Report by Finance and Capital Committee (A) 04-23-2020

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

◉ Action ○ Information	MEAD Number: 202156	Resolution: ◉ Yes ○ No

TITLE:

Dedicated Revenue Bond Resolution & Issuance

PRESENTATION SUMMARY:

Seeking Board of Directors approval of Dedicated Revenue Bond Resolution and authorization for the issuance of Series 2020 Dedicated Revenue Bonds to support the capital program.

PURPOSE:

The Board will be briefed and asked to approve the 2020 Dedicated Revenue Bond Resolution and authorize the issuance of Series 2020A Dedicated Revenue Bonds through a negotiated sale method and in accordance with WMATA Debt Management Policy in an amount not to exceed $545 million in principal, 25 years final maturity to support capital projects.

DESCRIPTION:

With the creation of dedicated revenues for WMATA's capital investment by the District of Columbia, the State of Maryland and the Commonwealth of Virginia, it is necessary to establish a new dedicated bond resolution to enable WMATA to pledge dedicated revenue sources as collateral for bonds issued directly by and on-behalf of WMATA for capital investments.

Pursuant to WMATA's Compact and Section 4(b)(2) of the Capital Funding Agreement (CFA), all or any portion of the Capital Improvement Plan (CIP) may be funded through short-term or long-term debt financing. In the past, funding jurisdictions have periodically directed WMATA to issue bonds on their behalf to address capital budget funding gaps. The funding jurisdictions are responsible for debt service on such transactions.

Key Highlights:

As included in the capital program, one source of funds will come from a debt issuance. The debt will be collateralized by dedicated revenues, which requires a new bond resolution.

Background and History:

Debt issuance for capital projects is provided for under the WMATA Compact. Pursuant to Section 4(b)(2) of the Capital Funding Agreement (CFA), all or any portion of the Capital Improvement Plan (CIP) may be funded through short- term or long-term debt financing.

On September 25, 2003 the Board adopted the Gross Revenue Bond Resolution (2003-53). This resolution established a credit pledging WMATA Gross Revenues as collateral for bond issuances. This Resolution defined the pledged collateral supporting all bond issues from Series 2003 through Series 2018.

With the recent adoption of dedicated revenues legislation by the District of Columbia, the State of Maryland and the Commonwealth of Virginia, WMATA requires a new resolution to serve as collateral pledge for future debt that will be issued directly by WMATA leveraging dedicated revenues.

Historically, WMATA has issued bonds using its Gross Revenues as the trust estate with debt service funded by the jurisdictions. With this new issuance, WMATA will service the debt with funds received solely from dedicated revenue sources. This financing allows WMATA to issue debt using dedicated revenues similar to other mass transit systems. Dedicated revenue cash flows typically result in higher credit quality which provides stability and security to investors. The level and frequency of Dedicated Revenue bonds will be approved by the Board of Directors.

Discussion:

Metro's capital plan includes debt in the amount of $545 million to support planned capital investment. The Series 2020 Dedicated Revenue Bond issuance is expected to be sold under the following parameters:

Anticipated Bond Terms	
Maturity	25 Years
Principal Amount (Not to Exceed)	$545M
All-in True Interest Cost (estimate)	2.65%

FUNDING IMPACT:

This is authority to issue debt to fund the capital program	
Project Manager:	Robert Haas
Project Department/Office:	Treasurer/CFO

TIMELINE:

Previous Actions	FY2020 capital budget has identified bond financing as a funding source for capital expenditures Briefed the Board on February 27, 2020 on the recommended sales strategy for the bonds
	April 2020: Approval of bond documents and distribution of

Anticipated actions after presentation	official statement May 2020: Price and close transaction

RECOMMENDATION:

1) Approve the 2020 Dedicated Revenue Bond Resolution, and

2) Authorize the issue of Series 2020A Dedicated Revenue Bonds for $545 million to support capital projects

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WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

2020-___
DEDICATED CAPITAL FUNDING BOND RESOLUTION

ADOPTED _____, 2020

Proposed

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DEDICATED CAPITAL FUNDING BOND RESOLUTION

BE IT RESOLVED by the Board of Directors of the Washington Metropolitan Area Transit Authority as follows:

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

Section 101. Definitions. The following terms shall, for all purposes herein, have the following meanings:

2003 Bond Resolution shall mean the Gross Revenue Bond Resolution 2003-53, adopted by the Authority on September 23, 2003, as the same from time to time may be amended or supplemented in accordance with its terms, including without limitation as amended by Resolution 2018-47 (the 2018 Supplemental Bond Resolution Supplementing and Amending Gross Revenue Bond Resolution 2003-53), adopted by the Authority on November 15, 2018.

