

## **PAYROLL MOBILITY TAX FINANCING AGREEMENT**

**PAYROLL MOBILITY TAX FINANCING AGREEMENT**, dated as of April 9, 2021 (the “Financing Agreement”), by and between **METROPOLITAN TRANSPORTATION AUTHORITY**, a body corporate and politic constituting a public benefit corporation of the State of New York (the “MTA”), and **TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY**, a body corporate and politic constituting a public benefit corporation of the State of New York (“TBTA”).

**WHEREAS**, the State of New York (the “State”), pursuant to Article 23 of the State Tax Law, currently imposes a regional payroll mobility tax (the “Payroll Mobility Tax”) within the commuter transportation district consisting of the City of New York and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester (collectively, the “Metropolitan Commuter Transportation District”); and

**WHEREAS**, pursuant to each of Section 805(b) of the State Tax Law and Section 1270-h(2)(b) of the MTA Act, amounts collected from the Payroll Mobility Tax (the “Mobility Tax Receipts”) in each month are to be deposited without appropriation in the month following their collection directly into the Metropolitan Transportation Authority Finance Fund created under Section 1270-h of the MTA Act (the “MTA Finance Fund”); and

**WHEREAS**, amounts collected pursuant to the provisions of paragraphs (b-1) and (c-3) of subdivision 2 of Section 503 of the State Vehicle and Traffic Law, Article 17-c (including Section 499-d) of the State Vehicle and Traffic Law, Article 29-a (including Section 1288) of the State Tax Law, and Sections 1166-a and 1167 of the State Tax Law (consisting generally of certain regional supplemental motor vehicle license and registration fees, a tax on certain hailed vehicle trips that originate in the City, and a supplemental tax on regional passenger car rentals, and referred to collectively herein as the “ATA Sources”) are deposited quarterly, without appropriation, into the Corporate Transportation Account of the Metropolitan Transportation Authority Special Assistance Fund created by Section 1270-a of the MTA Act (the “ATA Receipts”); and

**WHEREAS**, in accordance with Section 1270-a(4)(e) of the MTA Act, moneys in the Corporate Transportation Account, including ATA Receipts, that are received by MTA may be pledged by the MTA or pledged to TBTA to secure bonds, notes or other obligations of the MTA and/or TBTA, as the case may be, including for the use by either MTA or TBTA, or both in the financing of their respective authorized purposes; and

**WHEREAS**, in accordance with Section 553-d of the TBTA Act, TBTA has the authority to issue its bonds and notes to finance projects payable from and secured by all or any part of the moneys received by TBTA from the Metropolitan Transportation Authority Special Assistance Fund created by Section 1270-a of the MTA Act and from any other moneys, securities and funds designated by TBTA as additional security therefor; and

**WHEREAS**, in accordance with Section 1270-h(3) of the MTA Act, the Mobility Tax Receipts deposited in the MTA Finance Fund may be pledged by the MTA to, among other things, secure and be applied for the payment of the bonds, notes or other obligations of the MTA to

finance capital projects or used for the payment of capital costs, including debt service, reserve requirements, if any, the payment of amounts required under bond and note facilities or agreements related thereto; and

**WHEREAS**, amounts from additional sources that may be authorized by law from time to time are to be deposited in the MTA Finance Fund and such amounts also may be pledged by the MTA from time to time to, among other things, secure and be applied for the payment of the bonds, notes, or other obligations of the MTA; and

**WHEREAS**, Section 1269 of the MTA Act authorizes the MTA to enter into agreements, including this Financing Agreement, which the MTA deems necessary, convenient or desirable concerning the use or disposition of the monies or properties of the MTA, its subsidiary corporations, the New York City Transit Authority (“NYCTA”) or any of its subsidiary corporations, or TBTA, including the Mobility Tax Receipts and the ATA Receipts (collectively, the “PMT Receipts”), in order to provide for the transfer to TBTA of such Mobility Tax Receipts and ATA Receipts for the financing of transit and commuter capital projects which the MTA would have the right to do in the absence of such agreements; and

**WHEREAS**, Section 1265(3-a)(a) of the MTA Act authorizes the MTA to borrow money, to issue negotiable notes, bonds, or other obligations and to provide for the rights of the holders thereof, in the fiscal years 2020 through 2022 to offset decreases in revenue, including but not limited to, lost taxes, fees, charges, fares and tolls, or increases in operating costs of the MTA, NYCTA and its subsidiary corporations and TBTA due in whole or in part to the state disaster emergency caused by the novel coronavirus, COVID-19; provided that the aggregate principal amount of such notes, bonds or other obligations does not exceed ten billion dollars; and

**WHEREAS**, Section 1269(1)(a) of the MTA Act authorizes the MTA to issue its notes, bonds or other obligations as, in the opinion of the MTA, shall be necessary, convenient or desirable to effectuate any of its powers and purposes, including, without limitation, the provision of working capital and all other expenditures of the MTA and its subsidiary corporations and NYCTA and its subsidiary corporations which bonds, notes or other obligations may be special obligations payable out of any revenues, receipts, monies or other assets of the MTA and its subsidiary corporations, NYCTA and its subsidiary corporations and TBTA identified for such purposes in accordance with agreements with the holders of such notes, bonds or other obligations; and

**WHEREAS**, the MTA has, pursuant to the MTA Act, adopted its Metropolitan Transportation Authority Payroll Mobility Tax Obligation Resolution on November 18, 2020, including the Standard Resolution Provisions Applicable to MTA and TBTA PMT Obligations and Parity Debt appended thereto as Annex A, the Standard Resolution Provisions Applicable to MTA and TBTA Second Lien PMT Obligations and Second Lien Parity Debt appended thereto as Annex B and the Additional Resolution Provisions Applicable to MTA and TBTA Senior Lien PMT Obligations and Second Lien PMT Obligations appended thereto as Annex C, as amended and supplemented from time to time (the “MTA PMT Resolution”) for the purpose of issuing from time to time one or more series of bonds, notes or other obligations secured by this Financing Agreement and the PMT Receipts; and

