restructuring of the Old TBTA Bonds has been accomplished, approximately \$413 million in reserves under the old TBTA resolutions will be released to TBTA. It is expected that all released reserves, including approximately \$214 million expected to be released under the Existing DTF Resolution and \$124 million expected to be released under the old State Service Contract Resolutions, will be used to finance transit and commuter capital projects.

(e) **Second Phase of the Debt Restructuring – Dedicated Tax Fund Bonds and State Service Contract Bonds.** After refunding the Old Farebox Bonds and the Old TBTA Bonds, and at or about the time that the new resolutions are substituted as security for the existing bond resolutions in accordance with the terms of the DTF Series 2001A Bonds, the TBTA Series 2001 Bonds and these Series 2002A Bonds as described above, MTA expects to refund and defease the old Dedicated Tax Fund Bonds and the old State Service Contract Bonds by issuing new MTA Dedicated Tax Fund Bonds and new State Service Contract Bonds, respectively.

(f) **Types of Debt to be Issued During the Restructuring.** MTA expects that the new debt for refunding purposes issued under the new resolutions will consist of a combination of tax-exempt and taxable debt, including both fixed-rate and variable-rate debt within each category, as well as commercial paper, in amounts depending upon, among other things, the amount of bonds accepted by MTA and TBTA for exchange and purchase through the tender process, as well as existing market conditions at the time of issuance.

2. **Additional New Money Bond Capacity for Capital Programs.** One of the goals of the debt restructuring is to increase bonding capacity to provide additional sources of funds for the capital needs of the transit and commuter systems and TBTA facilities in accordance with their approved five-year capital programs.

General Statutory Requirements. The MTA Act requires MTA to submit to the Review Board for its approval successive five-year capital programs, one for the transit system and SIRTOA and the other for the commuter system. TBTA has its own capital program relating to TBTA facilities that covers the same time period but it is not subject to approval by the Review Board. The MTA Act limits the amount of debt that can be issued by MTA, TBTA and the Transit Authority for transit and commuter projects, but not for TBTA facilities.

More detailed information relating to the 2000-2004 transit and commuter capital programs is set forth in **Appendix A** under the caption 2000-2004 FINANCIAL PLAN AND 2000-2004 CAPITAL PROGRAMS.

Status of Existing Approved Capital Programs. The Review Board has approved both the transit and commuter capital programs for the years 2000-2004. At its meeting on February 26, 2002, the MTA Board approved the submission of certain amendments to the Review Board that, among other things, included the first phase of the reconstruction of the 1/9 subway line at WTC as an approved project and revised the sources of funds to replace the \$1.6 billion in funding that is not available because the voters did not approve the State Bond Act in November 2000. One new source was added (\$116 million from tax-advantaged leasing transactions) and one source was revised (the money generated by the debt restructuring was increased from \$3.011 billion to \$4.495 billion). The TBTA capital program assumes the issuance of approximately \$1 billion of TBTA bonds to finance TBTA facilities during the five-year period, of which a portion will be raised by the issuance of these Series 2002A Bonds.

If the amendments are approved by the Review Board, the transit and commuter capital programs for 2000-2004 would include the following sources of funds:

- approximately \$6.3 billion of new money bonds; and
- approximately \$4.5 billion to be derived from the debt restructuring, consisting of
  - o \$1.1 billion resulting from debt service reserve funds released from the old resolutions, and

- o \$3.4 billion from new money capacity resulting from the restructuring of all of the credits.

Upon completion of the debt restructuring, MTA expects that it will expend the \$1.1 billion in released debt service reserve funds prior to its issuance of additional new money bonds. Substantial portions of the new money bonds are not expected to be issued until after 2004.

As appropriate, MTA and the Review Board will amend the transit and commuter capital programs from time to time to reflect the level of funding available to pay for the capital projects anticipated to be undertaken during the time period covered by the approved programs. In addition, further amendments may be required to reflect certain projects undertaken in connection with the terrorist attack on WTC.

MTA Financial Plan. The amount of new money capacity that is expected to be generated by the debt restructuring will vary depending upon market conditions and other factors existing at the time of the issuance of the refunding and new money debt. Due mainly to improved market conditions since the time the capital programs were approved, the amount of MTA new money that can be issued as a result of the debt restructuring has increased from \$2 billion to \$3.4 billion, thereby substantially eliminating the deficiency of sources caused by the defeat of the State Bond Act.

Changes in market conditions and other factors since the adoption of the financial plan may cause the amount of new money capacity estimated in the current MTA financial plan to change. However, it is expected that

- the maximum annual debt service on
  - the debt issued to defease the existing resolutions, plus
  - \$3.4 billion in new money capacity generated by the restructuring**will not be greater than**
- the maximum annual debt service on the existing bonds being restructured.

It is expected that new money bonds issued to fund transit and commuter projects will be Transportation Revenue Bonds, Dedicated Tax Fund Bonds, State Service Contract Bonds and TBTA Subordinate Revenue Bonds and that new money bonds issued to fund TBTA facilities will be TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds.

**3. Additional Debt to be Issued.** In addition to the debt to be issued to defease the old resolutions and the debt representing new money (which includes both the \$6.3 billion of new money bonds and \$3.4 billion derived from the debt restructuring) for the 2000-2004 transit and commuter capital programs, and \$1 billion for TBTA facilities, MTA expects to issue additional bonds during the 2000-2004 period to finance certain projects contained in the 1995-1999 transit and commuter capital programs.

It is expected that new money bonds issued for these purposes will be Transportation Revenue Bonds and Dedicated Tax Fund Bonds.

## **PART I. SERIES 2002A BONDS**

*Part I* of this official statement, together with the Summary of Terms on page ii, provides specific information about the Series 2002A Bonds.

### **PURPOSES OF THE SERIES 2002A BONDS**

The Series 2002A Bonds are being issued to (a) fund certain improvements to TBTA's Present Facilities, (b) finance certain costs of issuance, and (c) fund a portion of the Debt Service Reserve Fund Requirement, as described herein.

**APPLICATION OF PROCEEDS**

TBTA expects that the proceeds of the \$268,300,000 aggregate principal amount of the Series 2002A Bonds (not including accrued interest), less net original issue discount of \$1,345,241.45, and less certain financing, legal and miscellaneous expenses of \$3,198,689.55, will be applied as follows:

|   |                      |
|---|----------------------|
| Deposit to the Series 2002A Bond Proceeds Account |                      |
| Present Facilities Improvement Subaccount         | \$250,000,000        |
| Deposit to 1980 Debt Service Reserve Fund         | <u>13,756,069</u>    |
| Total   | <u>\$263,756,069</u> |

**DESCRIPTION OF SERIES 2002A BONDS**

**General**

**Book-Entry Only System.** The Series 2002A Bonds will be issued as registered bonds, registered in the name of The Depository Trust Company or its nominee (together, DTC), New York, New York, which will act as securities depository for the Series 2002A Bonds. Individual purchases will be made in book-entry only form, in the principal amount of \$5,000 or integral multiples thereof. So long as DTC is the registered owner of the Series 2002A Bonds, all payments on the Series 2002A Bonds will be made directly to DTC. DTC is responsible for disbursement of those payments to its participants, and DTC participants and indirect participants are responsible for making those payments to beneficial owners. See **Attachment 3 – Book-Entry Only System**.

**Interest Payments.** The Series 2002A Bonds will bear interest from their dated date of March 1, 2002 at the rates and mature in the amounts and on the dates shown in the inside cover of this official statement. So long as DTC is the sole registered owner of all of the Series 2002A Bonds, all interest payments will go to DTC by wire transfer of immediately available funds, and DTC’s participants will be responsible for payment of interest to beneficial owners. All Series 2002A Bonds are fully registered in authorized denominations.

**Transfers and Exchanges.** So long as DTC is the securities depository for the Series 2002A Bonds, it will be the sole registered owner of the Series 2002A Bonds, and transfers of ownership interests in the Series 2002A Bonds will occur through the DTC Book-Entry Only System.

**Trustee.** U.S. Bank Trust National Association is Trustee and Paying Agent with respect to the Series 2002A Bonds. TBTA reserves the right to replace the trustee when the Proposed TBTA Resolution is substituted for the Existing TBTA Resolution.

**Redemption Prior to Maturity**

**Mandatory Sinking Fund Redemption.** The Series 2002A Bonds maturing on January 1, 2027 are subject to mandatory sinking fund redemption, in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) on any January 1 on and after January 1, 2024 at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on January 1 of each year the principal amount of such Series 2002A Bonds shown below:

| <u>Year</u> | <u>Principal Amount</u> |
|-------------|-------------------------|
| 2024        | \$14,335,000            |
| 2025        | 15,055,000              |
| 2026        | 15,805,000              |
| 2027*       | 16,595,000              |

\*Final Maturity.

Redemption of the Series 2002A Bonds maturing on January 1, 2027 solely in accordance with the foregoing schedule would result in an average life of approximately 23.358 years calculated from their delivery date.

The Series 2002A Bonds maturing on January 1, 2031 are subject to mandatory sinking fund redemption, in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) on any January 1 on and after January 1, 2028 at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on January 1 of each year the principal amount of such Series 2002A Bonds shown below:

| <u>Year</u> | <u>Principal Amount</u> |
|-------------|-------------------------|
| 2028        | \$17,425,000            |
| 2029        | 18,320,000              |
| 2030        | 19,260,000              |
| 2031*       | 20,245,000              |

\*Final Maturity.

Redemption of the Series 2002A Bonds maturing on January 1, 2031 solely in accordance with the foregoing schedule would result in an average life of approximately 27.360 years calculated from their delivery date.

**Optional Redemption.** The Series 2002A Bonds maturing January 1, 2014 through January 1, 2031 are subject to redemption prior to maturity on or after January 1, 2012, at the option of TBTA, in whole or in part on any date (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) at 100% of the principal amount thereof, together with accrued interest thereon up to but not including the redemption date.

The Series 2002A Bonds maturing January 1, 2032 are subject to redemption prior to maturity on or after January 1, 2009, at the option of TBTA, in whole or in part on any date (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) at 100% of the principal amount thereof, together with accrued interest thereon up to but not including the redemption date.

**State and City Redemption.** Pursuant to the TBTA Act, the State or the City, upon providing sufficient funds, may require TBTA to redeem the Series 2002A Bonds as a whole at the time and at the price and in accordance with the terms upon which the Series 2002A Bonds are otherwise redeemable.

**Redemption Notices.** So long as DTC is the securities depository for the Series 2002A Bonds, the trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Series 2002A Bonds are not held in book-entry form, then the trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Series 2002A Bonds is valid and effective even if DTC's procedures for notice should fail. Beneficial owners should consider arranging to receive redemption notices or other communications to DTC affecting them, including notice of interest payments through DTC participants. **Please note that all redemptions are final - even if beneficial owners did not receive their notice, and even if that notice had a defect.**

**Redemption Process.** If the trustee gives a redemption notice and holds money to pay the redemption price of the affected Series 2002A Bonds, then on the redemption date the Series 2002A Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Series 2002A Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series 2002A Bonds.

#### **Debt Service on the General Purpose Revenue Bonds**

**Table 1** sets forth, on a cash basis, the debt service on Bonds outstanding before the issuance of the Series 2002A Bonds, the debt service on the Series 2002A Bonds and the aggregate debt service on all Bonds after the issuance of the Series 2002A Bonds.

**Table 1<sup>(1)</sup>**  
**Aggregate Debt Service**  
**(000's omitted)**

| Year Ending<br><u>January 1</u> | Debt Service<br>on<br>Outstanding<br>Bonds <sup>(2)</sup> | <u>Debt Service on Series 2002A Bonds</u> |                  |                  | Aggregate<br>Debt<br>Service |
|---------------------------------|---|---|------------------|------------------|------------------------------|
|                                 |   | <u>Principal</u>                          | <u>Interest</u>  | <u>Total</u>     |                              |
| 2003                            | \$ 376,809  |   | \$ 11,463        | \$ 11,463        | \$ 388,272                   |
| 2004                            | 369,670   |   | 13,756           | 13,756           | 383,426                      |
| 2005                            | 369,816   |   | 13,756           | 13,756           | 383,572                      |
| 2006                            | 369,751   |   | 13,756           | 13,756           | 383,507                      |
| 2007                            | 369,850   |   | 13,756           | 13,756           | 383,606                      |
| 2008                            | 370,062   |   | 13,756           | 13,756           | 383,818                      |
| 2009                            | 370,116   |   | 13,756           | 13,756           | 383,872                      |
| 2010                            | 370,022   |   | 13,756           | 13,756           | 383,778                      |
| 2011                            | 370,158   |   | 13,756           | 13,756           | 383,914                      |
| 2012                            | 370,237   |   | 13,756           | 13,756           | 383,993                      |
| 2013                            | 370,238   |   | 13,756           | 13,756           | 383,995                      |
| 2014                            | 354,384   | \$ 8,695                                  | 13,756           | 22,451           | 376,835                      |
| 2015                            | 354,659   | 9,130                                     | 13,321           | 22,451           | 377,111                      |
| 2016                            | 317,018   | 9,590                                     | 12,865           | 22,455           | 339,473                      |
| 2017                            | 250,240   | 10,070                                    | 12,385           | 22,455           | 272,695                      |
| 2018                            | 240,005   | 10,595                                    | 11,857           | 22,452           | 262,457                      |
| 2019                            | 227,944   | 11,155                                    | 11,300           | 22,455           | 250,399                      |
| 2020                            | 202,529   | 11,740                                    | 10,715           | 22,455           | 224,983                      |
| 2021                            | 189,270   | 12,355                                    | 10,098           | 22,453           | 211,723                      |
| 2022                            | 175,041   | 12,990                                    | 9,465            | 22,455           | 197,496                      |
| 2023                            | 171,691   | 13,655                                    | 8,799            | 22,454           | 194,145                      |
| 2024                            | 171,689   | 14,335                                    | 8,117            | 22,452           | 194,140                      |
| 2025                            | 171,692   | 15,055                                    | 7,400            | 22,455           | 194,147                      |
| 2026                            | 171,688   | 15,805                                    | 6,647            | 22,452           | 194,141                      |
| 2027                            | 171,690   | 16,595                                    | 5,857            | 22,452           | 194,142                      |
| 2028                            | 171,690   | 17,425                                    | 5,027            | 22,452           | 194,142                      |
| 2029                            | 171,691   | 18,320                                    | 4,134            | 22,454           | 194,145                      |
| 2030                            | 171,691   | 19,260                                    | 3,195            | 22,455           | 194,147                      |
| 2031                            | 171,687   | 20,245                                    | 2,208            | 22,453           | 194,140                      |
| 2032                            | <u>171,691</u>  | <u>21,285</u>                             | <u>1,171</u>     | <u>22,456</u>    | <u>194,146</u>               |
| Total                           | <u>\$8,104,717</u>  | <u>\$268,300</u>                          | <u>\$307,343</u> | <u>\$575,643</u> | <u>\$8,680,360</u>           |

(1) Totals may not add due to rounding.

(2) Includes debt service on outstanding General Purpose Revenue Bonds, including debt service on (a) the Series 1999C Bonds assuming interest at the rate of 5.634% per annum (which is the interest rate payable by TBTA under the swap agreements relating thereto) and (b) the Series 2001B and C Bonds assuming interest at the rate of 5.777% per annum (which is the interest rate payable by TBTA under the swap agreement relating thereto), and excludes the \$807.19 million Series 2000A BANs maturing January 1, 2003.

## **PART II. SOURCES OF PAYMENT AND SECURITY FOR TBTA GENERAL PURPOSE REVENUE BONDS**

*Part II* of this official statement describes the sources of payment and security for all TBTA General Purpose Revenue Bonds, including the Series 2002A Bonds. This Part II also contains information relating to changes in the security for the Series 2002A Bonds under the caption SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION.

### **SOURCES OF PAYMENT**

TBTA receives its revenues from all tolls, rates, fees, charges, rents, proceeds of use and occupancy insurance on any portion of its tunnels, bridges and other facilities, including the net revenues of the Battery Parking Garage, and TBTA's receipts from those sources, after payment of TBTA's operating expenses, are pledged to the holders of the Bonds for payment, as described below.

TBTA is required to fix and collect tolls for its TBTA facilities, and TBTA's power to establish toll rates is not subject to the approval of any governmental entity. For more information relating to TBTA's power to establish tolls, see **Appendix A** – "THE RELATED ENTITIES – The Triborough Bridge and Tunnel Authority – *Toll Rates*".

For more detailed information about the TBTA's tolls, see **Appendix M** to MTA's 2001 Combined Continuing Disclosure Filings – "Projection of Traffic, Toll Revenues and Expenses and Review of Physical Condition of the Facilities of Triborough Bridge and Tunnel Authority". The Consulting Engineers have included an update to **Appendix M** as **Attachment 6** to this official statement.

From time to time legislation has been introduced by various State legislators seeking, among other things, to restrict the level of tolls on certain of TBTA's facilities, to require approval of future toll increases by the Governor, or to eliminate minimum tolls or to require discounts or free passage to be accorded to certain users of TBTA's facilities. Under the TBTA Act, however, the State has covenanted to holders of TBTA's bonds that it will not limit or alter the rights vested in TBTA to establish and collect such charges and tolls as may be convenient or necessary to produce sufficient revenue to fulfill the terms of any agreements made with the holders of TBTA bonds or in any way to impair rights and remedies of those bondholders.

**Table 2** sets forth, by facility, the amount of pledged revenues for each of the last 5 years on a cash basis, as well as operating expenses. The information has been extracted from TBTA's audited annual financial statements for the years 1996-2000.

