

May 31, 2019

**Supplement To Remarketing Circular Dated May 24, 2019**  
**Relating to**  
**\$50,000,000**  
**METROPOLITAN TRANSPORTATION AUTHORITY**  
**Transportation Revenue Variable Rate Bonds,**  
**Subseries 2012A-2**

The Remarketing Circular dated May 24, 2019 (the Remarketing Circular) for the above-referenced Bonds is hereby supplemented to (i) delete the paragraph appearing on page 8 under the heading “PART I. SUBSERIES 2012A-2 BONDS – DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS – Terms Relating to the Weekly Mode – *Inadequate Funds for Tender*” in its entirety, (ii) delete the paragraph appearing on page 5-7 of Attachment 5 under the heading “Section 3. Interest Rate Provisions – Interest Rate in the Event of Inadequate Funds for Purchase” in its entirety, and (iii) update “PART I. SUBSERIES 2012A-2 BONDS – DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS – Source of Funds for Purchase of Subseries 2012A-2 Bonds” appearing on page 13 by replacing the last sentence thereunder in its entirety with the following:

In the case of such failure, such Subseries 2012A-2 Bonds will not be purchased and will remain in the Weekly Mode bearing interest at the Maximum Rate until another rate is determined through Clarity or such Subseries 2012A-2 Bonds are purchased.

---

**Please affix this Supplement to the Remarketing Circular that you have in your possession and forward this Supplement to any party to whom you delivered a copy of the Remarketing Circular.**

*On June 3, 2019 (the Mandatory Tender Date), Metropolitan Transportation Authority (MTA) is effectuating a mandatory tender for the purchase and remarketing of the currently outstanding Transportation Revenue Variable Rate Bonds, Subseries 2012A-2 (the Subseries 2012A-2 Bonds). On the Mandatory Tender Date (i) the Subseries 2012A-2 Bonds will be subject to mandatory tender at a purchase price equal to the principal amount thereof; (ii) the Subseries 2012A-2 Bonds will be converted from a Term Rate Mode to a Weekly Mode bearing interest at a Weekly Rate determined through the Clarity BidRate Alternative Trading System<sup>TM</sup> (Clarity) after the initial rate set by the Initial Remarketing Agent; (iii) Bank of Montreal, acting through its Chicago Branch, will issue an irrevocable direct-pay letter of credit providing credit enhancement and liquidity support for the Subseries 2012A-2 Bonds; (iv) the terms and provisions of the Subseries 2012A-2 Bonds will be amended and restated to reflect the terms and provisions described herein; and (v) the Subseries 2012A-2 Bonds will be remarketed at a price equal to the principal amount thereof. The Mandatory Tender Date is also an Interest Payment Date (as defined herein) for the Subseries 2012A-2 Bonds, and accrued interest to, but not including, the Mandatory Tender Date will be paid in accordance with customary procedures. See “REMARKETING PLAN” herein. For a discussion of certain federal and State income tax matters with respect to the Subseries 2012A-2 Bonds, see “TAX MATTERS” herein.*



**\$50,000,000**  
**METROPOLITAN TRANSPORTATION AUTHORITY**  
**Transportation Revenue Variable Rate Bonds,**  
**Subseries 2012A-2**

**Dated and accruing interest from: June 3, 2019**

**Due: November 15, 2041**

The Subseries 2012A-2 Bonds —

- are MTA’s special, not general, obligations, payable solely from the revenues of the transit and commuter systems and other sources pledged to bondholders as described in this remarketing circular, and
- are not a debt of the State or The City of New York or any other local government unit.

MTA has no taxing power.

The Subseries 2012A-2 Bonds constitute Variable Interest Rate Obligations and will bear interest in the Weekly Mode with the Weekly Rate determined through Clarity after the initial rate set by the Initial Remarketing Agent, as described herein. MTA reserves the right at any time to convert the interest rate on the Subseries 2012A-2 Bonds to a Commercial Paper Mode, Daily Mode, Fixed Rate Mode or Term Rate Mode or to change the party responsible for determination of the Weekly Rate. See “DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS” herein. **This remarketing circular (i) is intended to provide disclosure only to the extent the Subseries 2012A-2 Bonds remain in the Weekly Mode bearing interest at a Weekly Rate initially determined by the Initial Remarketing Agent and thereafter through Clarity, and (ii) speaks only as of the date of this document or as of certain earlier dates specified herein.**

The payment of principal of and interest on the Subseries 2012A-2 Bonds (with interest being calculated based upon 53 days of interest at a rate not to exceed 9% per annum based on a year of 365 days), and the payment of the Purchase Price (as defined herein) of the Subseries 2012A-2 Bonds, on any Purchase Date or Mandatory Purchase Date (each as defined herein) is supported by an irrevocable direct-pay letter of credit (the Credit Facility) issued by Bank of Montreal, acting through its Chicago Branch (the Credit Facility Issuer), pursuant to a Letter of Credit and Reimbursement Agreement dated as of June 1, 2019 (the Reimbursement Agreement), between MTA and the Credit Facility Issuer. The Credit Facility is scheduled to expire on June 2, 2022, unless extended or earlier terminated pursuant to its terms or the terms of the Reimbursement Agreement. See “DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS — Credit and Liquidity Facility” herein.

The Subseries 2012A-2 Bonds are subject to redemption prior to maturity and mandatory and optional tender prior to the expiration, termination or substitution of the Credit Facility as described herein. Payment of the Purchase Price is not an obligation of MTA. See “DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS — Credit and Liquidity Facility” herein.

The Subseries 2012A-2 Bonds are subject to the Book-Entry-Only System through the facilities of The Depository Trust Company.

---

**Price – 100%**

---

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 Subseries 2012A-2 Bonds. Investors are advised to read the entire remarketing circular, including all portions hereof included by specific cross-reference, to obtain information essential to making an informed decision.

**Siebert Cisneros Shank & Co., L.L.C.**  
 Initial Remarketing Agent

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**Metropolitan Transportation Authority**  
**2 Broadway, 20<sup>th</sup> Floor**  
**New York, New York 10004**  
**(212) 878-7000**  
**Website: [www.mta.info](http://www.mta.info)**

Patrick J. Foye ..... Chair and Chief Executive Officer  
Fernando Ferrer..... Vice Chair  
Andrew B. Albert..... Non-Voting Member  
Norman E. Brown..... Non-Voting Member  
Sarah E. Feinberg..... Member  
Randolph Glucksman..... Non-Voting Member  
Rhonda Herman ..... Member  
David R. Jones ..... Member  
Kevin Law ..... Member  
Michael Lynton..... Member  
David S. Mack ..... Member  
Susan G. Metzger..... Member  
Haeda B. Mihaltses ..... Member  
John Samuelsen..... Non-Voting Member  
Lawrence Schwartz..... Member  
Vincent Tessitore, Jr. .... Non-Voting Member  
Polly Trottenberg ..... Member  
Veronica Vanterpool..... Member  
Neal Zuckerman..... Member

---

Veronique Hakim..... Managing Director  
John N. Lieber ..... Chief Development Officer  
Robert E. Foran..... Chief Financial Officer  
Helene Fromm ..... Chief of Staff  
Thomas J. Quigley ..... General Counsel  
Patrick J. McCoy..... Director, Finance

ORRICK, HERRINGTON & SUTCLIFFE LLP  
New York, New York

BRYANT RABBINO LLP  
New York, New York

Co-Bond Counsel

PUBLIC RESOURCES ADVISORY GROUP, INC.  
New York, New York

ROCKFLEET FINANCIAL SERVICES, INC.  
New York, New York

Co-Financial Advisors

HAWKINS DELAFIELD & WOOD LLP  
New York, New York  
Special Disclosure Counsel

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

## SUMMARY OF TERMS

MTA has prepared this Summary of Terms to describe the specific terms of the Subseries 2012A-2 Bonds following a remarketing of such bonds as described herein under “REMARKETING PLAN”. The information in this remarketing circular, including the materials filed with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board and included by specific cross-reference as described herein, provides a more detailed description of matters relating to MTA and to the Transportation Revenue Bonds. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the Subseries 2012A-2 Bonds.

Issuer .....	Metropolitan Transportation Authority, a public benefit corporation of the State of New York.	
Bonds Being Remarketed .....	Transportation Revenue Variable Rate Bonds, Subseries 2012A-2 (the Subseries 2012A-2 Bonds).	
CUSIP Number* .....	59261A ZD2	
Denominations.....	\$100,000 and integral multiples of \$100,000 in excess thereof.	
Interest Payment Dates in Weekly Mode.....	The first Business Day of each month, commencing July 1, 2019.	
Tender and Redemption.....	See “DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS – Tender, Presentation and Purchase Provisions for the Subseries 2012A-2 Bonds During the Weekly Mode” and “– Redemption Provisions” in <b>Part I</b> .	
Maturity and Rate Mode.....	The Subseries 2012A-2 Bonds are Variable Interest Rate Obligations bearing interest in the Weekly Mode, as described herein, and mature on November 15, 2041.	
Alternative Trading System .....	After the initial rate is determined, the Weekly Rate shall be determined on each Rate Determination Date through an electronic bidding process system referred to as the “Clarity BidRate Alternative Trading System <sub>TM</sub> ” or “Clarity,” which bid process is described in <b>Attachment 5</b> – “Alternative Trading System; Bidding Procedures.”	
Sources of Payment and Security .....	MTA’s pledged transportation revenues from Transit and Commuter System operations, MTA Bus operations, MTA Bridges and Tunnels operating surplus, subsidies from State and local governmental entities and certain other sources, all as described in <b>Part II</b> .	
Credit Enhancement and Liquidity Support.....	The payment of principal of and interest on the Subseries 2012A-2 Bonds (with interest being calculated based upon 53 days of interest at a rate not to exceed 9% per annum based on a year of 365 days), and the payment of the Purchase Price of the Subseries 2012A-2 Bonds (as defined herein) on any Purchase Date or Mandatory Purchase Date (each as defined herein) are supported by an irrevocable direct-pay letter of credit (the Credit Facility) issued by Bank of Montreal, acting through its Chicago Branch (the Credit Facility Issuer), pursuant to a Letter of Credit and Reimbursement Agreement, dated as of June 1, 2019 (the Reimbursement Agreement), between MTA and the Credit Facility Issuer. The Credit Facility is scheduled to expire on June 2, 2022, unless extended or earlier terminated pursuant to its terms or the terms of the Reimbursement Agreement. See “DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS – Credit and Liquidity Facility” herein.	
Registration of the Subseries 2012A-2 Bonds .....	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.	
Trustee, Paying Agent and Tender Agent.....	The Bank of New York Mellon, New York, New York.	
Co-Bond Counsel .....	Orrick, Herrington & Sutcliffe LLP, New York, New York and Bryant Rabbino LLP, New York, New York.	
Special Disclosure Counsel .....	Hawkins Delafield & Wood LLP, New York, New York.	
Tax Status.....	See “TAX MATTERS” in <b>Part III</b> .	
Ratings.....	<u>Rating Agency</u>	<u>Rating/(Long-Term/Short-Term)</u>
	Moody’s:	Aa1/VMIG 1
	Standard & Poor’s:	AA+/A-1
	Fitch:	AA+/F1+
	See “RATINGS” in <b>Part III</b> .	
Co-Financial Advisors.....	Public Resources Advisory Group, Inc., New York, New York, and Rockfleet Financial Services, Inc., New York, New York.	
Initial Remarketing Agent .....	Siebert Cisneros Shank & Co., L.L.C., New York, New York.	
Counsel to the Initial Remarketing Agent.....	Norton Rose Fulbright US LLP, New York, New York.	
Market Agent.....	Arbor Research & Trading, LLC, New York, New York.	

\* The CUSIP number has been assigned by an organization not affiliated with MTA and is included solely for the convenience of the holders of the Subseries 2012A-2 Bonds. MTA is not responsible for the selection or uses of the CUSIP number, nor is any representation made as to its correctness on the Subseries 2012A-2 Bonds or as indicated above. The CUSIP number is subject to being changed after the remarketing of the Subseries 2012A-2 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Subseries 2012A-2 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Subseries 2012A-2 Bonds.

**SUMMARY OF TERMS RELATING TO WEEKLY MODE\***

INTEREST PAYMENT DATES AND CALCULATION PERIOD	The first Business Day of each month, commencing July 1, 2019, based on actual days elapsed over a 365-day year (366 days in years when February has 29 days).
RECORD DATE	The Business Day preceding an Interest Payment Date.
OWNERS' RIGHTS TO TENDER	Notice of tender may be submitted through Clarity at or prior to 4:00 p.m., New York City time, on any day other than a Rate Determination Date, and will be treated as being submitted on such day, and Subseries 2012A-2 Bonds will be purchased on the next succeeding Rate Effective Date. See "DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS – Terms Relating to the Weekly Mode" in <b>Part I</b> and <b>Attachment 5</b> herein.
NOTICE OF MODE CHANGE; MODE CHANGE DATE	Trustee to mail notice to Owners not later than 15 days before the Mode Change Date, which can be any Business Day.
NOTICE OF CHANGE OF PARTY RESPONSIBLE FOR DETERMINATION OF INTEREST RATE	Trustee to mail notice to Owners not later than 15 days before the date on which the party responsible for determination of the Weekly Rate interest rate changes, which can be any Business Day.
MANDATORY TENDER FOR PURCHASE	On each Mode Change Date, Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Tender Date, and Substitution Date and upon a change of the party responsible for determination of the Weekly Rate.
OPTIONAL REDEMPTION	On any Business Day.
RATE DETERMINATION DATE	Each Wednesday, unless such Wednesday is not a Business Day, in which case the rate will be set on the Business Day next preceding such Wednesday immediately following the Submission Deadline.
SUBMISSION DEADLINE	1:00 p.m. New York City time, on the Rate Determination Date, or as otherwise described in "DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS – Terms Relating to the Weekly Mode" in <b>Part I</b> and <b>Attachment 5</b> herein.
RATE PUBLICATION TIME	No later than 1:30 p.m. New York City time, on the Rate Determination Date.
RATE EFFECTIVE DATE	Thursday of each week (or the Business Day immediately following the Rate Determination Date if Thursday is not a Business Day).
MAXIMUM RATE	9% per annum.
ALTERNATIVE TRADING SYSTEM	The interest rate for each Rate Effective Date shall be established through an electronic bidding system process referred to as the "Clarity BidRate Alternative Trading System <sup>TM</sup> " or "Clarity," which bid process is described in <b>Attachment 5</b> – "Alternative Trading System; Bidding Procedures." Prospective holders must become "Subscribers" to Clarity by executing and delivering to the Market Agent a Subscriber Agreement, which is expected to be substantially in the form attached hereto as <b>Attachment 6</b> – "Form of Subscriber Agreement." Orders by Subscribers to purchase or continue to hold Subseries 2012A-2 Bonds specifying an interest rate equal to or lower than the Weekly Rate established through Clarity on each Rate Determination Date may be accepted, and if accepted shall require such Subscribers to purchase or continue to hold Subseries 2012A-2 Bonds, as the case may be. Orders specifying an interest rate higher than the Weekly Rate will be rejected, and Existing Holders submitting such bids will be required to sell their Subseries 2012A-2 Bonds.
TENDER AGENT'S ADDRESS	The Bank of New York Mellon 240 Greenwich Street, Floor 7-E New York, New York 10286 Attention: Global Corporate Trust - NY Muni Phone: (973) 247-4395 Fax: (732) 667-9205

\* So long as the Subseries 2012A-2 Bonds are registered in the name of Cede & Co., as Bondholder and Securities Depository Nominee of DTC, mechanics for tender and redemption will be in accordance with procedures established by DTC.

- 
- ***No Unauthorized Offer.*** This remarketing circular is not an offer to sell, or the solicitation of an offer to buy, the Subseries 2012A-2 Bonds in any jurisdiction where that would be unlawful. MTA has not authorized any dealer, salesperson or any other person to give any information or make any representation in connection with the remarketing of the Subseries 2012A-2 Bonds, except as set forth in this remarketing circular. No other information or representations should be relied upon.
  - ***No Contract or Investment Advice.*** This remarketing circular is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this remarketing circular, the Subseries 2012A-2 Bonds, and anything else related to this remarketing.
  - ***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 remarketing circular shall under any circumstances create any implication that there has been no change in MTA's affairs or in any other matters described herein since the date of this remarketing circular.
  - ***Forward-Looking Statements.*** Many statements contained in this remarketing circular, including the appendices and documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on MTA's beliefs, as well as assumptions made by, and information currently available to, the management and staff of MTA as of the date of this remarketing circular. 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," "assume," "estimate," "expect," "objective," "projection," "plan," "forecast," "goal," "budget" 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 remarketing circular. Neither MTA's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the forward-looking statements contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the forward-looking statements set forth in this remarketing circular, which is solely the product of MTA and its affiliates and subsidiaries as of the date of this remarketing circular, and the independent auditors assume no responsibility for its content. These forward-looking statements speak only as of the date of this remarketing circular.
  - ***Projections.*** The projections set forth in this remarketing circular were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of MTA's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of MTA. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this remarketing circular are cautioned not to place undue reliance on the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the prospective financial information set forth in this remarketing circular, which is solely the product of MTA and its affiliates and subsidiaries as of the date of this remarketing circular, and the independent auditors assume no responsibility for its content.
  - ***Independent Auditor.*** Deloitte & Touche LLP, MTA's independent auditor, has not reviewed, commented on or approved, and is not associated with, this remarketing circular. Deloitte & Touche LLP has not performed any procedures on the unaudited consolidated financial statements or other financial information of MTA contained or incorporated by reference in this remarketing circular.
  - ***No Guarantee of Information by Initial Remarketing Agent.*** The Initial Remarketing Agent has provided the following sentence for inclusion in this remarketing circular: The Initial Remarketing Agent has reviewed the information in this remarketing circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Initial



Remarketing Agent does not guarantee the accuracy or completeness of such information. The Initial Remarketing Agent does not make any representation or warranty, express or implied, as to

- the accuracy or completeness of information it has neither supplied nor verified,
  - the validity of the Subseries 2012A-2 Bonds, or
  - the tax-exempt status of the interest on the Subseries 2012A-2 Bonds.
- ***Overallotment and Stabilization.*** The Initial Remarketing Agent may over allot or effect transactions that stabilize or maintain the market price of the Subseries 2012A-2 Bonds at a level above that which might otherwise prevail in the open market. The Initial Remarketing Agent is not obligated to do this and is free to discontinue it at any time.
  - ***Credit Facility Issuer Information.*** Other than with respect to information concerning the Credit Facility Issuer contained in Attachment 4 herein, none of the information in this remarketing circular has been supplied or verified by the Credit Facility Issuer and the Credit Facility Issuer makes no representation or warranty, express or implied, as to the accuracy or completeness of information it has neither supplied nor verified, the validity of the Subseries 2012A-2 Bonds, or the tax-exempt status of the interest on the Subseries 2012A-2 Bonds.
  - ***Website Addresses.*** References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this remarketing circular for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof.
-

## TABLE OF CONTENTS

	<u>Page</u>
SUMMARY OF TERMS .....	iii
INTRODUCTION .....	1
MTA, MTA Bridges and Tunnels and Other Related Entities.....	1
Information Provided in the MTA Annual Disclosure Statement.....	2
Where to Find Information.....	2
PART I. SUBSERIES 2012A-2 BONDS .....	4
REMARKETING PLAN.....	4
DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS.....	4
General.....	4
Terms Relating to the Weekly Mode .....	6
Tender, Presentation and Purchase Provisions of the Subseries 2012A-2 Bonds During the Weekly Mode .....	8
Changes in Mode and Change of Party Responsible for Determination of Interest Rate .....	11
Remarketing of Subseries 2012A-2 Bonds .....	12
Source of Funds for Purchase of Subseries 2012A-2 Bonds .....	13
Delivery of Subseries 2012A-2 Bonds by the Market Agent.....	13
Delivery and Payment for Purchased Subseries 2012A-2 Bonds; Undelivered Subseries 2012A-2 Bonds .....	13
Special Considerations Relating to the Subseries 2012A-2 Bonds.....	14
Redemption Provisions .....	15
Amendments .....	16
Credit and Liquidity Facility.....	16
Summary of the Subscriber Agreement .....	19
Debt Service on the Bonds.....	20
PART II.....	22
SOURCES OF PAYMENT.....	22
Pledged Transportation Revenues Gross Lien .....	22
Description of Pledged Revenues .....	29
Factors Affecting Revenues .....	35
SECURITY.....	36
General.....	36
Pledge Effected by the Resolution .....	37
Flow of Revenues.....	37
Covenants.....	40
Parity Debt .....	41
PART III.....	42
TAX MATTERS .....	42
General .....	42
The Subseries 2012A-2 Bonds.....	42
Information Reporting and Backup Withholding.....	43
Miscellaneous.....	43
LEGALITY FOR INVESTMENT .....	44
LITIGATION .....	44
CO-FINANCIAL ADVISORS.....	44
INITIAL REMARKETING .....	45
RATINGS.....	45
LEGAL MATTERS .....	46
CONTINUING DISCLOSURE .....	46
FURTHER INFORMATION .....	48

<b>Attachment 1</b> –	Book-Entry-Only System
<b>Attachment 2</b> –	Continuing Disclosure Under SEC Rule 15c2-12
<b>Attachment 3</b> –	Forms of Opinions of Prior Bond Counsel and Co-Bond Counsel
<b>Attachment 4</b> –	Certain Information Relating to the Credit Facility Issuer
<b>Attachment 5</b> –	Alternative Trading System; Bidding Procedures
<b>Attachment 6</b> –	Form of Subscriber Agreement

**Information Included by Specific Cross-reference.** The following portions of MTA’s 2019 Combined Continuing Disclosure Filings, dated April 30, 2019, filed with the Electronic Municipal Market Access system (EMMA) of the Municipal Securities Rulemaking Board (MSRB), are included by specific cross-reference in this remarketing circular, along with material that updates this remarketing circular and that is filed with EMMA prior to the delivery date of the Subseries 2012A-2 Bonds, together with any supplements or amendments thereto:

- **Part I** – MTA Annual Disclosure Statement (the **MTA Annual Disclosure Statement** or **ADS**)
- **Appendix B** – Unaudited Consolidated Financial Statements of Metropolitan Transportation Authority for the Years Ended December 31, 2018 and 2017

The following documents have also been filed with EMMA and are included by specific cross-reference in this remarketing circular:

- Summary of Certain Provisions of the Transportation Resolution
- Definitions and Summary of Certain Provisions of the Standard Resolution Provisions
- Form of the Interagency Agreement

For convenience, copies of most of these documents can be found on the MTA website ([www.mta.info](http://www.mta.info)) under the caption “MTA Info–Financial Information–Budget and Financial Statements”. No statement on MTA’s website is included by specific cross-reference herein. See “FURTHER INFORMATION” in **Part III**. Definitions of certain terms used in the summaries may differ from terms used in this remarketing circular, such as the use herein of the popular names of the MTA affiliates and subsidiaries.

*MTA filed its 2019 Combined Continuing Disclosure filings with EMMA on April 30, 2019, including, in compliance with Rule 15c2-12, its Unaudited Consolidated Financial Statements for the years ended December 31, 2018 and 2017. The Audited Consolidated Financial Statements for the years ended December 31, 2018 and 2017 are expected to be filed with EMMA upon receipt and approval thereof.*

Deloitte & Touche LLP has not reviewed, commented on or approved, and is not associated with, this remarketing circular. Deloitte & Touche LLP has not performed any procedures on the unaudited consolidated financial statements or other financial information of MTA contained or incorporated by reference in this remarketing circular.

## INTRODUCTION

### MTA, MTA Bridges and Tunnels and Other Related Entities

The Metropolitan Transportation Authority (MTA) was created by special New York State (the State) legislation in 1965, as 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.” MTA is governed by board members appointed by the Governor, with the advice and consent of the State Senate.

MTA has responsibility for developing and implementing a single, integrated mass transportation policy for MTA’s service region (the MTA Commuter Transportation District or MCTD), which consists of New York City (the 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 and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority; the Staten Island Rapid Transit Operating Authority; The Long Island Rail Road Company; the Metro-North Commuter Railroad Company; the MTA Bus Company; and the MTA Capital Construction Company. MTA issues debt obligations to finance a substantial portion of the capital costs of these systems.

Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels), another affiliate of MTA, is a public benefit corporation empowered to construct and operate toll bridges and tunnels and other public facilities in the City. MTA Bridges and Tunnels issues debt obligations to finance the capital costs of its facilities and is empowered to issue debt obligations to finance the capital costs of the Transit and Commuter Systems operated by other affiliates and subsidiaries of MTA. In the last ten years, MTA Bridges and Tunnels has not issued new money bonds to finance capital projects for the benefit of the Transit and Commuter Systems, and currently has no plans to do so in the future. MTA Bridges and Tunnels’ surplus amounts are used to fund certain transit and commuter operations and capital projects.

The board members of MTA serve as the board members of MTA’s affiliates and subsidiaries, which, together with MTA, are referred to herein as the Related Entities. MTA and the other Related Entities are described in detail in **Part I** – MTA Annual Disclosure Statement of MTA’s 2019 Combined Continuing Disclosure Filings (the **MTA Annual Disclosure Statement** or **ADS**), which is included by specific cross-reference in this remarketing circular.

The following table sets forth the legal and popular names of the Related Entities. Throughout this remarketing circular, reference to each agency will be made using the popular names.

<u>Legal Name</u>	<u>Popular Name</u>
Metropolitan Transportation Authority	MTA
New York City Transit Authority	MTA New York City Transit
Manhattan and Bronx Surface Transit Operating Authority	MaBSTOA
Staten Island Rapid Transit Operating Authority	MTA Staten Island Railway
MTA Bus Company	MTA Bus
The Long Island Rail Road Company	MTA Long Island Rail Road
Metro-North Commuter Railroad Company	MTA Metro-North Railroad
MTA Capital Construction Company	MTA Capital Construction
Triborough Bridge and Tunnel Authority	MTA Bridges and Tunnels

Capitalized terms used herein and not otherwise defined have the meanings provided in the **ADS** or the Transportation Resolution.

## Information Provided in the MTA Annual Disclosure Statement

From time to time, the Governor, the State Comptroller, the Mayor of the City, the City Comptroller, County Executives, State legislators, City Council members and other persons or groups may make public statements, issue reports, institute proceedings or take actions that contain predictions, projections or other information relating to the Related Entities or their financial condition, including potential operating results for the current fiscal year and projected baseline surpluses or gaps for future years, that may vary materially from, question or challenge the information provided in the ADS. Investors and other market participants should, however, refer to MTA's then current continuing disclosure filings, official statements, remarketing circulars and offering memoranda for information regarding the Related Entities and their financial condition.

### Where to Find Information

**Information in this Remarketing Circular.** This remarketing circular is organized as follows:

- This **Introduction** provides a general description of MTA, MTA Bridges and Tunnels and the other Related Entities.
- **Part I** provides specific information about the Subseries 2012A-2 Bonds.
- **Part II** describes the sources of payment and security for all Transportation Revenue Bonds, including the Subseries 2012A-2 Bonds.
- **Part III** provides miscellaneous information relating to the Subseries 2012A-2 Bonds.
- **Attachment 1** sets forth certain provisions applicable to the book-entry-only system of registration to be used for the Subseries 2012A-2 Bonds.
- **Attachment 2** sets forth a summary of certain provisions of a continuing disclosure agreement relating to the Subseries 2012A-2 Bonds.
- **Attachment 3-1** is the form of opinion of Nixon Peabody LLP delivered in connection with the original issuance of the Subseries 2012A-2 Bonds.
- **Attachment 3-2** is the form of opinion of Nixon Peabody LLP delivered in connection with the May 15, 2014 remarketing of the Subseries 2012A-2 Bonds.
- **Attachment 3-3** is the form of opinions of Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP delivered in connection with the remarketing of the Subseries 2012A-2 Bonds on May 16, 2016.
- **Attachment 3-4** is the form of opinions of Co-Bond Counsel, Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP, to be delivered in connection with the remarketing of the Subseries 2012A-2 Bonds.
- **Attachment 4** sets forth certain information with respect to the Credit Facility Issuer.
- **Attachment 5** sets forth a summary of the Alternative Trading System bidding procedures.
- **Attachment 6** is the form of the Subscriber Agreement.

**Information Included by Specific Cross-reference** in this remarketing circular and identified under the caption "Information Included by Specific Cross-reference" following the Table of Contents may be obtained, as described below, from the MSRB and from MTA.

**Information from the MSRB through EMMA.** MTA files annual and other information with EMMA. Such information can be accessed at <http://emma.msrb.org/>.

***Information Included by Specific Cross-reference.*** The information listed under the caption “Information Included by Specific Cross-reference” following the Table of Contents, as filed with the MSRB through EMMA to date, is “included by specific cross-reference” in this remarketing circular. 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 remarketing circular. **This remarketing circular, which includes the specified portions of those filings, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Subseries 2012A-2 Bonds.**

***Information Available at No Cost.*** Information filed with the MSRB through EMMA is also available, at no cost, on MTA’s website or by contacting MTA, Attn.: Finance Department, at the address on page (i). For important information about MTA’s website, see “FURTHER INFORMATION” in **Part III**.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

## PART I. SUBSERIES 2012A-2 BONDS

**Part I** of this remarketing circular, together with the Summary of Terms, provides specific information about the Subseries 2012A-2 Bonds.

### REMARKETING PLAN

On June 3, 2019 (the Mandatory Tender Date), MTA is effectuating a mandatory tender of the Subseries 2012A-2 Bonds. On the Mandatory Tender Date, (i) the Subseries 2012A-2 Bonds will be subject to mandatory tender for purchase at a purchase price equal to the principal amount thereof; (ii) the Subseries 2012A-2 Bonds will be converted from a Term Rate Mode to a Weekly Mode with the Weekly Rate determined through Clarity after the initial rate set by the Initial Remarketing Agent; and (iii) Bank of Montreal, acting through its Chicago Branch (the Credit Facility Issuer), will issue an irrevocable direct-pay letter of credit (the Credit Facility) providing for payment of the principal of and interest on, and the payment of Purchase Price (as defined herein) of the Subseries 2012A-2 Bonds. The Mandatory Tender Date is also an Interest Payment Date for the Subseries 2012A-2 Bonds, and accrued interest to, but not including, the Mandatory Tender Date will be paid in accordance with customary procedures.

MTA is further amending and restating the Certificate of Determination delivered in connection with the issuance and subsequent remarketing of the Subseries 2012A-2 Bonds, pursuant to the supplemental resolution relating to the Subseries 2012A-2 Bonds, to (i) reflect the issuance of the Credit Facility, and (ii) modify the terms and provisions of the Subseries 2012A-2 Bonds to reflect the terms and provisions described herein, including the provisions relating to the Alternative Trading System and bidding procedures set forth in **Attachment 5** herein. By acceptance of a confirmation of purchase of the Subseries 2012A-2 Bonds, each beneficial owner will be deemed to have acknowledged that the amendments to the Certificate of Determination reflecting the terms and provisions of the Subseries 2012A-2 Bonds described herein will be applicable to such Subseries 2012A-2 Bonds.

The Subseries 2012A-2 Bonds are being remarketed by the Initial Remarketing Agent at a price that is not in excess of the price on the cover of this remarketing circular. The obligations of the Initial Remarketing Agent to remarket the Subseries 2012A-2 Bonds are subject to certain terms and conditions set forth in the Firm Remarketing Agreement with MTA. After the initial interest rate set by the Initial Remarketing Agent, the Weekly Rate will be determined through Clarity, subject to certain terms and conditions set forth in the Market Agent Agreement with MTA and **Attachment 5** herein.

### DESCRIPTION OF THE SUBSERIES 2012A-2 BONDS

#### General

**Record Date.** The Record Date for the payment of principal of and interest on the Subseries 2012A-2 Bonds will be the first Business Day preceding each Interest Payment Date.

