

December 13, 2017

**Supplement To Remarketing Circular Dated December 7, 2017**  
**Relating to**  
**\$71,385,000**  
**METROPOLITAN TRANSPORTATION AUTHORITY**  
**Transportation Revenue Variable Rate Bonds,**  
**Subseries 2005E-2**

The Remarketing Circular dated December 7, 2017 (the Remarketing Circular) for the above-referenced Bonds is hereby supplemented to update the “SUMMARY OF TERMS” to insert the Long-Term Ratings/Short-Term Ratings as follows:

<u>Ratings.....</u>	<u>Rating Agency</u>	<u>Rating (Long-Term/Short-Term)</u>
	Fitch:	AA+/F1
	Moody’s:	Aa1/VMIG1
	S&P:	AA+/A-1

See “RATINGS” in **Part III**.

The foregoing ratings will be effective upon the delivery of the Credit Facility on December 13, 2017.

---

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

*On December 13, 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, Subseries 2005E-2 (the Subseries 2005E-2 Bonds). On the Mandatory Tender Date (i) the Subseries 2005E-2 Bonds will be subject to mandatory tender at a purchase price equal to the principal amount thereof, plus accrued interest to, but not including, the Mandatory Tender Date; (ii) the irrevocable direct-pay letter of credit issued by Royal Bank of Canada, acting through its New York Branch, will be replaced with an irrevocable direct-pay letter of credit issued by Bank of America, N.A.; (iii) the terms and provisions of the Subseries 2005E-2 Bonds will be amended and restated to reflect the terms and provisions described herein; and (iv) the Subseries 2005E-2 Bonds will be remarketed at a price equal to the principal amount thereof. For a discussion of certain federal and State income tax matters with respect to the Subseries 2005E-2 Bonds, see "TAX MATTERS" herein.*



**\$71,385,000**  
**METROPOLITAN TRANSPORTATION AUTHORITY**  
**TRANSPORTATION REVENUE VARIABLE RATE BONDS**  
**SUBSERIES 2005E-2**

**Dated and accruing interest from: December 13, 2017**

**Due: November 1, 2035**

The Subseries 2005E-2 Bonds —

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

MTA has no taxing power.

The Subseries 2005E-2 Bonds constitute Variable Interest Rate Obligations and will bear interest in the Weekly Mode, as described herein. MTA reserves the right at any time to convert the interest rate on the Subseries 2005E-2 Bonds to a Commercial Paper Mode, Daily Mode, Fixed Rate Mode or Term Rate Mode. See "DESCRIPTION OF THE SUBSERIES 2005E-2 BONDS" herein. **This remarketing circular (i) is intended to provide disclosure only to the extent the Subseries 2005E-2 Bonds remain in the Weekly Mode and (ii) speaks only as of the date of this document or as of certain earlier dates specified herein.**

The payment of principal of and interest on the Subseries 2005E-2 Bonds (with interest being calculated based upon 53 days of interest at a rate not to exceed 9% per annum based on a year of 365 days), and the payment of the Purchase Price (as defined herein) of the Subseries 2005E-2 Bonds, on any Purchase Date or Mandatory Purchase Date (each as defined herein) is supported by an irrevocable direct-pay letter of credit (the Credit Facility), issued by Bank of America, N.A. (the Credit Facility Issuer) pursuant to a Letter of Credit and Reimbursement Agreement dated as of December 1, 2017 (the Reimbursement Agreement), between MTA and the Credit Facility Issuer. The Credit Facility is scheduled to expire on December 10, 2021, unless extended or earlier terminated pursuant to its terms or the terms of the Reimbursement Agreement. See "DESCRIPTION OF THE SUBSERIES 2005E-2 BONDS — Credit and Liquidity Facility" herein.

The Subseries 2005E-2 Bonds are subject to redemption prior to maturity and mandatory and optional tender, including mandatory tender for purchase prior to the expiration, termination or substitution of the Credit Facility as described herein. Payment of the Purchase Price is not an obligation of MTA. See "DESCRIPTION OF THE SUBSERIES 2005E-2 BONDS — Credit and Liquidity Facility" herein.

The Subseries 2005E-2 Bonds are subject to the Book-Entry-Only system through the facilities of The Depository Trust Company.



---

**Price – 100%**

---

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Subseries 2005E-2 Bonds. Investors are advised to read the entire remarketing circular, including all portions hereof included by specific cross-reference, to obtain information essential to making an informed decision.

---

**BofA Merrill Lynch**  
Remarketing Agent

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

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

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 Samuelson..... 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

---

ORRICK, HERRINGTON & SUTCLIFFE LLP  
New York, New York

BRYANT RABBINO LLP  
New York, New York

Co-Bond Counsel

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

ROCKFLEET FINANCIAL SERVICES, INC.  
New York, New York

Co-Financial Advisors

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

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

## SUMMARY OF TERMS

MTA has prepared this Summary of Terms to describe the specific terms of the Subseries 2005E-2 Bonds following a remarketing of such bonds as described herein under “REMARKETING PLAN”. The information in this remarketing circular, including the materials filed with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board and included by specific cross-reference as described herein, provides a more detailed description of matters relating to MTA and to the Transportation Revenue Bonds. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the Subseries 2005E-2 Bonds.

Issuer .....	Metropolitan Transportation Authority, a public benefit corporation of the State of New York.	
Bonds Being Remarketed .....	Transportation Revenue Variable Rate Bonds, Subseries 2005E-2.	
CUSIP Number * .....	59261ASD0	
Denominations .....	\$100,000 and integral multiples of \$5,000 in excess thereof.	
Interest Payment Dates in Weekly Mode .....	The first Business Day of each month, commencing January 2, 2018.	
Tender and Redemption .....	See “DESCRIPTION OF THE SUBSERIES 2005E-2 BONDS – Tender, Presentation and Purchase Provisions for the Subseries 2005E-2 Bonds During the Weekly Mode” and “– Redemption Provisions” in <b>Part I</b> .	
Maturity and Rate Mode .....	The Subseries 2005E-2 Bonds are Variable Interest Rate Obligations that bear interest in the Weekly Mode as herein described and mature on November 1, 2035.	
Sources of Payment and Security .....	MTA’s pledged transportation revenues from Transit and Commuter System operations, MTA Bus operations, MTA Bridges and Tunnels operating surplus, subsidies from State and local governmental entities and certain other sources, all as described in <b>Part II</b> .	
Credit Enhancement and Liquidity Support .....	The payment of principal of and interest on the Subseries 2005E-2 Bonds (with interest being calculated based upon 53 days of interest at a rate not to exceed 9% per annum based on a year of 365 days), and the payment of the Purchase Price of the Subseries 2005E-2 Bonds (as defined herein) on any Purchase Date or Mandatory Purchase Date (each as defined herein) is supported by an irrevocable direct-pay letter of credit (the Credit Facility) issued by Bank of America, N.A. (the Credit Facility Issuer), pursuant to a Letter of Credit and Reimbursement Agreement dated as of December 1, 2017 (the Reimbursement Agreement), between MTA and the Credit Facility Issuer. The Credit Facility is scheduled to expire on December 10, 2021, unless extended or earlier terminated pursuant to its terms or the terms of the Reimbursement Agreement. See “DESCRIPTION OF THE SUBSERIES 2005E-2 BONDS – Credit and Liquidity Facility” herein.	
Registration of the Subseries 2005E-2 Bonds .....	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.	
Trustee and Tender Agent .....	The Bank of New York Mellon, New York, New York.	
Co-Bond Counsel .....	Orrick, Herrington & Sutcliffe LLP, New York, New York and Bryant Rabbino LLP, New York, New York.	
Special Disclosure Counsel .....	Hawkins Delafield & Wood LLP, New York, New York.	
Tax Status .....	See “TAX MATTERS” in <b>Part III</b> .	
Ratings .....	<u>Rating Agency</u> Fitch: Moody’s: S&P: See “RATINGS” in <b>Part III</b> .	<u>Rating (Long-Term/Short-Term)</u> Applied For Applied For Applied For
Co-Financial Advisors .....	Public Resources Advisory Group, Inc., New York, New York, and Rockfleet Financial Services, Inc., New York, New York.	
Remarketing Agent .....	See cover page.	
Co-Counsel to the Remarketing Agent .....	Katten Muchin Rosenman LLP, New York, New York, and Law Offices of Joseph C. Reid, P.A., New York, New York.	

\* The CUSIP number has been assigned by an organization not affiliated with MTA and is included solely for the convenience of the holders of the Subseries 2005E-2 Bonds. MTA is not responsible for the selection or uses of the CUSIP number, nor is any representation made as to its correctness on the Subseries 2005E-2 Bonds or as indicated above. The CUSIP number is subject to being changed after the remarketing of the Subseries 2005E-2 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 the Subseries 2005E-2 Bonds.

# SUMMARY OF TERMS RELATING TO WEEKLY MODE\*

INTEREST PAYMENT DATES AND CALCULATION PERIOD	The first Business Day of each month, commencing January 2, 2018, based on actual days elapsed over a 365-day year (366 days in years when February has 29 days).
RECORD DATE	The Business Day preceding each Interest Payment Date.
OWNERS' RIGHTS TO TENDER	On any Business Day by irrevocable written notice (or by telephonic notice, promptly confirmed in writing) of tender to the Tender Agent and Remarketing Agent at their respective addresses specified below not later than 4:00 P.M. at least seven calendar days prior to the Purchase Date.
NOTICE OF MODE CHANGE; MODE CHANGE DATE	Trustee to mail notice to Owners not later than 15 days before the Mode Change Date, which can be any Business Day.
MANDATORY TENDER FOR PURCHASE	On each Mode Change Date, Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Tender Date, and Substitution Date.
RATE DETERMINATION DATE	Each Wednesday, unless such Wednesday is not a Business Day, in which case the rate shall be set on the Business Day next preceding such Wednesday.
RATE ADJUSTMENT DATE	Thursday of each week.
MAXIMUM WEEKLY RATE	9% per annum.
TENDER AGENT'S ADDRESS FOR DELIVERY OF TENDER NOTICE	The Bank of New York Mellon 101 Barclay Street, 7W New York, New York 10286 Attention: Global Corporate Trust - NY Muni Phone: (973) 247-4395 Fax: (732) 667-9205
REMARKETING AGENT'S ADDRESS FOR DELIVERY OF TENDER NOTICE	Merrill Lynch, Pierce, Fenner & Smith Incorporated One Bryant Park, 9 <sup>th</sup> Floor New York, NY 10036 Attention: Municipal Markets Department Email: <a href="mailto:dg.temm@baml.com">dg.temm@baml.com</a> ; and <a href="mailto:dg.muni_temms@baml.com">dg.muni_temms@baml.com</a> Phone: (212) 449-5544

\* So long as the Subseries 2005E-2 Bonds are registered in the name of Cede & Co., as Bondholder and Securities Depository Nominee of DTC, mechanics for tender and redemption will be in accordance with procedures established by DTC.

- *No Unauthorized Offer.* This remarketing circular is not an offer to sell, or the solicitation of an offer to buy, the Subseries 2005E-2 Bonds in any jurisdiction where that would be unlawful. MTA has not authorized any dealer, salesperson or any other person to give any information or make any representation in connection with the remarketing of the Subseries 2005E-2 Bonds, except as set forth in this remarketing circular. No other information or representations should be relied upon.
- *No Contract or Investment Advice.* This remarketing circular is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this remarketing circular and the Subseries 2005E-2 Bonds, and anything else related to this remarketing.
- *Information Subject to Change.* Information and expressions of opinion are subject to change without notice and it should not be inferred that there have been no changes since the date of this document. Neither the delivery of, nor any sale made under, this remarketing circular shall under any circumstances create any implication that there has been no change in MTA's affairs or in any other matters described herein since the date of this remarketing circular.
- *Forward-Looking Statements.* Many statements contained in this remarketing circular, including the appendices and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on MTA's beliefs, as well as assumptions made by, and information currently available to, the management and staff of MTA as of the date of this remarketing circular. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "plan," "forecast," "goal," "budget" or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this remarketing circular. Neither MTA's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the forward-looking statements contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the forward-looking statements set forth in this remarketing circular, which is solely the product of MTA and its affiliates and subsidiaries as of the date of this remarketing circular, and the independent auditors assume no responsibility for its content. These forward-looking statements speak only as of the date of this remarketing circular.
- *Projections.* The projections set forth in this remarketing circular were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of MTA's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of MTA. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this remarketing circular are cautioned not to place undue reliance on the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the prospective financial information set forth in this remarketing circular, which is solely the product of MTA and its affiliates and subsidiaries as of the date of this remarketing circular, and the independent auditors assume no responsibility for its content.
- *Independent Auditor.* Deloitte & Touche LLP, MTA's independent auditor, has not reviewed, commented on or approved, and is not associated with, this remarketing circular. 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 six-month period ended June 30, 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 six-month period ended June 30, 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 such 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.
- *No Guarantee of Information by Remarketing Agent.* The Remarketing Agent has provided the following sentences for inclusion in this remarketing circular: The Remarketing Agent has reviewed the information in this remarketing



circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information. The Remarketing Agent does not make any representation or warranty, express or implied, as to

- the accuracy or completeness of information it has neither supplied nor verified,
  - the validity of the Subseries 2005E-2 Bonds, or
  - the tax-exempt status of the interest on the Subseries 2005E-2 Bonds.
- ***Overallotment and Stabilization.*** The Remarketing Agent may overallot or effect transactions that stabilize or maintain the market price of the Subseries 2005E-2 Bonds at a level above that which might otherwise prevail in the open market. The Remarketing Agent is not obligated to do this and is free to discontinue it at any time.
  - ***Website Addresses.*** References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this remarketing circular for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof.
  - ***Credit Facility Issuer Information.*** Other than with respect to information concerning the Credit Facility Issuer contained in Attachment 4 herein, none of the information in this remarketing circular has been supplied or verified by the Credit Facility Issuer and the Credit Facility Issuer makes no representation or warranty, express or implied, as to the accuracy or completeness of information it has neither supplied nor verified, the validity of the Subseries 2005E-2 Bonds, or the tax-exempt status of the interest on the Subseries 2005E-2 Bonds.
-