**Table 2**  
**Triborough Bridge and Tunnel Authority**  
**TRAFFIC, REVENUES AND OPERATING EXPENSES (in thousands)**

|  | Years Ended December 31, |                         |                         |                         |                         |
|--|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | <u>1996</u>              | <u>1997</u>             | <u>1998</u>             | <u>1999</u>             | <u>2000</u>             |
| Bridge and Tunnel Revenues:                    |                          |                         |                         |                         |                         |
| Triborough Bridge                              | \$186,332                | \$200,451               | \$208,325               | \$216,413               | \$222,612               |
| Verrazano-Narrows Bridge                       | 178,444                  | 185,130                 | 192,788                 | 196,556                 | 203,172                 |
| Bronx Whitestone Bridge                        | 132,432                  | 135,593                 | 140,083                 | 147,597                 | 155,938                 |
| Throgs Neck Bridge                             | 136,948                  | 147,106                 | 149,711                 | 152,134                 | 152,453                 |
| Henry Hudson Bridge                            | 28,032                   | 28,687                  | 28,731                  | 30,068                  | 31,938                  |
| Marine Parkway Gil Hodges Memorial Bridge      | 8,219                    | 8,589                   | 8,577                   | 8,461                   | 8,374                   |
| Cross Bay Veterans' Memorial Bridge            | 6,460                    | 6,727                   | 7,021                   | 7,199                   | 7,651                   |
| Queens Midtown Tunnel                          | 77,489                   | 83,543                  | 85,628                  | 87,284                  | 89,451                  |
| Brooklyn Battery Tunnel                        | <u>54,900</u>            | <u>56,167</u>           | <u>63,576</u>           | <u>67,080</u>           | <u>69,018</u>           |
| Total Bridge and Tunnel Revenues:              | \$809,256                | \$851,993               | \$884,440               | \$912,792               | \$940,607               |
| Investment Income and Other                    | 46,743                   | 41,643                  | 41,788                  | 33,492                  | 44,351                  |
| <b>Total Revenues</b>                          | <b><u>\$855,999</u></b>  | <b><u>\$893,636</u></b> | <b><u>\$926,228</u></b> | <b><u>\$946,284</u></b> | <b><u>\$984,958</u></b> |
| Operating Expenses (1):                        |                          |                         |                         |                         |                         |
| Personnel Costs                                | \$109,256                | \$111,651               | 106,603                 | \$107,430               | \$112,256               |
| Maintenance and Other Operating Expenses       | 95,915                   | 112,222                 | 101,587                 | 120,561                 | 129,002                 |
| <b>Total Operating Expenses</b>                | <b><u>\$205,171</u></b>  | <b><u>\$223,873</u></b> | <b><u>\$208,190</u></b> | <b><u>\$227,991</u></b> | <b><u>\$241,258</u></b> |
| <b>Net Revenues Available for Debt Service</b> | <b><u>\$650,828</u></b>  | <b><u>\$669,763</u></b> | <b><u>\$718,038</u></b> | <b><u>\$718,293</u></b> | <b><u>\$743,700</u></b> |
| <b>TBTA Senior Lien Debt Service (2)</b>       | <b><u>\$248,732</u></b>  | <b><u>\$259,629</u></b> | <b><u>\$274,337</u></b> | <b><u>\$283,147</u></b> | <b><u>\$289,277</u></b> |
| <b>Senior Lien Coverage</b>                    | <b><u>2.62X</u></b>      | <b><u>2.58X</u></b>     | <b><u>2.62X</u></b>     | <b><u>2.54X</u></b>     | <b><u>2.57X</u></b>     |

(1) Excludes depreciation.

(2) TBTA Senior Lien Debt Service is shown net of Investment Income of \$6,252,000 in 1996, \$12,227,000 in 1997, \$17,581,000 in 1998, \$12,505,000 in 1999, and \$14,768,000 in 2000.

For calendar year 2001, TBTA released the following unaudited results. TBTA had total revenues of \$945.8 million, consisting of bridge and tunnel revenues of \$914.9 million and investment and other income of \$30.9 million. Bridge and tunnel revenues were \$30.1 million below budget (due primarily to lower traffic resulting from the terrorist attack on WTC, lower average toll caused by a higher than projected E-ZPass market share, unusually severe weather at the beginning of 2001 and worsening economic conditions). Investment income was \$10.3 million greater than budget (due primarily to higher earnings from debt service reserve funds) and other income was \$1.7 million less than budget (due primarily to a decrease in rental income from the Battery Parking Garage that is located near WTC). Total operating expenses were \$264.8 million, consisting of personnel costs of

\$131.6 million and maintenance and other operating expenses of \$133.2 million. Personnel costs were \$5.5 million greater than budget (due primarily to additional overtime relating to increased security following the terrorist attack on WTC). Maintenance and other operating expenses were \$5.3 million less than budget (due primarily to deferred painting caused by a contractor default). Net revenues available for debt service were \$681 million and TBTA senior lien debt service (net of investment income) was \$294.755 million, which would provide for senior lien coverage of 2.31 times.

As described in more detail in **Attachment 1**, MTA estimated on December 6, 2001 that TBTA will experience a revenue reduction of \$55.7 million in 2002 due primarily to the full and/or partial closure of the Brooklyn Battery Tunnel and the restrictions on traffic at the Queens Midtown Tunnel as a result of the attack on WTC. TBTA's Consulting Engineers, in an update to their annual report attached hereto as **Attachment 6**, estimate, based in part on traffic and revenue data through 2001, after a consultation with TBTA, but based upon conclusions formed independently based upon their own methodology and assumptions, that TBTA's toll revenues will decrease from their prior estimates set forth in **Appendix M** by \$38.0 million in 2002 due to the economic slowdown and the consequences of the terrorist attack. Investors should read **Attachment 6** in its entirety, including the assumptions set forth therein. In addition, MTA estimates that expenses will increase by \$7.0 million in 2002 due primarily to upgrading certain communications and electrical systems, together with delayed painting expenses from 2001. All estimates by the MTA set forth in **Attachment 1** and by the Consulting Engineers set forth in **Attachment 6** are preliminary and are subject to adjustment as more information becomes available.

## SECURITY

TBTA General Purpose Revenue Bonds, including the Series 2002A Bonds, are general obligations of TBTA, and TBTA's full faith and credit is pledged for the payment of the principal, redemption price, interest and sinking fund installments, pursuant to the terms of the Existing TBTA Resolution.

See **Appendix I** to the MTA's 2001 Combined Continuing Disclosure Filings for a more detailed summary of certain provisions of the Existing TBTA Resolution. The provisions of the Proposed TBTA Resolution are different in material respects from the Existing TBTA Resolution.

TBTA General Revenue Bonds are not a debt of the State or The City of New York, or any local governmental unit. TBTA has no taxing power.

### Pledge Effected by the Existing TBTA Resolution

Pursuant to, and in accordance with, the Existing TBTA Resolution, TBTA has pledged to the holders of the Bonds a "trust estate," which consists of

- Revenues,
- the proceeds from the sale of the Bonds, and
- all funds and accounts established by the Existing TBTA Resolution, including investment income.

### Revenues, Special Projects and Special Revenues

For purposes of the pledge under the Existing TBTA Resolution, revenues of TBTA include all tolls, rates, fees, charges, rentals or other amounts derived by or for the account of TBTA from the operation or ownership of the Projects. TBTA does not currently derive, and has not since the adoption of the 1980 Resolution derived, any significant recurring Revenues from any sources other than the Present Facilities (the seven toll bridges and two tunnels TBTA operates) and investment income. Revenues from the Transportation Project (the transit and commuter systems) are not derived by or for the account of TBTA; consequently, no revenues from any portion of the Transportation Project are pledged to the payment of debt service on the Bonds. For a discussion of other projects that TBTA is authorized to undertake, see **Appendix A – THE RELATED ENTITIES – The Triborough Bridge and Tunnel Authority--Authorized Projects of TBTA**.

Special Projects consist of (i) the Present Facilities and (ii) any Additional Project designated as a Special Project by TBTA which satisfies the conditions set forth in the following sentence. An Additional Project will become a Special Project if it is designated as such by TBTA and it satisfies the following conditions:

- o the Additional Project has been operated (whether or not by TBTA) so as to produce revenues in excess of operating expenses for a twelve-month period prior to the date any such Additional Project is designated as a Special Project by TBTA,
- o TBTA certifies that for such twelve-month period the Net Revenues (including the revenues and operating expenses of the proposed Special Project) at least equaled **1.40 times** the Adjusted Aggregate Bond Service for such twelve-month period, and
- o an Independent Engineer estimates that Net Revenues (including the revenues and operating expenses of the proposed Special Project) for each of 5 twelve-month periods following such designation will at least equal **1.40 times** the maximum Adjusted Aggregate Bond Service for any such twelve-month period. *See Appendix I – SUMMARY OF CERTAIN PROVISIONS OF THE 1980 RESOLUTION–Special Projects.*

For purposes of the additional Bonds tests and toll covenants under the Existing TBTA Resolution, only Special Revenues and Net Revenues are taken into account. Special Revenues consist of all Revenues derived from Special Projects. Net Revenues are defined as Special Revenues less Operating Expenses, which include only Operating Expenses of Special Projects. The various capital projects comprising the Transportation Project are Additional Projects, but are not Special Projects, and generate neither Revenues nor Operating Expenses for TBTA for purposes of the Existing TBTA Resolution. There are currently no Special Projects other than the Present Facilities. The Convention Center Project is not and cannot become either an Additional Project or a Special Project, and no Bonds have been nor may be issued under the Existing TBTA Resolution to finance the Convention Center Project.

#### **Flow of Revenues**

The Existing TBTA Resolution establishes the following funds and accounts, each held by TBTA:

- Bond Proceeds Fund,
- 1980 Revenue Fund,
- 1980 Operating Fund,
- 1980 Debt Service Fund,
- 1980 Debt Service Reserve Fund, and
- 1980 General Fund.

Under the Existing TBTA Resolution, TBTA is required to pay into the 1980 Revenue Fund all Revenues as and when received and available for deposit.

TBTA is required to pay out from the 1980 Revenue Fund, on or before the 25th day of each calendar month, the following amounts in the following order of priority:

- to the 1980 Operating Fund, the amount required to pay reasonable and necessary operating expenses for the next month, including reasonable and necessary reserves and working capital;
- to the 1980 Debt Service Fund, the amount required so that the balance in the fund is equal to Accrued Aggregate Bond Service;
- to the 1980 Debt Service Reserve Fund, the amount, if any, required so that the balance in the fund equals the 1980 Debt Service Reserve Fund Requirement (defined below);
- to the Reserve Account in the 1980 General Fund, the amount, if any, required so that the balance in said account equals the 1980 General Fund Reserve Requirement (defined below); and
- to the General Fund, any remaining amount.

All amounts paid out by TBTA for an authorized purpose (excluding transfers to any other pledged Fund or Account), or transferred after meeting the foregoing priorities, are free and clear of the lien and pledge created by the Existing TBTA Resolution.

Under the Existing TBTA Resolution, TBTA is required to use amounts in the General Fund to make up deficiencies in the 1980 Debt Service Fund, the 1980 Debt Service Reserve Fund, the Reserve Account and the Revenue Fund, in that order. Subject to the preceding sentence and any lien or pledge securing Subordinated Indebtedness, the Existing TBTA Resolution authorizes TBTA to release amounts in the General Fund to be paid to TBTA free and clear of the lien and pledge created by the Existing TBTA Resolution.

TBTA is required by law to transfer amounts released from the General Fund to MTA, and a statutory formula determines how MTA allocates that money between the transit and commuter systems.

### **Rate Covenant**

Under the Existing TBTA Resolution, TBTA is required at all times to establish, levy, maintain and collect such tolls, rentals and other charges in connection with the Special Projects as shall always be sufficient to provide Special Revenues in each calendar year to satisfy the requirements described in paragraphs (1) and (2) below:

(1) Special Revenues plus Investment Income for each calendar year shall be at least sufficient for the payment in such calendar year of the sum of:

- o Operating Expenses of Special Projects;
- o Aggregate Bond Service;
- o the amount, if any, required to maintain the 1980 Debt Service Reserve Fund;
- o the amount, if any, required to maintain the Reserve Account;
- o to the extent not otherwise provided for, all amounts payable on any Subordinated Loan; and
- o to the extent not otherwise provided for, the amount which, together with any other lawfully available funds of TBTA, shall be sufficient to provide for the payment of all other obligations of TBTA.

(2) Special Revenues plus Investment Income less Operating Expenses for such calendar year shall equal at least **1.25 times** the Adjusted Aggregate Bond Service for such calendar year.

The Existing TBTA Resolution provides that, should Special Revenues not reach the level necessary to maintain the foregoing covenants, TBTA will obtain a review by an Independent Engineer for the purpose of estimating its prospective Special Revenues and Operating Expenses. If such estimates indicate insufficient Special Revenues to enable TBTA to maintain the foregoing covenants, TBTA will adjust its tolls, rentals and other charges and take such other actions as will enable it to maintain or to comply as nearly as possible with its covenants. Failure to comply with the foregoing covenant will not constitute a default under the Existing TBTA Resolution if the Independent Engineer is of the opinion that a toll schedule which will comply with such covenant is impracticable at that time and TBTA establishes a schedule of tolls which is recommended by the Independent Engineer to comply as nearly as practicable with such covenant.

As more fully described under **Appendix A – THE RELATED ENTITIES – Public Debt Securities**, TBTA has issued its 1991 Mortgage Recording Tax Special Obligation Bonds pursuant to a 1991 Resolution and its Subordinated Special Obligation Bonds pursuant to a 1994 Resolution and has further authorized the delivery of Beneficial Interest Certificates pursuant to a 1993 Lease Agreement and a 1993 Trust Agreement. Under the 1991 Resolution, TBTA has extended to the owners of the 1991 Mortgage Recording Tax Special Obligations Bonds the rate covenant contained in the Existing TBTA Resolution. Under the 1993 Lease Agreement, TBTA has extended to the Lessor-Trustee (as defined in the 1993 Lease Agreement) the right to enforce the rate covenants contained in the Existing TBTA Resolution and the 1991 Resolution, and has covenanted not to retire all Bonds and 1991 Resolution Bonds prior to the time all payments of base rent have been made or provided for in accordance with the terms of the 1993 Lease Agreement. Under the 1994 Resolution, TBTA has extended to the owners of the 1994 Subordinated Special Obligation Bonds the rate covenant contained in the Existing TBTA Resolution. For the purposes of the rate covenant, the payment of debt service on the 1991 Mortgage Recording Tax Special Obligations Bonds and the requirement to replenish the debt service reserve fund under the 1991 Resolution, each to the extent payable from Revenues, the payment of base rent in connection with the Beneficial Interest Certificates and the requirement to replenish the reserve fund under the 1993 Trust Agreement, and the payment of debt service on the 1994 Subordinated Special Obligation Bonds and the requirement to replenish the debt service reserve fund under the

1994 Resolution, constitute obligations under paragraph (1)(f) above and must be included in determining whether Special Revenues plus Investment Income are sufficient to pay all expenses and obligations of TBTA described under paragraph (1) above.

### **Reserve Funds**

To the extent that amounts in the 1980 Debt Service Fund are insufficient to pay debt service, when due, on the Bonds, deficiencies shall be made up from amounts in the 1980 Debt Service Reserve Fund. The 1980 Resolution requires TBTA to maintain cash and investment obligations in the 1980 Debt Service Reserve Fund equal to the greatest amount of Adjusted Aggregate Bond Service for the then current or any future calendar year (Debt Service Reserve Fund Requirement). See **Appendix I – SUMMARY OF CERTAIN PROVISIONS OF THE 1980 RESOLUTION – Funds, Accounts, and Revenues**. The Debt Service Reserve Fund Requirement is, and upon issuance of the Series 2002A Bonds will be, fully funded. Upon the issuance of any Additional Bonds before the substitution of the Proposed TBTA Resolution for the Existing TBTA Resolution, TBTA will be required to make additional deposits, to the extent necessary, to maintain the 1980 Debt Service Reserve Fund at its required level. To the extent that the amount on deposit in the 1980 Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, TBTA is required to fund such Reserve from Revenues.

TBTA is also required to maintain on deposit in the Reserve Account in the 1980 General Fund established under the Existing TBTA Resolution \$5,000,000 or such greater amount as TBTA shall determine from time to time by supplemental resolution (the 1980 General Fund Reserve Requirement). To the extent moneys are not required to make up deficiencies in the 1980 Debt Service Fund or the 1980 Debt Service Reserve Fund, amounts on deposit in the Reserve Account will be applied to the cost of improvement, reconstruction or rehabilitation necessary to restore or prevent physical damage to any Special Project, to keep the Special Projects in good working order or to prevent a loss of Revenues or Net Revenues therefrom.

As more fully described herein under SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION, TBTA is proposing to eliminate the 1980 Debt Service Reserve Fund and the 1980 General Fund Reserve Account.

### **Additional Bonds**

Under the provisions of the Existing TBTA Resolution, TBTA may issue one or more series of Additional Bonds on a parity with the Series 2002A Bonds and other Outstanding Bonds to provide for the Project Cost of one or more Additional Projects or for the improvement, reconstruction or rehabilitation of one or more Projects.

*Additional Bonds for Improvement, Reconstruction or Rehabilitation of Special Projects.* TBTA may issue Additional Bonds without satisfying any earnings or coverage test for the purpose of providing for the Project Cost of improvement, reconstruction or rehabilitation of one or more Special Projects necessary to keep any Special Project in good operating condition or to prevent a loss of Revenues or Net Revenues from such Special Project.

*Additional Bonds for Other Purposes.* In addition to certain other requirements, in the case of Additional Bonds issued to provide for the Project Cost of one or more Additional Projects, or for the improvement, reconstruction or rehabilitation of any Project other than as set forth in the prior paragraph, the following requirements must be met:

(1) The Net Revenues (Special Revenues less Operating Expenses, both as modified for certain adjustments) plus Investment Income for the twelve months ended on a calendar quarter ended not more than 135 days prior to the date of issuance are at least equal to **1.40 times** the Maximum Adjusted Annual Bond Service for all Bonds to be Outstanding upon issuance of such Additional Bonds; and

(2) For each twelve-month period subsequent to the authentication and delivery of the Series of Additional Bonds to be issued, the latest of which ends on a calendar quarterly date not less than twenty-four months after the estimated date of completion of the Project for which such Series of Additional Bonds are to be issued, Net

Revenues must be estimated by an Independent Engineer to be, together with Investment Income, at least equal to **1.40 times** the Adjusted Aggregate Bond Service for each such twelve-month period.

### **Refunding Bonds**

Bonds may be issued for the purpose of refunding Bonds if (a) the Maximum Adjusted Annual Bond Service on the Bonds (including the refunding Bonds then proposed to be issued but not including the Bonds to be refunded) shall be less than the Maximum Adjusted Annual Bond Service on the Bonds as calculated immediately prior to the refunding (including the refunded Bonds but not including the refunding Bonds) or (b) certain of the Additional Bonds requirements set forth above are met.

### **SUBSTITUTION OF PROPOSED TBTA RESOLUTION FOR EXISTING TBTA RESOLUTION**

Unless otherwise noted, the terms used in this official statement are the terms as used and defined in the Existing TBTA Resolution and *not* the Proposed TBTA Resolution. The same term may be used in both the Existing TBTA Resolution and the Proposed TBTA Resolution but may have different meanings.

Upon compliance with the conditions described below, TBTA may, without the consent of any owners of Series 2002A Bonds, substantially change the security for the Series 2002A Bonds by substituting the terms and provisions of the Proposed TBTA Resolution, together with any changes thereto, for the terms and provisions of the Existing TBTA Resolution:

- The Series 2002A Bonds must continue to mature on the same dates and in the same principal amounts, be redeemable on the same dates and at the same prices, and bear interest at the same rates.
- The Proposed TBTA Resolution must be adopted by the TBTA Board.
- Each Rating Agency then rating the Series 2002A Bonds must have delivered a letter to the effect that the then existing rating on the Series 2002A Bonds will not be withdrawn or reduced as a result of the substitution of the Proposed TBTA Resolution for the Existing TBTA Resolution.
- Bond Counsel must have delivered an opinion to the effect that the Proposed TBTA Resolution has been duly approved by the Review Board and adopted by the TBTA Board, and that the Proposed TBTA Resolution as so approved and adopted has been legally and validly substituted as security for the Series 2002A Bonds.