**Variable Rate Bonds.** The Subseries 2012A-2 Bonds mature on November 15, 2041, and constitute Variable Interest Rate Obligations. The Subseries 2012A-2 Bonds will initially bear interest at a rate determined on May 31, 2019, effective from and including June 3, 2019, through and including June 5, 2019, and thereafter will bear interest in the Weekly Mode at the rates determined through Clarity, as described below. **This remarketing circular is intended to provide disclosure only to the extent the Subseries 2012A-2 Bonds remain in the Weekly Mode with the Weekly Rate initially determined by the Initial Remarketing Agent and thereafter through Clarity. In the event MTA elects to convert the Subseries 2012A-2 Bonds to a different Mode or elects for the interest rate to be determined by a party other than Clarity, it expects to circulate a revised disclosure document relating thereto.**

Interest on the Subseries 2012A-2 Bonds is paid in arrears and is computed upon the basis of a 365-day year (366 in years when February has 29 days), for the number of days actually elapsed. The maximum rate of interest on the Subseries 2012A-2 Bonds (other than Bank Bonds, as hereinafter described) at any time, whether before or after the maturity thereof, is equal to the lesser of the maximum rate permitted by law and 9% per annum (the Maximum Rate). Currently, there is no maximum rate of interest under State law applicable to the Subseries 2012A-2 Bonds. “Bank Bonds” are Subseries 2012A-2 Bonds purchased by the Credit Facility Issuer as a result of a draw on the related Credit Facility, or any replacement thereof, to pay the principal amount plus accrued interest (if the Purchase Date is not an Interest Payment Date) on any Subseries 2012A-2 Bonds that have been tendered and not remarketed and may bear interest at a rate of up to 25% per annum.

MTA has appointed Siebert Cisneros Shank & Co., L.L.C. as Initial Remarketing Agent in connection with the initial remarketing of the Subseries 2012A-2 Bonds. MTA has appointed Arbor Research & Trading, LLC as Market Agent for the Subseries 2012A-2 Bonds. The Market Agent’s address and contact information is as follows: Arbor Research & Trading, LLC, 10 East 40<sup>th</sup> Street, 13<sup>th</sup> Floor, New York, New York 10016 Attention: Robert Novembre, Phone: 212-867-9819, Fax: 212-867-8529, Email:[notifications@claritybid.com](mailto:notifications@claritybid.com), [rob.novembre@claritybid.com](mailto:rob.novembre@claritybid.com)

***Payment of Subseries 2012A-2 Bonds Purchase Price.*** The payment of principal of and interest on the Subseries 2012A-2 Bonds, and the Purchase Price of the Subseries 2012A-2 Bonds on any Purchase Date, is supported by the Credit Facility issued by the Credit Facility Issuer, pursuant to a Letter of Credit and Reimbursement Agreement dated as of June 1, 2019 (the Reimbursement Agreement), between MTA and the Credit Facility Issuer. For more information relating to the Credit Facility Issuer, see **Attachment 4**.

After the initial rate period, the Purchase Price of the Subseries 2012A-2 Bonds is payable solely from the proceeds of the remarketing of the Subseries 2012A-2 Bonds and from the proceeds from draws under the Credit Facility. Although MTA has the option to purchase Subseries 2012A-2 Bonds that have not been sold in the bid process or remarketed nor paid from amounts drawn under a Credit Facility, it is not obligated to do so. Payment of the Purchase Price is not an obligation of MTA, the Trustee, the Tender Agent, or the Market Agent and failure to make that payment will not constitute an Event of Default under the Transportation Resolution. See “—Source of Funds for Purchase of Subseries 2012A-2 Bonds” below.

The Credit Facility is scheduled to expire on June 2, 2022 (the Expiration Date), unless extended or earlier terminated in accordance with its terms or the terms of the Reimbursement Agreement. The Subseries 2012A-2 Bonds will be subject to mandatory tender for purchase on the second Business Day preceding the Expiration Date. See “Tender, Presentation and Purchase Provisions of the Subseries 2012A-2 Bonds During the Weekly Mode – *Mandatory Purchase Upon Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Tender Date and Substitution Date*” below.

***Credit and Liquidity Enhancement.*** The Credit Facility is an irrevocable direct-pay letter of credit that provides for payment of the principal of and interest on, and the Purchase Price for, the Subseries 2012A-2 Bonds when due. See “Credit and Liquidity Facility” below.

***Credit Facility Draw Procedures.*** The Market Agent will, at or before 11:45 a.m., New York City time, on the Purchase Date or Mandatory Purchase Date, as the case may be, notify MTA, the Trustee and the Tender Agent by Electronic Means of the amount of tendered Subseries 2012A-2 Bonds that were not successfully remarketed, and confirm to the Trustee and the Tender Agent the transfer of the Purchase Price of remarketed Subseries 2012A-2 Bonds to the Tender Agent in immediately available funds.

The Trustee will draw on the Credit Facility, in accordance with the terms thereof, by 12:00 noon, New York City time, on the Purchase Date or Mandatory Purchase Date, as the case may be, in an amount equal to the Purchase Price of all of the Subseries 2012A-2 Bonds tendered or deemed tendered less the aggregate amount of remarketing proceeds confirmed to the Trustee and the Tender Agent as of 11:45 a.m.,



New York City time by the Market Agent and will cause the proceeds of such draw to be transferred to the Tender Agent by no later than 2:30 p.m., New York City time, to enable the Tender Agent to pay the Purchase Price of Subseries 2012A-2 Bonds tendered or deemed tendered. Notwithstanding the foregoing, the Trustee will draw on the Credit Facility in an amount equal to the Purchase Price of all of the Subseries 2012A-2 Bonds tendered or deemed tendered for purchase on each Purchase Date or Mandatory Purchase Date, as the case may be, if it does not receive a confirmation from the Market Agent pursuant to the preceding paragraph.

At or before 3:00 p.m., New York City time, on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Tender Agent will purchase the tendered Subseries 2012A-2 Bonds from the Owners thereof.

**Interest Payments.** Interest on the Subseries 2012A-2 Bonds is payable on the first Business Day of each month, commencing July 1, 2019. So long as DTC is the sole registered owner of all of the Subseries 2012A-2 Bonds, all interest payments will be made to DTC by wire transfer of immediately available funds, and DTC's participants will be responsible for payment of interest to beneficial owners.

**Book-Entry-Only System.** The Subseries 2012A-2 Bonds will be registered in the name of The Depository Trust Company, New York, New York, or its nominee (together, DTC), which will act as securities depository for the Subseries 2012A-2 Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$100,000 or any integral multiple of \$100,000 in excess thereof (Authorized Denominations). So long as DTC is the registered owner of the Subseries 2012A-2 Bonds, all payments on the Subseries 2012A-2 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 1** – “Book-Entry-Only System.”

**Transfers and Exchanges.** So long as DTC is the securities depository for the Subseries 2012A-2 Bonds, it will be the sole registered owner of the Subseries 2012A-2 Bonds, and transfers of ownership interests in the Subseries 2012A-2 Bonds will occur through the DTC Book-Entry-Only System.

**Trustee, Paying Agent and Tender Agent.** The Bank of New York Mellon, New York, New York, is Trustee, Paying Agent and Tender Agent with respect to the Subseries 2012A-2 Bonds.

## **Terms Relating to the Weekly Mode**

This section, “Terms Relating to the Weekly Mode,” is a summary of Clarity’s bidding process; see **Attachment 5** – “Alternative Trading System; Bidding Procedures” for a complete description. Certain words or terms used in this section are defined in **Attachment 5** – “Alternative Trading System; Bidding Procedures,” and reference thereto is made for such definitions. To have direct electronic trading access to Clarity, prospective holders must become “Subscribers” to Clarity by executing and delivering to the Market Agent a Subscriber Agreement, which is expected to be substantially in the form attached hereto as **Attachment 6** – “Form of Subscriber Agreement.” See “Summary of the Subscriber Agreement” below and **Attachment 6**. In addition to the information presented in this remarketing circular concerning Clarity, more information regarding the Market Agent and Clarity can be found at <http://www.claritybid.com>. Such website is not maintained by MTA and no information from such website is incorporated by reference in this remarketing circular.

**Determination of Interest Rate in the Weekly Mode through Clarity.** The initial rate for the Subseries 2012A-2 Bonds will be set by the Initial Remarketing Agent pursuant to the initial reoffering. Thereafter, the Subseries 2012A-2 Bonds will be remarketed in the Weekly Mode with the Weekly Rate determined through Clarity on each Rate Determination Date.

The interest rate will be established through Clarity’s bidding process on each Wednesday or, if such Wednesday is not a Business Day, the Business Day next preceding such Wednesday (the Rate Determination

Date or Bid Process Date) and be effective on Thursday (the Rate Effective Date) and shall continue in effect through the following Wednesday (the Interest Rate Period), provided that if any Subseries 2012A-2 Bonds subject to a Weekly Mode shall be converted to another Mode prior to such Wednesday or if the party responsible for determining the Weekly Rate on any Subseries 2012A-2 Bonds in the Weekly Mode is changed, such Interest Rate Period for such Subseries 2012A-2 Bonds shall continue in effect only until the day preceding the Mode Change Date or the date the party responsible for determining the interest rate is changed, as applicable. Subscribers and Existing Holders may submit Orders until 1:00 p.m., New York time (the Submission Deadline), on any Bid Process Date.

The Weekly Rate determined through Clarity will be the lowest interest rate at which the entire principal amount of the Subseries 2012A-2 Bonds would be sold. All Owners will receive such Weekly Rate. Such Weekly Rate shall not exceed the Maximum Rate for Subseries 2012A-2 Bonds that are not Bank Bonds.

If the interest rate determined through Clarity is held to be invalid or unenforceable by a court of law or if a Market Disruption Event occurs in connection with a Bid Process Date, then the interest rate for the applicable Interest Rate Period will be equal to the interest rate for the immediately preceding Interest Rate Period.

In addition, the bid process and rate reset mechanism effected on any given day may, but shall not be required to, be re-run in the event of a Compromised Bid Process (as defined in Attachment 5), which may result in a rate being set as the Weekly Rate that is different than the bid process results and different than the rate which may otherwise have been the Weekly Rate. In the event of a Compromised Bid Process where the Market Agent determines, in its reasonable sole discretion, to conduct a Bid Process Re-Opening, the Market Agent will endeavor to notify all Subscribers of the Bid Process Re-Opening. For purposes hereof, a "Bid Process Re-Opening" shall result in the re-bidding of the Bonds within approximately sixty (60) minutes from the time the Market Agent determines to conduct a Bid Process Re-Opening. Upon the occurrence of a re-bidding of the Subseries 2012A-2 Bonds, Subscribers may place new, or modify existing, Orders on such Subseries 2012A-2 Bonds. In such instances, the term "Submission Deadline" as used herein shall be deemed a reference to the new Submission Deadline established by the Market Agent in connection with the re-bidding process.

**Types of Orders.** Prior to the Submission Deadline on each Bid Process Date, any Subscriber may submit through Clarity a Bid To Roll Order, a Bid To Buy Order, or a Sell Order. A Bid To Buy Order may be submitted on a Good Until Cancelled basis, which will remain in effect until executed or cancelled by the Subscriber; a Bid To Roll Order may be submitted on a Good Until Cancelled basis, which will remain in effect until cancelled by the Subscriber. In the event an Existing Holder fails to submit Bid To Roll or Sell Orders on a Bid Process Date for the entire principal amount of Subseries 2012A-2 Bonds held by such Existing Holder, the Existing Holder will have a Hold-Auto Order submitted on its behalf for a principal amount of Subseries 2012A-2 Bonds for which Orders by such Existing Holder have not been submitted, and the Hold-Auto Order will contain a rate equal to the rate set forth in the most recent Bid To Buy Order or Bid To Roll Order submitted by such Existing Holder, regardless of the principal amount of Subseries 2012A-2 Bonds set forth in such Bid To Buy Order or Bid To Roll Order, which resulted in an award of Subseries 2012A-2 Bonds to such Existing Holder. Clarity anticipates sending Existing Holders one or more notices that such Existing Holder has not submitted Orders on a Bid Process Date for the entire principal amount of Subseries 2012A-2 Bonds held by such Existing Holder, and that a Hold-Auto Order will be submitted unless the Existing Holder submits Orders for the entire principal amount of Subseries 2012A-2 Bonds held by such Existing Holder prior to the Submission Deadline. Clarity and MTA make no assurance that any such notice will be sent to Existing Holders and will not be held liable in the event any such notice is not sent.

**Binding Effect of Orders.** Bid To Buy Orders, Bid To Roll Orders, Hold-Auto Orders and Sell Orders are binding on the Subscribers submitting such Orders as follows:

- Bid To Buy Orders, Bid To Roll Orders and Hold-Auto Orders specifying an interest rate equal to or lower than the Weekly Rate established through Clarity shall be accepted, thus requiring each Subscriber submitting such an Order to purchase or hold, as the case may be, the Subseries 2012A-2 Bonds that are the subject of such Order.
- Bid To Roll Orders and Hold-Auto Orders specifying an interest rate higher than the Weekly Rate established through Clarity shall be rejected, thus requiring each Existing Holder submitting such an Order to sell the Subseries 2012A-2 Bonds that are the subject of such Order.
- Each Sell Order shall constitute a binding offer to sell the Subseries 2012A-2 Bonds that are the subject of such Order.

If there are multiple Orders at the Weekly Rate, each Order may be subjected to a pro-rata allocation. Any Orders submitted through Clarity prior to the Submission Deadline shall become irrevocable upon the occurrence of the Submission Deadline.

***Contractual Bidder.*** The Credit Facility Issuer is acting as the Contractual Bidder for the Subseries 2012A-2 Bonds pursuant to the terms of the Credit Facility. Under the terms of the Credit Facility, the Credit Facility Issuer contractually agrees that on each Bid Process Date, it is deemed to have submitted a Bid To Buy Order for all Subseries 2012A-2 Bonds at the Highest Market Bid Rate, or if there is no Highest Market Bid Rate, at the All Sell Rate. The Credit Facility Issuer's Bid To Buy Order on each Bid Process Date is an unconditional bid.

***Inadequate Orders for the Subseries 2012A-2 Bonds.*** In the event that on any Bid Process Date, no Bid To Roll, Hold-Auto or Bid To Buy Orders (other than any Bid To Buy Order deemed submitted by the Contractual Bidder) are submitted, then the Contractual Bidder is obligated to purchase all Subseries 2012A-2 Bonds, and the interest rate will be the All Sell Rate (or the Bank Interest Rate).

In the event that on any Bid Process Date, Subscribers (other than the Contractual Bidder) submit Bid To Buy Orders, Bid To Roll Orders or Hold-Auto Orders which, in the aggregate, are for a principal amount of Subseries 2012A-2 Bonds less than the principal amount of Subseries 2012A-2 Bonds shown on Clarity, then the Contractual Bidder is obligated to purchase a principal amount of Subseries 2012A-2 Bonds equal to the difference between (i) the principal amount of Subseries 2012A-2 Bonds shown on Clarity and (ii) the aggregate principal amount of Subseries 2012A-2 Bonds subject to Bid To Buy Orders, Bid To Roll Orders and Hold-Auto Orders from Subscribers (other than the Contractual Bidder), and the interest rate will be the Highest Market Bid Rate (which is the highest interest rate based on the interest rates of Bid To Buy Orders, Bid To Roll Orders and Hold-Auto Orders). Any Subseries 2012A-2 Bonds so purchased by the Contractual Bidder will be "Contractual Bidder Bonds." The Credit Facility provides for the purchase of any Contractual Bidder Bond that occurs as a result of the bidding process through Clarity. Contractual Bidder Bonds shall constitute Bank Bonds and shall be purchased by the Tender Agent on behalf of the Credit Facility Issuer.

***Inadequate Funds for Tender.*** If sufficient funds are not available for the purchase of all Subseries 2012A-2 Bonds tendered or deemed tendered or otherwise required to be purchased by the Contractual Bidder on any Purchase Date, all of the Subseries 2012A-2 Bonds will bear interest at the Maximum Rate, from the date of such failed purchase until all Subseries 2012A-2 Bonds are purchased as required in accordance with the Certificate of Determination.

## **Tender, Presentation and Purchase Provisions of the Subseries 2012A-2 Bonds During the Weekly Mode**

***Purchase on Demand of Owners of Subseries 2012A-2 Bonds in Weekly Mode.*** The Owners of the Subseries 2012A-2 Bonds that are not Bank Bonds may elect to have such Subseries 2012A-2 Bonds (or portions thereof in Authorized Denominations) purchased on a Rate Effective Date (a Purchase Date) at a price

(the Purchase Price) equal to the principal amount so tendered plus accrued interest (if the Purchase Date is not an Interest Payment Date). In order to exercise its right to tender, an Owner must submit a notice of tender through Clarity. A notice of tender (Tender Notice) may be submitted through Clarity at or prior to 4:00 p.m., New York City time, on any day other than a Rate Determination Date, and will be treated as being submitted on such day. A Tender Notice may be submitted through Clarity on a Rate Determination Date after the Rate Publication Time (as defined in **Attachment 5** - “Alternative Trading System; Bidding Procedures”) and at or prior to 4:00 p.m., New York City time, and will be treated as being submitted on the Rate Effective Date and such Subseries 2012A-2 Bond will be purchased on the next succeeding Rate Effective Date. No Tender Notice submitted to the Tender Agent and Market Agent on a Rate Determination Date on or prior to the Rate Publication Time will be accepted. Tendered Subseries 2012A-2 Bonds will be treated as being subject to an automatic Sell Order on the next Bid Process Date following the deemed submission of the notice of tender. Tenders submitted through Clarity will settle on the Rate Effective Date immediately following the day the tender is deemed submitted. If Clarity is inoperable or if the Owner is unable for any reason to effect a Tender Notice directly on Clarity, notice of tender must be made by delivery of an irrevocable written notice, which states the principal amount to be purchased, to the Tender Agent and the Market Agent at their respective principal office for delivery of notices. If such a notice is submitted to the Tender Agent and Market Agent at or prior to 4:00 p.m., New York City time, on any Business Day other than a Rate Determination Date, then the Subseries 2012A-2 Bond will be purchased on the immediately succeeding Rate Effective Date. If such notice is submitted to the Tender Agent and Market Agent on a Rate Determination Date at or prior to 4:00 p.m., New York City time, the Tender Notice will be deemed to have been received on the next Rate Effective Date and the Subseries 2012A-2 Bond will be purchased on the second succeeding Rate Effective Date.

***Subseries 2012A-2 Bonds Registered in the Name of DTC.*** During any period that Subseries 2012A-2 Bonds are registered in the name of DTC or a nominee thereof pursuant to the Transportation Resolution,

- any Tender Notice delivered as described in the immediately preceding paragraph will identify the DTC Participant through whom the beneficial owner will direct transfer,
- on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC Participant, cause its DTC Participant to direct) the transfer of said Subseries 2012A-2 Bond on the records of DTC, and
- it will not be necessary for Subseries 2012A-2 Bonds to be physically delivered on the date specified for purchase thereof, but such purchase will be made as if such Subseries 2012A-2 Bonds had been so delivered, and the Purchase Price thereof will be paid to DTC.

In accepting a Tender Notice as provided above, the Trustee and the Tender Agent may conclusively assume that the person providing that Tender Notice is the beneficial owner of Subseries 2012A-2 Bonds tendered and therefore entitled to tender them. The Trustee and Tender Agent assume no liability to anyone in accepting a Tender Notice from a person whom it reasonably believes to be such a beneficial owner of Subseries 2012A-2 Bonds.

***Mandatory Purchase on any Mode Change Date.*** Except for Bank Bonds, the Subseries 2012A-2 Bonds to be changed to any Mode from any other Mode are subject to mandatory tender for purchase on the Mode Change Date at the Purchase Price thereof.

***Mandatory Purchase on Change of Party Responsible for Determination of Interest Rate.*** Except for Bank Bonds, the Subseries 2012A-2 Bonds in the Weekly Mode are subject to mandatory tender for purchase on the date on which the party responsible for determination of the interest rate changes from Clarity to a Remarketing Agent. Such a change of the party responsible for determination of the interest rate will not constitute a Mode Change and the Subseries 2012A-2 Bonds will continue to bear interest in the Weekly Mode.

***Mandatory Purchase Upon Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Tender Date and Substitution Date.*** Except for Bank Bonds, the Subseries 2012A-2 Bonds are subject to mandatory tender for purchase on:

- the second Business Day preceding the Expiration Date of the Credit Facility, which second Business Day is hereinafter referred to as an “Expiration Tender Date”;
- the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of the Credit Facility, which fifth calendar day is hereinafter referred to as a “Termination Tender Date”;
- the fifth calendar day (or if such day is not a Business Day, the first Business Day after such fifth calendar day) following the receipt by the Trustee of a written, electronic or telephonic notice (promptly confirmed in writing) from the Credit Facility Issuer that the interest component of the Credit Facility will not be reinstated to an amount equal to the interest component of the Liquidity and Credit Amount required with respect to the Subseries 2012A-2 Bonds, which fifth calendar day (or first Business Day after such fifth calendar day, if applicable) is hereinafter referred to as a “Interest Non-Reinstatement Tender Date”; and
- the Substitution Date for the Credit Facility.

“Liquidity and Credit Amount” means an amount equal to the principal of the Subseries 2012A-2 Bonds of a series then outstanding plus an interest amount equal to fifty-three (53) days’ interest thereon calculated at 9% on the basis of a 365 day year for the actual number of days elapsed (366 days in years when February has 29 days).

A “Substitution Date” means:

- the date that is specified in a written notice given by MTA to the Trustee, the Market Agent and the Tender Agent as the date on which an Alternate Credit Facility is to be substituted for the then-existing Credit Facility (even if the substitution fails to occur on that date), and
- the second Business Day preceding the date that is specified in a written notice given to the Trustee, the Market Agent and the Tender Agent in accordance with the Credit Facility as the date on which the assignment of the obligation of the Credit Facility Issuer under the Credit Facility is effective (even if the assignment fails to occur on that date).

A “Mandatory Purchase Date” means a Mode Change Date, an Expiration Tender Date, a Termination Tender Date, an Interest Non-Reinstatement Date or a Substitution Date.

***Notice of Mandatory Tender for Purchase.*** The Trustee will, at least fifteen (15) days prior to the Expiration Tender Date, give notice of the mandatory tender for purchase on that Expiration Tender Date if it has not theretofore received confirmation that the Expiration Date has been extended.

Upon receipt of a written notice from the Credit Facility Issuer or MTA that the Credit Facility supporting the Subseries 2012A-2 Bonds will terminate or the obligation of the Credit Facility Issuer to purchase the Subseries 2012A-2 Bonds will terminate prior to its Expiration Date, the Trustee will within two (2) Business Days give notice to the Owners of the Subseries 2012A-2 Bonds of the mandatory tender of the Subseries 2012A-2 Bonds that is to occur on such Termination Tender Date if it has not theretofore received from the Credit Facility Issuer or MTA a notice stating that the event which resulted in the Credit Facility Issuer or MTA giving a notice of the Termination Date has been cured and that the Credit Facility Issuer or MTA has rescinded its election to terminate the Credit Facility. Notwithstanding anything to the contrary described below, that notice will be given by Electronic Means capable of creating a written notice. Any notice given substantially as described in this paragraph will be conclusively presumed to have been duly given, whether or not actually received by each Owner.

Upon receipt of a written notice from the Credit Facility Issuer that the Credit Facility supporting the Subseries 2012A-2 Bonds will not be reinstated (in respect of interest) to an amount equal to the interest component of the Liquidity and Credit Amount required with respect to the Subseries 2012A-2 Bonds, the Trustee will within two (2) Business Days of such receipt give notice to the Owners of the Subseries 2012A-2 Bonds of the mandatory tender of the Subseries 2012A-2 Bonds which mandatory tender will occur on such Interest Non-Reinstatement Tender Date, unless, prior to the giving of such notice to the Owners, the Trustee will have received a written notice from the Credit Facility Issuer stating that the Credit Facility has been reinstated to an amount equal to the interest component of the Liquidity and Credit Amount. Notwithstanding anything to the contrary described below, such notice will be given by Electronic Means capable of creating a written notice. Any notice given substantially as described in this paragraph will be conclusively presumed to have been duly given, whether or not actually received by each Owner.

The Trustee will, at least fifteen (15) days prior to any Mode Change Date or Substitution Date, give notice to the owners of the Subseries 2012A-2 Bonds of the mandatory tender for purchase of such Subseries 2012A-2 Bonds that is to occur on the Mode Change Date or Substitution Date, as applicable.

So long as DTC is the Securities Depository for the Subseries 2012A-2 Bonds, such notice will be given to DTC. If the Subseries 2012A-2 Bonds are not held in book-entry-only form, such notice will be given directly to the bondholders.

Except as provided in the third and fourth immediately preceding paragraphs, notice of any mandatory tender of Subseries 2012A-2 Bonds will be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of such Subseries 2012A-2 Bonds at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase will identify the reason for the mandatory tender for purchase and specify:

- the Mandatory Purchase Date,
- the Purchase Price,
- the place and manner of payment,
- that the Owner has no right to retain such Subseries 2012A-2 Bond, and
- that no further interest will accrue from and after the Mandatory Purchase Date to such Owner.

Each notice of mandatory tender for purchase caused by a change in the Mode applicable to the Subseries 2012A-2 Bonds will in addition specify the conditions that have to be satisfied pursuant to the Transportation Resolution in order for the New Mode to become effective and the consequences that the failure to satisfy any of such conditions would have.

In the event a mandatory tender of Subseries 2012A-2 Bonds will occur at or prior to the date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase will control. Any notice mailed as described above will be conclusively presumed to have been duly given, whether or not the Owner of any Subseries 2012A-2 Bond receives the notice, and the failure of that Owner to receive any such notice will not affect the validity of the action described in that notice. Failure by the Trustee to give a notice as provided under this caption would not affect the obligation of the Tender Agent to purchase the Subseries 2012A-2 Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

### **Changes in Mode and Change of Party Responsible for Determination of Interest Rate**

*General.* Any Subseries 2012A-2 Bonds may be changed to any other Mode at the times and in the manner as summarized below. In addition, the party responsible for determination of the interest rate on the

Subseries 2012A-2 Bonds in the Weekly Mode may be changed from Clarity to a Remarketing Agent at the times and in the manner as summarized below.

***Notice of Mandatory Tender for Purchase on a Mode Change Date.*** The Trustee will, at least fifteen (15) days prior to any Mode Change Date, give notice to the Owners of the Subseries 2012A-2 Bonds of the mandatory tender for purchase of such Subseries 2012A-2 Bonds on the Mode Change Date.

***General Provisions Applying to Changes from One Mode to Another.***

1. The Mode Change Date must be a Business Day.
2. On or prior to the date MTA provides the notice to the Notice Parties, MTA will deliver to the Trustee (with a copy to all other Notice Parties) a letter from Co-Bond Counsel addressed to the Trustee to the effect that it expects to be able to deliver a Favorable Opinion of Co-Bond Counsel on the Mode Change Date.
3. No change in Mode will become effective unless all conditions precedent thereto have been met and the following items have been delivered to the Trustee and the Market Agent by 10:00 a.m., New York City time , or such later time as is acceptable to MTA, the Trustee and the Market Agent, on the Mode Change Date:
  - a Favorable Opinion of Co-Bond Counsel dated the Mode Change Date,
  - unless the existing Tender Agency Agreement and Market Agent Agreement are effective on the Mode Change Date, a Tender Agency Agreement and a Remarketing Agreement if required for the New Mode, and
  - a certificate of an authorized officer of the Tender Agent to the effect that all of the Subseries 2012A-2 Bonds tendered or deemed tendered, unless otherwise redeemed, have been purchased at a price at least equal to the Purchase Price thereof.
4. On the Mode Change Date, all of the Subseries 2012A-2 Bonds are subject to mandatory tender whether or not the change in Mode occurs.

***Rescission of Election to Change from One Mode to Another.*** MTA may rescind any election by it to change Mode as described above prior to the Mode Change Date by giving written notice thereof to the Notice Parties prior to 10:00 a.m., New York City time, on the Business Day preceding such Mode Change Date. If the Tender Agent receives notice of such rescission prior to the time the Tender Agent has given notice to the holders the Subseries 2012A-2 Bonds, then such notice of change in Mode will be of no force and effect. If the Tender Agent receives notice from MTA of rescission of a Mode Change Date after the Tender Agent has given notice thereof to the holders of the Subseries 2012A-2 Bonds, then if the proposed Mode Change Date would have been a Mandatory Purchase Date, such date will continue to be a Mandatory Purchase Date. If the proposed change in Mode was from the Weekly Mode, such Subseries 2012A-2 Bonds will remain in the Weekly Mode.

***Change of Party Responsible for Determination of Interest Rate.*** In the event that MTA elects to change the party responsible for determination of the interest rate from Clarity to a Remarketing Agent, all of the provisions above under “Notice of Mandatory Tender for Purchase on a Mode Change Date,” “General Provisions Applying to Changes from One Mode to Another” and “Rescission of Election to Change from One Mode to Another” that apply to a change in Mode and a Mode Change Date, shall apply to the change of party responsible for determination of the interest rate from Clarity to a Remarketing Agent.

**Remarketing of Subseries 2012A-2 Bonds**

The Market Agent for the Subseries 2012A-2 Bonds will offer for sale and use its best efforts to find purchasers for (i) all Subseries 2012A-2 Bonds or portions thereof as to which a Tender Notice has been

properly given in accordance with the Certificate of Determination or any unsold balances from the Bid Process using Clarity and (ii) all Subseries 2012A-2 Bonds required to be tendered for purchase in accordance with the Certificate of Determination. Any Subseries 2012A-2 Bonds paid from amounts drawn under the Credit Facility will not be remarketed unless such Credit Facility has been reinstated to the Liquidity and Credit Amount. No Bank Bonds will be remarketed unless the Credit Facility has been or will be, immediately upon such remarketing, reinstated by the amount of the reduction that occurred when such Subseries 2012A-2 Bonds became Bank Bonds. No Bank Bonds will be remarketed at a price that is less than the Purchase Price of such Subseries 2012A-2 Bonds.

Pursuant to the Market Agent Agreement, the Market Agent may suspend its remarketing efforts with respect to the Subseries 2012A-2 Bonds upon, among other things, receipt of written notice of (i) the failure by the related Credit Facility Issuer to honor a properly presented and conforming drawing under such Credit Facility or (ii) the termination or suspension of the Credit Facility.

#### **Source of Funds for Purchase of Subseries 2012A-2 Bonds**

On or before 3:00 p.m., New York City time, on the Purchase Date or the Mandatory Purchase Date, the Tender Agent will purchase the Subseries 2012A-2 Bonds from the Owners at the Purchase Price. Funds for the payment of such Purchase Price will be derived in the order of priority indicated:

- proceeds of the purchase of Subseries 2012A-2 Bonds pursuant to the Bid Process;
- immediately available funds transferred by the Market Agent to the Tender Agent derived from the remarketing of the Subseries 2012A-2 Bonds tendered or unsold; and
- immediately available funds transferred by the Trustee to the Tender Agent derived from the Credit Facility.

Notwithstanding the foregoing, MTA will have the option, but will not be obligated, to transfer immediately available funds to the Tender Agent for the payment of the Purchase Price of any Subseries 2012A-2 Bond that is tendered or deemed tendered or unsold as described in this remarketing circular and the Purchase Price of which is not paid on the Purchase Date or Mandatory Purchase Date from any of the sources identified above. None of MTA, the Trustee, the Tender Agent or the Market Agent will have any liability or obligation to pay or, except from the sources identified above, make available such Purchase Price. The failure to pay any such Purchase Price for Subseries 2012A-2 Bonds that have been tendered or deemed tendered for purchase or unsold from any of the sources identified above will not constitute an Event of Default under the Transportation Resolution. In the case of such failure, such Subseries 2012A-2 Bonds will not be purchased and will remain in the Weekly Mode with the interest rate determined through Clarity.

#### **Delivery of Subseries 2012A-2 Bonds by the Market Agent**

Except as otherwise required or permitted by DTC's book-entry-only system, remarketed Subseries 2012A-2 Bonds sold by the Market Agent will be delivered by the Market Agent to the purchasers of those Subseries 2012A-2 Bonds by 3:00 p.m., New York City time, on the Purchase Date or Mandatory Purchase Date, as the case may be.

