

SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE REVENUE RESOLUTION

The following sections contain definitions of certain terms used in, and a general summary (“Summary”) of, certain provisions of the Subordinate Revenue Resolution. The definitions and Summary are not to be considered a full statement of all terms of the Subordinate Revenue Resolution and, accordingly, are qualified by reference to and are subject to the full text of the Subordinate Revenue Resolution. A copy of the Subordinate Revenue Resolution may be obtained upon request from MTA or the Trustee.

Definitions

Additional Subordinate TBTA Project shall mean one or more Transportation District Projects owned or to be owned by the Issuer or another Related Entity which the Issuer may now or hereafter be authorized to undertake. Each Additional Subordinate TBTA Project shall be so designated by Supplemental Resolution adopted pursuant to the Resolution, and if not so designated shall not become an Additional Subordinate TBTA Project.

Capital Cost Subordinate Revenue Obligations shall mean Subordinate Revenue Obligations for Capital Costs authenticated and delivered on original issuance.

Capital Costs shall mean (i) the costs of the Issuer or any other Related Entity for the planning, design, acquisition, construction, reconstruction, rehabilitation or improvement of all or any part of the TBTA Facilities, the TBTA Transit and Commuter Project or any Additional Subordinate TBTA Project, as appropriate, including costs of acquisition of real or personal property or any interests therein, legal, administrative, engineering, planning, design, studies, insurance, financing costs (including Costs of Issuance), and initial working capital required for the commencement of operation of any such project and any capital contributions, whether or not represented by equity or debt securities or other evidences of indebtedness, made by the Issuer or any other Related Entity to any Person participating in TBTA Facilities, the TBTA Transit and Commuter Project or any Additional Subordinate TBTA Project for the purpose of funding any costs described in this clause (i); (ii) amounts paid into any Fund or Account upon the issuance of any Subordinate Revenue Obligations; and (iii) payment when due (whether at the maturity of principal or on the due date of interest or upon redemption or when otherwise due, including by purchase or through tender or exchange) on any indebtedness or obligation of the Issuer or any other Related Entity which was issued or incurred to finance costs that could at the time of such payment be funded directly hereunder, including Obligations, Obligation Anticipation Notes, Parity Debt, Subordinated Indebtedness, Subordinated Contract Indebtedness (in each case, within the meaning of the Subordinate Revenue Resolution or the Senior Resolution), or any termination or other payments for financial hedging arrangements, or any such indebtedness or obligation issued or incurred by any Related Entity in connection with the TBTA Facilities, the TBTA Transit and Commuter Project or any Additional Subordinate TBTA Project, as appropriate.

COI Account shall mean the Account by that name established in the Proceeds Fund.

Combined Maximum Annual Calculated Debt Service shall mean, as of any date of calculation, an amount equal to the greatest amount for the then current or any future calendar year of the sum of (for each such year):

- (i) Calculated Debt Service within the meaning of the Subordinate Revenue Resolution (including for such purposes any other obligations of the Issuer on a parity with Subordinate Revenue Obligations), and
- (ii) Calculated Debt Service within the meaning of the Senior Resolution.

Debt Service Fund shall mean the Fund by that name established in the Subordinate Revenue Resolution.

Proceeds Fund shall mean the fund by that name established in the Subordinate Revenue Resolution.

Refunding Subordinate Obligations shall mean all Obligations for refunding purposes authenticated and delivered on original issuance.

Senior Obligations shall mean Obligations as defined in the Senior Resolution.

Senior Parity Debt shall mean Parity Debt as defined in the Senior Resolution.

Senior Resolution shall mean the General Resolution Authorizing General Revenue Obligations, adopted by the Issuer on March 26, 2002, as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms thereof.

Standard Resolution Provisions shall mean the Standard Resolution Provisions appended to the Resolution as **Annex A**.

Subordinate Revenue Obligations or Obligations shall mean any bonds, notes, commercial paper or other form of indebtedness of the Issuer payable from the Debt Service Fund, authorized by the section of the Subordinate Revenue Resolution summarized under the caption "Authorization of the Subordinate Revenue Obligations" and delivered pursuant to the section of the Subordinate Revenue Resolution summarized under the caption "General Provisions for Issuance of Subordinate Revenue Obligations" or authorized pursuant to the section of the Subordinate Revenue Resolution summarized under the caption "Special Provisions for Capital Cost Subordinate Revenue Obligations", but excluding Subordinate Obligation Anticipation Notes to the extent payable from, and expected by an Authorized Officer to be paid from, the proceeds of Subordinate Revenue Obligations or other Subordinate Revenue Obligation Anticipation Notes.

Subordinate Revenue Resolution shall mean the 2001 Subordinate Revenue Resolution (including the Standard Resolution Provisions set forth as **Annex A** to the Subordinate Revenue Resolution), as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms thereof.

