§ 1207-m. Transit projects. 1. The term "transit project" as used in this section shall have the meaning given to such term from time to time in section twelve hundred sixty-six-c of this article. The provisions of this section shall be controlling and the authority and its subsidiaries shall have the powers provided in this section notwithstanding any contrary provision of this title or of local law or of any lease or other agreement with the city.

2. (a) The authority is hereby authorized to request the metropolitan transportation authority to undertake any transit project and the authority and its designated subsidiaries are each hereby authorized (i) to enter into agreements with the metropolitan transportation authority concerning transit projects; (ii) to acquire in its own name by gift, purchase or condemnation any real or personal property (or any interest therein) which is needed or useful for or in connection with such project, and to surrender the use, occupancy, control or possession of or to transfer the same, or any other such real or personal property (or any interest therein) which it owns, leases, operates or controls, to the metropolitan transportation authority or its designee; (iii) to accept a transfer, transfer back, lease or sublease of any such project or part thereof upon its completion; and (iv) to make its agents, employees and facilities available to the metropolitan transportation authority in connection therewith.

(b) The authority and its subsidiary corporation is each hereby authorized to sell or transfer, without regard as to how or from whom acquired, all or part of its interest in any equipment which is deemed to be a mass commuting vehicle under the United States internal revenue code or the regulations thereunder, including, without limitation, any of the same obtained as transit projects or obtained from or financed with money received from the Triborough bridge and tunnel authority, for such consideration and on such terms or conditions as it may deem appropriate, and to obtain a lease from the transferee on such terms and conditions and for such period as it may deem appropriate pursuant to which it may operate, use, control or possess such mass commuting vehicle in furtherance of the statutory purposes of the authority and its subsidiaries, provided (i) such lease contains an option to the authority or its subsidiary corporation to repurchase its interest at

the expiration of the scheduled lease term for nominal consideration, and (ii) the aggregate of the regularly scheduled rental payments which the authority or its subsidiary corporation is obligated to make pursuant to such lease during each twelve month period of the lease term shall not exceed the aggregate amount receivable, whether by principal or interest, by the authority or its subsidiary corporation from its transferee during each such twelve month period. Without limitation of the foregoing, any lease entered into pursuant hereto may also contain provisions requiring the authority or its subsidiary corporation to indemnify the transferee for any loss resulting from the loss or destruction of any mass commuting vehicle which is the subject of such lease, or any loss arising out of any misrepresentation, act, or omission of the authority or its subsidiary in connection with such lease, and requiring the authority or its subsidiary corporation to undertake to replace, repair or restore any such mass commuting vehicle, but such obligations shall not be deemed regularly scheduled rental payments for purposes of the preceding sentence. Rental payments and other payments or costs incurred by the authority or its subsidiary corporation in discharge of its obligations under any lease entered into as hereinabove provided shall not be deemed capital costs for the purposes of section twelve hundred three or twelve hundred three-a of this title, and the considerations received by the authority or its subsidiary corporation in connection with any transactions entered into pursuant to the authorization of this paragraph may be expended free of any restriction set forth in subparagraph (ii) of paragraph (b) of subdivision one of section twelve hundred three or in paragraph (c) of subdivision five of section twelve hundred three-a of this title.

(c) Neither the authority nor its subsidiary shall enter into any transaction authorized by paragraph (b) of this subdivision unless the following standards and procedures have been met:

(i) notice of intention to negotiate shall be published in at least one newspaper of general circulation, and a copy thereof shall be mailed to all parties who have requested notification from the authority or its subsidiary to engage in transactions of this type. Such notice shall describe the nature of the proposed transaction and the factors subject to negotiation, which shall include, but not be limited to, the price to be paid to the authority or its subsidiary;

(ii) the authority or its subsidiary shall negotiate with those respondents whose response complies with the requirements set forth in the notice;

(iii) the board of the authority or its subsidiary shall resolve on the basis of particularized findings relevant to the factors negotiated that such transaction will provide maximum available financial benefits, consistent with other defined objectives and requirements.