#### **Delivery and Payment for Purchased Subseries 2012A-2 Bonds; Undelivered Subseries 2012A-2 Bonds**

Except as otherwise required or permitted by DTC's book-entry-only system, Subseries 2012A-2 Bonds purchased as set forth above will be delivered (with all necessary endorsements) at or before 12:00 p.m., New York City time, on the Purchase Date or Mandatory Purchase Date, as the case may be, at the office of the Tender Agent in New York, New York; provided, however, that payment of the Purchase Price of any Subseries 2012A-2 Bonds purchased pursuant to the optional tender provisions will be made only if such



Subseries 2012A-2 Bonds so delivered to the Tender Agent conform in all respects to the description thereof in the Tender Notice.

Payment of the Purchase Price will be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Purchase Date or Mandatory Purchase Date, as the case may be, or, if the bondholder has not provided or caused to be provided wire transfer instructions, by check mailed to the bondholder at the address appearing in the books required to be kept by the Trustee pursuant to the Transportation Resolution.

If Subseries 2012A-2 Bonds to be purchased are not delivered by the bondholders to the Tender Agent by 12:00 p.m., New York City time, on the Purchase Date or Mandatory Purchase Date, as the case may be, the Tender Agent will hold any funds received for the purchase of those Subseries 2012A-2 Bonds in trust in a separate account uninvested, and will pay such funds to the former bondholders upon presentation of those Subseries 2012A-2 Bonds. Undelivered Subseries 2012A-2 Bonds are deemed tendered and cease to accrue interest as to the former bondholders on the Purchase Date or Mandatory Purchase Date, as the case may be, if moneys representing the Purchase Price will be available against delivery of those Subseries 2012A-2 Bonds at the Principal Office of the Tender Agent; provided, however, that any funds so held by the Tender Agent that remain unclaimed by the former holder of any such Subseries 2012A-2 Bonds not presented for purchase for a period of two years after delivery of such funds to the Tender Agent will, to the extent permitted by law, upon request in writing by MTA and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to MTA free of any trust or lien and thereafter the former holder of such Subseries 2012A-2 Bonds will look only to MTA and then only to the extent of the amounts so received by MTA without any interest thereon and the Tender Agent will have no further responsibility with respect to such moneys or payment of the Purchase Price of such Subseries 2012A-2 Bonds. The Tender Agent will authenticate a replacement Subseries 2012A-2 Bond for any undelivered Subseries 2012A-2 Bond which may then be remarketed by the Market Agent.

### **Special Considerations Relating to the Subseries 2012A-2 Bonds**

***The Market Agent is Paid by MTA.*** The Market Agent's responsibilities include operating Clarity for the establishment of the Weekly Rates and remarketing the Subseries 2012A-2 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Transportation Resolution) while the Subseries 2012A-2 Bonds are in the Weekly Mode with the interest rate determined through Clarity, all as further described in this remarketing circular. The Market Agent is appointed by MTA and is paid by MTA for its services. As a result, the interests of the Market Agent may differ from those of existing bondholders and potential purchasers of Subseries 2012A-2 Bonds.

***The Ability to Sell the Subseries 2012A-2 Bonds Other Than Through the Tender Process May Be Limited.*** Investors who purchase the Subseries 2012A-2 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Subseries 2012A-2 Bonds other than by tendering the Subseries 2012A-2 Bonds in accordance with the tender process.

***The Market Agent May, Resign, Be Removed or Dissolve Without a Successor Being Named.*** The Market Agent may at any time resign and be discharged of its duties and obligations under the Market Agent Agreement upon providing MTA, the Trustee, the Tender Agent and the Credit Facility Issuer thirty (30) days' prior written notice. If neither a successor Market Agent nor a Remarketing Agent has been appointed and accepted such appointment within such 30-day period, the Market Agent will continue to serve as Market Agent for an additional thirty (30) days from the date notice of resignation was delivered. The Market Agent may be removed at any time by a written notice filed by MTA with the Market Agent, the Trustee, the Tender Agent and the Credit Facility Issuer (i) generally, at least thirty (30) days prior to the effective date of such removal or (ii) in the event of a suspension of remarketing pursuant to the Market Agent Agreement, immediately upon appointment, and acceptance by, a successor Market Agent or a Remarketing Agent. Upon a written direction of the Credit Facility Issuer to remove the Market Agent, MTA will remove the Market Agent

in accordance with the Market Agent Agreement and use its best efforts to appoint a successor Market Agent or a Remarketing Agent.

### **Redemption Provisions**

The Subseries 2012A-2 Bonds are redeemable prior to maturity on such dates and at such prices during the Weekly Mode as are set forth below.

***Optional Redemption.*** The Subseries 2012A-2 Bonds are subject to redemption prior to maturity as a whole or in part (in accordance with procedures of DTC, so long as DTC is the Owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper), on any Business Day, subject to applicable notice, at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest up to but not including the redemption date. If any such optional redemption will occur, MTA will redeem Bank Bonds first.

***State and City Redemption.*** Pursuant to the MTA Act, the State, upon providing sufficient funds, may require MTA to redeem the Subseries 2012A-2 Bonds, prior to maturity, as a whole, on any interest payment date not less than twenty years after the date of issue of the Subseries 2012A-2 Bonds, at 105% of their face value and accrued interest or at such lower redemption price provided for such Subseries 2012A-2 Bonds in the case of redemption as a whole on the redemption date. The MTA Act further provides that the City, upon furnishing sufficient funds, may require MTA to redeem the Subseries 2012A-2 Bonds, as a whole, but only in accordance with the terms upon which the Subseries 2012A-2 Bonds are otherwise redeemable.

***Redemption of Bank Bonds.*** Except as set forth in the second immediately preceding paragraph and in the following paragraph, the Bank Bonds of the Subseries 2012A-2 Bonds will be subject to optional and mandatory redemption under the same terms and conditions as provided with respect to other Subseries 2012A-2 Bonds. The Bank Bonds of the Subseries 2012A-2 Bonds will also be subject to mandatory redemption at the times and under the terms and conditions as provided in the Credit Facility.

***Redemption in Part; Bank Bonds To Be Redeemed First.*** In the event of a redemption of less than all the Subseries 2012A-2 Bonds, the Trustee will in accordance with the Transportation Resolution first select for redemption all then outstanding Bank Bonds prior to selecting for redemption any Subseries 2012A-2 Bonds that are not Bank Bonds unless the Credit Facility Issuer fails to honor a properly presented and conforming drawing under the Credit Facility, in which case, the Trustee will at the written direction of MTA, select for redemption outstanding Subseries 2012A-2 Bonds in accordance with such direction.

***Redemption Notices.*** So long as DTC is the securities depository for the Subseries 2012A-2 Bonds, the Trustee must mail redemption notices to DTC at least 20 days before the redemption date. If the Subseries 2012A-2 Bonds are not held in book-entry-only form, then the Trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Subseries 2012A-2 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. Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before the payment of the Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. **Please note that all redemptions are final - even if a beneficial owner did not receive their notice, and even if a notice had a defect.**

***Redemption Process.*** If the Trustee gives an unconditional notice of redemption, then on the redemption date the Subseries 2012A-2 Bonds called for redemption will become due and payable. If the Trustee gives a conditional notice of redemption and such notice is not rescinded, and any other conditions included in such notice have been satisfied, then on the redemption date the Subseries 2012A-2 Bonds called

for redemption will become due and payable. In either case, after the redemption date, no interest will accrue on those Subseries 2012A-2 Bonds, and an Owner's only right will be to receive payment of the redemption price upon surrender of those Subseries 2012A-2 Bonds.

## Amendments

The provisions of the Transportation Resolution, with respect to the Subseries 2012A-2 Bonds, may be modified or amended pursuant to the Transportation Resolution by obtaining, when required by the Transportation Resolution, the consent of the Owners of all of such Subseries 2012A-2 Bonds or, in lieu thereof, the Credit Facility Issuer, as permitted by the Transportation Resolution. All Owners of the Subseries 2012A-2 Bonds will be deemed to have consented to a modification or amendment if on the 30th day (or if such day is not a Business Day, on the next succeeding Business Day) after the date on which the Trustee mailed notice of such proposed modification or amendment to the Owners of such Subseries 2012A-2 Bonds there is delivered to the Trustee –

- a certificate of the Tender Agent to the effect that all Subseries 2012A-2 Bonds that have been optionally tendered for purchase by their Owners after the date on which the Trustee mailed such notice of the proposed modification or amendment have been purchased at a price equal to the Purchase Price thereof,
- a written consent of the Credit Facility Issuer to the proposed modification or amendment, and
- a favorable Opinion of Bond Counsel.

## Credit and Liquidity Facility

**General Description.** The following summarizes certain provisions of the Credit Facility and the Reimbursement Agreement and does not purport to be complete or definitive and reference to such documents is made for the complete provisions thereof. A draft form of each Reimbursement Agreement has been made available on EMMA contemporaneously herewith. *Investors should obtain and review copies of the Credit Facility and the Reimbursement Agreement in order to understand all of the terms of those documents. Capitalized terms used in the following summary which are not otherwise defined in this Remarketing Circular shall have the meanings given to such terms in the Credit Facility and the Reimbursement Agreement, respectively. See Attachment 4 for certain information relating to the Credit Facility Issuer.*

Subject to receipt of a properly presented and conforming draw certificate, the Credit Facility Issuer will pay the principal of and interest on the Subseries 2012A-2 Bonds, and the Purchase Price of any Subseries 2012A-2 Bonds which are tendered or deemed tendered on a Purchase Date or Mandatory Purchase Date and that have not been remarketed, from time to time from proceeds of drawings under the Credit Facility during the period from the date of effectiveness of the Credit Facility to and including June 2, 2022 (as such date may be extended from time to time, the Stated Expiration Date), unless such Credit Facility is extended or earlier terminated, in accordance with its terms. The Credit Facility will automatically terminate on the earliest of (i) the honoring by the Credit Facility Issuer of the final drawing available to be made under the Credit Facility, (ii) receipt by the Credit Facility Issuer of a notice that (A) an Alternate Credit Facility (as defined in the Reimbursement Agreement) has been delivered to and accepted by the Trustee, (B) the rate of interest of all of the Subseries 2012A-2 Bonds has been converted to a rate other than the Weekly Rate or the Daily Rate or (C) no Subseries 2012A-2 Bonds remain outstanding under the Supplemental Resolution (as defined in the Reimbursement Agreement) relating to the Subseries 2012A-2 Bonds and, in each case, the Trustee is authorized to deliver a notice of cancellation to the Credit Facility Issuer, all conditions precedent to the cancellation of the Credit Facility have been satisfied and the Credit Facility (including any amendment thereto) is surrendered for cancellation (such termination of the Credit Facility to take effect after the Credit Facility Issuer honors any properly presented and conforming drawing, if any, on such date), (iii) the date designated by the Credit Facility Issuer in a written notice to the Trustee, the Remarketing Agent (as defined in the Reimbursement Agreement) or the Market Agent, as applicable, and MTA, which will be (A) on the date

of such notice if no Subseries 2012A-2 Bonds are outstanding or (B) on the fifteenth (15<sup>th</sup>) calendar day (or if such day is not a Business Day, the preceding Business Day) after the Trustee receives written notice from the Credit Facility Issuer stating that an Event of Default (as defined in the Reimbursement Agreement) has occurred and is continuing under the Reimbursement Agreement, and instructing the Trustee to send a notice of mandatory tender for purchase of such Subseries 2012A-2 Bonds and to draw on such Credit Facility to effect such purchase (after the Credit Facility Issuer honors any properly presented and conforming drawing, if any, on such date), or (iv) the Stated Expiration Date.

***Events of Default.*** Pursuant to the Reimbursement Agreement, the occurrence of any of the following events, among others, will constitute an Event of Default thereunder, whatever the reason for such event and whether it is voluntary or involuntary, or within or without the control of the MTA or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental body. Reference is made to the Reimbursement Agreement for a complete listing of all Events of Default:

- (i) any principal or interest due on any Bank Bonds or any Advance, unreimbursed Draw or Term Loan (as such terms are defined in the Reimbursement Agreement) is not paid by MTA when due or (ii) any amount (other than amounts referred to in clause (i) hereof) payable under the Reimbursement Agreement and under the Fee Agreement (as defined in the Reimbursement Agreement) is not paid by MTA within thirty (30) Business Days of its respective due date;
- the failure by MTA to perform or observe any other term, covenant or agreement contained in the Reimbursement Agreement or the Fee Agreement not specified in the paragraph summarized above, if such failure shall continue for a period of thirty (30) Business Days after written notice thereof by the Credit Facility Issuer to MTA; provided, however, that, such grace period shall not apply to certain covenants set forth in the Reimbursement Agreement for which no cure period exists;
- (i) MTA shall (A) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), (B) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, debt adjustment, winding up or composition or adjustment of debts, (C) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (D) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of a substantial part of its property, (E) admit in writing its inability to pay, or generally not be paying, its debts as they become due, (F) make a general assignment for the benefit of creditors, or (G) take any official action for the purpose of effecting any of the foregoing; or (ii) a case or other proceeding shall be commenced against MTA in any court of competent jurisdiction seeking (A) relief under the federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or (B) the appointment of a trustee, receiver, custodian, liquidator or the like of MTA, or of all or a substantial part of its property, and any such case or proceeding shall continue undismissed or unstayed for a period of 60 consecutive calendar days, or an order granting the relief requested in any such case or proceeding against MTA (including, but not limited to, an order for relief under such federal bankruptcy laws) shall be entered;
- any warranty, representation or other written statement made by or on behalf of MTA contained in the Reimbursement Agreement or in any of the other Related Documents (as defined in the Reimbursement Agreement) or in any instrument furnished in compliance with or in reference to any of the foregoing, is false or misleading in any material respect on any date when made or deemed made;
- any “event of default” under the Transportation Resolution, the Supplemental Resolution (as defined in the Reimbursement Agreement) or the Certificate of Determination (as defined in the

Reimbursement Agreement, and collectively, with the Transportation Resolution and the Certificate of Determination, the Resolution) shall have occurred and be continuing;

- any material provision of the Reimbursement Agreement or any of the other Related Documents to which MTA is a party at any time for any reason ceases to be valid and binding in accordance with its terms on MTA, or is declared to be null and void, or the validity or enforceability of the Reimbursement Agreement or any of the other Related Documents is contested by MTA or a proceeding shall be commenced by MTA seeking to establish the invalidity or unenforceability thereof, or MTA shall deny that it has any further liability or obligation thereunder, in each case if, in the Credit Facility Issuer's sole judgment, such event would have a materially adverse effect on the Credit Facility Issuer's rights under the Reimbursement Agreement or the Fee Agreement;
- any governmental authority with jurisdiction over MTA and the affairs of MTA declares or imposes a debt moratorium, debt restructuring, debt adjustment or comparable restriction on the repayment when due and payable of the principal of or interest on any of MTA's indebtedness issued under the Transportation Resolution;
- the Act or the Resolution shall, for any reason, cease to be in full force and effect or shall be declared or become invalid or unenforceable in whole or in part or shall be interpreted, altered or amended in any manner that would in any of the foregoing cases materially adversely affect the obligations of MTA under the Reimbursement Agreement or under the Fee Agreement or the rights of the Credit Facility Issuer under the Reimbursement Agreement or under the Fee Agreement;
- the long-term unenhanced rating assigned to the Subseries 2012A-2 Bonds or any other indebtedness of MTA senior to or on a parity with the Subseries 2012A-2 Bonds shall be withdrawn, suspended (other than as a result of debt maturity, redemption, non-application or non-provision of information) or reduced below "BBB-" (or its equivalent), "BBB-" (or its equivalent) or "Baa3" (or its equivalent) by any one of Fitch, S&P or Moody's;
- a final non-appealable judgment or order for the payment of money in excess of \$25,000,000 (in excess of the coverage limits of any applicable insurance therefor), and payable from the Trust Estate and which ranks senior to or on parity with the Subseries 2012A-2 Bonds shall have been rendered against MTA and such judgment or order shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of sixty (60) days from the date on which it was first so rendered;
- dissolution or termination of the existence of MTA; provided, however, that in the event that MTA dissolves or its existence terminates by operation of law and a successor entity assumes its obligations under the Reimbursement Agreement, the Fee Agreement and with respect to the Subseries 2012A-2 Bonds and the rights and security for the Reimbursement Obligations (including the pledge of the Trust Estate securing Parity Debt as provided in the Reimbursement Agreement and in the Resolution) remain unchanged, a dissolution or termination of the existence of MTA shall not constitute an Event of Default under the Reimbursement Agreement; or
- MTA shall (i) default in any payment of any Obligations or Parity Reimbursement Obligation (as such terms are defined in the Reimbursement Agreement, hereinafter, "Secured Debt"), beyond the period of grace, if any, provided in the instrument or agreement under which such Secured Debt was created, or (ii) default in the observance or performance of any agreement or condition relating to any Secured Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required) any such Secured Debt to become due prior to its stated maturity.

**Remedies.** Upon the occurrence and continuance of an Event of Default, and notice thereof to MTA and the Trustee, and, with regard to the immediately succeeding paragraph, the Remarketing Agent (as defined in the Reimbursement Agreement) or the Market Agent, as applicable, the Credit Facility Issuer may, in its sole discretion, but shall not be obligated to, exercise any or all of the following remedies:

- by written, electronic or telephonic notice (promptly confirmed in writing), give notice of such Event of Default to the Trustee and MTA and specifying that the Credit Facility shall terminate on the fifteenth (15th) calendar day (or if such day is not a Business Day, the preceding Business Day) following delivery of such notice, whereupon the Trustee shall immediately declare all of the Subseries 2012A-2 Bonds supported by the Credit Facility then outstanding to be subject to mandatory purchase in accordance with the Certificate of Determination; and
- exercise all or any of its rights and remedies as it may otherwise have under Applicable Law (as defined in the Reimbursement Agreement) and under the Reimbursement Agreement, the Fee Agreement and the Resolution or otherwise by such suits, actions, or proceedings in equity or at law, either for specific performance of any covenant or agreement contained in the Transportation Resolution or the Reimbursement Agreement or the Fee Agreement, or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy.

Subseries 2012A-2 Bonds remarketed by the Remarketing Agent or the Market Agent, as applicable, prior to the date on which the Credit Facility terminates following notice by the Credit Facility Issuer to MTA and the Trustee in accordance with the Reimbursement Agreement, which date of termination shall be a date designated by the Credit Facility Issuer not earlier than fifteen (15) calendar days following delivery of such notice, shall continue to be entitled to the benefit of such Credit Facility in accordance with the terms thereof.

No failure or delay on the part of the Credit Facility Issuer to exercise any right or remedy under the Reimbursement Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy under the Reimbursement Agreement preclude any further exercise thereof or the exercise of any further right or remedy under the Reimbursement Agreement. The remedies provided in the Reimbursement Agreement are cumulative and not exclusive of any remedies provided by law.

### **Summary of the Subscriber Agreement**

Prospective holders must become “Subscribers” to Clarity by executing and delivering to the Market Agent a Subscriber Agreement, which is expected to be substantially in the form attached hereto as **Attachment 6** – “Form of Subscriber Agreement.” The following is a description of certain provisions of such form of Subscriber Agreement. This description is not to be considered a full statement of the terms of such form of Subscriber Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms used and not defined in this description are defined in **Attachment 6** – “Form of Subscriber Agreement.”

Information provided herein regarding the Subscriber Agreement has been provided by Clarity and not MTA. Subscriber Agreements may change from time-to-time without notice, and MTA does not undertake any responsibility to update such information. MTA is not responsible for a failure by the Market Agent or Clarity to use the form of Subscriber Agreement attached hereto as **Attachment 6** or to follow the procedures set forth in the Subscriber Agreement.

**Use of Services.** In the Subscriber Agreement, the Market Agent grants the prospective holder party thereto (Subscriber) a personal, limited, nonexclusive, revocable, nontransferable and nonsublicenseable license to use, and allow Authorized Users to use, electronic access to Clarity (such access to Clarity, together with other services provided by the Market Agent and specified in the Subscriber Agreement, collectively, the Services), subject to the conditions specified in the Subscriber Agreement.

**Orders and Transactions.** The Subscriber Agreement provides that Orders will be entered into Clarity as described in the Clarity Materials (as defined in the Subscriber Agreement). The Market Agent has no responsibility or liability for transmissions that are inaccurate or not received by Clarity, and the Market Agent may execute any transaction on the terms of any Order actually received by Clarity. The Subscriber is solely responsible for ensuring the accuracy and completeness of each Order entered into Clarity.

**Suspension of Trading; Erroneous Trades; Trading Limits.** The Subscriber Agreement provides that the Market Agent may, in its reasonable sole discretion, upon reasonable notice where possible, halt or suspend trading on Clarity, halt or suspend activity in the Subseries 2012A-2 Bonds on Clarity or make modifications to Clarity. In addition, the Market Agent may modify the terms of or cancel an Order or a transaction executed through Clarity if the Market Agent determines, in its sole and reasonable discretion, that such transaction was clearly erroneous for any reason.

In the event of a Compromised Bid Process (as defined in the Subscriber Agreement), the Market Agent may, in its reasonable sole discretion, upon reasonable notice where possible, re-open the bid process as described in the Subscriber Agreement.

**Term.** The Subscriber Agreement will continue in effect until terminated by either party upon 30 days' prior written notice to the other party. Under certain circumstances described in the Subscriber Agreement, including events of insolvency and violation of applicable law or breach of the Subscriber Agreement or the Clarity Materials, either party may terminate the Subscriber Agreement at any time, effective immediately upon delivery by the terminating party of written notice to the other party. In addition, the Market Agent may, at any time and without delivery of prior written notice to the Subscriber, terminate or suspend the Market Agent's obligations under the Subscriber Agreement in whole or in part immediately under certain circumstances described in the Subscriber Agreement.

**Secondary Market Liquidity.** To purchase Subseries 2012A-2 Bonds a prospective holder is required to become a Subscriber to Clarity. Such requirement may limit the liquidity and marketability of the Subseries 2012A-2 Bonds.

#### **Debt Service on the Bonds**

**Table 1** on the next page sets forth, on a cash basis (i) the debt service on the outstanding Transportation Revenue Bonds (other than the Subseries 2012A-2 Bonds), (ii) debt service on the Subseries 2012A-2 Bonds, and (iii) the aggregate debt service on all Transportation Revenue Bonds to be outstanding after the remarketing of the Subseries 2012A-2 Bonds.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

**Table 1**  
**Aggregate Debt Service**  
**(\$ in thousands)<sup>(1)</sup>**

Year Ending December 31	Debt Service on Outstanding Bonds <sup>(2)(3)(4)(5)(6)</sup>	Subseries 2012A-2 Bonds <sup>(2)</sup>			Aggregate Debt Service <sup>(7)</sup>
		Principal	Interest	Total	
2019	\$ 1,131,160	-	\$ 989	\$ 989	\$ 1,132,149
2020	1,620,435	-	2,000	2,000	1,622,435
2021	1,608,508	-	2,000	2,000	1,610,508
2022	1,591,867	-	2,000	2,000	1,593,867
2023	1,677,246	-	2,000	2,000	1,679,246
2024	1,668,644	-	2,000	2,000	1,670,644
2025	1,648,899	-	2,000	2,000	1,650,899
2026	1,691,571	-	2,000	2,000	1,693,571
2027	1,676,948	-	2,000	2,000	1,678,948
2028	1,671,444	-	2,000	2,000	1,673,444
2029	1,680,079	-	2,000	2,000	1,682,079
2030	1,665,728	-	2,000	2,000	1,667,728
2031	1,702,225	-	2,000	2,000	1,704,225
2032	1,704,053	-	2,000	2,000	1,706,053
2033	1,366,803	-	2,000	2,000	1,368,803
2034	1,321,383	-	2,000	2,000	1,323,383
2035	1,322,069	-	2,000	2,000	1,324,069
2036	1,133,280	-	2,000	2,000	1,135,280
2037	1,109,231	-	2,000	2,000	1,111,231
2038	1,017,313	-	2,000	2,000	1,019,313
2039	953,591	-	2,000	2,000	955,591
2040	852,445	-	2,000	2,000	854,445
2041	635,443	50,000	1,911	51,911	687,354
2042	634,795	-	-	-	634,795
2043	492,895	-	-	-	492,895
2044	521,047	-	-	-	521,047
2045	414,477	-	-	-	414,477
2046	360,624	-	-	-	360,624
2047	330,816	-	-	-	330,816
2048	317,114	-	-	-	317,114
2049	158,596	-	-	-	158,596
2050	158,518	-	-	-	158,518
2051	129,026	-	-	-	129,026
2052	129,022	-	-	-	129,022
2053	79,398	-	-	-	79,398
2054	79,395	-	-	-	79,395
2055	79,395	-	-	-	79,395
2056	63,684	-	-	-	63,684
2057	10,483	-	-	-	10,483
<b>Total</b>	<b>\$36,409,649</b>	<b>\$50,000</b>	<b>\$44,900</b>	<b>\$94,900</b>	<b>\$36,504,549</b>

<sup>(1)</sup> Totals may not add due to rounding.

<sup>(2)</sup> Includes the following assumptions for debt service: variable rate bonds at an assumed rate of 4.0%; variable rate bonds swapped to fixed at the applicable fixed rate on the swap; floating rate notes at an assumed rate of 4.0% plus the current fixed spread; floating rate notes swapped to fixed at the applicable fixed rate on the swap plus the current fixed spread; Subseries 2002G-1 Bonds at an assumed rate of 4.0% plus the current fixed spread, except Subseries 2002G-1g Bonds at an assumed rate of 4.0%; Series 2011B Bonds at an assumed rate of 4.0% plus the current fixed spread; fixed rate mandatory tender bonds at their respective fixed rates prior to the mandatory tender date; interest paid monthly, calculated on the basis of a 360-day year consisting of twelve 30-day months for variable rate bonds and floating rate notes.

<sup>(3)</sup> Excludes debt service on all outstanding Bond Anticipation Notes and Revenue Anticipation Notes.

<sup>(4)</sup> Includes debt service on a \$300 million draw dated May 1, 2019 and a \$146.5 million draw dated September 20, 2016 on the Railroad Rehabilitation and Improvement Financing Program loan (the RRIF Loan).

<sup>(5)</sup> Debt service has not been reduced to reflect expected receipt of Build America Bond interest subsidies relating to certain Outstanding Transportation Revenue Bonds; such subsidies do not constitute pledged revenues under the Transportation Resolution.

<sup>(6)</sup> Excludes debt service on the Subseries 2012A-2 Bonds.

<sup>(7)</sup> Figures reflect amounts expected to be outstanding as of June 3, 2019, the Mandatory Tender Date for the Subseries 2012A-2 Bonds.



## PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

**Part II** of this remarketing circular describes the sources of payment and security for all Transportation Revenue Bonds, including the Subseries 2012A-2 Bonds.

### SOURCES OF PAYMENT

#### Pledged Transportation Revenues Gross Lien

Under State law, the Transportation Revenue Bonds are MTA's special obligations, which means that they are payable solely from a gross lien on the money pledged for payment under the Transportation Resolution. They are not MTA's general obligations. Summaries of certain provisions of the Transportation Resolution and the form of the Interagency Agreement have been filed with the MSRB through EMMA as described under "INTRODUCTION – Where to Find Information."

MTA receives "transportation revenues" directly and through certain subsidiaries (currently, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus) and affiliates (currently, MTA New York City Transit and MaBSTOA), and its receipts from many of these sources are pledged for the payment of Transportation Revenue Bonds. MTA and its subsidiaries also receive operating subsidies from MTA Bridges and Tunnels and a number of other governmental sources. The Transportation Resolution provides that Owners are to be paid from pledged revenues prior to the payment of operating or other expenses, and as described in more detail below. MTA has covenanted to impose fares and other charges so that pledged revenues, together with other available moneys, will be sufficient to cover all debt service and operating and capital costs of the systems. See "Factors Affecting Revenues – Ability to Comply with Rate Covenant and Pay Operating and Maintenance Expenses" below.

**Table 2a** sets forth by general category the amount of pledged revenues, calculated in accordance with the Transportation Resolution, and the resulting debt service coverage for the five years ended December 31, 2018. A general description of the pledged revenues in the general categories referenced in **Table 2a** follows the table, and a more detailed description is set forth in Part 2 of the ADS under the heading "REVENUES OF THE RELATED ENTITIES."

For the years 2014 to 2017, **Table 2a** is based on the historical audited financial statements of MTA and its subsidiaries, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus, and MTA New York City Transit and its subsidiary MaBSTOA, on a cash basis. For the year 2018, **Table 2a** is based on the unaudited financial statements of MTA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus, and MTA New York City Transit and its subsidiary MaBSTOA, on a cash basis. The audited financial statements for MTA and MTA New York City Transit for 2016 and 2017 and the unaudited financial statements for 2018 covered by **Table 2a** are included herein by specific cross-reference and should be read in connection with this information. The information in **Table 2a** may not be indicative of future results of operations and financial condition. The information contained in **Table 2a** has been prepared by MTA management based upon the historical financial statements and the notes thereto.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

**Table 2a**  
**Summary of Pledged Revenues (Calculated in Accordance with the Transportation Resolution)**  
**Historical Cash Basis (\$ in millions)**

	Years Ended December 31,				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues from Systems Operations</b>					
Fares from Transit System	\$ 4,195	\$ 4,396	\$ 4,414	\$ 4,487	\$ 4,454
Fares from Commuter System	1,308	1,373	1,401	1,460	1,481
Fares from MTA Bus	225	223	233	236	242
Other Income <sup>(1)</sup>	<u>270</u>	<u>248</u>	<u>248</u>	<u>256</u>	<u>280</u>
<b>Subtotal – Operating Revenues</b>	<b>\$5,999</b>	<b>\$6,240</b>	<b>\$6,296</b>	<b>\$6,439</b>	<b>\$6,457</b>
<b>Revenues from MTA Bridges and Tunnels Surplus</b>	<b>\$623</b>	<b>\$740</b>	<b>\$742</b>	<b>\$731</b>	<b>\$692</b>
<b>Revenues from Governmental Sources</b>					
State and Local General Operating Subsidies	<b>\$376</b>	<b>\$370</b>	<b>\$378</b>	<b>\$376</b>	<b>\$375</b>
Special Tax-Supported Operating Subsidies					
DTF Excess <sup>(2)</sup>	279	277	259	231	250
MMTOA Receipts	1,564	1,564	1,668	1,668	1,687
Urban Tax	806	941	811	585	656
Excess Mortgage Recording Taxes	25	25	25	25	25
MTA Aid Trust Account Receipts	313	285	300	306	273
Payroll Mobility Tax Receipts <sup>(3)</sup>	<u>1,572</u>	<u>1,626</u>	<u>1,682</u>	<u>1,680</u>	<u>1,787</u>
<b>Subtotal Special Tax-Supported Operating Subsidies</b>	<b>\$4,559</b>	<b>\$4,718</b>	<b>\$4,745</b>	<b>\$4,495</b>	<b>\$4,677</b>
<b>Station Maintenance and Service Reimbursements</b>	<b>524</b>	<b>599</b>	<b>563</b>	<b>560</b>	<b>530</b>
<b>City Subsidy for MTA Bus</b>	<b>461</b>	<b>439</b>	<b>356</b>	<b>520</b>	<b>464</b>
<b>Revenues from Investment of Capital Program Funds<sup>(4)</sup></b>	<b><u>7</u></b>	<b><u>8</u></b>	<b><u>13</u></b>	<b><u>24</u></b>	<b><u>55</u></b>
<b>Subtotal – Non-Operating Revenues<sup>(5)</sup></b>	<b>\$6,550</b>	<b>\$6,874</b>	<b>\$6,797</b>	<b>\$6,706</b>	<b>\$6,793</b>
<b>Total Transportation Resolution Pledged Revenues</b>	<b>\$12,549</b>	<b>\$13,114</b>	<b>\$13,093</b>	<b>\$13,145</b>	<b>\$13,250</b>
<b>Debt Service<sup>(6)</sup></b>	<b>\$1,332</b>	<b>\$1,399</b>	<b>\$1,381</b>	<b>\$1,581</b>	<b>\$1,457</b>
<b>Debt Service Coverage from Pledged Revenues</b>	<b>9.4x</b>	<b>9.4x</b>	<b>9.5x</b>	<b>8.3x</b>	<b>9.1x</b>

<sup>(1)</sup> Other income in the case of the Transit System includes advertising revenue, interest income on certain operating funds, station concessions, Transit Adjudication Bureau collections, rental income and miscellaneous. Other income in the case of the Commuter System includes advertising revenues, interest income on certain operating funds, concession revenues (excluding Grand Central Terminal and Penn Station concessions), rental income and miscellaneous. Other income does not include Superstorm Sandy reimbursement funds.