2003 Dedicated Revenues Account shall mean the Future Dedicated Revenues Account established in Section 504 of the 2003 Bond Resolution.

2003 Trustee shall mean the trustee for the Pre-2018 Obligations appointed pursuant to the terms of the 2003 Bond Resolution.

Account or **Accounts** shall mean each account or all of the accounts established in Article V of the Resolution.

Accreted Value shall mean with respect to any Capital Appreciation Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Obligations and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated based on a 360-day year of twelve (12) 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Accrued Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued and unpaid Debt Service with respect to all Obligations and Parity Debt, calculating the accrued Debt Service with respect to each Obligation at an amount equal to the sum of (i) as estimated by an Authorized Officer, interest on the Obligations and interest components of Parity Debt accrued and unpaid and to accrue to the next Debt Service Payment Date, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such Obligations and Parity Debt next due which would have accrued (if deemed to accrue in the manner set forth in the definition of "Debt Service") to the next Debt Service Payment Date. For purposes of calculating Debt Service Fund deposits, Principal Installments shall not include amounts that an Authorized Officer has notified the Trustee are to be paid from sources other than

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Dedicated Capital Funding Revenues, nor shall Accrued Debt Service include any amounts that, as certified by an Authorized Officer, have been set aside hereunder or otherwise in trust for the payment thereof.

Air Rights shall mean that space which (i) extends upward from the real property which constitutes all or any part of the Transit System, and (ii) is not used, or reasonably anticipated to be used, in connection with the operation of the Transit System.

Amortized Value, when used with respect to Authorized Investments purchased at a premium above or a discount below par, shall mean the value of such Authorized Investments computed by using an industry standard constant yield method selected by an Authorized Officer of the Authority.

Appreciated Value shall mean with respect to any Deferred Income Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Deferred Income Obligations, (ii) as of any date prior to the Interest Commencement Date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of twelve (12) 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Authority shall mean the Washington Metropolitan Area Transit Authority, a body corporate and politic created and existing under and by virtue of the Compact, or, if said Washington Metropolitan Area Transit Authority shall be abolished, the officer, board, commission, authority, agency or instrumentality succeeding to the functions thereof or to whom the powers given by the Compact to the Authority shall be given by law.

Authorized Investments shall mean and include any of the following, to the extent, at the time of the acquisition thereof, the same are legal for investment of the Authority's funds under the Compact:

(a) U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the United States Government;

(b) debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality, or government-sponsored enterprise (GSE), which include but are not limited to Fannie Mae, Freddie Mac, the Federal Farm Credit System, and the Federal Home Loan Bank;

(c) U.S. dollar denominated debt obligations of a multilateral organization of governments;

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(d) U.S. dollar denominated corporate notes, bonds, or other debt obligations issued or guaranteed by a U.S. or foreign corporation, financial institution, non-profit, or other entity;

(e) obligations issued or guaranteed by any state, territory, or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality, or other unit of local government of any U.S. state or territory rated in any of the top three Rating Categories;

(f) mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise (GSE), including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs;

(g) asset-backed securities (ABS) whose underlying collateral consists of loans, leases, or receivables, including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases, or home-equity loans;

(h) negotiable bank certificates of deposit, deposit notes, or other deposit obligations issued by a nationally or state-chartered bank, credit union, or savings association, or by a federally or state-licensed branch of a foreign bank or financial institution;

(i) non-negotiable interest-bearing time certificates of deposit, savings accounts, or deposit accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state, provided that any such deposits are secured or collateralized, if required by state or Federal law;

(j) interest bearing time certificates of deposit, savings accounts, or deposit accounts fully insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA);

(k) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Authority, or bankers' acceptances of depository institutions, including the Trustee or any of its affiliates;

(l) U.S. dollar denominated commercial paper issued or guaranteed by a U.S. or foreign corporation, company, financial institution, trust, or other entity, including both unsecured debt and asset-backed programs rated in the top short-term Rating Category by at least one Rating Agency;

(m) banker's acceptances issued, drawn on, or guaranteed by a U.S. bank or branch of a foreign bank;

(n) shares in open-end and no-load money market;

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(o) mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7;

(p) repurchase agreements with any provider, which agreement is secured by any one or more of the securities described in clauses (a), (b) or (e) above, which securities shall (A) at all times have a market value of not less than the full amount held or invested pursuant to the agreement and (B) be delivered to a Bank as defined in clause (i) or (ii) of the definition thereof, as custodian, that is independent from the provider with whom the repurchase agreement is executed;

(q) forward delivery agreements ("FDAs") with any provider who has a rating (at the time the FDA is entered into) of at least A3 by Moody's or at least A- by S&P or Fitch, or a similar rating by another equivalent national ratings agency; provided, however, that, if any such provider is subsequently downgraded below Baa3 by Moody's or below BBB- by S&P or Fitch, or a similar rating by another equivalent national ratings agency, such FDA shall no longer qualify as an Authorized Investment;