Trust Estate shall mean, collectively, but subject to the terms and provisions of the Subordinate Revenue Resolution, all right, title and interest of the Issuer in:

- (i) the proceeds of the sale of the Subordinate Revenue Obligations,
- (ii) the Revenues, and
- (iii) all Funds, Accounts and subaccounts established by the Subordinate Revenue Resolution (other than funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations; provided, however, that such funds, accounts and subaccounts are specifically excepted from the Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof.

(Section 102)

Standard Resolution Provisions

Except as otherwise specifically provided in the Subordinate Revenue Resolution or by Supplemental Resolution, the Standard Resolution Provisions appended to the Subordinate Revenue Resolution as Annex A constitute an integral part of the Subordinate Revenue Resolution and have the same force and effect as if set forth in the forepart of the Subordinate Revenue Resolution.

(Section 101)

Authorization of the Subordinate Revenue Obligations

The Subordinate Revenue Resolution authorizes Subordinated Indebtedness (as defined in the Senior Resolution) of the Issuer designated as “Subordinate Revenue Obligations”, which may be issued in one or more Series or subseries. Subordinate Revenue Obligations may be issued as Tax-Exempt Subordinate Revenue Obligations, as Taxable Subordinate Revenue Obligations, as obligations which convert on a particular date or dates from Taxable Subordinate Revenue Obligations to Tax-Exempt Subordinate Revenue Obligations, or as Taxable Subordinate Revenue Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Subordinate Revenue Obligations, or otherwise as determined by Supplemental Resolution. The Subordinate Revenue Obligations shall be special obligations of the Issuer payable solely from the Trust Estate pledged to the payment thereof pursuant to the first paragraph of the section of the Subordinate Revenue Resolution summarized under the caption “The Pledge Effected by the Subordinate Revenue Resolution”. The aggregate principal amount of the Subordinate Revenue Obligations which may be executed and delivered under the Subordinate Revenue Resolution is not limited except as provided in the Subordinate Revenue Resolution or as may from time to time be limited by law.

(Section 201)

General Provisions for Issuance of Subordinate Revenue Obligations

The Opinion of Bond Counsel required by the Subordinate Revenue Resolution for the issuance of Subordinate Revenue Obligations shall be to the effect that the Subordinate Revenue Obligations are valid and binding special obligations of the Issuer, enforceable in accordance with their terms and the terms of the Subordinate Revenue Resolution and entitled to the benefits of the TBTA Act as amended to the date of such Opinion of Bond Counsel.

(Section 202)

Special Provisions for Capital Cost Subordinate Revenue Obligations

Subordinate Revenue Obligations may be issued, authenticated and delivered to pay or provide for the payment of all or part of any Capital Costs only upon receipt by the Trustee of:

- (a) A certificate of an Authorized Officer setting forth (i) the aggregate principal amount of all Subordinate Revenue Obligations and Parity Debt of all Series to be Outstanding immediately after such authentication and delivery, (ii) the aggregate principal amount of any additional obligations of the Issuer on a parity with the Subordinate Revenue Obligations as to amounts released from the Senior Resolution, which obligations are to be outstanding immediately after such authentication and delivery, (iii) the Calculated Debt Service for such Subordinate Revenue Obligations and Parity Debt for the then current and each future calendar year, (iv) the aggregate principal amount of all Senior Obligations and Senior Parity Debt of all Series to be Outstanding immediately after such authentication and delivery, (v) the Calculated Debt Service (as defined in the Senior Resolution) for the then current and each future calendar year, and (vi) the Combined Maximum Annual Calculated Debt Service for such period, including, in each case, the proposed Capital Cost Subordinate Revenue Obligations and any proposed Refunding Subordinate Revenue Obligations being treated as Capital Cost Subordinate Revenue Obligations for purposes of clause (ii) of paragraph (e) under the section of the Subordinate Revenue Resolution summarized under the caption “Refunding Subordinate Revenue Obligations” hereof but excluding any Subordinate Revenue Obligations, Obligations, Senior Parity Debt or Parity Debt to be refunded with the proceeds of such Refunding Subordinate Revenue Obligations.
- (b) A certificate of an Authorized Officer setting forth the Revenues and Operating Expenses for any period of 12 consecutive calendar months out of the 18 complete calendar months next preceding the date of authentication and delivery of the Subordinate Revenue Obligations of such Series (for purposes of this caption only, the “Twelve Month Period”); provided that in such certificate (i) if, on the date of authentication and delivery of the Subordinate Revenue Obligations of such Series,