<sup>(2)</sup> Calculated by subtracting the debt service payments on the Dedicated Tax Fund Bonds from the MTTF Receipts described in Part 3 of the ADS under the caption “DEDICATED TAX FUND BONDS.”

<sup>(3)</sup> Payroll Mobility Tax Receipts include PMT Revenue Offset of \$309 million annually in 2014 through 2016, and \$244.3 million in both 2017 and 2018.

<sup>(4)</sup> Represents investment income on capital program funds held for the benefit of the Transit and Commuter Systems on an accrual basis.

<sup>(5)</sup> Sum of (a) Revenues from MTA Bridges and Tunnels Surplus, (b) Revenues from Governmental Sources (including State and Local General Operating Subsidies and Special Tax-Supported Operating Subsidies), (c) Station Maintenance and Service Reimbursements, (d) City Subsidy for MTA Bus and (e) Revenues from Investment of Capital Program Funds.

<sup>(6)</sup> Debt service was reduced by approximately \$54 million in each year of 2014 through 2018 to reflect Build America Bonds interest credit payments relating to certain outstanding bonds. Such payments do not constitute Pledged Revenues under the Transportation Resolution.

The following should be noted in **Table 2a**:

- MTA receives monthly payments beginning in May of MMTOA Receipts, with the first quarter of the State’s appropriation for the succeeding year advanced into the fourth quarter of MTA’s calendar year. MTA continues to monitor the effect of not having MMTOA Receipts available during the first quarter of the calendar year to determine if working capital borrowings may be necessary for cash flow needs. In 2015, MMTOA Receipts remained at the same level as in 2014, because the State redirected a portion of MMTOA funds from the operating budget to the capital budget. In 2016, there was an increase from the lower 2015 levels of MMTOA Receipts. In 2017, MMTOA Receipts remained at the same level as the prior year, and in 2018 there was a small increase from the prior year.
- “Urban Tax” collection reflects the activity level of certain commercial real estate transactions in the City. Urban Tax revenues declined in 2017 due to fewer significantly large transactions

(valued over \$100 million) as compared to 2015 and 2016. In 2016, MTA saw an increase in Urban Tax revenues from the prior year, as a result of both overall stronger commercial real estate economy and an uptick in the value of significantly large transactions.

- Mortgage recording taxes consist of two separate taxes: the MRT-1 Tax, which is imposed on borrowers of recorded mortgages of real property; and the MRT-2 Tax, which is a tax imposed on the institutional lender. These taxes are collected by the City and the seven other counties within MTA's service area. Mortgage recording taxes are used for Transit and Commuter Systems purposes after the payment of MTA Headquarters' expenses and MTA Bus debt service (beginning in 2009). Since 2009, even though mortgage recording tax receipts have grown in six out of the last seven years, MTA Headquarters expenses and MTA Bus debt service expenses have continued to exceed MRT receipts, resulting in no Excess Mortgage Recording Tax transfers to the Transit and Commuter Systems.
- City Subsidy for MTA Bus was higher in 2017 predominantly due to the timing of payments received. MTA received one extra monthly payment made in 2017 (only 11 payments were made in 2016) and an additional quarterly payment, which is usually reconciled in the following year. In 2018, there was a decrease in receipts for MTA Bus, resulting from the additional quarterly payment that was made in 2017.
- Revenues from Investment of Capital Program Funds – substantially all of the investment income is generated from bond proceeds, such as funds held in anticipation of expenditure on project costs.
- In 2016, \$45.3 million of revenues on deposit in the TRB debt service fund was replaced with proceeds of certain Transportation Revenue Bonds permitting such revenues to be used together with other available moneys to prepay outstanding 2 Broadway Certificates of Participation. As a result, 2016 Debt Service reported in the above table is lower by \$45.3 million than it would have been if such transaction had not occurred.
- Totals may not add due to rounding.

**Table 2b** sets forth, by major category, for the five years ended December 31, 2018, all of the system operating revenues, expenses, adjustments, prior-year carryover and net cash balance. This information contained in **Table 2b** may not be indicative of future results of operations and financial condition. The amounts indicated in the "Actual" columns for 2014 to 2017 reflect actual information based on the historical audited financial statements of MTA and its subsidiaries, and amounts for 2018 are based on unaudited financial statements.

**Table 2b**  
**MTA Consolidated Statement of Operations by Category**  
**(\$ in millions)**

	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>Non-Reimbursable</b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b><u>Operating Revenue</u></b>					
Farebox Revenue	\$5,709	\$5,961	\$6,170	\$6,172	\$6,155
Toll Revenue	1,676	1,809	1,912	1,912	1,976
Other Revenue	682	689	653	653	660
Capital and Other Reimbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Operating Revenue</b>	<b>\$8,068</b>	<b>\$8,459</b>	<b>\$8,608</b>	<b>\$8,737</b>	<b>\$8,791</b>
<b><u>Operating Expense</u></b>					
<b>Labor Expenses:</b>					
Payroll	\$4,672	\$4,696	\$5,019	\$5,021	\$5,196
Overtime	730	755	934	934	1,066
Health & Welfare	962	1,050	1,209	1,209	1,237
OPEB Current Payment	479	502	564	564	605
Pensions	1,304	1,249	1,345	1,345	1,339
Other-Fringe Benefits	784	861	794	792	881
Reimbursable Overhead	<u>(350)</u>	<u>(380)</u>	<u>(492)</u>	<u>(492)</u>	<u>(527)</u>
<b>Subtotal Labor Expenses</b>	<b>\$8,582</b>	<b>\$8,732</b>	<b>\$9,238</b>	<b>\$9,373</b>	<b>\$9,797</b>
<b>Non-Labor Expenses:</b>					
Electric Power	\$516	\$474	\$430	\$430	\$482
Fuel	267	162	150	150	185
Insurance	51	57	(3)	(3)	(30)
Claims	269	331	515	526	390
Paratransit Service Contracts	366	379	393	393	455
Maintenance and Other Operating Contracts	549	579	692	695	674
Professional Service Contracts	283	380	506	507	539
Materials & Supplies	527	543	588	588	636
Other Business Expenses	<u>180</u>	<u>196</u>	<u>217</u>	<u>217</u>	<u>220</u>
<b>Subtotal Non-Labor Expenses</b>	<b>\$3,007</b>	<b>\$3,101</b>	<b>\$3,168</b>	<b>\$3,505</b>	<b>\$3,551</b>
<b>Other Expense Adjustments:</b>					
Other	\$45	\$37	\$49	\$49	\$129
General Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Subtotal Other Expense Adjustments</b>	<b>\$45</b>	<b>\$37</b>	<b>\$47</b>	<b>\$49</b>	<b>\$129</b>
<b>Total Operating Expense before Non-Cash Liability Adj.</b>	<b>\$11,634</b>	<b>\$11,871</b>	<b>\$12,454</b>	<b>\$12,927</b>	<b>\$13,477</b>
Depreciation	\$2,266	\$2,443	\$2,600	\$2,608	\$2,697
OPEB Liability Adjustment	2,035	1,490	1,548	1,567	1,344
GASB 75 OPEB Expense Adjustment					133
GASB 68 Pension Expense Adjustment	0	(410)	(234)	(168)	(366)
Environmental Remediation	21	21	13	13	104
<b>Total Operating Expense after Non-Cash Liability Adj.</b>	<b>\$15,956</b>	<b>\$15,414</b>	<b>\$16,252</b>	<b>\$16,948</b>	<b>\$17,389</b>
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$4,322)	(\$3,543)	(\$3,927)	(\$4,021)	(\$3,912)
Debt Service (excludes Service Contract Bonds)	2,249	2,373	2,525	2,525	2,541
<b>Total Operating Expense with Debt Service</b>	<b>\$13,882</b>	<b>\$14,244</b>	<b>\$14,912</b>	<b>\$15,452</b>	<b>\$16,018</b>
Dedicated Taxes and State/Local Subsidies	\$6,375	\$6,595	\$6,429	\$6,416	\$7,129
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>\$561</b>	<b>\$810</b>	<b>\$371</b>	<b>(\$300)</b>	<b>(\$98)</b>
Conversion to Cash Basis: GASB Account	(50)	0	0	0	0
Conversion to Cash Basis: All Other	(626)	(660)	129	174	349
<b>CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER</b>	<b>(\$115)</b>	<b>\$150</b>	<b>(\$232)</b>	<b>(\$126)</b>	<b>\$251</b>
<b>ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PRIOR-YEAR CARRYOVER</b>	<b>445</b>	<b>330</b>	<b>480</b>	<b>248</b>	<b>121</b>
<b>NET CASH BALANCE</b>	<b>\$330</b>	<b>\$480</b>	<b>\$248</b>	<b>\$121</b>	<b>\$372</b>

**Table 3a** sets forth the Summary of Adopted Budget 2019 and Forecast 2020 Pledged Revenues based on the MTA 2019 Adopted Budget February Financial Plan 2019-2022. The information set forth in **Table 3a** is comparable to that set forth, with respect to the years 2014-2018, in **Table 2a**.

**Table 3a**  
**Summary of Adopted Budget 2019 and Forecast 2020**  
**(Calculated in Accordance with the Transportation Resolution)**  
**(\$ in millions)<sup>(1)</sup>**

	<b>Adopted Budget 2019</b>	<b>Forecast 2020</b>
<b>Revenues from Systems Operations</b>		
Fares from Transit System	\$4,392	\$4,404
Fares from Commuter System	1,505	1,514
Fares from MTA Bus	221	222
Other Income <sup>(2)</sup>	<u>270</u>	<u>294</u>
<b>Subtotal – Operating Revenues</b>	<b>\$6,387</b>	<b>\$6,434</b>
<b>Revenues from MTA Bridges and Tunnels Surplus</b>	<b>\$592</b>	<b>\$642</b>
<b>Revenues from State and Local Governmental Sources</b>		
<b>State and Local General Operating Subsidies</b>	<b>\$376</b>	<b>\$376</b>
<b>NYC Transportation Assistance Fund –     General Transportation Account<sup>(3)</sup></b>	<b>\$0</b>	<b>\$84</b>
<b>Special Tax-Supported Operating Subsidies</b>		
DTF Excess <sup>(4)</sup>	249	244
MMTOA Receipts	1,778	1,840
Urban Tax	626	603
Excess Mortgage Recording Taxes	24	24
Aid Trust Account Receipts <sup>(5)</sup>	308	308
Payroll Mobility Tax Receipts <sup>(5)</sup>	<u>1,839</u>	<u>1,913</u>
<b>Subtotal Special Tax-Supported Operating Subsidies</b>	<b>\$4,824</b>	<b>\$4,932</b>
<b>Station Maintenance and Service Reimbursements</b>	<b>\$605</b>	<b>\$612</b>
<b>City Subsidy for MTA Bus</b>	<b>669</b>	<b>538</b>
<b>Income from Investment of Capital Program Funds</b>	<b>1</b>	<b>1</b>
<b>Subtotal – Non-Operating Revenues</b>	<b>\$7,067</b>	<b>\$7,185</b>
<b>Total Transportation Resolution Pledged Revenues</b>	<b>\$13,455</b>	<b>\$13,618</b>
<b>Budgeted Debt Service<sup>(6)</sup></b>	<b>\$1,611</b>	<b>\$1,742</b>
<b>Debt Service Coverage from Pledged Revenues</b>	<b>8.4x</b>	<b>7.8x</b>

<sup>(1)</sup> Totals may not add due to rounding.

<sup>(2)</sup> Other income for the Transit System includes advertising revenue, interest income on certain operating funds, station concessions, Transit Adjudication Bureau collections, rental income and miscellaneous. Other income for the Commuter System includes advertising revenues, interest income on certain operating funds, concession revenues (excluding Grand Central Terminal and Penn Station concessions), rental income and miscellaneous. Includes MTA Bus Other Income.

<sup>(3)</sup> The 2018-2019 State Enacted Budget included a new revenue stream for MTA to provide a source of funding for the Subway Action Plan, outer borough transit improvements, and other MTA needs. Such new revenues consist of certain statutory surcharges and fines, including a surcharge beginning January 1, 2019, on for-hire vehicle trips entirely within the State that start or terminate in, or traverse, Manhattan below 96th Street. Revenues from this surcharge will be deposited into a new New York City Transportation Assistance Fund and disbursed to three sub-accounts established in such fund in the following order: a Subway Action Plan account, an Outer Borough Transportation account, and a General Transportation account. See “PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT – Description of Pledged Revenues – Additional Taxes and Fees – 2018 Additional Revenues”. The zero amounts in 2019 reflect lower collection of For-Hire Vehicle fees, which collections were delayed following the filing of a lawsuit and a temporary restraining order, which was lifted at the end of January 2019. See the PART I of the ADS. See also “PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT – Description of Pledged Revenues – Additional Taxes and Fees – Legal Challenges to Certain Congestion Zone Surcharges” for a description of a lawsuit challenging the application of certain Congestion Zone Surcharges.

<sup>(4)</sup> Calculated by subtracting the debt service payments on Dedicated Tax Fund Bonds from the MTTF Receipts described in Part 3 of the ADS under the caption “DEDICATED TAX FUND BONDS.”

<sup>(5)</sup> See “PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT – Description of Pledged Revenues – Additional Taxes and Fees” in the ADS for a description of such additional revenues and MTA’s current expectations for application of such revenues in the future.

<sup>(6)</sup> Net of annual Build America Bond interest credit payments on previously issued bonds of approximately \$54.2 million in 2019 and \$53.5 million in 2020. Such payments do not constitute pledged revenues under the Transportation Resolution.

**Table 3b** sets forth, by major category, for the Adopted Budget 2019 and Forecast 2020, all of the system operating revenues, expenses, adjustments, prior-year carryover and net cash balance as published in the MTA 2019 Adopted Budget February Financial Plan 2019-2022. The information contained in **Table 3b** is comparable to that set forth, with respect to the years 2014-2018, in **Table 2b**.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

**Table 3b**  
**MTA Consolidated Statement of Operations by Category**  
**(\$ in millions)**

	<b>Non-Reimbursable</b>	<b>Adopted Budget 2019</b>	<b>Forecast 2020</b>
<b><u>Operating Revenue</u></b>			
Farebox Revenue		\$6,122	\$6,144
Toll Revenue		1,984	1,990
Other Revenue		705	733
Capital and Other Reimbursements		<u>0</u>	<u>0</u>
<b>Total Operating Revenue</b>		<b>\$8,8102</b>	<b>\$8,867</b>
<b><u>Operating Expense</u></b>			
<b>Labor Expenses:</b>			
Payroll		\$5,399	\$5,532
Overtime		812	825
Health & Welfare		1,393	1,530
OPEB Current Payment		682	744
Pensions		1,354	1,332
Other-Fringe Benefits		857	896
Reimbursable Overhead		<u>(457)</u>	<u>(424)</u>
<b>Subtotal Labor Expenses</b>		<b>\$10,039</b>	<b>\$10,436</b>
<b>Non-Labor Expenses:</b>			
Electric Power		\$451	\$464
Fuel		190	188
Insurance		9	16
Claims		379	387
Paratransit Service Contracts		483	501
Maintenance and Other Operating Contracts		898	833
Professional Service Contracts		557	485
Materials & Supplies		687	688
Other Business Expenses		<u>231</u>	<u>225</u>
<b>Subtotal Non-Labor Expenses</b>		<b>\$3,884</b>	<b>\$3,786</b>
<b>Other Expense Adjustments:</b>			
Other		\$158	\$84
General Reserve		<u>165</u>	<u>170</u>
<b>Subtotal Other Expense Adjustments</b>		<b>\$323</b>	<b>\$254</b>
<b>Total Operating Expense before Non-Cash Liability Adjustments</b>		<b>\$14,246</b>	<b>\$14,476</b>
Depreciation		\$2,778	\$2,844
OPEB Liability Adjustment		1,514	1,618
GASB 68 Pension Expense Adjustment		(224)	(289)
Environmental Remediation		6	6
<b>Total Operating Expense after Non-Cash Liability Adjustments</b>		<b>\$18,319</b>	<b>\$18,655</b>
Conversion to Cash Basis: Non-Cash Liability Adjustments		(\$4,073)	(\$4,179)
Debt Service (excludes Service Contract Bonds)		2,692	2,840
<b>Total Operating Expense with Debt Service</b>		<b>\$16,938</b>	<b>\$17,316</b>
Dedicated Taxes and State/Local Subsidies		\$7,238	\$7,370
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>		<b>(\$890)</b>	<b>(\$1,079)</b>
Conversion to Cash Basis: GASB Account		0	4
Conversion to Cash Basis: All Other		363	192
<b>CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER</b>		<b>(\$527)</b>	<b>(\$891)</b>
<b>ADJUSTMENTS</b>		<b>459</b>	<b>413</b>
<b>PRIOR-YEAR CARRYOVER</b>		<b>79</b>	<b>11</b>
<b>NET CASH BALANCE</b>		<b>\$11</b>	<b>(\$467)</b>

## Description of Pledged Revenues

Each of the following revenues is described in more detail in Part 2 of the ADS under the caption “REVENUES OF THE RELATED ENTITIES.” See also **Tables 2a, 2b, 3a** and **3b** above for both historical and forecasted results for each category of pledged revenues described below.

### *Revenues from Systems Operations.*

- **Fares from the Transit and Commuter Systems.** The previously approved transit and commuter fare increases were implemented on March 19, 2017. At its February 27, 2019 meeting, the MTA Board approved transit and commuter fare increases, that became effective on April 21, 2019.

The base subway, local bus and paratransit fares remained unchanged at \$2.75 per trip and the base express bus fare increased from \$6.50 to \$6.75 per trip. The Pay-Per-Ride MetroCard bonus was eliminated. Single ride subway and bus tickets remained unchanged at \$3.00. MTA New York City Transit increased the cost of 30-day and calendar monthly unlimited ride MetroCards from \$121 to \$127, the cost of a 7-day unlimited ride MetroCard from \$32 to \$33, and the 7-day Express Bus Plus unlimited ride MetroCard from \$59.50 to \$62.

At MTA Metro-North Railroad and MTA Long Island Rail Road, all weekly and monthly passes increased 3.85% or less, and monthly tickets no more than \$15. One way tickets had a range of increases due to the need for fares to round to \$0.25 increments. One-way fares into New York City had a range of increases up to 8.00%. Other ticket types such as intermediates, half fares and other discounted tickets had larger increases up to 10%, again due to the need to round to \$0.25 increments on a low ticket price. For these one-way fares, any increase greater than 6.00% was not more than \$0.50 per ride. Increased fares also apply to UniTickets and MTA Metro-North Railroad-managed connecting services. CityTicket increased from \$4.25 to \$4.50.

- **Other Income.** MTA receives revenues from concessions to vendors and from advertising and other space it rents in subway and commuter rail cars, buses, stations and other facilities. Concession revenues from Grand Central Terminal (the main station for MTA Metro-North Railroad) and Penn Station (the main station for MTA Long Island Rail Road), however, are not included within these amounts pledged.

**Revenues from MTA Bridges and Tunnels Surplus.** MTA Bridges and Tunnels is required by law to transfer its annual operating surpluses (generally, tolls and other operating revenues from bridges and tunnels after payment of operating expenses and debt service costs, but not including moneys deposited in to the CBD Tolling Lockbox Fund, as hereinafter described) to MTA, and a statutory formula determines how MTA allocates that money between the Transit and Commuter Systems.

At their February 27, 2019 meeting, the MTA Board approved toll increases that became effective on March 31, 2019, as follows:

- **Cash/Tolls by Mail for Passenger Vehicles.** Toll rates for fare media other than New York Customer Service Center (NYCSC) E-ZPass (which includes cash, Tolls by Mail and non-NYCSC E-ZPass) were increased by \$1.00 at the Robert F. Kennedy, Bronx-Whitestone and Throgs Neck Bridges and Queens Midtown and Hugh L. Carey Tunnels (the major facilities) to \$9.50, by \$2.00 at the Verrazzano-Narrows Bridge (the VNB) (where tolls are collected in the westbound direction only) to \$19.00, by \$1.00 at the Henry Hudson Bridge to \$7.00, and by \$0.50 at the Marine Parkway-Gil Hodges and Cross Bay Veterans Memorial Bridges (the Rockaway Bridges) to \$4.75. Commercial vehicle tolls also increased. Effective September 30, 2017, MTA Bridges and Tunnels completed full implementation of Cashless Tolling at all MTA Bridges and Tunnels Facilities.



- ***E-ZPass Tolls.*** E-ZPass tolls for passenger vehicles using tags issued by the NYCSC increased by \$0.36 at major facilities, \$0.72 at the VNB, \$0.16 at the Henry Hudson Bridge and \$0.13 at the Rockaway Bridges.

***Revenues from State and Local Governmental Sources.***

- ***General Operating Subsidies from the State and Local Governments.*** Under the State's Section 18-b program, MTA receives:
  - subsidies for the Transit System from the State and matching subsidies from the City, and
  - subsidies for the Commuter System from the State and matching subsidies from the City and the seven counties within the MCTD.
- ***Special Tax-Supported Operating Subsidies.*** MTA receives subsidies from a number of sources including:
  - portions of the following dedicated taxes pledged but not ultimately needed to pay debt service on MTA's Dedicated Tax Fund bonds:
    - a group of business privilege taxes imposed on petroleum businesses operating in the State, referred to as the PBT,
    - motor fuel taxes on gasoline and diesel fuel, and
    - certain motor vehicle fees administered by the State Department of Motor Vehicles, including both registration and non-registration fees; and
  - portions of the following mass transportation operating assistance or MMTOA taxes, which State law requires first be used to pay debt service on MTA's Dedicated Tax Fund bonds if the dedicated taxes described above are insufficient:
    - the regional PBT (in addition to the State-wide portion described above), which is referred to as the MMTOA PBT,
    - the sales and compensating use tax within the MCTD,
    - two franchise taxes imposed on certain transportation and transmission companies, and
    - a surcharge on a portion of the franchise tax imposed on certain corporations, banks, insurance, utility and transportation companies attributable to business activities within the MCTD; and
  - a portion of the amounts collected by the City for the benefit of the Transit System from certain mortgage transfer and recording taxes (the Urban Taxes).

***Additional Taxes and Fees.***

***2009 Additional Taxes and Fees.*** On May 7, 2009, legislation was enacted in the State (the May 2009 Legislation) providing additional sources of revenues in the form of taxes, fees and surcharges to address the financial needs of MTA. Certain provisions of the May 2009 Legislation, principally relating to the payroll mobility tax (PMT), have been substantially revised since originally enacted, including provisions exempting additional categories of taxpayers from payment of the PMT, increasing the level of payroll expense at which the PMT becomes applicable, and lowering the tax rate. The May 2009 Legislation, as amended to date, among other things, imposes:

- a PMT on payroll expenses and net earnings from self-employment within the MCTD, subject to certain limitations and exemptions;

- a supplemental fee of one dollar for each six-month period of validity of a learner’s permit or a driver’s license issued to a person residing in the MCTD;
- a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD;
- a tax on taxicab owners of fifty cents per ride on taxicab rides originating in the City and terminating within the MCTD; and
- a supplemental tax of six percent of the cost of rentals of automobiles rented within the MCTD.

Additional amendments made in 2011 to the May 2009 Legislation further expressly provided that any reductions in aid to MTA attributable to the 2011 statutory reductions in the payroll mobility tax “shall be offset through alternative sources that will be included in the state budget” (the PMT Revenue Offset).

Revenue from the PMT is not subject to appropriation, but is payable directly to MTA pursuant to an amendment in the 2015-2016 State Enacted Budget. The PMT Revenue Offset, however, is subject to appropriation. Beginning in State Fiscal Year 2019-2020, the revenues from other taxes and fees imposed by the May 2009 Legislation (the Aid Trust Account Monies) are no longer subject to appropriation, but will be paid on a quarterly basis to MTA.

*2018 Additional Revenues.* In April 2018, legislation was enacted in the State (the April 2018 Legislation) providing additional sources of revenues, in the form of surcharges and fines, to address the financial needs of MTA. Among other things, the April 2018 Legislation imposed, beginning January 1, 2019, the following:

- a surcharge of \$2.75 on for-hire transportation trips (the For-Hire Transportation Surcharge) provided by motor vehicles carrying passengers for hire (or \$2.50 in the case of taxicabs that are subject to the \$0.50 tax on hailed trips that are part of the MTA Aid Trust Account Receipts), other than pool vehicles, ambulances and buses, on each trip that (1) originates and terminates south of and excluding 96th Street in the Borough of Manhattan (the Congestion Zone), (2) originates anywhere in the State and terminates within the Congestion Zone, (3) originates in the Congestion Zone and terminates anywhere in the State, or (4) originates anywhere in the State, enters into the Congestion Zone while in transit, and terminates anywhere in the State;
- a surcharge of \$0.75 for each person (the Pool Vehicle Surcharge, which, together with the For-Hire Transportation Surcharge, is referred to herein collectively as the Congestion Zone Surcharges) who both enters and exits a pool vehicle (certain carpool arrangements set forth in the April 2018 Legislation) in the State and who is picked up in, dropped off in, or travels through the Congestion Zone; and
- certain fines relating to bus rapid transit lane restrictions (the Rapid Transit Lane Fines) captured by the use of stationary and mobile (on-bus) bus lane photo devices on up to ten bus rapid transit routes designated by the New York City Department of Transportation.

The Congestion Zone Surcharges do not apply to transportation services administered by or on behalf of MTA, including paratransit services.

The April 2018 Legislation also created the New York City Transportation Assistance Fund, held by MTA, and the following three accounts therein:

- Subway Action Plan Account,
- Outer Borough Transportation Account, and
- General Transportation Account.

Moneys in the Subway Action Plan Account may be used exclusively for funding the operating and capital costs of the Subway Action Plan (such plan developed by MTA New York City Transit and approved by the MTA Board). Moneys in the Outer Borough Transportation Account may be used exclusively for funding (1) the operating and capital costs of MTA facilities, equipment and services in the counties of Bronx, Kings, Queens and Richmond, and any projects improving transportation connections from such counties to Manhattan, or (2) a toll reduction program for any crossing under the jurisdiction of MTA or MTA Bridges and Tunnels. In connection with the enactment of the State budget for Fiscal Year 2019-2020, adopted on April 1, 2019 (the 2019-2020 State Enacted Budget), moneys from the Outer Borough Transportation Account were earmarked to establish two rebate programs relating to certain toll payers of specified MTA Bridges and Tunnels crossings. Moneys in the General Transportation Account may be used for funding the operating and capital costs of MTA. In each case, moneys may be used for pay-go or for debt service and reserve requirements.

The Congestion Zone Surcharges, together with interest and penalties thereon, will be deposited daily to the credit of the State Comptroller in trust for MTA. The State Comptroller will retain such amount as is determined to be necessary for refunds and the State Commissioner of Taxation and Finance (the Commissioner) will deduct reasonable amounts for costs incurred to administer, collect and distribute such amounts. If sufficient amounts are collected and available, then in accordance with the April 2018 Legislation, on or before the 12th day of each month, after reserving amounts for refunds and reasonable costs, the Commissioner will certify to the State Comptroller the amounts collected in the prior month and the following amounts will be transferred to the following accounts by the 15th business day of each succeeding month (except for the Rapid Transit Lane Fines, which are payable quarterly):

- to the Subway Action Plan Account, without appropriation:
  - in calendar year 2019 – the first \$362 million,
  - in calendar year 2020 – the first \$301 million, and
  - in calendar year 2021 and thereafter – the first \$300 million.
- to the Outer Borough Transportation Account, without appropriation, in each year the next \$50 million; provided that any uncommitted balance at the end of each calendar year shall be transferred to the General Transportation Account (the use of any funds paid into the Outer Borough Transportation Account must be unanimously approved by the members of the MTA Capital Program Review Board appointed upon the recommendations of the Temporary President of the Senate and the Speaker of the Assembly and the member appointed by the Governor); and
- to the General Transportation Account, without appropriation, (1) all excess Congestion Zone Surcharges in each calendar year above the amounts required to be deposited to the Subway Action Plan Account and the Outer Borough Transportation Account, (2) the uncommitted balance at the end of each year in the Outer Borough Transportation Account, and (3) Rapid Transit Lane Fines, interest and penalties until expiration on September 20, 2020.

For a discussion of certain litigation relating to the Congestion Zone Surcharges, see “FINANCIAL PLANS AND CAPITAL PROGRAMS – Additional Matters – *Legal Challenge to Certain 2018 Enacted Congestion Zone Surcharges*” in Part 2 of the **ADS**.

*Application of 2009 Additional Taxes and Fees and 2018 Additional Revenues.*

- *PMT*. The revenues from the PMT and the PMT Revenue Offset (the PMT Revenues) can be: (i) pledged by MTA to secure and be applied to the payment of bonds to be issued in the future to fund capital projects of MTA, its subsidiaries, and MTA New York City Transit and its subsidiary and (ii) used by MTA to pay capital costs, including debt service on Transportation Revenue Bonds, of MTA, its subsidiaries and MTA New York City Transit and its subsidiary. Subject to the provisions of any such pledge, or in the event there is no such pledge, the PMT Revenues can be used by MTA to pay for costs, including operating costs of MTA, its subsidiaries and MTA New York City Transit and its subsidiary. Under the Transportation Resolution, the PMT

Revenues constitute “Operating Subsidies” that are pledged to the payment of principal of and interest on the Transportation Revenue Bonds to the extent not required to be applied to the payment of debt service on bonds that may be issued in the future by MTA that are secured in whole or in part by the PMT Revenues.

- *Aid Trust Account Monies.* The revenues from other taxes and fees imposed by the May 2009 Legislation (the Aid Trust Account Monies) may be pledged by MTA or pledged to MTA Bridges and Tunnels to secure debt of MTA or MTA Bridges and Tunnels. Subject to the provisions of such pledge, or in the event there is no such pledge, such revenues can be used by MTA for the payment of operating and capital costs of MTA, its subsidiaries and MTA New York City Transit and its subsidiary as MTA shall determine. Under the Transportation Resolution, the Aid Trust Account Monies constitute “Non-Pledged Operating Subsidies” that are not pledged to the payment of principal of and interest on the Transportation Revenue Bonds, unless and until and to the extent MTA allocates such moneys to the payment of debt service on the Transportation Revenue Bonds or Operating and Maintenance Expenses. Although MTA has allocated such monies so as to constitute pledged revenues in prior years, no assurances can be given that MTA will allocate any of the Aid Trust Account Monies to the payment of debt service on the Transportation Revenue Bonds or Operating and Maintenance Expenses in the future.
- *Congestion Zone Surcharges and Rapid Transit Lane Fines.* The Congestion Zone Surcharges and the Rapid Transit Lane Fines may be pledged by MTA to secure and be applied to the payment of bonds to be issued in the future to fund capital projects for which moneys in the applicable Account of the New York City Transportation Assistance Fund may be used, as described above, including the payment of debt service of MTA. Subject to the provisions of any such pledge, or in the event there is no such pledge, the Congestion Zone Surcharges and the Rapid Transit Lane Fines may be used by MTA to pay for costs, including operating costs of MTA, for which moneys in the applicable Account of the New York City Transportation Assistance Fund may be used.