(r) guaranteed investment contracts or other structured investments ("GICs") with any provider who has a rating (at the time the GIC is entered into) of at least A3 by Moody's or at least A- by S&P or Fitch, or a similar rating by another equivalent national ratings agency; provided, however, that any such GIC shall require that if the provider is subsequently downgraded below A3 by Moody's or below A- by S&P or Fitch, or a similar rating by another equivalent national ratings agency, the provider shall secure its obligations by posting collateral or converting the GIC into a repurchase agreement; and

(s) any other investment in which the Authority is authorized from time to time to invest under applicable law with respect to which an Authorized Officer has, on or before the date thereof, delivered to the Trustee a certificate to the Trustee designating the additional investment as an Authorized Investment.

Any investment in any of the foregoing obligations may be made in the form of an entry made on the records of the Authority of the particular obligations or of a recognized securities depository.

Authorized Officer shall mean (i) the Chairman and the Vice Chairman, (ii) the General Manager and Chief Executive Officer, the Executive Vice President & Chief Financial Officer, the Vice President & Comptroller, the Vice President & Treasurer, the Board Corporate Secretary and any Assistant Board Corporate Secretary of the Authority, or successor positions regardless of title performing the same or similar functions and (iii) any other Person authorized by the Authority pursuant to a duly adopted resolution of the Authority to perform the act or sign the document in question.

Balloon Obligations shall mean Obligations designated as Balloon Obligations in a Supplemental Resolution and where 25% or more of the principal amount of such Obligations matures on the same date and such portion of the principal amount of such Obligations is not

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required to be amortized by payment or redemption prior to such date. If any Series of Obligations or any Parity Debt consists partially of Variable Interest Rate Obligations and partially of Obligations bearing interest at a fixed rate, the portion constituting Variable Interest Rate Obligations and the portion bearing interest at a fixed rate shall be treated as separate issues for purposes of determining whether any such Series of Obligations or Parity Debt constitutes Balloon Obligations.

Bank shall mean any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Business Day shall mean any day of the year other than (i) a Saturday or a Sunday, (ii) any day on which Banks located in the City of New York, New York or the city in which the Principal Office of the Trustee is located or the District of Columbia are required or authorized by law or executive order to remain closed, or (iii) any day on which the New York Stock Exchange is closed.

Capital Appreciation Obligations shall mean any Obligations denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Obligations. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Capital Appreciation Obligation in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Obligation shall be deemed to be its Accreted Value (which in the case of clause (ii) may be the Accreted Value as of the immediately preceding Valuation Date).

Capital Budget shall mean the Authority's capital budget, as amended or supplemented from time to time, adopted or in effect for a particular Fiscal Year, as provided in Section 23 of the Compact.

Capital Costs shall mean the costs of the Authority related to the implementation of the Capital Budget.

Certificate of Determination shall mean a certificate of an Authorized Officer, fixing the terms, conditions and other details of Obligations, Parity Debt, Credit Facilities, Subordinated Indebtedness or Subordinated Contract Obligations in accordance with the delegation of power to do so under a Supplemental Resolution.

Clearing Account shall mean the Account by that name established in Section 502.

Clearing Account Agent shall mean the Bank selected by the Authority pursuant to Section 502 hereof.

PROPOSED

Compact shall mean the Washington Metropolitan Area Transit Authority Compact entered into as an amendment of the Washington Metropolitan Area Transit Regulation Compact between the State of Maryland, the Commonwealth of Virginia and the District of Columbia and constituting Title III of said Washington Metropolitan Area Transit Regulation Compact, together with all amendments and supplements to said Title III heretofore entered into or which may be entered into in accordance with law.

Costs of Issuance shall mean the costs of the authorization, sale and issuance of a Series of Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, including with respect to any party to a transaction, charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, fees and charges of the Trustee and other Fiduciaries and agents, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution of documents, investor relations website fees, transportation and safekeeping of Obligations, premiums, fees and charges in order to obtain, renew, extend or terminate Credit Facilities and Qualified Swaps and other financial arrangements, costs and expenses of refunding such Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

Cost of Issuance Account shall mean the applicable Account by that name established in the Proceeds Fund for a Series of Obligations pursuant to Section 502.

Counsel's Opinion or **Opinion of Counsel** or **Opinion** shall mean an opinion signed by an attorney or firm of attorneys of recognized standing (who may be outside counsel to the Authority) selected by the Authority.