A summary of certain provisions of the Proposed TBTA Resolution and the incorporated Standard Resolution Provisions is set forth as **Attachment 2**.

Some of the major differences between the Proposed TBTA Resolution and the Existing TBTA Resolution are as follows:

- Elimination of the 1980 Debt Service Reserve Fund and the 1980 General Fund Reserve Account.
- The definition of Defeasance Securities would be expanded to permit TBTA to defease the Series 2002A Bonds with securities not provided by the Existing TBTA Resolution.

Reference should be made to the summaries of the Proposed TBTA Resolution and the Existing TBTA Resolution, or to the actual text of those documents, for a more detailed comparison. It is not expected that any further material changes will be made to the Proposed TBTA Resolution, but TBTA reserves the right to make such changes, subject in certain instances to Review Board approval.

**TBTA currently expects to exercise the right of substitution when these conditions are satisfied.**

### **PART III. OTHER INFORMATION ABOUT THE SERIES 2002A BONDS**

*Part III* of this official statement provides miscellaneous additional information relating to the Series 2002A Bonds.

#### **TAX MATTERS**

##### **General**

Hawkins, Delafield & Wood is Bond Counsel for the Series 2002A Bonds. Their opinion under existing law, relying on certain statements by TBTA and assuming compliance by TBTA with certain covenants, is that interest on the Series 2002A Bonds is:

- excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986,
- not a preference item for a bondholder under the federal alternative minimum tax, and
- included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

Their opinion is also that under existing law interest on the Series 2002A Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State. See **Attachment 5** to this official statement for the form of the opinion that Bond Counsel expects to deliver when the Series 2002A Bonds are delivered.

The Internal Revenue Code of 1986 imposes requirements on the Series 2002A Bonds that TBTA must continue to meet after the Series 2002A Bonds are issued. These requirements generally involve the way that Series 2002A Bond proceeds must be applied and invested. If TBTA does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2002A Bonds in its federal gross income on a retroactive basis to the date of issue. TBTA has covenanted to do everything necessary to meet the requirements of the Internal Revenue Code of 1986.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2002A Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Series 2002A Bonds.

A bondholder that is in any of these categories should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that something may happen in the future that could change the tax treatment of the interest on the Series 2002A Bonds or affect the market price of the Series 2002A Bonds. For example, the Internal Revenue Code of 1986 could be changed.

##### **Original Issue Discount**

A maturity of the Series 2002A Bonds will have "original issue discount" if the price paid by the first purchasers of substantially all of such bonds is less than the principal amount of these Series 2002A Bonds. Bond Counsel's opinion is that the original issue discount on these Series 2002A Bonds as it accrues is not included in a bondholder's federal gross income under the Internal Revenue Code of 1986. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these

Series 2002A Bonds will be increased. If a bondholder owns one of these Series 2002A Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

### **Bond Premium**

If a bondholder purchases a Series 2002A Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Series 2002A Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in a Series 2002A Bond will be reduced. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2002A Bond with bond premium, even though the Series 2002A Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Series 2002A Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

### **LEGALITY FOR INVESTMENT**

The TBTA Act provides that the bonds being offered are securities in which the following investors may properly and legally invest funds, including capital in its control or belonging to it:

- all public officers and bodies of the State and all municipalities and political subdivisions in the State,
- all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business,
- all administrators, guardians, executors, trustees and other fiduciaries, and
- all other persons whatsoever who are now or who may hereafter be authorized to invest in the obligations of the State.

Certain of those investors, however, may be subject to separate restrictions which limit or prevent their investment in the bonds being offered.

### **LITIGATION**

There is no pending litigation concerning the bonds being offered.

TBTA is the defendant in numerous claims and actions. Certain of these claims and actions, either individually or in the aggregate, are potentially material to holders of the bonds. A summary of certain of these potentially material claims and actions is set forth in the **Appendix A** – “THE RELATED ENTITIES – Litigation - TBTA”, as that filing may be amended or supplemented to date.

### **FINANCIAL ADVISOR**

Goldman, Sachs & Co. is TBTA’s financial advisor for the Series 2002A Bonds and the debt restructuring. The financial advisor has provided TBTA advice on the plan of financing and reviewed the pricing of the Series 2002A Bonds. The financial advisor has not independently verified the information contained in this official statement and does not assume responsibility for the accuracy, completeness or fairness of such information. The financial advisor’s fees for serving as financial advisor is contingent upon the issuance of the Series 2002A Bonds.

### **UNDERWRITING**

The Underwriters for the Series 2002A Bonds, acting through UBS PaineWebber Inc., as Representative, have jointly and severally agreed, subject to certain conditions, to purchase from TBTA the Series 2002A Bonds at an aggregate purchase price of \$265,369,811.92 (reflecting a net original issue discount of \$1,345,241.45 and an Underwriters’ discount of \$1,584,946.63) plus accrued interest, and to reoffer such Series 2002A Bonds at the public offering prices or yields set forth on the inside cover page.

The Series 2002A Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2002A Bonds into investment trusts) at prices lower or yields higher than such public offering prices or yields and prices or yields may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all such Series 2002A Bonds if any Series 2002A Bonds are purchased.

## RATINGS

The Summary of Terms on page ii identifies the ratings of the credit rating agencies that have assigned their ratings to the Series 2002A Bonds. Those ratings reflect only the views of the organizations assigning them. An explanation of the significance of the ratings from each identified agency may be obtained as follows:

|                          |                                 |                                    |
|--------------------------|---------------------------------|------------------------------------|
| Fitch Ratings            | Moody's Investors Service, Inc. | Standard & Poor's Ratings Services |
| One State Street Plaza   | 99 Church Street                | 55 Water Street                    |
| New York, New York 10004 | New York, New York 10007        | New York, New York 10041           |
| (212) 908-0500           | (212) 553-0300                  | (212) 438-2000                     |

TBTA has furnished to each rating agency rating the bonds being offered information, including information not included in this official statement, about TBTA and the bonds. Generally, rating agencies base their ratings on that information and on independent investigations, studies and assumptions made by each rating agency. There can be no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of that rating agency, circumstances warrant the revision or withdrawal. Those circumstances may include, among other things, changes in or unavailability of information relating to TBTA or the bonds. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the bonds.

## LEGAL MATTERS

All legal proceedings in connection with the issuance of the bonds being offered are subject to the approval of the nationally-recognized bond counsel firm identified on the cover page and in the Summary of Terms on page ii. The form of the opinion of Bond Counsel is **Attachment 5** to this official statement.

Certain legal matters regarding TBTA will be passed upon by its General Counsel. In addition, certain legal matters will be passed upon by TBTA's special counsel or the counsel to the Underwriters, or both.

## CONTINUING DISCLOSURE

As more fully stated in **Attachment 4**, TBTA has agreed to provide certain financial information and operating data by no later than 120 days following the end of each fiscal year. That information is to include, among other things, information concerning TBTA annual audited financial statements prepared in accordance with generally accepted accounting principles, or if unavailable, unaudited financial statements will be delivered until audited statements become available. TBTA has undertaken to file such information with each Nationally Recognized Municipal Securities Information Repository and a New York State Information Depository (the SID), if and when one is established.

TBTA has further agreed to deliver notice to each Repository or the Municipal Securities Rulemaking Board (MSRB) and to the SID of any failure to provide the Annual Information. TBTA is also obligated to deliver notices of the following events, if material, to each repository, or to the MSRB or the SID:

- principal and interest delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of creditor liquidity providers, or their failure to perform;
- adverse tax opinions or events affecting the tax exempt status of the security;



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## ATTACHMENT 1

### ADDENDUM TO APPENDIX A

This Addendum to Appendix A is dated February 28, 2002, contains certain recent developments to the information contained in Appendix A occurring since the date thereof which TBTA deems relevant to the bonds issued pursuant to this official statement, and supersedes any previous addenda covering these matters. This Addendum contains information only through its date. Capitalized terms used herein not otherwise defined herein shall have the meanings set forth in Appendix A.

### TERRORIST ATTACK ON WORLD TRADE CENTER

#### General

On September 11, 2001, two hijacked passenger jetliners flew into the World Trade Center (WTC), resulting in a substantial loss of life, destruction of WTC and damage to other buildings in the vicinity. The attack also resulted in disruption of public transportation and business and displacement of residents and businesses in the immediate vicinity of WTC. It is expected that the destruction of WTC will have a substantial impact on the City and its economy. Reduced economic activity is expected to lower corporate profits, increase job losses and reduce consumer spending.

Certain portions of the MTA regional transportation operations were affected as more fully described below. The estimates of damages, loss of revenues and increase in expenses resulting from the terrorist attack were made by MTA on December 6, 2001 and, unless otherwise indicated, have not been updated since that date. MTA continues to assess the long-term impact of, among other things, the attack and its aftermath on state subsidies generated by regional economic transactions, such as the regional sales and use tax and certain business taxes. All estimates of the adverse impact on the MTA and the regional economy are of necessity preliminary and are subject to adjustment as more information becomes available. As more information becomes known, MTA will provide revised estimates in its periodic filings with the municipal market and may provide more frequent updates as the fiscal and economic ramifications of the terrorist attack become more clear.

#### Transit System

*Property Damage.* The most significant damage occurred to the #1 and #9 subway tunnel directly under WTC, including line equipment, signals, communications, tunnel lighting, power facilities and fan plants. Approximately 1,800 feet of tunnel was destroyed. There was also damage to the subway stations located at Cortlandt Street, Rector Street, Chambers Street and Wall Street. There was minor damage to twelve subway cars. A limited number of buses were destroyed and 30 were damaged. There was no interruption in the use of the MetroCard fare collection system.

On October 28, 2001, the Transit Authority resumed service on the N/R line. On January 28, 2002, the E Subway Station at WTC was reopened. The Cortlandt Street, Rector Street and South Ferry stations on the #1 line remain closed, but the Transit Authority has entered into a contract to restore service to the Rector Street and South Ferry stations during 2002. The Cortlandt Street station is expected to remain closed indefinitely.

MTA estimated, as of December 6, 2001, that the cost of the property damage to the Transit System would total \$855 million.

*Loss of Revenue.* MTA estimates that the Transit System will lose operating revenues of \$111.6 million in 2002.

*Increase in Expenses.* MTA estimates that expenses will increase by \$40.6 million in 2002 due primarily to increased service and equipment costs for rescue efforts and debris removal, added security and customer information costs.

## **TBTA Facilities**

*Property Damage and Traffic Interruption.* None of TBTA's facilities were damaged. However, some of the bridges and tunnels have been subject to closure and/or restrictions on traffic. Most notably, the Brooklyn Battery Tunnel was closed in both directions until October 13, 2001, when it was opened to out-bound traffic only. Limited in-bound traffic is now permitted. In addition, traffic going into the City through the Queens Midtown Tunnel has been restricted to multiple occupancy vehicles during certain morning hours. MTA expects that such closure and restrictions will be terminated when conditions in the City, and particularly at WTC, permit. There was no interruption in the use of the E-ZPass system.

*Loss of Revenue.* MTA estimates that TBTA will lose \$55.7 million in 2002, due primarily to the full and/or partial closure of the Brooklyn Battery Tunnel and the restrictions on traffic at the Queens Midtown Tunnel.

*Increase in Expenses.* MTA estimates that expenses will increase by \$7.0 million in 2002 due primarily to upgrading the communications and electrical systems, together with delayed painting expenses due to a contractor default.

## **Commuter System**

*Property Damage.* None of LIRR's or MNCRC's facilities were damaged.

*Loss of Revenue.* MTA estimates that the commuter railroads will lose \$28.9 million in 2002.

*Increase in Expenses.* MTA does not expect that there will be additional significant expenses to the commuter railroads in 2002. The cost of added police coverage on the commuter railroads is reflected below as an MTA Headquarters expense payable from mortgage recording tax subsidies.

## **MTA Headquarters And Other Related Entities**

*Property Damage.* Except for minor damage at the 2 Broadway office building, there was no damage to any of the facilities of MTA Headquarters, MSBA or SIRTOA.

*Loss of Revenue.* MTA estimates that there will be a minimal, if any, loss of revenues for the other MTA agencies for 2002.

*Increase in Expenses.* MTA estimates that expenses will increase by \$39.2 million in 2002 to reflect the hiring of additional police officers and spending for additional security measures MTA-wide.

## **Insurance and Other Coverage**

At the time of the terrorist attack, the Related Entities maintained layers of property damage insurance, including business interruption coverage, in the aggregate amount of \$1.5 billion per occurrence, subject to a \$15 million deductible. Those policies expired on October 31, 2001. MTA is in the process of finalizing its submission of certain claims, including loss of revenues (including, in some instances, subsidy revenues) at the Transit System, TBTA and the other Related Entities. MTA expects to file claims with the Federal Emergency Management Agency (FEMA) and the State Emergency Management Office (SEMO) for damages that are not covered by the insurance policies. No assurances can be given that the amounts available under the insurance policies and from FEMA and SEMO will be sufficient to compensate the Related Entities in full for the aggregate damages caused by the attack on WTC, including loss of revenues and increases in expenses.

MTA has obtained \$750 million of renewal property damage (including business interruption) insurance (with a \$30 million deductible), but the renewal insurance policies exclude terrorism coverage. In addition, MTA obtained a \$70 million terrorism policy (after payment of the \$30 million deductible) that covers property damage,

but not business interruption losses. MTA expects to add insurance coverage as it becomes commercially available at reasonable cost.

### **Cash Flow Borrowing**

MTA has negotiated a bank line of credit for up to \$600 million in anticipation of the receipt of insurance proceeds and FEMA and SEMO moneys. MTA's obligation to repay the line of credit is a general obligation payable from available moneys, including certain securities serving as collateral.

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## ATTACHMENT 2

### SUMMARY OF CERTAIN PROVISIONS OF THE PROPOSED TBTA RESOLUTION, INCLUDING STANDARD RESOLUTION PROVISIONS

#### DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The following sections contain definitions of certain terms used in this official statement when describing the Proposed TBTA Resolution and a general summary (Summary) of certain provisions of the Proposed TBTA Resolution. The definitions and Summary are not to be considered a full statement of all terms used in this Official Statement or the terms of the Proposed TBTA Resolution and, accordingly, are qualified by reference to and are subject to the full text of the official statement and the Proposed TBTA Resolution. A copy of the Proposed TBTA Resolution may be obtained upon request from the MTA.

#### PART I

##### Definitions

**Additional TBTA Project** shall mean one or more Transportation District Projects which the Issuer may now or hereafter be authorized to undertake. Each Additional TBTA Project shall be so designated by Supplemental Resolution adopted pursuant to the Resolution, and if not so designated shall not become an Additional TBTA Project. The term “Additional TBTA Project” shall not include the Convention Center Project. After the requirements of the section of the Resolution summarized under the caption “Additional TBTA Facilities” have been satisfied, the Transportation District Project so identified as an “Additional TBTA Project” shall become for all purposes of the Resolution a “TBTA Facility”.

**Additional TBTA Project Revenues** shall mean (i) all rates, fees, tolls, rentals or other charges and other earned income and receipts as derived in cash by or for the account of the Issuer from any Additional TBTA Projects and (ii) the proceeds of use and occupancy insurance on any portion of such Additional TBTA Projects and of any other insurance which insures against loss of revenues therefrom payable to or for the account of the Issuer.

**Available TBTA Net Revenues** shall mean all amounts on deposit in the General Account under the 1980 Resolution which are available to be transferred to the Issuer free and clear of the lien and pledge of the 1980 Resolution in accordance with the terms thereof.

**Capital Cost Obligations** shall mean Obligations for Capital Costs authenticated and delivered on original issuance.

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

Related Entity in connection with the TBTA Facilities, the TBTA Transit and Commuter Project or any Additional TBTA Project, as appropriate.

**COI Account** shall mean the Account by that name established in the Proceeds Fund.

**Convention Center Project** shall mean all land, buildings, improvements (excluding the elevated railroad structure located thereon), betterments, fixed furnishings and other property, real or personal, and all appurtenances thereto and interests therein, comprising the convention and exhibition center project authorized under the Issuer Act, including facilities ancillary or functionally related thereto, at a location generally bounded by thirty-ninth street on the north, thirtieth street on the south, eleventh avenue on the east and twelfth avenue on the west in New York county, as such boundaries or facility may be modified or expanded from time to time.

**Debt Service Fund** shall mean the Fund by that name established in the Resolution.

**Independent Engineer** shall mean an engineer or engineering firm or corporation of national reputation retained by the Issuer to perform the acts and carry out the duties provided for such engineer in the Resolution.

**Issuer** shall mean TBTA.

**Maximum Annual Calculated Debt Service** shall mean, as of any date of calculation, an amount equal to the greatest amount of Calculated Debt Service for the then current or any future calendar year.

**1980 Resolution** shall mean the 1980 Revenue Bond Resolution adopted by the Issuer on July 23, 1980, as amended and supplemented.

**Obligations** shall mean any bonds, notes, commercial paper or other form of indebtedness of the Issuer payable from the Debt Service Fund, authorized by the section of the Resolution summarized under the caption "Authorization of the Obligations" and delivered pursuant to the section of the Resolution summarized under the caption "General Provisions for Issuance of Obligations" or authorized pursuant to the section of the Resolution summarized under the caption "Special Provisions for Capital Cost Obligations", but excluding Obligation Anticipation Notes to the extent payable from, and expected by an Authorized Officer to be paid from, the proceeds of Obligations or other Obligation Anticipation Notes.

**Operating Expenses** shall mean the Issuer's expenses (including reserves for such expenses not monthly recurrent) incurred in the normal course of business for operation, maintenance, repair, ordinary replacements and ordinary reconstruction of the TBTA Facilities and shall include, without limiting the generality of the foregoing: administrative expenses, insurance premiums, legal and engineering expenses, pension, retirement, health and hospitalization payments, charges payable by the Issuer pursuant to any licenses, orders or mandates from any agency or regulatory body having lawful jurisdiction, any payments in lieu of taxes or other payments to municipal governments agreed to be paid by the Issuer and any taxes, governmental charges, amounts agreed to be paid by the Issuer to any other Person due to the use of toll, fee or fare media by account holders to pay for goods or services provided by such Person, and any other expenses required to be paid by the Issuer, all to the extent properly and directly attributable to any TBTA Facility, financing costs of any Series of Obligations, the expenses, liabilities and compensation of the Fiduciaries pursuant to any agreement executed by the Issuer, all costs and expenses associated with or arising out of the research, development (including feasibility and other studies) and/or implementation of any project, facility, system, task or measure deemed desirable or necessary by the Issuer, and all other costs and expenses arising out of or in connection with the conduct of Issuer business, including those expenses the payment of which is not immediately required. Notwithstanding the foregoing, Operating Expenses shall exclude (i) any costs and expenses attributable to (a) the TBTA Transit and Commuter Project, (b) any Additional TBTA Project until the requirements of the section of the Resolution summarized under the caption "Additional TBTA Facilities" have been satisfied or (c) any Separately Financed Project, (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of a TBTA Facility to the condition of serviceability thereof when new, or (iii) any provision for depreciation, amortization or similar charges.