Under the Transportation Resolution, the Congestion Zone Surcharges deposited into the Subway Action Plan Account and the Outer Borough Transportation Account constitute “Non-Pledged Operating Subsidies” that are not pledged to the payment of principal of and interest on the Transportation Revenue Bonds, unless and until and to the extent MTA allocates such moneys to the payment of debt service on the Transportation Revenue Bonds or to Operating and Maintenance Expenses. Under the Transportation Resolution, the Congestion Zone Surcharges deposited into the General Transportation Account and the Rapid Transit Lane Fines constitute “Operating Subsidies” that are pledged to the payment of principal of and interest on the Transportation Revenue Bonds.

*Expectations with Respect to Future Bonding.* MTA currently anticipates establishing a new credit secured in whole or in part by the PMT Revenues and the Aid Trust Account Monies. Such pledge would reduce the amounts of PMT Revenues and Aid Trust Account Monies available to constitute Operating Subsidies.

MTA currently expects that, unless and until amounts constituting the PMT Revenue Offset are pledged as part of the security for the new credit secured in whole or in part by PMT Revenues, such amounts would be treated as “Operating Subsidies” pledged to the payment of principal and interest on the Transportation Revenue Bonds.

*2019 Additional Revenues for MTA Capital Program Costs.* The 2019-2020 State Enacted Budget established three additional revenue sources for MTA: (1) the Central Business District Tolling Program, (2) a portion of the collections of new real estate transfer taxes to be imposed in the City, and (3) allocated portions of the State and City sales tax collections based upon projected increases due to legislative changes to collect City-based internet sales tax allocations. Funds from such additional revenue sources are to be deposited in a

newly established CBD Tolling Capital Lockbox Fund held by MTA Bridges and Tunnels, to be used, subject to certain limitations, to fund operating, administration and other necessary expenses relating to the CBD Tolling Program, including costs incurred by MTA Bridges and Tunnels in administering the program and related costs incurred by the City Department of Transportation, and costs of MTA capital projects included in the 2020-2024 Capital Program or any successor capital program. Such funds in the CBD Tolling Capital Lockbox Fund may be:

(i) pledged by MTA Bridges and Tunnels to pay any bonds issued by MTA Bridges and Tunnels to finance (a) costs of the CBD Tolling Program, including the tolling infrastructure, CBD tolling collection system and CBD tolling customer service center and (b) the costs of any MTA capital projects in the 2020-2024 Capital Program or later capital program; or

(ii) used by MTA Bridges and Tunnels to pay capital costs of the CBD Tolling Program and the costs of any MTA capital projects in the 2020-2024 Capital Program or later capital program on a Pay-Go basis; or

(iii) transferred to MTA and either (x) pledged by MTA to pay MTA bonds issued to pay for costs of MTA capital projects in the 2020-2024 Capital Program or later capital program, or (y) used by MTA to pay costs of MTA capital projects in the 2020-2024 Capital Program or later capital program on a Pay-Go basis.

See “MTA-RELATED PROVISIONS IN THE NEW YORK STATE FISCAL YEAR 2019-2020 ENACTED BUDGET – Central Business District Tolling Program” and “–Other New Recurring Revenue Sources for MTA” in Part I of the **ADS**.

*Anti-Diversion Legislation.* Effective December 28, 2018, the Executive Law of the State was amended to, among other things, prohibit, subject to limited exceptions requiring the adoption of future State legislation, any diversion of revenues derived from taxes and fees payable to MTA (including, but not limited to taxes and fees paid to the MTA Dedicated Tax Fund, the PMT and other taxes and fees imposed by the May 2009 Legislation, as amended) into the State’s general fund or any other fund maintained for support of another governmental purpose.

*Station Maintenance and Service Reimbursements.* MTA is reimbursed by the City and the seven counties in the MCTD with respect to commuter stations located in each respective jurisdiction for the cost of staffing the stations, maintaining the stations and appurtenant land and buildings, and insurance. In addition, the City provides for the policing of the Transit System and contributes to support MTA New York City Transit’s paratransit, senior citizen and school children programs. Also, MTA Metro-North Railroad receives certain payments from the Connecticut Department of Transportation (CDOT) for its share of the operating deficits of the New Haven rail line.

*City Agreement with MTA Bus.* In December 2004, the MTA Board approved a letter agreement with the City (the MTA Bus Letter Agreement) with respect to MTA Bus’ establishment and operation of certain bus routes (the MTA Bus System) in areas then served by seven private bus companies pursuant to franchises granted by the City. The City’s payments under the MTA Bus Letter Agreement are pledged to holders of the Transportation Revenue Bonds and are reflected in **Tables 2a, 2b, 3a and 3b** above. The MTA Bus Letter Agreement with the City provides for the following:

- A lease by the City to MTA Bus of the bus assets to operate the MTA Bus System.
- The City agrees to pay MTA Bus the difference between the actual cost of operation of the MTA Bus System (other than certain capital costs) and all revenues and subsidies received by MTA Bus and allocable to the operation of the MTA Bus System.
- If the City fails to timely pay any of the subsidy amounts due for a period of 30 days, MTA Bus has the right, after an additional 10 days, to curtail, suspend or eliminate service and may elect to terminate the agreement. The City can terminate the agreement on one year’s notice.

***Revenues from Investment Income and Miscellaneous.*** MTA earns income, as do its subsidiaries and affiliates, from the temporary investment of money held in those of MTA's various funds and accounts that are pledged to holders of Transportation Revenue Bonds.

### **Factors Affecting Revenues**

***Ridership.*** The level of fare revenues depends to a large extent on MTA's ability to maintain and/or increase ridership levels on the Transit, Commuter and MTA Bus Systems. Those ridership levels are affected by safety and the quality and efficiency of systems operations, as well as by financial and economic conditions in the New York metropolitan area.

***Fare Policy.*** MTA determines the rate or rates of fares charged to users of the Commuter System and MTA Bus System, and MTA New York City Transit and MABSTOA, together with MTA, do the same for the Transit System. After adopting operating expense budgets and assessing the availability of governmental subsidies, each makes a determination of fares necessary to operate on a self-sustaining cash basis in compliance with State law and covenants in the Transportation Resolution. Considering the impact of increased fares on riders and on the regional economy, MTA may attempt to reduce costs or obtain additional revenues from other sources, mainly governmental sources, before increasing fares. As a result, even though MTA does not generally need other governmental approvals before setting fares, the amount and timing of fare increases may be affected by the federal, State and local government financial conditions, as well as by budgetary and legislative processes. MTA's obligation to obtain approval of fare increases on the New Haven line from CDOT can also affect the amount and timing of fare increases.

***Ability to Comply with Rate Covenant and Pay Operating and Maintenance Expenses.*** The Transit, Commuter and MTA Bus Systems have depended, and are expected to continue to depend, upon government subsidies to meet capital and operating needs. Thus, although MTA is legally obligated by the Transportation Resolution's rate covenant to raise fares sufficiently to cover all capital and operating costs, there can be no assurance that there is any level at which Transit, Commuter and MTA Bus Systems fares alone would produce revenues sufficient to comply with the rate covenant, particularly if the current level (or the assumed level in the budget prepared in connection with 2019 and the forecasts prepared in connection with, 2020, 2021 and 2022) of collection of dedicated taxes, operating subsidies, and expense reimbursements were to be discontinued or substantially reduced.

***Operating Results and Projections.*** Based upon the February Financial Plan 2019-2022, the budgets of the Related Entities are expected to be substantially in balance in 2019, but there are projected deficits in 2020, 2021 and 2022. Any of the Transit System, the Commuter System or MTA Bus System or all of them may be forced to institute additional cost reductions (which, in certain circumstances, could affect service which, in turn, could adversely affect revenues) or take other additional actions to close projected budget gaps, which could include additional fare increases.

***Financial Plans.*** The February Financial Plan 2019-2022, the 2010-2014 Capital Program, the 2015-2019 Capital Program and prior and future Capital Programs are interrelated, and any failure to fully achieve the various components of these plans could have an adverse impact on one or more of the other proposals contained in the February Financial Plan 2019-2022, the 2010-2014 Capital Program, the 2015-2019 Capital Program and prior and future Capital Programs, as well as on pledged revenues.

***MTA Bridges and Tunnels Operating Surplus.*** The amount of MTA Bridges and Tunnels operating surplus to be used for the Transit and Commuter Systems is affected by a number of factors, including traffic volume, the timing and amount of toll increases, the operating and capital costs of MTA Bridges and Tunnels Facilities, and the amount of debt service payable from its operating revenues, including debt service on obligations issued for the benefit of MTA's affiliates and subsidiaries and for MTA Bridges and Tunnels' own capital needs.

**Government Assistance.** The level and timing of government assistance to MTA may be affected by several different factors, such as:

- Subsidy payments by the State may be made only if and to the extent that appropriations have been made by the Legislature and money is available to fund those appropriations.
- The Legislature may not bind or obligate itself to appropriate revenues during a future legislative session, and appropriations approved during a particular legislative session generally have no force or effect after the close of the State fiscal year for which the appropriations are made.
- The State is not bound or obligated to continue to pay operating subsidies to the Transit, Commuter or MTA Bus Systems or to continue to impose any of the taxes currently funding those subsidies.
- The financial condition of the State and the State of Connecticut, and the City and counties in the MCTD could affect the ability or willingness of the States and local governments to continue to provide general operating subsidies, the City and local governments to continue to provide reimbursements and station maintenance payments, and the State to continue to make special appropriations.
- Court challenges to the State taxes that are the sources of various State and City operating subsidies to MTA, if successful, could adversely affect the amount of pledged revenues generated by such State taxes.

**Information Relating to the State.** Information relating to the State, including the Annual Information Statement of the State, as amended or supplemented, is not a part of this remarketing circular. Such information is on file with MSRB through EMMA with which the State was required to file, and the State has committed to update that information to the holders of its general obligation bonds in the manner specified in Rule 15c2-12. Prospective purchasers of Transportation Revenue Bonds and Notes wishing to obtain that information may refer to those filings regarding currently available information about the State. The State has not obligated itself to provide continuing disclosure in connection with the offering of Transportation Revenue Bonds or Notes, including the Subseries 2012A-2 Bonds. MTA makes no representations about State information or its continued availability.

## SECURITY

### General

The Transportation Revenue Bonds, including the Subseries 2012A-2 Bonds, are MTA's special obligations payable as to principal (including sinking fund installments), redemption premium, if any, and interest from the security, sources of payment, and funds specified in the Transportation Resolution.

- The payment of principal (including sinking fund installments, if any), redemption premium, if any, and interest on Transportation Revenue Bonds is secured by, among other sources described below, the transportation revenues discussed in the preceding section "SOURCES OF PAYMENT," which are, together with certain other revenues, referred to as "pledged revenues."
- Holders of Transportation Revenue Bonds are to be paid prior to the payment, from pledged revenues, of operating or other expenses of MTA, MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus. However, MTA's ability to generate major portions of the pledged revenues depends upon its payment of operating and other expenses.
- Transportation Revenue Bonds are not a debt of the State or the City, or any other local governmental unit.
- MTA has no taxing power.

Summaries of certain provisions of the Transportation Resolution and the form of the Interagency Agreement have been filed with the MSRB through EMMA. See “INTRODUCTION – Where to Find Information.”

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

The Transportation Resolution provides that there are pledged to the payment of principal and redemption premium of, interest on, and sinking fund installments for, the Transportation Revenue Bonds and Parity Debt, in accordance with their terms and the provisions of the Transportation Resolution the following, referred to as the “Trust Estate”:

- all pledged revenues as described above;
- the net proceeds of certain agreements pledged by MTA to the payment of transit and commuter capital projects;
- the proceeds from the sale of Transportation Revenue Bonds, until those proceeds are paid out for an authorized purpose;
- all funds, accounts and subaccounts established by the Transportation Resolution (except those established by a supplemental obligation resolution for variable interest rate obligations, put obligations, parity debt, subordinated contract obligations or subordinated debt); and
- the Amended and Restated Interagency Agreement dated as of April 1, 2006, among MTA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA New York City Transit, MaBSTOA and MTA Bus.

The Trustee may directly enforce an undertaking to operate the Transit System, the Commuter System or the MTA Bus System to ensure compliance with the Transportation Resolution.

Under the Transportation Resolution, the operators of the Transit, Commuter and MTA Bus Systems are obligated to transfer to the Trustee for deposit into the Revenue Fund virtually all pledged revenues as soon as practicable following receipt or, with respect to revenues in the form of cash and coin, immediately after being counted and verified. The pledge of money located in the State of Connecticut may not be effective until that money is deposited under the Transportation Resolution.

### **Flow of Revenues**

The Transportation Resolution creates the following funds and accounts:

- Revenue Fund (held by the Trustee),
- Debt Service Fund (held by the Trustee), and
- Proceeds Fund (held by MTA).

The Transportation Resolution requires the Trustee, promptly upon receipt of the pledged revenues in the Revenue Fund, to deposit the revenues into the following funds and accounts, in the amounts and in the order of priority, as follows:

- to the debt service accounts, the net amount, if any, required to make the amount in the debt service accounts equal to the accrued debt service for Transportation Revenue Bonds and Parity Debt to the last day of the current calendar month;
- to pay, or accrue to pay, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation;



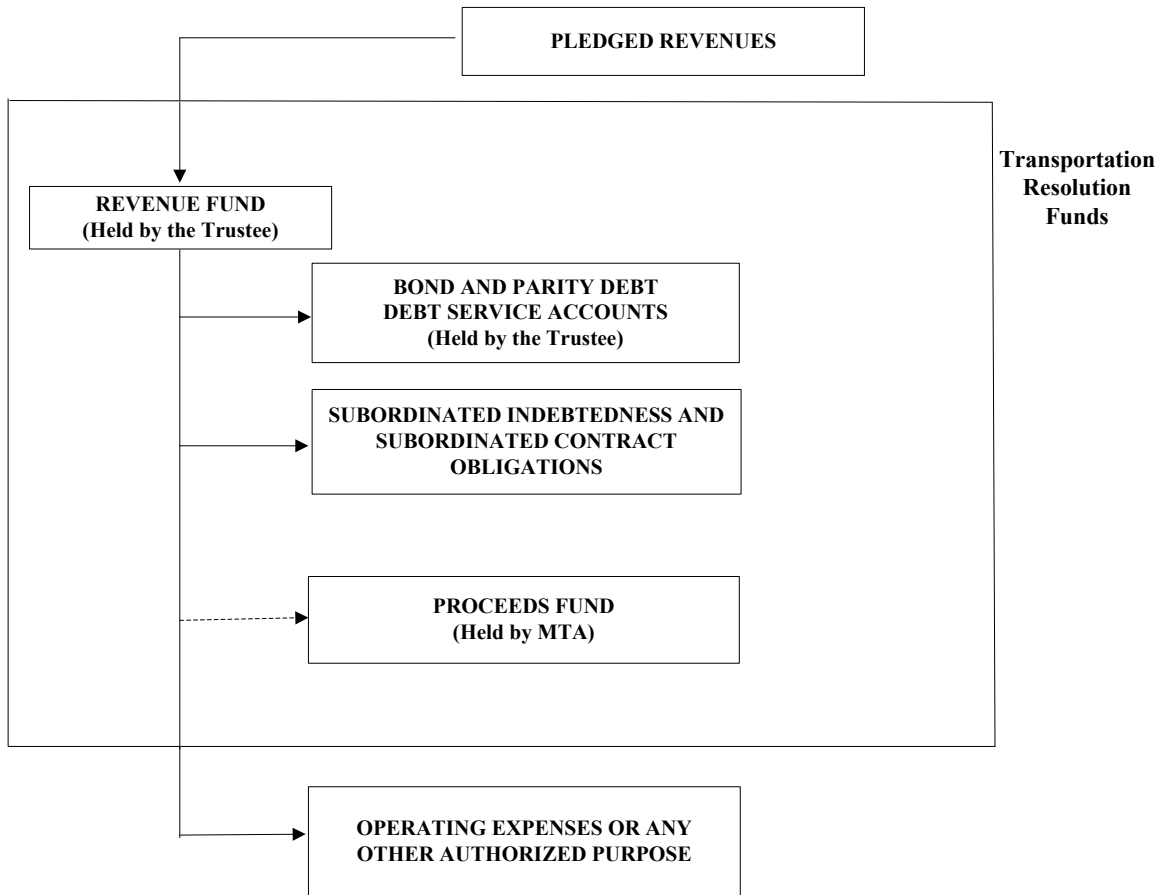
- to MTA for deposit in the Proceeds Fund, as directed by one of MTA's authorized officers, to fund Capital Costs of the Transit, Commuter and MTA Bus Systems; and
- to accounts held by MTA or any of the Related Transportation Entities for payment of operating expenses or any other authorized purpose.

All amounts paid out by MTA or the Trustee either for an authorized purpose (excluding transfers to any other pledged fund or account) or under the last bullet point above are free and clear of the lien and pledge created by the Transportation Resolution.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

The following chart illustrates the basic elements of the flow of revenues described above:

### TRANSPORTATION REVENUE OBLIGATIONS – FLOW OF PLEDGED REVENUES



————— Normal Flow

- - - - - Discretionary Flow

## Covenants

**Rate Covenants.** MTA must fix the transit and commuter fares and other charges and fees to be sufficient, together with other money legally available or expected to be available, including from government subsidies –

- to pay the debt service on all the Transportation Revenue Bonds;
- to pay any Parity Debt;
- to pay any Subordinated Indebtedness and amounts due on any Subordinated Contract Obligations; and
- to pay, when due, all operating and maintenance expenses and other obligations of its transit and commuter affiliates and subsidiaries.

See “SOURCES OF PAYMENT – Factors Affecting Revenues” above.

### ***Operating and Maintenance Covenants.***

- MTA, MaBSTOA, MTA New York City Transit, MTA Metro-North Railroad, MTA Long Island Rail Road and MTA Bus are required at all times to operate, or cause to be operated, the systems properly and in a sound and economical manner and 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.
- Nothing in the Transportation Resolution prevents MTA from ceasing to operate or maintain, or from leasing or disposing of, all or any portion of the systems if, in MTA’s judgment it is advisable to do so, but only if the operation is not essential to the maintenance and continued operation of the rest of the systems and this arrangement does not materially interfere with MTA’s ability to comply with MTA’s rate covenants.

**Additional Bonds.** The Transportation Resolution permits MTA to issue additional Transportation Revenue Bonds and to issue or enter into Parity Debt, from time to time, to pay or provide for the payment of qualifying costs, without meeting any specific debt-service-coverage level, as long as MTA certifies to meeting the rate covenant described above for the year in which the additional debt is being issued. Under the Transportation Resolution, MTA may only issue additional Transportation Revenue Bonds if those bonds are issued to fund projects pursuant to an approved MTA Capital Program, if an approved capital program is then required.

There is no covenant with Owners limiting the aggregate principal amount of additional Transportation Revenue Bonds or Parity Debt that MTA may issue. There is a limit under current State law that covers the Transportation Revenue Bonds and certain other securities. See Part 3 of the **ADS** under the caption “GENERAL – Financing of Capital Projects and Statutory Ceiling” for a description of the current statutory cap.

**Refunding Bonds.** MTA may issue Transportation Revenue Bonds to refund all or any portion of the Transportation Revenue Bonds or Parity Debt. Transportation Revenue Bonds may also be issued to refund any pre-existing indebtedness of any Related Entity issued to fund transit and commuter projects. The MTA Board has adopted a refunding policy which must be complied with prior to the issuance of any refunding Bonds.

**Non-Impairment.** Under State law, the State has pledged to MTA that it will not limit or change MTA’s powers or rights in such a way that would impair the fulfillment of MTA’s promises to holders of the Transportation Revenue Bonds.

*No Bankruptcy.* State law specifically prohibits MTA, its Transit System affiliates, its Commuter System subsidiaries or MTA Bus from filing a bankruptcy petition under Chapter 9 of the U.S. Federal Bankruptcy Code. As long as any Transportation Revenue Bonds are outstanding, the State has covenanted not to change the law to permit MTA or its affiliates or subsidiaries to file such a petition. Chapter 9 does not provide authority for creditors to file involuntary bankruptcy proceedings against MTA or other Related Entities.

### **Parity Debt**

MTA may incur Parity Debt pursuant to the terms of the Transportation Resolution that, subject to certain exceptions, would be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by the Transportation Resolution with respect to Transportation Revenue Bonds. Parity Debt may be incurred in the form of a Parity Reimbursement Obligation, a Parity Swap Obligation or any other contract, agreement or other obligation of MTA designated as constituting “Parity Debt” in a certificate of an Authorized Officer delivered to the Trustee.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

### **PART III. OTHER INFORMATION ABOUT THE SUBSERIES 2012A-2 BONDS**

**Part III** of this remarketing circular provides miscellaneous additional information relating to the Subseries 2012A-2 Bonds.

#### **TAX MATTERS**

##### **General**

On March 15, 2012, Nixon Peabody LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-1** (the Approving Opinion) in connection with the original issuance of the Series 2012A Bonds. On May 15, 2014, Nixon Peabody LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-2** (the First Remarketing Opinion) in connection with the remarketing of the Subseries 2012A-2 Bonds. On May 16, 2016, Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP, as co-bond counsel to MTA, each delivered the opinion set forth as **Attachment 3-3** (the Second Remarketing Opinion) in connection with the remarketing of the Subseries 2012A-2 Bonds. Each of the foregoing opinions (collectively referred to herein as the Original Opinions) speaks only as of its respective date, only as to the matters expressly stated and none of such opinions is being re-delivered. The Approving Opinion concluded that under existing law, as of its date, relying on certain statements by MTA and assuming compliance by MTA with certain covenants, interest on the Subseries 2012A-2 Bonds was:

- excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, and
- not a preference item for a bondholder under the federal alternative minimum tax, although it is included in the adjusted current earnings of certain corporations for purposes of calculating the federal corporate alternative minimum tax.\*

The Approving Opinion also concluded that, under then existing law, as of its date, interest on the Subseries 2012A-2 Bonds was exempt from personal income taxes of the State and any political subdivisions of the State, including the City.

The First Remarketing Opinion and the Second Remarketing Opinion each concluded that, under then existing law, as of its date, the mandatory tender and remarketing of the Subseries 2012A-2 Bonds would not adversely affect for federal and State income tax purposes the tax treatment on the Subseries 2012A-2 Bonds.

On the Mandatory Purchase Date, Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP, as Co-Bond Counsel to MTA for the remarketing of the Subseries 2012A-2 Bonds, will each deliver an opinion that the mandatory tender and remarketing of the Subseries 2012A-2 Bonds as described herein will not, in and of themselves, adversely affect the exclusion of interest on the Subseries 2012A-2 Bonds from gross income for purposes of federal income taxation. Neither current Co-Bond Counsel to MTA nor prior bond counsel is rendering an opinion on the current tax status of any of the Subseries 2012A-2 Bonds.

##### **The Subseries 2012A-2 Bonds**

The Internal Revenue Code of 1986 imposes requirements on the Subseries 2012A-2 Bonds that MTA must continue to meet after the Subseries 2012A-2 Bonds were issued (or reissued for federal tax purposes). These requirements generally involve the way that Subseries 2012A-2 Bond proceeds must be invested and ultimately used. If MTA does not meet these requirements, it is possible that an Owner may have to include interest on the Subseries 2012A-2 Bonds in its federal gross income on a retroactive basis to the date of issue. MTA has covenanted to do everything necessary to meet the requirements of the Internal Revenue Code of 1986.

---

\* The Tax Cuts and Jobs Act of 2017, Public Law No. 115-97, eliminated the alternative minimum tax in respect of corporations for taxable years commencing after December 31, 2017.

An Owner who is a particular kind of taxpayer may also have additional tax consequences from owning the Subseries 2012A-2 Bonds. This is possible if an Owner 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 Subseries 2012A-2 Bonds.

If an Owner is in any of these categories, it should consult its tax advisor.

Neither current Co-Bond Counsel to MTA nor prior bond counsel is responsible for updating their respective opinions after the respective dates such opinions were or will be provided. Although not possible to predict, as of the date of delivery of such opinions, it is possible that something may have happened or may happen in the future that could change the tax treatment of the interest on the Subseries 2012A-2 Bonds or affect the market price of the Subseries 2012A-2 Bonds.

Neither current Co-Bond Counsel to MTA nor prior bond counsel expresses any opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Subseries 2012A-2 Bonds or under State, local or foreign tax law.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid on tax-exempt obligations, such as the Subseries 2012A-2 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the interest recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Internal Revenue Code of 1986. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an Owner purchasing a Subseries 2012A-2 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Subseries 2012A-2 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the Owner's federal income tax once the required information is furnished to the Internal Revenue Service.

### **Miscellaneous**

Legislative or administrative actions and court decisions, at either the federal or state level, may cause interest on the Subseries 2012A-2 Bonds to be subject, directly or indirectly, in whole or in part, to federal, state or local income taxation, and thus have an adverse impact on the value or marketability of the Subseries 2012A-2 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion or exemption of the interest on the Subseries 2012A-2 Bonds from gross income for federal or state income tax

purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an impact on the federal or state income tax treatment of holders of the Subseries 2012A-2 Bonds may occur. Prospective purchasers of the Subseries 2012A-2 Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Subseries 2012A-2 Bonds. Co-Bond Counsel have not undertaken to advise in the future whether any events after the date of the remarketing of the Subseries 2012A-2 Bonds may affect the tax status of interest on the Subseries 2012A-2 Bonds.

Prospective purchasers should consult their own tax advisors regarding the foregoing matters.

### **LEGALITY FOR INVESTMENT**

The MTA Act provides that the Subseries 2012A-2 Bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

- 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 that limit or prevent their investment in the Subseries 2012A-2 Bonds.

### **LITIGATION**

There is no pending litigation concerning the bonds being remarketed.

MTA is the defendant in numerous claims and actions, as are its affiliates and subsidiaries, including the MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus and MTA Bridges and Tunnels. Certain of these claims and actions, either individually or in the aggregate, are potentially material to MTA, or its affiliates or subsidiaries. MTA does not believe that any of these claims or actions would affect the application of the sources of payment for the Subseries 2012A-2 Bonds. A summary of certain of these potentially material claims and actions is set forth in Part 6 of the **ADS** under the caption "LITIGATION," as that filing may be amended or supplemented to date.

### **CO-FINANCIAL ADVISORS**

Public Resources Advisory Group, Inc. and Rockfleet Financial Services, Inc. are MTA's Co-Financial Advisors for the remarketing of the Subseries 2012A-2 Bonds. The Co-Financial Advisors have provided MTA advice on the remarketing plan and reviewed the initial remarketing of the Subseries 2012A-2 Bonds. The Co-Financial Advisors have not independently verified the information contained in this remarketing circular and do not assume responsibility for the accuracy, completeness or fairness of such information.

## INITIAL REMARKETING

The Subseries 2012A-2 Bonds are being initially remarketed by Siebert Cisneros Shank & Co., L.L.C. (the Initial Remarketing Agent) at prices that are not in excess of the price stated on the cover of this remarketing circular. The Initial Remarketing Agent will be paid a separate fee as compensation for services rendered in connection with the remarketing of the Subseries 2012A-2 Bonds.

The Initial Remarketing Agent maintains a joint marketing agreement with the Market Agent, and will be paid an additional fee constituting a portion of the Market Agent's compensation paid by MTA in connection with the remarketing of the Subseries 2012A-2 Bonds.

The Initial Remarketing Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Remarketing Agent and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for MTA, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Initial Remarketing Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of MTA. The Initial Remarketing Agent and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies that are assigned to the Subseries 2012A-2 Bonds. Those ratings reflect only the views of the organizations assigning them. An explanation of the significance of the ratings or any outlooks or other statements given with respect thereto from each identified agency may be obtained as follows:

Fitch Ratings 33 Whitehall Street New York, New York 10004 (212) 908-0500	Moody's Investors Service, Inc. 7 World Trade Center 250 Greenwich Street, 23 <sup>rd</sup> Floor New York, New York 10007 (212) 553-0300	S&P Global Ratings 55 Water Street New York, New York 10041 (212) 438-2000
--	---	---

MTA has furnished information to each rating agency rating the bonds being offered, including information not included in this remarketing circular, about MTA and the bonds. Generally, rating agencies base their ratings on that information and on independent investigations, studies and assumptions made by each rating agency. A securities rating is not a recommendation to buy, sell or hold securities. 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 MTA 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

Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP are Co-Bond Counsel to MTA for the remarketing of the Subseries 2012A-2 Bonds. On March 15, 2012, Nixon Peabody LLP, as bond counsel to MTA, delivered the opinion set forth as Attachment 3-1 in connection with the original issuance of the Series 2012A Bonds. On May 15, 2014, Nixon Peabody LLP, as bond counsel to MTA, delivered the opinion set forth as Attachment 3-2 in connection with the remarketing of the Subseries 2012A-2 Bonds. On May 16, 2016, Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP, as co-bond counsel to MTA, delivered the opinion set forth as Attachment 3-3 in connection with the remarketing of the Subseries 2012A-2 Bonds. Each of the foregoing opinions speaks only as of its respective date and only as to the matters expressly stated and none of such opinions is being re-delivered. On the date of the remarketing of the Subseries 2012A-2 Bonds, Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP, as Co-Bond Counsel, will deliver opinions in substantially the form set forth in Attachment 3-4.

The Initial Remarketing Agent has appointed Norton Rose Fulbright US LLP as its counsel in connection with the remarketing of the Subseries 2012A-2 Bonds, which firm will pass upon certain legal matters.

Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, Special Disclosure Counsel to MTA.

Certain legal matters relating to the Credit Facility will be passed upon by Chapman and Cutler LLP, counsel to the Credit Facility Issuer.

Certain legal matters regarding MTA will be passed upon by its General Counsel.

## CONTINUING DISCLOSURE

As more fully stated in **Attachment 2**, MTA 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 MTA's 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. MTA has undertaken to file such information (the Annual Information) with EMMA.

MTA has further agreed to deliver notice to EMMA of any failure to provide the Annual Information. MTA is also obligated to deliver, in a timely manner not in excess of ten business days after the occurrence of each event, notices of the following events to EMMA:

- principal and interest payment delinquencies;
- non-payment related defaults, if material;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Subseries 2012A-2 Bonds or other material events affecting the tax status of the Subseries 2012A-2 Bonds;
- modifications to the rights of security holders, if material;
- bond calls, if material, and tender offers;

- defeasances;
- release, substitution, or sale of property securing repayment of the Subseries 2012A-2 Bonds, if material;
- rating changes;
- bankruptcy, insolvency, receivership of MTA or similar event;
- consummation of a merger, consolidation or acquisition, involving an obligated person or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- appointment of a successor or additional trustee or the change in name of a trustee, if material;
- incurrence of a financial obligation, as defined in Rule 15c2-12, of MTA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of MTA, any of which affect security holders, if material; and
- default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of MTA, any of which reflect financial difficulties.

MTA has not failed to comply, in any material respect, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

MTA is not responsible for any failure by EMMA or any nationally recognized municipal securities information repository to timely post disclosure submitted to it by MTA or any failure to associate such submitted disclosure to all related CUSIPs.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

## FURTHER INFORMATION

MTA may place a copy of this remarketing circular on MTA's website at <http://web.mta.info/mta/investor/>. No statement on MTA's website or any other website is included by specific cross-reference herein.

Although MTA has prepared the information on its website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and MTA assumes no liability or responsibility for errors or omissions contained on any website. Further, MTA disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. MTA also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

## METROPOLITAN TRANSPORTATION AUTHORITY

By: /s/ Patrick J. McCoy  
Patrick J. McCoy  
Director, Finance

## ATTACHMENT 1

### BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Subseries 2012A-2 Bonds. The Subseries 2012A-2 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Subseries 2012A-2 Bond will be issued for each maturity of the Subseries 2012A-2 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 Subseries 2012A-2 Bonds exceeds \$500 million, one Bond of such maturity will be issued with respect to each \$500 million of principal amount, and an additional Bond will be issued with respect to any remaining principal amount of such maturity.

