

*On October 20, 2017 (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, Series 2011B (LIBOR Floating Rate Tender Notes) (the Series 2011B Bonds) and Subseries 2012G-4 (LIBOR Floating Rate Tender Notes) (the Subseries 2012G-4 Bonds and, together with the Series 2011B Bonds, the Remarketed Bonds). On the Mandatory Tender Date, the Remarketed Bonds will be subject to mandatory tender at a purchase price equal to the principal amount thereof. For a discussion of certain federal and State income tax matters in connection with the original issuance of the Remarketed Bonds, see "TAX MATTERS" herein.*

**\$172,260,000****METROPOLITAN TRANSPORTATION AUTHORITY  
TRANSPORTATION REVENUE VARIABLE RATE BONDS****consisting of****\$99,560,000****Transportation Revenue  
Variable Rate Bonds  
Series 2011B****(LIBOR Floating Rate Tender Notes)****\$72,700,000****Transportation Revenue  
Variable Rate Refunding Bonds  
Subseries 2012G-4****(LIBOR Floating Rate Tender Notes)****Dated and accruing interest from: October 20, 2017    Due: November 1, as shown on the inside cover**

The Remarketed 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 of New York or The City of New York or any other local government unit.

MTA has no taxing power.

Each subseries of Remarketed Bonds will bear interest in the Term Rate Mode at a variable rate equal to the applicable Adjusted LIBOR Rate, as further described herein. The Adjusted LIBOR Rate for each Interest Rate Period of each subseries of the Remarketed Bonds will equal 67% of USD-LIBOR (one-month) plus the applicable per annum spread set forth on the inside cover. The Adjusted LIBOR Rate will be determined on the second London Banking Day prior to the first Business Day of each month, and will be effective on the first Business Day of each month. See "DESCRIPTION OF REMARKETED BONDS – Determination of Interest Rates for the Remarketed Bonds" herein.

The Remarketed Bonds are subject to the Book-Entry-Only system through the facilities of The Depository Trust Company.

The Remarketed Bonds are subject to mandatory redemption and tender, as described herein. The Remarketed Bonds are not subject to optional redemption or tender prior to the Purchase Date, as described herein.

---

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 Remarketed 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.

---

**Jefferies****Academy Securities****Alamo Capital****Cabrera Capital Markets, LLC**

October 12, 2017

**\$99,560,000**  
**Transportation Revenue Variable Rate Bonds**  
**Series 2011B**  
**(LIBOR Floating Rate Tender Notes)**  
**Term Bond Maturing November 1, 2041**

<u>Purchase Date</u>	<u>Principal Amount</u>	<u>Interest Rate (Variable)</u>	<u>Price</u>	<u>CUSIP Number*</u>
November 1, 2022	\$99,560,000	67% of USD-LIBOR (one month) <sup>†</sup> plus 0.55%	100%	59261A NM5

**\$72,700,000**  
**Transportation Revenue Variable Rate Refunding Bonds**  
**Subseries 2012G-4**  
**(LIBOR Floating Rate Tender Notes)**  
**Term Bond Maturing November 1, 2030**

<u>Purchase Date</u>	<u>Principal Amount</u>	<u>Interest Rate (Variable)</u>	<u>Price</u>	<u>CUSIP Number*</u>
November 1, 2022	\$72,700,000	67% of USD-LIBOR (one month) <sup>†</sup> plus 0.55%	100%	59261A NN3

---

\* CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of the holders of the Remarketed Bonds. MTA is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Remarketed Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the remarketing of the Remarketed Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity 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 certain maturities of the Remarketed Bonds.

<sup>†</sup> See “DESCRIPTION OF REMARKETED BONDS – Determination of Interest Rates for the Remarketed Bonds” herein for a description of the USD-LIBOR (one-month), the Adjusted LIBOR Rate and the determination thereof.

**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)**

Joseph J. Lhota.....	Chairman
Fernando Ferrer.....	Vice-Chairman
Andrew B. Albert.....	Non-Voting Member
Norman E. Brown.....	Non-Voting Member
Randolph Glucksman.....	Non-Voting Member
Ira R. Greenberg .....	Non-Voting Member
David Jones.....	Member
Susan G. Metzger.....	Member
Charles G. Moerdler .....	Member
John J. Molloy .....	Member
Mitchell H. Pally.....	Member
Scott Rechler.....	Member
John Samuelsen.....	Non-Voting Member
Andrew Saul .....	Member
Lawrence Schwartz.....	Member
Vincent Tessitore, Jr. ....	Non-Voting Member
Polly Trottenberg .....	Member
Veronica Vanterpool.....	Member
James Vitiello .....	Member
Peter Ward .....	Member
Carl Weisbrod.....	Member
Carl V. Wortendyke.....	Member
Neal Zuckerman.....	Member

---

Veronique Hakim.....	Managing Director
Patrick Foye .....	President
John N. Lieber .....	Chief Development Officer
Phillip Eng .....	Chief Operating Officer
Robert E. Foran.....	Chief Financial Officer
Donna Evans.....	Chief of Staff
Helene Fromm, Esq. ....	Acting General Counsel
Patrick J. McCoy.....	Director, Finance

NIXON PEABODY LLP  
New York, New York

D. SEATON AND ASSOCIATES, P.A., P.C.  
New York, New York

Co-Bond Counsel

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

BACKSTROM MCCARLEY BERRY & CO., LLC  
San Francisco, California

Co-Financial Advisors

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

## SUMMARY OF TERMS

MTA has prepared this Summary of Terms to describe the specific terms of the Remarketed Bonds following a remarketing 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 MTA’s Transportation Revenue Bonds. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the bonds being remarketed.

Issuer .....	Metropolitan Transportation Authority, a public benefit corporation of the State of New York.	
Bonds Being Remarketed.....	Transportation Revenue Variable Rate Bonds, Series 2011B (LIBOR Floating Rate Tender Notes) and Transportation Revenue Variable Rate Refunding Bonds, Subseries 2012G-4 (LIBOR Floating Rate Tender Notes) (collectively, the Remarketed Bonds).	
Maturities and Rates.....	The Remarketed Bonds mature on the dates and will bear interest at the rates shown on the inside cover.	
Denominations .....	\$5,000 and integral multiples of \$5,000 in excess thereof.	
Interest Payment Dates.....	The first Business Day of each month, commencing November 1, 2017.	
Tender and Redemption .....	See “DESCRIPTION OF REMARKETED BONDS – Tender and Redemption Provisions for the Remarketed Bonds” in <b>Part I</b> .	
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, as described in <b>Part II</b> .	
Registration of the 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.....	Nixon Peabody LLP, New York, New York and D. Seaton and Associates, P.A., P.C., New York, New York.	
Tax Status.....	See “TAX MATTERS” in <b>Part III</b> .	
Special Disclosure Counsel.....	Hawkins Delafield & Wood LLP, New York, New York.	
Ratings .....	<u>Rating Agency</u>	<u>Rating</u>
	Fitch:	AA-
	KBRA:	AA+
	Moody’s:	A1
	S&P:	AA-
	See “RATINGS” in <b>Part III</b> .	
Co-Financial Advisors .....	Public Resources Advisory Group, Inc., New York, New York, and Backstrom McCarley Berry & Co., LLC, San Francisco, California.	
Remarketing Agents.....	See cover page.	
Purchase Price .....	See “REMARKETING” in <b>Part III</b> .	
Co-Counsel to Remarketing Agents.....	Katten Muchin Rosenman LLP, New York, New York, and Law Offices of Joseph C. Reid, P.A., New York, New York.	

**SUMMARY OF TERMS RELATING TO  
REMARKETED BONDS (LIBOR FLOATING RATE TENDER NOTES)\***

INTEREST PAYMENT DATES AND CALCULATION PERIOD	First Business Day of each month, commencing November 1, 2017, based on actual days over a 365-day year (366 days in years when February has 29 days).
RECORD DATE	The Business Day preceding each Interest Payment Date.
OWNERS' RIGHTS TO TENDER	None.
MANDATORY TENDER FOR PURCHASE	The Business Day after the last day of each Interest Rate Period (a Purchase Date). The Purchase Date for the Series 2011B Bonds is November 1, 2022 and the Purchase Date for the Subseries 2012G-4 Bonds is November 1, 2022.
RATE DETERMINATION DATE	Second London Banking Day prior to the first Business Day of each month.
RATE ADJUSTMENT DATE	First Business Day of each month.
RATE FOLLOWING UNSUCCESSFUL REMARKETING	9% per annum.
MAXIMUM ADJUSTED LIBOR RATE	9% per annum.
CALCULATION AGENT	The Bank of New York Mellon New York, New York.

\* So long as the Remarketed 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 Remarketed 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 Remarketed 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 and the Remarketed 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. 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. The audit report of Deloitte & Touche LLP relating to MTA's consolidated financial statements for the years ended December 31, 2016 and 2015, which is a matter of public record, is included by specific cross-reference

in this remarketing circular. Deloitte & Touche LLP has performed a review of the consolidated interim financial information of MTA for the three-month period ended March 31, 2017. As indicated in such review report which accompanies MTA's consolidated interim financial information, because Deloitte & Touche LLP did not perform an audit, Deloitte & Touche LLP expresses no opinion on that information. The consolidated interim financial information of MTA for the three-month period ended March 31, 2017 (except for the auditor's review report accompanying the consolidated interim financial information as described above) which has been included on MTA's website, is included in this remarketing circular by specific cross-reference. Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of MTA, including without limitation any of the information contained in this remarketing circular, since the date of the review report and has not been asked to consent to the inclusion, or incorporation by reference, of either its audit or review report in this remarketing circular.