**WHEREAS**, TBTA has, pursuant to the TBTA Act, adopted its Triborough Bridge and Tunnel Authority Payroll Mobility Tax Obligation Resolution on March 17, 2021, (including the Standard Resolution Provisions Applicable to MTA and TBTA PMT Obligations and Parity Debt appended thereto as Annex A, the Standard Resolution Provisions Applicable to MTA and TBTA Second Lien PMT Obligations and Second Lien Parity Debt appended thereto as Annex B and the Additional Resolution Provisions Applicable to MTA and TBTA Senior Lien PMT Obligations and Second Lien PMT Obligations appended thereto as Annex C, as amended and supplemented from time to time (the “TBTA PMT Resolution”) for the purpose of issuing from time to time one or more series of bonds, notes or other obligations secured by this Financing Agreement and the PMT Receipts; and

**WHEREAS**, consistent with the foregoing, MTA and TBTA desire to enter into this Financing Agreement to (i) provide the mechanism for the MTA to provide TBTA with the PMT Receipts necessary for TBTA to timely perform its obligations under the TBTA PMT Resolution, and (ii) provide the mechanism for the MTA to retain PMT Receipts necessary for the MTA to timely perform its obligations under the MTA PMT Resolution, in each case on the terms and conditions and in the priority set forth herein; and

**NOW, THEREFORE**, MTA and TBTA hereby mutually covenant and agree as follows:

## **ARTICLE I**

### **DEFINITIONS**

**SECTION 101. Definitions.** (a) Unless otherwise specifically defined herein, all terms which are defined in the TBTA PMT Resolution shall have the same meanings, respectively, when used herein, including in the preambles hereto, as such terms are given in the TBTA PMT Resolution; and, unless otherwise specifically defined herein, all terms which are defined in the MTA PMT Resolution, shall have the same meanings, respectively, when used herein, including in the preambles hereto, as such terms are given in the MTA PMT Resolution.

(b) In addition, as used herein, the following terms shall, for all purposes of this Financing Agreement, have the following meanings:

**Annual Deposit Reports** shall mean, collectively, the TBTA Annual Deposit Report and the MTA Annual Deposit Report.

**Applicable Debt Service Payment Date** shall mean a Debt Service Payment Date on which an Applicable Trustee is required to make a payment of Debt Service from the MTA Senior Lien Debt Service Fund, MTA Second Lien Debt Service Fund, the TBTA Senior Lien Debt Service Fund or the TBTA Second Lien Debt Service Fund, as the context requires.

**Applicable Trustee** shall mean the TBTA Second Lien Trustee, the TBTA Senior Lien Trustee, the MTA Second Lien Trustee or the MTA Senior Lien Trustee, as the context requires.

**ATA Receipts Subaccount** shall mean the subaccount by that name established by the MTA in the Corporate Transportation Account established by subsection (a) of Section 301 hereof.

**Corporate Transportation Account** shall mean the account bearing such name established by the MTA in the Metropolitan Transportation Authority Special Assistance Fund pursuant to Section 1270-a of the MTA Act, or any successor fund or account provided by law.

**CPRB** shall mean the Metropolitan Transportation Authority Capital Program Review Board created pursuant to Section 1269-a of the MTA Act.

**Debt Service Payment Date** shall mean, unless otherwise set forth in a Supplemental Resolution, each Interest Payment Date and/or Principal Payment Date.

**Debt Service Year** shall mean the twelve-month period commencing May 16 of each calendar year and ending on May 15 of the next succeeding calendar year, except that the first Debt Service Year shall begin on the date specified in the Supplemental Resolution authorizing the first Series of MTA PMT Indebtedness or TBTA PMT Indebtedness.

**Interest Deposit Months** shall mean, unless otherwise set forth in a Supplemental Resolution, (i) for Obligations with interest payable semi-annually, the first five Months of the six month period immediately preceding the month of each Interest Payment Date, (ii) for Obligations with interest payable more frequently than semi-annually but less frequently than monthly, the number of Months (calculated by the number of months in the interest period minus one) immediately preceding the month of each Interest Payment Date, and (iii) for Obligations with interest payable monthly or more frequently, the month immediately preceding the month of each Interest Payment Date; *provided, however*, that if there remains a deficiency in deposits required pursuant to Section 302, each month up to and including the month in which there is an Interest Payment Date shall be an Interest Deposit Month.

**Interest Payment Date** shall mean the dates specified as such in the applicable Supplemental Resolution.

**Mobility Tax Receipts Subaccount** shall mean the subaccount by that name established by the MTA in the MTA Finance Fund established by subsection (b) of Section 301 hereof.

**Month** shall mean a calendar month.

**Monthly Deposit Requirement** shall mean an amount equal to the sum of (i) the Monthly Senior Lien Deposit Requirement and (ii) the Monthly Second Lien Deposit Requirement attributable to and payable from PMT Receipts in the amounts for each Month.

**Monthly Interest Deposit Requirement** shall mean, unless otherwise set forth in a Supplemental Resolution, for each applicable Interest Deposit Month, (i) for Obligations on which the interest is payable semi-annually, an amount equal to one-fifth (1/5<sup>th</sup>) of the interest due and payable on such Obligations on the next succeeding Interest Payment Date, with the final deposit payable in the second Month prior to the month of the applicable Interest Payment Date (for example, for payments of interest due in May, the first deposit will be payable in November of the previous year and the fifth and final deposit will be payable in March of the same year and for payments of interest due in November, the first deposit will be payable in May and the fifth and final deposit will be payable in September), (ii) for Obligations on which the interest is payable more frequently than semi-annually but less frequently than monthly, an amount equal to the

percentage (calculated by the number of months in the interest period minus one) of the interest due on such Obligations on the next succeeding Interest Payment Date, with the final deposit payable in the second Month prior to the applicable Interest Payment Date, and (iii) for Obligations on which the interest is payable monthly or more frequently, an amount equal to the amount of interest due and payable in the immediately succeeding month; provided, however, that such amount shall be adjusted by the MTA or TBTA, as applicable, to take into account the first Interest Payment Date following the issuance of Obligations, if necessary.