2. DTC, the world's largest depository, 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. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has an S&P rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Subseries 2012A-2 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Subseries 2012A-2 Bonds on DTC's records. The ownership interest of each actual purchaser of each Subseries 2012A-2 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. Beneficial Owners are, however, 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 Subseries 2012A-2 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 Subseries 2012A-2 Bonds, except in the event that use of the book-entry system for the Subseries 2012A-2 Bonds is discontinued.

4. To facilitate subsequent transfers, all Subseries 2012A-2 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 Subseries 2012A-2 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Subseries 2012A-2 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Subseries 2012A-2 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.

5. 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 Subseries 2012A-2 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Subseries 2012A-2 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Subseries 2012A-2 Bond documents. For example, Beneficial Owners of the Subseries 2012A-2 Bonds may wish to ascertain that the nominee holding the Subseries 2012A-2 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Subseries 2012A-2 Bonds of any maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Subseries 2012A-2 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to MTA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Subseries 2012A-2 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and principal and interest payments on the Subseries 2012A-2 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from MTA 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 MTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of MTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

9. A Beneficial Owner shall give notice to elect to have its Subseries 2012A-2 Bonds purchased or tendered, through its Participant, to the Market Agent, and shall effect delivery of such Subseries 2012A-2 Bonds by causing the Direct Participant to transfer the Participant's interest in the Subseries 2012A-2 Bonds, on DTC's records, to the Market Agent. The requirement for physical delivery of Subseries 2012A-2 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Subseries 2012A-2 Bonds are transferred by the Direct Participants on DTC's records and followed by a book-entry credit of tendered Subseries 2012A-2 Bonds to the Market Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Subseries 2012A-2 Bonds at any time by giving reasonable notice to MTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Subseries 2012A-2 Bonds are required to be printed and delivered.

11. MTA may decide to discontinue use of the system of book entry transfers through DTC (or a successor depository). In that event, certificates for the Subseries 2012A-2 Bonds will be printed and delivered.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT MTA BELIEVES TO BE RELIABLE, BUT MTA TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

## ATTACHMENT 2

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

In order to assist the Initial Remarketing Agent in complying with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (Rule 15c2-12), MTA and the Trustee will enter into a written agreement (the Disclosure Agreement) for the benefit of holders of the Subseries 2012A-2 Bonds to provide continuing disclosure. MTA will undertake to provide certain financial information and operating data relating to the Related Transportation Entities (currently, MTA and its subsidiaries MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus, and MTA New York City Transit and its subsidiary MaBSTOA) by no later than 120 days after the end of each MTA fiscal year, commencing with the fiscal year ending December 31, 2019 (the Annual Information), and to provide notices of the occurrence of certain enumerated events. The Annual Information will be filed by or on behalf of MTA with the Electronic Municipal Market Access System (EMMA) of the Municipal Securities Rulemaking Board (the MSRB). Notices of enumerated events will be filed by or on behalf of MTA with EMMA. 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, MTA will undertake for the benefit of holders of Subseries 2012A-2 Bonds to provide or cause to be provided, either directly or through the Trustee, audited consolidated financial statements of MTA New York City Transit and the audited consolidated financial statements of MTA by no later than 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2019, when and if such audited financial statements become available and, if such audited financial statements of either MTA New York City Transit or MTA are not available on the date which is 120 days after the end of a fiscal year, the unaudited financial statements of MTA New York City Transit or MTA for such fiscal year. MTA New York City Transit's and MTA's annual financial statements will be filed by or on behalf of such parties by MTA with EMMA. In the event that such audited financial statements of MTA New York City Transit cease to be separately published, the obligation of MTA hereunder to provide such financial statements shall cease.

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

1. a description of the systems operated by the Related Transportation Entities and their operations,
2. a description of changes to the fares or fare structures charged to users of the systems operated by the Related Transportation Entities,
3. operating data of the Related Transportation Entities, including data of the type included in the MTA Annual Disclosure Statement (the ADS) under the following captions:
  - a. "TRANSIT SYSTEM,"
  - b. "RIDERSHIP AND FACILITIES USE – Transit System (MTA New York City Transit and MaBSTOA) Ridership,"
  - c. "EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS – MTA New York City Transit and MaBSTOA,"
  - d. "COMMUTER SYSTEM,"
  - e. "RIDERSHIP AND FACILITIES USE – Commuter System Ridership,"
  - f. "EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS – Commuter System,"
  - g. "MTA BUS COMPANY,"
  - h. "RIDERSHIP AND FACILITIES USE – MTA Bus Ridership," and
  - i. "EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS – MTA Bus."

4. information regarding the Capital Programs of the Related Transportation Entities, including information of the type included in the ADS under the caption “FINANCIAL PLANS AND CAPITAL PROGRAMS,”
5. a presentation of the financial results of the Related Transportation Entities prepared in accordance with GAAP for the most recent year for which that information is then currently available (currently, MTA New York City Transit prepares consolidated financial statements and MTA prepares consolidated financial statements),
6. a presentation of changes to indebtedness issued by MTA under the Transportation Resolution, as well as information concerning changes to MTA’s debt service requirements on such indebtedness payable from pledged revenues,
7. information concerning the amounts, sources, material changes in and material factors affecting pledged revenues and debt service incurred under the Transportation Resolution,
8. financial information of the type included in this remarketing circular in **Table 2a** and **Table 2b** under the caption “SOURCES OF PAYMENT—Pledged Transportation Revenues” and included in the ADS under the caption “REVENUES OF THE RELATED ENTITIES,”
9. material litigation related to any of the foregoing, and
10. 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, the Related Entities.

All or any portion of the Annual Information as well as required audited financial statements may be incorporated therein by specific cross-reference to any other documents which have been filed with (a) EMMA or (b) the Securities and Exchange Commission (the SEC). 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 EMMA.

MTA will undertake, for the benefit of holders of the Subseries 2012A-2 Bonds, to provide or cause to be provided:

1. to EMMA, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the events listed under the caption “CONTINUING DISCLOSURE” in this remarketing circular with respect to the Subseries 2012A-2 Bonds, and
2. to EMMA, in a timely manner, notice of a failure to provide any Annual Information required by such undertaking or any required audited financial statements of any of the Related Transportation Entities.

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 Subseries 2012A-2 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 Subseries 2012A-2 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 Subseries 2012A-2 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 Subseries 2012A-2 Bonds at the time Outstanding which are affected thereby. Each of the MTA and the Trustee reserves 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 Transportation Resolution nor give right to the Trustee or any Bondholder to exercise any remedies under the Transportation 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 MTA'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. MTA 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 Subseries 2012A-2 Bonds have been paid in full or legally defeased pursuant to the Transportation 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.



**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**ATTACHMENT 3-1**

**FORM OF OPINION OF NIXON PEABODY LLP  
DELIVERED ON MARCH 15, 2012, IN CONNECTION WITH THE  
ISSUANCE OF THE SUBSERIES 2012A-2 BONDS.**

**THE BELOW OPINION IS NOT BEING REISSUED  
AND SPEAKS ONLY AS OF ITS DATE.**

March 15, 2012

Metropolitan Transportation Authority  
347 Madison Avenue  
New York, New York 10017

Ladies and Gentlemen:

We have examined a certified record of proceedings of the Metropolitan Transportation Authority (“MTA”) and other proofs submitted to us relative to the issuance of \$150,000,000 aggregate principal amount of Metropolitan Transportation Authority Transportation Revenue Bonds, Series 2012A (the “Series 2012A Bonds”), including \$50,000,000 of such Bonds designated as Subseries A-1, \$50,000,000 of such Bonds designated as Subseries A-2, \$50,000,000 of such Bonds designated as Subseries A-3.

All terms defined in the Resolution (hereinafter defined) and used herein shall have the meanings assigned in the Resolution, except where the context hereof requires otherwise.

The Series 2012A Bonds are issued under and pursuant to the Constitution and statutes of the State of New York (the “State”), including the Metropolitan Transportation Authority Act, being Title 11 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date of this opinion letter (herein called the “Issuer Act”), and under and pursuant to proceedings of MTA duly taken, including a resolution adopted by the members of MTA on March 26, 2002 entitled “General Resolution Authorizing Transportation Revenue Obligations,” as supplemented by a resolution of said members adopted on January 25, 2012 (collectively, the “Resolution”).

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 2012A Bonds in order that interest on the Series 2012A 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 MTA, dated the date hereof (the “Arbitrage and Use of Proceeds Certificate”), in which MTA 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 2012A Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2012A Bonds and the investment of certain funds. The Arbitrage and Use of Proceeds Certificate obligates MTA to take certain actions necessary to cause interest on the Series 2012A 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 2012A Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained. MTA has covenanted in the Resolution to maintain the exclusion of the interest on the Series 2012A Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed 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 2012A Bonds from gross income for Federal income tax purposes under Section 103 of the Code and compliance by the MTA 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 2012A Bonds of each Subseries as executed and, in our opinion, the form of said Series 2012A Bonds and their execution are regular and proper.

We are of the opinion that:

1. MTA is duly created and validly existing under the laws of the State, including the Constitution of the State and the Issuer Act.

2. MTA has the right and power under the Issuer Act to adopt the Resolution. The Resolution has been duly and lawfully adopted by MTA, is in full force and effect, is valid and binding upon MTA, and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Trust Estate, 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.

3. The Series 2012A Bonds have been duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Issuer Act, and in accordance with the Resolution, and are valid and binding special obligations of MTA, enforceable in accordance with their terms and the terms of the Resolution, payable solely from the Trust Estate as provided in the Resolution, and are entitled to the benefits of the Issuer Act and the Resolution. MTA has no taxing power and the Series 2012A Bonds are not debts of the State or of any other political subdivision thereof. MTA reserves the right to issue additional Obligations and to incur Parity Debt on the terms and conditions, and for the purposes, provided in the Resolution, on a parity as to security and payment with the Series 2012A Bonds.

4. The MTA, the holders of the Series 2012A Bonds, or the holders of any evidence of indebtedness of the MTA do not and will not have a pledge of or lien on (i) the dedicated mass transportation trust fund established by Section 89-c of the State Finance Law, (ii) the metropolitan transportation authority financial assistance fund established by Section 92-ff of the State Finance Law, (iii) the metropolitan mass transportation operating assistance account established in the mass transportation operating assistance fund pursuant to Section 88-a of the State Finance Law, or (iv) the taxes or moneys deposited therein.

5. The Series 2012A Bonds are securities in which all public officers and bodies of the State and all municipalities and political 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 political 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 (i) interest on the Series 2012A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2012A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; however, we note that interest is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax.

7. Under existing statutes, interest on the Series 2012A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof.

The opinions expressed in paragraphs 2 and 3 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 6 and 7, we express no opinion regarding any other federal, state, local or foreign tax consequences with respect to the Series 2012A Bonds. We express no opinion regarding the federal, state, local or foreign tax consequences of any action hereafter taken or not taken in reliance upon an opinion of other counsel with respect to the Series 2012A Bonds.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2012A Bonds.

This opinion letter 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 letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any future actions, 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 reason whatsoever.

Very truly yours,

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**ATTACHMENT 3-2**

**FORM OF OPINION OF NIXON PEABODY LLP  
DELIVERED ON MAY 15, 2014, IN CONNECTION WITH THE  
REMARKETING OF THE SUBSERIES 2012A-2 BONDS.**

**THE BELOW OPINION IS NOT BEING REISSUED  
AND SPEAKS ONLY AS OF ITS DATE.**

May 15, 2014

Metropolitan Transportation Authority  
347 Madison Avenue  
New York, New York 10017

Piper Jaffray & Co.,  
as representative of the Remarketing Agents  
345 Park Avenue  
New York, New York 10154

Ladies and Gentlemen:

On March 15, 2012, in connection with the issuance by Metropolitan Transportation Authority (“MTA”) of \$150,000,000 aggregate principal amount of its Metropolitan Transportation Authority Transportation Revenue Bonds, Series 2012A (the “Series 2012A Bonds”), including \$50,000,000 of such Bonds designated as Subseries A-2 (Floating Rate Tender Notes) (the “Original Subseries A-2 Bonds”), Nixon Peabody LLP delivered their opinion as bond counsel for MTA.

The Original Subseries A-2 Bonds were issued pursuant to the Transportation Revenue Resolution, adopted by the Board of MTA on March 26, 2002 (the “Original Transportation Resolution”), as amended and supplemented to the date of issuance thereof, including by a resolution adopted on January 25, 2012 (collectively with the Original Transportation Resolution, the “Transportation Resolution”), along with a Certificate of Determination relating to the Series 2012A Bonds (the “Certificate of Determination” and, collectively with the Transportation Resolution, the “Resolution”).

All capitalized terms used in this opinion shall have the respective meanings set forth in the Resolution unless otherwise defined herein.

On May 15, 2014, the Subseries 2012A-2 Bonds will be subject to mandatory tender for purchase and remarketed for a new Interest Rate Period in a Term Rate Mode. In order for MTA to effectuate the remarketing, MTA was required to provide to the Trustee a Mandatory Tender Notice pursuant to Section A-404 of Appendix A to the Certificate of Determination (the “Mandatory Tender Notice”). In accordance with such requirement, the Trustee disseminated the Mandatory Tender Notice to the owners of the Subseries 2012A-2 Bonds at least fifteen days prior to the date hereof.

Based on the foregoing, we are of the opinion that the mandatory tender and remarketing of the Subseries 2012A-2 Bonds is permitted under the Issuer Act and the Resolution and, furthermore, the foregoing action will not impair the exclusion of interest on the Subseries 2012A-2 Bonds for purposes of federal income taxation. 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 Subseries 2012A-2 Bonds.

Except as necessary to render this opinion, we have undertaken no investigation as to matters affecting the exclusion of interest on the Subseries 2012A-2 Bonds from gross income for Federal income tax purposes since the date of their issuance. In delivering this opinion, we have assumed with respect to the Subseries 2012A-2 Bonds, without investigation, that MTA is in compliance with its covenants and agreements under the Resolution and that the proceeds of the Subseries 2012A-2 Bonds were applied in accordance with the Resolution and the tax certificates of MTA delivered in connection therewith. Failure of MTA to have so complied or to have so applied the proceeds of the Subseries 2012A-2 Bonds, or to so comply, could adversely affect the exclusion of interest on the Subseries 2012A-2 Bonds from gross income for Federal income tax purposes. We are expressing no opinion herein as to whether any matter, action, other than the actions described in the preceding paragraph above, or omission subsequent to such date of issuance may have adversely affected the exclusion of interest on the Subseries 2012A-2 Bonds from gross income for Federal income tax purposes.

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 action hereafter taken or not taken, or any facts or circumstances or any changes in law, or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

**ATTACHMENT 3-3**

**FORM OF OPINIONS OF ORRICK, HERRINGTON & SUTCLIFFE LLP  
AND BRYANT RABBINO LLP DELIVERED ON MAY 16, 2016,  
IN CONNECTION WITH THE REMARKETING  
OF THE SUBSERIES 2012A-2 BONDS**

**THE BELOW OPINION IS NOT BEING REISSUED  
AND SPEAKS ONLY AS OF ITS DATE.**

May 16, 2016

Metropolitan Transportation Authority  
2 Broadway  
New York, New York 10004

Ladies and Gentlemen:

On March 15, 2012, in connection with the issuance by Metropolitan Transportation Authority (“MTA”) of \$150,000,000 original aggregate principal amount of its Transportation Revenue Bonds, Series 2012A, Nixon Peabody LLP delivered its opinion as bond counsel for MTA. On May 15, 2014, in connection with the remarketing by MTA of \$50,000,000 aggregate principal amount of its Transportation Revenue Bonds, Subseries 2012A-2 (Floating Rate Tender Notes) (the “Remarketed Bonds”), Nixon Peabody LLP delivered its opinion as bond counsel for MTA.

The Remarketed Bonds were issued pursuant to the MTA General Resolution Authorizing Transportation Revenue Obligations, adopted by the Board of MTA on March 26, 2002 (the “Original Resolution”), as amended and supplemented to the date of issuance thereof, including by the Series 2012A Transportation Revenue Bond Supplemental Resolution adopted by the Board of MTA on January 25, 2012 (collectively with the Original Resolution, the “Transportation Resolution”), along with the Certificate of Determination relating to Metropolitan Transportation Authority Transportation Revenue Bonds, Series 2012A and Series 2012B, dated as of March 15, 2012, as subsequently amended on May 15, 2013, May 15, 2014 and April 2, 2015 (the “Original Certificate of Determination”) and amended and restated on May 16, 2016 (the “Certificate of Determination” and, collectively with the Transportation Resolution, the “Resolution”).

All capitalized terms used in this opinion have the respective meanings set forth in the Resolution unless otherwise defined herein.

On the date hereof, (i) MTA intends to remarket the Remarketed Bonds in the Term Rate Mode (the “Remarketing”) and (ii) MTA intends to amend and restate the Original Certificate of Determination, to provide for, among other things, the remarketing of the Remarketed Bonds.

In order for MTA to effect the Remarketing, MTA was required to provide to the Trustee a Mandatory Tender Notice to be given pursuant to Section A-407(e) of Appendix A to the Original Certificate of Determination (the “Mandatory Tender Notice”). In accordance with such requirement, the Trustee disseminated the Mandatory Tender Notice to the owners of the Remarketed Bonds at least fifteen days prior to the date hereof. Immediately prior to the Remarketing, the Remarketed Bonds will be subject to mandatory tender for purchase at the Purchase Price.

Based on the foregoing, we are of the opinion that the Remarketing is authorized under the Resolution, and all conditions to such Remarketing have been satisfied.



Based on the foregoing, we are further of the opinion that the mandatory tender and remarketing of the Remarketed Bonds and the amendment of the terms and provisions of the Remarketed Bonds to reflect the terms and provisions described herein will not, in and of themselves, adversely affect the exclusion of interest on the Remarketed Bonds from gross income for purposes of federal income taxation.

We have undertaken no investigation as to matters affecting the exclusion of interest on the Remarketed Bonds from gross income for Federal income tax purposes since the date of their issuance. In delivering this opinion, we have assumed with respect to the Remarketed Bonds, without investigation, that MTA is in compliance with its covenants and agreements under the Resolution and that the proceeds of the Remarketed Bonds were applied in accordance with the Resolution and the tax certificate of MTA delivered in connection with the issuance of the Remarketed Bonds. Failure of MTA to have so complied or to have so applied the proceeds of the Remarketed Bonds, or to so comply, could adversely affect the exclusion of interest on the Remarketed Bonds from gross income for Federal income tax purposes. No opinion is expressed herein as to whether interest on the Remarketed Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Remarketed Bonds. We are also expressing no opinion herein as to whether any matter, action, other than the actions described above, or omission subsequent to such date of issuance, may have adversely affected the exclusion of interest on the Remarketed Bonds from gross income for Federal income tax purposes.

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 Remarketed 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 action hereafter taken or not taken, or any facts or circumstances or any changes in law, or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

ATTACHMENT 3-4

**FORM OF OPINIONS OF ORRICK, HERRINGTON & SUTCLIFFE LLP  
AND BRYANT RABBINO LLP EXPECTED TO BE DELIVERED  
ON THE DATE THE SUBSERIES 2012A-2 BONDS ARE REMARKETED**

[Date of Remarketing]

Metropolitan Transportation Authority  
2 Broadway  
New York, New York 10004

Ladies and Gentlemen:

On March 15, 2012, Nixon Peabody LLP delivered its opinion as bond counsel to the Metropolitan Transportation Authority (“MTA”) in connection with the issuance by MTA of \$150,000,000 aggregate principal amount of its Transportation Revenue Bonds, Series 2012A (Floating Rate Tender Notes), issued in three subseries, including Subseries 2012A-2 in the principal amount of \$50,000,000 (the “Subseries 2012A 2 Bonds”). On May 15, 2014, Nixon Peabody LLP delivered its opinion as bond counsel to MTA relating to the remarketing of the Subseries 2012A-2 Bonds for a new Interest Rate Period in a Term Rate Mode. On May 16, 2016, Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP each delivered its opinion as co-bond counsel to MTA relating to, among other things, the remarketing of the Subseries 2012A-2 Bonds for a new Interest Rate Period in a Term Rate Mode.

The Subseries 2012A-2 Bonds were issued pursuant to the MTA General Resolution Authorizing Transportation Revenue Obligations, adopted by the Board of MTA on March 26, 2002 (the “Original Resolution”), as amended and supplemented to the date of issuance thereof, including by the Series 2012A Transportation Revenue Bond Supplemental Resolution adopted by the Board of MTA on January 25, 2012 (together with the Original Resolution, the “Transportation Resolution”), along with the Certificate of Determination relating to MTA Transportation Revenue Bonds, Series 2012A and Series 2012B, dated as of March 15, 2012, as subsequently amended on May 15, 2013, May 15, 2014 and April 2, 2015 and amended and restated as of May 16, 2016 and March 28, 2019 (the “Certificate of Determination” and, together with the Transportation Resolution, the “Resolution”)

All capitalized terms used in this opinion have the respective meanings set forth in the Resolution unless otherwise defined herein.

On the date hereof, MTA intends to (i) convert the Subseries 2012A-2 Bonds from the Term Rate Mode to the Weekly Mode bearing interest at an initial interest rate as set forth in the Certificate of Determination for the period from the date hereof to and including June 5, 2019 and, thereafter, bearing interest at a Weekly Rate determined pursuant to an Alternative Trading System in accordance with the Certificate of Determination (the “Mode Change”); (ii) re-designate the Subseries 2012A-2 Bonds as “Transportation Revenue Variable Rate Bonds, Subseries 2012A-2”; (iii) agree to the delivery of an irrevocable direct-pay letter of credit issued by Bank of Montreal, acting through its Chicago Branch, providing liquidity and credit support

for the Subseries 2012A-2 Bonds (the “Liquidity and Credit Facility”); and (iv) further amend and restate the Certificate of Determination to provide for, among other things, the Mode Change, the determination of the Weekly Rate pursuant to an Alternative Trading System, the delivery of the Liquidity and Credit Facility and the remarketing of the Subseries 2012A-2 Bonds.

In order to effect the Mode Change, MTA provided to the Trustee and certain other parties (i) a Notice of Mandatory Tender and Notice of Intention to Change Mode relating to the Subseries 2012A-2 Bonds pursuant to Sections A-407(a) and A-208(b) of Appendix A-2 to the Certificate of Determination (“Appendix A”). In accordance with Section A-406(e) of Appendix A, the Trustee disseminated a Notice of Mandatory Tender to the owners of the Subseries 2012A-2 Bonds at least fifteen days prior to the date hereof. Immediately prior to the Mode Change, the Subseries 2012A-2 Bonds will be subject to mandatory tender at a Purchase Price equal to the principal amount thereof. The date hereof is also an Interest Payment Date for the Subseries 2012A-2 Bonds, and accrued interest thereon to, but not including, the date hereof, will be paid in accordance with customary procedures.

Based on the foregoing, we are of the opinion that the Mode Change is authorized under the Resolution, and all conditions to the Mode Change have been satisfied.

Based on the foregoing, we are further of the opinion that the Mode Change, the delivery of the Liquidity and Credit Facility, the mandatory tender and remarketing of the Subseries 2012A-2 Bonds and the amendment of the terms and provisions of the Subseries 2012A-2 Bonds to reflect the terms and provisions described herein will not, in and of themselves, adversely affect the exclusion of interest on the Subseries 2012A-2 Bonds from gross income for purposes of federal income taxation.

We have undertaken no investigation as to matters affecting the exclusion of interest on the Subseries 2012A-2 Bonds from gross income for federal income tax purposes since the date of their issuance. In delivering this opinion, we have assumed with respect to the Subseries 2012A-2 Bonds, without investigation, that MTA is in compliance with its covenants and agreements under the Resolution and that the proceeds of the Subseries 2012A-2 Bonds were applied in accordance with the Resolution and the tax certificate of MTA delivered in connection with the issuance of the Subseries 2012A-2 Bonds. Failure of MTA to have so complied or to have so applied the proceeds of the Subseries 2012A-2 Bonds, or to so comply, could adversely affect the exclusion of interest on the Subseries 2012A-2 Bonds from gross income for federal income tax purposes. No opinion is expressed herein as to whether interest on the Subseries 2012A-2 Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Subseries 2012A-2 Bonds. We are also expressing no opinion herein as to whether any matter, action, other than the actions described above, or omission subsequent to such date of issuance, may have adversely affected the exclusion of interest on the Subseries 2012A-2 Bonds from gross income for federal income tax purposes.

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 Subseries 2012A-2 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 action hereafter taken or not taken, or any facts or circumstances or any changes in law, or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

## ATTACHMENT 4

### CERTAIN INFORMATION RELATING TO THE CREDIT FACILITY ISSUER

*The following information has been provided by the Credit Facility Issuer for use in this remarketing circular. Such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the MTA, the Initial Remarketing Agent or any of their counsel. This information has not been independently verified by the MTA, the Initial Remarketing Agent or any of their counsel. No representation is made by the MTA, the Initial Remarketing Agent or any of their counsel as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.*

Bank of Montreal (the “Bank”) (NYSE, TSX: BMO) is a highly diversified financial services provider, offering a broad range of retail banking, wealth management and investment banking products and services. Canadian clients are served through the Canadian retail arm, BMO Bank of Montreal, and through our wealth management businesses, BMO Nesbitt Burns, BMO InvestorLine, BMO Insurance and BMO Harris Private Banking. BMO Capital Markets, our North American investment and corporate banking division, provides a full suite of financial products and services to our North American and international clients. In the United States, clients are served through Chicago-based BMO Harris Bank N.A., an integrated financial services organization that provides banking, financing, investing, and cash management services. BMO Financial Group comprises three operating groups: Personal and Commercial Banking (P&C), comprised of P&C Canada and P&C U.S.; Private Client Group (PCG); and BMO Capital Markets.

Bank of Montreal commenced business in Montreal in 1817 and was incorporated in 1821 by an Act of Lower Canada as the first Canadian chartered bank. In 1984, the Bank acquired Chicago’s Harris Bankcorp, Inc., a financial services firm with roots stretching back to 1882.

The Bank’s annual consolidated financial statements, accompanying management’s discussion and analysis, annual information form, quarterly financial statements, interim filings, and certain other financial information relating to the Bank are available on SEDAR (<http://www.sedar.com>), EDGAR (<http://www.sec.gov>) and on the Bank’s website (<http://www2.bmo.com/ir>), or will be provided without charge upon written request directed to: Bank of Montreal, Corporate Secretary’s Department, 1 First Canadian Place, 21st Floor, Toronto, Ontario M5X 1A1. The financial information referenced in this paragraph is *not* incorporated by reference into this **Attachment 4**.

The Credit Facility will be solely an obligation of the Bank, and will not be an obligation of, or otherwise guaranteed by, any other member of BMO Financial Group, and no assets of BMO Financial Group (other than those of the Bank) or any affiliate of the Bank will be pledged to the payment thereof.

The above information has been supplied by the Bank. The delivery of the information in this **Attachment 4** shall not create any implication that there has been no change in the affairs of the Bank since the date such information was provided by the Bank, or that the information contained or referred to in this **Attachment 4** is correct as of any time subsequent to the date it was provided by the Bank.

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

## ATTACHMENT 5

*This Attachment 5 is an exhibit to, and forms part of, the amended and restated Certificate of Determination relating to, and delivered in connection with, the remarketing of the Subseries 2012A-2 Bonds. The terms set forth below are applicable to the Series 2012A-2 Bonds in the Weekly Mode bearing interest at a Weekly Rate determined pursuant to an Alternative Trading System.*

### **EXHIBIT A: ALTERNATIVE TRADING SYSTEM; BIDDING PROCEDURES**

#### **Section 1. Certain Definitions.**

All capitalized terms used, but not defined, in this Exhibit A have the respective meanings assigned them in the Certificate of Determination, except that the following capitalized terms have the meanings specified below:

“All Sell Rate” means the Bank Interest Rate.

“Alternative Trading System” means the bidding system known and operated as the Clarity BidRate Alternative Trading System<sub>[TM]</sub> and referred to herein as “C-BRATS”.

“Authorized Users” means Persons authorized to act on behalf of Subscribers.

“Bid Process Date” means each Rate Determination Date.

“Bid To Buy Order” has the meaning set forth in Section 2.1(i)(A) of this Exhibit A.

“Bid To Roll Order” has the meaning set forth in Section 2.1(i)(A) of this Exhibit A.

“Bidder” has the meaning set forth in Section 2.1(i)(B) of this Exhibit A.

“Bidding Procedures” means the processes described in this Exhibit A.

“Bonds”, for purposes of this Exhibit A, means the Subseries 2012A-2 Bonds.

“Compromised Bid Process” means that the Market Agent determines in its absolute and sole discretion that the Weekly Rate determined pursuant to the Alternative Trading System is deemed to have been determined incorrectly, whether as a result of a clerical error, unauthorized Orders, or other reason.

“Contractual Bidder” means the Credit Facility Provider.

“Contractual Bidder Bonds” means Bonds which have been purchased by the Contractual Bidder because either (i) no Bid To Buy or Bid To Roll Orders were submitted on the Bid Process Date or (ii) the principal amount of Bonds subject to Bid To Buy or Bid To Roll Orders was less than the principal amount of Bonds subject to Sell Orders. Such Contractual Bidder Bonds shall constitute Bank Bonds and shall be purchased by the Tender Agent on behalf of the Credit Facility Issuer.

“Existing Holder” means a Subscriber who is the Beneficial Owner of Bonds.

“Good Until Cancelled or GTC” means a Bid To Buy or Bid To Roll Order which is submitted and is to remain in effect until executed or cancelled at the discretion of the Subscriber.

“Highest Market Bid Rate” means the highest interest rate based on the interest rates of Bid To Buy Orders, Bid To Roll Orders and Hold-Auto Orders.



“Hold-Auto Order” means an Order on behalf of an Existing Holder who has not submitted Orders on a Bid Process Date for the entire principal amount of Bonds held by such Existing Holder. Hold-Auto Orders will be submitted with a rate equal to the bid rate for the last executed Order, on an order to order basis, whether a Bid To Roll Order, Bid To Buy Order, a Hold-Auto Order or a purchase in the secondary market.

“Market Disruption Event” means that the Market Agent determines in its absolute and sole discretion that the Alternative Trading System is unable to accept Orders or otherwise function as expected, whether due to *force majeure* or otherwise, and a Weekly Rate is not determined on the Bid Process Date.

“Order” means a Bid To Buy Order, a Bid To Roll Order, Hold-Auto Order or a Sell Order, as applicable.

“Percentage Rate” means the percentage of a Qualified Benchmark as set forth in a Bid To Buy or a Bid To Roll Order.

“Qualified Benchmark” means any interest rate index which as of a Bid Process Date is compatible with the Alternative Trading System.

“Rate Effective Date” means the Business Day immediately following the Rate Determination Date.

“Rate Publication Time” shall mean the earlier of (i) 30 minutes after the Submission Deadline and (ii) the time when the Market Agent begins to disseminate the results of the Bid Process to Subscribers.

“Sell Order” has the meaning set forth in Section 2.1(i)(A).

“Spread Rate” means the number of basis points above or below a Qualified Benchmark as set forth in a Bid To Buy or a Bid To Roll Order.

“Subscriber” means any Person, including any Existing Holder, who has executed a Subscription Agreement permitting such Person to submit an Order on the Alternative Trading System.

“Submission Deadline” means 1:00 p.m., New York City time, on any Bid Process Date or such other time on any Bid Process Date by which Existing Holders and Subscribers who are not Existing Holders are required to submit Orders, as the case may be, pursuant to the Alternative Trading System.

“Underwriter” means the persons identified as such in the bond purchase agreement, note purchase agreement or firm remarketing agreement relating to a series or subseries of Bonds and which is purchasing such Bonds upon initial issuance or remarketing, as applicable.

## **Section 2. Bidding Procedures.**

### **Section 2.1. Orders.**

While Bonds of a Series in the Weekly Mode are bearing interest at a Weekly Rate determined pursuant to an Alternative Trading System, Orders for Bonds may be submitted through the Alternative Trading System. In order to submit an Order on the Alternative Trading System, a Person must be a Subscriber and each Order must be submitted by an Authorized User.

