**§ 1203. Transfer of transit facilities by the city to the authority.** 1. a. On or before June first, nineteen hundred fifty-three, the city may, by resolution of the board of estimate or by instruments authorized by any such resolution, enter into an agreement with the authority for the transfer to the authority, for use in the execution of its corporate purposes, of the transit facilities now owned or hereafter acquired or constructed by the city and any other materials, supplies and property incidental to or necessary for the operation thereof. Any such agreement shall provide for transfer of such facilities by deed, lease, license or other arrangement, provided the term thereof shall not be less than ten years and authorize the authority to take jurisdiction, control, possession and supervision of such transit facilities, materials, supplies and property on or before June fifteenth, nineteen hundred fifty-three.

b. (i) Such agreement shall provide that capital costs of a nature not heretofore charged as operating expenses shall be paid by the city, or at the option of the authority may be paid in the first instance by the authority but in such event, the authority shall be entitled to recover from the city the amount of such costs; provided, however, that the total amount of such capital costs which the authority may incur without the approval of the mayor in any city fiscal year shall not exceed five million dollars and that no other such capital costs shall be incurred by the authority without such approval. Where the city is required to reimburse the authority for the amount of any capital costs pursuant to such agreement, serial bonds or capital notes may be issued by the city, pursuant to the local finance law, to finance any such reimbursement in the same manner and to the same extent as if such costs were to be paid directly by the city.

The authority shall submit annually to the city planning commission and the mayor of the city on or before October fifteenth in each year an estimate of all such capital costs for inclusion in the capital budget of the city.

(ii) From and after March first, nineteen hundred sixty-eight, the authority shall also have the right to incur capital costs of such nature in its own name to the extent that capital funds are available to

it for expenditures of such nature pursuant to the provisions of section twelve hundred nineteen-a of this chapter or of any other provision of law, which capital costs shall not be payable by the city; provided, however, that no project to be financed by the use of such capital funds which is estimated by the authority to involve an expenditure in excess of one million dollars shall be commenced unless the mayor and the board of estimate shall each have been notified in writing by the authority of the intent of the authority to undertake such project and of the nature thereof. No such project shall be commenced if and to the extent that either the mayor or a majority in voting power of the members of the board of estimate shall find that it is incompatible with sound planning for the development or redevelopment of the city, provided such finding, together with the reasons therefor, is set forth in a writing delivered to the authority within thirty days of the receipt by the mayor or the board of estimate, as the case may be, of the notification of the authority relating to such project. If any such project is not so disapproved, it may nevertheless not be commenced unless and until the city shall have been given an opportunity to include the same in the capital budget of the city for the first fiscal year of the city commencing not less than six months after receipt of such notification. If and to the extent that such project is included in such capital budget, the authority may not thereafter incur capital costs for the same in its own name. If or to the extent such project is not included in such capital budget, the authority may incur capital costs for the same in its own name. The operation of sections twenty, twenty-one and twenty-two of the rapid transit law shall be suspended with respect to any project financed with the capital funds referred to in this subparagraph.

c. Such agreement shall provide that the authority shall have the use and possession of all property owned or leased by the city and used or occupied by the board of transportation on March fifteenth, nineteen hundred fifty-three in connection with or incidental to the operation of such transit facilities.

d. No provision in such agreement shall purport to limit or restrict or have the effect of limiting or restricting, the power granted the

authority to manage, control or direct the maintenance and operation of such transit facilities or the fares or service thereof.

2. Such agreement shall provide for payment by the city of:

a. Capital costs for projects connected with such transit facilities included in the capital budget of the city for periods prior to December thirty-first, nineteen hundred fifty-three, except that the authority shall not require payment of, and the city shall not pay, capital costs of such projects without prior approval of the board of estimate.

b. Liabilities of the city or the board of transportation for:

(1) Pension or retirement contributions on behalf of persons who were employed on transit facilities heretofore acquired by the city.

(2) Contributions to the New York City employees' retirement system on behalf of officers or employees whose compensation has been paid out of the operating revenues of the board of transportation of the city, which contributions have or shall hereafter become due or payable for fiscal years of the city ending on or before June thirtieth, nineteen hundred fifty-three.

c. All other liabilities of the board of transportation on the date of the conveyance.

d. Ten million dollars derived from any funds of the city (but not from borrowed funds), or from the operating fund of the board of transportation at the time of such transfer, for use by the authority as initial working capital (1) in partial consideration of the acceptance by the authority of the initial transfer, in which case the sum shall not be repaid, or (2) as a loan, in which case such sum shall be repaid in not less than five nor more than ten equal annual installments, commencing July first, nineteen hundred fifty-four.

3. a. Such agreement may contain provisions relating to the use and occupancy by the authority of real property (in addition to that transferred pursuant to subdivision one of this section) now or hereafter owned or leased by the city, on such terms as may be mutually

agreed upon by the city and the authority, and may provide for or authorize surrenders to the city of property no longer required by the authority.

b. The authority shall be entitled to utilize the officers, employees, agents, facilities and services of the city on the same terms and conditions as were applicable to or provided to the board of transportation on March fifteenth, nineteen hundred fifty-three.

4. The city and the authority are hereby authorized and empowered to make or enter into any contracts, agreements, deeds, leases, conveyances or other instruments as may be necessary or appropriate to effectuate the purposes of this title and they shall have complete power and authority to do and to authorize the doing of all things, incidental, desirable or necessary to implement the provisions of this section.

5. Upon the filing by the authority with the clerk of the city and the secretary of state of a copy of the instruments or documents effectuating the transfer, the authority shall take possession and control of the transit facilities and other property transferred thereby together with all contracts, books, maps, plans, papers and records of or in the possession of the board of transportation of whatever description, incidental to or necessary for the operation of the facilities transferred by such agreement or the performance of the duties of the authority as provided by this title.

6. When in the discretion of the authority there is available a supply of electric power adequate for the efficient and proper operation of the transit facilities either from a private utility or otherwise at rates and under circumstances deemed by the authority to be reasonable, the authority may make such provisions for the utilization of such electric power as it may see fit and surrender to the city the power plants presently leased by the authority from the city pursuant to the provisions of this title. The foregoing provisions of this subdivision shall be applicable only to actions of the authority undertaken prior to February first, nineteen hundred and sixty.

7. Notwithstanding the aforesaid provisions of this section the city may transfer to the authority title and ownership to the materials, supplies and property incidental to or necessary for the operation of the transit facilities which were heretofore leased to the authority, and the authority and the city may enter into an agreement, modifying the agreement of lease dated June first, nineteen hundred fifty-three, as amended, renewed and supplemented, to provide for such transfer of title and ownership and containing such further terms and conditions, not inconsistent with law, as may be agreed upon between the parties.