## TABLE OF CONTENTS

	<u>Page</u>
SUMMARY OF TERMS .....	iii
INTRODUCTION.....	1
MTA, MTA Bridges and Tunnels and Other Related Entities .....	1
Information Provided in the MTA Annual Disclosure Statement .....	2
Where to Find Information .....	2
Anticipated Debt Issuance .....	3
PART I. SUBSERIES 2005E-2 BONDS .....	4
REMARKETING PLAN.....	4
DESCRIPTION OF THE SUBSERIES 2005E-2 BONDS .....	4
General .....	4
Terms Relating to the Weekly Mode.....	6
Tender, Presentation and Purchase Provisions of the Subseries 2005E-2 Bonds During the Weekly Mode.....	7
Changes in Mode .....	10
Remarketing of Subseries 2005E-2 Bonds .....	10
Source of Funds for Purchase of Subseries 2005E-2 Bonds.....	11
Delivery of Remarketed Subseries 2005E-2 Bonds.....	11
Delivery and Payment for Purchased Subseries 2005E-2 Bonds; Undelivered Subseries 2005E-2 Bonds .....	11
Special Considerations Relating to the Subseries 2005E-2 Bonds .....	12
Redemption Provisions.....	13
Amendments.....	15
Credit and Liquidity Facility .....	15
Debt Service on the Bonds .....	18
PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS .....	20
SOURCES OF PAYMENT .....	20
Pledged Transportation Revenues .....	20
Description of Pledged Revenues .....	28
Factors Affecting Revenues.....	31
SECURITY .....	33
General .....	33
Pledge Effected by the Resolution.....	33
Flow of Revenues .....	34
Covenants .....	36
Parity Debt.....	37
PART III. OTHER INFORMATION ABOUT THE SUBSERIES 2005E-2 BONDS .....	38
TAX MATTERS .....	38
General .....	38
The Subseries 2005E-2 Bonds.....	39
Information Reporting and Backup Withholding .....	39
Miscellaneous.....	40
LEGALITY FOR INVESTMENT .....	40
LITIGATION .....	40
CO-FINANCIAL ADVISORS.....	41
REMARKETING .....	41
RATINGS.....	41
LEGAL MATTERS .....	41
CONTINUING DISCLOSURE .....	42
FURTHER INFORMATION.....	44
<b>Attachment 1</b> —   Book-Entry-Only System	
<b>Attachment 2</b> —   Continuing Disclosure Under SEC Rule 15c2-12	
<b>Attachment 3</b> —   Form of Opinions of Prior Bond Counsel and Co-Bond Counsel	
<b>Attachment 4</b> —   Certain Information Relating to the Credit Facility Issuer	

**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, and a Second Quarterly Update, dated November 17, 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 Subseries 2005E-2 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 Six-Month Period Ended June 30, 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 Six-Month Period Ended June 30, 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 six-month period ended June 30, 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 of 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 memoranda for information regarding the Related Entities and their financial condition.

## Where to Find Information

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

- This ***Introduction*** provides a general description of MTA, MTA Bridges and Tunnels and the other Related Entities.
- **Part I** provides specific information about the Subseries 2005E-2 Bonds.
- **Part II** describes the sources of payment and security for all Transportation Revenue Bonds, including the Subseries 2005E-2 Bonds.
- **Part III** provides miscellaneous information relating to the Subseries 2005E-2 Bonds.
- **Attachment 1** sets forth certain provisions applicable to the book-entry-only system of registration to be used for the Subseries 2005E-2 Bonds.
- **Attachment 2** sets forth a summary of certain provisions of a continuing disclosure agreement relating to the Subseries 2005E-2 Bonds.
- **Attachment 3-1** is the form of opinion of Hawkins Delafield & Wood LLP delivered in connection with the original issuance of the Series 2005E Bonds on November 2, 2005.
- **Attachment 3-2** is the form of opinion of Hawkins Delafield & Wood LLP delivered in connection with the remarketing of the Series 2005E Bonds on June 10, 2010.
- **Attachment 3-3** is the form of opinion of Nixon Peabody LLP delivered in connection with the remarketing of the Series 2005E Bonds on October 4, 2012.
- **Attachment 3-4** is the form of opinion of Hawkins Delafield & Wood LLP delivered in connection with the remarketing of the Subseries 2005E-2 Bonds on December 18, 2014.
- **Attachment 3-5** is the form of opinions of Co-Bond Counsel to be delivered in connection with the remarketing of the Subseries 2005E-2 Bonds.
- **Attachment 4** sets forth certain information with respect to the Credit Facility Issuer.
- **Information Included by Specific Cross-reference** in this remarketing circular and identified under the caption "Information Included by Specific Cross-reference" following the Table of Contents may be obtained, as described below, from the MSRB and from MTA.

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

***Information Included by Specific Cross-reference.*** The information listed under the caption "Information Included by Specific Cross-reference" following the Table of Contents, as filed with the MSRB through EMMA to date, is "included by specific cross-reference" in this remarketing circular. This means that important information is disclosed by referring to those documents and that the specified portions of those documents are considered to be part of this remarketing circular. This remarketing circular, which includes the

specified portions of those filings, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Subseries 2005E-2 Bonds.

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

### **Anticipated Debt Issuance**

In addition to the remarketing of the Subseries 2005E-2 Bonds, MTA expects to issue \$2,021,461,604.50 of its Transportation Revenue Refunding Green Bonds, Series 2017C on or about December 14, 2017 and approximately \$1,000,000,000 of its Transportation Revenue Bond Anticipation Notes, Series 2018A on or about January 23, 2018. Also, subject to market conditions, MTA may refund additional outstanding Transportation Revenue Bonds before December 31, 2017.

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

## PART I. SUBSERIES 2005E-2 BONDS

**Part I** of this remarketing circular, together with the Summary of Terms, provides specific information about the Subseries 2005E-2 Bonds.

### REMARKETING PLAN

On December 15, 2017, the existing letter of credit relating to the Subseries 2005E-2 Bonds issued by Royal Bank of Canada, acting through its New York Branch (the Existing Facility), will expire by its terms. On December 13, 2017 (the Mandatory Tender Date), MTA is effectuating a mandatory tender of the Subseries 2005E-2 Bonds. On the Mandatory Tender Date, (i) the Subseries 2005E-2 Bonds will be subject to mandatory tender for purchase at a purchase price equal to the principal amount thereof plus accrued interest to, but not including, the Mandatory Tender Date; (ii) the Subseries 2005E-2 Bonds will remain outstanding as Variable Interest Rate Obligations bearing interest in the Weekly Mode; and (iii) Bank of America, N.A. (the Credit Facility Issuer), will issue an irrevocable direct-pay letter of credit (the Credit Facility) providing for payment of the principal of and interest on, and the payment of Purchase Price (as defined herein) of the Subseries 2005E-2 Bonds. As a result of the foregoing, the Existing Facility will be terminated pursuant to its terms on the Mandatory Tender Date.

Upon the termination of the Existing Facility, registered owners of the Subseries 2005E-2 Bonds will have no claims against such Existing Facility.

MTA is further amending and restating the Certificate of Determination delivered in connection with the issuance and subsequent remarketings of the Subseries 2005E-2 Bonds, pursuant to the supplemental resolution relating to the Subseries 2005E-2 Bonds, to (i) reflect that the Credit Facility will be substituted for the Existing Facility, and (ii) modify the terms and provisions of the Subseries 2005E-2 Bonds to reflect the terms and provisions described herein. By acceptance of a confirmation of purchase of the Subseries 2005E-2 Bonds, each beneficial owner will be deemed to have acknowledged that the amendments to the Certificate of Determination reflecting the terms and provisions of the Subseries 2005E-2 Bonds described herein will be applicable to the Subseries 2005E-2 Bonds.

The Subseries 2005E-2 Bonds are being remarketed by the Remarketing Agent at a price that is not in excess of the price on the cover of this remarketing circular. The obligations of the Remarketing Agent to remarket the Subseries 2005E-2 Bonds are subject to certain terms and conditions set forth in the Firm Remarketing Agreement with MTA.

### DESCRIPTION OF THE SUBSERIES 2005E-2 BONDS

#### General

**Record Date.** The Record Date for the payment of principal of and interest on the Subseries 2005E-2 Bonds will be the first Business Day preceding each Interest Payment Date.

**Variable Rate Bonds.** The Subseries 2005E-2 Bonds mature on November 1, 2035, constitute Variable Interest Rate Obligations and are subject to mandatory sinking fund redemption as set forth below under “Redemption Provisions”. The Subseries 2005E-2 Bonds will initially bear interest at a rate determined on December 12, 2017, effective from and including December 13, 2017, through and including December 20, 2017, and thereafter will bear interest in the Weekly Mode. The Subseries 2005E-2 Bonds will bear interest at the rates determined by the Remarketing Agent on the Mandatory Tender Date and, thereafter, at the rates determined by the Remarketing Agent as described below. **This remarketing circular is intended to provide disclosure only to the extent the Subseries 2005E-2 Bonds remain in the Weekly Mode. In the event MTA elects to convert the Subseries 2005E-2 Bonds to a different Mode, it expects to circulate a revised disclosure document relating thereto.**



Interest on the Subseries 2005E-2 Bonds is paid in arrears and is computed upon the basis of a 365-day year (366 in years when February has 29 days), for the number of days actually elapsed. The maximum rate of interest on the Subseries 2005E-2 Bonds (other than Bank Bonds, as hereinafter described) at any time, whether before or after the maturity thereof, is equal to the lesser of the maximum rate permitted by law and 9% per annum (the Maximum Rate). Currently, there is no maximum rate of interest under State law applicable to the Subseries 2005E-2 Bonds. “Bank Bonds” are Subseries 2005E-2 Bonds purchased by the Credit Facility Issuer as a result of a draw on the Credit Facility, or any replacement thereof, to pay the principal amount plus accrued interest (if the Purchase Date is not an Interest Payment Date) on any Subseries 2005E-2 Bonds that have been tendered and not remarketed and may bear interest at a rate of up to 25% per annum.

MTA has appointed Merrill Lynch, Pierce, Fenner & Smith Incorporated as Remarketing Agent in connection with the remarketing of the Subseries 2005E-2 Bonds.

The Remarketing Agent will determine the interest rate on the Subseries 2005E-2 Bonds and will remarket such Subseries 2005E-2 Bonds tendered or required to be tendered for purchase on a best efforts basis. The Remarketing Agent may be removed or replaced by MTA in accordance with the Remarketing Agreement. Pursuant to the Remarketing Agreement, the Remarketing Agent may suspend its obligation to remarket the Subseries 2005E-2 Bonds upon, among other things, the failure by the Credit Facility Issuer to honor a properly presented and conforming drawing under the Credit Facility or the termination of the Credit Facility.

***Payment of Subseries 2005E-2 Bonds Purchase Price.*** The payment of principal of and interest on the Subseries 2005E-2 Bonds, and the Purchase Price of the Subseries 2005E-2 Bonds on any Purchase Date, is supported by the Credit Facility issued by the Credit Facility Issuer, pursuant to a Letter of Credit and Reimbursement Agreement dated as of December 1, 2017 (the Reimbursement Agreement), between MTA and the Credit Facility Issuer. For more information relating to the Credit Facility Issuer, see **Attachment 4**.

The Purchase Price of the Subseries 2005E-2 Bonds is payable solely from the proceeds of the remarketing of the Subseries 2005E-2 Bonds by the Remarketing Agent, and from the proceeds from draws under the Credit Facility. Although MTA has the option to purchase Subseries 2005E-2 Bonds that have been neither remarketed nor paid from amounts drawn under a Credit Facility, it is not obligated to do so. Payment of the Purchase Price is not an obligation of MTA, the Trustee, the Tender Agent, or the Remarketing Agent and failure to make that payment shall not constitute an Event of Default under the Transportation Resolution. See “—Source of Funds for Purchase of Subseries 2005E-2 Bonds” below.

The Credit Facility is scheduled to expire on December 10, 2021 (the Expiration Date), unless extended or earlier terminated in accordance with its terms or the terms of the Reimbursement Agreement. The Subseries 2005E-2 Bonds will be subject to mandatory tender for purchase on the second Business Day preceding the Expiration Date. See “Tender, Presentation and Purchase Provisions of the Subseries 2005E-2 Bonds During the Weekly Mode – *Mandatory Purchase Upon Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Tender Date and Substitution Date*” below.

***Credit and Liquidity Enhancement.*** The Credit Facility is an irrevocable direct-pay letter of credit that provides for payment of the principal of and interest on, and the Purchase Price for, the Subseries 2005E-2 Bonds when due. See “Credit and Liquidity Facility” below.

***Credit Facility Draw Procedures.*** The Remarketing Agent will, at or before 11:45 a.m., on the Purchase Date or Mandatory Purchase Date, as the case may be, notify MTA, the Trustee and the Tender Agent by Electronic Means of the amount of tendered Subseries 2005E-2 Bonds that were not successfully remarketed, and confirm to the Trustee and the Tender Agent the transfer of the Purchase Price of remarketed Subseries 2005E-2 Bonds to the Tender Agent in immediately available funds.



The Trustee will draw on the Credit Facility, in accordance with the terms thereof, by 12:00 noon on the Purchase Date or Mandatory Purchase Date, as the case may be, in an amount equal to the Purchase Price of all of the Subseries 2005E-2 Bonds tendered or deemed tendered less the aggregate amount of remarketing proceeds confirmed to the Trustee and the Tender Agent as of 11:45 a.m. by the Remarketing Agent and will cause the proceeds of such draw to be transferred to the Tender Agent by no later than 2:30 p.m., to enable the Tender Agent to pay the Purchase Price of Subseries 2005E-2 Bonds tendered or deemed tendered. Notwithstanding the foregoing, the Trustee will draw on the Credit Facility in an amount equal to the Purchase Price of all Subseries 2005E-2 Bonds tendered or deemed tendered for purchase on each Purchase Date or Mandatory Purchase Date, as the case may be, if it does not receive a confirmation from the Remarketing Agent pursuant to the preceding paragraph.

At or before 3:00 p.m. on the Purchase Date or the Mandatory Purchase Date, as the case may be, the Tender Agent will purchase the tendered Subseries 2005E-2 Bonds from the Owners thereof.

***Book-Entry-Only System.*** The Subseries 2005E-2 Bonds will be registered in the name of The Depository Trust Company, New York, New York or its nominee (together, DTC), which will act as securities depository for the Subseries 2005E-2 Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$100,000 or any integral multiple of \$5,000 in excess thereof (Authorized Denominations). So long as DTC is the registered owner of the Subseries 2005E-2 Bonds, all payments on the Subseries 2005E-2 Bonds will be made directly to DTC. DTC is responsible for disbursement of those payments to its participants, and DTC participants and indirect participants are responsible for making those payments to beneficial owners. See **Attachment 1** – “Book-Entry-Only System.”