- *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, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof.
-

**[THIS PAGE IS INTENTIONALLY LEFT BLANK.]**



## TABLE OF CONTENTS

	<u>Page</u>
SUMMARY OF TERMS .....	ii
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
Anticipated Debt Issuance .....	3
PART I: REMARKETED BONDS .....	4
REMARKETING PLAN.....	4
DESCRIPTION OF THE REMARKETED BONDS .....	4
General.....	4
Determination of Interest Rates for the Remarketed Bonds.....	5
Tender and Redemption Provisions for the Remarketed Bonds .....	6
Future Remarketing of Remarketed Bonds.....	8
Source of Funds for Purchase of Remarketed Bonds.....	9
Delivery of Remarketed Series 2011B Bonds or Subseries 2012G-4 Bonds.....	9
Delivery of and Payment for Purchased Series 2011B Bonds or Subseries 2012G-4 Bonds; Undelivered Series 2011B Bonds or Subseries 2012G-4 Bonds.....	9
Consequences of a Failed Remarketing .....	10
Debt Service on the Bonds.....	11
PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS .....	13
SOURCES OF PAYMENT.....	13
Pledged Transportation Revenues.....	13
Description of Pledged Revenues .....	20
Factors Affecting Revenues.....	23
SECURITY.....	25
General.....	25
Pledge Effected by the Resolution .....	25
Flow of Revenues .....	26
Covenants .....	28
Parity Debt.....	29
PART III: OTHER INFORMATION ABOUT THE REMARKETED BONDS .....	30
TAX MATTERS .....	30
General.....	30
The Remarketed Bonds.....	30
Information Reporting and Backup Withholding .....	31
Miscellaneous .....	31
LEGALITY FOR INVESTMENT .....	32
LITIGATION .....	32
FINANCIAL ADVISORS.....	32
REMARKETING .....	32
RATINGS.....	33
LEGAL MATTERS .....	34
CONTINUING DISCLOSURE.....	34
FURTHER INFORMATION .....	35
 <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 Bond Counsel	

**Information Included by Specific Cross-reference.** The following portions of MTA's 2017 Combined Continuing Disclosure Filings, dated April 28, 2017, as supplemented on June 22, 2017, and July 5, 2017, and as updated by a First Quarterly Update, dated August 14, 2017, each filed with the Electronic Municipal Market Access system (EMMA) of the Municipal Securities Rulemaking Board (MSRB), and as updated by the audited financial statements included in **Appendix B**, referred to below, which were filed with EMMA on June 30 2017, 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 Remarketed Bonds, together with any supplements or amendments thereto:

- **Part I** – MTA Annual Disclosure Statement (the **MTA Annual Disclosure Statement** or **ADS**)
- **Appendix B** – Audited Consolidated Financial Statements of Metropolitan Transportation Authority for the Years Ended December 31, 2016 and 2015

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
- MTA's Unaudited Consolidated Interim Financial Statements as of and for the Three-Month Period Ended March 31, 2017 (except that the auditor's review report accompanying the interim financial information does not express an opinion on the interim financial information because no audit was performed in connection therewith, and, consequently, the auditor's review report is not considered a part of this remarketing circular)

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" in the case of MTA's Unaudited Consolidated Interim Financial Statements as of and for the Three-Month Period Ended March 31, 2017 and "MTA Info–Financial Information–Investor Information" in the case of the remaining documents, including the Audited Consolidated Financial Statements of Metropolitan Transportation Authority for the Years Ended December 31, 2016 and 2015. 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.

The consolidated financial statements of MTA for the years ended December 31, 2016 and 2015, incorporated by specific cross-reference in this remarketing circular, have been audited by Deloitte & Touche LLP, independent certified public accountants, as stated in their audit report appearing therein. Deloitte & Touche LLP, has not reviewed, commented on or approved, and is not associated with, this remarketing circular. The audit report of Deloitte & Touche LLP relating to MTA's consolidated financial statements for the years ended December 31, 2016 and 2015, which is a matter of public record, is included in such consolidated financial statements. The consolidated interim financial information for the three-month period ended March 31, 2017 (except for the auditor's review report accompanying the consolidated interim financial information as described above) has also been incorporated by specific cross-reference in this remarketing circular. Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of MTA, including without limitation any of the information contained in, or incorporated by specific cross-reference in, this remarketing circular, since the date of such review report and has not been asked to consent to the inclusion, or incorporation by reference, of its report on the audited consolidated financial statements or its review report, as the case may be, 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 the Transit and Commuter Systems. 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 to MTA’s 2017 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 memorandums 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 Remarketed Bonds.
- ***Part II*** describes the sources of payment and security for all Transportation Revenue Bonds, including the Remarketed Bonds.
- ***Part III*** provides miscellaneous information relating to the Remarketed Bonds.
- ***Attachment 1*** sets forth certain provisions applicable to the book-entry-only system of registration to be used for the Remarketed Bonds.
- ***Attachment 2*** sets forth a summary of certain provisions of a continuing disclosure agreement relating to the Remarketed Bonds.
- ***Attachment 3-1*** is the form of opinion of Hawkins Delafield & Wood LLP delivered in connection with the original issuance of the Series 2011B Bonds on September 14, 2011.
- ***Attachment 3-2*** is the form of opinion of Hawkins Delafield & Wood LLP delivered in connection with the remarketing of the Series 2011B Bonds on September 10, 2014.
- ***Attachment 3-3*** is the form of opinion of Nixon Peabody LLP delivered in connection with the original issuance of the Subseries 2012G-4 Bonds on November 13, 2012.
- ***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 Remarketed 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**.

#### **Anticipated Debt Issuance**

In addition to the remarketing of the Remarketed Bonds, MTA expects to issue approximately \$1,000,000,000 of its Transportation Revenue Bond Anticipation Notes, Series 2017C on or about October 25, 2017.

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

## PART I: REMARKETED BONDS

**Part I** of this remarketing circular, together with the Summary of Terms, provides specific information about the Remarketed Bonds.

### REMARKETING PLAN

On October 20, 2017 (the Mandatory Tender Date), (i) the Remarketed Bonds will be subject to mandatory tender for purchase at a purchase price equal to the principal amount thereof; (ii) MTA will deliver Amended and Restated Certificates of Determination in connection with the remarketing of the Remarketed Bonds to incorporate the pricing terms; and (iii) the Remarketed Bonds will remain outstanding and bear interest in the Term Rate Mode. The Mandatory Tender Date is also an Interest Payment Date for the Remarketed Bonds, and accrued interest to, but not including, the Mandatory Tender Date will be paid in accordance with customary procedures. On the Mandatory Tender Date, MTA will (i) deposit \$350,000 from available funds with the Trustee to purchase \$350,000 of Subseries 2012G-4 Bonds, which represents the principal amount of Subseries 2012G-4 Bonds subject to sinking fund redemption on November 1, 2017, and (ii) direct the Trustee to cancel such Subseries 2012G-4 Bonds.

MTA anticipates that the proceeds of the remarketing of the Remarketed Bonds in the amount of \$172,260,000, together with other available funds of MTA in the amount of \$350,000, will be used to pay the Purchase Price of the currently outstanding Remarketed Bonds. The remarketing agents' compensation and certain financing and legal expenses will be paid by MTA at closing from other available funds.

### DESCRIPTION OF THE REMARKETED BONDS

#### General

**Record Date.** The Record Date for the payment of principal of and interest on the Remarketed Bonds will be the first Business Day preceding each Interest Payment Date.

**Book-Entry-Only System.** The Remarketed 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 Remarketed Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof (Authorized Denominations). So long as DTC is the registered owner of the Remarketed Bonds, all payments on the Remarketed 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."

**Interest Payments.** Interest on the Remarketed Bonds is payable on the first Business Day of each month, commencing November 1, 2017. So long as DTC is the sole registered owner of all of the Remarketed 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.

**Transfers and Exchanges.** So long as DTC is the securities depository for the Remarketed Bonds, it will be the sole registered owner of the Remarketed Bonds, and transfers of ownership interests in the Remarketed 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 Remarketed Bonds.

## **Determination of Interest Rates for the Remarketed Bonds**

The Remarketed Bonds will bear interest at the Adjusted LIBOR Rate. The Adjusted LIBOR Rate for the Remarketed Bonds will equal the sum of 67% of USD-LIBOR (one-month), plus the per annum spread set forth on the inside cover page hereof. The Adjusted LIBOR Rate will be determined on the second London Banking Day prior to the first Business Day of each month (each a Rate Determination Date), as further described below. Such Adjusted LIBOR Rate will be effective on the first Business Day of each month (the Rate Adjustment Date). Interest will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be. The Adjusted LIBOR Rate shall never exceed an interest rate of 9% per annum.

“London Banking Day” is defined as any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

“Reference Banks” shall mean the banks determined in accordance with the terms of the Certificate of Determination.

“USD-LIBOR” means the rate for a Rate Adjustment Date will be the rate for deposits in U.S. Dollars for a period of one month as defined by (A) ICE Benchmark Administration (ICE) or such other entity assuming the responsibility of ICE in calculating the London Inter-Bank Offered Rate in the event that ICE no longer does so, and (B) calculated by their appointed calculation agent and published, as such rate appears: (i) on the Reuters Monitor Money Rates Service page LIBOR01 (or a successor page on such service) or (ii) if such rate is not available, on such other information system that provides such information, in each case as of 11:00 a.m. (London time), on the Rate Determination Date. If such rate does not appear on the Reuters Monitor Money Rates Service page LIBOR01, the rate for that Rate Adjustment Date will be determined using a rate provided by USD-LIBOR-Reference Banks as the applicable floating rate.

“USD-LIBOR-Reference Banks” means that the rate for a Rate Adjustment Date will be determined on the basis of the rates at which deposits in U.S. Dollars are offered by the Reference Banks at approximately 11:00 a.m., London time, on the day that is two London Banking Days preceding that Rate Adjustment Date to prime banks in the London interbank market for a period of one month commencing on that Rate Adjustment Date and in an amount approximately equal to the par amount of the Remarketed Bonds. The Calculation Agent will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that Rate Adjustment Date will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that Rate Adjustment Date will be the arithmetic mean of the rates quoted by major banks in the City, selected by the Calculation Agent, at approximately 11:00 a.m., New York City time, on that Rate Adjustment Date for loans in U.S. Dollars to leading European banks for a period of one month commencing on that Rate Adjustment Date and in an amount approximately equal to the par amount of the Remarketed Bonds.