**Prior Lien Obligations** shall mean any bonds, notes or other obligations (including any related contractual obligations) of the Issuer that were issued pursuant to a resolution adopted prior to the date of adoption of the Resolution, are secured by all or any portion of the Revenues and remain outstanding following the date of issuance of the initial Series of Obligations under the Resolution, including any such bonds and notes issued under the (i) 1980 Resolution, (ii) 1991 Special Obligation Resolution adopted by the Issuer on July 26, 1991, as amended and supplemented, (iii) 1994 Subordinated Bond Resolution adopted by the Issuer on March 25, 1994, as amended and supplemented, and (iv) Trust Agreement, dated as of April 1, 1993, by and among the Transit Authority, United States Trust Company of New York (as Certificate Trustee and as Lessor-Trustee) and the Issuer.

**Proceeds Fund** shall mean the fund by that name established in the Resolution.

**Refunding Obligations** shall mean all Obligations for refunding purposes authenticated and delivered on original issuance.

**Resolution** shall mean the General Resolution Authorizing General Revenue Obligations (including the Standard Resolution Provisions set forth as **Annex A** to the Resolution), as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms thereof.

**Revenue Fund** shall mean the fund by that name established in the Resolution.

**Revenues** shall mean all tolls, revenues, rates, fees, charges, rents, proceeds of use and occupancy insurance on any portion of the TBTA Facilities (including for purposes of this definition only, such net revenues derived from the “Battery Parking Garage” adjacent to the Manhattan Plaza of the Brooklyn–Battery Tunnel) and of any other insurance which insures against loss of Revenues therefrom payable to or for the account of the Issuer, and other income and receipts, as received by the Issuer directly or indirectly from any of the Issuer's operations, including the ownership or operation of any TBTA Facilities, but excluding (i) Additional TBTA Project Revenues attributable to any Additional TBTA Project that has not been designated as a TBTA Facility in accordance with the Resolution (unless such Additional TBTA Project Revenues have otherwise been pledged to the payment of Obligations and Parity Debt), (ii) any such income or receipts attributable directly or indirectly to the ownership or operation of any Separately Financed Project or the TBTA Transit and Commuter Project, (iii) any such income or receipts attributable directly or indirectly to amounts released from, or otherwise not subject to, the pledge and lien of the Resolution, or (iv) any federal or state grant money the receipt of which is conditioned upon its expenditure for a particular purpose or which is otherwise not legally available for application.

**Separately Financed Project** shall mean any project described as such in the Resolution.

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

**TBTA Facilities** shall mean all or any portion of any one or more of the following:

- (1) the bridge in the City, known and herein referred to as “Triborough Bridge”,
- (2) the bridge in the City, known and herein referred to as “Bronx-Whitestone Bridge”,
- (3) the bridge in the City, known and herein referred to as “Henry Hudson Bridge”,
- (4) the bridge in the City, known and herein referred to as “Marine Parkway Gil Hodges Memorial Bridge”,
- (5) the bridge in the City, known and herein referred to as “Cross Bay Veterans Memorial Bridge”,
- (6) the bridge in the City, known and herein referred to as “Throgs Neck Bridge”,
- (7) the bridge in the City, known and herein referred to as “Verrazano-Narrows Bridge”,
- (8) the tunnel in the City, known and herein referred to as “Queens-Midtown Tunnel”, and
- (9) the tunnel in the City, known and herein referred to as “Brooklyn-Battery Tunnel”,

together with, in the case of each of the foregoing, such incidental structures, appurtenances and facilities as are necessary or appropriate thereto. For the purpose of the foregoing definitions “approaches” shall mean structures necessary or convenient to give access to a TBTA Facility from connecting streets, roads, parkways, highways and

avenues. In addition, any Additional TBTA Project that has met the requirements of the Resolution shall thereafter become for all purposes of the Resolution a “TBTA Facility”.

**TBTA Transit and Commuter Project** shall mean any Transportation District Project that may be financed with obligations issued by the Issuer, in accordance with applicable law, for the benefit of any transit system or commuter system.

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

- (i) the proceeds of the sale of the Obligations,
- (ii) the Revenues, and
- (iii) all Funds, Accounts and subaccounts established by the Resolution (other than funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations; provided, however, that such funds, accounts and subaccounts are specifically excepted from the Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof.

(Section 102)

#### **Standard Resolution Provisions**

Except as otherwise specifically provided in the Resolution or by Supplemental Resolution, the Standard Resolution Provisions appended to the Resolution as Annex A constitute an integral part of the Resolution and have the same force and effect as if set forth in the forepart of the Resolution.

(Section 101)

#### **Authorization of the Obligations**

The Resolution authorizes Obligations of the Issuer designated as “General Revenue Obligations”, which may be issued in one or more Series or subseries. Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations which convert on a particular date or dates from Taxable Obligations to Tax-Exempt Obligations, or as Taxable Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Obligations, or otherwise as determined by Supplemental Resolution. The Obligations shall be direct and general obligations of the Issuer payable solely from the Trust Estate pledged to the payment thereof pursuant to the first paragraph of the section of the Resolution summarized under the caption “The Pledge Effected by the Resolution”. The aggregate principal amount of the Obligations which may be executed and delivered under the Resolution is not limited except as provided in the Resolution or as may from time to time be limited by law.

(Section 201)

#### **General Provisions for Issuance of Obligations**

The Opinion of Bond Counsel required by the Resolution for the issuance of Obligations shall be to the effect that the Obligations are valid, binding, direct and general obligations of the Issuer, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Issuer Act as amended to the date of such Opinion of Bond Counsel.

(Section 202)

## Special Provisions for Capital Cost Obligations

The Obligations issued to pay, or to provide for the payment of, all or part of Capital Costs relating to **TBTA Facilities** only upon receipt by the Trustee (in addition to the items required by the section of the Resolution summarized under the caption "General Provisions for Issuance of Obligations" and paragraph 3 of this caption) of the certification of an Authorized Officer that the proceeds thereof are to be applied to Capital Costs relating to TBTA Facilities for the purpose of keeping such TBTA Facilities in good operating condition or preventing a loss of Revenues or Revenues after payment of Operating Expenses derived from such TBTA Facilities.

The Obligations issued to pay or provide for the payment of all or part of Capital Costs relating to the TBTA Transit and Commuter Project or any Additional TBTA Project or any TBTA Facilities for a purpose other than as set forth in the previous paragraph, in each case only upon receipt by the Trustee of:

- (a) A certificate of an Authorized Officer setting forth (i) the aggregate principal amount of all Obligations and Parity Debt of all Series to be Outstanding immediately after such authentication and delivery, (ii) the Calculated Debt Service for such Obligations and Parity Debt for the then current and each future calendar year, and (iii) the Maximum Annual Calculated Debt Service for such period, including, in each case, the proposed Capital Cost Obligations and any proposed Refunding Obligations being treated as Capital Cost Obligations for purposes of clause (ii) of the second paragraph under the section of the Resolution summarized under the caption "Refunding Obligations" hereof but excluding any Obligations or Parity Debt to be refunded with the proceeds of such Refunding Obligations.
- (b) A certificate of an Authorized Officer setting forth the Revenues and Operating Expenses for any period of 12 consecutive calendar months out of the 18 complete calendar months next preceding the date of authentication and delivery of the Obligations of such Series (for purposes of this caption only, the "Twelve Month Period"); provided that in such certificate (i) if, on the date of authentication and delivery of the Obligations of such Series, any TBTA Facility shall not have been a TBTA Facility for all or any part of the Twelve Month Period, the Revenues and Operating Expenses of all TBTA Facilities shall be, respectively, increased by the revenues and operating expenses of such TBTA Facility for such Twelve Month Period or part thereof calculated as if the respective definitions of "Revenues" and "Operating Expenses" in the Resolution had been applicable thereto, (ii) if, on the date of authentication and delivery of the Obligations of such Series, the toll rate for any classification of vehicles using any vehicular toll TBTA Facility shall be less than it was during any part of the Twelve Month Period, then solely for the purposes of such certificate, the Revenues for the Twelve Month Period shall be decreased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of the Twelve Month Period, and (iii) if during the Twelve Month Period the toll rate for any classification of vehicles using any vehicular toll TBTA Facility shall have been increased, then solely for the purposes of such certificate, the Revenues for the Twelve Month Period may be increased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of the Twelve Month Period;
- (c) A certificate of an Authorized Officer setting forth:
  - (i) the amount of Revenues for the Twelve Month Period specified in the certificate;
  - (ii) the amount of Operating Expenses for the Twelve Month Period specified in the certificate;
  - (iii) the balance remaining after subtracting the amount set forth in subclause (ii) above, from the amount set forth in subclause (i), above (for purposes of this caption, the "Twelve Month Period Net Revenues");

- (iv) The Maximum Annual Calculated Debt Service for all Series of Obligations and Parity Debt Outstanding on the date of authentication and delivery of the Series of Obligations to be issued (including such additional Obligations), calculated in the manner set forth in subparagraph (a) of the previous paragraph above under this caption; and
- (v) that the Twelve Month Period Net Revenues are at least equal to 1.40 times the Maximum Annual Calculated Debt Service specified in subclause (iv) above.

Notwithstanding the foregoing provisions of this caption, so long as Prior Lien Obligations remain outstanding and Operating Expenses are provided for under the terms of the 1980 Resolution, the calculations required by this caption shall be made, but (i) such calculations shall be based upon Available TBTA Net Revenues during the Twelve Month Period rather than Revenues and (ii) no subtraction of Operating Expenses from Available TBTA Net Revenues shall be required.

(Section 203)

### **Refunding Obligations**

In addition to refinancings permitted under the section of the Resolution summarized under the captions “Special Provisions for Capital Cost Obligations” and “Obligations to Refund Pre-Existing Indebtedness”, one or more Series of Refunding Obligations issued to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations or Parity Debt.

In addition to the requirements of the Resolution, the Refunding Obligations of any Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee of:

- (a) If the Obligations or Parity Debt to be refunded are to be redeemed, instructions to the Trustee and/or trustee for the Parity Debt, satisfactory to it, to give due notice of redemption of all the Obligations or Parity Debt to be refunded on the redemption dates specified in such instructions;
- (b) If the Obligations or Parity Debt to be refunded are to be deemed paid within the meaning of the Resolution, irrevocable instructions to the Trustee and/or trustee for the Parity Debt, satisfactory to it, to provide notice in the manner provided in the Resolution with respect to the payment of such Obligations or Parity Debt;
- (c) If the Obligations or Parity Debt to be refunded are to be deemed paid, either (i) money or (ii) Defeasance Securities as shall be necessary to comply with the provisions of the Resolution or defeasance securities as shall be necessary with respect to Parity Debt, which money and Defeasance Securities (or defeasance securities) shall be held in trust and used only as provided in the Resolution;
- (d) If the proceeds of such Series of Refunding Obligations are to be utilized by the Issuer to purchase (in connection with a tender for or redemption of Obligations or Parity Debt, or otherwise) Obligations or Parity Debt to be delivered to the Trustee in satisfaction of a Sinking Fund Installment in accordance with the Resolution, a certificate of an Authorized Officer specifying the matters required thereby; and
- (e) Either (i) a certificate of an Authorized Officer (A) setting forth (1) the Maximum Annual Calculated Debt Service on the Obligations and Parity Debt (including the Refunding Obligations then proposed to be issued but not including the Obligations and Parity Debt to be refunded) and (2) the Maximum Annual Calculated Service on the Obligations and Parity Debt as calculated immediately prior to the issuance of the Refunding Obligations (including the Obligations and Parity Debt to be refunded but not including the Refunding Obligations) and (B) stating that the Maximum Annual Calculated Debt Service set forth pursuant to (1) above is not greater than the Maximum Annual Calculated Debt Service set forth pursuant to (2) above; or (ii) upon satisfaction

of the requirements of the section of the Resolution summarized under the caption “Special Provisions for Capital Cost Obligations” applicable to the type of Capital Costs being refinanced with respect to such Series of Refunding Obligations, considering for all purposes of any certificate delivered pursuant to the second paragraph of the section of the Resolution summarized under the caption “Special Provisions for Capital Cost Obligations” that (A) such Series of Refunding Obligations is a Series of Capital Cost Obligations and (B) the Refunding Obligations then proposed to be issued will be Outstanding but the Obligations or Parity Debt to be refunded will no longer be Outstanding.

(Section 204)

### **Obligations to Refund Pre-existing Indebtedness**

Obligations may be issued for the purpose of refunding (including by redemption, payment at maturity or in connection with exchanges or tenders) any Pre-existing Indebtedness.

Any Series of Obligations issued for the purpose of refunding any Pre-existing Indebtedness shall be so authenticated and delivered only upon receipt by the Trustee, in addition to the documents required by the section of the Resolution summarized under the caption “General Provisions for the Issuance of Obligations”, of an Opinion of Bond Counsel to the effect that such Pre-existing Indebtedness has been exchanged, paid or is deemed to have been paid within the meaning and with the effect expressed in the related authorizing resolution or other document, which opinion may rely upon a certificate of an Authorized Officer or an independent verification agent to the effect that sufficient money and defeasance securities have been placed in escrow to provide for the payment of the principal or Redemption Price of, and interest on, such Pre-existing Indebtedness as such obligations mature, are tendered for purchase or exchange, or are called for redemption in accordance with the related authorizing resolution or other document. The proceeds received on the sale of such Obligations shall be applied in the manner provided in the Supplemental Resolution authorizing such Obligations and in any related escrow agreement.

(Section 205)

### **Separately Financed Projects**

Nothing in the Resolution prevents the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Issuer Act or by other then-applicable State statutory provisions, or from financing any such project from other available funds (any such project including the Convention Center Project being referred to herein as a “**Separately Financed Project**”), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Issuer's share of any operating expenses related to such Separately Financed Project are payable solely from funds not pledged to the payment of Obligations, including amounts released from the lien of the Resolution.

(Section 206)

### **Redemption at Demand of the State or the City**

Except as otherwise provided pursuant to a Supplemental Resolution, either the State or the City may, upon furnishing sufficient funds therefor, require the Issuer to redeem all or any portion of the Obligations as provided in the Issuer Act.

(Section 401)

### **The Pledge Effected by the Resolution**

There are pledged for the payment of the principal and Redemption Price of, and interest on, and Sinking Fund Installments for the Obligations and, on a parity basis, the Parity Debt, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for

the purposes and on the terms and conditions set forth in the Resolution, all right, title and interest of the Issuer in the Trust Estate. *The pledge created by the Resolution, insofar as it relates to any portion of the Trust Estate pledged to the payment of Prior Lien Obligations, is (i) subordinate in all respects to the pledge thereof created to secure such Prior Lien Obligations and (ii) subject to the covenants and agreements made with the holders of Prior Lien Obligations; and, so long as any Prior Lien Obligations remain outstanding and unpaid, no payment shall be made from the Trust Estate, whether for interest, principal or premium on any of the Obligations, except as and to the extent permitted by the related authorizing resolutions or other trust documents. In order to provide for the payment of the Obligations and Parity Debt and the fulfillment of its covenants and agreements under the Resolution so long as any Prior Lien Obligations remain outstanding and unpaid (during which time the pledge of Revenues shall be of no force and effect), the Issuer covenants that it shall on or before the last Business Day of each month, but subject to the covenants and agreements made with the holders of all Prior Lien Obligations then outstanding, transfer or cause to be transferred to the Trustee all Available TBTA Net Revenues free and clear of any lien or pledge for Prior Lien Obligations. The Issuer further covenants that so long as any Prior Lien Obligations remain outstanding and unpaid, it will make payments into the funds and accounts established under the 1980 Resolution in the manner and in the amounts required by the 1980 Resolution.*

The pledge created by the Resolution shall in all respects secure on a pari passu basis all of the Obligations and Parity Debt and, except as expressly so provided, nothing contained in the Resolution shall be deemed to confer on the Owners of any Obligations or Parity Debt any rights in the Trust Estate superior or inferior to the Owners of any other Obligations or Parity Debt.

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

Subject to the provisions described above, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken.

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

(Section 501)

### **Establishment of Funds and Accounts**

The Resolution establishes a Revenue Fund, a Proceeds Fund, a Debt Service Fund, and a General Fund.

Established within the Proceeds Fund is the COI Account. The Issuer may establish one or more additional funds, accounts or subaccounts by delivering to the Trustee a certificate of an Authorized Officer. Amounts held at any time by the Issuer in any of the Funds or Accounts shall be held in trust separate and apart from all other funds of the Issuer.

(Section 502)

### **Revenue Fund**

The Issuer shall pay into the Revenue Fund all Revenues (and, so long as Prior Lien Obligations remain outstanding, Available TBTA Net Revenues) as and when received and available for deposit. The Issuer shall also pay into the Revenue Fund such portion of the proceeds of any Series of Obligations which may have been issued to pay Operating Expenses as shall be specified pursuant to the Supplemental Resolution authorizing such Series.

Amounts in the Revenue Fund shall be paid out, accumulated, transferred or withdrawn from time to time (but no less frequently than on or before the 25th day of each calendar month) for the following purposes and, as of any time, in the following order of priority:

- (a) payment of reasonable and necessary Operating Expenses or accumulation in the Revenue Fund as a reserve (i) for working capital, (ii) for such Operating Expenses the payment of which is not immediately required, including amounts determined by the Issuer to be required as an operating reserve in accordance with this caption, or (iii) deemed necessary or desirable by the Issuer to comply with orders or other rulings of an agency or regulatory body having lawful jurisdiction;
- (b) transfer to the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service to the last day of the current calendar month; provided, however, that in no event shall the amount to be so transferred be less than the amounts required for all payment dates occurring prior to the 25th day of the next succeeding calendar month; provided further that, for the purposes of computing the balance in said Fund, there shall be included the amount, if any, set aside in any account within the Debt Service Fund or the Proceeds Fund or otherwise in trust for the payment of interest on Obligations or Parity Debt to the last day of the current calendar month;
- (c) transfer to another Person in accordance with any Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation, except to the extent that any such Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations provides that such amounts are payable solely from the General Fund; and
- (d) transfer to the General Fund.

Amounts paid out from any Fund or Account for an authorized purpose (excluding transfers to any other pledged Fund or Account), or withdrawn pursuant to the second paragraph of the section of the Resolution summarized under the caption “Subordinated Indebtedness; Subordinated Contract Obligations”, shall be free and clear of the lien and pledge created by the Resolution.

The Issuer shall from time to time, and in all events prior to any withdrawal of money from the Revenue Fund pursuant to subparagraph (d) of the first paragraph under this caption, determine (i) the amount, to be held as a reserve in the Revenue Fund, which in the judgment of the Issuer is adequate for the purpose of providing for the costs of emergency repairs or replacements essential to restore or prevent physical damage to, and prevent loss of Revenues from, any TBTA Facilities and (ii) the amount, to be held as a reserve in the Revenue Fund, which in the judgment of the Issuer is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to any TBTA Facilities necessary to keep the same in operating condition or required by any governmental agency having jurisdiction over such TBTA Facilities and to provide a reserve for the retirement from service, decommissioning or disposal of facilities comprising either a TBTA Facility or a part of a TBTA Facility.

