§ 1269. Notes, bonds and other obligations of the authority. 1. (a) The authority shall have power and is hereby authorized from time to time to issue its bonds, notes and other obligations in such principal amount as, in the opinion of the authority, shall be necessary, convenient or desirable to effectuate any of its powers and purposes, including to provide sufficient funds for achieving its purposes, including the acquisition, establishment, construction, effectuation, operation, maintenance, renovation, improvement, extension, rehabilitation or repair of any transportation facility, the payment of principal, redemption premium and interest on bonds, notes and other obligations of the authority, establishment of reserves to secure such bonds notes and other obligations, the provision of working capital and all other expenditures of the authority and its subsidiary corporations, and New York city transit authority and its subsidiary corporations incident to and necessary or convenient to carry out their purposes and powers. Such bonds, notes or other obligations may be issued for an individual transportation facility or issued on a consolidated basis for such groups or classes of facilities and projects as the authority in its discretion deems appropriate and be payable from and secured separately or on a consolidated basis by, among other things, all or any portion of such revenues and other monies and assets of the authority and its subsidiary corporations, and New York city transit authority and its subsidiary corporations as the authority determines in accordance with the provisions of section twelve hundred seventy-d of this title;

(b) The authority shall have power, from time to time, to issue renewal notes, to issue bonds to refund, redeem or otherwise pay, including by purchase or tender, notes of the authority and its subsidiary corporations, and New York city transit authority and its subsidiary corporations and whenever it deems refunding, redemption or payment expedient, to refund, redeem or otherwise pay, including by purchase or tender, any bonds of the authority and its subsidiary corporations, New York city transit authority and its subsidiary corporations and Triborough bridge and tunnel authority by the issuance of new bonds, whether the bonds to be refunded, redeemed or otherwise paid have or have not matured, and to issue bonds partly for such purpose and partly for any other purpose and to otherwise refund, redeem, acquire by purchase or tender, or in any other way repay any

outstanding notes, bonds or other obligations of the authority, any of its subsidiary corporations, New York city transit authority, any of its subsidiary corporations and Triborough bridge and tunnel authority;

(c) Every issue of its notes, bonds or other obligations shall be general obligations or special obligations. Every issue of general obligations of the authority shall be payable out of any revenues or monies of the authority, subject only to any agreements with the holders of particular notes or bonds pledging any particular receipts or revenues. Every issue of special obligations shall be payable out of any revenues, receipts, monies or other assets of the authority and its subsidiary corporations, the New York city transit authority and its subsidiary corporations and the Triborough bridge and tunnel authority identified for such purposes in accordance with agreements with the holders of particular notes, bonds or other obligations. The authority may issue transportation revenue special obligation bonds, notes or other obligations as provided in section twelve hundred seventy-d of this title;

1-a. Pension obligation bonds. The authority may from time to time issue its bonds and notes in such principal amounts as, in the opinion of the authority, shall be necessary to finance the unfunded pension fund liabilities of the authority, its affiliates and subsidiaries, provided, however, that in no event shall the cumulative amounts of bonds and notes issued pursuant to the authority of this subdivision exceed one billion two hundred million dollars or sixty percent of such unfunded pension fund liabilities, whichever is less, and provided, further, that no bonds shall be issued under this subdivision for a term longer than twenty years. The authority may not issue bonds or notes in any twelve month period in a cumulative principal amount in excess of forty percent of the total amount permitted to be issued under this subdivision. Prior to the issuance of any bonds or notes, the authority shall make a finding that such issue is expected to result, on a present value basis, in a lower effective cost to the authority than funding the unfunded pension fund liability solely through the payment of annual amounts to the pension fund, assuming that the principal component of the unfunded liability will be amortized over the same number of years as the term of the bonds or notes and that the interest payable thereon

is the actuarial rate of interest determined by the actuary for the pension fund at the time of the issuance of such bonds or notes. The aggregate principal amount of bonds and notes issued for such purposes may be increased to fund costs of issuance and may reasonably required debt service of other reserve funds. Bonds and notes may be issued to refund or otherwise repay bonds or notes theretofore issued for such purposes; provided, however, that upon any such refunding or repayment (including for purpose of such calculation the principal amount of the refunding bonds or notes then to be issued and excluding the principal amount of the bonds or notes so to be refunded or repaid and also excluding any amounts used to pay costs of issuance and reasonably required debt service or other reserve funds) the present value of the aggregate debt service of the refunding or repayment bonds or notes to be issued shall not exceed the present value of the aggregate debt service of the bonds or notes so to be refunded or repaid. For purposes of the preceding sentence, the present values of the aggregate debt service of the refunding or repayment bonds or notes and of the aggregate debt service of the bonds or notes so to be refunded or repaid shall be calculated by utilizing the effective interest rate of the refunding or repayment bonds or notes, which shall be that rate arrived at by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the refunding or repayment bonds or notes from the payment dates thereof to the date of issue of the refunding or repayment bonds or notes and to the price bid including estimated accrued interest or proceeds received by the authority including estimated accrued interest from the sale thereof. Debt service on the bonds or notes shall be structured so that the economic benefits thereof shall be relatively uniform for each full year throughout the term of the bonds or notes. Beginning with the date of first issuance of bonds under this section, the authority and its subsidiaries shall make annual payments into the pension fund in amounts at least equal to the current pension contribution liability applicable to such year. The net proceeds of the bonds or notes intended to be invested in non-debt securities may be invested by the recipient pension fund in a fiscally prudent manner in securities consistent with any trust indentures and all applicable state and federal law over a reasonable period of time not less than 30 days following the issuance