any TBTA Facility shall not have been a TBTA Facility for all or any part of the Twelve Month Period, the Revenues and Operating Expenses of all TBTA Facilities shall be, respectively, increased by the revenues and operating expenses of such TBTA Facility for such Twelve Month Period or part thereof calculated as if the respective definitions of “Revenues” and “Operating Expenses” in the Subordinate Revenue Resolution had been applicable thereto, (ii) if, on the date of authentication and delivery of the Subordinate Revenue Obligations of such Series, the toll rate for any classification of vehicles using any vehicular toll TBTA Facility shall be less than it was during any part of the Twelve Month Period, then solely for the purposes of such certificate, the Revenues for the Twelve Month Period shall be decreased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of the Twelve Month Period, and (iii) if during the Twelve Month Period the toll rate for any classification of vehicles using any vehicular toll TBTA Facility shall have been increased, then solely for the purposes of such certificate, the Revenues for the Twelve Month Period may be increased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such TBTA Facility during such part of the Twelve Month Period; and

- (c) A certificate of an Authorized Officer setting forth:
- (i) the amount of Revenues for the Twelve Month Period specified in the certificate;
 - (ii) the amount of Operating Expenses for the Twelve Month Period specified in the certificate;
 - (iii) the balance remaining after subtracting the amount set forth in subclause (ii) above, from the amount set forth in subclause (i), above (for purposes of this caption, the “Twelve Month Period Net Revenues”);
 - (iv) the Combined Maximum Annual Calculated Debt Service for all Series of Subordinate Revenue Obligations, Parity Debt, Senior Obligations and Senior Parity Debt Outstanding on the date of authentication and delivery of the Series of Subordinate Revenue Obligations to be issued (including such additional Subordinate Revenue Obligations), calculated in the manner set forth in subparagraph (a) of the previous paragraph above under this caption; and
 - (v) that the Twelve Month Period Net Revenues are at least equal to 1.10 times the Combined Maximum Annual Calculated Debt Service specified in subclause (iv) above.

Notwithstanding the foregoing provisions of this caption, so long as Prior Lien Obligations remain outstanding and Operating Expenses are provided for under the terms of the 1980 Resolution, the calculations required by this caption shall be made, but (i) such calculations shall be based upon Available TBTA Net Revenues during the Twelve Month Period rather than Revenues and (ii) no subtraction of Operating Expenses from Available TBTA Net Revenues shall be required.

(Section 203)

Refunding Subordinate Revenue Obligations

In addition to refinancings permitted under the section of the Subordinate Revenue Resolution summarized under the captions “Special Provisions for Capital Cost Subordinate Revenue Obligations” and “Subordinate Revenue Obligations to Refund Pre-Existing Indebtedness”, one or more Series of Refunding Subordinate Revenue Obligations may be issued to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt.

In addition to the requirements of the Subordinate Revenue Resolution, the Refunding Subordinate Revenue Obligations of any Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee of:

- (a) If the Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt to be refunded are to be redeemed, instructions to the appropriate trustee, satisfactory to it, to give due notice of redemption of all the Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt to be refunded on the redemption dates specified in such instructions;
- (b) If the Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt to be refunded are to be deemed paid within the meaning of the Subordinate Revenue Resolution, irrevocable instructions to the appropriate trustee, satisfactory to it, to provide notice in the manner provided in the Subordinate Revenue Resolution or similar provisions with respect to Senior Parity Debt or Parity Debt with respect to the payment of such Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt;
- (c) If the Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt to be refunded are to be deemed paid within the meaning of the Subordinate Revenue Resolution or similar provision with respect to Senior Parity Debt or Parity Debt, either (i) money or (ii) Defeasance Securities (as defined in the applicable resolution) as shall be necessary to comply with the provisions of the Subordinate Revenue Resolution or defeasance securities as shall be necessary to comply with any similar provision with respect to Senior Parity Debt or Parity Debt, which money and Defeasance Securities (or defeasance securities) shall be held in trust and used only as provided in the Subordinate Revenue Resolution or similar provision with respect to Senior Parity Debt or Parity Debt;
- (d) If the proceeds of such Series of Refunding Subordinate Revenue Obligations are to be utilized by the Issuer to purchase (in connection with a tender for or redemption of Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt, or otherwise) Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt to be delivered to the appropriate trustee in satisfaction of a Sinking Fund Installment (as defined in the applicable resolution) in accordance with the Subordinate Revenue Resolution or similar provision with respect to Senior Parity Debt or Parity Debt, a certificate of an Authorized Officer specifying the matters required thereby; and
- (e) Either (i) a certificate of an Authorized Officer (A) setting forth (1) the Combined Maximum Annual Calculated Debt Service (including the Refunding Subordinate Revenue Obligations then proposed to be issued but not including the Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt to be refunded) and (2) the Combined Maximum Annual Calculated Service as calculated immediately prior to the issuance of the Refunding Subordinate Revenue Obligations (including the Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt to be refunded but not including the Refunding Subordinate Revenue Obligations) and (B) stating that the Combined Maximum Annual Calculated Debt Service set forth pursuant to (1) above is not greater than the Combined Maximum Annual Calculated Debt Service set forth pursuant to (2) above; or (ii) upon satisfaction of the requirements of the section of the Subordinate Revenue Resolution summarized under the caption “Special Provisions for Capital Cost Subordinate Revenue Obligations” applicable to the type of Capital Costs being