***Interest Payments.*** Interest on the Subseries 2005E-2 Bonds is payable on the first Business Day of each month, commencing January 2, 2018. So long as DTC is the sole registered owner of all of the Subseries 2005E-2 Bonds, all interest payments will be made to DTC by wire transfer of immediately available funds, and DTC’s participants will be responsible for payment of interest to beneficial owners.

***Transfers and Exchanges.*** So long as DTC is the securities depository for the Subseries 2005E-2 Bonds, it will be the sole registered owner of the Subseries 2005E-2 Bonds, and transfers of ownership interests in the Subseries 2005E-2 Bonds will occur through the DTC Book-Entry-Only System.

***Trustee, Paying Agent and Tender Agent.*** The Bank of New York Mellon, New York, New York, is Trustee, Paying Agent and Tender Agent with respect to the Subseries 2005E-2 Bonds.

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

***Determination of Interest Rate in the Weekly Mode.*** The interest rate for the Subseries 2005E-2 Bonds in a Weekly Mode shall be determined by the Remarketing Agent on each Wednesday or, if such Wednesday is not a Business Day, the Business Day next preceding such Wednesday (the Rate Determination Date). The interest rate shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Subseries 2005E-2 Bonds on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The interest rate shall be effective on Thursday and shall continue in effect through the next succeeding Wednesday (the Interest Rate Period), provided that if any Subseries 2005E-2 Bonds subject to a Weekly Mode shall be converted to another Mode prior to such Wednesday, such Weekly Mode for such Subseries 2005E-2 Bonds shall continue in effect only until the day preceding the applicable Mode Change Date.

***Failure to Determine Interest Rate for Subseries 2005E-2 Bonds During the Weekly Mode.*** In the event the Remarketing Agent fails to determine the interest rate or the method of determining the interest rate is held to be unenforceable by a court of law of competent jurisdiction, the Subseries 2005E-2 Bonds will bear interest at the Alternate Rate for subsequent Interest Rate Periods until such time as the Remarketing Agent

again makes such determination or until there is delivered to MTA and the Trustee a Favorable Opinion of Bond Counsel.

The Alternate Rate is 100% of:

- the SIFMA Index (The Securities Industry and Financial Markets Association Municipal Swap Index released by Municipal Market Data to its subscribers), or
- if the SIFMA Index is no longer published, the S&P Municipal Bond 7 Day High-Grade Index (the rate determined on the basis of the S&P Municipal Bond 7 Day High-Grade Index announced on Wednesday or the next preceding Business Day and as published by Standard and Poor's), or
- if neither the SIFMA Index nor the S&P Municipal Bond 7 Day High-Grade Index is published, an index or a rate selected or determined by the Remarketing Agent and consented to by MTA and the Credit Facility Issuer.

If there has been a failure to pay the Purchase Price of the Subseries 2005E-2 Bonds tendered or deemed tendered for purchase, the Remarketing Agent may elect to continue to use its best efforts to remarket the Subseries 2005E-2 Bonds and may set an interest rate up to the Maximum Rate. If an interest rate is not set by the Remarketing Agent, the interest rate will be the Alternate Rate.

No Subseries 2005E-2 Bond (other than a Bank Bond) may at any time bear interest at a rate that is in excess of the Maximum Rate. No Bank Bond may at any time bear interest at a rate that is in excess of 25% per annum.

***Binding Effect.*** Each determination of the interest rate for the Subseries 2005E-2 Bonds, as provided herein, will, in the absence of manifest error, be conclusive and binding upon the holders of the Subseries 2005E-2 Bonds, MTA, the Remarketing Agent, the Tender Agent, the Credit Facility Issuer and the Trustee.

## **Tender, Presentation and Purchase Provisions of the Subseries 2005E-2 Bonds During the Weekly Mode**

***Purchase on Demand of Owners of Subseries 2005E-2 Bonds in Weekly Mode.*** The Owners of the Subseries 2005E-2 Bonds that are not Bank Bonds may elect to have such Subseries 2005E-2 Bonds (or portions thereof in Authorized Denominations) purchased on a Business Day at a price (the Purchase Price) equal to the principal amount so tendered plus accrued interest (if the Purchase Date is not an Interest Payment Date). Owners must deliver a written notice of tender (the Tender Notice), or telephonic notice of tender to the Tender Agent and the Remarketing Agent, promptly confirmed in writing, to the Tender Agent and the Remarketing Agent at their respective principal offices not later than 4:00 p.m. on a Business Day not less than seven (7) days before the Purchase Date specified by the Owner. The Tender Notice, once transmitted to the Tender Agent and the Remarketing Agent, will be irrevocable with respect to the tender for which such Tender Notice was delivered and that tender will occur on the Purchase Date specified in that Tender Notice. The Tender Agent will notify the Trustee and the Credit Facility Issuer by the close of business on the next succeeding Business Day of the receipt of any Tender Notice.

***Subseries 2005E-2 Bonds Registered in the Name of DTC.*** During any period that Subseries 2005E-2 Bonds are registered in the name of DTC or a nominee thereof pursuant to the Transportation Resolution,

- any Tender Notice delivered as described in the immediately preceding paragraph will identify the DTC Participant through whom the beneficial owner will direct transfer,
- on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC Participant, cause its DTC Participant to direct) the transfer of said Subseries 2005E-2 Bond on the records of DTC, and

- it will not be necessary for Subseries 2005E-2 Bonds to be physically delivered on the date specified for purchase thereof, but such purchase will be made as if such Subseries 2005E-2 Bonds had been so delivered, and the Purchase Price thereof will be paid to DTC.

In accepting a Tender Notice as provided above, the Trustee and the Tender Agent may conclusively assume that the person providing that Tender Notice is the beneficial owner of Subseries 2005E-2 Bonds tendered and therefore entitled to tender them. The Trustee and Tender Agent assume no liability to anyone in accepting a Tender Notice from a person whom it reasonably believes to be such a beneficial owner of Subseries 2005E-2 Bonds.

***Mandatory Purchase on any Mode Change Date.*** Except for Bank Bonds, the Subseries 2005E-2 Bonds to be changed to any Mode from any other Mode are subject to mandatory tender for purchase on the Mode Change Date at the Purchase Price thereof.

***Mandatory Purchase Upon Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Tender Date and Substitution Date.*** Except for Bank Bonds, the Subseries 2005E-2 Bonds are subject to mandatory tender for purchase on:

- the second Business Day preceding the Expiration Date of the Credit Facility, which second Business Day is hereinafter referred to as an “Expiration Tender Date”;
- the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of the Credit Facility, which fifth calendar day is hereinafter referred to as a “Termination Tender Date”, if the Credit Facility permits a draw thereon on the Termination Tender Date;
- the fifth calendar day (or if such day is not a Business Day, the first Business Day after such fifth calendar day) following the receipt by the Trustee of a written, electronic or telephonic notice (promptly confirmed in writing) from the Credit Facility Issuer that the interest component of the Credit Facility will not be reinstated to an amount equal to the interest component of the Liquidity and Credit Amount required with respect to the Subseries 2005E-2 Bonds, which fifth calendar day (or first Business Day after such fifth calendar day, if applicable) is hereinafter referred to as a “Interest Non-Reinstatement Tender Date”; and
- the Substitution Date for the Credit Facility.

“Liquidity and Credit Amount” means an amount equal to the principal of the Subseries 2005E-2 Bonds then outstanding plus an interest amount equal to fifty-three (53) days’ interest thereon calculated at 9% on the basis of a 365 day year for the actual number of days elapsed (366 days in years when February has 29 days).

A “Substitution Date” means:

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

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

Upon receipt of a written notice from the Credit Facility Issuer or MTA that the Credit Facility supporting the Subseries 2005E-2 Bonds will terminate or the obligation of the Credit Facility Issuer to purchase the Subseries 2005E-2 Bonds will terminate prior to its Expiration Date, the Trustee will within two (2) Business Days give notice to the Owners of the Subseries 2005E-2 Bonds of the mandatory tender of the Subseries 2005E-2 Bonds that is to occur on such Termination Tender Date if it has not theretofore received from the Credit Facility Issuer or MTA a notice stating that the event which resulted in the Credit Facility Issuer or MTA giving a notice of the Termination Date has been cured and that the Credit Facility Issuer or MTA has rescinded its election to terminate the Credit Facility. Notwithstanding anything to the contrary described below, that notice will be given by Electronic Means capable of creating a written notice. Any notice given substantially as described in this paragraph will be conclusively presumed to have been duly given, whether or not actually received by each Owner.

Upon receipt of a written notice from the Credit Facility Issuer that the Credit Facility will not be reinstated (in respect of interest) to an amount equal to the interest component of the Liquidity and Credit Amount required with respect to the Subseries 2005E-2 Bonds, the Trustee will within two (2) Business Days of such receipt give notice to the Owners of the Subseries 2005E-2 Bonds of the mandatory tender of the Subseries 2005E-2 Bonds which mandatory tender will occur on such Interest Non-Reinstatement Tender Date, unless, prior to the giving of such notice to the Owners, the Trustee will have received a written notice from the Credit Facility Issuer stating that the Credit Facility has been reinstated to an amount equal to the interest component of the Liquidity and Credit Amount. Notwithstanding anything to the contrary described below, such notice will be given by Electronic Means capable of creating a written notice. Any notice given substantially as described in this paragraph will be conclusively presumed to have been duly given, whether or not actually received by each Owner.

The Trustee will, at least fifteen (15) days prior to any Mode Change Date or Substitution Date, give notice to the owners of the Subseries 2005E-2 Bonds of the mandatory tender for purchase of such Subseries 2005E-2 Bonds that is to occur on the Mode Change Date or Substitution Date, as applicable.

So long as DTC is the Securities Depository for the Subseries 2005E-2 Bonds, such notice will be given to DTC. If the Subseries 2005E-2 Bonds are not held in book-entry-only form, such notice will be given directly to the bondholders.

Except as provided in the third and fourth immediately preceding paragraphs, notice of any mandatory tender of Subseries 2005E-2 Bonds will be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of Subseries 2005E-2 Bonds at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase will identify the reason for the mandatory tender for purchase and specify:

- the Mandatory Purchase Date,
- the Purchase Price,
- the place and manner of payment,
- that the Owner has no right to retain such Subseries 2005E-2 Bond, and
- that no further interest will accrue from and after the Mandatory Purchase Date to such Owner.

Each notice of mandatory tender for purchase caused by a change in the Mode applicable to the Subseries 2005E-2 Bonds will in addition specify the conditions that have to be satisfied pursuant to the Transportation Resolution in order for the New Mode to become effective and the consequences that the failure to satisfy any of such conditions would have.

In the event a mandatory tender of Subseries 2005E-2 Bonds will occur at or prior to the date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase will control. Any notice mailed as described above will be conclusively

presumed to have been duly given, whether or not the Owner of any Subseries 2005E-2 Bond receives the notice, and the failure of that Owner to receive any such notice will not affect the validity of the action described in that notice. Failure by the Trustee to give a notice as provided under this caption would not affect the obligation of the Tender Agent to purchase the Subseries 2005E-2 Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

## **Changes in Mode**

**General.** Any Subseries 2005E-2 Bonds may be changed to any other Mode at the times and in the manner as summarized below.

**Notice of Mandatory Tender for Purchase on a Mode Change Date.** The Trustee will, at least fifteen (15) days prior to any Mode Change Date, give notice to the Owners of the Subseries 2005E-2 Bonds of the mandatory tender for purchase of such Subseries 2005E-2 Bonds on the Mode Change Date.

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

1. The Mode Change Date must be a Business Day.
2. On or prior to the date MTA provides the notice to the Notice Parties, MTA will deliver to the Trustee (with a copy to all other Notice Parties) a letter from Co-Bond Counsel addressed to the Trustee to the effect that it expects to be able to deliver a Favorable Opinion of Co-Bond Counsel on the Mode Change Date.
3. No change in Mode will become effective unless all conditions precedent thereto have been met and the following items have been delivered to the Trustee and the Remarketing Agent by 10:00 a.m., or such later time as is acceptable to MTA, the Trustee and the Remarketing Agent, on the Mode Change Date:
  - a Favorable Opinion of Co-Bond Counsel dated the Mode Change Date,
  - unless the existing Tender Agency Agreement and Remarketing Agreement are effective on the Mode Change Date, a Tender Agency Agreement and a Remarketing Agreement if required for the New Mode, and
  - a certificate of an authorized officer of the Tender Agent to the effect that all of the Subseries 2005E-2 Bonds tendered or deemed tendered, unless otherwise redeemed, have been purchased at a price at least equal to the Purchase Price thereof.
4. On the Mode Change Date, all of the Subseries 2005E-2 Bonds are subject to mandatory tender whether or not the change in Mode occurs.

**Rescission of Election to Change from One Mode to Another.** MTA may rescind any election by it to change Mode as described above prior to the Mode Change Date by giving written notice thereof to the Notice Parties prior to 10:00 A.M. on the Business Day preceding such Mode Change Date. If the Tender Agent receives notice of such rescission prior to the time the Tender Agent has given notice to the holders of the Subseries 2005E-2 Bonds, then such notice of change in Mode will be of no force and effect. If the Tender Agent receives notice from MTA of rescission of a Mode Change Date after the Tender Agent has given notice thereof to the holders of the Subseries 2005E-2 Bonds, then if the proposed Mode Change Date would have been a Mandatory Purchase Date, such date will continue to be a Mandatory Purchase Date. If the proposed change in Mode was from the Weekly Mode, the Subseries 2005E-2 Bonds will remain in the Weekly Mode.

## **Remarketing of Subseries 2005E-2 Bonds**

The Remarketing Agent for the Subseries 2005E-2 Bonds will offer for sale and use its best efforts to find purchasers for (i) all Subseries 2005E-2 Bonds or portions thereof as to which a Tender Notice has been properly given in accordance with the Certificate of Determination and (ii) all Subseries 2005E-2 Bonds



required to be tendered for purchase in accordance with the Certificate of Determination. Any Subseries 2005E-2 Bonds paid from amounts drawn under the Credit Facility will not be remarketed unless such Credit Facility has been reinstated to the Liquidity and Credit Amount. No Bank Bonds will be remarketed unless the Credit Facility has been or will be, immediately upon such remarketing, reinstated by the amount of the reduction that occurred when such Subseries 2005E-2 Bonds became Bank Bonds. No Bank Bonds will be remarketed at a price that is less than the Purchase Price of such Subseries 2005E-2 Bonds.

Pursuant to the Remarketing Agreement, the Remarketing Agent may suspend its remarketing efforts with respect to the Subseries 2005E-2 Bonds upon, among other things, receipt of written notice of (i) the failure by the Credit Facility Issuer to honor a properly presented and conforming drawing under the Credit Facility or (ii) the termination or suspension of the Credit Facility.