Amounts in the Revenue Fund may in the discretion of the Issuer be invested in Authorized Investments. Earnings on money and investments in the Revenue Fund shall be deposited in the Revenue Fund. The Issuer may sell any such Authorized Investments at any time and the proceeds of such sale and of all payments of principal or interest received at maturity or upon redemption or otherwise of such Authorized Investments shall be deposited in the Revenue Fund.

That amount, if any, set aside by the Issuer in one or more reserve accounts in the Revenue Fund may be used by the Issuer at such time or times and in such amounts as determined by the Issuer for the purpose of paying all or a portion of the interest on and the principal or Redemption Price of the Obligations and payment of Parity Debt, on a parity basis, on their respective due dates or redemption dates, as the case may be.

(Section 503)

### **Proceeds Fund**

The Issuer shall pay into the Proceeds Fund (and any designated Account or subaccount thereof) the amounts required to be so paid by the provisions of the Resolution or any Supplemental Resolution authorizing the issuance of any Series of Obligations for the purpose of financing Capital Costs relating to the TBTA Facilities, the TBTA Transit and Commuter Project and any Additional TBTA Projects. The portion of any such amount determined by Supplemental Resolution to be used for the payment of Costs of Issuance shall be paid into and disbursed from the COI Account.

Unless otherwise provided in a Supplemental Resolution or in a resolution authorizing Obligation Anticipation Notes, amounts in the Proceeds Fund shall be applied solely to pay Capital Costs relating to the TBTA Facilities, the TBTA Transit and Commuter Project and any Additional TBTA Projects, as applicable. Any amounts in the Proceeds Fund which are in excess of the amounts required to pay for such costs may at the direction of an Authorized Officer be transferred to the Revenue Fund or the Debt Service Fund. Upon the direction of an Authorized Officer, amounts in the Proceeds Fund may be invested in Authorized Investments. Except to the extent that a certificate of an Authorized Officer or a Supplemental Resolution provides that earnings on money and investments in the Proceeds Fund shall be deposited in the Revenue Fund or the Debt Service Fund, such earnings shall be retained in the Proceeds Fund. Upon the direction of an Authorized Officer, the Issuer may, and to the extent required for payments from the Proceeds Fund shall, sell any such obligations at any time, and the proceeds of such sale, and of all payments of principal or interest received at maturity or upon redemption or otherwise of such obligations shall be deposited in the Proceeds Fund.

Subject to any priority for Obligation Anticipation Notes, amounts in such Proceeds Fund must be applied to the payment of principal and Redemption Price of and interest on the Obligations and the payment of Parity Debt, on a parity basis, when due at any time that other money is not available therefor.

(Section 504)

### **Debt Service Fund**

The Issuer shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Obligations or Parity Debt the amount required for the interest payable on such date unless such interest is paid from the Proceeds Fund as capitalized interest, (ii) on or before each principal payment due date for any of the Obligations or Parity Debt the amount required for the principal amount (including the portion thereof payable in respect of a Parity Reimbursement Obligation) payable on such date, and (iii) on or before any redemption date for the Obligations or Parity Debt the amount required for the payment of the Redemption Price of and interest on the Obligations or Parity Debt then to be redeemed.

In the event of the refunding (including in connection with any payment at maturity, redemption, purchase, tender or exchange) of any Obligations, the Issuer may withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on the Obligations being refunded and (a) deposit such amounts, free and clear of any lien, pledge or claim of the Resolution, with itself or an escrow agent to be held in trust solely for the purchase, exchange or payment of the principal or Redemption Price, if applicable, of and interest on the Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the refunding Obligations, or (c) deposit such amounts in any Fund or Account established hereunder; provided, however, that no such withdrawal or deposit shall be made unless (i) upon such refunding, the Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Resolution and (ii) at the time of

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

(Section 505)

### **General Fund**

Amounts in the General Fund are to be transferred, in the following order, to the Debt Service Fund and the Revenue Fund to make up deficiencies in or to set aside reserves for such Funds.

Subject to any lien or pledge securing Subordinated Indebtedness that has been determined by the Issuer to be superior to such purposes, amounts in the General Fund not immediately required for the purposes referred to the previous paragraph shall, pursuant to resolution of the Issuer, be paid to or upon the order of the Issuer, free and clear of the lien and pledge created by the Resolution, for any lawful corporate purpose of the Issuer, including payment of amounts due with respect to Subordinated Indebtedness.

Purchases of Obligations, Obligation Anticipation Notes or Subordinated Indebtedness from amounts in the General Fund shall be made at the direction of the Issuer, with or without advertisement and with or without notice to other Owners of Obligations, Obligation Anticipation Notes or Subordinated Indebtedness. Such purchases shall be made at such price or prices as determined by the Issuer. If Sinking Fund Installments have been established for the maturities of Obligations purchased by the Issuer, then the Issuer shall direct the Trustee to credit the principal amount purchased against the applicable Sinking Fund Installments in such order and amounts as determined by the Issuer.

Investment income on amounts in the General Fund shall be deposited into the Revenue Fund.

(Section 506)

### **Subordinated Indebtedness; Subordinated Contract Obligations**

The Issuer may, at any time, or from time to time, issue Subordinated Indebtedness or incur Subordinated Contract Obligations payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer pursuant to the Resolution, as specified with respect to any such Subordinated Indebtedness or Subordinated Contract Obligations by Supplemental Resolution or an Authorized Officer; provided, however, that (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Obligations and Parity Debt and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Resolution. The Issuer may establish such priorities of payment and security among Subordinated Indebtedness and Subordinated Contract Obligations as it deems appropriate.

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

(Section 507)

## **Power to Construct and Operate TBTA Facilities and Collect Tolls and Fees**

The Issuer has, and will have so long as any Obligations are Outstanding, good right and lawful power to construct, reconstruct, improve, maintain, operate, finance, rehabilitate and repair the TBTA Facilities, and to fix and collect tolls, fees, rents and other charges as provided in the Resolution, or to cause the foregoing to be done.

(Section 601)

## **Sale and Lease of Property**

No part of the TBTA Facilities shall be sold, mortgaged, leased or otherwise disposed of or encumbered, except that the Issuer may (i) sell, exchange or otherwise dispose of at any time and from time to time any property or facilities constituting part of any TBTA Facilities and not useful, in the opinion of the Issuer, in the operation thereof, (ii) lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to any part of, that portion of the TBTA Facilities described in subparagraph (iv) of said definition of TBTA Facilities constituting the parking field connected with Jacob Riis Park, or (iii) lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, or otherwise dispose of, all or any part of any TBTA Facility, if such lease, contract, license, easement, right or other disposition does not, in the opinion of the Issuer, either (a) impede or restrict the operation by the Issuer of such TBTA Facility or (b) materially adversely affect the ability of the Issuer to comply with the covenants contained in the section of the Resolution summarized under the caption "Rates and Fees" taking into account application of the proceeds thereof.

Subject to the rights of the City under the TBTA Act, (i) any net proceeds of any sale, exchange or other disposition of property or facilities constituting part of TBTA Facilities pursuant to the paragraph above shall be deposited in the Revenue Fund or (so long as there is no deficiency in any other Fund or Account) such other Fund or Account designated in writing by an Authorized Officer, and any payments to the Issuer under or in connection with any such easement or right in respect of TBTA Facilities shall be deposited in the Revenue Fund, and (ii) payments received by the Issuer in connection with any such lease, contract, license or other disposition with respect to any part of any TBTA Facilities shall be deemed to be Revenues.

Notwithstanding any other provision of this caption, the Issuer may, to the extent and in the manner permitted by law, including the TBTA Act as the same may from time to time be amended:

- (a) Sell, exchange, mortgage, lease or otherwise dispose of or encumber, with or without consideration, any asset which is not a TBTA Facility; or
- (b) Sell for fair economic value (as determined by the Issuer) all or any part of any other TBTA Facilities; provided, that (i) prior to the sale of any TBTA Facilities as permitted in this clause (b), the Trustee shall receive a certificate of an Authorized Officer to the effect that such sale will not materially adversely affect the Issuer's ability to comply with the provisions of the section of the Resolution summarized under the caption "Rates and Fees" taking into account the anticipated application of the proceeds thereof, and (ii) the proceeds of such sale shall be deposited in the Debt Service Fund or in the Revenue Fund and be applied to the payment, purchase or redemption of Obligations.

(Section 602)

## **Creation of Liens, Issuance of Subordinated Indebtedness, Subordinated Contract Obligations and Other Debt**

The Issuer shall not issue any bonds or other evidences of indebtedness, other than the Obligations and Parity Debt as provided herein, secured by a pledge of the Trust Estate and shall not create or cause to be created any lien or charge on the Trust Estate except to the extent provided in the Resolution; provided, however, that the Issuer may, at any time, or from time to time, incur Subordinated Indebtedness or enter into Subordinated Contract Obligations payable out of, and which may be secured by a pledge of, such amounts as may from time to time be

available for the purpose of the payment thereof in accordance with subparagraph (c) of the first paragraph of the section of the Resolution summarized under the caption "Revenue Fund" and such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for payment of the Obligations and Parity Debt; and provided further that nothing contained in the Resolution shall prevent the Issuer from issuing (i) bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution to finance a Separately Financed Project, or (ii) other bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution payable from, among other sources, money withdrawn by the Issuer from the General Fund pursuant to the second paragraph of the section of the Resolution summarized under the caption "General Fund".

(Section 604)

### **Operation and Maintenance**

The Issuer shall at all times operate or cause to be operated the TBTA Facilities properly and in a sound and economical manner and shall maintain, preserve, reconstruct and keep the same or cause the same to be maintained, preserved, reconstructed and kept, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted; provided, however, that nothing herein contained shall be construed (i) to affect the Issuer's powers under the section of the Resolution summarized under the caption "Sale and Lease of Property" or (ii) to prevent the Issuer from ceasing to operate or maintain, or from leasing or disposing of, all or any of the TBTA Facilities if, in the judgment of the Issuer, it is advisable to lease, dispose of, or not to operate and maintain the same and the operation thereof shall not be essential to the maintenance and continued operation of any remaining TBTA Facilities and such cessation or disposition will not materially impair the Issuer's ability to meet the requirements of the section of the Resolution summarized under the caption "Rates and Fees", and provided further that the sale-leaseback or the lease-leaseback of any of the TBTA Facilities or other similar contractual arrangements, the effect of which is that the Issuer continues to retain as part of the Trust Estate the Revenues from such TBTA Facilities, shall not constitute a lease or disposition of such TBTA Facility for purposes of this caption or the section of the Resolution summarized under the caption "Sale and Lease of Property".

(Section 605)

### **Rates and Fees**

The Issuer shall at all times establish, levy, maintain and collect, or cause to be established, levied, maintained and collected, such tolls, rentals and other charges in connection with the TBTA Facilities as shall always be sufficient, together with other money available therefor (including the anticipated receipt of proceeds of sale of Obligations or other bonds, notes, or other obligations or evidences of indebtedness of the Issuer that will be used to pay the principal of Obligations issued in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of the TBTA Facilities), to equal or exceed in each calendar year the greater of (A) an amount equal to the sum of amounts necessary in such calendar year (i) to pay all Operating Expenses of the Issuer, (ii) to pay Calculated Debt Service, all amounts due with respect to Prior Lien Obligations and the debt service on all Subordinated Indebtedness then outstanding, and all Subordinated Contract Obligations, all as the same respectively become due and payable, and (iii) to maintain any reserve established by the Issuer pursuant to the Resolution, in such amount as may be determined from time to time by the Issuer in its judgment and (B) (i) so long as Prior Lien Obligations remain outstanding and Operating Expenses are provided for under the terms of the 1980 Resolution, an amount such that Available TBTA Net Revenues shall equal at least 1.25 times Calculated Debt Service for such calendar year and (ii) thereafter, an amount such that Revenues less Operating Expenses shall equal at least 1.25 times Calculated Debt Service for such calendar year.

Notwithstanding the foregoing provisions of this Section, the toll rate for automobiles, which contain not more than two persons, using the following designated TBTA Facilities shall at all times be at least one dollar for each crossing over the Verrazano-Narrows Bridge, the Triborough Bridge (a round trip to Randall's Island or Ward's Island to constitute a single crossing), the Bronx Whitestone Bridge, the Throgs Neck Bridge or through the Brooklyn-Battery Tunnel or the Queens-Midtown Tunnel, at least sixty cents for each crossing over the Henry

Hudson Bridge and at least fifty cents for each crossing over the Marine Parkway Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge. In connection with the use of single fare tokens issued by the Issuer as a means of paying tolls on any of the aforementioned facilities, the Issuer may allow 1 toll free crossing with the purchase of a package of at least twenty such tokens.

Except as hereinafter set forth, the undiscounted toll rate for automobiles which contain not more than two persons shall at all times be at least three dollars for each crossing over the Triborough Bridge (a round trip to Randall's Island or Ward's Island to constitute a single crossing), the Bronx-Whitestone Bridge or the Throgs Neck Bridge or through the Brooklyn Battery Tunnel or the Queens-Midtown Tunnel, at least two dollars and fifty cents for each crossing of the Verrazano-Narrows Bridge, at least one dollar and fifty cents for each crossing over the Henry Hudson Bridge, and at least one dollar and twenty-five cents for each crossing of the Marine Parkway Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge; the minimum undiscounted toll rates established in this paragraph shall not be applicable to tolls collected from such automobiles by means of an electronic toll collection system, and the minimum undiscounted toll collected in such manner from such automobiles for each of the TBTA Facilities shall be deemed to be the highest minimum undiscounted toll rate for such TBTA Facilities elsewhere provided in this caption.

In the event that the Issuer shall at any time impose a surcharge or surcharges in addition to the toll rate for crossings or specified crossings over or through any one or more of the TBTA Facilities, such surcharge or surcharges shall not constitute part of the toll rate to which it is added for purposes of computing the maximum discount from the applicable undiscounted toll rate permitted by this caption, and the Issuer may exempt or exclude, in whole or in part, from the application of any such surcharge specified users or classes of users without regard to the limits on maximum discounts from undiscounted toll rates provided in this caption.

In the event that the Issuer at any time imposes on one or more of the TBTA Facilities different undiscounted toll rates to be applicable depending upon whether a toll is paid by means of an electronic toll collection system or otherwise and, in the case of tolls collected by means of an electronic toll collection system, imposes different tolls to be applicable at different times of the day, on different days of the week or during different periods of the year, the limits on the maximum discounts from undiscounted toll rates shall be measured against the undiscounted toll rate applicable to the crossing over or through that TBTA Facility in the absence of a discount.

The minimum crossing charge, regardless of whether such charge is denominated as a toll, surcharge, fee or in any other manner after giving effect to any exemption, exclusion or discount applicable thereto and without regard to the manner in which such charge is collected, for automobiles which contain not more than two persons shall at all times be at least one dollar and sixty cents for each crossing over the Verrazano-Narrows Bridge, the Triborough Bridge (a round trip to Randall's Island or Ward's Island to constitute a single crossing), the Bronx-Whitestone Bridge or the Throgs Neck Bridge or through the Brooklyn Battery Tunnel or the Queens-Midtown Tunnel and at least .667 dollars for each crossing over the Henry Hudson Bridge, the Marine Parkway Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge.

The Issuer may permit toll free crossings with respect to the TBTA Facilities designated in this caption with respect to (i) the vehicles of present and former members, officers and employees of the Issuer, (ii) military, police, fire, ambulance and other emergency, service and maintenance vehicles, (iii) vehicles of persons employed on Ward's Island or Randall's Island traveling to and from such Islands over the Triborough Bridge and (iv) other vehicles by passes or permits, provided that there shall not be more than 500 passes or permits outstanding at any one time.

The Issuer may with respect to such TBTA Facilities at any time convert to methods of toll collection other than those presently utilized, including toll collection in one direction only.

On or before the 120th day after the close of each calendar year when the calculations made pursuant to the first paragraph under this caption indicate that Revenues are not at the required levels, the Issuer shall cause an Independent Engineer to complete a review of the Issuer's financial condition for the purpose of estimating whether the Revenues in each of two subsequent calendar years will be sufficient, together with other moneys available therefor, to meet all requirements as specified in the first paragraph under this caption. Such review shall be

evidenced by a certificate of an Independent Engineer which shall be filed with the Trustee on or before the 60th day thereafter and shall set forth a reasonably detailed statement of the actual and estimated Revenues, Operating Expenses, and other pertinent information for such year upon which such determination was made. If any such statement shows that such Revenues may not be sufficient to meet the requirements specified in the first paragraph under this caption, the Issuer shall promptly fix and establish such tolls, rentals and other charges and take such other action as shall be necessary and sufficient to comply as nearly as practicable with the covenants in the first paragraph under this caption, as evidenced by a certificate of an Authorized Officer filed with the Trustee. Failure to comply with the covenants in the first paragraph under this caption will not constitute a default if the Independent Engineer is of the opinion that a schedule of tolls, rentals and other charges which will comply with such covenants is impracticable at that time and the Issuer establishes a schedule of tolls, rentals and other charges which is recommended by the Independent Engineer to comply as nearly as practicable with such covenants.

(Section 606)

### **Agreement of the State; Limited Waiver by Owners**

The Issuer incorporates the pledges, covenants and agreements of the State with the Owners of the Obligations set forth in the TBTA Act as though set forth in full in the Resolution. Notwithstanding the provisions of the agreement of the State contained in the TBTA Act, all Owners, by their acceptance and holding of the Obligations, consent to the construction and operation by the Issuer (or to the construction by Persons other than the Issuer if the Issuer shall have assumed the operation thereof), and waive any and all rights under the TBTA Act with respect to such construction and operation, of any vehicular toll bridge or toll tunnel crossing the East River in the City as to which (i) so long as any Prior Lien Obligations remain outstanding and unpaid, a supplemental resolution confirming the pledge of the revenues therefrom shall have been filed with the trustee under the 1980 Resolution, together with any supporting documentation required in connection therewith pursuant to the 1980 Resolution, and (ii) after the payment of all Prior Lien Obligations within the meaning and with the effect expressed in the 1980 Resolution or other applicable authorizing document, a Supplemental Resolution confirming the pledge of the revenues therefrom shall have been filed with the Trustee together with the Counsel's Opinion required in connection therewith pursuant to the Resolution.