refinanced with respect to such Series of Refunding Subordinate Revenue Obligations, considering for all purposes of any certificate delivered pursuant to the second paragraph of the section of the Subordinate Revenue Resolution summarized under the caption “Special Provisions for Capital Cost Subordinate Revenue Obligations” that (A) such Series of Refunding Subordinate Revenue Obligations is a Series of Capital Cost Subordinate Revenue Obligations and (B) the Refunding Subordinate Revenue Obligations then proposed to be issued will be Outstanding but the Subordinate Revenue Obligations, Senior Obligations, Senior Parity Debt or Parity Debt to be refunded will no longer be Outstanding.

(Section 204)

Subordinate Revenue Obligations to Refund Pre-existing Indebtedness

Subordinate Revenue Obligations may be issued for the purpose of refunding (including by redemption, payment at maturity or in connection with exchanges or tenders) any Pre-existing Indebtedness.

Any Series of Subordinate Revenue Obligations issued for the purpose of refunding any Pre-existing Indebtedness shall be so authenticated and delivered only upon receipt by the Trustee, in addition to the documents required by the section of the Subordinate Revenue Resolution summarized under the caption “General Provisions for the Issuance of Subordinate Revenue Obligations”, of an Opinion of Bond Counsel to the effect that such Pre-existing Indebtedness has been exchanged, paid or is deemed to have been paid within the meaning and with the effect expressed in the related authorizing resolution or other document, which opinion may rely upon a certificate of an Authorized Officer or an independent verification agent to the effect that sufficient money and defeasance securities have been placed in escrow to provide for the payment of the principal or Redemption Price of, and interest on, such Pre-existing Indebtedness as such obligations mature, are tendered for purchase or exchange, or are called for redemption in accordance with the related authorizing resolution or other document. The proceeds received on the sale of such Subordinate Revenue Obligations shall be applied in the manner provided in the Supplemental Resolution authorizing such Subordinate Revenue Obligations and in any related escrow agreement.

(Section 205)

Separately Financed Projects

Nothing in the Subordinate Revenue Resolution prevents the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Subordinate Revenue Obligations, for any project authorized by the TBTA Act or by other then-applicable State statutory provisions, or from financing any such project from other available funds (any such project including the Convention Center Project being referred to herein as a “**Separately Financed Project**”), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Issuer's share of any operating expenses related to such Separately Financed Project are payable solely from funds not pledged to the payment of Subordinate Revenue Obligations, including amounts released from the lien of the Senior Resolution and the Subordinate Revenue Resolution.

(Section 206)

Redemption at Demand of the State or the City

Except as otherwise provided pursuant to a Supplemental Resolution, either the State or the City may, upon furnishing sufficient funds therefor, require the Issuer to redeem all or any portion of the Subordinate Revenue Obligations as provided in the Issuer Act.

(Section 401)

The Pledge Effected by the Subordinate Revenue Resolution

The Subordinate Revenue Obligations constitute Subordinated Indebtedness (as defined in the Senior Resolution) and the rights of Owners to payment of the principal of and interest on the Subordinate Revenue Obligations are subordinated to the rights of owners of Senior Obligations and Senior Parity Debt to the extent and in the manner provided in Article V of the Subordinate Revenue Resolution and in the Senior Resolution. The Trust Estate, subject to the subordination referenced in the preceding sentence, is pledged for the payment of the principal and Redemption Price of, and interest on, and Sinking Fund Installments for the Subordinate Revenue Obligations and, on a parity basis, the Parity Debt, in accordance with their terms and the provisions of the Subordinate Revenue Resolution, subject only to the provisions of the Senior Resolution and the Subordinate Revenue Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Senior Resolution and the Subordinate Revenue Resolution, all right, title and interest of the Issuer in the Trust Estate. *The pledge created by the Subordinate Revenue Resolution, insofar as it relates to any portion of the Trust Estate pledged to the payment of Prior Lien Obligations, is (i) subordinate in all respects to the pledge thereof created to secure such Prior Lien Obligations and (ii) subject to the covenants and agreements made with the holders of Prior Lien Obligations; and, so long as any Prior Lien Obligations remain outstanding and unpaid, no payment shall be made from the Trust Estate, whether for interest, principal or premium on any of the Subordinate Revenue Obligations, except as and to the extent permitted by the related authorizing resolutions or other trust documents. In order to provide for the payment of the Subordinate Revenue Obligations and Parity Debt and the fulfillment of its covenants and agreements under the Subordinate Revenue Resolution so long as any Prior Lien Obligations remain outstanding and unpaid (during which time the pledge of Revenues under the Senior Resolution and the Subordinate Revenue Resolution shall be of no force and effect), the Issuer covenants that it shall on or before the last Business Day of each month, but subject to the covenants and agreements made with the holders of all Prior Lien Obligations then outstanding, transfer or cause to be transferred to the trustee under the Senior Resolution all Available TBTA Net Revenues free and clear of any lien or pledge for Prior Lien Obligations. The Issuer further covenants that so long as any Prior Lien Obligations remain outstanding and unpaid, it will make payments into the funds and accounts established under the 1980 Resolution in the manner and in the amounts required by the 1980 Resolution.*