The Bank of New York Mellon is acting as the initial Calculation Agent with respect to the Remarketed Bonds. On the Mandatory Tender Date, the Adjusted LIBOR Rate for the initial period will be determined by the Calculation Agent based on 67% of USD-LIBOR (one-month) published on Wednesday, October 18, 2017, with the effective date being Friday, October 20, 2017. Subsequently, the Adjusted LIBOR Rate will adjust monthly on each Rate Adjustment Date, based upon 67% of USD-LIBOR (one-month) published on the second London Banking Day before the first Business Day of each month (rounded upward to the third decimal place when calculated), with the effective date for each adjustment of the Adjusted LIBOR Rate to be effective on the first Business Day of each month. Upon determining the Adjusted LIBOR Rate for a given month, the Calculation Agent will notify MTA of such rate by electronic mail (e-mail) or by telephone or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, will be promptly confirmed in writing. Such notice will be provided by not later than 6:00 p.m. New York City time on the Rate Determination Date.

The determination of the Adjusted LIBOR Rate (absent manifest error) will be conclusive and binding upon MTA, the Owners of the Remarketed Bonds, the Trustee, the Tender Agent and the remarketing agent. If the Adjusted LIBOR Rate will not be established because the USD-LIBOR ceases to be published, the Calculation Agent will substitute for 67% of USD-LIBOR (one month), 67% of the sum of Federal Funds rate plus 0.20% per annum. Such Federal Funds rate will be the rate as published by the Board of Governors of the Federal Reserve System on its Table H.15 at the time of determination of the Adjusted LIBOR Rate.

### ***Risks Associated with LIBOR Securities***

In September 2012, the U.K. government published the results of its review of LIBOR (the Wheatley Review). The Wheatley Review made a number of recommendations for changes with respect to LIBOR including the introduction of statutory regulation of LIBOR, the transfer of responsibility for LIBOR to an independent administrator, changes to the method of compilation of lending rates and new regulatory oversight and enforcement mechanisms for rate setting. Based on the Wheatley Review, final rules for the regulation and supervision of LIBOR by the Financial Conduct Authority (the FCA) were published and came into effect on April 2, 2013 (the FCA Rules).

In particular, the FCA Rules included requirements that (1) an independent LIBOR administrator monitor and survey LIBOR submissions to identify breaches of practice standards and/or potentially manipulative behavior, and (2) firms submitting data to LIBOR establish and maintain a clear conflicts of interest policy and appropriate systems and controls. In addition, in response to the Wheatley Review recommendations, ICE was appointed as the independent LIBOR administrator, effective February 1, 2014.

On July 27, 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR rates after 2021 (the FCA Announcement). It is not possible to predict the effect of the FCA Rules, the FCA Announcement, any changes in the methods pursuant to which the LIBOR rates are determined and any other reforms to LIBOR that will be enacted in the U.K. and elsewhere, which may adversely affect the trading market for LIBOR based securities or result in the phasing out of LIBOR as a reference rate for securities. In addition, any changes announced by the FCA, including the FCA Announcement, ICE or any other successor governance or oversight body, or future changes adopted by such body, in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the reported LIBOR rates. If that were to occur and to the extent that the value of LIBOR securities is affected by reported LIBOR rates, the level of interest payments and the value of the securities might be affected. Further uncertainty as to the extent and manner in which the Wheatley Review recommendations will continue to be adopted and the timing of such changes may adversely affect the current trading market for LIBOR based securities and the value of the Remarketed Bonds.

### **Tender and Redemption Provisions for the Remarketed Bonds**

The Remarketed Bonds are subject to tender and redemption prior to maturity on such dates and at such prices as are set forth below.

***Mandatory Tender for Purchase at End of each Term Rate Mode Interest Rate Period.*** The Remarketed Bonds of each subseries are subject to mandatory tender for purchase on the Business Day after the last day of the initial Interest Rate Period for each subseries (each a Purchase Date) at the Purchase Price. The Purchase Date for the Series 2011B Bonds is November 1, 2022, and the Purchase Date for the Subseries 2012G-4 Bonds is November 1, 2022.

***No Mandatory Tender for Purchase at the Option of the Issuer.*** The Remarketed Bonds are not subject to mandatory tender for purchase prior to their respective Purchase Dates.

***Purchase Date and Purchase Price.*** The Purchase Price to be paid for the Series 2011B Bonds or the Subseries 2012G-4 Bonds on the applicable Purchase Date will be the principal amount of such Series 2011B



Bonds or Subseries 2012G-4 Bonds, as applicable. Each Purchase Date will also be an Interest Payment Date for the applicable Remarketed Bonds and interest will be paid in accordance with customary procedures.

***No Optional Redemption.*** The Remarketed Bonds are not subject to optional redemption prior to their respective Purchase Dates.

***Mandatory Sinking Fund Redemption.*** The Series 2011B Bonds are subject to redemption in part on November 1 of each year and in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the redemption date, from sinking fund installments which are required to be made in amounts sufficient to effectuate such redemptions:

<u>November 1</u>	<u>Series 2011B</u>
2037	\$18,380,000
2038	19,120,000
2039	19,880,000
2040	20,675,000
2041 <sup>†</sup>	21,505,000
<hr/>	
<sup>†</sup> Final maturity	

The Subseries 2012G-4 Bonds are subject to redemption in part on November 1 of each year and in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the redemption date, from sinking fund installments which are required to be made in amounts sufficient to effectuate such redemptions:

<u>November 1</u>	<u>Subseries 2012G-4</u>
2018	\$ 375,000
2019	400,000
2020	425,000
2021	425,000
2022	450,000
2023	475,000
2024	500,000
2025	525,000
2026	550,000
2027	575,000
2028	12,725,000
2029	13,525,000
2030 <sup>†</sup>	41,750,000
<hr/>	
<sup>†</sup> Final maturity	

***Credit Toward Mandatory Sinking Fund Redemption.*** MTA may take credit toward mandatory Sinking Fund Installment requirements as follows, and if taken, thereafter reduce the amount of the applicable subseries of Remarketed Bonds otherwise subject to mandatory Sinking Fund Installments on the date for which credit is taken:

- If MTA directs the Trustee to purchase or redeem Remarketed Bonds of a subseries with money in the applicable account of the Debt Service Fund (at a price not greater than par plus accrued interest to the date of purchase), then a credit of 100% of the principal amount of bonds purchased will be made against the next Sinking Fund Installment due for such subseries.

- If MTA purchases or redeems Remarketed Bonds of a subseries with other available moneys, then the principal amount of those bonds will be credited against future Sinking Fund Installments for such subseries in any order, and in any annual amount, that MTA may direct.

***State and City Redemption.*** Pursuant to the MTA Act, the State or the City, upon providing sufficient funds, may require MTA to redeem a subseries of the Remarketed Bonds as a whole at the time and at the price and in accordance with the terms upon which such Remarketed Bonds are otherwise redeemable.

***Notice of Mandatory Tender for Purchase.*** The Trustee will, at least fifteen (15) days prior to the applicable Purchase Date, give notice to the Owners of the mandatory tender for purchase of a subseries of the Remarketed Bonds that is to occur on that date. So long as DTC is the Securities Depository for the Remarketed Bonds, such notice will be given to DTC. If the Remarketed Bonds are not held in book-entry-only form, such notice will be given directly to the bondholders.

Notice of any mandatory tender of a subseries of the Remarketed Bonds will be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of such Remarketed 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 Purchase Date,
- the Purchase Price,
- the place and manner of payment,
- that the Owner has no right to retain such Series 2011B Bonds or Subseries 2012G-4 Bonds, and
- that no further interest will accrue from and after the Purchase Date to such Owner.

Any notice mailed as described above will be conclusively presumed to have been duly given, whether or not the Owner of any Series 2011B Bonds or Subseries 2012G-4 Bonds 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 will not affect the obligation of the Tender Agent to purchase the Series 2011B Bonds or the Subseries 2012G-4 Bonds subject to mandatory tender for purchase on the Purchase Date.

***Redemption Notices.*** So long as DTC is the securities depository for the Remarketed Bonds, the Trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Remarketed 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 Remarketed Bonds is valid and effective even if DTC's procedures for notice should fail. Beneficial owners should consider arranging to receive redemption notices or other communications to DTC affecting them, including notice of interest payments through DTC participants. **Please note that all redemptions are final – even if beneficial owners did not receive their notice, and even if such notice had a defect.**

***Redemption Process.*** If the Trustee gives notice of redemption, then on the redemption date the Remarketed Bonds called for redemption will become due and payable. After the redemption date, no interest will accrue on those Remarketed Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Remarketed Bonds.

## **Future Remarketing of Remarketed Bonds**

MTA currently plans to remarket the Remarketed Bonds on their respective Purchase Dates, and apply the proceeds of each such remarketing to pay the respective Purchase Price of such subseries. The remarketing

agent to be appointed by MTA will offer for sale and use its best efforts to find purchasers for all Series 2011B Bonds or Subseries 2012G-4 Bonds required to be tendered for purchase.

#### **Source of Funds for Purchase of Remarketed Bonds**

On or before 3:00 p.m. on each Purchase Date, the Tender Agent will purchase the applicable subseries of Remarketed Bonds from the Owners at the Purchase Price. Funds for the payment of such Purchase Price will be derived solely from immediately available funds transferred by the remarketing agent to the Tender Agent derived from the remarketing of Series 2011B Bonds or Subseries 2012G-4 Bonds.

Notwithstanding the foregoing, MTA has 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 Series 2011B Bonds or Subseries 2012G-4 Bonds tendered or deemed tendered as described in this remarketing circular and the Purchase Price of which is not paid on the Purchase Date. None of MTA, the Trustee, the Tender Agent or any remarketing 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 Series 2011B Bonds or Subseries 2012G-4 Bonds that have been tendered or deemed tendered for purchase from any of the sources identified above will not constitute an Event of Default under the Transportation Resolution and in the case of such failure, none of such Series 2011B Bonds or Subseries 2012G-4 Bonds will be purchased, and such Series 2011B Bonds or Subseries 2012G-4 Bonds, as applicable, will remain in the Term Rate Mode and bear interest at 9%. See “– Consequences of a Failed Remarketing.”