#### **Source of Funds for Purchase of Subseries 2005E-2 Bonds**

On or before 3:00 p.m. on the Purchase Date or the Mandatory Purchase Date, the Tender Agent will purchase the Subseries 2005E-2 Bonds from the Owners at the Purchase Price. Funds for the payment of such Purchase Price will be derived in the order of priority indicated:

- immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of Subseries 2005E-2 Bonds; and
- immediately available funds transferred by the Trustee to the Tender Agent derived from the Credit Facility.

Notwithstanding the foregoing, MTA will have the option, but will not be obligated, to transfer immediately available funds to the Tender Agent for the payment of the Purchase Price of any Subseries 2005E-2 Bond that is tendered or deemed tendered as described in this remarketing circular and the Purchase Price of which is not paid on the Purchase Date or Mandatory Purchase Date from any of the sources identified above. None of MTA, the Trustee, the Tender Agent nor the 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 Subseries 2005E-2 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. In the case of such failure, such Subseries 2005E 2 Bonds will not be purchased and will remain in the Weekly Mode.

#### **Delivery of Remarketed Subseries 2005E-2 Bonds**

Except as otherwise required or permitted by DTC's book-entry-only system of the Securities Depository, remarketed Subseries 2005E-2 Bonds sold by the Remarketing Agent will be delivered by the Remarketing Agent to the purchasers of those Subseries 2005E-2 Bonds by 3:00 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be.

#### **Delivery and Payment for Purchased Subseries 2005E-2 Bonds; Undelivered Subseries 2005E-2 Bonds**

Except as otherwise required or permitted by DTC's book-entry-only system, remarketed Subseries 2005E-2 Bonds purchased as set forth above will be delivered (with all necessary endorsements) at or before 12:00 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, at the office of the Tender Agent in New York, New York; provided, however, that payment of the Purchase Price of any Subseries 2005E-2 Bonds purchased pursuant to the optional tender provisions will be made only if such Subseries 2005E-2 Bonds so delivered to the Tender Agent conform in all respects to the description thereof in the Tender Notice.

Payment of the Purchase Price will be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Purchase Date or Mandatory Purchase Date, as the case may be, or, if the bondholder has not provided or caused to be provided wire transfer instructions, by check mailed to

the bondholder at the address appearing in the books required to be kept by the Trustee pursuant to the Transportation Resolution.

If Subseries 2005E-2 Bonds to be purchased are not delivered by the bondholders to the Tender Agent by 12:00 p.m., on the Purchase Date or Mandatory Purchase Date, as the case may be, the Tender Agent will hold any funds received for the purchase of those Subseries 2005E-2 Bonds in trust in a separate account uninvested, and will pay such funds to the former bondholders upon presentation of the Subseries 2005E-2 Bonds. Undelivered Subseries 2005E-2 Bonds are deemed tendered and cease to accrue interest as to the former bondholders on the Purchase Date or Mandatory Purchase Date, as the case may be, if moneys representing the Purchase Price will be available against delivery of those Subseries 2005E-2 Bonds at the Principal Office of the Tender Agent; provided, however, that any funds so held by the Tender Agent that remain unclaimed by the former holder of any such Subseries 2005E-2 Bonds not presented for purchase for a period of two years after delivery of such funds to the Tender Agent will, to the extent permitted by law, upon request in writing by MTA and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to MTA free of any trust or lien and thereafter the former holder of such Subseries 2005E-2 Bonds will look only to MTA and then only to the extent of the amounts so received by MTA without any interest thereon and the Tender Agent will have no further responsibility with respect to such moneys or payment of the Purchase Price of such Subseries 2005E-2 Bonds. The Tender Agent will authenticate a replacement Subseries 2005E-2 Bonds for any undelivered Subseries 2005E-2 Bonds which may then be remarketed by the Remarketing Agent.

#### **Special Considerations Relating to the Subseries 2005E-2 Bonds**

***The Remarketing Agent is Paid by MTA.*** The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Subseries 2005E-2 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Transportation Resolution and the Remarketing Agreement), all as further described in this remarketing circular. The Remarketing Agent is appointed by MTA and is paid by MTA for its services. As a result, the interests of the Remarketing Agent may differ from those of existing bondholders and potential purchasers of Subseries 2005E-2 Bonds.

***The Remarketing Agent May Purchase Subseries 2005E-2 Bonds for its Own Account.*** The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Subseries 2005E-2 Bonds for its own account and, in its sole discretion, may acquire such tendered Subseries 2005E-2 Bonds in order to achieve a successful remarketing of the Subseries 2005E-2 Bonds (i.e., because there otherwise are not enough buyers to purchase the Subseries 2005E-2 Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Subseries 2005E-2 Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Subseries 2005E-2 Bonds by routinely purchasing and selling Subseries 2005E-2 Bonds other than in connection with an optional or mandatory tender and remarketing. However, the Remarketing Agent is not required to make a market in the Subseries 2005E-2 Bonds. The Remarketing Agent may also sell any Subseries 2005E-2 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Subseries 2005E-2 Bonds. The purchase of Subseries 2005E-2 Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Subseries 2005E-2 Bonds in the market than is actually the case. The practices described above also may result in fewer Subseries 2005E-2 Bonds being tendered in a remarketing.

***Subseries 2005E-2 Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.*** Pursuant to the Transportation Resolution and the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Subseries 2005E-2 Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate

will reflect, among other factors, the level of market demand for the Subseries 2005E-2 Bonds (including whether the Remarketing Agent is willing to purchase Subseries 2005E-2 Bonds for its own account). There may or may not be Subseries 2005E-2 Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Subseries 2005E-2 Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Subseries 2005E-2 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Subseries 2005E-2 Bonds at the remarketing price. In the event the Remarketing Agent owns any Subseries 2005E-2 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Subseries 2005E-2 Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

***The Ability to Sell the Subseries 2005E-2 Bonds Other Than Through the Tender Process May Be Limited.*** The Remarketing Agent may buy and sell Subseries 2005E-2 Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Subseries 2005E-2 Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Subseries 2005E-2 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Subseries 2005E-2 Bonds other than by tendering the Subseries 2005E-2 Bonds in accordance with the tender process.

***The Remarketing Agent May, Resign Without a Successor Being Named.*** The Remarketing Agent may resign, whether or not a successor Remarketing Agent has been appointed and accepted such appointment.

## **Redemption Provisions**

The Subseries 2005E-2 Bonds are redeemable prior to maturity on such dates and at such prices during the Weekly Mode as are set forth below.

***Mandatory Sinking Fund Redemption.*** The Subseries 2005E-2 Bonds are subject to mandatory sinking fund redemption in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper), on 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 2005E-2</u>
2018	\$2,782,500
2019	2,887,500
2020	3,015,000
2021	3,135,000
2022	3,262,500
2023	3,390,000
2024	3,517,500
2025	3,667,500
2026	3,810,000
2027	3,960,000
2028	4,117,500
2029	4,290,000
2030	4,447,500
2031	4,642,500
2032	4,822,500
2033	5,017,500
2034	5,205,000
2035 <sup>†</sup>	5,415,000

---

<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 term Subseries 2005E-2 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 Subseries 2005E-2 Bonds with money in the Debt Service Fund (at a price not greater than par plus accrued interest to the date of purchase or redemption), then a credit of 100% of the principal amount of those bonds will be made against the next Sinking Fund Installment due.
- If MTA purchases or redeems Subseries 2005E-2 Bonds with other available moneys, then the principal amount of those bonds will be credited against future Sinking Fund Installments in any order, and in any annual amount, that MTA may direct.

***Optional Redemption.*** The Subseries 2005E-2 Bonds are subject to redemption prior to maturity as a whole or in part (in accordance with procedures of DTC, so long as DTC is the Owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper), on any Business Day, subject to applicable notice, at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest up to but not including the redemption date. If any such optional redemption will occur, MTA will redeem Bank Bonds first.

***State and City Redemption.*** Pursuant to the MTA Act, the State, upon providing sufficient funds, may require MTA to redeem the Subseries 2005E-2 Bonds, prior to maturity, as a whole, on any interest payment date not less than twenty years after the date of issue of the Subseries 2005E-2 Bonds, at 105% of their face value and accrued interest or at such lower redemption price provided for the Subseries 2005E-2 Bonds in the case of redemption as a whole on the redemption date. The MTA Act further provides that the City, upon furnishing sufficient funds, may require MTA to redeem the Subseries 2005E-2 Bonds, as a whole, but only in accordance with the terms upon which the Subseries 2005E-2 Bonds are otherwise redeemable.

***Redemption of Bank Bonds.*** Except as set forth in the second immediately preceding paragraph and in the following paragraph, the Bank Bonds will be subject to optional and mandatory redemption under the same terms and conditions as provided with respect to other Subseries 2005E-2 Bonds. The Bank Bonds will

also be subject to mandatory redemption at the times and under the terms and conditions as provided in the Credit Facility relating to such Bank Bonds.

***Redemption in Part; Bank Bonds To Be Redeemed First.*** In the event of a redemption of less than all the Subseries 2005E-2 Bonds, the Trustee will in accordance with the Transportation Resolution first select for redemption all then outstanding Bank Bonds prior to selecting for redemption any Subseries 2005E-2 Bonds that are not Bank Bonds unless the Credit Facility Issuer fails to honor a properly presented and conforming drawing under the Credit Facility, in which case, the Trustee will at the written direction of MTA, select for redemption outstanding Subseries 2005E-2 Bonds in accordance with such direction.

***Redemption Notices.*** So long as DTC is the securities depository for the Subseries 2005E-2 Bonds, the Trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Subseries 2005E-2 Bonds are not held in book-entry-only form, then the Trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Subseries 2005E-2 Bonds is valid and effective even if DTC's procedures for notice should fail. Beneficial owners should consider arranging to receive redemption notices or other communications to DTC affecting them, including notice of interest payments through DTC participants. Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before the payment of the Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. **Please note that all redemptions are final - even if a beneficial owner did not receive their notice, and even if a notice had a defect.**

***Redemption Process.*** If the Trustee gives an unconditional notice of redemption, then on the redemption date the Subseries 2005E-2 Bonds called for redemption will become due and payable. If the Trustee gives a conditional notice of redemption and such notice is not rescinded, and any other conditions included in such notice have been satisfied, then on the redemption date the Subseries 2005E-2 Bonds called for redemption will become due and payable. In either case, after the redemption date, no interest will accrue on those Subseries 2005E-2 Bonds, and an Owner's only right will be to receive payment of the redemption price upon surrender of those Subseries 2005E-2 Bonds.

## **Amendments**

The provisions of the Transportation Resolution, with respect to the Subseries 2005E-2 Bonds, may be modified or amended pursuant to the Transportation Resolution by obtaining, when required by the Transportation Resolution, the consent of the Owners of all Subseries 2005E-2 Bonds or, in lieu thereof, the Credit Facility Issuer, as permitted by the Transportation Resolution. All Owners of the Subseries 2005E-2 Bonds will be deemed to have consented to a modification or amendment if on the 30th day (or if such day is not a Business Day, on the next succeeding Business Day) after the date on which the Trustee mailed notice of such proposed modification or amendment to the Owners of the Subseries 2005E-2 Bonds there is delivered to the Trustee –

- a certificate of the Tender Agent to the effect that all Subseries 2005E-2 Bonds that have been optionally tendered for purchase by their Owners after the date on which the Trustee mailed such notice of the proposed modification or amendment have been purchased at a price equal to the Purchase Price thereof,
- a written consent of the Remarketing Agent to the proposed modification or amendment, and
- a favorable Opinion of Bond Counsel.

## **Credit and Liquidity Facility**

***General Description.*** The following summarizes certain provisions of the Credit Facility and the Reimbursement Agreement and does not purport to be complete or definitive and reference to such documents

is made for the complete provisions thereof. See **Attachment 4** for certain information relating to the Credit Facility Issuer.

Subject to receipt of a properly presented and conforming draw certificate, the Credit Facility Issuer will pay the principal of and interest on the Subseries 2005E-2 Bonds, and the Purchase Price of any Subseries 2005E-2 Bonds which are tendered or deemed tendered on a Purchase Date or Mandatory Purchase Date and that have not been remarketed, from time to time from proceeds of drawings under the Credit Facility during the period from the date of effectiveness of the Credit Facility to and including December 10, 2021 (as such date may be extended from time to time, the Stated Expiration Date), unless the Credit Facility is extended or earlier terminated, in accordance with its terms. The Credit Facility will automatically terminate on the earliest of (i) the honoring by the Credit Facility Issuer of the final drawing available to be made under the Credit Facility, (ii) receipt by the Credit Facility Issuer of a notice that (A) an Alternate Credit Facility (as defined in the Reimbursement Agreement) has been delivered to and accepted by the Trustee, (B) the rate of interest of all of the Subseries 2005E-2 Bonds has been converted to a rate other than the Daily Rate or Weekly Rate or (C) no Subseries 2005E-2 Bonds remain outstanding under the Supplemental Resolution (as defined in the Reimbursement Agreement) and, in each case, the Trustee is authorized to deliver a notice of cancellation to the Credit Facility Issuer, all conditions precedent to the cancellation of the Credit Facility have been satisfied and the Credit Facility (including any amendment thereto) is surrendered for cancellation (such termination of the Credit Facility to take effect after the Credit Facility Issuer honors any properly presented and conforming drawing, if any, on such date), (iii) the date designated by the Credit Facility Issuer in a written notice to the Trustee, the Remarketing Agent and MTA, which will be (A) on the date of such notice if no Subseries 2005E-2 Bonds are outstanding or (B) on the fifteenth (15) calendar day (or if such day is not a Business Day, the preceding Business Day) after the Trustee receives written notice from the Credit Facility Issuer stating that an Event of Default (as defined in the Reimbursement Agreement) has occurred and is continuing under the Reimbursement Agreement, and instructing the Trustee to send a notice of mandatory tender for purchase of the Subseries 2005E-2 Bonds and to draw on such Credit Facility to effect such purchase (after the Credit Facility Issuer honors any properly presented and conforming drawing, if any, on such date), or (iv) the Stated Expiration Date.