Credit Facility shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Authority and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Obligations, Parity Debt or Obligation Anticipation Notes.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt outstanding, the sum of: (i) interest on the Obligations of such Series and the interest components of Parity Debt accruing during such period and (ii) that portion of each Principal Installment for such Obligations and Parity Debt that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the preceding Principal Installment payment date on Outstanding Obligations and Parity Debt; *provided, however, that*, unless otherwise set forth in a Supplemental Resolution, no Principal Installment shall be deemed to begin accruing until *the later of* one year prior to such Principal Installment's due date or the date of issuance or incurrence of the related Obligation or Parity Debt; *provided further*, for purposes of calculating Debt Service Fund deposits and Maximum Annual Debt Service, and with respect to any Series of Obligations or any Parity Debt, the Authority may compute such sum based on the following adjustments:

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(1) Interest on Variable Interest Rate Obligations may be based on the Estimated Average Interest Rate applicable thereto.

(2) Interest on any Obligation or Parity Debt in respect of which the Authority has entered into a Qualified Swap may be based on:

(a) the fixed rate or rates of the Qualified Swap if the Authority has entered into what is generally referred to as a "floating-to-fixed" Qualified Swap (where the Authority pays a fixed rate and receives a floating rate); or

(b) the lower of (i) the Estimated Average Interest Rate and (ii) the effective capped rate of any Obligation or Parity Debt if the Authority has entered into a Qualified Swap that is generally referred to as an "interest rate cap" (where the Authority receives a payment if a variable rate exceeds a certain amount); or

(c) the Estimated Average Interest Rate of the Qualified Swap if the Authority has entered into either what is generally referred to as a "fixed-to-floating" Qualified Swap (where the Authority pays a variable rate and receives a fixed rate) or a "floating-to-floating" Qualified Swap (where the Authority pays a variable rate and receives a different variable rate).

(3) If any Series of Obligations or any Parity Debt constitutes Balloon Obligations, then, for purposes of determining the annual amount payable on account of principal of and interest on such Series of Obligations or Parity Debt, such Series of Obligations or Parity Debt that are or would be Balloon Obligations shall be treated as if the principal amount of such Series of Obligations or Parity Debt were to be amortized in substantially equal annual installments of principal and interest over the lesser of a term of 30 years or the actual term of such Series of Obligations or Parity Debt; and the interest rate used for such computation shall be the rate quoted in the 30-year revenue bond index, or revenue bond index related to the actual term of such Series of Obligations or Parity Debt, as applicable, published by The Bond Buyer no more than two weeks prior to the date of calculation, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as such Series of Obligations or Parity Debt on the date of issuance, or if there are no such Treasury bonds having equivalent maturities, 80% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States of America ranked by assets.

(4) If the Authority has irrevocably deposited Authorized Investments or money with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Authorized Investments and money may be deducted from Debt Service.

(5) If the Authority has, at any time, irrevocably called for redemption one or more Series of Obligations, including pursuant to a covenant to apply any portion of the Trust Estate to redeem Obligations or Parity Debt (which particular Obligations or Parity Debt need not be specifically identified in advance, except as to interest rate and maturity), the Authority may take into account such redemption.

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(6) With respect to Parity Reimbursement Obligations, accelerated payments of principal shall only be taken into account if, at the time of calculation, such amounts are payable due to a draw under a credit or liquidity facility.

Debt Service Fund shall mean the Fund by that name established in Section 502.

Debt Service Payment Date shall mean, with respect to any portion of Debt Service, the date on which the Debt Service shall be payable.

Dedicated Capital Funding Acts shall mean the following legislative enactments: D.C. Code § 1-325.401; Va. Code § 33.2-3401; and Md. Transit Code Ann. § 10-205(g).

Dedicated Capital Funding Revenues shall mean only those funds received by the Authority from the Signatories pursuant to the Dedicated Capital Funding Acts as the same exist on [INSERT DATE OF ADOPTION OF RESOLUTION], 2020. Dedicated Capital Funding Revenues do not include (a) those funds under Va. Code § 33.2-3401.B.1, which are ineligible for use as security for debt, (b) any funds in excess of the respective amounts set forth in the Dedicated Capital Funding Acts as of [INSERT DATE OF ADOPTION OF RESOLUTION], 2020, as a result of any amendment to any of the Dedicated Capital Funding Acts unless the Authority amends the Resolution in accordance with its terms to pledge such increased funds as part of the Trust Estate under the Resolution or (c) any other revenues, taxes, charges, assessments or other moneys paid to the Authority.

Defeasance Security shall mean

(a) an Authorized Investment as specified in clause (a), (b), or (c) of the definition thereof, which is non-callable and non-prepayable; or

(b) any other Authorized Investment designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Series of Obligations authorized by such Supplemental Resolution, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by at least one Rating Agency.