#### **Delivery of Remarketed Series 2011B Bonds or Subseries 2012G-4 Bonds**

Except as otherwise required or permitted by DTC’s book-entry-only system, remarketed Remarketed Bonds sold by a remarketing agent will be delivered by the remarketing agent to the purchasers of those Remarketed Bonds by 3:00 p.m. on the applicable Purchase Date.

#### **Delivery of and Payment for Purchased Series 2011B Bonds or Subseries 2012G-4 Bonds; Undelivered Series 2011B Bonds or Subseries 2012G-4 Bonds**

Except as otherwise required or permitted by DTC’s book-entry-only system, remarketed Series 2011B Bonds or Subseries 2012G-4 Bonds purchased as set forth above will be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date at the office of the Tender Agent in New York, New York; provided, however, that payment of the Purchase Price of any remarketed Series 2011B Bonds or Subseries 2012G-4 Bonds purchased will be made only if such Series 2011B Bonds or Subseries 2012G-4 Bonds so delivered to the Tender Agent conform in all respects to the description thereof in the notice of tender. 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, 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 Series 2011B Bonds or Subseries 2012G-4 Bonds to be purchased are not delivered by the bondholders to the Tender Agent by 12:00 noon on the Purchase Date, the Tender Agent will hold any funds received for the purchase of those Series 2011B Bonds or Subseries 2012G-4 Bonds in trust in a separate account uninvested, and will pay such funds to the former bondholders upon presentation of Series 2011B Bonds or Subseries 2012G-4 Bonds subject to tender. Undelivered Series 2011B Bonds or Subseries 2012G-4 Bonds are deemed tendered and cease to accrue interest as to the former bondholders on the Purchase Date if moneys representing the Purchase Price will be available against delivery of those Series 2011B Bonds or Subseries 2012G-4 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 Series 2011B Bonds or Subseries 2012G-4 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 Series

2011B Bonds or Subseries 2012G-4 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 Series 2011B Bonds or Subseries 2012G-4 Bonds. The Tender Agent will authenticate replacement Series 2011B Bonds or Subseries 2012G-4 Bonds for any undelivered Series 2011B Bonds or Subseries 2012G-4 Bonds which may then be remarketed by the remarketing agent.

### **Consequences of a Failed Remarketing**

In the event that remarketing proceeds are insufficient to pay the Purchase Price of all Outstanding Series 2011B Bonds or Subseries 2012G-4 Bonds on the applicable Purchase Date, (1) no purchase will be consummated on such Purchase Date and the Tender Agent will, after any applicable grace period, (a) return all tendered Series 2011B Bonds or Subseries 2012G-4 Bonds to the registered owners thereof and (b) return all remarketing proceeds to the remarketing agent for return to the persons providing such moneys; and (2) the Series 2011B Bonds or Subseries 2012G-4 Bonds, as applicable, will bear interest at 9% per annum during the period of time from and including such Purchase Date to (but not including) the date that all such Series 2011B Bonds or Subseries 2012G-4 Bonds are successfully remarketed (the Delayed Remarketing Period).

On each Business Day following the failed remarketing on the applicable Purchase Date, MTA expects to continue to have the remarketing agent use its best efforts to remarket the applicable subseries of the Series 2011B Bonds or Subseries 2012G-4 Bonds into the Mode designated by the Trustee, at the direction of the MTA (or such other Mode as the Trustee, at the direction of MTA, will thereafter designate to the remarketing agent and the prospective owners thereof) or for an additional Interest Rate Period in the Term Rate Mode. Once the remarketing agent has advised the Trustee that it has a good faith belief that it is able to remarket all of the applicable Series 2011B Bonds or Subseries 2012G-4 Bonds, the Trustee, at the direction of MTA, will give notice by mail to the registered owners of such Series 2011B Bonds or Subseries 2012G-4 Bonds not later than five Business Days prior to the purchase date, which notice will state (1) that the interest rate on such Series 2011B Bonds or Subseries 2012G-4 Bonds will continue to be a Term Rate or will be adjusted to a Daily Rate, Weekly Rate or Fixed Rate or to the interest rates and Interest Rate Periods applicable in the Commercial Paper Mode on and after the purchase date; (2) that such Series 2011B Bonds or Subseries 2012G-4 Bonds will be subject to mandatory tender for purchase on the purchase date; (3) the procedures for such mandatory tender; (4) the purchase price of such Series 2011B Bonds or Subseries 2012G-4 Bonds on the purchase date (expressed as a percentage of the principal amount thereof); and (5) the consequences of a failed remarketing.

During the Delayed Remarketing Period, the Trustee may, upon direction of MTA, apply available amounts to the redemption of the Series 2011B Bonds or Subseries 2012G-4 Bonds as a whole or in part on any Business Day during the Delayed Remarketing Period, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. Notice of redemption will be provided at least five Business Days prior to the date fixed for redemption.

During the Delayed Remarketing Period, interest on such Series 2011B Bonds or Subseries 2012G-4 Bonds will be paid to the registered owners thereof (i) on the first Business Day of each month occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period. Payment of such interest will be made by the Trustee from the Debt Service Fund pursuant to the Transportation Resolution.

During any Delayed Remarketing Period, pursuant to its plan of financing, MTA currently expects to use its best efforts to cause the remarketing agent to remarket such Series 2011B Bonds or Subseries 2012G-4 Bonds, to convert such Series 2011B Bonds or Subseries 2012G-4 Bonds to another Mode or another Interest Rate Period or to refund such Series 2011B Bonds or Subseries 2012G-4 Bonds.

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

**Table 1** on the next page sets forth, on a cash basis (i) the estimated debt service on the outstanding Transportation Revenue Bonds, (ii) estimated debt service on the Remarketed Bonds, and (iii) the aggregate estimated debt service on all Transportation Revenue Bonds to be outstanding after the remarketing of the Remarketed 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>	Remarketed Bonds			Aggregate Debt Service <sup>(7)</sup>
		Principal	Interest <sup>(2)</sup>	Total	
2017	\$ 1,013,682	\$ -	\$ 856	\$ 856	\$ 1,014,539
2018	1,613,719	375	7,519	7,894	1,621,613
2019	1,604,033	400	7,503	7,903	1,611,936
2020	1,589,458	425	7,487	7,912	1,597,370
2021	1,584,340	425	7,469	7,894	1,592,235
2022	1,574,689	450	7,452	7,902	1,582,591
2023	1,592,051	475	7,433	7,908	1,599,959
2024	1,582,266	500	7,414	7,914	1,590,180
2025	1,558,111	525	7,393	7,918	1,566,029
2026	1,590,704	550	7,371	7,921	1,598,625
2027	1,584,027	575	7,348	7,923	1,591,951
2028	1,564,908	12,725	7,283	20,008	1,584,916
2029	1,582,628	13,525	6,757	20,282	1,602,910
2030	1,540,762	41,750	6,104	47,854	1,588,616
2031	1,604,884	-	4,530	4,530	1,609,414
2032	1,576,919	-	4,530	4,530	1,581,449
2033	1,248,290	-	4,530	4,530	1,252,820
2034	1,244,977	-	4,530	4,530	1,249,507
2035	1,245,779	-	4,530	4,530	1,250,309
2036	1,057,118	-	4,530	4,530	1,061,648
2037	1,014,827	18,380	4,460	22,840	1,037,668
2038	942,634	19,120	3,621	22,741	965,376
2039	879,072	19,880	2,748	22,628	901,701
2040	778,095	20,675	1,841	22,516	800,611
2041	611,168	21,505	897	22,402	633,570
2042	580,808	-	-	-	580,808
2043	438,990	-	-	-	438,990
2044	290,455	-	-	-	290,455
2045	188,832	-	-	-	188,832
2046	132,276	-	-	-	132,276
2047	117,826	-	-	-	117,826
2048	108,817	-	-	-	108,817
2049	108,817	-	-	-	108,817
2050	108,814	-	-	-	108,814
2051	79,397	-	-	-	79,397
2052	79,394	-	-	-	79,394
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
Total	\$36,325,922	\$172,260	\$136,138	\$308,398	\$36,634,320

<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 fixed spread contained on the inside cover of this remarketing circular; fixed rate mandatory tender bonds at their respective fixed rates prior to the mandatory tender date.

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

<sup>(4)</sup> Includes debt service on a \$146.5 million draw dated September 20, 2016 on the \$967.1 million Railroad Rehabilitation and Improvement Financing Program loan (the RRIF Loan). MTA delivered its Transportation Revenue Bonds, Series 2015X to evidence its obligation to repay the RRIF Loan. The undrawn balance of the RRIF Loan is \$820.6 million.

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

<sup>(6)</sup> Excludes debt service on the Remarketed Bonds.

<sup>(7)</sup> Figures reflect amounts outstanding on October 20, 2017, the Mandatory Tender Date for the Remarketed 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 Remarketed Bonds.

### **SOURCES OF PAYMENT**

#### **Pledged Transportation Revenues**

Under State law, the Transportation Revenue Bonds are MTA's special obligations, which means that they are payable solely from 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, 2016. 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."