**Monthly Principal Deposit Requirement** shall mean, unless otherwise set forth in a Supplemental Resolution, for each Principal Installment and each related Principal Deposit Month, an amount equal to one-tenth (1/10th) of such Principal Installment on Obligations and Second Lien Obligations; provided, however, that such amount shall be adjusted by MTA to take into account the first Principal Installment payable following the issuance of Obligations and Second Lien Obligations, if necessary.

**Monthly Second Lien Deposit Requirement** shall mean the sum of (i) the TBTA Monthly Second Lien Deposit Requirement and (ii) the MTA Monthly Second Lien Deposit Requirement.

**Monthly Senior Lien Deposit Requirement** shall mean the sum of (i) the TBTA Monthly Senior Lien Deposit Requirement and (ii) the MTA Monthly Senior Lien Deposit Requirement as set forth in the Annual Deposit Report.

**MTA Annual Deposit Report** shall mean the annual certification by an Authorized Officer of the MTA described in Section 504 hereof, as amended or supplemented from time to time.

**MTA Finance Fund** shall mean the Metropolitan Transportation Authority Finance Fund created under Section 1270-h of the MTA Act, or any successor fund or account provided by law.

**MTA PMT Indebtedness** shall mean Obligations, Parity Debt, Subordinated Obligations, including, without limitation, Second Lien Obligations and Second Lien Parity Debt, Second Lien Subordinated Obligations, Other Subordinated Obligations, Obligation Anticipation Notes and Second Lien Obligation Anticipation Notes issued under the MTA PMT Resolution in each case only to the extent that such MTA PMT Indebtedness is payable in whole or in part from PMT Receipts.

**MTA Monthly Second Lien Deposit Requirement** shall mean, for each Month, the sum of the applicable Monthly Interest Deposit Requirement and Monthly Principal Deposit Requirement for Second Lien Obligations and Second Lien Parity Debt issued under the MTA PMT Resolution.

**MTA Monthly Senior Lien Deposit Requirement** shall mean, for each Month, the sum of the applicable Monthly Interest Deposit Requirement and Monthly Principal Deposit Requirement for Senior Lien Obligations and Senior Lien Parity Debt issued under the MTA PMT Resolution.

**MTA PMT Second Lien Obligations** shall mean the Metropolitan Transportation Authority Payroll Mobility Tax Second Lien Revenue Obligations issued under the MTA PMT Resolution.

**MTA PMT Senior Lien Obligations** shall mean the Metropolitan Transportation Authority Payroll Mobility Tax Senior Lien Revenue Obligations issued under the MTA PMT Resolution.

**MTA PMT Resolution** shall have the meaning set forth in the preambles hereto.

**MTA Second Lien Debt Service Fund** shall mean the MTA Second Lien Debt Service Fund established by the MTA PMT Resolution.

**MTA Second Lien Debt Service Fund Requirement** shall mean, as of any date of calculation, the Second Lien Debt Service Fund Requirement as defined in the MTA PMT Resolution and shall be an amount equal to the sum of the MTA Monthly Second Lien Deposit Requirements to the date of such calculation or the sum of all MTA Monthly Second Lien Deposit Requirements for the Debt Service Year, as the context requires.

**MTA Second Lien Trustee** shall mean the institution serving as trustee under the MTA PMT Resolution for the benefit of the owners of the MTA PMT Second Lien Obligations.

**MTA Senior Lien Debt Service Fund** shall mean the MTA Senior Lien Debt Service Fund established by the MTA PMT Resolution.

**MTA Senior Lien Debt Service Fund Requirement** shall mean, as of any date of calculation, the Senior Lien Debt Service Fund Requirement as defined in the MTA PMT Resolution and shall be an amount equal to the sum of the MTA Monthly Senior Lien Deposit Requirements to the date of such calculation or the sum of all MTA Monthly Senior Lien Deposit Requirements for the Debt Service Year, as the context requires.

**MTA Senior Lien Trustee** shall mean the institution serving as trustee under the MTA PMT Resolution for the benefit of the owners of the MTA PMT Senior Lien Obligations.

**Principal Deposit Months** shall mean, unless otherwise set forth in a Supplemental Resolution, the first ten months of the twelve-month period immediately preceding the Month in which there is a Principal Installment, determined separately for each Principal Installment; provided, however, that if there remains a deficiency in deposits required pursuant to Section 302, each month up to and including the month in which there is a Principal Installment due shall be a Principal Deposit Month.

**PMT Receipts** shall mean the Mobility Tax Receipts and the ATA Receipts, and any additional sources of moneys specifically authorized to be pledged from time to time in the future in the MTA PMT Resolution and/or the TBTA PMT Resolution to the payment of MTA PMT Indebtedness and/or TBTA PMT Indebtedness, respectively.

**Second Lien Indebtedness** shall mean MTA Second Lien Indebtedness and TBTA Second Lien Indebtedness.

**Senior Lien Indebtedness** shall mean MTA Senior Lien Indebtedness and TBTA Senior Lien Indebtedness.

**Special Assistance Fund** shall mean the Metropolitan Transportation Authority Special Assistance Fund created under Section 1270-a of the MTA Act, or any successor fund or account provided by law.

**Supplemental Financing Agreement** shall mean an agreement supplemental to or amendatory of this Agreement between the MTA and TBTA in accordance with provisions of Section 701 hereof.

**TBTA Annual Deposit Report** shall mean the annual certification by an Authorized Officer of TBTA described in Section 504 hereof, as amended or supplemented from time to time.

**TBTA PMT Indebtedness** shall mean Obligations, Parity Debt, Subordinated Obligations, including, without limitation, Second Lien Obligations and Second Lien Parity Debt, Second Lien Subordinated Obligations, Other Subordinated Obligations, Obligation Anticipation Notes and Second Lien Obligation Anticipation Notes issued under the TBTA PMT Resolution in each case only to the extent that such TBTA PMT Indebtedness is payable in whole or in part from PMT Receipts.