(Section 607)

### **Additional TBTA Facilities**

An Additional TBTA Project shall become a TBTA Facility as of any date on or prior to which there has been submitted to the Trustee a certificate of an Authorized Officer designating such Additional TBTA Project to be a TBTA Facility, as well as each of the following items:

- (1) A certificate of an Authorized Officer to the effect that either (a) the Additional TBTA Project has been in operation (whether or not by the Issuer) for a period of at least 12 months prior to the date of such designation, and that for a period of any 12 consecutive calendar months out of the 18 calendar months next preceding the date of designation as an additional TBTA Facility the Additional TBTA Project Revenues derived from the operation of such Additional TBTA Project exceeded the operating expenses for such Additional TBTA Project or (b) the Additional TBTA Project is in operation and, in such Authorized Officer's opinion, the Additional TBTA Project Revenues to be derived from the operation of such Project will exceed the operating expenses for such Additional TBTA Project during the first 12 months of operation;
- (2) A Counsel's Opinion to the effect that the Issuer has good right and lawful authority to acquire, design, construct, maintain, operate, finance, improve, reconstruct, rehabilitate or otherwise undertake such Additional TBTA Project and to establish, levy, maintain and collect, during the term of the Obligations, tolls, rentals, rates, fees or other charges in connection therewith, which establishment, levy, maintenance or collection shall not then require or be subject to any legislative appropriation;

- (3) A Counsel's Opinion stating whether or not the Issuer is required by law to have a license, order or other authority from any federal, State or other governmental agency or regulatory body having lawful jurisdiction in connection with such Additional TBTA Project, and, if so required, that such license, order or other authority has been obtained, provided that if any such license, order or other authority shall not have been obtained, the Trustee may accept in lieu of the Opinion of Counsel provided for in this paragraph, a certificate of an Authorized Officer that the Issuer represents and warrants that it will proceed with all diligence to obtain such license, order or other authority;
- (4) A certificate of an Authorized Officer setting forth (A) as applicable, the actual or anticipated Revenues and Operating Expenses of the Issuer for the 12-month period selected; provided that in such Certificate (i) the Revenues and Operating Expenses shall be respectively increased by (a) as applicable, the actual or anticipated Additional TBTA Project Revenues and operating expenses of such Additional TBTA Project for such 12-month period and (b) the actual or anticipated Additional TBTA Project Revenues and operating expenses of any Additional TBTA Project operated by or under lease from the Issuer otherwise than as an Additional TBTA Project during any part of the period covered by such Certificate calculated as if the respective definitions of Revenues and Operating Expenses in the Resolution had been applicable thereto, and (ii) if on the date of such designation by the Issuer the toll rate for any classification of vehicles using any vehicular toll TBTA Facility (including the Additional TBTA Project) shall be less than it was during any part of the period covered by such Certificate, the Revenues for such part of such period shall be decreased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of such 12-month period and (iii) if on the date of such designation by the Issuer the toll rate for any classification of vehicles using any vehicular toll TBTA Facility (including the Additional TBTA Project) shall be greater than it was during any part of the period covered by such Certificate, the Revenues for such part of such period may be increased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of such 12-month period, and (B) that for such 12-month period the Revenues less Operating Expenses, as calculated pursuant to clause (A) of this paragraph (for purposes of this caption, "Net Revenues"), are at least equal to 1.40 times Maximum Annual Calculated Debt Service during such period;
- (5) A certificate of an Independent Engineer setting forth that, in the opinion of such Independent Engineer, for each of five successive 12-month periods, the earliest of which begins on a calendar quarterly date not more than 60 days immediately following the date of designation as an Additional TBTA Project, the Net Revenues in each 12-month period (after giving effect to such designation) will be at least equal to 1.40 times the maximum Calculated Debt Service for any of such successive 12-month periods; and
- (6) A certificate of an Authorized Officer to the effect that the Additional TBTA Project Revenues of such Additional TBTA Project are deemed to be Revenues and are pledged for the payment of the principal and Redemption Price of, and interest on, the Obligations and, on a parity basis, the Parity Debt.

(Section 608)

#### **Events of Default**

Each of the following events is defined as and shall constitute an "Event of Default" under the Resolution:

- (1) if default shall be made in the due and punctual payment of the principal or Redemption Price of, or interest on, any Obligation when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise and such default shall continue for a period of 30 days, or

- (2) if default shall be made by the Issuer in the performance or observance on its part of any other of the covenants, agreements or conditions contained in the Resolution or in the Obligations, and such default shall continue for a period of 60 days after written notice thereof to the Issuer by the Trustee or to the Issuer and to the Trustee by the Owners of a majority in principal amount of the Obligations Outstanding; provided, however, that if such default shall be such that it cannot be corrected within such 60 day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected.

(Section 701)

### **Powers of Trustee**

In the event that any Event of Default specified in the section of the Resolution summarized under the caption "Events of Default" shall occur and be continuing, the Trustee may, and, upon written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, shall, in its name,

- (1) by suit, action or proceeding in accordance with the civil practice law and rules, enforce all rights of the Owners of Obligations;
- (2) bring suit upon the Obligations against the Issuer;
- (3) by action or suit, require the Issuer to account as if it were the trustee of an express trust for the Owners of the Obligations;
- (4) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Obligations; or
- (5) declare, on thirty days' written notice to the Issuer, the principal of all the Obligations then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Obligations contained to the contrary notwithstanding. The right of the Trustee or of the Owners of a majority in principal amount of the Obligations to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Obligations shall have matured by their terms, all overdue installments of interest upon the Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Issuer under the Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Obligations due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Obligations or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of a majority in principal amount of the Obligations Outstanding, by written notice to the Issuer and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the Owners, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of a majority in principal amount of the Obligations then Outstanding, then any such declaration shall automatically be deemed to be rescinded and any such default and its consequences shall automatically be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

The remedies conferred upon or reserved to the Trustee in respect of any Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity

or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

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

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

The right of the Trustee to the appointment of a receiver as provided in the TBTA Act is abrogated under the Resolution.

(Section 702)

### **Priority of Payments After Default**

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

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

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

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

If the principal of all of the Obligations and the principal component of Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations and Parity Debt without preference or priority of principal or principal component over interest or interest component or of interest or interest component over principal or principal component, or of any installment of interest or interest component over any other installment of interest or interest component, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the

Persons entitled thereto, without any discretion or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

(Section 703)

## PART II

### **DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE STANDARD RESOLUTION PROVISIONS**

The following sections contain definitions of certain terms used in this official statement when describing the Proposed TBTA Resolution and a general summary (Summary) of certain provisions of the Standard Resolution Provisions of the Proposed TBTA Resolution. The definitions and Summary are not to be considered a full statement of all terms used in this official statement or the terms of the Standard Resolution Provisions or the Proposed TBTA Resolution and, accordingly, are qualified by reference to and are subject to the full text of the official statement and the Standard Resolution Provisions and the Proposed TBTA Resolution. Copies of the Standard Resolution Provisions and the Proposed TBTA Resolution may be obtained upon request from the MTA.

#### **Definitions**

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

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

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

- (7) (A) general obligation bonds and notes of any state other than the State, provided that such bonds and notes are rated in the highest Rating Category of each of the Rating Agencies that then rates such bonds and notes, and (B) bonds and notes of any county, town, city, village, fire district or school district of the State, provided that such bonds and notes are rated in either of the 2 highest Rating Categories of each of the Rating Agencies that then rates such bonds and notes;
- (8) mutual funds registered with the United States Securities and Exchange Commission, whose investments are limited to obligations of the State described in clause (i) above, obligations the principal and interest of which are guaranteed by the State as described in clause (ii) above, and those securities described in clause (vii) above, and that are rated in the highest Rating Category of each of the Rating Agencies that then rates such funds;
- (9) repurchase agreements with any dealer or bank, which agreement is secured by any one or more of the securities described in clauses (i), (ii) or (vi) above, which securities shall (A) at all times have a market value of not less than the full amount held or invested pursuant to the agreement and (B) be delivered to a Bank as defined in clause (i) or (ii) of the definition thereof, as custodian, that is independent from the dealer or bank with whom the repurchase agreement is executed; and
- (10) any other investment in which the Issuer is authorized from time to time to invest under applicable law with respect to which an Authorized Officer has, on or before the date thereof, delivered to the Trustee (A) a certificate to the Trustee designating the additional investment as an Authorized Investment and (B) Rating Confirmation.

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

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

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

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

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

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

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

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

- (A) the fixed rate or rates of the Qualified Swap if the Issuer has entered into what is generally referred to as a “floating-to-fixed” Qualified Swap (where the Issuer pays a fixed rate and receives a floating rate); or
- (B) the lower of (i) the Estimated Average Interest Rate and (ii) the effective capped rate of any Obligation or Parity Debt if the Issuer has entered into a Qualified Swap that is generally referred to as an “interest rate cap” (where the Issuer receives a payment if a variable rate exceeds a certain amount); or
- (C) the Estimated Average Interest Rate of the Qualified Swap if the Issuer has entered into either what is generally referred to as a “fixed-to-floating” Qualified Swap (where the Issuer pays a variable rate and receives a fixed rate) or a “floating-to-floating” Qualified Swap (where the Issuer pays a variable rate and receives a different variable rate).

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

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

(5) If the Issuer has, at any time, irrevocably called for redemption one or more Series of Obligations, including pursuant to a covenant to apply any portion of the Trust Estate to redeem Obligations or Parity Debt (which particular Obligations or Parity Debt need not be specifically identified in advance, except as to interest rate and maturity), the Issuer shall take into account such redemption for purposes of determining Calculated Debt Service.

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

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

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

**Costs of Issuance** shall mean the costs of the authorization, sale and issuance of a Series of Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, including with respect to any party to a transaction State bond issuance

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

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

**Credit Facility** shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Issuer and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Obligations, Parity Debt or Obligation Anticipation Notes.

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

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

**Defeasance Security** shall mean

- (1) an Authorized Investment as specified in clause (1) of the definition thereof (other than an obligation of the State), which is not redeemable at the option of the issuer thereof,
- (2) an Authorized Investment as specified in clause (1) (which is an obligation of the State), (2), (3), (6) or (7) of the definition thereof, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency,
- (3) any depositary receipt issued by a Bank as custodian with respect to any Defeasance Security which is specified in clause (a) above and held by such Bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any such Defeasance Security which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Defeasance Security or the specific payment of principal or interest evidenced by such depositary receipt,
- (4) any certificate of deposit specified in the Resolution, including certificates of deposit issued by the Trustee or by a Paying Agent, secured by obligations specified in clause (a) above of a market value equal at all times to the amount of the deposit, which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency, or
- (5) any other Authorized Investment designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Obligations authorized by such Supplemental Resolution,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) Any Obligations canceled at or prior to such date;
- (2) Obligations the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof;
- (3) Obligations in lieu of or in substitution for which other Obligations shall have been delivered;
- (4) Obligations deemed to have been paid;
- (5) Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Obligations on the applicable tender date, if the Purchase Price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution; and
- (6) For the purpose of any consent to be given or other action to be taken by or upon the direction of Owners of a specified portion of Obligations Outstanding, Obligations owned or held by or for the account of the Issuer or any Related Entity.

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

**Owner**, or any similar terms, shall mean the registered owner of any Obligation as shown on the books for the registration and transfer of Obligations.

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

**Parity Reimbursement Obligation** has the meaning provided under the caption “Credit Facilities; Qualified Swaps and Other Similar Agreements; Parity Debt”.

**Parity Swap Obligation** has the meaning provided under the caption “Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt”.

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

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

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

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

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

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

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

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

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

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

**Reimbursement Obligation** has the meaning provided in the section of the Resolution summarized under the caption "Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt".

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

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

any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

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

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

**Sinking Fund Installment** shall mean, as of a particular date, any Sinking Fund Installment established pursuant to the terms of the Resolution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Section A-101)

#### **Resolution to Constitute Contract**

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

(Section A-104)

#### **Certain Provisions for Issuance of Obligations**

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

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

(Section A-201)

**Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt**

The Issuer may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Issuer deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Resolution, including:

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

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

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

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

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

(Section A-202)

### **Obligation Anticipation Notes**

Whenever the Issuer shall have authorized the issuance of a Series of Obligations, the Issuer may by resolution authorize the issuance of Obligation Anticipation Notes in anticipation of the issuance of such authorized Series of Obligations, in a principal amount not exceeding the principal amount of the Obligations of such Series so authorized. The principal of and premium, if any, and interest on such Obligation Anticipation Notes and any renewals of such Obligation Anticipation Notes shall be payable only from any or all of the following items designated by the Issuer at or prior to issuance of any such series of Obligation Anticipation Notes (i) the proceeds of any renewals of such Obligation Anticipation Notes issued to repay such Obligation Anticipation Notes, (ii) the proceeds of the sale of the Series of Obligations in anticipation of which such Obligation Anticipation Notes are issued, (iii) amounts available to pay Subordinated Indebtedness, or (iv) any other money available therefor and not pledged under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Obligation Anticipation Notes, and any such pledge of the items set forth in clauses (i) and (ii) shall have priority over any other pledge created by the Resolution.

(Section A-203)

### **Redemption at the Election of the Issuer; Tender to Related Entities; Optional Redemption**

The Issuer may elect to redeem Obligations in accordance with the Supplemental Resolution under which such Obligations were issued, prior to the redemption date, cause to be paid out to the appropriate Paying Agent or Paying Agents out of money available therefor an amount in cash which, in addition to other money, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Obligations to be redeemed.

In addition, as provided by Supplemental Resolution, the Issuer may, in its sole discretion, purchase or grant to any Related Entity the option to purchase, at any time and from time to time, any Obligations which are redeemable at the election of the Issuer at a purchase price equal to the redemption price therefor.

(Section A-402, A-403)

### **Investment of Funds**

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

Except as provided by Supplemental Resolution, in computing the amount of such Funds, Accounts and subaccounts, investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value.

(Section A-501)

### **Satisfaction of Sinking Fund Installments**

Any amount accumulated in the Debt Service Fund in respect of and up to the unsatisfied balance of each Sinking Fund Installment shall be applied by the Trustee to either (a) or (b) below as directed by the Issuer (together with amounts accumulated in the Debt Service Fund with respect to interest on the Series of Obligations for which

such Sinking Fund Installment was established) if so directed by an Authorized Officer prior to the 45th day preceding the due date of such Sinking Fund Installment as follows:

- (a) to the purchase of Obligations for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Obligations plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Issuer shall direct; or
- (b) to the redemption of Obligations for which such Sinking Fund Installment was established, if then redeemable by their terms at the prices referred to in clause (a) above.

All Obligations so purchased or redeemed shall be canceled by the Trustee prior to the 45th day preceding the due date of such Sinking Fund Installment.

Upon the purchase or redemption of any Obligation pursuant to the preceding paragraph, an amount equal to the principal amount of the Obligations so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Obligations of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments for such Series as specified by an Authorized Officer. Prior to the purchase or redemption of such Obligations, the Issuer shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Obligations so to be purchased or redeemed, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Obligations are so to be purchased or redeemed, (iii) the aggregate principal amount of the Obligations so to be purchased or redeemed, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Obligations.

In satisfaction, in whole or in part, of any Sinking Fund Installment, the Issuer may deliver to the Trustee at least 45 days prior to the date of such Sinking Fund Installment, for cancellation, Obligations acquired by purchase or redemption, except Obligations acquired by purchase or redemption pursuant to the provisions of the first paragraph of this caption, of the maturity and interest rate entitled to such Sinking Fund Installment. All Obligations so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Obligations.

(Section A-502)

#### **Trustee; Appointment; Resignation or Removal and Appointment of Successor**

The Resolution appoints the Trustee named on the cover page hereof as Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Issuer and mailing notice thereof to the Owners of the Obligations.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing. A successor may be appointed by the Owners of a majority in principal amount of the Obligations then Outstanding.

Any Trustee appointed under the provisions of the Resolution in succession to the Trustee shall be a Bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America, doing business and having a corporate trust office in The City of New York, and having a capital and surplus aggregating at least \$100 million, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-701, A-708, A-709, A-710)

## **Paying Agents and Registrars; Appointment; Resignation or Removal and Appointment of Successor**

The Trustee is also the Registrar and a Paying Agent with respect to the Obligations. The Issuer may at any time or from time to time appoint one or more other Paying Agents and Registrars. The Issuer may be appointed a Paying Agent or Registrar.

Any Paying Agent or Registrar may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the Issuer, the Trustee, and the other Paying Agents or Registrar, as the case may be. Any Paying Agent or Registrar may be removed at any time by an instrument filed with such Paying Agent or Registrar and the Trustee and signed by the Issuer. Any successor Paying Agent or Registrar shall be appointed by the Issuer, with the approval of the Trustee, and shall be a Bank that is organized under the laws of the State or is a national banking association organized under the laws of the United States of America doing business and having a corporate trust office in The City of New York and having a capital and surplus aggregating at least \$100 million, which is willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-703, A-713)

## **Supplemental Resolutions Effective Upon Filing With the Trustee**

The Issuer may adopt at any time or from time to time, for any one or more of the purposes specified in the Resolution including but not limited to the following, a Supplemental Resolution, which does not require the consent of or notice to any Owner:

- (1) To authorize Obligations of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the provisions of the Resolution authorizing issuance of Obligations, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect, (b) in the case of Variable Interest Rate Obligations or Put Obligations, as applicable, set forth provisions specifying the manner in which interest on Variable Interest Rate Obligations or Put Obligations, as applicable, is to be calculated for the purposes of various definitions and provisions of the Resolution, provisions providing for changes in interest rates, interest rate periods or interest payment dates for any Variable Interest Rate Obligation of a Series or Put Obligations, as applicable, provisions regarding an Owner's right or obligation to tender Put Obligations for redemption or purchase in lieu of redemption, and provisions governing the manner in which Variable Interest Rate Obligations or Put Obligations, as applicable, which the Owner thereof has the right to, or has exercised a right to, tender for redemption or purchase in lieu of redemption shall be treated for purposes of various definitions and provisions of the Resolution, (c) set forth provisions governing the administration of any Qualified Swap or Credit Facility, and provisions providing for the issuance of Reimbursement Obligations or the conversion of other Obligations to Reimbursement Obligations (and in connection with such conversion to change the interest rates, sinking fund provisions or maturity date on such Obligations) to secure or reimburse the provider of such Credit Facility, (d) in the case of either Taxable Obligations or Tax-Exempt Obligations, set forth defeasance provisions with respect thereto (including the manner of attaining such defeasance and the effect thereof), and (e) make such additional changes herein, not materially adverse to the rights of the Owners of the Obligations previously issued, as are necessary or appropriate; or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance and delivery of such Obligations;
- (2) To (a) establish for any one or more Series of Obligations a separate debt service reserve fund which shall be permitted to be applied solely to the payment of specified Obligations, provided that (i) the specified Obligations shall have no claim or lien on nor be payable from any amounts in any other such debt service reserve fund, (ii) the specified Obligations shall be excluded from the calculation of any applicable debt service reserve fund requirement for any other Outstanding Obligations, and (iii) the amount required to be on deposit in such debt service reserve funds shall

be specified in the Supplemental Resolutions authorizing the specified Obligations, but in no event shall such amount, after giving effect to any surety bond, insurance policy, letter of credit or similar obligation deposited in any such separate debt service reserve fund pursuant to the Resolution, be in excess of the amount that would otherwise be the debt service reserve fund requirement for such specified Obligations assuming that such Obligations were the only Obligations Outstanding under the Resolution; and (b) make such other amendments, changes or modifications to the Resolution as may be deemed necessary or desirable by the Issuer to insure that such debt service reserve funds function in the manner contemplated in this subsection;

- (3) To authorize Parity Debt and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things referred to in that section of the Resolution summarized under the caption "Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt", and also any other matters and things relative to such Parity Debt which are not contrary to or inconsistent with the Resolution as then in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance or entering into of such Parity Debt, and at any time to rescind or limit any authorization for any such Parity Debt theretofore authorized but not issued or entered into; in connection with the authorization of Parity Swap Obligations and Parity Reimbursement Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of the Funds, Accounts and subaccounts established pursuant to the Resolution for the benefit of such Parity Swap Obligations and Parity Reimbursement Obligations; and shall grant to the Owners of such Parity Debt the same rights granted to Owners of Obligations in the section of the Resolution summarized under the caption "Supplemental Resolutions Effective With Consent of Owners of Obligations" and in the Resolution relating to amendments to the Resolution;
- (4) To authorize Subordinated Indebtedness or Subordinated Contract Obligations and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness or Subordinated Contract Obligations which are not contrary to or inconsistent with the Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness or Subordinated Contract Obligations theretofore authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness or Subordinated Contract Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness or Subordinated Contract Obligations and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness or Subordinated Contract Obligations;
- (5) To add to the Resolution any provisions required by law to preserve the exclusion from gross income for Federal income tax purposes of interest received on Tax-Exempt Obligations then Outstanding or to be issued or the exemption of interest received on any Obligations from State income taxation;
- (6) To modify, amend or supplement the Resolution in any manner, not already provided for in or pursuant to the Supplemental Resolution authorizing the related Series of Obligations in order to provide for a Credit Facility, Qualified Swap, or other similar arrangement with respect to any Series of Obligations, under the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Owners of Outstanding Obligations;
- (7) To modify, amend or supplement the Resolution in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Issuer so determines, to add thereto such

other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939 or similar Federal statute;

- (8) To amend or modify any Supplemental Resolution authorizing Obligations of a Series to reflect the substitution of a new Credit Facility for the Credit Facility then in effect;
- (9) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;
- (10) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect, including, in the event the Issuer Act is amended or other legislation is enacted to so provide, the substitution of an alternate or different legal name for the current name of the Issuer or any other Related Entity in the Resolution or the form of Obligations; or
- (11) With Rating Confirmation, to make any other modification or amendment of the Resolution which the Issuer shall in its sole discretion determine will not have a material adverse effect on the interests of the Owners of Outstanding Obligations.