***Events of Default.*** Pursuant to the Reimbursement Agreement, the occurrence of any of the following events, among others, shall constitute an Event of Default thereunder. Reference is made to the Reimbursement Agreement for a complete listing of all Events of Default:

- (i) any principal or interest due on any Bank Bonds or any Advance, unreimbursed Draw or Term Loan (as such terms are defined in the Reimbursement Agreement) is not paid by MTA when due or (ii) any amount (other than amounts referred to in clause (i) hereof) payable under the Reimbursement Agreement and under the Fee Agreement (as defined in the Reimbursement Agreement) is not paid by MTA within thirty (30) Business Days of its respective due date;
- the failure by MTA to perform or observe any other term, covenant or agreement contained in the Reimbursement Agreement or the Fee Agreement not specified in the paragraph summarized above, if such failure shall continue for a period of thirty (30) Business Days after written notice thereof by the Credit Facility Issuer to MTA; provided, however, that, such grace period shall not apply to certain covenants set forth in the Reimbursement Agreement for which no cure period exists;
- (i) MTA shall (A) commence a voluntary case under the Federal bankruptcy laws (as now or hereafter in effect), (B) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, debt adjustment, winding up or composition or adjustment of debts, (C) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (D) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of a substantial part of its property, (E) admit in writing its inability to pay, or generally not be paying, its debts as they become due, (F) make a general assignment for the benefit of creditors,

- or (G) take any official action for the purpose of effecting any of the foregoing; or (ii) a case or other proceeding shall be commenced against MTA in any court of competent jurisdiction seeking (A) relief under the Federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or (B) the appointment of a trustee, receiver, custodian, liquidator or the like of MTA, or of all or a substantial part of its property, and any such case or proceeding shall continue undismissed or unstayed for a period of 60 consecutive calendar days, or an order granting the relief requested in any such case or proceeding against MTA (including, but not limited to, an order for relief under such Federal bankruptcy laws) shall be entered;
- any warranty, representation or other written statement made by or on behalf of MTA contained in the Reimbursement Agreement or in any of the other Related Documents (as defined in the Reimbursement Agreement) or in any instrument furnished in compliance with or in reference to any of the foregoing, is false or misleading in any material respect on any date when made or deemed made;
  - any “event of default” under the Transportation Resolution shall have occurred and be continuing;
  - any material provision of the Reimbursement Agreement or any of the other Related Documents to which MTA is a party at any time for any reason ceases to be valid and binding in accordance with its terms on MTA, or is declared to be null and void, or the validity or enforceability of the Reimbursement Agreement or any of the other Related Documents is contested by MTA or a proceeding shall be commenced by MTA seeking to establish the invalidity or unenforceability thereof, or MTA shall deny that it has any further liability or obligation thereunder, in each case if, in the Credit Facility Issuer’s sole judgment, such event would have a materially adverse effect on the Credit Facility Issuer’s rights under the Reimbursement Agreement or the Fee Agreement;
  - any governmental authority with jurisdiction over MTA and the affairs of MTA declares or imposes a debt moratorium, debt restructuring, debt adjustment or comparable restriction on the repayment when due and payable of the principal of or interest on any of MTA’s indebtedness issued under the Transportation Resolution;
  - the Act or the Transportation Resolution or the Certificate of Determination (as defined in the Reimbursement Agreement) shall, for any reason, cease to be in full force and effect or shall be declared or become invalid or unenforceable in whole or in part or shall be interpreted, altered or amended in any manner that would in any of the foregoing cases materially adversely affect the obligations of MTA under the Reimbursement Agreement or under the Fee Agreement or the rights of the Credit Facility Issuer under the Reimbursement Agreement or under the Fee Agreement;
  - the long-term unenhanced rating assigned to the Subseries 2005E-2 Bonds or any other indebtedness of MTA senior to or on a parity with the Subseries 2005E-2 Bonds shall be withdrawn, suspended (other than as a result of debt maturity, redemption, non-application or non-provision of information) or reduced below “BBB-” (or its equivalent), “BBB-” (or its equivalent) or “Baa3” (or its equivalent) by any one of Fitch, S&P and Moody’s;
  - a final non-appealable judgment or order for the payment of money in excess of \$25,000,000 (in excess of the coverage limits of any applicable insurance therefor), and payable from the Trust Estate and which ranks senior to or on parity with the Subseries 2005E-2 Bonds shall have been rendered against MTA and such judgment or order shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of sixty (60) days from the date on which it was first so rendered;
  - dissolution or termination of the existence of MTA; provided, however, that in the event that MTA dissolves or its existence terminates by operation of law and a successor entity assumes its obligations under the Reimbursement Agreement, the Fee Agreement and with respect to the Subseries 2005E-2 Bonds and the rights and security for the Reimbursement Obligations (including the pledge of the Trust Estate securing Parity Debt as provided in the Reimbursement

Agreement and in the Transportation Resolution) remain unchanged, a dissolution or termination of the existence of MTA shall not constitute an Event of Default under the Reimbursement Agreement; or

- MTA shall (i) default in any payment of any Obligations or Parity Reimbursement Obligation (as such terms are defined in the Reimbursement Agreement, hereinafter, “Secured Debt”), beyond the period of grace, if any, provided in the instrument or agreement under which such Secured Debt was created, or (ii) default in the observance or performance of any agreement or condition relating to any Secured Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Secured Debt (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required) any such Secured Debt to become due prior to its stated maturity.

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

- by written, electronic or telephonic notice (promptly confirmed in writing), give notice of such Event of Default to the Trustee and MTA and specifying that the Credit Facility shall terminate on the fifteenth (15th) calendar day (or if such day is not a Business Day, the preceding Business Day) following delivery of such notice, whereupon the Trustee shall immediately declare all of the Subseries 2005E-2 Bonds supported by the Credit Facility then outstanding to be subject to mandatory purchase in accordance with the Certificate of Determination; and
- exercise all or any of its rights and remedies as it may otherwise have under Applicable Law (as defined in the Reimbursement Agreement) and under the Reimbursement Agreement, the Fee Agreement and the Transportation Resolution or otherwise by such suits, actions, or proceedings in equity or at law, either for specific performance of any covenant or agreement contained in the Transportation Resolution or the Reimbursement Agreement or the Fee Agreement, or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy.

Subseries 2005E-2 Bonds remarketed by the Remarketing Agent prior to the date on which the Credit Facility terminates following notice by the Credit Facility Issuer to MTA and the Trustee in accordance with the Reimbursement Agreement, which date of termination shall be a date designated by the Credit Facility Issuer not earlier than fifteen (15) calendar days following delivery of such notice, shall continue to be entitled to the benefit of such Credit Facility in accordance with the terms thereof.

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

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

**Table 1** on the next page sets forth, on a cash basis, (i) the debt service on the outstanding Transportation Revenue Bonds, (ii) debt service on the Subseries 2005E-2 Bonds, and (iii) the aggregate debt service on all Transportation Revenue Bonds to be outstanding after the remarketing of the Subseries 2005E-2 Bonds.

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

Year Ending December 31	Debt Service on Outstanding Bonds <sup>(2)(3)(4)(5)(6)</sup>	Subseries 2005E-2 Bonds			Aggregate Debt Service <sup>(7)</sup>
		Principal	Interest <sup>(2)</sup>	Total	
2018	\$ 1,592,030	\$ 2,783	\$ 2,659	\$ 5,441	\$ 1,597,472
2019	1,576,642	2,888	2,554	5,442	1,582,084
2020	1,556,344	3,015	2,446	5,461	1,561,806
2021	1,545,494	3,135	2,333	5,468	1,550,962
2022	1,530,131	3,263	2,216	5,478	1,535,609
2023	1,594,619	3,390	2,093	5,483	1,600,102
2024	1,584,838	3,518	1,966	5,484	1,590,322
2025	1,560,673	3,668	1,834	5,502	1,566,175
2026	1,593,262	3,810	1,697	5,507	1,598,769
2027	1,586,580	3,960	1,554	5,514	1,592,094
2028	1,579,535	4,118	1,406	5,523	1,585,058
2029	1,597,512	4,290	1,251	5,541	1,603,053
2030	1,583,221	4,448	1,090	5,538	1,588,759
2031	1,603,992	4,643	924	5,566	1,609,558
2032	1,576,023	4,823	749	5,572	1,581,595
2033	1,247,380	5,018	569	5,586	1,252,967
2034	1,244,067	5,205	381	5,586	1,249,653
2035	1,244,845	5,415	185	5,600	1,250,446
2036	1,061,768	-	-	-	1,061,768
2037	1,037,763	-	-	-	1,037,763
2038	965,474	-	-	-	965,474
2039	901,801	-	-	-	901,801
2040	800,708	-	-	-	800,708
2041	633,653	-	-	-	633,653
2042	580,871	-	-	-	580,871
2043	439,032	-	-	-	439,032
2044	290,476	-	-	-	290,476
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	\$35,345,262	\$71,385	\$27,907	\$99,292	\$35,444,554

(1) Totals may not add due to rounding.

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

(3) Excludes debt service on all outstanding Bond Anticipation Notes and Revenue Anticipation Notes.

(4) 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.

(5) 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.

(6) Excludes debt service on the Subseries 2005E-2 Bonds.

(7) Debt service includes the Series 2017C Bonds to be issued on or about December 14, 2017, and excludes bonds expected to be refunded by the Series 2017C Bonds.



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

**Part II** of this remarketing circular describes the sources of payment and security structure for all Transportation Revenue Bonds, including the Subseries 2005E-2 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 "General Resolution Authorizing Transportation Revenue Obligations," adopted March 26, 2002 (referred to herein as 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 bondholders 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 **Table 2a** has been prepared by MTA management based upon the historical financial statements and the notes thereto.

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

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

	Years Ended December 31,				
	<u>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 REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**



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 **Table 2b** 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 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016
<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	0	0	0	0	0
<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	(309)	(321)	(350)	(380)	(425)
<b>Subtotal 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	144	167	180	196	193
<b>Subtotal 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	0	0	0	0	0
<b>Subtotal 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	\$6,666
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>\$321</b>	<b>\$557</b>	<b>\$561</b>	<b>\$810</b>	<b>\$362</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 November Forecast and 2018 Final Proposed Budget Pledged Revenues based on the November 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 November Forecast and 2018 Final Proposed Budget Pledged Revenues**  
**(Calculated in Accordance with the Transportation Resolution)**  
**(\$ in millions)**

	<u>2017 November Forecast</u>	<u>2018 Final Proposed Budget</u>
<b>Revenues from Systems Operations</b>		
Fares from Transit System	\$4,493	\$4,551
Fares from Commuter System	1,474	1,507
Fares from MTA Bus	217	219
Other Income <sup>(1)</sup>	<u>341</u>	<u>364</u>
<b>Subtotal – Operating Revenues</b>	<b>\$6,525</b>	<b>\$6,641</b>
<b>Revenues from MTA Bridges and Tunnels Surplus</b>	<b>\$697</b>	<b>\$638</b>
<b>Revenues from State and Local Governmental Sources</b>		
<b>State and Local General Operating Subsidies</b>	<b>374</b>	<b>376</b>
<b>Special Tax-Supported Operating Subsidies</b>		
DTF Excess <sup>(2)</sup>	224	224
MMTOA Receipts	1,668	1,748
Urban Tax	565	528
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>\$4,485</b>	<b>\$4,601</b>
<b>Station Maintenance and Service Reimbursements</b>	<b>552</b>	<b>515</b>
<b>City Subsidy for MTA Bus</b>	<b>572</b>	<b>498</b>
<b>Revenues from Investment of Capital Program Funds</b>	<b><u>1</u></b>	<b><u>1</u></b>
<b>Subtotal – Non-Operating Revenues</b>	<b>\$6,681</b>	<b>\$6,630</b>
<b>Total Transportation Resolution Pledged Revenues</b>	<b>\$13,206</b>	<b>\$13,271</b>
<b>Budgeted Debt Service<sup>(5)</sup></b>	<b>\$1,475</b>	<b>\$1,550</b>
<b>Debt Service Coverage from Pledged Revenues</b>	<b>9.0x</b>	<b>8.6x</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. 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 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 November Financial Plan assumes restoration of PMT Revenue Offset to \$307 million per year, beginning, in 2018.

<sup>(5)</sup> Net of annual Build America Bond interest credit payments on previously issued bonds of approximately \$54.6 million in 2017 and 2018. Such payments do not constitute pledged revenues under the Transportation Resolution.

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

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

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

	<b>2017</b>	<b>2018</b>
	<b>November</b>	<b>Final</b>
<b>Non-Reimbursable</b>	<b>Forecast</b>	<b>Proposed Budget</b>
<b><u>Operating Revenue</u></b>		
Farebox Revenue	\$6,172	\$6,277
Toll Revenue	1,906	1,923
Other Revenue	668	685
Capital and Other Reimbursements	0	0
<b>Total Operating Revenue</b>	<b>\$8,747</b>	<b>\$8,886</b>
<b><u>Operating Expense</u></b>		
<b>Labor Expenses:</b>		
Payroll	\$5,040	\$5,360
Overtime	879	829
Health & Welfare	1,214	1,364
OPEB Current Payment	569	638
Pensions	1,326	1,351
Other-Fringe Benefits	892	918
Reimbursable Overhead	(476)	(426)
<b>Subtotal Labor Expenses</b>	<b>\$9,444</b>	<b>\$10,033</b>
<b>Non-Labor Expenses:</b>		
Electric Power	\$444	\$505
Fuel	147	153
Insurance	30	30
Claims	314	320
Paratransit Service Contracts	391	416
Maintenance and Other Operating Contracts	746	858
Professional Service Contracts	573	518
Materials & Supplies	617	719
Other Business Expenses	209	206
<b>Subtotal Non-Labor Expenses</b>	<b>\$3,471</b>	<b>\$3,726</b>
<b>Other Expense Adjustments:</b>		
Other	\$52	\$49
General Reserve	155	160
<b>Subtotal Other Expense Adjustments</b>	<b>\$207</b>	<b>\$209</b>
<b>Total Operating Expense before Non-Cash Liability Adjustments</b>	<b>\$13,122</b>	<b>\$13,968</b>
Depreciation	\$2,615	\$2,674
OPEB Liability Adjustment	1,681	1,776
GASB 68 Pension Expense Adjustment	(172)	(235)
Environmental Remediation	4	6
<b>Total Operating Expense after Non-Cash Liability Adjustments</b>	<b>\$17,250</b>	<b>\$18,190</b>
Conversion to Cash Basis: Non-Cash Liability Adjustments	(\$4,128)	(\$4,222)
Debt Service (excludes Service Contract Bonds)	2,525	2,604
<b>Total Operating Expense with Debt Service</b>	<b>\$15,647</b>	<b>\$16,573</b>
Dedicated Taxes and State/Local Subsidies	\$6,470	\$6,659
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>(\$430)</b>	<b>(\$1,028)</b>
Conversion to Cash Basis: GASB Account	0	(8)
Conversion to Cash Basis: All Other	88	9
<b>CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER</b>	<b>(\$342)</b>	<b>(\$1,028)</b>
<b>ADJUSTMENTS</b>	<b>172</b>	<b>979</b>
<b>PRIOR-YEAR CARRYOVER</b>	<b>248</b>	<b>78</b>
<b>NET CASH BALANCE</b>	<b>\$78</b>	<b>\$30</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 Penn Station (the main station for MTA Long Island Rail Road), however, are not included within these amounts pledged.

