§ 1203-a. Subsidiary corporation. 1. Notwithstanding the provisions of this title or of any general, special or local law to the contrary, the city and the transit authority may enter into an agreement which shall provide that any omnibus lines hereafter acquired by the city may be leased by the city for operation and maintenance to a public benefit corporation which shall be a subsidiary of the transit authority. The status of such officers and employees as shall be taken into the service of such subsidiary corporation, including those who had been employed by the former owner of any such omnibus lines, shall be governed exclusively by the provisions of this section.

2. A public benefit corporation entitled Manhattan and Bronx surface transit operating authority (hereinafter referred to as the subsidiary corporation) is hereby created. The purpose of said subsidiary corporation shall be to operate, pursuant to the powers conferred hereunder and for a temporary period, the omnibus lines hereafter acquired by the city, until the said omnibus lines shall be sold or otherwise disposed of to private or public operation. The directors of such subsidiary corporation shall be the persons holding the offices of chairman and members of the transit authority or their successors. The provisions of this title concerning the number of members of the authority, the number thereof required for a quorum and to transact business, the powers and functions of the chairman and his authority to delegate the same, and the effect which the tenure of the members and chairman has upon the holding of other public office shall all be applicable with like force and effect to the directors of such subsidiary corporation.

3. The subsidiary corporation shall have all of the powers vested in the transit authority by section twelve hundred four of this title except those contained in subdivisions five, six, eight, nine, fourteen and sixteen thereof. In addition, such subsidiary corporation shall have the following powers:

(a) pursuant to the provisions of this section, to maintain and operate the omnibus lines transferred to it by the city;

(b) to appoint officers and employees, assign powers and duties to them and fix their compensation. Said officers and employees shall not

become, for any purpose, employees of the city or of the transit authority and shall not acquire civil service status or become members of the New York city employees' retirement system but, shall, for purposes of subparagraph (i) of paragraph three of subsection (c) of section six hundred twelve of the tax law be deemed to be officers and employees of a subdivision of the state;

(c) to improve, maintain and operate such buildings, structures and facilities as may be necessary or convenient;

(d) with the consent of the transit authority, to use officers, employees, agents and facilities of the transit authority and to reimburse the transit authority therefor;

(e) to utilize business methods and efficient procedures to promote the safety and convenience of the traveling public, in the carrying out of its corporate purposes;

(f) to operate omnibus lines on those routes in the city of New York where on February twenty-eighth, nineteen hundred sixty-two, omnibus lines were operated under franchises or temporary certificates of convenience and necessity which have been revoked, terminated, rescinded or condemned, or acquired by any other means, and to extend such routes so as to provide the complete service operated on February twenty-eighth, nineteen hundred sixty-two; and such operation, together with the necessary extensions, shall be deemed to constitute operation over approved routes with the same force and effect as if the said routes had been duly approved by the board of estimate of the city, as provided by law; and to operate on such other routes as the board may authorize by resolution adopted only after a public hearing held after notice thereof, and of the proposed route, and the proposed resolutions authorizing the same, have been published in full for at least fifteen days, except Sundays and legal holidays, immediately prior thereto in the City Record, and at least twice in two newspapers published in the borough or boroughs affected, to be designated by the board.

4. Such subsidiary corporation and any of its property, functions and activities shall have all of the privileges, immunities, tax exemptions and other exemptions of the transit authority.

5. The agreement between the city and the subsidiary corporation by

which the said omnibus lines are leased shall provide as follows:

(a) for the rate or rates of fare to be charged on such omnibus lines, provided, however, that from and after March first, nineteen hundred sixty-eight, the subsidiary corporation shall have full and exclusive control over the setting of such rate or rates of fare;

(b) the subsidiary corporation shall be entitled to utilize the officers, employees, agents, facilities and services of the city on the same terms and conditions as are applicable to or provided to the transit authority;

(c) capital costs not now charged by the transit authority as operating expenses shall be paid by the city; provided, however, that from and after March first, nineteen hundred sixty-eight, the subsidiary corporation shall also have the right to incur capital costs in its own name to the extent that capital funds are available to it pursuant to the provisions of sections twelve hundred nineteen-a and twelve hundred three-b of this chapter or of any other law, which capital costs shall not be payable by the city; and provided, further, that no project to be financed by the use of such capital funds which is estimated by the subsidiary corporation 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 subsidiary corporation of the intent of the subsidiary corporation 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 subsidiary corporation within thirty days of the receipt by the mayor or the board of estimate, as the case may be, of the notification of the subsidiary corporation relating to such project. Where the city is required to pay the capital costs of the subsidiary corporation 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 costs. The subsidiary corporation shall submit timely requests for the necessary capital funds to the city planning commission and the mayor of the city;

(d) The initial working capital of the subsidiary corporation shall be

advanced by the city from any funds of the city (but not from borrowed funds) in the form of a grant or a loan in such amount as the parties shall deem necessary but in no event shall the said amount exceed five million dollars. If in the form of a grant, the advance shall be deemed to be in partial consideration of the acceptance by the subsidiary corporation of the initial transfer, in which case the sum shall not be repaid, but if in the form of a loan, the amount of the advance shall be repaid under such terms and conditions as shall be mutually agreed upon by the parties.

6. The provisions of section twelve hundred seven, subdivision one, sections twelve hundred eight, twelve hundred nine, twelve hundred eleven, twelve hundred twelve, twelve hundred twelve-a, twelve hundred thirteen, twelve hundred fifteen, twelve hundred sixteen, twelve hundred twenty and twelve hundred twenty-one of this title, shall apply to the subsidiary corporation in the same manner as to the transit authority and the term "authority", as used in such sections shall be deemed to apply to the subsidiary corporation.

7. Upon the written request of the mayor the subsidiary corporation shall permit reduced fares for one or more classes of omnibus line users designated by the mayor upon the agreement of the city to assume the burden of the resulting differential, together with the attendant administrative costs of the subsidiary corporation, pursuant to procedures satisfactory to the subsidiary corporation.

8. From and after March first, nineteen hundred sixty-eight, no substantial or general change in the levels of service furnished upon the facilities of the subsidiary corporation shall be instituted except upon not less than thirty days' written notice to the mayor and to the board of estimate.

9. The subsidiary corporation shall establish and publish or cause to be published schedules for all passenger transportation services under its operation. Such schedules shall include the estimated departure and arrival time at each terminal point of each route except that, on lines where the headway time during the period between six A.M. and seven P.M.

is less than ten minutes, such headway time alone may be listed for that period. Such schedules shall also show the elapsed running time between the terminal and each station. Schedules shall be made available on each omnibus operated on the line to which the schedule applies.

10. No acts or activities taken or proposed to be taken by the subsidiary corporation pursuant to the provisions of paragraph (a) of subdivision five or subdivision seven of this section shall be deemed to be "actions" for the purposes or within the meaning of article eight of the environmental conservation law.

11. The subsidiary corporation and its corporate existence shall continue until terminated by law, provided however, that no such law shall take effect so long as the subsidiary corporation or the transit authority or any other of its subsidiaries shall have outstanding any notes or bonds or lease, sublease or other contractual obligations issued or incurred pursuant to section twelve hundred seven-m of this title or issued or incurred in connection with the transfer of its interest in and the lease from the transferee of any property furnished to it pursuant to chapter twelve of the laws of nineteen hundred seventy-nine or section fifteen of chapter three hundred fourteen of the laws of nineteen hundred eighty-one, unless adequate provision has been made for the payment or satisfaction of such outstanding notes, bonds, lease, sublease or other contractual obligations.