

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

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

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

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

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

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

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

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

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

1. A current refunding is permitted if, at the time of final pricing, the refunding of each bond to be called prior to its scheduled maturity achieves positive net present value (NPV) savings.
2. An advance refunding that complies with applicable law is permitted if, at the time of final pricing, (a) the aggregate NPV savings is at least 3.0% of the par amount of the refunded bonds, and (b) the refunding of each bond to be called prior to its scheduled maturity achieves NPV savings (expressed as a percentage of the par amount of such refunded bond) of at least the following amount:

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

3. The arbitrage yield of the refunding issue must be utilized in calculating NPV savings.
4. Actual escrow investments must be used in calculation of refunding savings at the time of pricing.

**Additional Criteria and Instructions**

1. In the evaluation of refunding opportunities, the State Bond Issuance Charge (BIC), unless expressly waived, shall be included as a cost of issuance in calculating NPV savings, both in the aggregate and for individual bonds.
2. If it is possible to meet the arbitrage yield in a refunding escrow with SLGS, they should be used. In the event SLGS could provide a yield higher than the arbitrage yield, as many rolling 0 percent SLGS as possible should be used to blend down the arbitrage yield. If the arbitrage yield cannot be met with SLGS or the SLGS window is not open, Treasury securities and other open market securities can be considered, consistent with the investment restrictions in the applicable bond resolution.
3. This policy does not restrict (a) the refunding of either fixed or variable rate debt with new variable rate debt, (b) the refunding of variable rate debt with new fixed rate debt, including the refunding of debt in a short-term fixed rate mode with long-term fixed rate debt, or (c) changes in interest rate modes in variable rate debt. Any such refundings may be undertaken if the Chief Financial Officer (CFO) or the Director of Finance, as the designee of the CFO, determines that it is in the best interest of the MTA to do so.
4. This policy does not restrict the CFO or the Director of Finance in structuring the savings pattern of any refunding, provided the above requirements are met.