**Table 2a** is a summary of historical revenues 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. This information in **Table 2a** may not be indicative of future results of operations and financial condition. The information contained in the table 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues from Systems Operations</b>					
Fares from Transit System	\$ 3,706	\$ 4,060	\$ 4,195	\$ 4,396	\$ 4,414
Fares from Commuter System	1,169	1,252	1,308	1,373	1,401
Fares from MTA Bus	202	219	225	223	233
Other Income <sup>(1)</sup>	<u>197</u>	<u>230</u>	<u>270</u>	<u>248</u>	<u>248</u>
<b>Subtotal – Operating Revenues</b>	<b>\$5,274</b>	<b>\$5,762</b>	<b>\$5,999</b>	<b>\$6,240</b>	<b>\$6,296</b>
<b>Revenues from MTA Bridges and Tunnels Surplus</b>	<b>\$509</b>	<b>\$606</b>	<b>\$623</b>	<b>\$740</b>	<b>\$742</b>
<b>Revenues from Governmental Sources</b>					
State and Local General Operating Subsidies	\$375	\$376	\$376	\$370	\$378
Special Tax-Supported Operating Subsidies					
DTF Excess <sup>(2)</sup>	241	226	279	277	259
MMTOA Receipts	1,343	1,514	1,564	1,564	1,668
Urban Tax	408	595	806	941	811
Excess Mortgage Recording Taxes	25	25	25	25	25
MTA Aid Trust Account Receipts	306	303	313	285	300
Payroll Mobility Tax Receipts <sup>(3)</sup>	<u>1,531</u>	<u>1,522</u>	<u>1,572</u>	<u>1,626</u>	<u>1,682</u>
<b>Subtotal Special Tax-Supported Operating Subsidies</b>	<b>\$3,853</b>	<b>\$4,185</b>	<b>\$4,559</b>	<b>\$4,718</b>	<b>\$4,745</b>
<b>Station Maintenance and Service Reimbursements</b>	<b>460</b>	<b>505</b>	<b>524</b>	<b>599</b>	<b>563</b>
<b>City Subsidy for MTA Bus</b>	<b>290</b>	<b>308</b>	<b>461</b>	<b>439</b>	<b>356</b>
<b>Revenues from Investment of Capital Program Funds<sup>(4)</sup></b>	<b><u>11</u></b>	<b><u>7</u></b>	<b><u>7</u></b>	<b><u>8</u></b>	<b><u>13</u></b>
<b>Subtotal – Non-Operating Revenues<sup>(5)</sup></b>	<b>\$5,499</b>	<b>\$5,987</b>	<b>\$6,550</b>	<b>\$6,874</b>	<b>\$6,797</b>
<b>Total Transportation Resolution Pledged Revenues</b>	<b>\$10,773</b>	<b>\$11,748</b>	<b>\$12,549</b>	<b>\$13,114</b>	<b>\$13,093</b>
<b>Debt Service<sup>(6)</sup></b>	<b>\$1,093</b>	<b>\$1,257</b>	<b>\$1,332</b>	<b>\$1,399</b>	<b>\$1,381</b>
<b>Debt Service Coverage from Pledged Revenues</b>	<b>9.9x</b>	<b>9.3x</b>	<b>9.4x</b>	<b>9.4x</b>	<b>9.5x</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. 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 for the years 2012, 2013, 2014, 2015 and 2016 include PMT Revenue Offset of \$211 million, \$307 million, \$309 million, \$309 million and \$309 million, respectively.

<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 \$59 million in 2012 and \$54 million in each of 2013, 2014, 2015 and 2016 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**:

- Decrease in Other Income in 2015 by \$22 million derived from a decrease of \$34 million from MTA New York City Transit mainly due to a deferred Paratransit reimbursement and school subsidy, offset by an increase of \$12 million from the Commuter System.
- DTF Excess decreased in 2012 and 2013 due to lower MTTF Receipts and higher DTF debt service expenses. In 2014, there was an increase in DTF Excess due to higher MTTF Receipts, and 2015 remained at the same levels as the previous year. DTF Excess decreased in 2016 because debt service on DTF bonds increased by \$19 million while MTTF Receipts remained largely the same as the previous year.
- 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. MTA has not borrowed for working capital since 2010. MMTOA Receipts increased in each year during the 2012-2014 period due to a more stable economy in accordance with the State's appropriation. 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.
- "Urban Tax" collection reflects the activity level of certain commercial real estate transactions in the City. For the years 2012-2015, Urban Tax revenues increased due to improvements in commercial real estate transactions in the City. Urban Tax revenues declined in 2016 due to lower activity level of certain commercial real estate transactions in the City.
- 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, due to declining mortgage recording tax receipts and increasing MTA Headquarters expenses, there have been no Excess Mortgage Recording Tax transfers to the Transit and Commuter Systems after payment of MTA Bus debt service of \$25 million annually.
- In 2016, Station Maintenance increased by \$1 million and Service Reimbursements were down due to a prepayment of fare reimbursements in 2015.
- City Subsidy for MTA Bus was down in 2016 due predominantly to timing.
- 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.
- 2013 Debt Service reflects a cash defeasance of \$57.9 million done in December of 2013. In 2016, \$45.3 million of revenues on deposit in the Transportation Revenue Bonds 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 **Table 2a** is lower by \$45.3 million than it would have been if such transaction had not occurred.

**Table 2b** sets forth, by major category, for the five years ended December 31, 2016, 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 information in the table has been prepared by MTA management based on MTA financial plans.

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

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

	Actual <u>2012</u>	Actual <u>2013</u>	Actual <u>2014</u>	Actual <u>2015</u>	Actual <u>2016</u>
<b>Non-Reimbursable</b>					
<b><u>Operating Revenue</u></b>					
Farebox Revenue	\$5,079	\$5,501	\$5,709	\$5,961	\$6,050
Toll Revenue	1,491	1,645	1,676	1,809	1,870
Other Revenue	564	754	682	689	688
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>\$7,134</b>	<b>\$7,900</b>	<b>\$8,068</b>	<b>\$8,459</b>	<b>\$8,608</b>
<b><u>Operating Expense</u></b>					
<b>Labor Expenses:</b>					
Payroll	\$4,194	\$4,333	\$4,672	\$4,696	\$4,839
Overtime	574	621	730	755	771
Health & Welfare	813	896	962	1,050	1,172
OPEB Current Payment	413	473	479	502	562
Pensions	1,328	1,302	1,304	1,249	1,370
Other-Fringe Benefits	650	695	784	861	948
Reimbursable Overhead	<u>(309)</u>	<u>(321)</u>	<u>(350)</u>	<u>(380)</u>	<u>(425)</u>
<b>Sub-total Labor Expenses</b>	<b>\$7,663</b>	<b>\$7,997</b>	<b>\$8,582</b>	<b>\$8,732</b>	<b>\$9,238</b>
<b>Non-Labor Expenses:</b>					
Electric Power	\$472	\$493	\$516	\$474	\$406
Fuel	252	259	267	162	125
Insurance	8	39	51	57	(21)
Claims	136	300	269	331	464
Paratransit Service Contracts	361	367	366	379	384
Maintenance and Other Operating Contracts	452	497	549	579	631
Professional Service Contracts	277	297	283	380	401
Materials & Supplies	431	475	527	543	586
Other Business Expenses	<u>144</u>	<u>167</u>	<u>180</u>	<u>196</u>	<u>193</u>
<b>Sub-total Non-Labor Expenses</b>	<b>\$2,530</b>	<b>\$2,894</b>	<b>\$3,007</b>	<b>\$3,101</b>	<b>\$3,168</b>
<b>Other Expense Adjustments:</b>					
Other	\$63	\$46	\$45	\$37	\$47
General Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Sub-total Other Expense Adjustments</b>	<b>\$63</b>	<b>\$46</b>	<b>\$45</b>	<b>\$37</b>	<b>\$47</b>
<b>Total Operating Expense before Non-Cash Liability Adjustments</b>	<b>\$10,256</b>	<b>\$10,937</b>	<b>\$11,634</b>	<b>\$11,871</b>	<b>\$12,454</b>
Depreciation	\$2,149	\$2,174	\$2,266	\$2,443	\$2,443
OPEB Liability Adjustment	1,786	1,920	2,035	1,490	1,562
GASB 68 Pension Expense Adjustment	0	0	0	(410)	(219)
Environmental Remediation	25	14	21	21	12
<b>Total Operating Expense after Non-Cash Liability Adjustments</b>	<b>\$14,216</b>	<b>\$15,046</b>	<b>\$15,956</b>	<b>\$15,414</b>	<b>\$16,252</b>
Conversion to Cash Basis: Non-Cash Liability Adjustments	(\$3,959)	(\$4,109)	(\$4,322)	(\$3,543)	(\$3,798)
Debt Service (excludes Service Contract Bonds)	2,058	2,299	2,249	2,373	2,459
<b>Total Operating Expense with Debt Service</b>	<b>\$12,315</b>	<b>\$13,237</b>	<b>\$13,882</b>	<b>\$14,244</b>	<b>\$14,912</b>
Dedicated Taxes and State/Local Subsidies	\$5,502	\$5,893	\$6,375	\$6,595	\$6,654
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>\$321</b>	<b>\$557</b>	<b>\$561</b>	<b>\$810</b>	<b>\$349</b>
Conversion to Cash Basis: GASB Account	(90)	(86)	(50)	0	0
Conversion to Cash Basis: All Other	(297)	(262)	(626)	(660)	(581)
<b>CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER</b>	<b>(\$66)</b>	<b>\$209</b>	<b>(\$115)</b>	<b>\$150</b>	<b>(\$232)</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>301</b>	<b>235</b>	<b>445</b>	<b>330</b>	<b>480</b>
<b>NET CASH BALANCE</b>	<b>\$235</b>	<b>\$445</b>	<b>\$330</b>	<b>\$480</b>	<b>\$248</b>

**Table 3a** sets forth the Summary of 2017 Mid-Year Forecast and 2018 Preliminary Budget Pledged Revenues based on the July Financial Plan prepared by MTA management. The information set forth in **Table 3a** is comparable to that set forth, with respect to the years 2012-2016, in **Table 2a**.

**Table 3a**  
**Summary of 2017 Mid-Year Forecast and 2018 Preliminary Budget Pledged Revenues (Calculated in**  
**Accordance with the Transportation Resolution)**  
(\$ in millions)

	<u>2017</u> <u>Mid-Year Forecast</u>	<u>2018</u> <u>Preliminary Budget</u>
<b>Revenues from Systems Operations</b>		
Fares from Transit System	\$4,534	\$4,597
Fares from Commuter System	1,487	1,516
Fares from MTA Bus	215	217
Other Income <sup>(1)</sup>	<u>349</u>	<u>374</u>
<b>Subtotal – Operating Revenues</b>	<b>\$6,585</b>	<b>\$6,703</b>
<b>Revenues from MTA Bridges and Tunnels Surplus</b>	<b>\$688</b>	<b>\$622</b>
<b>Revenues from State and Local Governmental Sources</b>		
State and Local General Operating Subsidies	<b>376</b>	<b>376</b>
Special Tax-Supported Operating Subsidies		
DTF Excess <sup>(2)</sup>	224	216
MMTOA Receipts	1,668	1,828
Urban Tax	615	578
Excess Mortgage Recording Taxes	25	24
Aid Trust Account Receipts <sup>(3)</sup>	305	307
Payroll Mobility Tax Receipts <sup>(3)(4)</sup>	<u>1,697</u>	<u>1,771</u>
<b>Subtotal Special Tax-Supported Operating Subsidies</b>	<b>\$4,535</b>	<b>\$4,724</b>
<b>Station Maintenance and Service Reimbursements</b>	<b>546</b>	<b>515</b>
<b>City Subsidy for MTA Bus</b>	<b>574</b>	<b>494</b>
<b>Revenues from Investment of Capital Program Funds</b>	<u><b>1</b></u>	<u><b>1</b></u>
<b>Subtotal – Non-Operating Revenues</b>	<b>\$6,720</b>	<b>\$6,732</b>
<b>Total Transportation Resolution Pledged Revenues</b>	<b>\$13,305</b>	<b>\$13,435</b>
<b>Budgeted Debt Service<sup>(5)</sup></b>	<b>\$1,505</b>	<b>\$1,628</b>
<b>Debt Service Coverage from Pledged Revenues</b>	<b>8.8x</b>	<b>8.3x</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 Pennsylvania Station concessions), rental income and miscellaneous. Includes MTA Bus Other Income.