**TBTA Monthly Second Lien Deposit Requirement** shall mean, for each Month, the sum of the applicable Monthly Interest Deposit Requirement and Monthly Principal Deposit Requirement for Second Lien Obligations and Second Lien Parity Debt issued under the TBTA PMT Resolution.

**TBTA Monthly Senior Lien Deposit Requirement** shall mean, for each Month, the sum of the applicable Monthly Interest Deposit Requirement and Monthly Principal Deposit Requirement for Senior Lien Obligations and Parity Debt issued under the TBTA PMT Resolution.

**TBTA PMT Second Lien Obligations** shall mean the Triborough Bridge and Tunnel Authority Payroll Mobility Tax Second Lien Revenue Obligations issued under the TBTA PMT Resolution.

**TBTA PMT Senior Lien Obligations** shall mean the Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Revenue Obligations issued under the TBTA PMT Resolution.

**TBTA PMT Resolution** shall have the meaning set forth in the preambles hereto.

**TBTA Second Lien Debt Service Fund** shall mean the TBTA Second Lien Debt Service Fund established by the TBTA PMT Resolution.

**TBTA Second Lien Debt Service Fund Requirement** shall mean, as of any date of calculation, the Second Lien Debt Service Fund Requirement as defined in the TBTA PMT Resolution and shall be an amount equal to the sum of the TBTA Monthly Second Lien Deposit Requirements to the date of such calculation or the sum of all TBTA Monthly Second Lien Deposit Requirements for the Debt Service Year, as the context requires.

**TBTA Second Lien Trustee** shall mean the institution serving as trustee under the TBTA PMT Resolution for the benefit of the owners of the TBTA PMT Second Lien Obligations.

**TBTA Senior Lien Debt Service Fund** shall mean the TBTA Senior Lien Debt Service Fund established by the TBTA PMT Resolution.

**TBTA Senior Lien Debt Service Fund Requirement** shall mean, as of any date of calculation, the Senior Lien Debt Service Fund Requirement as defined in the TBTA PMT Resolution and shall be an amount equal to the sum of the TBTA Monthly Senior Lien Deposit Requirements to the date of such calculation or the sum of all TBTA Monthly Senior Lien Deposit Requirements for the Debt Service Year, as the context requires.

**TBTA Senior Lien Trustee** shall mean the institution serving as trustee under the TBTA PMT Resolution for the benefit of the owners of the TBTA PMT Senior Lien Obligations.

## ARTICLE II

### AGREEMENT AS TO ISSUANCE OF TBTA PMT INDEBTEDNESS AND MTA PMT INDEBTEDNESS

#### **SECTION 201. Issuance of TBTA PMT Indebtedness for the PMT Transit and Commuter Project; Restrictions on Issuance.**

(a) TBTA may, from time to time, upon the request of the MTA, issue TBTA PMT Indebtedness pursuant to the TBTA PMT Resolution and the TBTA Act in order to finance Capital Costs of the PMT Transit and Commuter Project, subject to the limitations set forth in subsection (b) below. The proceeds of such TBTA PMT Indebtedness shall be applied as provided in the TBTA PMT Resolution or the resolution authorizing such TBTA PMT Indebtedness.

(b) The provisions of this Section 201 relating to the financing by TBTA of Capital Costs for the PMT Transit and Commuter Project are subject to compliance with the provisions of Section 553(20) of the New York Public Authorities Law, including any approvals or consents required from the CPRB, and the provisions of the TBTA PMT Resolution.

(c) The MTA and TBTA agree that this Financing Agreement is executed in part in order to induce investors to purchase the MTA PMT Indebtedness and the TBTA PMT Indebtedness secured by the PMT Receipts to be issued for the purposes of securing such MTA PMT Indebtedness and TBTA PMT Indebtedness and, accordingly, all of the covenants and agreements on the part of the MTA and TBTA set forth in this Financing Agreement are hereby declared to be for the benefit of the Owners from time to time of such MTA PMT Indebtedness and TBTA PMT Indebtedness secured by the PMT Receipts.

**SECTION 202. Issuance of MTA PMT Indebtedness.** The MTA may, from time to time, issue MTA PMT Indebtedness for any lawful purpose pursuant to the MTA PMT Resolution and the MTA Act, without any approvals or consents from the CPRB, unless such CPRB approvals or consents are required for the financing of Capital Costs for the PMT Transit and Commuter Project in accordance with Section 1269-b of the MTA Act. The proceeds of such



MTA PMT Indebtedness shall be applied as provided in the MTA PMT Resolution or the resolution authorizing such MTA PMT Obligations.

### ARTICLE III

#### CREATION OF ACCOUNTS AND SUBACCOUNTS; APPLICATION OF PMT RECEIPTS

##### SECTION 301. Creation of Accounts and Subaccounts by MTA.

(a) The MTA has previously created and established in the Special Assistance Fund held by the MTA the Corporate Transportation Account in accordance with Section 1270-a of the MTA Act. There is continued under this Financing Agreement the “ATA Receipts Subaccount” within the Corporate Transportation Account previously created under the MTA PMT Resolution.

(b) The MTA has also previously created and established the MTA Finance Fund held by the MTA in accordance with Section 1270-h of the MTA Act. There is continued under this Financing Agreement the “Mobility Tax Receipts Subaccount” within the MTA Finance Fund previously created under the MTA PMT Resolution.

(c) Amounts held at any time by the MTA in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount shall be held in trust separate and apart from all other funds of the MTA. The MTA may enter into agreements, including account control agreements, with a financial institution to accept deposits to, and make transfers or withdrawals from, such accounts and subaccounts consistent with the purposes of this Financing Agreement.