***Revenues from MTA Bridges and Tunnels Surplus.*** MTA Bridges and Tunnels is required by law to transfer its annual operating surpluses (generally, tolls and other operating revenues from bridges and tunnels after payment of operating expenses and debt service costs) 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 November 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 November 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 November 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. MTA makes no representations about State information or its continued availability.

## **SECURITY**

### **General**

The Transportation Revenue Bonds, including the Subseries 2005E-2 Bonds, are MTA's special obligations payable as to principal (including sinking fund installments), redemption premium, if any, and interest from the security, sources of payment, and funds specified in the Transportation Resolution.

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

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

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

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

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

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

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

### **Flow of Revenues**

The Transportation Resolution creates the following funds and accounts:

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

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

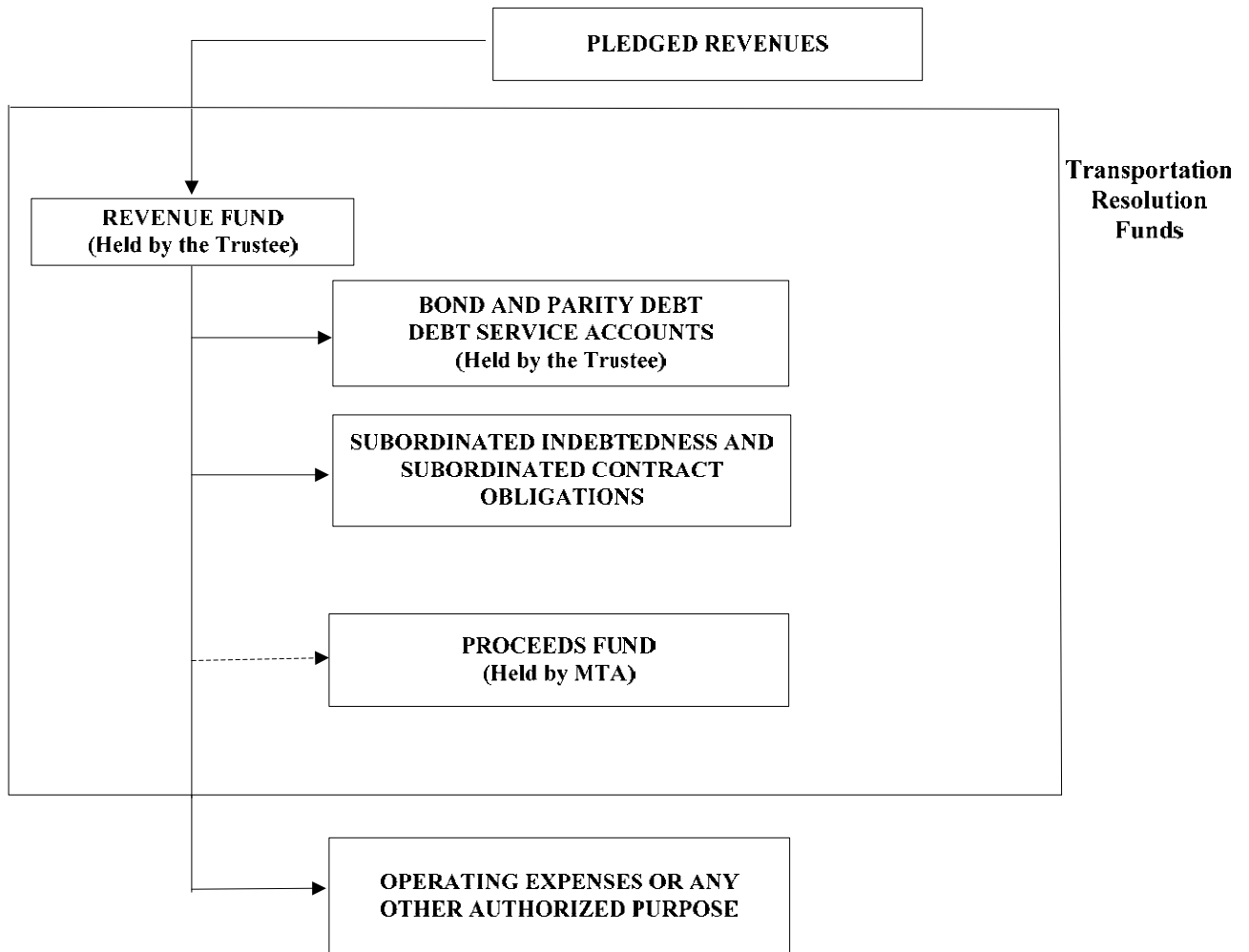
- to the debt service accounts, the net amount, if any, required to make the amount in the debt service accounts equal to the accrued debt service for Transportation Revenue Bonds and Parity Debt to the last day of the current calendar month;
- to pay, or accrue to pay, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation;
- to MTA for deposit in the Proceeds Fund, as directed by one of MTA's authorized officers, to fund Capital Costs of the Transit, Commuter and MTA Bus Systems; and
- to accounts held by MTA or any of the Related Transportation Entities for payment of operating expenses or any other authorized purpose.

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

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

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

### TRANSPORTATION REVENUE OBLIGATIONS – FLOW OF PLEDGED REVENUES



\_\_\_\_\_ Normal Flow

----- Discretionary Flow



## Covenants

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

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

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

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

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

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

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

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

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

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

#### **Parity Debt**

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

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

### PART III. OTHER INFORMATION ABOUT THE SUBSERIES 2005E-2 BONDS

**Part III** of this remarketing circular provides miscellaneous additional information relating to the Subseries 2005E-2 Bonds.

#### TAX MATTERS

##### General

On November 2, 2005, Hawkins Delafield & Wood LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-1** (the Approving Opinion) in connection with the original issuance of the Series 2005E Bonds. On June 10, 2010, Hawkins Delafield & Wood LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-2** (the First Remarketing Opinion) relating to the credit facility substitution, and remarketing of the Series 2005E Bonds. On October 4, 2012, Nixon Peabody LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-3** (the Second Remarketing Opinion) relating to the credit facility substitution, redesignation, and remarketing of the Series 2005E Bonds. On December 18, 2014, Hawkins Delafield & Wood LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-4** (the Third Remarketing Opinion) relating to the credit facility substitution and remarketing of the Subseries 2005E-2 Bonds. Each of the foregoing opinions (collectively referred to herein as the Prior Opinions) speaks only as of its respective date, only as to the matters expressly stated and none of such opinions is being re-delivered.

The Approving Opinion concluded that under then existing law, as of its date, relying on certain statements by MTA and assuming compliance by MTA with certain covenants, that interest on the Series 2005E Bonds (including the Subseries 2005E-2 Bonds) was:

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

The Approving Opinion also concluded that, under then existing law, as of its date, interest on the Series 2005E Bonds (including the Subseries 2005E-2 Bonds), was exempt from personal income taxes of the State and any political subdivisions of the State, including the City.

The First Remarketing Opinion concluded that, under then existing law, as of its date, the mandatory tender and remarketing of the Series 2005E Bonds (the Original Series 2005E Bonds) and the substitution of the credit facility relating to the Original Series 2005E Bonds would not adversely affect for federal and State income tax purposes the tax treatment on the Original Series 2005E Bonds.

The Second Remarketing Opinion concluded that, under then existing law, as of its date, the mandatory tender and remarketing of the Original Series 2005E Bonds the redesignation of a portion of the Original Series 2005E Bonds as the Subseries 2005E-2 Bonds and the substitution of the credit facility relating to the Subseries 2005E-2 Bonds would not adversely affect for federal income tax purposes the tax treatment of the Subseries 2005E-2 Bonds.

The Third Remarketing Opinion concluded that, under then existing law, as of its date, the mandatory tender and remarketing of the Subseries 2005E-2 Bonds and the substitution of the credit facility relating to the Subseries 2005E-2 Bonds would not adversely affect for federal and State income tax purposes the tax treatment of the Subseries 2005E-2 Bonds.

On the Mandatory Tender Date, Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP, as Co-Bond Counsel to MTA for the remarketing of the Subseries 2005E-2 Bonds, will deliver opinions in the form set forth hereto as **Attachment 3-5** that the mandatory tender and remarketing of the Subseries 2005E-2

Bonds, the substitution of the credit facility relating to the Subseries 2005E-2 Bonds and the amendment of the terms and provisions of the Subseries 2005E-2 Bonds as described herein will not, in and of themselves, adversely affect the exclusion of interest on the Subseries 2005E-2 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986.

Neither Orrick, Herrington & Sutcliffe LLP nor Bryant Rabbino LLP is rendering an opinion on the current tax status of any of the Subseries 2005E-2 Bonds.

### **The Subseries 2005E-2 Bonds**

The Internal Revenue Code of 1986 imposes requirements on the Subseries 2005E-2 Bonds that MTA must continue to meet after the Subseries 2005E-2 Bonds were issued (or reissued for federal tax purposes). These requirements generally involve the way that Subseries 2005E-2 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 Subseries 2005E-2 Bonds in its federal gross income on a retroactive basis to the date of issue. MTA has covenanted to do everything necessary to meet the requirements of the Internal Revenue Code of 1986.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Subseries 2005E-2 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 Subseries 2005E-2 Bonds.

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

Neither current Co-Bond Counsel to MTA nor prior bond counsel is responsible for updating their respective opinions after the respective dates such opinions were or will be provided. Although it is not possible to predict, as of the date of delivery of such opinions, it is possible that something may have happened or may happen in the future that could change the tax treatment of the interest on the Subseries 2005E-2 Bonds or affect the market price of the Subseries 2005E-2 Bonds.

Neither current Co-Bond Counsel to MTA nor prior bond counsel expresses any opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Subseries 2005E-2 Bonds or under State, local or foreign tax law.

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

Information reporting requirements apply to interest paid on tax-exempt obligations, such as the Subseries 2005E-2 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the interest recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Internal Revenue Code of 1986. For the foregoing purpose, a "payor"

generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Subseries 2005E-2 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Subseries 2005E-2 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

## **Miscellaneous**

Legislative or administrative actions and court decisions, at either the federal or state level, may cause interest on the Subseries 2005E-2 Bonds to be subject, directly or indirectly, in whole or in part, to federal, state or local income taxation, and thus have an adverse impact on the value or marketability of the Subseries 2005E-2 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion or exemption of the interest on the Subseries 2005E-2 Bonds from gross income for federal or state income tax purposes, or otherwise. Legislation has been introduced in the U.S. Congress which, if enacted, would significantly change the individual and corporate income tax rates and the alternative minimum tax for individuals and corporations effective for tax years beginning after 2017. It is not possible to predict whether any legislative or administrative actions or court decisions having an impact on the federal or state income tax treatment of holders of the Subseries 2005E-2 Bonds may occur. Prospective purchasers of the Subseries 2005E-2 Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Subseries 2005E-2 Bonds. Co-Bond Counsel have not undertaken to advise in the future whether any events after the date of the remarketing of the Subseries 2005E-2 Bonds may affect the tax status of interest on the Subseries 2005E-2 Bonds.

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

## **LEGALITY FOR INVESTMENT**

The MTA Act provides that the Subseries 2005E-2 Bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

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

Certain of those investors, however, may be subject to separate restrictions that limit or prevent their investment in the Subseries 2005E-2 Bonds.

## **LITIGATION**

There is no pending litigation concerning the bonds being remarketed.

MTA is the defendant in numerous claims and actions, as are its affiliates and subsidiaries, including the MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus and MTA Bridges and Tunnels. Certain of these claims and actions, either individually or in the aggregate, are potentially material to MTA, or its affiliates or subsidiaries. MTA does not believe that any of these claims or actions would affect the application of the sources of payment for the Subseries 2005E-2 Bonds. A summary of certain of these potentially material claims and actions is set forth in Part 6 of the ADS under the caption "LITIGATION," as that filing may be amended or supplemented to date.

### **CO-FINANCIAL ADVISORS**

Public Resources Advisory Group, Inc. and Rockfleet Financial Services, Inc. are MTA's Co-Financial Advisors for the remarketing of the Subseries 2005E-2 Bonds. The Co-Financial Advisors have provided MTA advice on the plan of financing and reviewed the pricing of the Subseries 2005E-2 Bonds. The Co-Financial Advisors have not independently verified the information contained in this remarketing circular and does not assume responsibility for the accuracy, completeness or fairness of such information.

### **REMARKETING**

The Subseries 2005E-2 Bonds are being remarketed by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the Remarketing Agent) at prices that are not in excess of the price stated on the cover of this remarketing circular. The Remarketing Agent will be paid a separate fee as compensation for services rendered in connection with the remarketing of the Subseries 2005E-2 Bonds. Bank of America, N.A., the Credit Facility Issuer for the Subseries 2005E-2 Bonds and the Remarketing Agent are both wholly-owned, indirect subsidiaries of Bank of America Corporation.

### **RATINGS**

MTA has applied to each of the credit rating agencies set forth below for the ratings to be assigned to the Subseries 2005E-2 Bonds upon the substitution by Bank of America, N.A. of the Credit Facility. Upon the assignment of such ratings, MTA intends to supplement this remarketing circular to reflect the ratings assigned to the Subseries 2005E-2 Bonds. Those ratings reflect only the views of the organizations assigning them. An explanation of the significance of the ratings or any outlooks or other statements given with respect thereto from each identified agency may be obtained as follows:

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

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

### **LEGAL MATTERS**

Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP are Co-Bond Counsel to MTA for the remarketing of the Subseries 2005E-2 Bonds. On November 2, 2005, Hawkins Delafield & Wood LLP, as



bond counsel to MTA, delivered the opinion set forth as **Attachment 3-1** in connection with the original issuance of the Series 2005E Bonds. On June 10, 2010, Hawkins Delafield & Wood LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-2** relating to the credit facility substitution and remarketing of the Series 2005E Bonds. On October 4, 2012, Nixon Peabody LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-3** relating to the credit facility substitution, redesignation and remarketing of the Series 2005E Bonds. On December 18, 2014, Hawkins Delafield & Wood LLP, as bond counsel to MTA, delivered the opinion set forth as **Attachment 3-4** relating to the credit facility substitution and remarketing of the Subseries 2005E-2 Bonds. Each of the foregoing opinions speaks only as of its respective date, only as to the matters expressly stated and none of such opinions is being re-delivered. On the date of the remarketing of the Subseries 2005E-2 Bonds, Orrick, Herrington & Sutcliffe LLP and Bryant Rabbino LLP, as Co-Bond Counsel, will deliver opinions in substantially the form set forth in **Attachment 3-5**.