(Section A-801)

#### **Supplemental Resolutions Effective With Consent of Owners of Obligations**

At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Owners of Obligations in accordance with and subject to the provisions of the Resolution, covering any subject.

(Section A-802)

#### **Amendments**

Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Owners, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the Owners of a majority in principal amount of the Obligations Outstanding at the time such consent is given, and (ii) in case less than all of the Obligations then Outstanding are affected by the modification or amendment, of the Owners of a majority in principal amount of the Obligations so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as particular Obligations remain Outstanding, the consent of the Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under this caption. No such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal of any Outstanding Obligation or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Obligation, (b) reduce the percentages or otherwise affect the classes of Obligations the consent of the Owners of which is required to waive an Event of Default or otherwise effect any such modification or amendment, (c) create a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Owners of all such Obligations, (d) create a lien prior to or on parity with the lien of the Resolution securing Obligations, without the consent of the Owners of all of the Obligations then Outstanding, or (e) change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this caption, an Obligation shall be deemed to be affected by a modification or amendment of the Resolution if the same materially and adversely affects the rights of the Owner of such Obligation. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment particular Obligations would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Issuer and all Owners of Obligations. The Trustee may request and receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether particular Obligations would be so affected by any such modification or amendment of the Resolution and the Trustee shall have no duty or obligation to take any action hereunder unless and until it has received such

*opinion. Notwithstanding anything in the Resolution to the contrary, the consent of Owners of any Series of additional Obligations to be issued thereunder shall be deemed given if the underwriters or initial purchasers for resale thereof consent in writing to any modification or amendment effected thereby, and such modification or amendment, as well as such consent, is disclosed in the official statement or other offering document pursuant to which such Series of additional Obligations is offered and sold.*

(Section A-902)

### **Consent of Owners of Obligations**

The Issuer at any time may adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Resolution to take effect when and as provided in this caption. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Issuer to the Owners (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as provided in this caption). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Obligations specified in the section of the Resolution summarized under the caption "Amendments" and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Issuer in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms, and (ii) a notice shall have been mailed to Owners as hereinafter provided. Any such consent, including any consent provided by the initial purchaser of an Obligation from the Issuer, shall be binding upon the Owner of the Obligations giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Owner of such Obligations and of any Obligations issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof). At any time after the Owners of the required percentages of Obligations shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Issuer and the Trustee a written statement that the Owners of such required percentages of Obligations have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Obligations and will be effective as provided in this caption, may be given to Owners of Obligations by the Issuer by mailing such notice to Owners of Obligations (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this caption). The Issuer shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this caption to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Fiduciaries and the Owners of all Obligations at the expiration of 40 days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40-day period; provided, however, that any Fiduciary and the Issuer during such 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

(Section A-903)

### **Defeasance**

If the Issuer shall pay or cause to be paid to the Owners of all Obligations then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Issuer, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Issuer to the Owners of Obligations shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Issuer, execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and

satisfaction and the Fiduciaries shall pay over or deliver to the Issuer all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Obligations not theretofore surrendered for such payment or redemption.

Outstanding Obligations or any portions thereof for the payment or redemption of which money shall have been set aside and shall be held in trust by the Paying Agents shall at the respective maturity or redemption dates thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. Outstanding Obligations or any portions thereof shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph either (A) with respect to the defeasance of Taxable Obligations, Tax-Exempt Obligations or otherwise, as provided in the Supplemental Resolution authorizing their issuance or (B) if (a) in case any of said Obligations are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail notice of redemption on said date of such Obligations, (b) there shall have been irrevocably deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Redemption Price, if applicable, and interest due and to become due on such Obligations or such portions thereof on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Obligations are not by their terms maturing or are not subject to redemption within the next succeeding 60 days, the Issuer shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Obligations that the deposit required by (b) above has been made with the Trustee and that said Obligations are deemed to have been paid in accordance with this caption and stating such maturity or redemption date upon which money is to be available for the payment of the principal or Redemption Price, if applicable, on such Obligations. Neither Defeasance Securities nor money deposited with the Trustee pursuant to this caption nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Obligations; provided, however, that any money on deposit with the Trustee, (i) to the extent such money will not be required at any time for such purpose, shall be paid over to the Issuer as received by the Trustee, free and clear of any trust, lien or pledge securing said Obligations or otherwise existing under the Resolution, and (ii) to the extent such money will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient, together with any money available to the Trustee for such purpose, to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Obligations on and prior to such redemption date or maturity date thereof, as the case may be. *Notwithstanding any other provision hereof, the Issuer may at the time of defeasance elect to retain the right to redeem or require the tender of any obligations deemed paid. The Trustee shall, at the direction of the Issuer, select the Obligations or portions thereof that are deemed to have been paid in advance of the redemption of such Obligations.*

Any money held by a Fiduciary in trust for the payment and discharge of the principal or Redemption Price of or interest on any of the Obligations which remains unclaimed for 2 years after the date when such principal, Redemption Price or interest, respectively, has become due and payable, either at stated maturity dates or by call for earlier redemption, if such money was held by the Fiduciary at such date, or for 2 years after the date of deposit of such money if deposited with the Fiduciary after the date when such principal, Redemption Price, or interest, respectively, became due and payable, shall, at the written request of the Issuer, be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Issuer for the payment of such principal, Redemption Price, or interest, respectively. Any money held by a Fiduciary in trust for the payment and discharge of any Obligations which remains unclaimed after such money was to be applied to the payment of such Obligations in accordance with the Resolution may be applied in accordance with the provisions of the Abandoned Property Law of the State, being Chapter 1 of the Consolidated Laws of the State or any successor provision thereto, and upon such application, the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Issuer or the Comptroller of the State for the payment of such Obligations. Before being required to make any such payment to the Issuer or to apply such money in accordance with the Abandoned Property Law of the State, the Fiduciary shall, at the expense of the Issuer, cause to be mailed to the Owners entitled to receive such money a notice that said money remains unclaimed and that, after a date named in said notice, which

date shall be not less than 30 days after the date of the mailing, the balance of such money then unclaimed will be returned to the Issuer or applied in accordance with the Abandoned Property Law of the State, as the case may be.

(Section A-1101)

### **General Regulations as to Money and Funds**

Each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

All amounts of the Issuer held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Issuer in its name, on demand or time deposit, in such Banks as shall be selected by the Issuer. Any amounts held by any Fiduciary under the Resolution shall be deposited in such Banks as the Issuer may select. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks on such deposit with the same force and effect as if it were not such Fiduciary, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution. Such deposits shall be continuously secured by the obligations of the United States of America or of the State, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits, which obligations shall be segregated in trust for the account of the Issuer, or shall be otherwise held as the Issuer and the depository may agree. Securities deposited with the Federal Reserve Bank to secure all trust accounts of a depository shall be deemed to comply with the foregoing requirement.

Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Obligations, all money held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Issuer and acceptable to such Fiduciary, on time deposit, and all such deposits shall be continuously secured by the obligations of the United States of America or of the State which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits. Securities deposited with the Federal Reserve Bank to secure all trust accounts of the Fiduciary shall be deemed to comply with the foregoing requirement. Such Fiduciary shall allow and credit on such money such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(Section A-1104)

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## ATTACHMENT 3

### BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company will act as securities depository for the Series 2002A Bonds. The Series 2002A Bonds will be issued as fully-registered securities registered in the name of The Depository Trust Company or its nominee (together, "DTC"). One fully-registered Series 2002A Bond will be issued for each maturity of the Series 2002A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity of the Series 2002A Bonds exceeds \$400 million, one Bond of such maturity will be issued with respect to each \$400 million of principal amount and an additional Bond will be issued with respect to any remaining principal amount of such maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2002A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2002A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2002A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2002A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2002A Bonds, except in the event that use of the book-entry system for the Series 2002A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2002A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2002A Bonds with DTC and their registration in the name of Cede & Co. do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2002A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2002A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2002A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of Series 2002A Bonds may wish to ascertain that the nominee holding the Series 2002A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

DTC will not consent or vote with respect to the Series 2002A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to TBTA as soon as possible after a “record date” has been established by the issuer for the purpose of obtaining consents or votes. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2002A Bonds will be made to Cede & Co. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from TBTA or the Trustee on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participant and not of DTC, the Trustee or TBTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is the responsibility of TBTA or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

NEITHER TBTA, THE UNDERWRITERS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE TO THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS DTC IS THE REGISTERED OWNER OF THE SERIES 2002A BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2002A BONDS (OTHER THAN UNDER THE CAPTION “TAX MATTERS” IN THIS OFFICIAL STATEMENT) SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2002A BONDS.

Under the Resolution, payments made by the Trustee to DTC shall satisfy TBTA’s obligations under the Resolution to the extent of such payments.

For every transfer and exchange of the Series 2002A Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2002A Bonds at any time by giving notice to TBTA and the Trustee. TBTA may decide at any time to discontinue the system of book-entry transfers through DTC (or a successor Securities Depository). Under such circumstances, Series 2002A Bond certificates are required to be printed and delivered as described in the Resolution.

In the event that the book-entry only system is discontinued, the following provisions would apply. The Trustee shall keep the registration books for the Series 2002A Bonds at its principal corporate trust offices. Subject to further conditions contained in the Resolution, the Series 2002A Bonds may be transferred or exchanged for one or more Series 2002A Bonds in different authorized denominations upon surrender thereof at the principal corporate trust office of the Trustee by the registered owners or their duly authorized attorneys. Upon surrender of any Series 2002A Bonds to be transferred or exchanged, the Trustee shall record the transfer or exchange in its registration books and shall authenticate and deliver new Series 2002A Bonds appropriately registered and in appropriate authorized denominations. During the 15 days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Trustee shall not be required to effect or register any transfer or exchange of any Series 2002A Bond which has been selected for such redemption. TBTA and the Trustee shall be entitled to treat the registered owners of the Series 2002A Bonds, as their names appear in the registration books as of the appropriate dates, as the owners of such Series 2002A Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Portions of the information in this section concerning DTC and DTC's book-entry only system are based on information furnished by DTC to TBTA. No representation is made herein by TBTA or the Underwriters as to the accuracy or completeness thereof.

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## ATTACHMENT 4

### CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

(For purposes of this Attachment, reference to the TBTA Resolution refers to the Existing TBTA Resolution or the Proposed TBTA Resolution, whichever is in effect at that time.)

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), TBTA and the Trustee will enter into a written agreement (the “Disclosure Agreement”) for the benefit of holders of the Series 2002A Bonds to provide continuing disclosure. TBTA will undertake to provide certain financial information and operating data by no later than 120 days after the end of each TBTA fiscal year, commencing with the fiscal year ending December 31, 2001 (the “Annual Information”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Information will be filed by or on behalf of TBTA with each Nationally Recognized Municipal Securities Information Repository (the “NRMSIRs”) and with the state information depository for the State, if and to the extent it shall have been established and shall be in existence and operating as a state information depository within the meaning of Rule 15c2-12 (the “State Depository”). Notices of material events will be filed by or on behalf of TBTA with NRMSIRs or the Municipal Securities Rulemaking Board (the “MSRB”) and with the State Depository. The nature of the information to be provided in the Annual Information and the notices of material events is set forth below.

Pursuant to Rule 15c2-12 TBTA will undertake for the benefit of holders of Series 2002A Bonds to provide or cause to be provided either directly or through the Trustee, audited financial statements by no later than 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2001, when and if such audited financial statements become available and, if such audited financial statements are not available on the date which is 120 days after the end of a fiscal year, the unaudited financial statements for such fiscal year. TBTA annual financial statements will be filed with each NRMSIR and the State Depository.

The required Annual Information shall consist of at least the following:

1. information of the type included in **Appendix A** under the following captions:
  - a. “The Triborough Bridge and Tunnel Authority – Authorized Projects of TBTA”,
  - b. “The Triborough Bridge and Tunnel Authority – Present Facilities”,
  - c. “The Triborough Bridge and Tunnel Authority – Toll Rates”,
  - d. “The Triborough Bridge and Tunnel Authority – Competing Facilities and Other Matters”, and
  - e. “The Triborough Bridge and Tunnel Authority – Employees, Labor Relations and Pension Obligations”,
2. information regarding the capital programs of TBTA, as well as of related public authorities whose operating needs, financing activities and capital programs may have a material impact on the operations and financing activities of TBTA,
3. a presentation of TBTA’s financial results prepared in accordance with GAAP for the two most recent years for which that information is then currently available,
4. a presentation of changes to indebtedness issued by TBTA under the General Revenue Resolution, as well as information concerning changes to TBTA’s debt service requirements on such indebtedness payable from Pledged Revenues,

5. historical information concerning traffic, revenues, operating expenses, General Revenue Bond Resolution debt service and debt service coverage of the type included in this Official Statement in **Table 2** and included by specific reference in **Appendix A** under the heading “REVENUES OF THE RELATED ENTITIES – TBTA Surplus”,
6. material litigation related to any of the foregoing, and
7. such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, TBTA.

All or any portion of the Annual Information as well as required audited financial statements may be incorporated therein by specific reference to any other documents which have been filed with (a) the NRMSIRs and the State Depository or (b) the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been filed with the MSRB and need not have been filed elsewhere. Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent feasible, such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent to each NRMSIR or to the MSRB, and to the State Depository.

TBTA will undertake, for the benefit of holders of the Series 2002A Bonds, to provide or cause to be provided:

1. to each NRMSIR or to the MSRB and to the State Depository, in a timely manner, notice of any of the events listed under the heading “CONTINUING DISCLOSURE” in this Official Statement with respect to the Series 2002A Bonds, if material, and
2. to each NRMSIR or to the MSRB, and to the State Depository, in a timely manner, notice of a failure to provide any Annual Information required by such undertaking or any required audited financial statements.

The Disclosure Agreement provides that if any party to the Disclosure Agreement fails to comply with any provisions of its undertaking described herein, then any holder of the Series 2002A Bonds (which will include beneficial owners during any period that DTC acts as securities depository for, and DTC or its nominee is the registered owner of, the Series 2002A Bonds) may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the undertaking against such party and any of its officers, agents and employees, and may compel such party or any of its officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach under the undertaking is an action to compel specific performance, and no person or entity, including any holder of Series 2002A Bonds, may recover monetary damages thereunder under any circumstances, and provided further that any challenge to the adequacy of any information under the undertaking may be brought only by the Trustee or the holders of 25 percent in aggregate principal amount of the Series 2002A Bonds at the time Outstanding which are affected thereby. Each of the TBTA and the Trustee reserve the right, but shall not be obligated to, enforce the obligations of the others. Failure to comply with any provisions of the undertaking shall not constitute a default under the Existing TBTA Resolution nor give right to the Trustee or any Bondholder to exercise any remedies under the Existing TBTA Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided.

The foregoing is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of

financial information and operating data; and where TBTA's undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. TBTA does not anticipate that it often will be necessary to amend the undertaking. The undertaking, however, may be amended or modified under certain circumstances set forth therein and the undertaking will continue until the earlier of the date the Series 2002A Bonds have been paid in full or legally defeased pursuant to the Existing TBTA Resolution or the date the undertaking is no longer required by law. Copies of the undertaking when executed by the parties will be on file at the office of MTA.

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## ATTACHMENT 5

### FORM OF OPINION OF BOND COUNSEL

**Upon delivery of the Series 2002A Bonds in definitive form, Hawkins, Delafield & Wood, New York, New York, Bond Counsel to TBTA, proposes to render its final approving opinion in substantially the following form:**

[Date of Closing]

Triborough Bridge and Tunnel Authority  
New York, New York

Ladies and Gentlemen:

We have examined a certified copy of the proceedings of the Triborough Bridge and Tunnel Authority (“TBTA”) and other proofs submitted to us relative to the issuance and sale of \$268,300,000 aggregate principal amount of Triborough Bridge and Tunnel Authority General Purpose Revenue Bonds, Series 2002A (the “Series 2002A Bonds”), as more particularly described below. The Series 2002A Bonds are initially dated March 1, 2002 and bear interest from such date or the most recent payment date to which interest has been paid or duly provided for. Interest is payable on each January 1 and July 1, commencing July 1, 2002. The Series 2002A Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, set forth in the Official Statement relating to the Series 2002A Bonds. The Series 2002A Bonds are subject to redemption prior to maturity as provided in the 1980 Resolution (as hereinafter defined). The Series 2002A Bonds are initially issuable in the form of fully registered bonds in the denomination of \$5,000 or any integral multiple of \$5,000 in excess thereof. The Series 2002A Bonds are exchangeable as provided in the 1980 Resolution.