Deferred Income Obligation shall mean any Obligation (A) as to which interest accruing thereon prior to the Interest Commencement Date of such Obligation is (i) compounded on each Valuation Date for such Deferred Income Obligation and (ii) payable only at the maturity or prior redemption of such Obligations and (B) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date succeeding the Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Deferred Income Obligation in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Deferred Income Obligation shall be deemed to be its Appreciated Value (which in the case of clause (ii) may be the Appreciated Value as of the immediately preceding Valuation Date).

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Estimated Average Interest Rate shall mean, as to any Variable Interest Rate Obligations or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Obligations or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer.

Events of Default shall mean the events defined as such in Section 701.

Fiduciary or **Fiduciaries** shall mean the Trustee, any Registrar, any Paying Agent, any tender agent or any or all of them, as may be appropriate, or any Person appointed to act as a Fiduciary as provided in the Resolution.

Final Judgment shall mean any judgment or order of any court of competent jurisdiction, or of any arbitrator or panel of arbitrators, as to which all appeals have been exhausted.

Fiscal Year shall mean the then current annual accounting period of the Authority for its general accounting purposes, which period, as of [INSERT DATE OF ADOPTION OF RESOLUTION], 2020, is the twelve-month period commencing on July 1 of each calendar year and ending on June 30 of the next calendar year.

Fund or **Funds** shall mean each fund or all of the funds established in or pursuant to Article V of the Resolution.

Interest Commencement Date shall mean, with respect to any particular Deferred Income Obligation, the date determined by Supplemental Resolution after which interest accruing on such Obligation shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

Joint Development Project shall mean property interests owned and/or controlled by the Authority (including property interests constituting a part of the Transit System) which the Authority markets to one or more office, retail/commercial, recreational/entertainment or residential developers with the objective of developing one or more transit-oriented development projects.

Maximum Annual Debt Service shall mean, as of any date of calculation, the amount of Debt Service for the current or any future Fiscal Year in which the greatest amount of Debt Service is required.

Obligation Anticipation Notes shall mean any such notes issued and delivered pursuant to Section 207, except to the extent (but only to the extent) that all or any portion of such notes either are not payable, or are anticipated by the Authority not to be paid, from the proceeds of the Obligations in anticipation of which such notes are being issued.

Obligations shall mean any bonds, notes, commercial paper or other form of indebtedness of the Authority payable from the Debt Service Fund, authorized by Section 201 and delivered pursuant to Section 202, or authorized pursuant to Section 207, but excluding Obligation

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Anticipation Notes to the extent payable from, and expected by an Authorized Officer to be paid from, the proceeds of Obligations or other Obligation Anticipation Notes.

Opinion of Bond Counsel shall mean an opinion signed by any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of obligations by state and municipal entities, selected by the Authority.

Outstanding, when used with reference to Obligations or Obligations of a Series, shall mean, as of any date, Obligations or Obligations of such Series theretofore or thereupon to be delivered under the Resolution except:

(a) Any Obligations canceled at or prior to such date;

(b) Obligations the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof;

(c) Obligations in lieu of or in substitution for which other Obligations shall have been delivered pursuant to Article III or Section 406 or Section 1005;

(d) Obligations deemed to have been paid as provided in subsection 2 of Section 1101;

(e) Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Obligations on the applicable tender date, if the Purchase Price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution; and

(f) For the purpose of any consent to be given or other action to be taken by or upon the direction of Owners of a specified portion of Obligations Outstanding, Obligations excluded pursuant to Section 1111.

The principal component of any Parity Debt shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Authority thereunder in lieu of the related Obligation, regardless of the authorized amount of the principal component of such Parity Debt or the related Obligation and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Parity Debt shall not by itself increase the Outstanding principal amount of Obligations.

Owner, or any similar terms, shall mean the registered owner of any Obligation as shown on the books for the registration and transfer of Obligations maintained in accordance with Section 305.

Parity Debt shall mean any Parity Reimbursement Obligation, any Parity Swap Obligation or any other contract, agreement or other obligation of the Authority designated as constituting "Parity Debt" in a certificate of an Authorized Officer delivered to the Trustee; provided, however, that any such Parity Reimbursement Obligation, Parity Swap Obligation, or other contract,

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agreement or other obligation shall not constitute Parity Debt solely to the extent of any obligations to pay termination or other fees, expenses, indemnification or other similar payments to the counterparty to such arrangement; provided further that Parity Reimbursement Obligations may include accelerated principal amortization provisions to the extent permitted by subsection 4 of Section 206.

Parity Reimbursement Obligation has the meaning provided in subsection 4 of Section 206.

Parity Swap Obligation has the meaning provided in subsection 6 of Section 206.