(d) The authority and its subsidiary shall provide to the governor, the temporary president of the senate, the speaker of the assembly, the minority leader of the senate and the minority leader of the assembly, notice of each lease entered into pursuant to paragraph (b) of this subdivision and supporting documentation of compliance by the authority and its subsidiary with subparagraphs (i), (ii) and (iii) of paragraph (c) of this subdivision.

(e) Paragraphs (c) and (d) of this subdivision shall be of no force and effect with respect to any lease transaction entered into pursuant to a commitment approved prior to January first, nineteen hundred eighty-five by the board of the authority or its subsidiary or the board of the metropolitan transportation authority.

3. The authority and its designated subsidiaries are hereby authorized, in connection with any transit project, to pay or agree to pay, in a manner and on terms and conditions satisfactory to the metropolitan transportation authority, any portion of the costs to the metropolitan transportation authority of such transit project and the financing thereof which is not paid to the metropolitan transportation authority from any federal, state or local aid or assistance or from any other moneys made available or payable to the metropolitan transportation authority by others for such project.

4. (a) Such agreements with the metropolitan transportation authority may, without limitation, contain provisions obligating the authority or its designated subsidiary to:

(i) issue its notes or bonds, or execute and deliver its lease, sublease and other such contractual obligations, in payment for a transfer, lease or sublease of a transit project to any of them, provided, however, that in no event shall the aggregate principal amount

of all notes and bonds together with the capitalized value of all lease, sublease and other such contractual obligations, exceed the sum of one billion six hundred million dollars, excluding from such limitation (A) the principal amount of any bonds or notes of the authority to the extent the amount thereof is paid, is payable or has been agreed to be paid by the federal government or any agency or instrumentality thereof to the authority or to the holders of such bonds or notes, (B) the principal amount of any bonds or notes of the authority issued to refund or otherwise repay other obligations issued for such transit projects, (C) the principal amount of any bonds or notes and the capitalized value of any lease, sublease or other such contractual obligation, to the extent such obligations are paid or agreed to be paid, subject to annual appropriation, under service contracts issued by the state to the metropolitan transportation authority for the benefit of the authority or its subsidiaries pursuant to the provisions of section sixteen of the transportation systems assistance and financing act of 1981, or under any similar contract of the metropolitan transportation authority or the authority with any other governmental entity for the benefit of the authority or its subsidiaries, (D) the principal amount of any bonds or notes of the authority issued to the metropolitan transportation authority in connection with the funding of any debt service reserve fund required by any resolution of the metropolitan transportation authority pursuant to which special obligation bonds of that authority to fund a transit project were issued, and (E) a principal amount of any bonds or notes of the authority equal to the amount of any original issue discount from the principal amount of the special obligation bonds or notes issued by the metropolitan transportation authority in connection with the financing of a transit project by that authority;

(ii) give security for the payment of such notes, bonds, lease, sublease or other contractual obligations, including a pledge of all or any part of its revenues or other moneys, which pledge may contain covenants with respect to the charging and fixing of fares, fees and rentals, the use and disposition of such fares, fees, rentals and other charges, and the setting aside of reserves therefrom.

(b) Such agreements, and any notes, bonds, lease, sublease or other contractual obligations issued or entered into by the authority or its designated subsidiary pursuant thereto, may, without limitation, also

contain provisions as to:

(i) limitations with respect to the use and disposition of transit projects and with respect to any other transit facilities;

(ii) limitations on the issuance of additional bonds, notes, lease, sublease or other contractual obligations, the terms upon which they may be secured and the funding or refunding thereof;

(iii) with respect to bonds or notes, vesting in a trustee or trustees such property rights, powers and duties in trust as it may determine, which rights, powers and duties may include, but shall not be limited to, those set forth in section twelve hundred seven-h of this title;

(iv) defining the acts or omissions to act which shall constitute a default and providing rights and remedies in the event of default;

(v) any other matters, of like or different character, which in any way affect the security or protection of the metropolitan transportation authority or any lessor; and

(vi) consenting to the extending or assignment by the metropolitan transportation authority or by any lessor to the holders of any of its bonds, notes or lease obligations of all of the benefits and rights of the metropolitan transportation authority or of such lessor provided by any such agreement or other instrument.