The principal and Redemption Price of the Series 2002A Bonds are payable at the principal corporate trust office of U.S. Bank Trust National Association, the Trustee and Paying Agent. Interest on the Series 2002A Bonds is payable by check or draft mailed by U.S. Bank Trust National Association, the Trustee and Paying Agent, or, upon compliance with conditions set forth in the 1980 Resolution, by wire transfer to an account within the continental United States.

All terms defined in the 1980 Resolution described below and used herein shall have the meanings assigned in the 1980 Resolution, except where the context hereof otherwise requires.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2002A Bonds in order that interest on the Series 2002A Bonds be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of TBTA, dated the date hereof (the “Arbitrage and Use of Proceeds Certificate”), in which TBTA has made representations, statements of intention and reasonable expectation, certifications of fact and covenants relating to the Federal tax status of interest on the Series 2002A Bonds, including but not limited to certain representations with respect to the use of the proceeds of the Series 2002A Bonds and the investment of certain funds. The Arbitrage and Use of Proceeds Certificate obligates TBTA to take certain actions necessary to cause interest on the Series 2002A Bonds to be excluded from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code could cause interest on the Series 2002A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained. TBTA has covenanted in the 1980 Resolution to maintain the exclusion of the interest on the Series 2002A Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code. As used in relation to this covenant, Code shall mean the Internal Revenue Code of 1986, as amended to the date of initial issuance and delivery of the Series 2002A Bonds.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the exclusion of interest on the Series 2002A Bonds from gross income for Federal income tax purposes under Section 103 of the Code and (ii) compliance by TBTA with procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

We have also examined one of said Series 2002A Bonds as executed, and, in our opinion, the form of said Series 2002A Bond and its execution are regular and proper.

We are of the opinion that:

1. TBTA is a validly existing public benefit corporation under the Constitution and laws of the State of New York, and such proceedings and proofs show lawful authority for the issuance and sale of said Series 2002A Bonds pursuant to the Triborough Bridge and Tunnel Authority Act, Title 3 of Article 3 of the Public Authorities Law, constituting Chapter 43-A of the Consolidated Laws of the State of New York, as amended (the "TBTA Act"), and the 1980 Revenue Bond Resolution of TBTA, adopted on July 23, 1980, as supplemented and amended, including as supplemented by the Series 2002A and B Supplemental Revenue Bond Resolution, adopted on January 29, 2002 (such 1980 Revenue Bond Resolution as from time to time amended or supplemented by said and other Supplemental Resolutions being herein called the "1980 Resolution" and any bonds issued pursuant to such 1980 Resolution, including the Series 2002A Bonds, being herein called the "Bonds").

2. The Series 2002A Bonds are valid and legally binding direct and general obligations of TBTA and the full faith and credit of TBTA are pledged to the payment thereof. The Bonds are secured by a pledge, subject only to the terms of the 1980 Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the 1980 Resolution, of (i) the proceeds of the sale of the Bonds, (ii) the Revenues, and (iii) all Funds and Accounts established by the 1980 Resolution, including the investments, if any, thereof.

3. Under the 1980 Resolution, TBTA may issue Additional Bonds and Refunding Bonds on a parity with the Series 2002A Bonds for the purposes and on the terms and conditions provided in the 1980 Resolution.

4. The Series 2002A Bonds are on a parity and rank equally, as to lien on and source and security for payment from sources enumerated in paragraph 2 hereof, with the Outstanding Bonds and any Additional Bonds, and Refunding Bonds which may hereafter be issued under the 1980 Resolution.

5. The Series 2002A Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are or may be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them to the extent that the legality of such investment is governed by the laws of the State; and which may be deposited with and shall be received by all public officers and bodies of the State and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the State is or may be authorized.

6. Under existing statutes and court decisions, interest on the Series 2002A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. Under the Code, interest on the Series 2002A Bonds is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax applicable to individuals and corporations; such interest, however, is includable in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed with respect to such corporations by the Code. We express no opinion as to the exclusion from gross income of interest on any Series 2002A Bond subsequent to any date on which action is taken that, pursuant to the Bond Series Certificate relating to the Series 2002A Bonds (the "Series Certificate") requires a

Favorable Opinion of Bond Counsel (as defined in the Series Certificate), unless we deliver such an opinion as of such date.

7. Under the TBTA Act, interest on the Series 2002A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York), and the Series 2002A Bonds are exempt from taxation directly imposed thereon by or under authority of the State except for estate taxes and taxes on transfers by or in contemplation of death.

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any Federal, state or local tax consequences arising with respect to the Series 2002A Bonds or the ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Series 2002A Bonds, or under State of New York and local tax law.

The foregoing opinions are qualified only to the extent that the enforceability of the 1980 Resolution and the Series 2002A Bonds may be limited by bankruptcy, moratorium, insolvency, reorganization or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2002A Bonds.

This opinion is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

Very truly yours,

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## ATTACHMENT 6

### UPDATE LETTER OF CONSULTING ENGINEERS

February 28, 2002

To Triborough Bridge and Tunnel Authority:

URS' report, dated April 27, 2001, regarding the *Projection of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of Triborough Bridge and Tunnel Authority*, was filed as Appendix M to the Metropolitan Transportation Authority's 2001 Combined Continuing Disclosure Filings. The forecasts for the 10-year period, 2001 through 2010, were based on actual audited traffic, toll revenue and expense data through the year 2000. URS was also provided with the monthly (unaudited) traffic and toll revenue data for January and February of 2001, in order to compare the 2001 forecast with these actual results for the first two months. All this occurred prior to the September 11, 2001 terrorist attacks on the World Trade Center and the Pentagon, and the economic conditions that preceded it and now appear to be exacerbated by it.

Interestingly, even with the extra leap-year day in February 2000 and the more severe weather conditions in January and February 2001, traffic and toll revenue during the initial two-month period of 2001 were up 0.7 percent and 0.2 percent, respectively, compared with the same 2000 period. URS' toll revenue forecast for 2001, contained in the April 27, 2001 report, of \$942,073,000 was 0.16 percent above the 2000 actual revenues of \$940,607,000.

Since then, conditions deteriorated through August, due to worsening economic conditions, and then in September due to the terrorist attacks. Accordingly, in our role as Consulting Engineers, URS (1) analyzed the 2001 monthly data then available through September for each of the TBTA's nine facilities; (2) estimated toll revenues for the remaining three months of the year; and (3) prepared a "macro" update of the forecasts in the April 27, 2001 report. This update was summarized in an update letter, dated October 30, 2001.

Subsequently, TBTA released the toll revenue results for October 2001, which were not available at the time of the October 30, 2001 update letter. This enabled us to conduct a due-diligence check, which was summarized in a subsequent update letter, dated December 13, 2001. The October and December update letters were included in the Official Statements for TBTA bonds issued in November and December of 2001.

TBTA has now released the toll revenue results for November-December 2001, which provides the actual, though unaudited, results for the full year of 2001. In addition, TBTA updated the actual, though unaudited operating expenses for 2001 and the projected operating expenses for 2002. These additional data have enabled us to now conduct another due-diligence check in connection with the issuance of TBTA's General Purpose Variable Rate Revenue Bonds, Series 2002A.

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www.urscorp.com



The text that follows traces the text of the December 13, 2001 update letter, which, in turn, traced the text of the October 30, 2001 update letter. Reference to the due-diligence check specifically addressed in this letter is highlighted on page 3 in *italics*.

### **Revised Toll Revenue Forecast**

In assessing the impact of the terrorist attacks on toll revenues, we had to consider separately and then in combination (a) the direct consequences of the operational changes at the Brooklyn-Battery and Queens Midtown Tunnels (along with the four City-owned bridges south of 63 Street, Queensboro, Williamsburg, Manhattan and Brooklyn) and on the Verrazano-Narrows Bridge (along with the Gowanus Expressway that connects the Verrazano-Narrows Bridge with the Brooklyn-Battery Tunnel); and (b) the indirect economic impacts in terms of lost jobs and, therefore, reduced trip-making.

Considering 2001 first, while toll revenues systemwide were up 0.2 percent through February, in aggregate, they were down 1.1 percent by August. However, total traffic was up 0.6 percent through August 2001 compared to August 2000. The lower revenue reflected a greater percentage of *E-ZPass* discounts than expected, and the reduction in traffic growth is the result of the severe winter weather, as well as the worsening economic conditions. The revenue and traffic record through August established a database from which to measure performance in September, which then provided the basis for estimating revenues for October, November and December, referenced in the October 30, 2001 and December 13, 2001 update letters.

Systemwide, toll revenues were down 13 percent in September, but when the first 10 days of the month are separated from the monthly total, the impact of the terrorist attacks on September 11 is evident: revenues were down 19 percent systemwide during the September 11-30 period. During this period the Brooklyn-Battery Tunnel was closed (it reopened to limited service October 11); the Queens Midtown Tunnel was restricted to high-occupancy vehicles (2+ persons per vehicle) between 6:00 AM and 12 Noon (relaxed now to 6:00-10:00 AM), as were the other City crossings south of 63 Street; and there were lane reductions on the Verrazano-Narrows Bridge and Gowanus Expressway. The reductions in toll revenues varied from a high of nearly 100 percent at the Brooklyn-Battery Tunnel to a low of 4 percent at the Throgs Neck Bridge. The outlying bridges also experienced reductions in toll revenues during the September 11-30 period due to reduced trip-making.

For the remaining months of the year, URS estimated toll revenues on a facility-by-facility basis as set forth below in Table 1. The forecast of \$906,758,000 for the year consisted of a compilation of the actual revenues for the January-September period and the estimates for the October-December period, aggregated for the nine facilities.

**Table 1****Revised 2001 Toll Revenue Estimate\***

| Facility                 | Toll Revenue (000) |          |           |           | 2001 Change from 2000 Actual |       |           |       |
|--------------------------|--------------------|----------|-----------|-----------|------------------------------|-------|-----------|-------|
|                          | Actual             |          | Estimated |           | Actual                       |       | Estimated |       |
|                          | Jan.-Aug.          | Sept.    | Oct.-Dec. | Total     | Jan.-Aug.                    | Sept. | Oct.-Dec. | Year  |
| Throgs Neck Bridge       | \$98,908           | \$12,564 | \$35,689  | \$147,161 | -3.4%                        | -3.6% | -3.6%     | -3.5% |
| Bronx-Whitestone Bridge  | 103,968            | 11,754   | 36,942    | 152,665   | +0.8                         | -12.6 | -6.1      | -2.1  |
| Triborough Bridge        | 144,448            | 16,536   | 51,141    | 212,124   | -2.7                         | -12.3 | -7.6      | -4.7  |
| Queens Midtown Tunnel    | 60,082             | 6,202    | 20,364    | 86,649    | -0.3                         | -14.0 | -7.2      | -3.1  |
| Brooklyn-Battery Tunnel  | 45,267             | 2,080    | 11,513    | 58,860    | -2.0                         | -63.3 | -32.8     | -14.7 |
| Verrazano-Narrows Bridge | 135,662            | 16,433   | 49,566    | 201,661   | +0.3                         | -4.5  | -2.1      | -0.7  |
| Henry Hudson Bridge      | 21,444             | 2,356    | 7,710     | 31,510    | +2.1                         | -13.8 | -6.0      | -1.3  |
| Marine Parkway Bridge    | 5,763              | 674      | 1,818     | 8,256     | +0.6                         | -9.1  | -4.4      | -1.4  |
| Cross Bay Bridge         | 5,442              | 630      | 1,801     | 7,873     | +4.5                         | -3.3  | +0.5      | +2.9  |
| Total                    | \$620,984          | \$69,230 | \$216,544 | \$906,758 | -1.1                         | -13.0 | -7.2      | -3.6  |

\* As developed in URS' update letter dated October 30, 2001.

As stated on page 1, toll revenues for 2001 were estimated in URS' April 27, 2001 report at \$942,073,000. In the October 30, 2001 update letter, the revenue estimate was revised to \$906,758,000, down \$35,315,000 for the year. This represented a differential between the April and October estimates for 2001 of -3.75 percent.

Then, in connection with the December 13, 2001 update letter, with the revenue results available for October 2001, URS determined that the estimate (in Table 1) for the October-December 2001 period continued to be reasonable. This provided us with a solid basis, at the time of our December 13, 2001 update letter, for retaining the \$906,758,000 forecast for 2001, and beyond 2001 to 2010.

*We now know that the unaudited 2001 toll revenues amounted to \$914,855,798, 0.9 percent above the \$906,758,000 forecast for 2001 developed by URS in the October 30, 2001 update letter and confirmed in the December 13, 2001 update letter. The \$914,855,798 is 2.9 percent below the \$942,073,000 forecast for 2001 contained in URS' April 27, 2001 report.*

Assuming no further catastrophic events in New York City and to a lesser extent nationwide, we started with the actual unaudited revenues for 2001 of \$914,855,798 (rounded to \$914,856,000), and projected toll revenues through 2010 on the basis, once again, that it will take some time to restore the businesses in lower Manhattan affected by the attack, and that general economic conditions will adversely affect trip-making on the TBTA's facilities during the next four years through 2005. Our procedure utilized the forecast from the April 27, 2001 report by applying adjustments to account for the economic and related impacts. It should be noted that this projection was prepared on a "macro" basis in that the adjustments were made to total revenues. We did not analyze each facility separately due to the limited amount of detailed data on future conditions now available. The -2.9 percent adjustment for 2001 was increased to -4.0 percent in



2002 to take into account 12 months of the post September 11 period (contrasted with the 3–2/3 months of 2001). (This is an improvement from our previous adjustment in our October 30, 2001 and December 13, 2001 letters, which had been –5.0 percent in 2002.) From 2003 through 2005, the adjustment now has been tapered gradually down to –1.0 percent by 2005 (instead of 2006), on the basis that there still will be residual impacts by that time, followed by a return to the original trend by 2006. Finally, we continue to display the forecast in terms of constant tolls and with assumed toll increases in 2003 and 2008, as described in the April 27, 2001 report.

**Table 2**  
**Revised Toll Revenue Forecast**

| Year | From April 2001 Report |                           | Adjustment |                      |                           | Revised Forecast     |                           |
|------|------------------------|---------------------------|------------|----------------------|---------------------------|----------------------|---------------------------|
|      | Constant Tolls (000)   | Periodic Toll Incr. (000) | Percent    | Amount               |                           | Constant Tolls (000) | Periodic Toll Incr. (000) |
|      |                        |                           |            | Constant Tolls (000) | Periodic Toll Incr. (000) |                      |                           |
| 2001 | \$ 942,073             | \$ 942,073                | –2.9%      | (\$27,217)           | (\$27,217)                | \$ 914,856*          | \$ 914,856*               |
| 2002 | 951,031                | 951,031                   | –4.0       | (38,041)             | (38,041)                  | 912,990              | 912,990                   |
| 2003 | 955,884                | 1,066,599                 | –3.0       | (28,677)             | (31,998)                  | 927,207              | 1,034,601                 |
| 2004 | 963,475                | 1,075,495                 | –2.0       | (19,270)             | (21,510)                  | 944,205              | 1,053,985                 |
| 2005 | 970,280                | 1,084,473                 | –1.0       | (9,703)              | (10,845)                  | 960,577              | 1,073,628                 |
| 2006 | 977,138                | 1,092,127                 |            |                      | —                         | 977,138              | 1,092,127                 |
| 2007 | 984,050                | 1,099,470                 | —          | —                    | —                         | 984,050              | 1,099,470                 |
| 2008 | 991,016                | 1,220,820                 | —          | —                    | —                         | 991,016              | 1,220,820                 |
| 2009 | 998,037                | 1,229,447                 | —          | —                    | —                         | 998,037              | 1,229,447                 |
| 2010 | 1,005,113              | 1,238,143                 | —          | —                    | —                         | 1,005,113            | 1,238,143                 |

\* Actual unaudited.

### Revised Operating Expense Forecast

TBTA now has unaudited actual operating expenses for 2001 and has updated the budget estimates for 2002. Additional expenses have been incurred in the aftermath of the attack on the World Trade Center. TBTA describes the added expenses as follows:

2001 — Overtime labor costs for security and traffic management, cleanup costs for the Brooklyn-Battery Tunnel and Battery Parking Garage, and emergency electricity generation for the Brooklyn-Battery Tunnel. Also included are costs associated with assigning personnel to disaster recovery tasks and overtime incurred by represented employees required to make up for lost time as a result of the temporary closure of 2 Broadway, TBTA's main office.



2002 — Upgrade of communication and electrical systems, including the replacement of a radio communication system.

In URS' April 27, 2001 report, total operating expenses (Personnel and Other Than Personnel Services) were estimated at \$256,334,000 in 2001 and \$274,064,000 in 2002, and projected to increase to \$341,408,000 by 2010. With the additional costs estimated by the TBTA, along with a delay in bridge painting from 2001 to 2002, actual unaudited operating expenses for 2001 have amounted to \$256,511,904, and \$283,914,000 have been budgeted for 2002. The increase of \$10.0 million over the two-year period represents the net expense increment to TBTA. Most of the additional costs are expected to be reimbursed to TBTA from a combination of insurance proceeds and emergency grants from FEMA.

No further increases in expenses (over those set forth in URS' April 27, 2001 report) are projected at the present time.

\* \* \* \* \*

In preparing these updated forecasts, it is important to point out that, in trying to assess the impacts of the September 11 attack at the time of URS' update letter in October, only the September 2001 data were available to provide some insight when compared with the months prior to the attack. Accordingly, because little time has passed since the September 11 events and only data through December 2001 are currently available, it should be cautioned that this analysis represents only a precursor to a future, more in-depth study. Such a study will be done in connection with the Consulting Engineer's report to be prepared within the next three months.

Finally, it is our opinion that the revenue projections presented herein are reasonable and that they have been prepared in accordance with accepted practice for investment-grade studies. However, given the uncertainties within the current international and economic climate, URS considers it necessary to conclude with the following caveats:

1. This report presents the results of our consideration of the information available to us as of the date hereof and the application of our experience and professional judgment to that information. It is not a guarantee of any future events or trends.
2. The traffic and revenue forecasts will be subject to future economic and social conditions and demographic developments that cannot be predicted with certainty.
3. The projections contained in this report, while presented with numerical specificity, are based on a number of estimates and assumptions which, though considered reasonable to us, are inherently subject to significant economic and competitive uncertainties and contingencies, many of which will be beyond our control and that of TBTA. In many instances, a broad range of alternative assumptions could be considered reasonable.



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Changes in the assumptions used could result in material differences in projected outcomes.

4. If, for any reason, any of these conditions should change due to changes in the economy or competitive environment, or other factors, URS' opinion or estimates may be affected.

Respectfully,

**URS CORPORATION GROUP CONSULTANTS**

A handwritten signature in black ink that reads "Arthur H. Goldberg". The signature is written in a cursive style.

Arthur H. Goldberg, P.E.

Vice President

A handwritten signature in black ink that reads "Kathleen Massarelli". The signature is written in a cursive style.

Kathleen Massarelli, AICP

Vice President