Parking Facilities shall mean parking facilities owned or operated by the Authority.

Participating Jurisdiction(s) shall mean and include the District of Columbia, the cities of Alexandria, Falls Church and Fairfax, Virginia, and the counties of Arlington and Fairfax, Virginia, and political subdivisions of the Commonwealth of Virginia located within those counties, the counties of Montgomery, and Prince George's, Maryland, and political subdivisions of the State of Maryland located within those counties, and any other government or governmental unit embraced by the Washington Metropolitan Area Transit Zone, as defined in Section 3 of the Compact or added pursuant to another provision of the Compact, (a) in which the Authority operates the Transit System, and (b) which contributes funds to support the Authority. Loudoun County, Virginia, shall become a Participating Jurisdiction for the Fiscal Year determined by the Board of Directors of the Authority in conjunction with the establishment of an opening date for the Silver Line Metrorail service in Loudoun County.

Paying Agent shall mean any paying agent for the Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

Person shall mean any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company or other legal entity or group of entities, including any public benefit corporation, public instrumentality, quasi-governmental or governmental entity or any agency or subdivision thereof.

Pre-2018 Bonds shall mean the $197,370,000 Gross Revenue Transit Refunding Bonds, Series 2017A, of the Authority at any time outstanding under the 2003 Bond Resolution, and the $496,500,000 Gross Revenue Transit Bonds, Series 2017B, of the Authority at any time outstanding under the 2003 Bond Resolution.

Pre-2018 Jurisdictional Funding Sources shall mean the following legislative enactments: D.C. Code §§ 1-2451 *et seq*.; Va. Code §§ 15.1-37.3:5, 58.1-638 and 58.1-1720; Arlington County Code § 27-15; Fairfax County Code §§ 4-5-4; Md. Transit Cod Ann. § 10-205(e); Montgomery County Code § 52-13; Code of Prince George's County § 10-255; Alexandria City Ordinance No. 2707, dated June 22, 1982; Fairfax City Ordinance No. 1982-23, dated June 29, 1982; and City of Falls Church Ordinance No. 1010, dated May 24, 1982; and shall include the funds paid by any Participating Jurisdiction for such purposes in-lieu-of such amounts.

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Pre-2018 Jurisdictional Funding Revenues shall mean funds paid by the Participating Jurisdictions from the Pre-2018 Jurisdictional Funding Sources.

Principal Installments shall mean, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt, as applicable, (a) the principal amount of Outstanding Obligations of such Series, due on the dates and in the amounts specified by a related Supplemental Resolution, reduced by the principal amount of such Obligations which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance (determined as provided in Section 508) of any Sinking Fund Installments due on any certain future date for Obligations of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Parity Debt, the amount due thereunder on the dates and in the amounts established in accordance with Section 202 as a principal component of such Parity Debt payable on a parity with the Obligations.

Principal Office of the Trustee shall mean the designated corporate trust office of the Trustee.

Proceeds Account shall mean the applicable Account by that name established in the Proceeds Fund for a Series of Obligations pursuant to Section 502.

Proceeds Fund shall mean the Fund by that name established in Section 502.

Purchase Price shall mean, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

Put Obligations shall mean Obligations which by their terms may be tendered at the option of the Owner thereof or are subject to a mandatory tender other than at the election of the Authority, for payment or purchase prior to the stated maturity or redemption date thereof.

Qualified Swap shall mean, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Authority as may be designated or a notional principal amount relating to all or a portion of the principal, amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Authority for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Obligations or Variable Interest Rate Obligations on a synthetic basis or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to such Obligations.

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Qualified Swap Provider shall mean, subject to any applicable restrictions contained in the Compact, an entity whose senior long-term obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability, are rated not lower than the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider.

Rating Agency shall mean a nationally recognized statistical rating organization.

Rating Category shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rating Confirmation shall mean evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken hereunder; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Obligations.

Record Date, except as otherwise provided by Supplemental Resolution or a certificate of an Authorized Officer, shall mean the last Business Day preceding a payment date or other date on which an action is to be taken.

Redemption Price shall mean, with respect to any Obligation, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the Resolution.

Refunding Obligations shall mean all Obligations authenticated and delivered on original issuance pursuant to Section 204.

Registrar shall mean any registrar for the Obligations of any Series and its successor or successors and any Other Person which may at any time be substituted in its place pursuant to the Resolution.

Reimbursement Obligation has the meaning provided in subsection 4 of Section 206.

Resolution shall mean this Dedicated Capital Funding Bond Resolution, as from time to time hereafter amended or supplemented by Supplemental Resolutions in accordance with the terms hereof.