(c) The term "revenues" as used in this subdivision shall include all those moneys referred to in section twelve hundred of this article, as well as all operating subsidies provided by any public benefit corporation or by any governmental entity, federal, state or local.

(d) The term "capitalized value" as used in this subdivision shall mean the present value of all future payments required under a lease, sublease and other such contractual obligation discounted at a rate of interest determined on the basis of the net interest cost of the last metropolitan transportation authority's special obligation bonds issued prior to the execution of any such lease, sublease or other contractual obligation or, if no such bonds have been issued, on the basis of the net interest cost of the last bonds issued by the Triborough bridge and tunnel authority, issued in payment for the transfer, lease or sublease of any such transit projects.

5. It is the intention hereof that, subject to such agreements with bondholders or noteholders as may then exist, any pledge of revenues or

other moneys made by the authority or its subsidiaries 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 or its subsidiaries 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 or its subsidiaries irrespective of whether such parties have notice thereof. Neither the agreement nor any other instrument by which a pledge is created need be recorded.

6. So long as the authority or any of its subsidiaries shall have any outstanding and unpaid obligation in connection with a transit project, the authority and such subsidiaries shall have the power at all times to fix or adjust the rate or rates of fares, fees, rentals or other charges to be charged for the use of their transit facilities as may, together with all other lawfully available moneys, be necessary in their judgment to produce sufficient revenues to pay such obligations as the same become due, in addition to paying as the same shall become due expenses of operation of the transit facilities and satisfying all other obligations of the authority and such subsidiaries. No acts or activities taken or proposed to be taken by the authority pursuant to this subdivision shall be deemed to be "actions" for the purposes or within the meaning of article eight of the environmental conservation law.

7. (a) In connection with (i) the lease between the city and the authority dated June first, nineteen hundred fifty-three, and (ii) the lease between the city and the Manhattan and Bronx surface transit operating authority dated March twentieth, nineteen hundred sixty-two (such leases, as heretofore supplemented, amended or renewed, and the tenancies originally created thereby, being referred to in this section as "the existing leases"), the city, acting either by the mayor alone or by resolution of the board of estimate, or by instruments authorized by such resolution, and the authority are authorized to enter into agreements for renewal or extension of the existing leases, or for new leases, for such terms of years and upon such other terms and conditions

as the parties thereto shall agree and the metropolitan transportation authority shall approve, provided that under the terms thereof, the rights, privileges and obligations of the parties are not inconsistent with the provisions of, or in derogation of the powers of the authority all as provided in title nine of article five of this chapter, and provided further that such agreements shall in no way impair the rights or powers of the authority or the Manhattan and Bronx surface transit operating authority to fulfill the terms of any contract made by either of them with the holders of any of their then outstanding bonds or notes, and such agreements shall provide that such leases may not be terminated or permitted to expire or be amended in any way inconsistent with the provisions of any agreement, bond, note, lease, sublease or other contractual obligation given or made by either of them in connection with a transit project. Neither the provisions of section one hundred ninety-seven-c of the New York city charter, relating to a uniform land use review procedure, nor the provisions of any other local law of like or similar import shall apply to the renewal or extension of the existing leases or to the making of new leases as herein provided.

(b) Notwithstanding the provisions of any other law, general, special or local, or the provisions of the existing leases, if either of the agreements authorized by paragraph (a) above is not entered into, but a note, bond, lease, sublease or other contractual obligation for a transit project has been issued or entered into, then (i) no party to an existing lease may terminate the same, serve any notice of termination pursuant thereto, exercise any option to terminate reserved therein or permit the expiration thereof, (ii) the city shall not in any way limit or disturb any right of the tenant to use, occupy, control and possess any of the properties, facilities or revenues which are the subject of such existing lease, and (iii) the city shall not seek to enforce such existing lease in any way inconsistent with or contrary to the manner in which such existing lease had been administered prior to the enactment of this section or inconsistent with or contrary to the interests of the metropolitan transportation authority or any lessor under any agreement, notes, bonds, lease, sublease or other contractual obligations of the authority or any of its subsidiaries issued or entered into in connection with a transit project (and to the extent the provisions of such leases conflict at any time or in any manner with the provisions of