The Subordinate Revenue Obligations are payable solely from the Trust Estate subject and subordinate to the payments to be made with respect to Senior Obligations and Senior Parity Debt as provided in the Senior Resolution, and are secured by a lien on and pledge of the Trust Estate junior and inferior to the lien on and pledge of the Trust Estate created by the Senior Resolution for the payment of the Senior Obligations and Senior Parity Debt. The Subordinate Revenue Obligations are payable from amounts available for transfer pursuant to the Senior Resolution and clear of the lien of the Senior Resolution. The pledge created by the Subordinate Revenue Resolution shall in all respects secure on a pari passu basis all of the Subordinate Revenue Obligations and Parity Debt and, except as expressly so provided, nothing contained in the Subordinate Revenue Resolution shall be deemed to confer on the Owners of any Subordinate Revenue Obligations or Parity Debt any rights in the Trust Estate superior or inferior to the Owners of any other Subordinate Revenue Obligations or Parity Debt.

The pledge created by the Subordinate Revenue Resolution shall be valid and binding from and after the date of issuance and delivery of the first Subordinate Revenue Obligations, and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Subject to the provisions described above, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Subordinate Revenue Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken.

Nothing contained in this caption shall be construed as limiting any authority granted to the Issuer elsewhere in the Subordinate Revenue Resolution to issue or incur Subordinate Revenue Obligation Anticipation Notes, Subordinated Indebtedness or Subordinated Contract Obligations or shall be deemed a limitation upon the authority of the Issuer to issue any other bonds, notes or other obligations under the TBTA Act secured by any income and funds other than the Trust Estate.

(Section 501)

Establishment of Funds and Accounts

The Subordinate Revenue Resolution establishes a Proceeds Fund and a Debt Service Fund.

Established within the Proceeds Fund is the COI Account. The Issuer may establish one or more additional funds, accounts or subaccounts by delivering to the Trustee a certificate of an Authorized Officer. Amounts held at any time by the Issuer in any of the Funds or Accounts shall be held in trust separate and apart from all other funds of the Issuer.

(Section 502)

Proceeds Fund

The Issuer shall pay into the Proceeds Fund (and any designated Account or subaccount thereof) the amounts required to be so paid by the provisions of the Subordinate Revenue Resolution or any Supplemental Resolution authorizing the issuance of any Series of Subordinate Revenue Obligations for the purpose of financing Capital Costs relating to the TBTA Facilities, the TBTA Transit and Commuter Project and any Additional Subordinate TBTA Projects. The portion of any such amount determined by Supplemental Resolution to be used for the payment of Costs of Issuance shall be paid into and disbursed from the COI Account.

Unless otherwise provided in a Supplemental Resolution or in a resolution authorizing Subordinate Revenue Obligation Anticipation Notes, amounts in the Proceeds Fund shall be applied solely to pay Capital Costs relating to the TBTA Facilities, the TBTA Transit and Commuter Project and any Additional TBTA Projects, as applicable. Any amounts in the Proceeds Fund which are in excess of the amounts required to pay for such costs may at the direction of an Authorized Officer be transferred to the Debt Service Fund. Upon the direction of an Authorized Officer, amounts in the Proceeds Fund may be invested in Authorized Investments. Except to the extent that a certificate of an Authorized Officer or a Supplemental Resolution provides that earnings on money and investments in the Proceeds Fund shall be deposited in the Debt Service Fund, such earnings shall be retained in the Proceeds Fund. Upon the direction of an Authorized Officer, the Issuer may, and to the extent required for payments from the Proceeds Fund shall, sell any such obligations at any time, and the proceeds of such sale, and of all payments of principal or interest received at maturity or upon redemption or otherwise of such obligations shall be deposited in the Proceeds Fund.

Subject to any priority for Subordinate Revenue Obligation Anticipation Notes, amounts in such Proceeds Fund must be applied to the payment of principal and Redemption Price of and interest on the Subordinate Revenue Obligations and the payment of Parity Debt, on a parity basis, when due at any time that other money is not available therefor.