of the bonds or notes. The operating budget savings associated with the issuance of pension obligation bonds during the period from April first, two thousand five, through March thirty-first, two thousand ten, pursuant to this subdivision shall be dedicated to reducing service eliminations projected to occur within that period.

2. The notes, bonds and other obligations shall be authorized by resolution approved by not less than a majority vote of the whole number of members of the authority then in office, except that in the event of a tie vote the chairman shall cast one additional vote. Such notes, bonds and other obligations shall bear such date or dates, and shall mature at such time or times, in the case of any such note or any renewals thereof not exceeding five years from the date of issue of such original note, and in the case of any such bond not exceeding fifty years from the date of issue, as such resolution or resolutions may provide. The notes, bonds and other obligations 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 as such resolution or resolutions may provide. The notes, bonds and other obligations of the authority may be sold by the authority, at public or private sale, at such price or prices as the authority shall determine. No notes or bonds of the authority may be sold by the authority at private sale, however, unless such sale and the terms thereof have been approved in writing by (a) the comptroller, where such sale is not to the comptroller, or (b) the director of the budget, where such sale is to the comptroller.

3. Any resolution or resolutions authorizing any notes, bonds or any issue thereof, or any other obligations of the authority, may contain provisions, which shall be a part of the contract with the holders thereof, as to:

(a) pledging all or any part of the revenues of the authority or of any of its subsidiary corporations or New York city transit authority or any of its subsidiary corporations or Triborough bridge and tunnel authority to secure the payment of the notes or bonds or of any issue thereof, or any other obligations of the authority, subject to such

applicable agreements with bondholders, noteholders, or holders of other obligations of the authority, the New York city transit authority and its subsidiary corporations, and Triborough bridge and tunnel authority as may then exist;

(b) pledging all or any part of the assets of the authority or of any of its subsidiary corporations or New York city transit authority or any of its subsidiary corporations or Triborough bridge and tunnel authority to secure the payment of the notes or bonds or of any issue of notes or bonds, or any other obligations of the authority, subject to such agreements with noteholders, bondholders, or holders of other obligations of the authority, the New York city transit authority and its subsidiary corporations, and Triborough bridge and tunnel authority as may then exist;

(c) the use and disposition of revenues, including fares, tolls, rentals, rates, charges and other fees, made or received by the authority, any of its subsidiary corporations, New York city transit authority or any of its subsidiary corporations, or Triborough bridge and tunnel authority;

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

(e) limitations on the purpose to which the proceeds of sale of notes, bonds or other obligations of the authority may be applied and pledging such proceeds to secure the payment of the notes or bonds or of any issue thereof or of other obligations;

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

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

(h) limitations on the amount of monies to be expended by the authority or any of its subsidiary corporations or New York city transit authority or any of its subsidiary corporations or Triborough bridge and

tunnel authority for operating, administrative or other expenses of the authority or any of its subsidiary corporations or New York city transit authority or any of its subsidiary corporations or Triborough bridge and tunnel authority;

(i) 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, noteholders or holders of other obligations of the authority pursuant to this title, and limiting or abrogating the right of the bondholders, noteholders or holders of other obligations of the authority to appoint a trustee under this article or limiting the rights, powers and duties of such trustee;

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

4. In addition to the powers herein conferred upon the authority to secure its notes, bonds and other obligations, the authority shall have power in connection with the issuance of notes, bonds and other obligations to enter into such agreements as the authority may deem necessary, convenient or desirable concerning the use or disposition of the monies or property of any of the authority, its subsidiary corporations, New York city transit authority, or any of its subsidiary corporations, or Triborough bridge and tunnel authority, including the mortgaging of any such property and the entrusting, pledging or creation of any other security interest in any such monies or property and the doing of any act (including refraining from doing any act) which the authority would have the right to do in the absence of such agreements. The authority shall have power to enter into amendments of any such agreements within the powers granted to the authority by this title and to perform such agreements. The provisions of any such agreements may be made a part of the contract with the holders of the notes, bonds and other obligations of the authority.