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

<sup>(4)</sup> See also “PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT – Description of Pledged Revenues – Additional Taxes and Fees” for a discussion of certain recent legislative changes affecting future Payroll Mobility Tax Receipts. Payroll Mobility Tax Receipts include PMT Revenue Offset of \$244.3 million in 2017, a reduction of \$65 million from 2016. As reflected in the July Financial Plan, in 2017, the State appropriated an additional \$65 million to the MTA Capital Budget allowing the MTA to redirect that same amount of money from planned PAYGO back to the operating budget so the impact of the 2017 reduction was net neutral. The July Financial Plan assumes restoration of PMT Revenue Offset to \$307 million per year beginning in 2018.

<sup>(5)</sup> Debt service was reduced by approximately \$54 million in each of 2017 and 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.

**Table 3b** sets forth, by major category, for the 2017 Mid-Year Forecast and 2018 Preliminary Budget, all of the system operating revenues, expenses, adjustments, prior-year carryover and net cash balance as published in the July Financial Plan. The information contained in **Table 3b** is comparable to that set forth, with respect to the years 2012-2016, in **Table 2b**.

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

	<b>2017 Mid-Year Forecast</b>	<b>2018 Preliminary Budget</b>
<b>Non-Reimbursable</b>		
<b><u>Operating Revenue</u></b>		
Farebox Revenue	\$6,222	\$6,328
Toll Revenue	1,913	1,938
Other Revenue	685	707
Capital and Other Reimbursements	0	0
<b>Total Operating Revenue</b>	<b>\$8,820</b>	<b>\$8,973</b>
<b><u>Operating Expense</u></b>		
<b>Labor Expenses:</b>		
Payroll	\$5,026	\$5,226
Overtime	809	770
Health & Welfare	1,235	1,340
OPEB Current Payment	580	637
Pensions	1,325	1,332
Other-Fringe Benefits	881	913
Reimbursable Overhead	(446)	(429)
<b>Sub-total Labor Expenses</b>	<b>\$9,410</b>	<b>\$9,788</b>
<b>Non-Labor Expenses:</b>		
Electric Power	\$452	\$502
Fuel	145	151
Insurance	32	32
Claims	312	320
Paratransit Service Contracts	399	415
Maintenance and Other Operating Contracts	777	755
Professional Service Contracts	561	480
Materials & Supplies	642	637
Other Business Expenses	205	200
<b>Sub-total Non-Labor Expenses</b>	<b>\$3,525</b>	<b>\$3,492</b>
<b>Other Expense Adjustments:</b>		
Other	\$58	\$49
General Reserve	155	160
<b>Sub-total Other Expense Adjustments</b>	<b>\$213</b>	<b>\$209</b>
<b>Total Operating Expense before Non-Cash Liability Adjustments</b>	<b>\$13,148</b>	<b>\$13,489</b>
Depreciation	\$2,609	\$2,668
OPEB Liability Adjustment	1,690	1,786
GASB 68 Pension Expense Adjustment	(172)	(234)
Environmental Remediation	6	6
<b>Total Operating Expense after Non-Cash Liability Adjustments</b>	<b>\$17,282</b>	<b>\$17,714</b>
Conversion to Cash Basis: Non-Cash Liability Adjustments	(\$4,134)	(\$4,226)
Debt Service (excludes Service Contract Bonds)	2,557	2,712
<b>Total Operating Expense with Debt Service</b>	<b>\$15,704</b>	<b>\$16,200</b>
Dedicated Taxes and State/Local Subsidies	\$6,513	\$6,746
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>(\$372)</b>	<b>(\$482)</b>
Conversion to Cash Basis: GASB Account	0	(9)
Conversion to Cash Basis: All Other	49	158
<b>CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER</b>	<b>(\$323)</b>	<b>(\$333)</b>
<b>ADJUSTMENTS</b>	<b>77</b>	<b>353</b>
<b>PRIOR-YEAR CARRYOVER</b>	<b>248</b>	<b>2</b>
<b>NET CASH BALANCE</b>	<b>\$2</b>	<b>\$22</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.

The base subway, local bus and paratransit fares remained unchanged at \$2.75 per trip and the base express bus fare remained unchanged at \$6.50 per trip. The Pay-Per-Ride MetroCard bonus decreased from 11% to 5%, and the minimum purchase price to receive the bonus remained at \$5.50. 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 \$116.50 to \$121, the cost of a 7-day unlimited ride MetroCard from \$31 to \$32, and the 7-day Express Bus Plus unlimited ride MetroCard from \$57.25 to \$59.50.

At MTA Metro-North Railroad and MTA Long Island Rail Road, all weekly and monthly passes increased 3.75% 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 6.45%. 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 6.0% was not more than \$0.50 per ride. Increased fares also apply to UniTickets and MTA Metro-North Railroad-managed connecting services. CityTicket remains unchanged at \$4.25.

- **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 Pennsylvania 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) to MTA, and a statutory formula determines how MTA allocates that money between the Transit and Commuter Systems.

The previously approved toll increases were implemented on March 19, 2017, 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 \$0.50 at the Robert F. Kennedy, Bronx-Whitestone and Throgs Neck Bridges and Queens Midtown and Hugh L. Carey Tunnels (the major facilities) to \$8.50, by \$1.00 at the Verrazano-Narrows Bridge (the VNB) (where tolls are collected in the westbound direction only) to \$17.00, by \$0.50 at the Henry Hudson Bridge to \$6.00, and by \$0.25 at the Marine Parkway-Gil Hodges and Cross Bay Veterans Memorial Bridges (the Rockaway Bridges) to \$4.25. Commercial vehicle tolls also increased.
- **E-ZPass Tolls.** E-ZPass tolls for passenger vehicles using tags issued by the NYCSC increased by \$0.22 at major facilities, \$0.44 at the VNB, \$0.10 at the Henry Hudson Bridge and \$0.08 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.*** 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. The May 2009 Legislation (Chapter 25 of the Laws of 2009) among other things:

- imposed a payroll mobility tax (the PMT) of 0.34% on payroll expenses and net earnings from self-employment within the MCTD (effective as of March 1, 2009, except school districts, effective September 1, 2009);
- imposed 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 (effective September 1, 2009);
- imposed a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD (effective September 1, 2009);
- imposed on taxicab owners a tax of fifty cents per ride on taxicab rides originating in the City and terminating within the MCTD (effective November 1, 2009); and

- imposed a supplemental tax of five percent of the cost of rentals of automobiles rented within the MCTD (effective June 1, 2009).

On December 9, 2011, Governor Andrew Cuomo signed into law legislation (the December 2011 Legislation) that made significant changes to the PMT eliminating or reducing the PMT imposed within the MCTD for certain taxpayers. Employers with payroll expense less than or equal to \$312,500 in any calendar quarter, any public school district, a board of cooperative educational services, a public elementary or secondary school, a school serving students with disabilities of school age and any nonpublic elementary or secondary school that provides instruction in grade one or above are no longer required to pay the PMT, as of the quarter beginning April 1, 2012. In addition, individuals with net earnings from self-employment attributable to the MCTD that do not exceed \$50,000 for the tax year are no longer subject to the PMT. Employers with payroll expense no greater than \$375,000 in any calendar quarter are subject to a reduced tax rate of 0.11%; employers with payroll expense greater than \$375,000 but not greater than \$437,500 in any calendar quarter are subject to a reduced tax rate of 0.23%. Employers with payroll expense in excess of \$437,500 in any calendar quarter will continue to pay a tax rate of 0.34%. The employer rate changes became effective beginning April 1, 2012.

The December 2011 Legislation further expressly provided that any reductions in aid to MTA attributable to these reductions in the payroll mobility tax “shall be offset through alternative sources that will be included in the state budget” (the PMT Revenue Offset).

The 2015-2016 State Enacted Budget included an amendment to the PMT legislation to eliminate the PMT for all public library systems as well as public and free association libraries. This change applies to taxable periods beginning on or after January 1, 2016. Based on a preliminary review by the New York State Division of the Budget, PMT revenue is projected to decline by \$2 million per year. The 2017-2018 State Enacted Budget also includes an appropriation of \$244.3 million to MTA for the PMT Revenue Offset.

The revenues from the PMT (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 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 issued in the future by MTA that are secured in whole or in part by the PMT Revenues.

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.



MTA 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.

***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 2018 and the forecasts prepared in connection with 2019, 2020 and 2021) of collection of dedicated taxes, operating subsidies, and expense reimbursements were to be discontinued or substantially reduced.

***Operating Results and Projections.*** Based upon the July Financial Plan 2018-2021, the budgets of the Related Entities are expected to be substantially in balance through 2019, but there are projected deficits in 2020 and 2021. 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 July Financial Plan 2018-2021, 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 July Financial Plan 2018-2021, 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 SEC Rule 15c2-12. Prospective purchasers of the Transportation Revenue Bonds 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 the Transportation Revenue Bonds or the Remarketed Bonds. MTA makes no representations about State information or its continued availability.