(Section 503)

Debt Service Fund

The Issuer shall transfer from the Revenue Fund (as defined in the Senior Resolution) from time to time (but no less frequently than on or before the 25th day of each calendar month) from such amounts as shall from time to time be available for transfer pursuant to either Section 503.1(c) or Section 506.2 of the Senior Resolution, free and clear of the lien of the Senior Resolution, the amount, if any, required so that the balance in such Fund equals the Accrued Debt Service to the last day of the current calendar month; provided, however, that in no event shall the

amount to be so transferred be less than the amounts required for all payment dates occurring prior to the 25th day of the next succeeding calendar month; provided further that, for the purposes of computing the balance in such Fund, there shall be included the amount, if any, set aside in any account within the Debt Service Fund or the Proceeds Funds or otherwise in trust for the payment of interest on Subordinate Revenue Obligations or Parity Debt to the last day of the current calendar month.

The Issuer shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Subordinate Revenue Obligations or Parity Debt the amount required for the interest payable on such date unless such interest is paid from the Proceeds Fund as capitalized interest, (ii) on or before each principal payment due date for any of the Subordinate Revenue Obligations or Parity Debt the amount required for the principal amount (including the portion thereof payable in respect of a Parity Reimbursement Obligation) payable on such date, and (iii) on or before any redemption date for the Subordinate Revenue Obligations or Parity Debt the amount required for the payment of the Redemption Price of and interest on the Subordinate Revenue Obligations or Parity Debt then to be redeemed.

In the event of the refunding (including in connection with any payment at maturity, redemption, purchase, tender or exchange) of any Subordinate Revenue Obligations, the Issuer may withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on the Subordinate Revenue Obligations being refunded and (a) deposit such amounts, free and clear of any lien, pledge or claim of the Subordinate Revenue Resolution, with itself or an escrow agent to be held in trust solely for the purchase, exchange or payment of the principal or Redemption Price, if applicable, of and interest on the Subordinate Revenue Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the refunding Subordinate Revenue Obligations, or (c) deposit such amounts in any Fund or Account established hereunder; provided, however, that no such withdrawal or deposit shall be made unless (i) upon such refunding, the Subordinate Revenue Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Subordinate Revenue Resolution and (ii) at the time of and giving effect to such withdrawal and refunding, there shall exist no deficiency in any Fund or Account established under the Subordinate Revenue Resolution.

(Section 504)

Subordinated Indebtedness; Subordinated Contract Obligations

The Issuer may, at any time, or from time to time, issue Subordinated Indebtedness or incur Subordinated Contract Obligations payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer pursuant to the Subordinate Revenue Resolution, as specified with respect to any such Subordinated Indebtedness or Subordinated Contract Obligations by Supplemental Resolution or an Authorized Officer; provided, however, that (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Senior Resolution as security for the Senior Obligations and Senior Parity Debt, and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Senior Resolution. The Issuer may establish such priorities of payment and security among Subordinate Revenue Obligations, Subordinated Indebtedness and Subordinated Contract Obligations as it deems appropriate.

The Issuer shall have the right to covenant with Persons to whom Subordinated Contract Obligations run and with the holders from time to time of Subordinated Indebtedness in order to add to the conditions, limitations and restrictions under which any additional Capital Cost Obligations or Refunding Obligations (each as defined in the Senior Resolution) or Capital Cost Subordinate Revenue Obligations or Refunding Subordinate Revenue Obligations may be issued or Senior Parity Debt or Parity Debt may be incurred; provided, however, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness or the incurrence of such Subordinated Contract Obligations shall not permit the holders of such obligations to declare the same, nor to instruct such holders' trustee to declare the same, to be immediately due and payable prior to any time that all Subordinate Revenue Obligations, Parity Debt, Senior Obligations and Senior Parity Debt have become due and payable.

(Section 505)

Operation and Maintenance

The Issuer shall at all times operate or cause to be operated the TBTA Facilities properly and in a sound and economical manner and shall maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted; provided, however, that nothing herein contained shall be construed (i) to affect the Issuer's powers under the section of the Senior Resolution summarized under the caption "Sale and Lease of Property" and referred to under the caption "Rate and Other Covenants" or (ii) to prevent the Issuer from ceasing to operate or maintain, or from leasing or disposing of, all or any of the TBTA Facilities if, in the judgment of the Issuer, it is advisable to lease, dispose of, or not to operate and maintain the same and the operation thereof shall not be essential to the maintenance and continued operation of any remaining TBTA Facilities and such cessation or disposition will not materially impair the Issuer's ability to meet the requirements of the section of the Senior Resolution summarized under the caption "Rates and Fees" and referred to under the caption "Rate and Other Covenants", and provided further that the sale-leaseback or the lease-leaseback of any of the TBTA Facilities or other similar contractual arrangements, the effect of which is that the Issuer continues to retain as part of the Trust Estate the Revenues from such TBTA Facilities, shall not constitute a lease or disposition of such TBTA Facility for purposes of this caption or the section of the Senior Resolution summarized under the caption "Sale and Lease of Property" and referred to under the caption "Rate and Other Covenants".