##### SECTION 302. Deposit and Application of PMT Receipts.

(a) On the earlier of the date of the issuance and delivery of the first Series of MTA Obligations under the MTA PMT Resolution or the first Series of TBTA Obligations under the TBTA PMT Resolution, MTA shall transfer (i) all amounts constituting Mobility Tax Receipts on deposit in the MTA Finance Fund to the Mobility Tax Receipts Subaccount and (ii) all amounts constituting ATA Receipts on deposit in the Corporate Transportation Account to the ATA Receipts Subaccount. Thereafter, all Mobility Tax Receipts received by the MTA shall be immediately deposited into the Mobility Tax Receipts Subaccount and all ATA Receipts received by the MTA shall be immediately deposited by the MTA into the ATA Receipts Subaccount.

(b) In every Month at such time or times as the MTA in its discretion shall determine (but in no event later than the last Business Day of every Month), the MTA shall transfer amounts from the Mobility Tax Receipts Subaccount or the ATA Receipts Subaccount or both of such Subaccounts as determined by MTA, in the following order of priority and to the extent available for application (including curing any deficiencies in prior deposits or transfers), as follows:

(i) *first*, an amount equal to the Monthly Senior Lien Deposit Requirement plus an amount equal to the amount required to cure any deficiency in prior transfers made for transfer to (A) the MTA Senior Lien Trustee for deposit in the MTA Senior Lien Debt Service Fund an amount equal to the MTA Monthly Senior Lien Deposit Requirement, and (B) the TBTA Senior Lien Trustee for deposit in the TBTA Senior Lien Debt Service

Fund an amount equal to the TBTA Monthly Senior Lien Deposit Requirement; *provided, however,* if on the date of any such transfer the amount of PMT Receipts available for transfer is less than the Monthly Senior Lien Deposit Requirement, the amount actually available shall be transferred, first, on a *pro rata* basis (in proportion to the amount of any deficiencies relative to each other) to the MTA Senior Lien Trustee and the TBTA Senior Lien Trustee to cure any deficiencies in prior deposits or transfers, and then, on a *pro rata* basis to the MTA Senior Lien Trustee and the TBTA Senior Lien Trustee in proportion to the amount of the MTA Monthly Senior Lien Deposit Requirement and the TBTA Monthly Senior Lien Deposit Requirement, respectively; and

(ii) *second,* an amount equal to the Monthly Second Lien Deposit Requirement plus an amount equal to the amount required to cure any deficiency in prior transfers made for transfer to (A) the MTA Second Lien Trustee for deposit in the MTA Second Lien Debt Service Fund an amount equal to the MTA Monthly Second Lien Deposit Requirement, and (B) the TBTA Second Lien Trustee for deposit in the TBTA Second Lien Debt Service Fund an amount equal to the TBTA Monthly Second Lien Deposit Requirement; *provided, however,* if on the date of any such transfer the amount of PMT Receipts available for transfer is less than the Monthly Second Lien Deposit Requirement, the amount actually available shall be transferred, first, on a *pro rata* basis (in proportion to the amount of any deficiencies relative to each other) to the MTA Second Lien Trustee and the TBTA Second Lien Trustee to cure any deficiencies in prior deposits or transfers, and then, on a *pro rata* basis to the MTA Second Lien Trustee and the TBTA Second Lien Trustee in proportion to the amount of the MTA Monthly Second Lien Deposit Requirement and the TBTA Monthly Second Lien Deposit Requirement, respectively; and

(iii) *third,* for transfer to the Applicable Trustee or another Person in accordance with the provisions of any Supplemental Resolution under the MTA PMT Resolution or the TBTA PMT Resolution or other authorizing document, the amount necessary for the payment of Other Subordinated Obligations or obligations payable from PMT Receipts in the priority set forth in the applicable PMT Resolution or authorizing document;

(iv) *fourth,* for transfer to another Person, including each Applicable Trustee, fees and expenses due and payable under the related MTA PMT Indebtedness, TBTA PMT Indebtedness, MTA PMT Resolution and TBTA PMT Resolution, to the extent payable from PMT Receipts in the priority set forth in the applicable authorizing document; and

(iv) *fifth,* available for transfer to the MTA or expenditure by the MTA, on any date in the then current Month after the date the amounts actually transferred in accordance with subparagraphs (i) through (iv) above equals one hundred percent (100%) of the amounts required to have been so transferred on a cumulative basis as of the end of the current Month, any PMT Receipts and investment income, if any, on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount free and clear of any lien, pledge or claim of the MTA PMT Resolution and the TBTA PMT Resolution, to be applied by MTA as provided in the MTA Act.

(c) For purposes of calculating the amount of the deposits relating to (i) the MTA Senior Lien Debt Service Fund and the TBTA Senior Lien Debt Service Fund, Principal

Installments shall not include amounts that an Authorized Officer has notified the Applicable Trustee are to be paid from sources other than PMT Receipts, 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 and (ii) the MTA Second Lien Debt Service Fund and the TBTA Second Lien Debt Service Fund, Second Lien Obligation Principal Installments shall not include amounts that an Authorized Officer has notified the Applicable Second Lien Trustee are to be paid from sources other than PMT Receipts, nor shall Accrued Second Lien Debt Service include any amounts that, as certified by an Authorized Officer have been set aside hereunder or otherwise in trust for the payment thereof.

(d) If, after the date or dates during the Month the MTA elects to make the transfers described above, (i) there continues to be a deficiency in the cumulative amounts required to be transferred and (ii) MTA receives additional PMT Receipts later in the then current Month, then MTA will apply those additional PMT Receipts as soon as practicable (but no later than the last Business Day of the then current Month) in the same priority as set forth above to cure such deficiencies to the greatest extent possible.

(e) If on the Business Day that is no later than two Business Days preceding any Applicable Debt Service Payment Date, an Applicable Trustee notifies the MTA that it has insufficient funds on deposit to pay Debt Service on Obligations or Second Lien Obligations on the next succeeding Applicable Debt Service Payment Date, the MTA shall transfer, to the extent moneys are available, any or all Mobility Tax Receipts and/or ATA Receipts on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount, respectively, in the amount necessary to cure such deficiency and shall apply such amount in accordance with the preceding paragraph in the priority set forth therein; provided, however, that no such transfer shall be made to the Applicable Second Lien Trustee if there is a deficiency that has not been cured in the amounts transferred for the payment of Senior Lien Debt Service.