(i) Prior to the Submission Deadline on each Bid Process Date:

(A) Each Subscriber may submit through the Alternative Trading System information as to:

(I) the principal amount of Bonds, if any, held by such Subscriber which such Subscriber desires to continue to hold together with the interest rate which may be expressed as a rate per annum, a Spread Rate or a Percentage Rate (“Bid To Roll Order”);

(II) the principal amount of Bonds, if any, held by such Subscriber which such Subscriber offers to sell (“Sell Order”);

(III) the principal amount of Bonds, if any, which such Subscriber wishes to buy together with the interest rate which may be expressed as a rate per annum, a Spread Rate or a Percentage Rate (“Bid To Buy Order”).

(B) For the purposes hereof, a submission on the Alternative Trading System to buy, hold or sell Bonds is hereinafter referred to as an “Order” and each Subscriber placing an Order is hereinafter referred to as a “Bidder”. MTA shall be entitled to submit Orders and is entitled to be a Bidder.

(ii) (A) A Sell Order by a Subscriber shall constitute an offer to sell the principal amount of outstanding Bonds specified in such Sell Order.

(B) A Bid To Buy Order by a Subscriber shall constitute an offer to purchase the principal amount of Bonds specified in such Bid To Buy Order if the Weekly Rate determined on such Bid Process Date shall be equal to or higher than the rate per annum specified in such Bid To Buy Order not to exceed the Maximum Rate.

(iii) Bids may contain up to three figures to the right of the decimal point.

(iv) If an Existing Holder does not submit a Bid To Roll or Sell Order or Orders through the Alternative Trading System prior to the Submission Deadline for an aggregate principal amount of Bonds equal to the principal amount of Bonds held by such Existing Holder as of a Submission Deadline, then such Existing Holder shall be deemed to have also submitted a Hold-Auto Order for a principal amount of Bonds equal to the difference between the principal amount of Bonds then held by such Existing Holder and the aggregate principal amount of Bonds for which an Order or Orders have been submitted by such Existing Holder.

(v) Sell Orders, Bid To Roll and Hold-Auto Orders submitted to the Alternative Trading System on behalf of an Existing Holder will not be accepted for a principal amount of Bonds greater than the principal amount of Bonds held by such Existing Holder as of a Submission Deadline.

(vi) If more than one Bid To Buy Order is submitted on behalf of a Subscriber, each Bid To Buy Order submitted with the same rate shall be aggregated into a single Bid To Buy Order for such Subscriber. If more than one Bid To Buy Order is submitted on behalf of a Subscriber but such Orders are submitted for separate sub-accounts, then each such Bid To Buy Order shall be a separate Bid To Buy Order with the rate per annum and principal amount of Bonds specified.

(vii) No Orders will be accepted for a Bid Process Date after the Submission Deadline.

(viii) Bid To Buy Orders for a principal amount of Bonds in excess of the principal amount of Bonds shown on the Alternative Trading System on the Bid Process Date will not be accepted.

(ix) Any Order submitted through the Alternative Trading System prior to the Submission Deadline shall become irrevocable upon the occurrence of the Submission Deadline.

(x) Orders submitted as either a Percentage Rate or a Spread Rate will be converted to a numeric bid on the Bid Process Date based on the most recent publicly available value of the Qualified Benchmark, except in the case of Hold-Auto Orders, referenced in the Order and the percentage or spread specified in the Order.

(xi) If a Hold-Auto Order is submitted on behalf of an Existing Holder and the Existing Holder's most recent Bid To Buy Order was expressed as a Percentage Rate or a Spread Rate, then the rate set forth in the Hold-Auto Order will be numeric bid set forth in the Existing Holder's most recent Bid To Buy Order and be based on the value of the Qualified Benchmark determined at the time such Bid To Buy Order was submitted.

**Section 2.2. Reserved.**

**Section 2.3. Determination of Weekly Rate.**

While Bonds of a Series in the Weekly Mode are bearing interest at a Weekly Rate determined pursuant to an Alternative Trading System, the Weekly Rate shall be established in a bid process which is held on the Alternative Trading System. Such Weekly Rate will be the lowest interest rate at which the entire principal amount of Bonds shown on the C-BRATS system would be sold. All Beneficial Owners will receive such Weekly Rate. Such Weekly Rate shall not exceed the Maximum Rate.

**Section 2.4. Acceptance and Rejection of Bid To Buy Orders, Bid To Roll Order, Hold-Auto Orders and Sell Orders and Allocation of Bonds.**

Bid To Buy Orders, Bid To Roll Orders, Hold-Auto and Sell Orders shall be accepted or rejected as follows:

(i) If the principal amount of Bonds that are the subject of Bid To Buy, Bid To Roll and Hold-Auto Orders equals or exceeds the principal amount of Bonds shown on the Alternative Trading System on a Bid Process Date, subject to the provisions of Section 2.4(iii) and (iv) of this Exhibit A, Bid To Roll Orders, Bid To Buy Orders and Hold Auto Orders shall be accepted in the following order of priority and all other Submitted Bids shall be rejected:

(A) the Bid To Roll Orders and Hold-Auto Orders of Existing Holders specifying any rate per annum that is equal to or lower than the Weekly Rate shall be accepted, thus requiring each such Existing Holder to hold the Bonds that are the subject of such Bid To Roll Order or Hold Auto Order; and

(B) the Bid To Buy Orders specifying any rate per annum that is equal to or lower than the Weekly Rate shall be accepted, thus requiring each such Subscriber to purchase Bonds that are the subject of such Bid To Buy Order.

Each Existing Holder whose Bid To Roll Order or Hold-Auto Order is rejected shall be required to sell the Bonds that are the subject of such Order.

(ii) If the principal amount of Bonds that are the subject of Bid To Buy, Bid To Roll and Hold-Auto Orders is less than the principal amount of Bonds shown on the Alternative Trading System on a Bid Process Date, subject to the provisions of Section 2.4(iii), Orders shall be accepted or rejected in the following order of priority:

(A) each Bid To Roll Order of each Existing Holder specifying any rate per annum that is equal to or lower than the Maximum Rate shall be accepted, thus requiring each

such Existing Holder to continue to hold the Bonds that are the subject of such Bid To Roll Order;

(B) each Hold-Auto Order of each Existing Holder specifying any rate per annum that is equal to or lower than the Maximum Rate shall be accepted, thus requiring such Existing Holder to hold the outstanding Bonds that are the subject of such Hold-Auto Order;

(C) each Bid To Buy Order of each Subscriber which is not an Existing Holder specifying any rate per annum that is equal to or lower than the Maximum Rate shall be accepted, thus requiring such Subscriber to purchase the outstanding Bonds that are the subject of such Bid To Buy Order; and

(D) each Sell Order which has not been filled from Orders described in clauses (A), (B) and (C) above in this Section 2.4(ii) shall be accepted by the Contractual Bidder.

(iii) Contractual Bidder Bonds will be subject to Sell Orders on each Bid Process Date, with Bonds which have been Contractual Bidder Bonds for the longest period of time being sold before Bonds which have been Contractual Bidder Bonds for a shorter period of time.

(iv) An Order that sets the Weekly Rate may be subject to a partial allocation. If there are multiple Orders at the Weekly Rate each Order may be subjected to a pro-rata allocation.

#### **Section 2.5. Good Until Cancelled Orders.**

A Bid To Buy Order submitted on a Good Until Cancelled, or GTC, basis will remain in effect until the Order is executed in full or cancelled by the Subscriber. A Bid To Roll Order submitted on a Good Until Cancelled, or GTC, basis will remain in effect until the Order is cancelled by the Subscriber.

#### **Section 2.6. Bid from Contractual Bidder.**

Under the terms of the Credit Facility, the Credit Facility Issuer, acting as a Contractual Bidder, has contractually agreed that on each Bid Process Date it is deemed to have submitted a Bid To Buy Order for all Bonds at the Highest Market Bid Rate, or if there is no Highest Market Bid Rate, at the All Sell Rate. The Credit Facility Issuer's Bid To Buy Order on each Bid Process Date is an unconditional bid. The Credit Facility for any Bonds of a Series in the Weekly Mode bearing interest at a Weekly Rate determined pursuant to an Alternative Trading System shall provide for the purchase of any Contractual Bidder Bond that occurs as a result of the Bidding Procedures. A Sell Order will be submitted on the Alternative Trading System on each Bid Process Date for all Bonds which are Contractual Bidder Bonds, unless the Market Agent is directed otherwise by the Contractual Bidder.

#### **Section 2.7. Market Disruption Event; Suspension of Trading; Modification of Orders; Compromised Bid Process; Bid Process Re-Opening; Erroneous Trades.**

The Market Agent may, in its absolute and sole discretion, halt or suspend the submission or processing of Orders on C-BRATS, halt or suspend activity in any bonds or other securities on C-BRATS or make modifications to C-BRATS. The Market Agent shall provide reasonably prompt notice of any such action, but notice may be provided after the taking of any such action. In addition to and not in lieu of the foregoing, the Market Agent may modify the terms of or cancel an Order or a transaction executed through C-BRATS if the Market Agent determines, in its absolute and sole discretion, that such transaction was erroneous for any reason, including, without limitation, due to an erroneous entry of an Order or through the erroneous execution of a transaction by C-BRATS, and the Market Agent shall provide Subscriber reasonably prompt notice of each such modification or cancellation. Neither MTA nor the Market Agent shall have any liability

to a Subscriber as a result of the Market Agent's decision to exercise its rights (or its failure to exercise its rights) under this Section 2.7.

**WITHOUT LIABILITY TO ANY PERSON, THE MARKET AGENT HAS THE RIGHT TO: (1) REJECT ANY ORDER IN ITS ABSOLUTE AND SOLE DISCRETION AND (2) CANCEL ANY ORDER OR BREAK ANY TRANSACTION IN ACCORDANCE WITH THE TERMS OF THIS EXHIBIT OR IF SUCH ORDER OR TRANSACTION, IN THE MARKET AGENT'S ABSOLUTE AND SOLE DISCRETION, VIOLATES APPLICABLE LAW.**

The Market Agent may consult with counsel of its choice regarding action to be taken by the Market Agent hereunder or under any documentation relating to C-BRATS, and the advice of such counsel shall be deemed full and complete authorization by a Subscriber in respect to any action so taken, suffered or omitted by the Market Agent or MTA hereunder in reliance thereon.

In addition, the bid process and rate reset mechanism effected on any given day may, but shall not be required to, be re-run in the event of a Compromised Bid Process, which may result in a rate being set as the Weekly Rate that is different than the bid process results and different than the rate which may otherwise have been the Weekly Rate. In the event of a Compromised Bid Process where the Market Agent determines, in its reasonable sole discretion, to conduct a Bid Process Re-Opening, the Market Agent will endeavor to notify all Subscribers of the Bid Process Re-Opening. For purposes hereof, a "Bid Process Re-Opening" shall result in the re-bidding of the Bonds within approximately sixty (60) minutes from the time the Market Agent determines to conduct a Bid Process Re-Opening. Upon the occurrence of a re-bidding of the Bonds, Subscribers may place new, or modify existing, Orders on such Bonds. In such instances, the term "Submission Deadline" as used herein shall be deemed a reference to the new Submission Deadline established by the Market Agent in connection with the re-bidding process for purposes of this Exhibit A.

If a Market Disruption Event occurs in connection with a Bid Process Date, the Weekly Rate set on the previous Rate Determination Date will apply for the next Interest Rate Period.

### **Section 2.8. Settlement.**

Settlement for Bonds purchased through the Alternative Trading System will be made on the Business Day immediately following the Bid Process Date. Promptly following the Rate Publication Time on a Rate Determination Date, the Market Agent shall notify the Contractual Bidder of the amount of Contractual Bidders Bonds to be purchased by the Contractual Bidder on the following Rate Effective Date. Not later than 11:45 a.m., New York City time, on a Rate Effective Date, the Market Agent shall notify the Contractual Bidder of the amount of Contractual Bidders Bonds to be purchased by the Contractual Bidder and which were not remarketed as of such time. The Contractual Bidder, subject to the provisions of the applicable Credit Facility, shall provide funds to settle its purchase of the Contractual Bidder Bonds by 2:30 p.m., New York City time, on such Rate Effective Date.

### **Section 3. Interest Rate Provisions.**

Determination of Weekly Rates. Bonds in the Weekly Mode shall bear interest during each Interest Rate Period at the Weekly Rate determined by the Alternative Trading System. The Weekly Rate will be determined immediately following the Submission Deadline during such Interest Rate Period. Certain provisions relating to the Alternative Trading System are set forth in Section 2 to this Exhibit A, and for the avoidance of doubt, MTA may submit Bids for Bonds on the Alternative Trading System. The interest rate for the first Interest Rate Period shall be determined by the Initial Remarketing Agent on or prior to the first day of such Interest Rate Period and shall apply to the period commencing on the first day of such Interest Rate Period and shall continue to, but shall not include, the immediately following Rate Effective Date. Thereafter, each Weekly Rate shall apply to the period commencing on each Rate Effective Date and continuing to, but excluding, the immediately following Rate Effective Date.

In the event an Existing Holder fails to submit Bid To Roll or Sell Orders on a Bid Process Date for the entire principal amount of Bonds held by such Existing Holder, the Existing Holder shall have a Hold-Auto Order submitted on its behalf for a principal amount of Bonds for which Orders by such Existing Holder have not been submitted, and the Hold-Auto Order will contain a rate equal to the rate set forth in the most recent Bid To Buy Order or Bid To Roll Order submitted by such Existing Holder, regardless of the principal amount of Bonds set forth in such Bid To Buy Order or Bid To Roll Order, which resulted in an award of Bonds to such Existing Holder. The Alternative Trading System anticipates sending Existing Holders one or more notices that such Existing Holder has not submitted Orders on a Bid Process Date for the entire principal amount of Bonds held by such Existing Holder, and that a Hold-Auto Order will be submitted unless the Existing Holder submits Orders for the entire principal amount of Bonds held by such Existing Holder prior to the Submission Deadline. The Alternative Trading System and MTA make no assurance that any such notice will be sent to Existing Holders, and will not be held liable in the event any such notice is or is not sent.

In the event that on any Bid Process Date, no Bid To Roll, Hold-Auto or Bid To Buy Orders (other than any Bid To Buy Order deemed submitted by the Contractual Bidder) are submitted, then the Contractual Bidder is obligated to purchase all Bonds, and the Weekly Rate shall be the All Sell Rate. In the event that on any Bid Process Date Subscribers (other than the Contractual Bidder) submit Bid To Buy Orders, Bid To Roll Orders or Hold-Auto Orders which, in the aggregate, are for a principal amount of Bonds less than the principal amount of Bonds shown on the Alternative Trading System, then the Contractual Bidder is obligated to purchase a principal amount of Bonds equal to the difference between (i) the principal amount of Bonds shown on the Alternative Trading System and (ii) the aggregate principal amount of Bonds subject to Bid To Buy Orders, Bid to Roll Orders and Hold-Auto Orders from Subscribers (other than the Contractual Bidder), and the Weekly Rate shall be the Highest Market Bid Rate.

If the Weekly Rate determined by the Alternative Trading System shall be held to be invalid or unenforceable by a court of law or if a Market Disruption Event occurs in connection with a Bid Process Date, then the interest rate for such Interest Rate Period shall be equal to the Weekly Rate for the immediately preceding Interest Rate Period.

Interest Rate in the Event of Inadequate Funds for Purchase. If sufficient funds are not available for the purchase of all Bonds tendered or deemed tendered or otherwise required to be purchased by the Contractual Bidder on any Purchase Date, all of the Bonds shall bear interest at the Maximum Rate, from the date of such failed purchase until all Bonds are purchased as required in accordance with the Certificate of Determination.

#### **Section 4. Reserved.**

#### **Section 5. Optional Tender and Purchase of Bonds of a Series in the Weekly Mode bearing interest at a Weekly Rate determined pursuant to an Alternative Trading System.**

Any Bond of a Series in the Weekly Mode bearing interest at Weekly Rate determined pursuant to an Alternative Trading System shall be purchased (in whole or in part in minimum Authorized Denominations) from its Existing Holder at the option of the Existing Holder on a Rate Effective Date, as provided herein, at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Payment Date immediately preceding the date of purchase to, but excluding, the date of purchase, unless the date of purchase shall be an Interest Payment Date in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds. In order to exercise its tender, an Existing Holder must submit a notice of tender through the Alternative Trading System. A notice of tender may be submitted through the Alternative Trading System at or prior to 4:00 p.m., New York City time, on any day other than a Rate Determination Date, and will be treated as being submitted on such day. A notice of tender may be submitted through the Alternative Trading System on a Rate Determination Date after the Rate Publication Time and at or prior to 4:00 p.m., New York City time, and will be treated as being submitted on the Rate Effective Date and such Bond shall be purchased on the next succeeding Rate Effective Date. No

notice submitted to the Tender Agent and Market Agent on a Rate Determination Date on or prior to the Rate Publication Time will be accepted. Tendered Bonds shall be treated as being subject to an automatic Sell Order on the next Bid Process Date following the deemed submission of the notice of tender. Tenders submitted through the Alternative Trading System will settle on the Rate Effective Date immediately following the day the tender is deemed submitted.

If the Alternative Trading System is inoperable or if the Existing Holder is unable for any reason to effect a notice of tender directly on the Alternative Trading System, notice of tender must be made by delivery of an irrevocable written notice, which states the principal amount to be purchased, to the Tender Agent and the Market Agent at their respective principal office for delivery of notices. If such a notice is submitted to the Tender Agent and Market Agent at or prior to 4:00 p.m., New York City time, on any Business Day other than a Rate Determination Date, then the Bond shall be purchased on the immediately succeeding Rate Effective Date. If such notice is submitted to the Tender Agent and Market Agent on a Rate Determination Date at or prior to 4:00 p.m., New York City time, such notice of tender shall be deemed to have been received on the next Rate Effective Date and the Bond shall be purchased on the second succeeding Rate Effective Date.

Unless the Bonds are registered through DTC, upon payment of the Purchase Price on the date specified in such notice, such Bond must be delivered, at or prior to 1:00 p.m., New York City time, on the date specified in such notice, to the Tender Agent at its principal office, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Registered Owner thereof or by the Registered Owner's duly-authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

## ATTACHMENT 6

*The following information has been provided by the Clarity BidRate Alternative Trading System<sub>[TM]</sub> for use in this remarketing circular. Such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the MTA, the Initial Remarketing Agent or any of their counsel.*

### FORM OF SUBSCRIBER AGREEMENT

#### Clarity BidRate Alternative Trading System<sup>SM</sup> Subscriber Agreement

This Clarity BidRate Alternative Trading System<sup>SM</sup> Subscriber Agreement (“**Agreement**”) is made as of \_\_\_\_\_, 201\_\_ (“**Effective Date**”), by and between Arbor Research & Trading, LLC, a Delaware limited liability company (“**Market Agent**”), and [\_\_\_\_\_], a [**state of organization and type of entity**] (“**Subscriber**”) (each, a “**Party**”; together, the “**Parties**”), and governs, among other things, the transmission of bids, orders and instructions to purchase or sell Eligible Securities (as defined below) by Subscriber (each, an “**Order**” and collectively, “**Orders**”) for execution on or through Market Agent’s alternative trading system, the Clarity BidRate Alternative Trading System<sup>SM</sup> (“**C-BRATS<sup>SM</sup>**”).

#### 1. DESCRIPTION OF SERVICES

1.1 C-BRATS<sup>SM</sup> is a web-based, real-time, universal trading platform for trading biddable variable rate debt securities and other types of fixed income debt securities that Clarity may make available on C-BRATS<sup>SM</sup> (each, an “**Eligible Security**” and collectively, “**Eligible Securities**”). Subject to the terms and conditions of this Agreement, Market Agent shall provide Authorized Users (defined below) electronic access to C-BRATS<sup>SM</sup> (such access to C-BRATS<sup>SM</sup>, together with other services provided by Market Agent and specified herein, collectively, the “**Services**”), for (i) entering, posting and/or transmitting, cancelling or modifying bids and offers, and executing Orders through C-BRATS<sup>SM</sup> for Eligible Securities; (ii) searching for offerings (iii) viewing rate histories/access to market data (iv) analytical tools and (v) any additional functionality that Market Agent may make available on C-BRATS<sup>SM</sup>. The Services will be provided through Market Agent, either directly or under license from other Affiliates or third parties (“**Service Providers**”), and may also include (i) the distribution to Subscriber of market data; (ii) trade-related information, services and/or software; and (iii) analytical tools.

1.2 Subscriber acknowledges and agrees that no Eligible Securities acquired by Subscriber executing a transaction on C-BRATS<sup>SM</sup> will be sold other than by placing and executing an Order to sell such Eligible Securities on C-BRATS<sup>SM</sup>. Subscriber shall promptly notify Market Agent of any transfer of such Eligible Securities from Subscriber’s account and provide the name and relevant account information of such transferee. Upon termination of this Agreement for any reason, Subscriber shall work in good faith with Market Agent to effect the transfer or orderly liquidation of Subscriber’s holdings, if any, of Eligible Securities.



1.3 Market Agent may from time to time, in its sole discretion and without incurring any liability to Subscriber, periodically conduct maintenance of, and make additions, deletions or modifications to, the Services or any part thereof.

## 2. USE OF SERVICES

2.1 Market Agent grants Subscriber, for the term of this Agreement, a personal, limited, nonexclusive, revocable, nontransferable and nonsublicenseable license to Use, and allow Authorized Users to Use (defined below), the Services pursuant to the terms of this Agreement. Subscriber agrees it may Use, and allow Authorized Users to Use, the Services only as expressly permitted by Market Agent hereunder, and that Subscriber may not cause harm to the Services; specifically, but not by way of limitation, Subscriber shall not, and shall not allow others to, (i) interfere with the Services by using programs or technology designed to disrupt or damage any data, software or hardware, (ii) modify, create derivative works from, reverse engineer, decompile or disassemble any technology used to provide the Services, (iii) use a robot, spider or other device or process to monitor the activity on or copy pages from the Services, (iv) engage in any activity that interferes with another user's ability to Use or enjoy the Services, or (v) assist or encourage any third party in engaging in any activity prohibited by Market Agent hereunder;

2.2 The Services are provided solely for Subscriber's internal use (except as specifically provided herein), and Subscriber may not sell, lease, furnish or otherwise provide access to C-BRATS<sup>SM</sup> or Services to any other person. Subscriber shall at all times be responsible for Authorized Users' actions, including Authorized Users' Use of the Services hereunder, and each Authorized User shall be bound by the terms hereof applicable to Subscriber. Subscriber shall comply, and shall cause Authorized Users to comply, with any additional restrictions on its usage that Market Agent may communicate to Subscriber from time to time, or that are otherwise the subject of an agreement between Subscriber and such Service Providers. Market Agent shall grant Subscriber such access to and Use of the Services on the condition that Subscriber:

(a) shall use the Services only in the ordinary course of its own business for its own internal use;

(b) shall not interfere with the Services by using programs or technology designed to disrupt or damage any data, software or hardware or any part thereof, or engage in any activity that interferes with another user's ability to use or enjoy the Services, or assist or encourage any third party in engaging in any activity prohibited by Market Agent hereunder;

(c) acknowledges and agrees that it has received access to and read the user guide, documentation, Issuance Documents, and technical information provided by Market Agent to Subscriber in written or electronic form for use in connection with C-BRATS<sup>SM</sup>, as may be updated from time to time by Market Agent (collectively, the "C-BRATS<sup>SM</sup> Materials");

(d) acknowledges and/or agrees that it (i) will, and will require all Authorized Users whom Subscriber has authorized to access C-BRATS<sup>SM</sup> and/or transmit Orders to C-BRATS<sup>SM</sup> to, act in accordance with this Agreement and the C-BRATS<sup>SM</sup> Materials, and(ii) will not (1) alter any information, reports or data supplied to or received as part of the Services, (2) affect the integrity of the Services, including the information or data therein, or (3), supply to or render information or data from the Services that is illegal, discriminatory or knowingly inaccurate;

(e) agrees that Market Agent may, from time to time, amend or modify C-BRATS<sup>SM</sup> Materials upon reasonable written notice to Subscriber; and

(f) shall obtain and maintain all legal and regulatory approvals, consents, authorizations, registrations, memberships and licenses required for the conduct of its activities.

2.3 Subscriber shall be solely responsible for any software and equipment necessary for Subscriber to access and Use the Services (“**Subscriber System**”), and Market Agent shall have no responsibility or liability in connection therewith. In the event the Subscriber System is incompatible with, or impairs Subscriber’s Use of, the Services, Subscriber shall nonetheless be liable for Subscriber’s use of (or inability to use) the Services. Market Agent will provide Subscriber with information relating to accessing the Services, including, but not limited to, application programming interfaces.

2.4 Subscriber shall not allow any person other than an Authorized User authorized by Subscriber in writing to Market Agent and listed on Schedule 1 hereto, which shall be updated by the Parties from time to time to reflect the then-current list of Authorized Users. Subscriber shall promptly notify Market Agent of any changes to the authority of an Authorized User. Each Authorized User will be assigned a user name and password pursuant to this Agreement. Logins are not transferrable. Subscriber acknowledges and agrees that Market Agent may monitor use of the Services for compliance with all Applicable Laws and this Agreement. Subscriber will supply Market Agent with all information that Market Agent may reasonably request in writing relating to Subscriber’s use of the Services. Market Agent may report this information to regulatory authorities, as it reasonably determines to be necessary or otherwise required.

2.5 Subscriber acknowledges and agrees that Market Agent cannot guarantee that Subscriber will not experience any downtime, delays or disruptions in its Use of the Services or posting of bidding results, and no course of dealing shall be construed as such a guarantee.

2.6 Subscriber will not, without Market Agent’s prior written consent, use in conjunction with the Services an automated input facility, an “electronic eye” or any other analogous system which is capable, without manual intervention, of submitting, changing or affecting executions of Orders.

### 3. **ORDERS AND TRANSACTIONS**

3.1 Orders will be entered into C-BRATS<sup>SM</sup> as described in the C-BRATS<sup>SM</sup> Materials. Market Agent shall have no responsibility or liability for transmissions that are

inaccurate or not received by C-BRATS<sup>SM</sup>, and Market Agent may execute any transaction on the terms of any Order actually received by C-BRATS<sup>SM</sup>. Subscriber acknowledges and agrees that it is solely responsible for ensuring the accuracy and completeness of each Order entered into C-BRATS<sup>SM</sup>. Subscriber will be bound by the terms of any Order submitted through C-BRATS<sup>SM</sup> and by any resulting transactions even if such Order was not authorized by Subscriber. If necessary, Market Agent will use commercially reasonable efforts to implement a verbal instruction validly given by Subscriber to modify, replace or cancel an Order before execution, Subscriber acknowledges and agrees that such efforts may not be effective, that an execution may be performed on the original terms of such Order, and that Market Agent shall have no liability to Subscriber, any Authorized User or any third party for any failure of Market Agent or C-BRATS<sup>SM</sup> in implementing Subscriber's instruction to modify, replace or cancel an Order. Subscriber acknowledges and agrees that any action by Subscriber or any Authorized User to modify, replace or cancel an Order submitted to C-BRATS<sup>SM</sup> by communicating with Market Agent through means other than as described herein may be ineffective and that Subscriber shall remain solely responsible and liable for any transactions executed on such Order.

3.2 Subscriber agrees that any Order entered by Subscriber or any Authorized User into C-BRATS<sup>SM</sup> shall be eligible for execution at any time until such Order has expired by its terms, is cancelled in accordance with this Agreement, or is executed. An Order shall be deemed received by C-BRATS<sup>SM</sup> when such Order is saved and "time-stamped" by C-BRATS<sup>SM</sup>. Subscriber understands and agrees that during periods of heavy trading volume, Orders (including instructions to modify, replace or cancel an Order) may take longer to execute and process through C-BRATS<sup>SM</sup>, and Market Agent shall have no liability to Subscriber or its customers for any transactions executed for any such Order.

3.3 Subscriber agrees to notify Market Agent if there are any discrepancies between Subscriber's Eligible Securities Positions as reflected in C-BRATS<sup>SM</sup> ("**Positions**") and Subscriber's internal books and records, such notification to be given as soon as possible, but in any event prior to the submission deadline for Subscriber to enter an Order (the "**Submission Deadline**") for each Eligible Security on each Bid Process Date. Subscriber acknowledges and agrees that Orders for any Eligible Security must be submitted on or before the Submission Deadline for such Eligible Security. When applicable, Market Agent will endeavor to alert Subscriber of upcoming Submission Deadline(s) for Eligible Securities then owned by Subscriber (according to C-BRATS<sup>SM</sup>) to prompt Subscriber, to submit Orders for each such Eligible Security, and, when applicable, a Hold-Auto Order (defined below) will be submitted unless the Subscriber submits Orders for the entire principal amount of Eligible Securities held by such Subscriber prior to the Submission Deadline. Although Market Agent will endeavor to provide the notifications set forth herein, Subscriber acknowledges that there is no guarantee that such notifications will be given, and in a timely manner. Subscriber acknowledges and agrees that Orders may be entered by the Issuer for its own bonds, and, when applicable, Orders will be entered for each deal by the respective liquidity provider.

3.4 **SUBSCRIBER ACKNOWLEDGES AND AGREES THAT CERTAIN ELIGIBLE SECURITIES CONTROLLED BY SUBSCRIBER MUST HAVE A BID ASSIGNED TO THEM AS OF EACH SUBMISSION DEADLINE.** Regardless of any of the above notifications being given, if Subscriber takes no action on any such Eligible

Security as of any Submission Deadline, then C-BRATS<sup>SM</sup> shall, as of the Submission Deadline, enter a bid for each such Eligible Security identical to the previous week's bid rate for such Eligible Security ("**Hold-Auto Order**"), which may be deemed a Sell Order, resulting in the sale of any such Eligible Security. Subscriber is responsible at all times for ensuring the accuracy of its Positions, and will not enter Orders on C-BRATS<sup>SM</sup> to sell Eligible Securities that are not then controlled by Subscriber.

3.5 Subscriber acknowledges and agrees that Market Agent will be a party to buy and sell Orders effected through C-BRATS<sup>SM</sup>, and that Market Agent, acting through its clearing bank, is the clearing firm for purposes of settlement and clearing of all transactions hereunder, except as otherwise expressly agreed between the Parties in writing. Subscriber agrees that Subscriber, and not Market Agent, is solely responsible for the review of the Issuance Documents pertaining to each Eligible Security, and for any investment or trading decisions made by it with respect to Orders entered. Subscriber will, and will cause its Authorized Users to, use the Services, enter Orders and execute transactions only for its own benefit and account(s) under its management and will not use the Services on behalf of third parties (other than its customers, if Subscriber is a broker-dealer, investment manager, investment advisor, bank or trust company) without Market Agent's prior written permission.

3.6 Upon request by Subscriber, Market Agent will investigate any transaction occurring on C-BRATS<sup>SM</sup> that has failed to settle in the reasonable and customary fashion of any broker/dealer.

3.7 Subscriber acknowledges and agrees that Market Agent may, from time to time, provide a list of holders of each Eligible Security to the issuer of such Eligible Security, unless Subscriber timely notifies Market Agent in writing of Subscriber's objections.