The Remarketing Agent has appointed Katten Muchin Rosenman LLP and the Law Offices of Joseph C. Reid, P.A. as co-counsel to the Remarketing Agent in connection with the remarketing of the Subseries 2005E-2 Bonds, which firms 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 Subseries 2005E-2 Bonds or other material events affecting the tax status of the Subseries 2005E-2 Bonds;
- modifications to the rights of security holders, if material;
- bond calls, if material, and tender offers;
- defeasances;

- release, substitution, or sale of property securing repayment of the Subseries 2005E-2 Bonds, if material;
- rating changes;
- bankruptcy, insolvency, receivership of MTA or similar event;
- consummation of a merger, consolidation or acquisition, involving an obligated person or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; 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.

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

## **FURTHER INFORMATION**

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

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

## **METROPOLITAN TRANSPORTATION AUTHORITY**

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

## **ATTACHMENT 1**

### **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Subseries 2005E-2 Bonds. The Subseries 2005E-2 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Subseries 2005E-2 Bond will be issued for each maturity of the Subseries 2005E-2 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity of the Subseries 2005E-2 Bonds exceeds \$500 million, one Bond of such maturity will be issued with respect to each \$500 million of principal amount, and an additional Bond will be issued with respect to any remaining principal amount of such maturity.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has a S&P's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Subseries 2005E-2 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Subseries 2005E-2 Bonds on DTC's records. The ownership interest of each actual purchaser of each Subseries 2005E-2 Bond (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Subseries 2005E-2 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Subseries 2005E-2 Bonds, except in the event that use of the book-entry system for the Subseries 2005E-2 Bonds is discontinued.

To facilitate subsequent transfers, all Subseries 2005E-2 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Subseries 2005E-2 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Subseries 2005E-2 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Subseries 2005E-2 Bonds are

credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Subseries 2005E-2 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Subseries 2005E-2 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Subseries 2005E-2 Bond documents. For example, Beneficial Owners of the Subseries 2005E-2 Bonds may wish to ascertain that the nominee holding the Subseries 2005E-2 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Subseries 2005E-2 Bonds of any maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Subseries 2005E-2 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to MTA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Subseries 2005E-2 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Subseries 2005E-2 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from MTA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or MTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of MTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Subseries 2005E-2 Bonds at any time by giving reasonable notice to MTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Subseries 2005E-2 Bonds are required to be printed and delivered.

MTA may decide to discontinue use of the system of book entry transfers through DTC (or a successor depository). In that event, certificates for the Subseries 2005E-2 Bonds will be printed and delivered.

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

**ATTACHMENT 2**  
**CONTINUING DISCLOSURE UNDER**  
**SEC RULE 15c2-12**

In order to assist the Remarketing Agent in complying with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (Rule 15c2-12), MTA and the Trustee will enter into a written agreement (the Disclosure Agreement) for the benefit of holders of the Subseries 2005E-2 Bonds to provide continuing disclosure. MTA will undertake to provide certain financial information and operating data relating to the Related Transportation Entities (currently, MTA and its subsidiaries MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus, and MTA New York City Transit and its subsidiary MaBSTOA) by no later than 120 days after the end of each MTA fiscal year, commencing with the fiscal year ending December 31, 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 material events is set forth below.

Pursuant to Rule 15c2-12, MTA will undertake for the benefit of holders of Subseries 2005E-2 Bonds to provide or cause to be provided, either directly or through the Trustee, audited consolidated financial statements of MTA New York City Transit and the audited consolidated financial statements of MTA by no later than 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 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 **Table 2a** and **Table 2b** under the caption “SOURCES OF PAYMENT—Pledged Transportation Revenues” and included in the ADS under the caption “REVENUES OF THE RELATED ENTITIES,”
9. material litigation related to any of the foregoing, and
10. such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Related Entities.

All or any portion of the Annual Information as well as required audited financial statements may be incorporated therein by specific cross-reference to any other documents which have been filed with (a) EMMA or (b) the Securities and Exchange Commission (the SEC). Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent feasible, such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent to EMMA.

MTA will undertake, for the benefit of holders of the Subseries 2005E-2 Bonds, to provide or cause to be provided:

1. to EMMA, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the events listed under the caption “CONTINUING DISCLOSURE” in this remarketing circular with respect to the Subseries 2005E-2 Bonds, and
2. to EMMA, in a timely manner, notice of a failure to provide any Annual Information required by such undertaking or any required audited financial statements of any of the Related Transportation Entities.

The Disclosure Agreement provides that if any party to the Disclosure Agreement fails to comply with any provisions of its undertaking described herein, then any holder of the Subseries 2005E-2 Bonds (which will include beneficial owners during any period that DTC acts as securities depository for, and DTC or its nominee is the registered owner of, the Subseries 2005E-2 Bonds) may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the

undertaking against such party and any of its officers, agents and employees, and may compel such party or any of its officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach under the undertaking is an action to compel specific performance, and no person or entity, including any holder of Subseries 2005E-2 Bonds, may recover monetary damages thereunder under any circumstances, and provided further that any challenge to the adequacy of any information under the undertaking may be brought only by the Trustee or the holders of 25 percent in aggregate principal amount of the Subseries 2005E-2 Bonds at the time Outstanding which are affected thereby. Each of the MTA and the Trustee reserves the right, but shall not be obligated, to enforce the obligations of the others. Failure to comply with any provisions of the undertaking shall not constitute a default under the Transportation Resolution nor give right to the Trustee or any Bondholder to exercise any remedies under the Transportation Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information shall no longer be required to be provided.

The foregoing is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data, and where MTA's undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. MTA does not anticipate that it often will be necessary to amend the undertaking. The undertaking, however, may be amended or modified under certain circumstances set forth therein and the undertaking will continue until the earlier of the date the Subseries 2005E-2 Bonds have been paid in full or legally defeased pursuant to the Transportation Resolution or the date the undertaking is no longer required by law. Copies of the undertaking when executed by the parties will be on file at the office of MTA.

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

**ATTACHMENT 3-1**

**FORM OF OPINION OF HAWKINS DELAFIELD & WOOD LLP DELIVERED ON  
NOVEMBER 2, 2005 IN CONNECTION WITH THE ORIGINAL ISSUANCE OF  
THE SERIES 2005E BONDS ON THAT DATE**

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

November 2, 2005

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 (the “MTA”) and other proofs submitted to us relative to the issuance of \$250,000,000 aggregate principal amount of Metropolitan Transportation Authority Transportation Revenue Variable Rate Bonds, Series 2005E, consisting of the Subseries 2005E-1 Bonds and the Subseries 2005E-2 Bonds (collectively, the “Series 2005E 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 2005E Bonds are issued under and pursuant to the Constitution and statutes of the State (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 July 29, 2004, as amended and restated in its entirety on January 27, 2005 (collectively, the “Resolution”).

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2005E Bonds in order that interest on the Series 2005E Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. We have examined the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986 of the MTA, dated the date hereof (the “Tax 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 2005E Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2005E Bonds and the investment of certain funds. The Tax Certificate obligates the MTA to take certain actions necessary to cause interest on the Series 2005E 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 2005E 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 2005E 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 (i) the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Tax 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 2005E Bonds, and (ii) compliance by the MTA with procedures and covenants set forth in the Tax Certificate as to such tax matters.

We have also examined one of said Series 2005E Bonds as executed and, in our opinion, the form of said Series 2005E 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. We express no opinion as to the effectiveness of the pledge of moneys located in the State of Connecticut until such moneys are deposited in the Revenue Fund.

3. The Series 2005E 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 2005E 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 2005E Bonds.

4. The MTA, the holders of the Series 2005E 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 mass transportation operating assistance account established in the mass transportation operating assistance fund pursuant to Section 88-a of the State Finance Law, or (iii) the taxes or moneys deposited therein.

5. The Series 2005E 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 2005E Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2005E Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals 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.

7. Under existing statutes, interest on the Series 2005E Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof.

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

Except as stated in paragraphs 6 and 7, we express no opinion regarding any other federal, state, local or foreign tax consequences with respect to the Series 2005E 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 Bonds, or under state, local and foreign tax law.

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 2005E 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 JUNE 10, 2010 IN CONNECTION WITH THE REMARKETING OF  
THE SERIES 2005E BONDS ON THAT DATE**

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

June 10, 2010

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

BNP Paribas,  
acting through its New York Branch

The Bank of New York Mellon, as Trustee

Ladies and Gentlemen:

On November 2, 2005, we delivered our final approving opinion (the “Approving Opinion”) as bond counsel to the Metropolitan Transportation Authority (“MTA”) with respect to the issuance by MTA of its \$250,000,000 aggregate principal amount of Metropolitan Transportation Authority Transportation Revenue Variable Rate Bonds, Series 2005E issued in two subseries with the following designations and in the following principal amounts: “Transportation Revenue Variable Rate Bonds, Subseries 2005E-1” in the principal amount of \$125,000,000 (the “Subseries 2005E-1 Bonds”) and “Transportation Revenue Variable Rate Bonds, Subseries 2005E-2” in the principal amount of \$125,000,000 (the “Subseries 2005E-2 Bonds” and together with the Subseries 2005E-1 Bonds, the “Series 2005E Bonds”).

The Series 2005E Bonds were 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 July 29, 2004, as amended and restated in its entirety on January 27, 2005 (collectively, the “Resolution”).

The Series 2005E Bonds bear interest in the Weekly Mode determined for each subseries of the Series 2005E Bonds in accordance with the Resolution and the Multi-Modal Provisions appended to the Certificate of Determination, dated as of November 2, 2005, relating to the Series 2005E Bonds, as amended on June 10, 2010 (the “Certificate of Determination”).

MTA has elected to substitute the irrevocable direct-pay letter of credit issued by Fortis Bank, S.A./N.V., acting through its Connecticut Branch (the “Existing Credit Facility”) with an Alternate Credit Facility in the form of an irrevocable direct-pay letter of credit issued by BNP Paribas, acting through its New York Branch, in connection with the Series 2005E Bonds on June 10, 2010 in accordance with the provisions of the Resolutions and the Certificate of Determination. We are delivering this opinion in connection with the proposed substitution of an Alternate Credit Facility.

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

On the date hereof, BNP Paribas, acting through its New York Branch, will issue an irrevocable direct-pay letter of credit (the “New Credit Facility”) providing liquidity and credit support for the Series 2005E Bonds and the Series 2005E Bonds will be subject to mandatory tender at a purchase price equal to the principal amount thereof, plus accrued interest to, but not including, the mandatory tender date.

Based on the foregoing, we are of the opinion that the substitution of the New Credit Facility for the Existing Credit Facility for the Series 2005E Bonds is authorized under the Resolution, and all conditions to such substitution have been satisfied.

Except as necessary to render this opinion, we have undertaken no investigation as to matters affecting the exclusion of interest on the Series 2005E Bonds from gross income for Federal income tax purposes since the date of their issuance. In delivering this opinion, we have assumed with respect to the Series 2005E Bonds, without investigation, that MTA is in compliance with its covenants and agreements under the Resolution and that the proceeds of the Series 2005E Bonds were applied in accordance with the Resolution and the tax certificate of MTA delivered in connection with the original issuance of the Series 2005E Bonds. Failure of MTA to have so complied or to have so applied the proceeds of the Series 2005E Bonds, or to so comply, could adversely affect the exclusion of interest on the Series 2005E Bonds from gross income for Federal income tax purposes. We are expressing no opinion herein as to whether any matter, action, other than the actions described above, or omission subsequent to such date of issuance may have adversely affected the exclusion of interest on the Series 2005E Bonds from gross income for Federal income tax purposes.

We express no opinion as to whether, as of the date hereof, the interest on the Series 2005E Bonds is excluded from gross income for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). We are of the opinion, however, that, under existing statutes and court decisions, the foregoing actions will not, in and of itself, impair (a) the exclusion of interest from gross income for Federal income tax purposes under Section 103 of the Code on any Series 2005E Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code, and (b) the exemption of interest on any Series 2005E Bonds from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York). In rendering the foregoing opinions we have assumed the delivery of customary closing certifications (containing, among other things, certain representations and covenants) by MTA and others on or before the proposed substitution of the Alternate Credit Facility under the Resolution and the Certificate of Determination.

Except as stated above, we express no opinion regarding any Federal, State, local or foreign tax consequences with respect to the Series 2005E Bonds. We wish to advise you that our opinion is limited to the proposed substitution of the Alternate Credit Facility under the Resolution and the Certificate of Determination and does not extend to any other event or matter occurring subsequent to the delivery of our Approving Opinion.

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 2005E 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,

**ATTACHMENT 3-3**

**FORM OF OPINION OF NIXON PEABODY LLP DELIVERED ON  
OCTOBER 4, 2012 IN CONNECTION WITH THE REMARKETING OF  
THE SERIES 2005E BONDS ON THAT DATE**

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

October 4, 2012

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

Merrill Lynch, Pierce, Fenner & Smith Incorporated

J.P. Morgan Securities LLC

PNC Capital Markets LLC

Ladies and Gentlemen:

On November 2, 2005, Hawkins, Delafield & Wood LLP delivered their opinion as bond counsel for the Metropolitan Transportation Authority (“MTA”) in connection with the issuance by MTA of \$250,000,000 aggregate principal amount of its Transportation Revenue Variable Rate Bonds, Series 2005E (the “Original Series 2005E Bonds”). On June 10, 2010, Hawkins, Delafield & Wood LLP delivered their opinion as bond counsel for MTA related to the remarketing by MTA of the Original Series 2005E Bonds and substitution of the existing letter of credit relating to the Original Series 2005E Bonds with a letter of credit issued by BNP Paribas, acting through its New York Branch.

The Original Series 2005E Bonds were issued and are secured under and pursuant to the Transportation Revenue Resolution of the MTA, adopted on March 26, 2002 (the “Original Resolution”), as amended and supplemented to the date of issuance thereof, including by a resolution adopted on July 29, 2004, as amended and restated in its entirety on January 27, 2005 (collectively with the Original Resolution, the Transportation Resolution”), along with a Certificate of Determination relating to the Original Series 2005E Bonds, dated November 2, 2005, as subsequently amended on June 10, 2010 (the “Certificate of Determination”).