(Section 603)

Rates and Other Covenants

The covenants of the Issuer in the Senior Resolution contained in the document entitled "Summary of Certain Provisions of the TBTA Resolution" (referred to in this summary as the "Senior Resolution") and summarized therein under the captions "Power to Construct and Operate TBTA Facilities and Collect Tolls and Fees", "Sale and Lease of Property", and "Rate and Fees" inure to the benefit of Owners of the Subordinate Revenue Obligations and are incorporated by reference in the Subordinate Revenue Resolution. Any Subordinate Revenue Obligations issued and Outstanding shall be treated as Subordinated Indebtedness (as defined in the Senior Resolution) for purposes of the "Rate and Fees" covenant so summarized.

Also, see the summary of certain additional covenants summarized under the heading "Additional Provisions Relating to the Series 2002D Bonds."

(Section 604)

Agreement of the State; Limited Waiver by Owners

The Issuer incorporates the pledges, covenants and agreements of the State with the Owners of the Subordinate Revenue Obligations set forth in the TBTA Act as though set forth in full in the Subordinate Revenue Resolution. Notwithstanding the provisions of the agreement of the State contained in the TBTA Act, all Owners, by their acceptance and holding of the Subordinate Revenue Obligations, consent to the construction and operation by the Issuer (or to the construction by Persons other than the Issuer if the Issuer shall have assumed the operation thereof), and waive any and all rights under the TBTA Act with respect to such construction and operation, of any vehicular toll bridge or toll tunnel crossing the East River in the City as to which (i) so long as any Prior Lien Obligations remain outstanding and unpaid, a supplemental resolution confirming the pledge of the revenues therefrom shall have been filed with the trustee under the 1980 Resolution, together with any supporting documentation required in connection therewith pursuant to the 1980 Resolution, and (ii) after the payment of all Prior Lien Obligations within the meaning and with the effect expressed in the 1980 Resolution or other applicable authorizing document, a Supplemental Resolution confirming the pledge of the revenues therefrom shall have been filed with the Trustee together with the Counsel's Opinion required in connection therewith pursuant to the Subordinate Revenue Resolution.

(Section 605)

Events of Default

Each of the following events is defined as and shall constitute an “Event of Default” under the Subordinate Revenue Resolution:

- (1) if default shall be made in the due and punctual payment of the principal or Redemption Price of, or interest on, any Subordinate Revenue Obligation when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise and such default shall continue for a period of 30 days, or
- (2) if default shall be made by the Issuer in the performance or observance on its part of any other of the covenants, agreements or conditions contained in the Subordinate Revenue Resolution or in the Subordinate Revenue Obligations, and such default shall continue for a period of 60 days after written notice thereof to the Issuer by the Trustee or to the Issuer and to the Trustee by the Owners of a majority in principal amount of the Subordinate Revenue Obligations Outstanding; provided, however, that if such default shall be such that it cannot be corrected within such 60 day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected.

(Section 701)

Powers of Trustee

In the event that any Event of Default specified in the section of the Subordinate Revenue Resolution summarized under the caption “Events of Default” shall occur and be continuing, the Trustee may, and, upon written request of the Owners of a majority in aggregate principal amount of the Subordinate Revenue Obligations then Outstanding, shall, in its name,

- (1) by suit, action or proceeding in accordance with the civil practice law and rules, enforce all rights of the Owners of Subordinate Revenue Obligations;
- (2) bring suit upon the Subordinate Revenue Obligations against the Issuer;
- (3) by action or suit, require the Issuer to account as if it were the trustee of an express trust for the Owners of the Subordinate Revenue Obligations;
- (4) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Subordinate Revenue Obligations; or
- (5) declare, on thirty days’ written notice to the Issuer, the principal of all the Subordinate Revenue Obligations then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Subordinate Revenue Resolution or in any of the Subordinate Revenue Obligations contained to the contrary notwithstanding; provided, however, that the Subordinate Revenue Obligations shall not in any event be declared due and payable prior to such time as all Senior Obligations and Senior Parity Debt have become due and payable. The right of the Trustee or of the Owners of a majority in principal amount of the Subordinate Revenue Obligations to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Subordinate Revenue Obligations shall have matured by their terms, all overdue installments of interest upon the Subordinate Revenue Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Issuer under the Subordinate Revenue Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Subordinate Revenue Obligations due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment, and all defaults

under the Subordinate Revenue Obligations or under the Subordinate Revenue Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of a majority in principal amount of the Subordinate Revenue Obligations Outstanding, by written notice to the Issuer and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the Owners, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of a majority in principal amount of the Subordinate Revenue Obligations then Outstanding, then any such declaration shall automatically be deemed to be rescinded and any such default and its consequences shall automatically be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

The remedies conferred upon or reserved to the Trustee in respect of any Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Subordinate Revenue Resolution or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

The Trustee shall in addition to the foregoing powers, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Subordinate Revenue Resolution or incidental to the general representation of Owners of Subordinate Revenue Obligations in the enforcement and protection of their rights.