#### **4. SUSPENSION OF TRADING; ERRONEOUS TRADES; TRADING LIMITS**

4.1 Market Agent may, in its reasonable sole discretion, upon reasonable notice where possible, halt or suspend trading on C-BRATS<sup>SM</sup>, halt or suspend activity in any Eligible Securities on C-BRATS<sup>SM</sup> or make modifications to C-BRATS<sup>SM</sup>. In addition to and not in lieu of the foregoing, Market Agent may modify the terms of or cancel an Order or a transaction executed through C-BRATS<sup>SM</sup> if Market Agent determines, in its sole and reasonable discretion, that such transaction was clearly erroneous for any reason, including, without limitation, due to the erroneous entry of an Order or the erroneous execution of a transaction by C-BRATS<sup>SM</sup>, and Market Agent shall provide Subscriber reasonably prompt notice of each such modification or cancellation. Market Agent shall have no liability to Subscriber as a result of its decision to exercise its rights (or its failure to do so) under this Section 4. **SUBSCRIBER AGREES THAT, WITHOUT LIABILITY TO SUBSCRIBER OR TO ANY OF SUBSCRIBER'S AUTHORIZED USERS OR CUSTOMERS, MARKET AGENT RETAINS THE RIGHT TO (1) REJECT ANY ORDER IN ITS SOLE DISCRETION AND (2) CANCEL ANY ORDER OR VOID ANY TRANSACTION IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT OR IF SUCH ORDER OR TRANSACTION, IN MARKET AGENT'S REASONABLE SOLE DISCRETION, VIOLATES APPLICABLE LAW.**

4.2 Market Agent may consult with counsel of its choice regarding action to be taken by Market Agent hereunder or under any documentation relating to C-BRATS<sup>SM</sup>, and the advice of such counsel shall be deemed full and complete authorization by Subscriber in respect to any action so taken, suffered or omitted by Market Agent hereunder in reliance thereon. In addition, Subscriber acknowledges and agrees that the bid process and rate reset mechanism effected on any given day may be re-run in Market Agent's reasonable sole discretion, and upon reasonable notice where possible, due to clerical errors or Force Majeure (defined below) or in any situation in which C-BRATS<sup>SM</sup> is compromised or interrupted (collectively, a "**Compromised Bid Process**"), which may result in an erroneous Clearing Market Rate being determined. Subscriber further acknowledges and agrees that in the event of a Compromised Bid Process, Market Agent may, in its reasonable sole discretion, upon reasonable notice where possible, re-open the bid process for such Eligible Security for sixty (60) continuous minutes (a "**Bid Process Re-Opening**"). A Bid Process Re-Opening shall result in the potential re-bidding of the Eligible Security during an extended Submission Deadline, which extended Submission Deadline shall be extended up to sixty (60) minutes from the time Market Agent initiates the Bid Process Re-Opening. Upon the occurrence of a Bid Process Re-Opening, Subscriber may place new, or modify existing, Orders on such Eligible Security. In such instances, the term "Submission Deadline" as used herein shall be deemed a reference to the new Submission Deadline extended in connection with the Bid Process Re-Opening for purposes of this Agreement. The inability of a Bid Process Re-Opening to be effected uninterrupted for sixty (60) continuous minutes shall be deemed a Clarity Market Disruption Event, and Section 4.3 shall apply.

4.3 If a Clarity Market Disruption Event occurs on a Bid Process Date for any Eligible Security, and as a result a new Clearing Market Rate for such Eligible Security cannot be established through the bid process, then the Clearing Market Rate to be set for such Eligible Security as of such Bid Process Date shall be the same Clearing Market Rate that applied immediately prior to such Bid Process Date; provided, however, that if such Eligible Security was to have an Interest Rate Period (as set forth in the Issuance Documents) of longer than seven (7) calendar days, the Interest Rate Period to which such newly established Clearing Market Rate shall apply will be automatically converted without action by the Issuer to an Interest Rate Period with a duration of seven (7) calendar days, so that the next Bid Process Date for such Eligible Security will occur seven (7) calendar days after the Bid Process Date on which the newly established Clearing Market Rate was set as provided in this Section 4.3.

## 5. **USE AND OWNERSHIP OF C-BRATS<sup>SM</sup> DATA**

5.1 Subscriber acknowledges that, as between Subscriber and Market Agent, Market Agent and its Service Providers (defined below) own all right, title and interest, including all intellectual property rights, in the Services, C-BRATS<sup>SM</sup> and C-BRATS<sup>SM</sup> Materials, and all trademarks or trade names used in connection with C-BRATS<sup>SM</sup>, along with any data entered into or produced by or for C-BRATS<sup>SM</sup> (collectively, "**C-BRATS<sup>SM</sup> Data**"). Market Agent grants Subscriber a non-transferable, royalty-free license during the term of this Agreement to use the C-BRATS<sup>SM</sup> Data that is provided to Subscriber according to the terms of this Agreement solely (i) for its internal business purposes in connection with Subscriber's Use of C-BRATS<sup>SM</sup> as permitted herein, (ii) as reasonably necessary to comply with any Applicable

Law or request from any regulatory agency or other governing body, or (iii) as reasonably necessary to carry out its obligations and responsibilities under this Agreement.

5.2 Subscriber acknowledges and agrees that this Agreement does not convey or grant to Subscriber or any Authorized User any proprietary rights in the Services, C-BRATS<sup>SM</sup> Data, any other third-party services or facilities provided or arranged by Market Agent as part of or in connection with the Services, any reports, documentation or data distributed by Market Agent or any quotations and other transaction data and information included as part of the Services, and all intellectual property rights associated therewith are expressly reserved by Market Agent or by any applicable Service Providers selected by Market Agent or their respective licensors. Subscriber agrees not to violate those property rights and to honor and comply with Market Agent's reasonable requests to provide information and other reasonable assistance to Market Agent, at Market Agent's sole expense, as may be necessary to protect its and its Service Providers' contractual, statutory and common-law rights. Subscriber shall notify Market Agent in the event it becomes aware of any violation by any of its officers, directors, employees or agents of Market Agent's or its Service Providers' proprietary rights in the Services or the C-BRATS<sup>SM</sup> Data.

## 6. SECURITY OBLIGATIONS

6.1 Responsibilities of Subscriber. Subscriber shall ensure that it has implemented commercially-reasonable security systems and procedures to prevent unauthorized use or misuse of the Services and that such systems and procedures are consistent with its standard security procedures. These systems and procedures shall include at a minimum:

- (a) establishing and maintaining commercially reasonable procedures to ensure that C-BRATS<sup>SM</sup> is accessed and Used only by Authorized Users;
- (b) informing Authorized Users of Subscriber's obligations under this Agreement and the C-BRATS<sup>SM</sup> Materials, and taking reasonable steps to ensure that Authorized Users comply with such obligations and all Applicable Laws;
- (c) taking reasonable steps to ensure that each Authorized User uses only his/her own login and password to access C-BRATS<sup>SM</sup>; and
- (d) using commercially-reasonable anti-virus software and security measures to prevent any virus from adversely affecting C-BRATS<sup>SM</sup>.

6.2 Subscriber shall be responsible for all acts and omissions of Authorized Users, or of any person using a current User ID or password allocated to Subscriber or any Authorized User, which shall be deemed to be acts or omissions of Subscriber.

6.3 Subscriber shall immediately cease access to and Use of C-BRATS<sup>SM</sup> by Subscriber and all Authorized Users if notified by Market Agent, or if it otherwise becomes aware of, or suspects, a technical failure of security breach involving C-BRATS<sup>SM</sup>. Subscriber shall immediately notify Market Agent of such a failure or breach involving C-BRATS<sup>SM</sup>. Subscriber shall also promptly notify Market Agent in the event any Authorized User is no longer authorized to access or Use C-BRATS<sup>SM</sup>. Subscriber will prohibit such Authorized User

from further Use of C-BRATS<sup>SM</sup>. Market Agent shall have the right, in its sole discretion, to prevent access to and Use of C-BRATS<sup>SM</sup> by such Authorized User, but in any event, Subscriber shall remain responsible for such Authorized User's access to or Use of the Services.

## 7. LIMITATION OF LIABILITY

7.1 Subscriber acknowledges and agrees that:

(a) Market Agent shall have no liability to Subscriber, any Authorized User or any third party for any failure or mistake of Market Agent or C-BRATS<sup>SM</sup> in implementing Subscriber's verbal instruction to modify, replace or cancel an Order;

(b) Subscriber agrees that it is solely responsible for any investment or trading decisions made by it with respect to Orders entered for Eligible Securities and that Market Agent will not be responsible for determining the suitability, appropriateness or advisability of any transaction Subscriber may enter into hereunder or by Use of the Services;

(c) except as expressly provided in this Agreement, Market Agent is not liable in any manner to any person (including but not limited to Subscriber, Authorized Users and Subscriber's customers) for the failure of such person to perform its obligations under any Order or transaction;

(d) this Agreement sets out all the duties of Market Agent and its Affiliates and Service Providers in relation to this Agreement. Market Agent and its Affiliates and Service Providers shall have no further duties, implied or otherwise, to Authorized Users or Subscriber in relation to the subject matter of this Agreement;

(e) Subscriber shall be responsible and liable for any damages to Market Agent from the use of C-BRATS<sup>SM</sup>, including where Subscriber fails to follow, or deviates from, the terms of this Agreement or C-BRATS<sup>SM</sup> Materials, including failure to honor any transactions consummated on C-BRATS<sup>SM</sup>; and

(f) neither Market Agent nor any of its Affiliates or Service Providers will have any obligation or liability in respect of or be responsible for, or otherwise be deemed to guarantee, the performance of any transaction entered into by Subscriber through the use of the Services. Market Agent shall not be liable for, and Subscriber will not, and will not permit Authorized Users to, bring any legal action, whether in tort, including negligence, breach of contract or otherwise, against Market Agent or any of its Affiliates or Service Providers alleging damages for the failure of any counterparty to perform or otherwise settle a transaction entered into by Subscriber using the Services.

**7.2 TO THE MAXIMUM EXTENT PERMITTED BY LAW, EXCEPT FOR INDEMNITY OBLIGATIONS AND BREACHES OF SPECIFIC CONFIDENTIALITY OBLIGATIONS HEREUNDER, IN NO EVENT SHALL MARKET AGENT, OR ANY OF ITS AFFILIATES, SERVICE PROVIDERS OR VENDORS OR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, BE LIABLE TO SUBSCRIBER OR ITS CUSTOMERS OR AUTHORIZED**

**USERS FOR ANY LOSS, INCLUDING, BUT NOT LIMITED TO, DIRECT, INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR LOST OR IMPUTED PROFITS OR ROYALTIES, LOST DATA, LOSS OF BUSINESS, OR COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES ARISING OUT OF OR RELATED TO: (i) THE USE OF THE SERVICES; OR (ii) THIS AGREEMENT. IN ADDITION, NONE OF MARKET AGENT, ITS AFFILIATES OR ITS SERVICE PROVIDERS SHALL HAVE ANY LIABILITY TO SUBSCRIBER FOR THE FAILURE OF C-BRATS<sup>SM</sup> TO TIMELY EXECUTE AND PROCESS ORDERS OR OF ANOTHER SUBSCRIBER, CUSTOMER OR OTHER PERSON TO CONCLUDE TRANSACTIONS OR TO OBSERVE ANY APPLICABLE LAW, OR TO PAY REQUISITE TAXES OR OTHER CHARGES ON ANY TRANSACTIONS, OR TO ACT IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT. EXCEPT FOR INDEMNITY OBLIGATIONS AND BREACHES OF CONFIDENTIALITY OBLIGATIONS HEREUNDER, MARKET AGENT'S AGGREGATE LIABILITY HEREUNDER SHALL IN NO EVENT EXCEED AN AMOUNT EQUAL TO TWO THOUSAND FIVE HUNDRED DOLLARS (\$2500). EACH PARTY HEREBY WAIVES ANY CLAIM THAT THESE EXCLUSIONS DEPRIVE IT OF AN ADEQUATE REMEDY OR CAUSE THIS AGREEMENT TO FAIL OF ITS ESSENTIAL PURPOSE. THE FOREGOING SETS FORTH EACH PARTY'S EXCLUSIVE REMEDY FOR BREACH OF THIS AGREEMENT BY THE OTHER.**

7.3 Third Party Information. Subscriber acknowledges that Market Agent may provide third-party credit rating or other information on C-BRATS<sup>SM</sup> or by means of links from third parties. Market Agent makes no representation or warranty as to the accuracy, completeness or currency of such information.

## **8. REPRESENTATIONS, WARRANTIES AND COVENANTS**

8.1 Market Agent Representations, Warranties and Covenants. Market Agent hereby represents, warrants and covenants that it: (i) has all requisite authority to enter into and perform the Services contemplated by this Agreement under Applicable Law, and (ii) has all requisite third-party rights to enter into and perform the Services contemplated by this Agreement.

8.2 Subscriber Representations, Warranties and Covenants. Subscriber hereby represents, warrants and covenants, on its own behalf and on behalf of its Authorized Users, that each: (i) has the full right, power and authority to execute and deliver this Agreement and to bind each party for which Subscriber is acting, that the person signing below is duly authorized by Subscriber, and that this Agreement constitutes a legal, valid and binding obligation of Subscriber and each party for which Subscriber is acting; (ii) has the requisite power and is authorized to enter into the transactions contemplated by this Agreement and to perform its obligations hereunder in connection with such transactions; (iii) has thoroughly reviewed the Issuance Documents pertaining to each Eligible Security for which any Orders are placed, and (iii) agrees that the terms of such Issuance Documents prevail over any contradictory information contained in C-BRATS<sup>SM</sup>, (iv) shall not: (1) enter any Orders to sell Eligible Securities that are not then controlled by Subscriber; (2) access or use C-BRATS<sup>SM</sup> for any purpose inconsistent with the substance and terms of this Agreement or the C-BRATS<sup>SM</sup> Materials; (3) introduce into



C-BRATS<sup>SM</sup> any code, virus or mechanism that would impair C-BRATS<sup>SM</sup> or Market Agent's (or its Service Providers') systems, computers or software; (4) use C-BRATS<sup>SM</sup> to gain unauthorized access to any system or database; (5) sublicense access to C-BRATS<sup>SM</sup> to any third party; (6) disclose to any third party nonpublic information relating to the content or operation of C-BRATS<sup>SM</sup>, which information is confidential and proprietary to Market Agent or its Affiliates or Service Providers; or (7) remove or obscure any of Market Agent's or any Service Provider's trademarks, service marks or markings of copyright or patent rights contained in C-BRATS<sup>SM</sup>; Subscriber will not use the Services to effect transactions in Eligible Securities of which Subscriber, or any of its Affiliates, is the issuer, or, if Subscriber is a broker-dealer, investment manager or investment advisor and is acting on behalf of a customer, of which the customer, or the customer's affiliate, is the issuer. Subscriber is responsible for any delays, expenses and losses associated with compliance, or failure to comply, with the requirements for notification of any Eligible Securities. All of Subscriber's representations, warranties and covenants made in or pursuant to this Agreement will survive the termination of this Agreement.

**8.3 Disclaimer of Warranty. EXCEPT AS SPECIFICALLY SET FORTH IN SECTION 8.1, THE SERVICES, ORDERS AND DATA PROCESSED BY OR TRANSMITTED THROUGH C-BRATS<sup>SM</sup> ARE MADE AVAILABLE "AS IS" AND WITHOUT WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE. EACH OF MARKET AGENT AND ITS SERVICE PROVIDERS EXPRESSLY DISCLAIMS ALL SUCH WARRANTIES INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF TIMELINESS, TRUTHFULNESS, SEQUENCE, COMPLETENESS, ACCURACY, FREEDOM FROM ERRORS OR INTERRUPTION OR DEFECT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, AND ANY IMPLIED WARRANTIES ARISING FROM TRADE USAGE, COURSE OF DEALING OR COURSE OF PERFORMANCE.**

## **9. TERM**

9.1 This Agreement shall commence from the date hereof and shall continue in effect until terminated by either Party upon [thirty (30)] days' prior written notice to the other Party. Notwithstanding the foregoing, either Party also may terminate this Agreement at any time, with such termination effective immediately upon delivery by the terminating Party of written notice to the other Party, if (i) the other Party, or any of its Affiliates, becomes insolvent, (ii) the other Party, or any of its Affiliates, becomes the subject of a petition in bankruptcy, or a proceeding, order, resolution or any other step is made or taken by any person for the winding-up, insolvency, administration, reorganization, reconstruction, dissolution or bankruptcy of such other Party or such Affiliate or for the appointment of a liquidator, receiver, administrator, trustee or similar officer of such other Party or such Affiliate or of all or any part of its assets or business which is not dismissed within sixty (60) days, (iii) the other Party, or any of its Affiliates, makes an assignment for the benefit of creditors or (iv) the other Party, or any of its Affiliates, violates Applicable Law, or materially breaches its obligations under this Agreement or breaches any provision of the C-BRATS<sup>SM</sup> Materials. Each Party hereby agrees that it shall promptly notify the other Party in writing if any of the events specified in clauses (i) to (iv) of the preceding sentence occurs with respect to it or any part of its assets or business.

9.2 Without limiting any right of Market Agent to terminate or suspend access to or Use of C-BRATS<sup>SM</sup> at any time and in its reasonable sole discretion, Market Agent may, at any time and without delivery of prior written notice to Subscriber, terminate or suspend Market Agent's obligations under this Agreement in whole or in part immediately if Market Agent learns, or believes in its sole reasonable judgment, that (i) there exists any actual or potential defect in any of the Services that materially impairs the reliability, credibility or integrity of the operation thereof, (ii) continuing to provide any of the Services pursuant to this Agreement would infringe upon the intellectual property rights of any third party, (iii) any of the Services have been or are being Used by Subscriber or any Authorized User for any unlawful purpose or in a manner that is in violation or contravention of Applicable Law, (iv) published or prevailing market prices for any relevant Eligible Securities do not accurately reflect market conditions, whether as a result of excess volatility, excess liquidity or otherwise, or (v) offering or continuing to provide any of the Services is prohibited by Applicable Law.

9.3 Upon termination, Subscriber shall (i) cease Use of the Services, C-BRATS<sup>SM</sup> and C-BRATS<sup>SM</sup> Data, and destroy or return any Market Agent Confidential Information (as defined below) or C-BRATS<sup>SM</sup> Materials then in possession or control of Subscriber. Further, the termination of this Agreement for any reason shall not affect (1) the obligations of Subscriber with respect to any Order or transaction with a counterparty entered into by Subscriber prior to the effective date of termination, or (2) in respect of both Parties, any additional remedies provided by law or equity.

9.4 Upon notice of termination, Subscriber and Market Agent shall work together in good faith to effect the transfer or orderly liquidation of such holdings, and the cancellation of such Orders, if any, of Eligible Securities.

## 10. CONFIDENTIALITY

10.1 “**Confidential Information**” means, with respect to a Party hereto, all information or material which (a) is marked “Confidential,” “Restricted,” or “Confidential Information” or similar marking; or (b) is known by the Parties to be considered confidential. This Agreement and the information contained herein, any other information provided by Market Agent, including, without limitation, C-BRATS<sup>SM</sup> Data (collectively, “**Market Agent Confidential Information**”), are Confidential Information of Market Agent and/or its Affiliates, agents and vendors. Each Party agrees to maintain the secrecy and confidentiality of such Confidential Information of the other Party and shall neither disclose or use nor permit any other person to disclose or use the same to any third party, except as required by Applicable Law. Each Party acknowledges that the unauthorized disclosure of such Confidential Information cannot be adequately or reasonably compensated for by monetary damages and, therefore, agrees that in the event of such an unauthorized disclosure or use, the Party owning such Confidential Information shall be entitled to seek injunctive and other equitable and injunctive relief without waiver of any other rights or remedies which a Party may have.

10.2 Confidential Information excludes information: (i) in the public domain (except as the result of disclosure in breach of this Agreement); (ii) possessed by a receiving Party without any confidentiality obligation associated therewith; (iii) disclosed to a receiving Party by a third party legally entitled to make such disclosure; or (iv) independently developed

by the receiving Party without use of the Confidential Information. Each Party agrees that Confidential Information of the other Party may be directly disclosed (i) to a court, administrative agency, self-regulatory organization or other governmental body having appropriate authority, or (ii) as required by Applicable Law. In addition, either Party may make such disclosure: (i) as otherwise provided in this Agreement; (ii) pursuant to authorization by the other Party in writing; and (iii) pursuant to an order or subpoena of a court or regulatory body having jurisdiction over such Party; provided, however, that unless otherwise prohibited, prompt notice shall be given to the other Party of the receipt of such an order or subpoena prior to the Party's compliance therewith.

## 11. INDEMNIFICATION

11.1 Subscriber Indemnity. Subscriber agrees to indemnify, defend and hold Market Agent, its Affiliates and Service Providers, and each of their respective officers, directors, employees and agents harmless from and against any and all third-party claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties and reasonable attorney's fees, arising from or as a result of (i) Subscriber's or any Authorized User's breach of any of its representations, warranties or covenants under this Agreement, (ii) the failure of Subscriber, for any reason, to clear or settle any transaction effected on C-BRATS<sup>SM</sup>, which, by the terms of this Agreement, Subscriber is obligated to accept, (iii) any contravention of any Applicable Law by Subscriber or any Authorized User, (iv) any noncompliance with any provision of any C-BRATS<sup>SM</sup> Materials by Subscriber or any Authorized User, (v) Subscriber's or any Authorized User's fraud, gross negligence, bad faith, willful misconduct or knowing breach of confidentiality, (vi) any Orders received or transmitted through Subscriber's hardware and/or software, and (vii) claims for violation of any third-party proprietary right, including copyright, patent, trade secret and trademark rights, arising from the use by Subscriber or any Authorized User of the Services provided by Market Agent or Service Providers pursuant to this Agreement, unless covered by Market Agent's indemnification obligations as set forth in Section 11.2.

11.2 Market Agent Indemnity. Market Agent agrees to indemnify, defend and hold Subscriber, its Affiliates and vendors, and each of their respective officers, directors, agents, customers, and employees harmless from and against any and all third-party claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including interest, penalties and reasonable attorney's fees, arising from or as a result of claims for violation of any third-party United States intellectual property right arising solely from the offering or use of the Services related thereto ("IP Claim"). Without limiting Market Agent's indemnification obligations, in the event Use of the Services becomes, or in Market Agent's reasonable opinion is likely to become, the subject of a claim of infringement as outlined in this Section 11.2, Market Agent shall, at its option and expense: (i) obtain the continuing right to use the Services; or (ii) modify the Services or replace the same so that such Use no longer infringes; or, if neither (i) nor (ii) is reasonably practicable, (iii) terminate this Agreement. Notwithstanding any other provisions hereof, the provisions of this Section 11.2 state Market Agent's entire liability to Subscriber in respect of any IP Claim.

11.3 Notice of Indemnification. A party seeking indemnification pursuant to this Section 11 (an "**Indemnified Party**") from or against the assertion of any claim by a third

person (a “**Third Person Assertion**”) will give prompt written notice to the party from whom indemnification is sought (the “**Indemnifying Party**”); provided, however, that failure to give prompt written notice will not relieve the Indemnifying Party of any liability hereunder (except to the extent the Indemnifying Party has suffered actual material prejudice by such failure).

11.4 Assumption of Defense. Within five (5) days of receipt of written notice pursuant to Section 11.3, the Indemnifying Party will have the right, exercisable by written notice to the Indemnified Party, to assume the defense of a Third Person Assertion. If the Indemnifying Party assumes such defense, the Indemnifying Party may select counsel, which counsel will be reasonably acceptable to the Indemnified Party. If the Indemnifying Party: (a) does not assume the defense of any Third Party Assertion in accordance with this Section 11; (b) having so assumed such defense, unreasonably fails to defend against such Third Person Assertion; or (c) has been advised by the written opinion of counsel to the Indemnified Party that the use of the same counsel to represent both the Indemnifying Party and the Indemnified Party would present a conflict of interest, then, in each case upon five (5) days’ written notice to the Indemnifying Party, the Indemnified Party may assume the defense of such Third Person Assertion. In such event, the Indemnified Party will be entitled under this Section 11 as part of its damages to indemnification for the costs of such defense.

11.5 Settlement. The party controlling the defense of a Third Person Assertion will have the right to consent to the entry of judgment with respect to, or otherwise settle, such Third Person Assertion with the prior written consent of the other party, which consent will not be unreasonably withheld or delayed; provided, however, that such other party may withhold consent if any such judgment or settlement imposes a monetary obligation on such other party that is not covered by indemnification, imposes any material non-monetary obligation or does not include an unconditional release of such other party and its Affiliates from all claims of the Third Person Assertion.

11.6 Participation. The Indemnifying Party and the Indemnified Party will cooperate, and cause their respective Affiliates to cooperate, in the defense of any Third Person Assertion. The Indemnifying Party or the Indemnified Party, as the case may be, will have the right to participate, at its own expense, in the defense or settlement of any Third Person Assertion. The Indemnifying Party’s obligation is subject to the Indemnified Party: (i) notifying the Indemnifying Party promptly in writing of the claim; (ii) giving the Indemnifying Party the exclusive control of the defense and settlement thereof; and (iii) providing reasonable assistance, at the Indemnifying Party’s expense, necessary to perform the Indemnifying Party’s obligations hereunder.

## 12. GENERAL

12.1 Notices. All notices, requests, reports and other communications to any Party hereunder will be in writing and shall either be hand delivered, sent by overnight courier service, sent by email, sent by registered mail return receipt requested, or transmitted by facsimile number, as set forth below (except to the extent a Party notifies the other Party in writing that different contact information should be used). Each such notice, request, report or other communication will be effective (i) on the delivery date if hand delivered, (ii) on transmission date if sent by email, (iii) on the delivery date specified on the overnight package,

(iv) on the delivery date specified on the return receipt if sent by registered mail, or (v) when such facsimile is transmitted and confirmation of receipt is obtained, if given by facsimile.

If to Market Agent: Arbor Research & Trading, LLC  
10 East 40<sup>th</sup> Street  
13th Floor  
New York, NY 10016  
Attention: Robert Novembre  
Phone: 212-867-9819  
Fax: 212-867-8529  
Email: rob.novembre@claritybid.com

If to Subscriber: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

12.2 Survival. Any provision of this Agreement that by its very nature or context is intended to survive any termination, cancellation or expiration thereof shall so survive and shall apply to respective successors and assigns.

12.3 Force Majeure. Notwithstanding any other term or condition of this Agreement, neither Party nor its third-party providers, including, but not limited to, software, hardware, communications and data providers, shall be obligated to perform or observe its obligations undertaken in this Agreement (except for obligations to make settlements hereunder and regulatory obligations) if prevented or hindered from doing so by any circumstances found to be beyond its reasonable control and without the gross negligence or willful misconduct on the part of either Party (“**Force Majeure**”) Such causes may include, without limitation, acts of God, acts of government in its sovereign or contractual capacity, any act of declared or undeclared war or of a public enemy (including acts of terrorism), power shortages or failures, utility or communication failure or delays, labor disputes, strikes, shortages, supply shortages, equipment failures or malfunctions (including software malfunctions); provided, however, that the Party relying on such event has in place commercially reasonable backup and disaster recovery systems. The time for performance of any act delayed by such events may be postponed for a period of time equal to the delay and, in respect of performance of the Services, any additional time reasonably required to reinstate the applicable Services.

12.4 Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts-of-law principles thereof and, with respect to any dispute arising out of this Agreement, each Party hereby consents to the exclusive jurisdiction of the courts sitting in such State, County of New York, unless such dispute is required to be arbitrated by the rules of FINRA, and each

Party waives any argument as to convenience of forum and hereby waives all rights to a jury trial.

12.5 Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not constitute a part hereof or affect in any way the meaning or interpretation of this Agreement.

12.6 Amendment; No Waiver. Market Agent shall have the right to amend the terms of this Agreement to the extent necessary to comply with a change in any Applicable Law. Except as set forth in the preceding sentence, no term or provision of this Agreement (or any schedules and attachments which are a part hereof) may be amended, modified or waived unless in writing and signed by the Party against whom such amendment, waiver or modification is sought to be enforced. A Party's failure to insist at any time on strict compliance with this Agreement or with any of the terms hereunder or any continued course of such conduct on such Party's part will in no event constitute or be considered a waiver by such Party of any of its rights or privileges.

12.7 Entire Agreement. This Agreement, as amended from time to time pursuant to writings agreed to and signed by both Parties, shall constitute the entire agreement between both Parties and shall supersede all prior agreements, arrangements, representations or promises, whether oral or written, between the Parties with respect to the subject matter hereof. If any term of this Agreement conflicts with a term in any other agreement between Subscriber and Market Agent regarding the subject matter contained herein, this Agreement shall prevail only to the extent that such term relates to Subscriber's use of C-BRATS<sup>SM</sup>.

12.8 Assignment. This Agreement may not be assigned or transferred by either Party to any other individual or entity without the prior written consent of the non-assigning Party, except that this Agreement may be assigned or transferred by Market Agent to (i) a third party in the event of the sale of all or substantially all of its assets or a business unit to such third party, or (ii) any entity Controlling, Controlled by or under common Control with Market Agent.

12.9 Severability. If any provision of this Agreement is or should become inconsistent with any present or future law, rule or regulation of any governmental or regulatory body with jurisdiction over the subject matter of this Agreement, such provision will be deemed to be rescinded or modified in accordance with such law, rule or regulation. In all other respects, this Agreement will continue and remain in full force and effect.

12.10 No Joint Venture. Neither this Agreement nor any operation hereunder is intended to be, shall not be deemed to be, and shall not be treated as creating a general or limited partnership, association or joint venture or agency or employment relationship between the Parties.

12.11 No Third-Party Beneficiary. This Agreement is intended solely for the benefit of Subscriber and Market Agent and their respective successors and permitted assigns, and no third party shall have any rights or interest in any provision of this Agreement. Except as specifically provided herein, nothing contained in this Agreement shall be deemed or construed to create an obligation on the part of Subscriber to any third party, nor shall any third party have

a right to enforce against Subscriber any right that Market Agent may have under this Agreement.

12.12 Counterparts. This Agreement may be signed in one or more counterparts, all of which will be considered one and the same agreement, and this Agreement will become effective when one or more of such counterparts have been signed by each Party and delivered to the other Party.

12.13 Definitions. For purposes of this Agreement:

(a) “**Affiliate**” means any organization that (1) is Controlled by, Controls or is under common Control with another person or entity or is managed or operated by another person or entity or any of the entity’s subsidiaries.

(b) “**Authorized User**” means an individual who is a full- or part-time employee of Subscriber or an Affiliate and who has been expressly authorized by Subscriber and is reflected in Schedule 1 hereto.

(c) “**Bid Process Date**” means the day that Orders are effective and processed to determine a Clearing Market Rate.

(d) “**Clarity Market Disruption Event**” means that C-BRATS<sup>SM</sup> is unable to accept Orders, determine a Clearing Market Rate or otherwise function as expected.

(e) “**Clearing Market Rate**” means the lowest interest rate at which the entire principal amount of a specific Eligible Security registered on C-BRATS<sup>SM</sup> would be sold.

(f) “**Control**” over a person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or other equity interest, representation on its board of directors or body performing similar functions, by contract or otherwise. The terms “**Controlling**” and “**Controlled**” will have corollary meanings.

(g) “**Hold-Auto Order**” means an Order on behalf of an Existing Holder who has not submitted Orders on a Bid Process Date for the entire principal amount of Bonds held by such Existing Holder. Hold-Auto Orders will be submitted with a rate equal to the bid rate for the last executed Order, on an order to order basis, whether a Bid To Roll Order, Bid To Buy Order, an Auto-Hold Order or a purchase in the secondary market.

(h) “**Issuance Documents**” means the documentation governing the issuance of the Eligible Securities as provided by the issuer of such Eligible Securities.

(i) “**Order**” means a Bid To Buy Order, a Bid To Roll Order, Good Til Cancel, Market Roll, Hold-Auto Order or a Sell Order, as applicable.

(j) “Use” means to host, load, use, install, execute, view, employ, utilize, store, display, access or compile C-BRATS<sup>SM</sup> and/or the Services.

**IN WITNESS WHEREOF**, the Parties by their authorized representatives have caused this Agreement to be executed as of the date first written above.

**ARBOR RESEARCH & TRADING,  
LLC**

By: \_\_\_\_\_  
Authorized Representative

Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

10 East 40<sup>th</sup> Street  
13th Floor  
New York, NY 10016



**[SUBSCRIBER]**

By: \_\_\_\_\_  
Authorized Representative

Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Email: \_\_\_\_\_

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City, State and Zip Code)

SCHEDULE 1  
**AUTHORIZED USERS**

**Last Updated \_\_\_\_\_, 201\_\_**

**[THIS PAGE INTENTIONALLY LEFT BLANK]**





Printed by: ImageMaster, LLC  
[www.imagemaster.com](http://www.imagemaster.com)