5. It is the intention hereof that any pledge, mortgage or security instrument made by the authority shall be valid and binding from the time when the pledge, mortgage or security instrument is made; that the

monies or property so pledged, mortgaged and entrusted and thereafter received by the authority, or any of its subsidiary corporations shall immediately be subject to the lien of such pledge, mortgage or security instrument without any physical delivery thereof or further act; and that the lien of any such pledge, mortgage or security instrument shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority, or any of its subsidiary corporations, irrespective of whether such parties have notice thereof. Neither the resolution nor any mortgage, security instrument or other instrument by which a pledge, mortgage lien or other security is created need be recorded or filed and neither the authority nor, any of its subsidiary corporations shall be required to comply with any of the provisions of the uniform commercial code.

6. Neither the members of the authority, the New York city transit authority or the Triborough bridge and tunnel authority nor any person executing the notes, bonds or other obligations shall be liable personally on the notes, bonds or other obligations or be subject to any personal liability or accountability by reason of the issuance thereof.

7. The authority, subject to such agreements with the holders of notes, bonds or other obligations as may then exist, shall have power out of any funds available therefor to purchase notes, bonds or other obligations of the authority. The authority may hold, cancel or sell such bonds, notes and other obligations, subject to and in accordance with agreements with such holders.

8. Neither the state nor the city of New York shall be liable on notes, bonds or other obligations of the authority and such notes, bonds and other obligations shall not be a debt of the state or the city of New York, and such notes, bonds and other obligations shall contain on the face thereof, or in an equally prominent place, a statement to such effect.

9. So long as the authority has outstanding any bonds, notes or other obligations issued pursuant to this section or any bonds, notes or other obligations issued or incurred pursuant to section twelve hundred

sixty-six-c of this title, none of the authority or any of its subsidiary corporations, New York city transit authority or any of its subsidiary corporations, or Triborough bridge and tunnel authority 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 subsidiary corporations, New York city transit authority or any of its subsidiary corporations, or Triborough bridge and tunnel authority to be or become a debtor under chapter nine or said corresponding chapter, chapters or sections during any such period.

10. The term "monies" as used in this section shall include, but not be limited to, all operating subsidies provided by (i) any public benefit corporation, including without limitation transfers of operating surplus by Triborough bridge and tunnel authority pursuant to section twelve hundred nineteen-a of this article, or (ii) any governmental entity, federal, state or local.

11. Any resolution or agreement authorizing the issuance of bonds, notes or other obligations pursuant to this section may, in addition, authorize and provide for the issuance of lease obligations of the authority which may be issued for the purposes and on the terms and conditions under which the bonds, notes and other obligations authorized under this section may be issued, and may be secured in the same manner as such bonds, notes and other obligations, and which resolution with respect to such lease obligations, may contain such other provisions applicable to bonds, notes and other obligations not inconsistent with the provisions of this section, as the authority may determine.

12. The aggregate principal amount of bonds, notes or other obligations issued after the first day of January, nineteen hundred ninety-three by the authority, the Triborough bridge and tunnel authority and the New York city transit authority to fund projects contained in capital program plans approved pursuant to section twelve hundred sixty-nine-b of this title for the period nineteen hundred ninety-two through two thousand twenty-nine shall not exceed one hundred

fifteen billion five hundred million dollars. Such aggregate principal amount of bonds, notes or other obligations or the expenditure thereof shall not be subject to any limitation contained in any other provision of law on the principal amount of bonds, notes or other obligations or the expenditure thereof applicable to the authority, the Triborough bridge and tunnel authority or the New York city transit authority. The aggregate limitation established by this subdivision shall not include (i) obligations issued to refund, redeem or otherwise repay, including by purchase or tender, obligations theretofore issued either by the issuer of such refunding obligations or by the authority, the New York city transit authority or the Triborough bridge and tunnel authority, (ii) obligations issued to fund any debt service or other reserve funds for such obligations, (iii) obligations issued or incurred to fund the costs of issuance, the payment of amounts required under bond and note facilities, federal or other governmental loans, security or credit arrangements or other agreements related thereto and the payment of other financing, original issue premiums and related costs associated with such obligations, (iv) an amount equal to any original issue discount from the principal amount of such obligations or to fund capitalized interest, (v) obligations incurred pursuant to section twelve hundred seven-m of this article, (vi) obligations incurred to fund the acquisition of certain buses for the New York city transit authority as identified in a capital program plan approved pursuant to chapter fifty-three of the laws of nineteen hundred ninety-two, (vii) obligations incurred in connection with the leasing, selling or transferring of equipment, and (viii) bond anticipation notes or other obligations payable solely from the proceeds of other bonds, notes or other obligations which would be included in the aggregate principal amount specified in the first sentence of this subdivision, whether or not additionally secured by revenues of the authority, or any of its subsidiary corporations, New York city transit authority, or any of its subsidiary corporations, or Triborough bridge and tunnel authority.