(f) Moneys on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount may be invested by MTA only in Investment Securities. Investment income on moneys in any Subaccount shall be credited to such Subaccount.

## ARTICLE IV

### CONSENT TO PLEDGE

**SECTION 401. Consent to Pledge.** Each of the MTA and the TBTA do hereby consent to the pledge and assignment of the PMT Receipts to the Holders of any of MTA PMT Indebtedness and/or TBTA PMT Indebtedness, as the case may be, or to any trustee acting on their behalf, to secure the payment of the principal and Redemption Price of, and interest on, and Sinking Fund Installments for, the respective MTA PMT Indebtedness and TBTA PMT Indebtedness in accordance with their respective terms and the provisions of this Financing Agreement and in the order of priority set forth herein.

All of the PMT Receipts are and shall 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 of the PMT Receipts created by the MTA PMT Resolution and/or the TBTA PMT Resolution consistent with

this Financing Agreement and all corporate action on the part of the MTA and TBTA to that end has been duly and validly taken.

## ARTICLE V

### COVENANTS OF THE MTA

**SECTION 501. PMT Receipts.** The MTA covenants and agrees that it will take all such actions as may be necessary to request the transfer of the PMT Receipts and further covenants and agrees that all such PMT Receipts received shall be applied strictly in accordance with this Financing Agreement and the MTA Act.

**SECTION 502. Creation of Liens; Application of Certain Accounts and Subaccounts.** The MTA covenants and agrees that (a) other than the MTA PMT Resolution, it will not create or cause to be created any pledge, lien, charge or encumbrance on or with respect to the PMT Receipts or the amounts reserved and on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount at any time that adversely affects MTA's obligations hereunder or under the MTA PMT Resolution and TBTA's obligations under the TBTA PMT Resolution, and (b) it will apply amounts on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount established therein only as provided in this Financing Agreement.

**SECTION 503. Pledge and Agreement of the State.** In accordance with Section 1271 of the MTA Act, the MTA does hereby include the pledge and agreement of the State with the Owners of the MTA PMT Indebtedness and the TBTA PMT Indebtedness and the owners of the obligations secured in whole or in part by the TBTA PMT Resolution and the MTA PMT Resolution that the State will not limit or alter the denial of authority under subdivision 9 of Section 1269 of the MTA Act, or the rights and powers vested in the MTA and the TBTA by the MTA Act to fulfill the terms of any agreements made by the MTA and TBTA with such Owners, or in any way impair the rights and remedies of such Owners until such notes, bonds and other obligations with such Owners, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses for which the MTA and the TBTA are liable in connection with any action or proceeding by or on behalf of such Owners, are fully met and discharged; provided, however, that the MTA and TBTA hereby acknowledge and agree that nothing in the foregoing pledge and agreement of the State or elsewhere in this Financing Agreement shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes and fees producing revenues for deposit by the MTA in the Mobility Tax Receipts Subaccount of the MTA Finance Fund and/or the ATA Receipts Subaccount of the Corporate Transportation Account of the MTA Special Assistance Fund and pledged by the MTA to secure MTA PMT Indebtedness and/or pledged by the TBTA to secure TBTA PMT Indebtedness, as the case may be, or, if applicable, the appropriations relating thereto.

**SECTION 504. Annual Deposit Reports.** On the date of issuance of the first obligations under Section 302(a) hereof, the MTA shall deliver to the Applicable Trustees a written certificate of an Authorized Officer of the MTA setting forth two separate reports, one relating to the MTA PMT Indebtedness (the "MTA Annual Deposit Report") and the other relating to the TBTA PMT Indebtedness (the "TBTA Annual Deposit Report"), in each case detailing for the

current and the following Debt Service Year (a) the MTA Monthly Senior Lien Deposit Requirement or the TBTA Monthly Senior Lien Deposit Requirement, as applicable, (b) the MTA Monthly Second Lien Deposit Requirement or the TBTA Monthly Second Lien Deposit Requirement, as applicable, (c) the MTA Senior Lien Debt Service Fund Requirement or the TBTA Senior Lien Debt Service Fund Requirement, as applicable, (d) the MTA Second Lien Debt Service Fund Requirement or the TBTA Second Lien Debt Service Fund Requirement for the Debt Service Year, as applicable, (g) any other uses of the PMT Receipts for the purposes set forth in Section 302 of this Financing Agreement, and (f) any other information requested by the Applicable Trustees for the purposes of performing their respective obligations under the MTA PMT Resolution and the TBTA PMT Resolution. On or prior to the tenth (10<sup>th</sup>) Business Day before the beginning of each Debt Service Year, the MTA shall send to the Applicable Trustees an updated MTA Annual Deposit Report and updated TBTA Annual Deposit Report. The MTA Annual Deposit Report and the TBTA Annual Deposit Report shall be amended from time to time in conjunction with the issuance of additional MTA PMT Indebtedness and TBTA PMT Indebtedness, the refunding of MTA PMT Indebtedness and TBTA PMT Indebtedness or the incurrence of other costs or fees listed in Section 302, and may be amended from time to time at the discretion of the MTA, with a copy thereof sent to the Applicable Trustees, all with the intention of keeping the Applicable Trustees timely informed of the deposits and transfers of amounts on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount.

**SECTION 505. Amendment of the MTA PMT Resolution.** MTA shall not, without the consent of the TBTA, amend any provision of the MTA PMT Resolution in such a manner so as to affect TBTA's obligations under this Financing Agreement or the TBTA PMT Resolution.

**SECTION 506. Compliance with Laws.** The MTA covenants and agrees to take all necessary actions on its part and to comply with the requirements of all laws necessary for the MTA to receive any PMT Receipts to the extent that PMT Receipts are subject to appropriation.

