§ 1207-b. Issuance of bonds and notes by the authority. 1. Notwithstanding the provisions of sections twelve hundred through twelve hundred twenty-one, inclusive, of this title or of any other provisions of law to the contrary, but subject to the provisions of section twelve hundred seven-j of this title, the authority shall have the power and is hereby authorized to borrow money and to issue negotiable bonds and notes therefor in conformity with applicable provisions of the uniform commercial code in such principal amount as, in the opinion of the authority, shall be necessary to provide funds sufficient to pay the purchase price of no more than seven hundred twenty-four cars for the rapid transit lines under the jurisdiction of the authority purchased pursuant to section twelve hundred seven-a of this title, to pay interest on the bonds and notes of the authority, to establish reserves to secure such bonds and notes, and to pay all other expenditures of the authority incident to or incurred in connection with the purchase of such cars and the authorization, issuance and sale of said bonds and notes. In no event shall there be outstanding at any one time more than ninety-two million dollars ($92,000,000) in such bonds and notes.

1-a. The authority may also issue its bonds, notes or other obligations in such principal amounts as shall be necessary to finance the construction, purchase, lease or acquisition of, or an equity interest in, an office building located or to be constructed in the borough of Brooklyn in the city, provided that (i) all or a portion of such building is intended to be occupied by the authority and that the board shall, by resolution, have made findings that the sum of the capitalized value of all payments due from the authority under such bonds, notes or other obligations (not including any amounts attributable to principal repayment) together with any rent payments for the space in such building to be occupied by the authority and of all payments required of the authority under any related agreement does not exceed the capitalized value of those payments which would be made in a conventional commercial lease transaction for comparable space with an unrelated party and (ii) not more than an insubstantial portion of any real property so financed with the proceeds of bonds, notes, or other obligations is utilized by other than the New York city transit authority or its designated subsidiary. The term "capitalized value" for

the purposes of this subdivision shall be computed in the manner set forth in subdivision four of section twelve hundred seven-m of this title. The metropolitan transportation authority is hereby additionally authorized from time to time to issue bonds for the purposes of refunding, redeeming or otherwise paying, including paying by purchase or tender, bonds issued by the authority for such purposes and to secure such bonds in the manner set forth in section twelve hundred sixty-nine of this article.

2. The authority shall have the power from time to time to renew notes or to issue renewal notes for such purpose, to issue bonds to pay notes, and whenever it deems refunding expedient, to refund bonds by the issuance of new bonds and to issue bonds partly to refund bonds and notes then outstanding and partly for the purposes authorized by subdivision one of this section. The refunding bonds may be exchanged for bonds to be refunded, with such cash adjustments as may be agreed, or may be sold and the proceeds applied to the purchase or payment of the bonds to be refunded. In no event shall the maturity date of the refunding bonds be a date beyond thirty-five years from the date the first bond was issued.

3. Every issue of bonds and notes of the authority shall be special obligations of the authority payable solely from the moneys and revenues of the authority derived from the operation of the transit facilities under its jurisdiction, subject to any agreement with the holders of particular bonds or notes pledging any particular moneys or revenues.

4. The bonds and notes shall be authorized by resolution of the authority and shall bear such date or dates and shall mature at such time or times as such resolution or resolutions may provide, except that no note or any renewal thereof shall mature more than five years after the date of issue of the original note and no bond shall mature more than thirty-five years from the date of issue. Bonds and notes shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of

redemption and to such other terms and conditions as such resolution or resolutions may provide. The bonds and notes may be sold at public or private sale for such price or prices as the authority shall determine. Pending preparation of definitive bonds, the authority may issue interim receipts which shall be exchanged for such bonds.

5. Any resolution or resolutions authorizing any bonds or notes or any issue of bonds or notes may contain provisions, which shall be a part of the contract with the holders of the bonds, or notes thereby authorized, as to

(a) pledging all or any part of the revenues or other monies of the authority to secure the payment of the bonds or notes or of any issue of the bonds or notes, subject to such agreements with bondholders or noteholders as may then exist;

(b) the rate or rates of fare to be charged and the amounts to be raised in each year from revenues and the use and disposition of the revenues;

(c) the setting aside of reserves or sinking funds, and the regulation and disposition thereof;

(d) limitations on the rights of the authority with respect to the use and disposition of the cars for which such bonds or notes are issued and with respect to all other transit facilities of the authority;

(e) limitations on the purpose to which the proceeds of sale of any issue of bonds or notes then or thereafter to be issued may be applied and pledging such proceeds to secure the payment of the bonds or notes or of any issue of the bonds or notes;

(f) limitations on the issuance of additional bonds and notes; the terms upon which additional bonds and notes may be issued and secured, and the funding or refunding of outstanding or other bonds and notes;

(g) the procedure, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated, the amount of bonds or notes the holders of which must consent thereto, and the manner in which such consent may be given;

(h) vesting in a trustee or trustees such property, rights, powers and duties in trust as the authority may determine, which may include any or all of the rights, powers and duties of the trustee appointed by the bondholders or noteholders pursuant to section twelve hundred seven-h

hereof, and limiting or abrogating the right of the bondholders to appoint a trustee under section twelve hundred seven-h hereof, or limiting the rights, duties and powers of such trustee;

(i) defining the acts or omissions to act which shall constitute a default in the duties of the authority to the holders of its bonds and notes and providing the rights and remedies of such holders in the event of default;

(j) any other matters, of like or different character, which in any way affect the security or protection of the bonds and notes.

6. It is the intention hereof that any pledge of revenues or other moneys made by the authority shall be valid and binding from the time when the pledge is made; that the revenues or other moneys so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

7. Neither the members of the board nor any person executing the bonds or notes shall be liable personally on the bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof.

8. Subject to such agreements with bondholders or noteholders as may then exist, the authority shall have power out of any funds available therefor to purchase bonds or notes. The authority may hold, cancel or resell such bonds and notes, subject to and in accordance with agreements with bondholders and noteholders.