## **SECURITY**

### **General**

The Transportation Revenue Bonds, including the Remarketed 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).

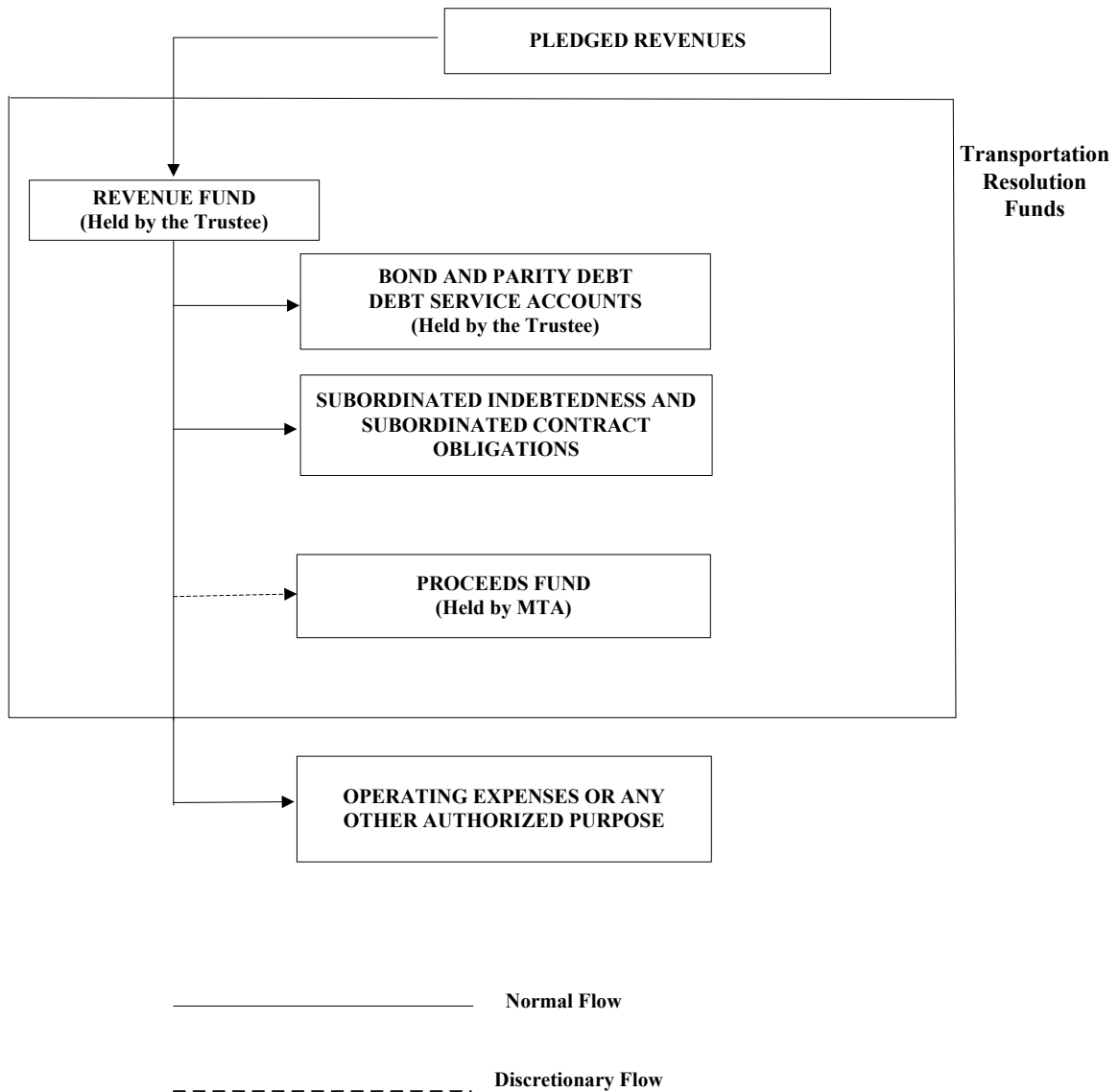
The Transportation Resolution requires the Trustee, promptly upon receipt of the pledged revenues in the Revenue Fund, to deposit the revenues into the following funds and accounts, in the amounts and in the order of priority, as follows:

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

### TRANSPORTATION REVENUE OBLIGATIONS – FLOW OF PLEDGED REVENUES



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

## 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 REMARKETED BONDS**

**Part III** of this remarketing circular provides miscellaneous additional information relating to the Remarketed Bonds.

#### **TAX MATTERS**

##### **General**

On September 14, 2011, the date of original issuance of the Series 2011B Bonds, Hawkins Delafield & Wood LLP, as bond counsel to MTA, delivered the opinion set forth in **Attachment 3-1**. On September 10, 2014, Hawkins Delafield & Wood LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-2** related to the remarketing on that date of the Series 2011B Bonds, which remarketing was deemed a reissuance of the Series 2011B Bonds for federal tax purposes. On November 13, 2012, the date of original issuance of the Subseries 2012G-4 Bonds, Nixon Peabody LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-3** (together with the opinions set forth in **Attachment 3-1** and **Attachment 3-2**, the Prior Opinions). On the date of the remarketing of the Remarketed Bonds, Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C. will each deliver an opinion to the effect, in part, 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, impair the exclusion of interest on the Remarketed Bonds for purposes of federal or State income taxation. Each of the foregoing opinions speaks only as of its date, and none of such opinions are being re-delivered or reissued.

The Prior Opinions each concluded that under then existing law, as of their respective dates, relying on certain statements by MTA and assuming compliance by MTA with certain covenants, interest on the applicable subseries of Remarketed Bonds, is

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

Each of the Prior Opinions also concluded that, under then existing law, as of their respective dates, interest on the applicable subseries of Remarketed Bonds is exempt from personal income taxes of the State and any political subdivisions of the State, including the City.

Neither current Co-Bond Counsel to MTA nor prior bond counsel is rendering an opinion on the current tax status of the Remarketed Bonds.

##### **The Remarketed Bonds**

The Internal Revenue Code of 1986 imposes requirements on the Remarketed Bonds that MTA must continue to meet after the Remarketed Bonds were issued. These requirements generally involve the way that bond proceeds must be invested and ultimately used. If MTA does not meet these requirements, it is possible that a bondholder may have to include interest on the Remarketed 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.



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

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

If a bondholder is in any of these categories, it should consult its tax advisor.

Neither Hawkins Delafield & Wood LLP nor Nixon Peabody LLP is responsible for updating any opinion after the issue date (or subsequent reissuance date, as the case may be) of the bonds to which such opinion relates. Although it is not possible to predict, as of the date of remarketing of the Remarketed Bonds, it is possible that something may happen in the future that could change the tax treatment of the interest on the Remarketed Bonds or affect the market price of the Remarketed Bonds.

Hawkins Delafield & Wood LLP expresses no 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 Remarketed 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, including the Remarketed 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 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. 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 of the interest on the Remarketed Bonds from gross income for federal or state income tax purposes, or otherwise. For example, presidential budget proposals in recent years have proposed legislation that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of

the Internal Revenue Code of 1986 (including the Remarketed Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Remarketed Bonds may occur. Prospective purchasers of the Remarketed Bonds should consult their own tax advisors regarding the impact of any change in law on the Remarketed Bonds.

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

## **LEGALITY FOR INVESTMENT**

The MTA Act provides that the Remarketed 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 Remarketed 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 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 Remarketed 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.

## **FINANCIAL ADVISORS**

Public Resources Advisory Group, Inc. and Backstrom McCarley Berry & Co., LLC are MTA's Co-Financial Advisors for the remarketing of the Remarketed Bonds. The Co-Financial Advisors have provided MTA advice on the plan of remarketing and reviewed the pricing of the Remarketed 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.

## **REMARKETING**

The Remarketed Bonds are being remarketed by the remarketing agents shown on the cover hereof (the Remarketing Agents), acting through Jefferies LLC, as Representative, at prices that are not in excess of

the price stated on the inside cover of this remarketing circular. The Remarketing Agents will be paid a separate fee as compensation for services rendered in connection with the remarketing of the Remarketed Bonds.

In addition, certain of the Remarketing Agents have entered into distribution agreements with other broker-dealers (that have not been designated by MTA as Remarketing Agents) for the distribution of the Remarketed Bonds. Such agreements generally provide that the relevant Remarketing Agents will share a portion of their compensation or selling concession with such broker-dealers.

The Remarketing Agents and their respective 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. Certain of the Remarketing Agents and their respective 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 Remarketing Agents and their respective 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 Remarketing Agents and their respective 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 Remarketed 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

Kroll Bond Ratings Agency  
845 Third Avenue, 4<sup>th</sup> Floor  
New York, New York 10022  
(212) 702-0707

Moody's Investors Service, Inc.  
7 World Trade Center  
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 Remarketed Bonds, 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

Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C. are Co-Bond Counsel to MTA for the remarketing of the Remarketed Bonds. On September 14, 2011, Hawkins Delafield & Wood LLP delivered their opinion, set forth in **Attachment 3-1**, as bond counsel in connection with the original issuance of the Series 2011B Bonds. On September 10, 2014, Hawkins Delafield & Wood LLP, as bond counsel to MTA for the remarketing of the Series 2011B Bonds, which remarketing was deemed a reissuance for federal tax purposes, delivered their opinion set forth in **Attachment 3-2**. On November 13, 2012, the date of original issuance of the Subseries 2012G-4 Bonds, Nixon Peabody LLP, as bond counsel to MTA, delivered the opinion set forth in **Attachment 3-3**. On the date of the remarketing of the Remarketed Bonds, Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C. will each deliver an opinion to the effect, in part, 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, impair the exclusion of interest on the Remarketed Bonds for purposes of federal or State income taxation. Such opinions are not being reissued and speak only as of their respective dates and only as to the matters expressly stated.

The Remarketing Agents have appointed Katten Muchin Rosenman LLP and Law Offices of Joseph C. Reid, P.A. as Co-Counsel to the Remarketing Agents in connection with the remarketing of the Remarketed 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 regarding MTA will be passed upon by its Acting 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 Remarketed Bonds or other material events affecting the tax status of the Remarketed 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 Remarketed Bonds, if material;
- rating changes;
- bankruptcy, insolvency, receivership or similar event of the issuer;
- consummation of a merger, consolidation, acquisition, 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; and
- appointment of a successor or additional trustee or the change in name of a trustee, if material.