**SECTION 507. Arbitrage.** The MTA covenants and agrees that it shall take no action, fail to take an action, nor approve of the Applicable Trustees taking any action, or making any investment or use of the amounts on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount that would cause MTA PMT Indebtedness or TBTA PMT Indebtedness to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

## ARTICLE VI

### COVENANTS OF TBTA

**SECTION 601. Amendment of the TBTA PMT Resolution.** TBTA shall not, without the consent of the MTA, amend any provision of the TBTA PMT Resolution in such a manner so as to affect the MTA's obligations under this Financing Agreement or the MTA PMT Resolution.

**SECTION 602. Creation of Liens; Application of Certain Accounts and Subaccounts.** TBTA covenants and agrees that other than the TBTA PMT Resolution, it will not

create or cause to be created any pledge, lien, charge or encumbrance on or with respect to the PMT Receipts or the amounts reserved and on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount at any time that adversely affects MTA's obligations hereunder.

## ARTICLE VII

### MISCELLANEOUS

**SECTION 701. Optional Redemption or Purchase of Obligations and Second Lien Obligations.** Upon payment to TBTA of the amount required by the TBTA PMT Resolution therefor and the MTA's direction to TBTA to do so, TBTA shall exercise any option it may have under the TBTA PMT Resolution to redeem or purchase all or any portion of the TBTA Obligations and/or TBTA Second Lien Obligations, as applicable, including, without limitation, any option TBTA may have under Section A-402 with respect to TBTA Obligations or Section B-402 of the TBTA PMT Resolution with respect to TBTA Second Lien Obligations to direct the TBTA Senior Lien Trustee or the TBTA Second Lien Trustee, respectively, to purchase or redeem TBTA Obligations and/or TBTA Second Lien Obligations and TBTA shall deposit into the TBTA Senior Debt Service Fund and/or the TBTA Second Lien Debt Service Fund, as applicable, all payments received from the MTA and designated for such purpose. TBTA hereby acknowledges that subsection 3 of Section A-502 with respect to TBTA Obligations and subsection 3 of Section B-501 with respect to TBTA Second Lien Obligations of the TBTA PMT Resolution give the MTA, in addition to TBTA, the right to deliver TBTA Obligations to the TBTA Senior Lien Trustee or the TBTA Second Lien Trustee in satisfaction in whole or in part, of any Sinking Fund Installment, as more fully provided in Section A-502 and Section B-501 of the TBTA PMT Resolution, respectively.

**SECTION 702. Enforcement of MTA Financing Agreement Collections and Application of PMT Receipts.**

(a) If for any reason, other than there being an insufficient amount of PMT Receipts deposited or required to be deposited into the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount for such purpose, MTA or TBTA shall fail to make the deposits and transfers hereunder, or shall fail to observe or perform any other covenant, condition or agreement on its part to be observed or performed, the Applicable Trustee as provided below shall, if such default has not been cured, have the right to institute any action in the nature of mandamus or take whatever action at law or in equity may appear necessary or desirable to collect the payments then due or thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant hereunder.

(b) On and after any Applicable Debt Service Payment Date on which the principal or Redemption Price of and interest on any MTA Senior Lien Obligation and/or TBTA Senior Lien Obligation has not been paid in full, and, if the MTA does not diligently pursue the collection of any moneys due to the MTA pursuant to the terms of this Financing Agreement, or on or after the date when the MTA or TBTA shall fail to observe or perform any other covenant, condition or agreement on its part to be observed or performed hereunder, the MTA and TBTA agree that the TBTA Senior Lien Trustee or the MTA Senior Lien Trustee who has the larger principal amount of Senior Lien Obligations outstanding may pursue, in accordance with the terms and provisions

of the TBTA PMT Resolution and the MTA PMT Resolution, the collection and application of such amounts on behalf of the MTA or the performance of any such covenant, condition or agreement.

(c) On and after any Applicable Debt Service Payment Date on which the principal or Redemption Price of and interest on all MTA Senior Lien Obligations and TBTA Senior Lien Obligations has been paid in full, but on which the principal or Redemption Price of and interest on any MTA Second Lien Obligation and/or TBTA Second Lien Obligation has not been paid in full, and, if the MTA does not diligently pursue the collection of any moneys due to the MTA pursuant to the terms of this Financing Agreement, or, thereafter, the MTA or TBTA shall fail to observe or perform any other covenant, condition or agreement on its part to be observed or performed hereunder, the MTA and TBTA agree that the TBTA Second Lien Trustee or the MTA Second Lien Trustee who has the larger principal amount of bonds outstanding may pursue, in accordance with the terms and provisions of the TBTA PMT Resolution and the MTA PMT Resolution, the collection and application of such amounts on behalf of the MTA or the performance of any such covenant, condition or agreement.

(d) The remedies conferred upon or reserved under Section 7.02(a) hereof in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; *provided, however*, that such remedy or remedies may in no event include a termination of this Financing Agreement, nor may they include any amendment, change, modification or alteration of this Financing Agreement that is inconsistent with Section 7.05 hereof.

(e) MTA and TBTA shall promptly notify each Applicable Trustee in writing that an event of default has occurred under the MTA PMT Resolution and the TBTA PMT Resolution, respectively. MTA also agrees that upon the occurrence of an event of default described in the preceding sentence, PMT Receipts will be available on an equitable basis among the Applicable Trustees in the priority and order established under this Financing Agreement.

**SECTION 703. Information Concerning the MTA.** Whenever TBTA shall issue TBTA PMT Indebtedness under the TBTA PMT Resolution, the MTA shall provide and certify, or cause to be provided and certified, to TBTA any information concerning the MTA and the PMT Receipts as TBTA shall reasonably request and determine is necessary or desirable for inclusion in the official statement or other offering document relating to the sale of such TBTA PMT Indebtedness.

The MTA hereby covenants and agrees that it will provide the annual operating and financial information required by Rule 15(c)2-12 of the United States Securities and Exchange Commission to the extent such Rule is applicable to the TBTA Obligations and TBTA Second Lien Obligations.