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

On October 9, 2012, the existing letter of credit relating to the Original Series 2005E Bonds issued by BNP Paribas, acting through its New York Branch (the “Existing BNP Facility”) will expire by its terms. As a result, on the date hereof (the “Mandatory Tender Date”), MTA is effecting a mandatory tender of the Original Series 2005E Bonds. On the Mandatory Tender Date, (i) the Original Series 2005E Bonds will be subject to mandatory tender at a purchase price equal to the principal amount thereof, plus accrued interest to, but not including, the Mandatory Tender Date; (ii) MTA will redesignate the Original Series 2005E Bonds as Subseries E-1 in the principal amount of \$100,000,000 (the “Subseries E-1 Bonds”), Subseries E-2 in the principal amount of \$75,000,000 (the “Subseries E-2 Bonds”) and Subseries E-3 in the principal amount of \$75,000,000 (the “Subseries E-3 Bonds”, and collectively with the Subseries E-1 Bonds and the Subseries E-2 Bonds, the “Series 2005E Bonds”); (iii) the Series 2005E Bonds will remain as Variable Interest Rate Obligations, with the Subseries E-1 Bonds and the Subseries E-2 Bonds bearing interest at a Weekly Rate, and the Subseries E-3 Bonds bearing interest at a Daily Rate; and (iv) new irrevocable direct-pay letters of credit (collectively, the “Credit Facilities”) will be issued by Bank of America, N.A., JPMorgan Chase Bank,

National Association and PNC Bank, National Association (collectively, the “Credit Facility Issuers”) related to the Subseries E-1 Bonds, the Subseries E-2 Bonds and the Subseries E-3 Bonds, respectively.

In order for MTA to effectuate the substitution and redesignation described above, MTA was required to provide to the Trustee a Mandatory Tender Notice pursuant to Section A-405(iv) of Appendix A to the Certificate of Determination (the “Mandatory Tender Notice”). In accordance with such requirement, the Trustee disseminated the Mandatory Tender Notice to the owners of the Original Series 2005E 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 2005E Bonds and the amendment of the Certificate of Determination are permitted under the Issuer Act and the Resolution and, furthermore, based on the opinions expressed below, the foregoing action will not impair the exclusion of interest on the Series 2005E Bonds for purposes of federal income taxation. We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2005E Bonds.

Except as necessary to render this opinion, we have undertaken no investigation as to matters affecting the exclusion of interest on the Series 2005E Bonds from gross income for Federal income tax purposes since the date of their issuance. In delivering this opinion, we have assumed with respect to the Series 2005E Bonds, without investigation, that MTA is in compliance with its covenants and agreements under the Resolution and that the proceeds of the Series 2005E Bonds were applied in accordance with the Resolution and the tax certificate of MTA delivered in connection with the issuance of the Series 2005E Bonds. Failure of MTA to have so complied or to have so applied the proceeds of the Series 2005E Bonds, or to so comply, could adversely affect the exclusion of interest on the Series 2005E Bonds from gross income for Federal income tax purposes. We are expressing no opinion herein as to whether any matter, action, other than the actions described in the preceding paragraph above, or omission subsequent to such date of issuance may have adversely affected the exclusion of interest on the Series 2005E Bonds from gross income for Federal income tax purposes.

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2005E Bonds. This opinion is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances or any changes in law, or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

**ATTACHMENT 3-4**

**FORM OF OPINION OF HAWKINS DELAFIELD & WOOD LLP  
DELIVERED ON DECEMBER 18, 2014 IN CONNECTION WITH THE REMARKETING OF THE  
SUBSERIES 2005E-2 BONDS ON THAT DATE**

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

December 18, 2014

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

Ladies and Gentlemen:

On November 2, 2005, in connection with the issuance by Metropolitan Transportation Authority (“MTA”) of \$250,000,000 aggregate principal amount of its Transportation Revenue Variable Rate Bonds, Series 2005E (the “Original Series 2005E Bonds”), we delivered our opinion as bond counsel for the MTA. On June 10, 2010, we delivered our opinion as bond counsel to MTA related to the remarketing of the Original Series 2005E Bonds and the substitution for the then existing letter of credit. On October 4, 2012, Nixon Peabody LLP delivered their opinion as bond counsel for the MTA related to the redesignation of the Original Series 2005E Bonds as Subseries E-1 in the principal amount of \$100,000,000 (the “Subseries 2005E-1 Bonds”), Subseries E-2 in the principal amount of \$75,000,000 (the “Subseries 2005E-2 Bonds”), and Subseries E-3 in the principal amount of \$75,000,000 (the “Subseries 2005E-3 Bonds” and, collectively with the Subseries 2005E-1 Bonds and the Subseries 2005E-2 Bonds, the “Series 2005E Bonds”); the remarketing of the Series 2005E Bonds; and the substitution for the then existing letter of credit.

The Original Series 2005E Bonds were issued pursuant to the MTA General Resolution Authorizing Transportation Revenue Obligations, adopted by the Board of MTA on March 26, 2002 (the “Original Resolution”), as amended and supplemented to the date of issuance thereof, including by a Multiple Series Transportation Revenue Bond Supplemental Resolution adopted on July 29, 2004, as amended and restated in its entirety on January 27, 2005 (collectively with the Original Resolution, the “Transportation Resolution”), along with the Certificate of Determination relating to the Original Series 2005E Bonds, dated November 2, 2005, as subsequently amended on June 10, 2010, and on October 4, 2012 (the “Amended Certificate of Determination” and, collectively with the Transportation Resolution, the “Resolution”).

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

On the date hereof, MTA intends to (i) substitute an irrevocable direct-pay letter of credit issued by Royal Bank of Canada, acting through a New York branch (the “Substitute Credit Facility”) for the irrevocable direct-pay letter of credit issued by JPMorgan Chase Bank, National Association relating to the Subseries 2005E-2 Bonds (the “JPMorgan Chase Bank Credit Facility”) and (ii) further amend the Amended Certificate of Determination, to provide for, among other things, such substitution and the remarketing of the Subseries 2005E-2 Bonds.

In order for MTA to substitute the Substitute Credit Facility for the JPMorgan Chase Bank Credit Facility, MTA was required to provide to the Trustee a Mandatory Tender Notice pursuant to Section A-405(iv) of Appendix A to the Amended Certificate of Determination (the “Mandatory Tender Notice”). In

accordance with such requirement, the Trustee disseminated the Mandatory Tender Notice to the owners of the Subseries 2005E-2 Bonds at least fifteen days prior to the date hereof. Immediately prior to the substitution for the JPMorgan Chase Bank Credit Facility of the Substitute Credit Facility, the Subseries 2005E-2 Bonds will be subject to mandatory tender at a Purchase Price equal to the principal amount thereof.

Based on the foregoing, we are further of the opinion that the mandatory tender and remarketing of the Subseries 2005E-2 Bonds, the issuance of an irrevocable direct-pay letter of credit by Royal Bank of Canada, acting through a New York branch, and the amendment of the terms and provisions of the Subseries 2005E-2 Bonds to reflect the terms and provisions described herein will not adversely affect for Federal and State income tax purposes the tax treatment of the Subseries 2005E-2 Bonds. We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Subseries 2005E-2 Bonds.

Except as necessary to render this opinion, we have undertaken no investigation as to matters affecting the exclusion of interest on the Subseries 2005E-2 Bonds from gross income for Federal income tax purposes since the date of their issuance. In delivering this opinion, we have assumed with respect to the Subseries 2005E-2 Bonds, without investigation, that MTA is in compliance with its covenants and agreements under the Resolution and that the proceeds of the Subseries 2005E-2 Bonds were applied in accordance with the Resolution and the tax certificate of MTA delivered in connection with the issuance of the Subseries 2005E-2 Bonds. Failure of MTA to have so complied or to have so applied the proceeds of the Subseries 2005E-2 Bonds, or to so comply, could adversely affect the exclusion of interest on the Subseries 2005E-2 Bonds from gross income for Federal income tax purposes. We are expressing no opinion herein as to whether any matter, action, other than the actions described above, or omission subsequent to such date of issuance, may have adversely affected the exclusion of interest on the Subseries 2005E-2 Bonds from gross income for Federal income tax purposes.

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Subseries 2005E-2 Bonds. This opinion is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances or any changes in law, or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,



**ATTACHMENT 3-5**  
**FORM OF OPINIONS OF CO-BOND COUNSEL**  
**DELIVERED IN CONNECTION WITH THE REMARKETING**  
**OF THE SUBSERIES 2005E-2 BONDS**

[Date of Remarketing]

Metropolitan Transportation Authority  
2 Broadway  
New York, New York 10004

Ladies and Gentlemen:

On November 2, 2005, in connection with the issuance by Metropolitan Transportation Authority (“MTA”) of \$250,000,000 aggregate principal amount of its Transportation Revenue Variable Rate Bonds, Series 2005E (the “Original Series 2005E Bonds”), Hawkins Delafield & Wood LLP delivered its opinion as bond counsel for the MTA. On June 10, 2010, Hawkins Delafield & Wood LLP delivered its opinion as bond counsel to MTA relating to the remarketing of the Original Series 2005E Bonds and the substitution for the then existing letter of credit. On October 4, 2012, Nixon Peabody LLP delivered its opinion as bond counsel to MTA relating to: the redesignation of the Original Series 2005E Bonds as Subseries E-1 in the principal amount of \$100,000,000 (the “Subseries 2005E-1 Bonds”), Subseries E-2 in the principal amount of \$75,000,000 (the “Subseries 2005E-2 Bonds”), and Subseries E-3 in the principal amount of \$75,000,000 (collectively with the Subseries 2005E-1 Bonds and the Subseries 2005E-2 Bonds, the “Series 2005E Bonds”); the remarketing of the Series 2005E Bonds; and the substitution for the then existing letter of credit. On December 18, 2014, Hawkins Delafield & Wood LLP delivered its opinion as bond counsel to MTA related to the remarketing of the Subseries 2005E-2 Bonds and the substitution for the then existing letter of credit.

The Original Series 2005E Bonds were issued pursuant to the MTA General Resolution Authorizing Transportation Revenue Obligations, adopted by the Board of MTA on March 26, 2002 (the “Original Resolution”), as amended and supplemented to the date of issuance thereof, including by a Multiple Series Transportation Revenue Bond Supplemental Resolution adopted on July 29, 2004, as amended and restated in its entirety on January 27, 2005 (collectively with the Original Resolution, the “Transportation Resolution”), along with the Certificate of Determination relating to the Original Series 2005E Bonds, dated November 2, 2005, as subsequently amended on June 10, 2010, on October 4, 2012, December 18, 2014 and December 13, 2017 (the “Certificate of Determination” and, collectively with the Transportation Resolution, the “Resolution”).

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

On the date hereof, MTA intends to (i) substitute the irrevocable direct-pay letter of credit issued by Royal Bank of Canada, acting through its branch located at 200 Vesey Street, New York, New York, relating to the Subseries 2005E-2 Bonds with an irrevocable direct-pay letter of credit issued by Bank of America, N.A. (the “Substitution”); and (ii) amend and restate the Certificate of Determination to provide for, among other things, the Substitution and the remarketing of the Subseries 2005E-2 Bonds, in the outstanding aggregate principal amount of \$71,385,000, in a Weekly Mode.

In order to effectuate the Substitution, MTA was required to provide to the Trustee a notice of mandatory tender relating to the Subseries 2005E-2 Bonds pursuant to Section A-501(c) of Appendix A-2 to the Certificate of Determination (the “Mandatory Tender Notice”). In accordance with Section A-406(d) of Appendix A-2 to the Certificate of Determination, the Trustee disseminated the Mandatory Tender Notice to the owners of the Subseries 2005E-2 Bonds at least fifteen days prior to the date hereof. Immediately prior to the Substitution, the Subseries 2005E-2 Bonds will be subject to mandatory tender at a Purchase Price equal to the principal amount thereof plus accrued interest to but not including the date hereof.



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

Based on the foregoing, we are further of the opinion that the mandatory tender and remarketing of the Subseries 2005E-2 Bonds, the Substitution, and the amendment of the terms and provisions of the Subseries 2005E-2 Bonds to reflect the terms and provisions described herein and in the remarketing circular for the Subseries 2005E-2 Bonds will not, in and of itself, adversely affect the exclusion of interest on the Subseries 2005E-2 Bonds from gross income for purposes of federal income taxation.

We have undertaken no investigation as to matters affecting the exclusion of interest on the Subseries 2005E-2 Bonds from gross income for Federal income tax purposes since the date of their issuance. In delivering this opinion, we have assumed with respect to the Subseries 2005E-2 Bonds, without investigation, that MTA is in compliance with its covenants and agreements under the Resolution and that the proceeds of the Subseries 2005E-2 Bonds were applied in accordance with the Resolution and the tax certificate of MTA delivered in connection with the issuance of the Subseries 2005E-2 Bonds. Failure of MTA to have so complied or to have so applied the proceeds of the Subseries 2005E-2 Bonds, or to so comply, could adversely affect the exclusion of interest on the Subseries 2005E-2 Bonds from gross income for Federal income tax purposes. No opinion is expressed herein as to whether interest on the Subseries 2005E-2 Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Subseries 2005E-2 Bonds. We are also expressing no opinion herein as to whether any matter, action, other than the actions described above, or omission subsequent to such date of issuance, may have adversely affected the exclusion of interest on the Subseries 2005E-2 Bonds from gross income for Federal income tax purposes.

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Subseries 2005E-2 Bonds. This opinion is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances or any changes in law, or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

## ATTACHMENT 4

### CERTAIN INFORMATION RELATING TO THE CREDIT FACILITY ISSUER

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

Bank of America, N.A. (the “Bank”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “Corporation”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of September 30, 2017, the Bank had consolidated assets of \$1.73 trillion, consolidated deposits of \$1.373 trillion and stockholder’s equity of \$209.04 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the “SEC”).

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov> which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications  
100 North Tryon St, 18<sup>th</sup> Floor  
Charlotte, North Carolina 28255  
Attention: Corporate Communication

PAYMENTS OF PRINCIPAL AND INTEREST ON THE SUBSERIES 2005E-2 BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE SUBSERIES 2005E-2 BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE SUBSERIES 2005E-2 BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE SUBSERIES 2005E-2

BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date of the most recent filings referenced herein, or that the information contained or referred to in this Attachment 4 is correct as of any time subsequent to the referenced date.





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