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.

#### **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

**[THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

## ATTACHMENT 1

### BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Remarketed Bonds. The Remarketed 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 Remarketed Bond will be issued for each maturity of each subseries of the Remarketed 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 Remarketed 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 securities 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 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 Remarketed Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Remarketed Bonds on DTC's records. The ownership interest of each actual purchaser of each Remarketed 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 Remarketed 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 Remarketed Bonds, except in the event that use of the book-entry-only system for the Remarketed Bonds is discontinued.

4. To facilitate subsequent transfers, all Remarketed 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 Remarketed 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 Remarketed Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Remarketed 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 Remarketed Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Remarketed Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Remarketed Bond documents. For example, Beneficial Owners of the Remarketed Bonds may wish to ascertain that the nominee holding the Remarketed 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 Remarketed Bonds of any maturity and subseries are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity and subseries to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Remarketed 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 Remarketed 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 Remarketed 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 Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Remarketed 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 Remarketed Bonds are required to be printed and delivered.

10. MTA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Remarketed Bonds will be printed and delivered to DTC.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY-ONLY 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 Remarketing Agent(s) 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 Remarketed 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, 2017 (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 enumerated events is set forth below.

Pursuant to Rule 15c2-12, MTA will undertake for the benefit of holders of Remarketed 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, 2017, 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 **Tables 2a** and **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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed Bonds at the time Outstanding which are affected thereby. Each of 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 Owner 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 Remarketed 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 IS INTENTIONALLY LEFT BLANK.]**

**ATTACHMENT 3-1**

**FORM OF OPINION DELIVERED ON SEPTEMBER 14, 2011  
BY HAWKINS DELAFIELD & WOOD LLP  
IN CONNECTION WITH THE ISSUANCE OF THE  
SERIES 2011B BONDS**

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

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 \$99,560,000 aggregate principal amount of Metropolitan Transportation Authority Transportation Revenue Variable Rate Bonds, Series 2011B (the “Series 2011B Bonds”).

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 2011B 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 June 29, 2011 (collectively, the “Resolution”).

The Series 2011B Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Resolution.

The Internal Revenue Code of 1986 (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2011B Bonds in order that interest on the Series 2011B 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 the MTA, dated the date hereof (the “Arbitrage and Use of Proceeds Certificate”), in which the 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 2011B Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2011B Bonds and the investment of certain funds. The Arbitrage and Use of Proceeds Certificate obligates the MTA to take certain actions necessary to cause interest on the Series 2011B 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 2011B 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. The MTA has covenanted in the Resolution to maintain the exclusion of the interest on the Series 2011B Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code and to do everything necessary to meet the requirements 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 2011B 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 2011B Bonds as executed and, in our opinion, the form of said Series 2011B Bond and its 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 2011B 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 2011B 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 2011B Bonds.

4. The MTA, the holders of the Series 2011B 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 2011B 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 2011B Bonds is excluded from gross income for federal income tax purposes pursuant to the Code, and (ii) interest on the Series 2011B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code, but is, however, 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 2011B Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

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 2011B 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 2011B 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 2011B 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 IS INTENTIONALLY LEFT BLANK.]**



**ATTACHMENT 3-2**

**FORM OF OPINION OF HAWKINS DELAFIELD & WOOD LLP  
DELIVERED ON SEPTEMBER 10, 2014 IN CONNECTION WITH THE REMARKETING OF THE  
SERIES 2011B BONDS**

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

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

Ladies and Gentlemen:

On September 14, 2011, in connection with the issuance by the Metropolitan Transportation Authority (“MTA”) of its \$99,560,000 aggregate principal amount of its Transportation Revenue Variable Rate Bonds, Series 2011B (the “Original Series 2011B Bonds”), Hawkins Delafield & Wood LLP delivered its opinion as bond counsel for MTA.

The Original Series 2011B Bonds were issued pursuant to the MTA Resolution Authorizing Transportation Revenue Obligations, adopted by the Board of MTA on March 26, 2002 (the “Original General Resolution”), as amended and supplemented to the date of issuance thereof, including by a resolution adopted on June 29, 2011 (collectively with the Original General Resolution, the “Original Resolution”), along with a Certificate of Determination relating to the Original Series 2011B Bonds, dated September 14, 2011 (the “Original Certificate of Determination” and, collectively with the Original 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 the date hereof, MTA intends to terminate an irrevocable direct-pay letter of credit issued by Bank of America, N.A. (the “Bank of America Facility”), with respect to the Series 2011B Bonds and will (i) amend the Original Certificate of Determination (the “Amended Certificate of Determination”), to provide for, among other things, the provisions relating to the Term Mode; (ii) modify the terms and provisions of the Series 2011B Bonds relating to the Term Rate Mode; and (iii) convert the Series 2011B Bonds from a Weekly Mode to a Term Mode (as further described in the Amended Certificate of Determination).

In order for MTA to effectuate the mode change and the other changes described above, MTA was required to provide to the Trustee a Mandatory Tender Notice pursuant to Section A-406 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 Original Series 2011B 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 Series 2011B Bonds; the termination of the Bank of America Facility; the change in mode from the Weekly Mode to the Term Mode with interest at a floating rate based on 67% of USD-LIBOR BBA (one month) and the amendment of the terms and provisions of the Series 2011B Bonds to reflect the terms and provisions described herein, will result in a reissuance for tax purposes.

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 2011B Bonds in order that interest on the Series 2011B 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 the MTA, dated the date hereof (the “Arbitrage

and Use of Proceeds Certificate”), in which the 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 2011B Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2011B Bonds and the investment of certain funds. The Arbitrage and Use of Proceeds Certificate obligates the MTA to take certain actions necessary to cause interest on the Series 2011B Bonds to be excluded from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code may cause interest on the Series 2011B 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. The MTA has covenanted in the Resolution to maintain the exclusion of the interest on the Series 2011B Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion in the following paragraphs, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the exclusion from gross income for federal income tax purposes pursuant to Section 103 of the Code of interest on the Series 2011B Bonds, and (ii) compliance by the MTA with procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

We are further of the opinion that, under existing statutes and court decisions and assuming continued compliance with certain tax covenants described herein, (i) interest on the Series 2011B Bonds, as reissued, is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2011B Bonds, as reissued, is not treated as a preference item in calculating the alternative minimum tax imposed on individual and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

In addition, we are of the opinion that interest on the Series 2011B Bonds, as reissued, is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as stated in the preceding paragraphs, we express no opinion regarding any other federal, state, local or foreign tax consequences with respect to the Series 2011B Bonds. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2011B Bonds, or under state, local and foreign tax law.

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2011B 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 3-3**

**FORM OF APPROVING OPINION OF NIXON PEABODY LLP  
DELIVERED ON NOVEMBER 13, 2012 IN CONNECTION WITH THE ORIGINAL ISSUANCE  
OF THE SUBSERIES 2012G-4 BONDS**

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

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 \$359,450,000 aggregate principal amount of Metropolitan Transportation Authority Transportation Revenue Variable Rate Refunding Bonds, Subseries 2012G, consisting of \$84,450,000 of such Bonds designated as Subseries 2012G-1 (Floating Rate Tender Notes), \$125,000,000 of such Bonds designated as Subseries 2012G-2 (Floating Rate Tender Notes), \$75,000,000 of such Bonds designated as Subseries 2012G-3 (Floating Rate Tender Notes), and \$75,000,000 of such Bonds designated as Subseries 2012G-4 (Floating Rate Tender Notes) (collectively, the “Series 2012G Bonds”).

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 2012G 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 31, 2007 (collectively, the “Resolution”).

A portion of the proceeds of the Series 2012G Bonds is being used to refund certain outstanding bonds of MTA issued pursuant to the Resolution, such bonds having been issued as described in the hereinafter defined Escrow Agreement (the “Refunded Bonds”). A portion of the proceeds of the Series 2012G Bonds (the “Defeasance Deposit”) has been used to deposit with The Bank of New York Mellon, as escrow agent under the Escrow Agreement and as Trustee under the Resolution, a cash amount sufficient, together with other amounts provided by MTA, to pay when due the applicable principal of and interest due on said Refunded Bonds (the “Defeasance Requirement”). Such Defeasance Deposit is being held in trust under an escrow agreement, dated the date hereof (the “Escrow Agreement”), by and between MTA and The Bank of New York Mellon, as escrow agent thereunder and as Trustee under the Resolution. The Trustee has previously given, at the direction of MTA, notice of the redemption of the Refunded Bonds. Samuel Klein and Company, Certified Public Accountants, has prepared a report stating that they have reviewed the accuracy of the mathematical computations of the adequacy of the Defeasance Deposit to pay in full the Defeasance Requirement when due. We have undertaken no independent verification of the adequacy of the Defeasance Deposit.

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 2012G Bonds in order that interest on the Series 2012G 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 2012G Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2012G 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 2012G 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 2012G 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 2012G 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 2012G 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 2012G Bonds as executed and, in our opinion, the form of said Series 2012G Bond and its 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 2012G 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 2012G 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 2012G Bonds.

4. The MTA, the holders of the Series 2012G 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 2012G 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 2012G Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2012G Bonds is not treated as a preference item in calculating the federal corporate 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 federal corporate alternative minimum tax.

We are further of the opinion that, for any Series 2012G Bonds having “original issue discount” (a “Discount Bond”), “original issue discount” that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2012G Bonds.

7. Under existing statutes, interest on the Series 2012G Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

8. The Escrow Agreement has been duly authorized, executed and delivered by MTA, and, assuming the due authorization, execution and delivery thereof by the Trustee, the Escrow Agreement is a valid and binding obligation of MTA, enforceable in accordance with its terms. The Refunded Bonds have been paid within the meaning and with the effect expressed in the Resolution, and the covenants, agreements and other obligations of MTA to the holders of the Refunded Bonds have been discharged and satisfied.

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 2012G 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 2012G 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 2012G 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 IS INTENTIONALLY LEFT BLANK.]**





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