**SECTION 704. Termination of this Financing Agreement.** This Financing Agreement shall remain in full force and effect until the date on which the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the MTA PMT Indebtedness and the TBTA PMT Indebtedness shall have been fully paid and discharged or provision for the payment

and discharge thereof shall have been made as provided in the MTA PMT Resolution and the TBTA PMT Resolution, respectively.

**SECTION 705. Amendment of this Financing Agreement.**

(a) Subject in all respects to compliance with the provisions of Section 605 of the MTA PMT Resolution and Section 603 of the TBTA PMT Resolution, this Financing Agreement may be supplemented, amended or modified by a Supplemental Financing Agreement executed by the MTA and TBTA for any reason, including, without limitation, to reflect legislative amendments to any of the statutory provisions referenced herein; *provided, however*, that no such supplement, amendment or modification shall materially adversely affect the interest of the Owners of MTA PMT Indebtedness or Owners of TBTA PMT Indebtedness unless and until (i) there shall have been filed with each Applicable Trustee the written consents of the Owners of the percentage of Outstanding MTA Obligations and TBTA Obligations and/or MTA Second Lien Obligations and TBTA Second Lien Obligations affected by such Supplemental Financing Agreement as provided in the applicable MTA PMT Resolution and/or TBTA PMT Resolution, (ii) if the consent of any Applicable Trustee is required, such Applicable Trustee has consented thereto, and (iii) an executed copy of such Supplemental Financing Agreement certified by an Authorized Officer of MTA and/or TBTA, as applicable, shall have been filed with each Applicable Trustee.

(b) MTA shall furnish written notice to each of the Rating Agencies (to the extent each of them has a rating outstanding on any affected MTA PMT Indebtedness and/or TBTA PMT Indebtedness) of any amendment of this Financing Agreement.

**SECTION 706. Assignment of Financing Agreement.** This Financing Agreement may not be assigned, except to the Applicable Trustees, by either party without the written consent of the other party.

**SECTION 707. Severability.** If any one or more of the covenants, stipulations, promises, obligations or agreements provided herein on the part of any of the parties hereto to be performed should be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, obligation or obligations, or agreement or agreements shall be null and void, shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, obligations and agreements and shall in no way affect the validity of the other provisions hereof.

**SECTION 708. Disclaimer of Personal Liability.** No recourse shall be had against or liability incurred by any member, officer or employee of the MTA or TBTA or any Person executing this Financing Agreement for failure to observe, perform or comply with any covenant or provision hereof or for any claims based thereon.

**SECTION 709. Information Regarding Accounts and Subaccounts.** The MTA agrees to advise TBTA, and, if requested by TBTA, the Applicable Trustees, on or prior to 10:00 A.M., New York City time, on the last Business Day of each month and at such other times as TBTA or the Applicable Trustees shall request, of the amounts then on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount.



**SECTION 710. Notices.** All notices or other instruments required to be given or authorized to be given by any party pursuant to this Financing Agreement shall be in writing and shall be delivered by hand against written receipt therefor or sent by registered or certified mail addressed (i) in the case of MTA to it at 2 Broadway, New York, New York 10004 Attn: Chairman, with a copy to the MTA's General Counsel at the same address, (ii) in the case of TBTA to it at 2 Broadway, New York, New York 10004 Attn: President, with a copy to TBTA's General Counsel at the same address, and (iii) in the case of the Applicable Trustees, to the addresses provided in writing to TBTA and the MTA. The parties may from time to time designate other representatives or other addresses with respect to receipt of notices.

**SECTION 711. Section Headings.** All headings preceding the text of the several sections hereof, and any table of contents appended to copies hereof shall be solely for convenience or reference and shall not constitute a part hereof nor shall they affect its meaning, construction or effect.

**SECTION 712. Counterparts.** This Financing Agreement may be executed in several counterparts, each of which shall be deemed to be an original but such counterparts together shall constitute one and the same instrument.

**SECTION 713. Governing Law.** This Financing Agreement shall be governed by and construed in accordance with the laws of the State of New York.

**SECTION 714. Effectiveness of this Financing Agreement.** Subject to the provisions of subsection 2 of Section 401 hereof, the provisions of this Financing Agreement shall be effective upon execution and delivery thereof by MTA and TBTA.

**SECTION 715. Conflicts with MTA PMT Resolution and TBTA PMT Resolution.** The MTA and TBTA each acknowledge and agree that, in the event of any conflict between any of the provisions of this Financing Agreement and any of the provisions of the MTA PMT Resolution or the TBTA PMT Resolution, the provisions of this Financing Agreement shall be controlling.

**SECTION 716. Applicable Trustees are Third Party Beneficiaries Hereunder.** Subject to their respective rights and responsibilities as trustees for Senior Lien Obligations and Second Lien Obligations, each of the MTA Senior Lien Trustee, MTA Subordinate Lien Trustee, TBTA Senior Lien Trustee and TBTA Subordinate Lien Trustee are hereby designated as third party beneficiaries hereunder to the extent necessary to exercise their rights and responsibilities under the MTA PMT Resolution and the TBTA PMT Resolution, respectively. In the event of enforcement in connection with Senior Lien Obligations, the MTA Senior Lien Trustee or the TBTA Senior Lien Trustee that at the time of enforcement has the larger principal amount of Senior Lien Obligations outstanding shall have the right of first refusal to exercise such rights and responsibilities. In the event that there are no Senior Lien Obligations outstanding or the MTA Senior Lien Trustee and the TBTA Senior Lien Trustee have decided not to exercise such right and responsibilities, the MTA Second Lien Trustee or the TBTA Senior Lien Trustee that at the time of enforcement has the larger principal amount of Second Lien Obligations outstanding shall have the right of first refusal to exercise such rights and responsibilities.

**IN WITNESS WHEREOF**, the parties hereto have set their hands as of the date first above written.

**METROPOLITAN TRANSPORTATION  
AUTHORITY**

By /s/ Patrick J. McCoy  
Title: Authorized Officer

**TRIBOROUGH BRIDGE AND TUNNEL  
AUTHORITY**

By /s/ Patrick J. McCoy  
Title: Authorized Officer