any such note, bond, lease, sublease or other contractual obligation, the provisions of such note, bond, lease, sublease or other contractual obligation shall be controlling and conflicting provisions of the leases with the city shall be disregarded), unless prior thereto the city has satisfied all of such outstanding notes, bonds or other contractual obligations and provided for the termination of all such agreements, leases and subleases, all in accordance with their terms. If and to the extent moneys are paid by the city to the authority or its subsidiaries to satisfy their obligations to the metropolitan transportation authority under such instruments, the authority and such subsidiaries shall remit such moneys to the metropolitan transportation authority, which shall, in turn, apply the same to the satisfaction and termination of its own notes, bonds and leases issued or entered into in connection with a transit project in accordance with their terms.

(c) Upon termination or expiration of a new lease or of a renewed or extended existing lease as permitted in paragraph (a) of this subdivision, or upon satisfaction of the requirements of paragraph (b) of this subdivision, title to any real or personal property (or any interest therein) constituting all or any part of a transit project then vested in the authority or any of its subsidiaries or the metropolitan transportation authority pursuant to the provisions of this chapter shall be transferred without further consideration or payment to the city.

8. The state of New York does hereby pledge to and agree with the authority and its subsidiaries and the metropolitan transportation authority and the holders of bonds or notes or lease, sublease or other contractual obligations issued by any of them in connection with a transit project or in connection with the transfer of the interest of any of them 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, or in connection with any transaction entered into pursuant to the authorization of paragraph (b) of subdivision two of this section, that the state will not limit or alter the denial of authority under subdivision eleven of this section, or the rights and powers vested in the authority and its

subsidiaries by this title to fulfill the terms of any agreement made by any of them with the metropolitan transportation authority or with such holders, or in any way impair their rights and remedies until such agreements, bonds, notes, and obligations, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the metropolitan transportation authority or such holders, are fully met and discharged. The authority and its subsidiaries are each authorized to include this pledge and the agreement of the state in any agreement with the holders of such bonds or notes or lease, sublease or other obligations and in any agreement with the metropolitan transportation authority relating to a transit project which may extend the same to the holders of its bonds, notes and lease obligations.

9. The provisions of this section and of all agreements undertaken by the authority or any of its subsidiaries in accordance therewith shall in all respects be subject to the rights of the holders of any outstanding bonds or notes of the authority and its subsidiaries.

10. In connection with the negotiation, award and implementation of contracts of the authority relating to transit projects, the provisions of paragraphs (a), (b), (c) and (d) of subdivision thirteen of section twelve hundred sixty-six-c of this article shall apply to the authority as if it were the "authority" referred to therein, and the officer designated by the metropolitan transportation authority pursuant to paragraph (e) of such subdivision shall perform the duties therein described with respect to such contracts of the authority.

11. So long as the authority or any of its subsidiaries, or metropolitan transportation authority, shall have outstanding any notes, bonds, lease, sublease or other contractual obligations authorized by this section or section twelve hundred sixty-six-c or twelve hundred sixty-nine of this article, or which have been issued or incurred in connection with the transfer of the interest of any of them in and the lease from the transferee of any property furnished 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, neither the authority nor any of its subsidiaries shall have the authority to file a voluntary petition under chapter nine of the federal bankruptcy code, or such corresponding chapter, chapters, or sections as may, from time to time, be in effect, and neither any public officer nor any organization, entity or other person shall authorize the authority or any of its subsidiaries to be or become a debtor under said chapter nine or said corresponding chapter, chapters or sections during any such period.

12. A project financed by the authority's issuance of its bonds, notes or other obligations, pursuant to subdivision one-a of section twelve hundred seven-b of this title shall be deemed to constitute a transit project for the purposes of this section and any notes, bonds, lease, sublease or other contractual obligations with respect to such project shall, for purposes of this section, be deemed to have been authorized by this section; provided, however, that such project shall not be deemed to constitute part of any capital program plan for the purposes of section twelve hundred sixty-nine-b of this article nor shall the principal amounts of any bonds or notes, nor the capitalized value of any lease, sublease, or other contractual obligation of the authority, issued or entered into by the authority pursuant to such subdivision one-a, be included in any computation pursuant to subdivision four of this section.