The Issuer covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Issuer and all other records relating to the Trust Estate shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys and, upon demand of the Trustee, the Issuer will account, as if it were the trustee of an express trust, for the Trust Estate for such period as shall be stated in such demand.

The right of the Trustee to the appointment of a receiver as provided in the TBTA Act is abrogated under the Subordinate Revenue Resolution.

(Section 702)

Priority of Payments After Default

In the event that the funds held by the Fiduciaries shall be insufficient for the payment of interest and principal or Redemption Price then due on the Subordinate Revenue Obligations and for payments then due with respect to Parity Debt, such funds (excluding funds held for the payment or redemption of particular Subordinate Revenue Obligations which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any fund or account under the Subordinate Revenue Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Subordinate Revenue Obligation Anticipation Notes) and any other money received or collected by the Fiduciaries, or the Trustee, after making provision for the payment of any expenses necessary in the opinion of the Trustee to preserve the continuity of the amounts to be received under the Subordinate Revenue Resolution or otherwise to protect the interest of the Owners of the Subordinate Revenue Obligations, and for the payment of the charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Subordinate Revenue Resolution, shall be applied as follows:

Unless the principal of all of the Subordinate Revenue Obligations shall have become due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due with respect to Subordinate Revenue Obligations and the interest components of Parity Debt in the order of the maturity of such installments and interest components, and, if the amount available shall not be sufficient to pay in full any installments and interest components due on the same date, then to the payment thereof ratably, according to the amounts due on such installments and interest components, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Subordinate Revenue Obligations and Parity Debt; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Subordinate Revenue Obligations and the principal component of Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Subordinate Revenue Obligations and Parity Debt due on any date, then to the payment thereof ratably, according to the amounts of principal and Redemption Price and principal component due on such date, to the Persons entitled thereto, without any discrimination or preference

If the principal of all of the Subordinate Revenue Obligations and the principal component of Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Subordinate Revenue Obligations and Parity Debt without preference or priority of principal or principal component over interest or interest component or of interest or interest component over principal or principal component, or of any installment of interest or interest component over any other installment of interest or interest component, or of any Subordinate Revenue Obligation or Parity Debt over any other Subordinate Revenue Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discretion or preference except as to any difference in the respective rates of interest specified in the Subordinate Revenue Obligations and Parity Debt.

(Section 703)

Additional Provisions Relating to the Series 2002D and Series 2002E Bonds

Covenant Regarding Senior Resolution. TBTA covenants and agrees that it will not issue any Senior Obligations under the Senior Resolution unless in addition to satisfying the requirements of the Senior Resolution, TBTA delivers to the Trustee under the Senior Resolution a certificate of an Authorized Officer demonstrating that the applicable Twelve Month Period Net Revenues are at least equal to 1.10 times the Combined Maximum Annual Calculated Debt Service for all Subordinate Revenue Obligations, Parity Debt, Senior Obligations and Senior Parity Debt.

Rate Covenant. TBTA covenants and agrees that in addition to complying with the provisions of Section 604 of the Subordinate Revenue Resolution, TBTA shall at all times establish, levy, maintain and collect, or cause to be established, levied, maintained and collected, such tolls, rentals and other charges in connection with the TBTA Facilities as shall always be sufficient, together with other money available therefor (including the anticipated receipt of proceeds of sale of Obligations or other bonds, notes or other obligations or evidences of indebtedness of TBTA that will be used to pay the principal of Obligations issued in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of TBTA Facilities), to equal or exceed in each calendar year the greater of (a) an amount equal to the sum of amounts necessary in such calendar year (i) to pay all Operating Expenses of TBTA, plus (ii) to pay the sum of Calculated Debt Service as defined in the Subordinate Revenue Resolution and Calculated Debt Service as defined in the Senior Resolution, plus (iii) to maintain any reserve established by TBTA pursuant to the Senior Resolution, in such amount as may be determined from time to time by TBTA in its judgment, or (b) an amount such that Revenues less Operating Expenses shall equal at least 1.10 times the sum of Calculated Debt Service as defined in the Subordinate Revenue Resolution and Calculated Debt Service as defined in the Senior Resolution for such calendar year.