

## **BOND AND OTHER DEBT OBLIGATIONS REFUNDING POLICY**

WHEREAS, The Metropolitan Transportation Authority has a large portfolio of outstanding bonds and other debt obligations; and

WHEREAS, The Metropolitan Transportation Authority desires to achieve the lowest possible interest cost for such bonds; and

WHEREAS, The Metropolitan Transportation Authority desires, from time to time, to benefit from favorable capital market conditions to undertake refundings of the outstanding bonds and other obligations; and

WHEREAS, The Metropolitan Transportation Authority has determined that in order to provide guidance in the issuance of refunding bonds, a refunding policy ("Refunding Policy") is desirable.

WHEREAS, such refunding bonds must be authorized by the Board in accordance with a supplemental resolution for each of the MTA and TBTA credits, such supplemental resolutions are attached hereto;

BE IT RESOLVED by the Metropolitan Transportation Authority that, except as otherwise provided by separate action of the Authority relating to a particular refunding, the Refunding Policy as set forth below shall be adopted and shall apply to all refundings of bonds or other debt obligations described therein hereafter.

# Metropolitan Transportation Authority and Triborough Bridge and Tunnel Authority Bond and Other Debt Obligations Refunding Policy

This bond and other debt obligations refunding policy establishes conditions precedent to any issuance of fixed rate bonds for the purposes of refunding fixed rate bonds previously issued by the MTA or any of the Related Entities.

- For a standard fixed rate refunding, each individual bond maturity is expected to have net present value (NPV) savings (expressed as a percentage of the par amount of refunded bonds) of at least the following amounts at the time of mailing the Preliminary Official Statement and at the time of the initial pricing of the refunding bonds (nothing herein precludes the addition of individual bond maturities that meet the savings criteria, or the deletion of bond maturities that do not meet the savings criteria on the day of pricing):

Years From Call to Maturity	Years to Call		
	0 to 2	3 to 7	8 plus
0 to 5	0.5%	1.0%	2.0%
6 to 10	1.0%	2.5%	4.0%
11 to 15	3.0%	4.0%	5.0%
16 plus	4.0%	5.0%	5.5%

- In addition to achieving the above maturity-by-maturity NPV savings, aggregate NPV savings must be at least 3.0 percent of the par amount of refunded bonds.
- The arbitrage yield must be utilized in calculating NPV savings.
- Actual escrow investments must be used in calculation of refunding savings at the time of pricing.

## **Additional Criteria and Instructions**

- The evaluation of refunding opportunities with respect to the State Bond Issuance Charge (BIC) shall be factored in as a cost of issuance with respect to total NPV savings requirement calculations. The individual bond-by-bond maturity evaluations shall also include BIC as a factor.
- If it is possible to meet the arbitrage yield in a refunding escrow with SLGS, they should be used. In the event SLGS could provide a yield higher than the arbitrage yield, as many rolling 0 percent SLGS as possible should be used to blend down the arbitrage yield. If the arbitrage yield cannot be met with SLGS or the SLGS window is not open, treasury securities and other open market securities can be considered, consistent with the investment restrictions in the bond resolution.