Responsible Officer shall mean any officer assigned to the corporate trust office of the Trustee, or any other officer of the Trustee customarily performing functions similar to those performed by any of such officers and who has direct responsibility for the administration of the Resolution, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Revenue Anticipation Notes shall mean any note or notes the proceeds of which are used for capital costs of the Transit System and issued by the Authority (i) having a final maturity date of not more than two years from the date of issuance, (ii) authorized by the Authority only in

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anticipation of the receipt of reimbursements relating to capital costs of the Transit System which are anticipated to be sufficient to pay in full the principal of and any net interest, on such Revenue Anticipation Notes, (iii) secured in whole or in part by a lien prior to the lien and pledge of the Resolution on such reimbursements and (iv) meeting the requirements of subsection 3 of Section 205.

Revenue Fund shall mean the Revenue Fund by that name established in Section 502.

Securities Depository shall mean a recognized securities depository selected by the Authority to maintain a book-entry system in respect to all or any portion of a Series of Obligations (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

Separately Financed Project shall mean any project described in Section 205.

Series shall mean all of the Obligations delivered on original issuance pursuant to a single Supplemental Resolution and denominated therein a single series, and any Obligations thereafter delivered in lieu of or in substitution therefor pursuant to Article III or Section 406 or Section 1005, regardless of variations in maturity, interest rate, or other provisions.

Signatory(ies) shall mean and include the District of Columbia, the State of Maryland and the Commonwealth of Virginia.

Sinking Fund Installment shall mean, as of a particular date, any Sinking Fund Installment established pursuant to paragraph (m) of subsection 1 of Section 202.

Subaccount or **Subaccounts** shall mean each subaccount or all of the subaccounts established in or pursuant to Article V, as the case may be.

Subordinated Contract Obligation shall mean any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, (b) any Qualified Swap or portion thereof which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee; and (c) any other contract, agreement or other obligation of the Authority designated as constituting a "Subordinated Contract Obligation in a certificate of an Authorized Officer delivered to the Trustee. Each Subordinated Contract Obligation shall be payable and secured in a manner permitted by Article V, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Contract Obligations shall be junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

Subordinated Indebtedness shall mean any bond, note or other indebtedness for capital projects to be funded by Dedicated Capital Funding Revenues authorized by Supplemental Resolution or other resolution of the Authority and designated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer delivered to the Trustee, which shall be payable and secured in a manner permitted by Article V of the Resolution, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Indebtedness shall be junior and

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inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Authority in accordance with the Resolution and, except as the context may otherwise require, including any related Certificate of Determination.

Taxable Obligations shall mean any Obligations which are not Tax-Exempt Obligations.

Tax-Exempt Obligations shall mean any Obligations the interest on which is intended by the Authority to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Obligations in the Supplemental Resolution authorizing such Obligations.

Transit System shall mean the facilities, including all real and personal property and all rights, interests, property and appurtenances incidental thereto or used or useful in connection therewith, constructed or acquired by the Authority as part of its regional rail and bus transit system, but excluding Air Rights, Parking Facilities and Joint Development Projects.

Trust Estate shall mean, collectively, but subject to the terms and provisions of Section 501, all right, title and interest of the Authority in:

(a) all Dedicated Capital Funding Revenues;

(b) the proceeds of the sale of the Obligations;

(c) all Funds, Accounts and Subaccounts established by the Resolution (other than the Clearing Account, except to the extent provided in Section 504, and any rebate fund established pursuant to a tax certificate or agreement executed by the Authority in connection with a Series of Obligations and any funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations; *provided however*, that such funds, accounts and subaccounts are specifically excepted from the Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof;

(d) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Obligations by the Authority, or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms hereof.

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Trustee shall mean the trustee appointed by the Authority pursuant to Section 801, and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

Valuation Date shall mean (i) with respect to any Capital Appreciation Obligations, the date or dates set forth in the Supplemental Resolution authorizing such Obligations on which specific Accreted Values are assigned to the Capital Appreciation Obligations and (ii) with respect to any Deferred Income Obligations, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Resolution authorizing such Obligations on which specific Appreciated Values are assigned to the Deferred Income Obligations.

Variable Interest Rate shall mean a variable interest rate to be borne by any Obligation. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Obligations.

Variable Interest Rate Obligations shall mean Obligations which bear a Variable Interest Rate.

Section 102. Rules of Construction.

1. Words of one gender shall be deemed and construed to include correlative words of any other gender. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations.

2. Except as otherwise specified herein, all references in the Resolution to Articles, Sections, and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Resolution, and the words herein, hereof, hereunder and other words of similar import refer to the Resolution as a whole and not to any particular Article, Section or subdivision of the Resolution.

3. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof (including any table of contents in the Resolution), shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of the Resolution or describe the scope or intent of any provisions hereof.

4. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with applicable generally accepted accounting principles as in effect from time to time.

5. Except as otherwise specified herein, all references to resolutions, contracts or other agreements shall be deemed to include any amendments to such documents that are approved in accordance with the terms thereof and hereof.

6. Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature, which may be delivered and "signed" pursuant to facsimile or other electronic-mail transmission in accordance with applicable law and practice.

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7. The word "or" is not exclusive.

8. The word "including" means including without limitation.

Section 103. Authority for the Resolution. The Resolution is adopted pursuant to the provisions of the Compact.

Section 104. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Obligations and Parity Debt authorized to be issued hereunder by those who are Owners of the Obligations and Parity Debt from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Obligations and Parity Debt; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Owners of any and all of the Obligations and Parity Debt, all of which, regardless of the time or times of their authentication, issuance and delivery, or maturity, shall be of equal rank without preference, priority or distinction of any of the Obligations or Parity Debt over any other Obligations or Parity Debt, except as expressly provided in or permitted by the Resolution; provided, however, that the Resolution may be modified, amended or supplemented in accordance with its terms.

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ARTICLE II
GENERAL PROVISIONS FOR ISSUANCE OR INCURRENCE OF OBLIGATIONS, PARITY DEBT AND OBLIGATION ANTICIPATION NOTES

Section 201. Authorization of the Obligations.

1. The Resolution hereby authorizes Obligations of the Authority designated as "Dedicated Revenue Obligations," which Obligations, if and when authorized by the Authority pursuant to one or more Supplemental Resolutions, may be issued in one or more Series or subseries. Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations which convert on a particular date or dates from Taxable Obligations to Tax-Exempt Obligations, or as Taxable Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Obligations, or otherwise as determined by Supplemental Resolution and not contrary to the Resolution as then in effect. The Obligations shall be special obligations of the Authority payable solely from the Trust Estate pledged to the payment thereof pursuant to subsection 1 of Section 501. The aggregate principal amount of the Obligations which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as may from time to time be limited by law.

2. The Obligations may, if and when authorized by the Authority pursuant to one or more Supplemental Resolutions, be issued in one or more Series or subseries, and the designations thereof, in addition to the name "Dedicated Revenue Obligations", shall include such further or different designations in such title for the Obligations of any particular Series or subseries as the Authority may determine. Each Obligation shall bear upon its face the designation so determined for the Series or subseries to which it belongs.

3. Nothing in the Resolution shall be deemed to prevent the consolidation into a single Series or subseries for purposes of issuance and sale of Obligations otherwise permitted by the Resolution to be issued at the same time in two or more separate Series or subseries. In the event that separate Series or subseries are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution notwithstanding any other provision of the Resolution. Nor shall anything in the Resolution (except to the extent required by Supplemental Resolution) be deemed to prevent the separation into separate Series or subseries for purposes of issuance and sale Obligations otherwise permitted by the Resolution to be issued in one Series or subseries.

4. Obligations may be issued for any lawful purpose of the Authority.

Section 202. General Provisions for Issuance of Obligations.

1. Obligations may be issued pursuant to a Supplemental Resolution in such principal amount or amounts for each Series or subseries as may be specified in such Supplemental Resolution. Obligations of any Series or subseries shall be authorized by a Supplemental Resolution which shall specify, among other things, the following matters (or the manner of determining such matters):

(a) The authorized principal amount, designation and Series of such Obligations;

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(b) The purpose or purposes for which such Obligations are being issued;

(c) The dates and the maturity dates of the Obligations of such Series;

(d) If the Obligations of such Series are interest bearing Obligations, the interest rates of the Obligations of such Series and the interest payment dates therefor;

(e) If the Obligations of such Series are Capital Appreciation Obligations, the Valuation Dates for such Obligations and the Accreted Value on each such Valuation Date;

(f) If the Obligations of such Series are Deferred Income Obligations, the Interest Commencement Date for such Obligations, the Valuation Dates prior to the Interest Commencement Date for such Obligations and the Appreciated Value on each such Valuation Date;

(g) If the Obligations of such Series are Capital Appreciation Obligations or Deferred Income Obligations, the manner in which and the period during which principal and interest shall be deemed to accrue on such Obligations;

(h) If the Obligations of such Series are Variable Interest Rate Obligations, the maximum interest rate, if any, or the method of calculating such maximum rate for such Obligations, and the provisions, if any, as to the calculation or change of Variable Interest Rates;

(i) If the Obligations of such Series are Put Obligations, provisions regarding tender for purchase or redemption thereof and payment of the purchase or Redemption Price thereof;

(j) If the Obligations of such Series are Balloon Obligations, a provision designating such Obligations as Balloon Obligations;

(k) The denominations of, and the manner of dating, numbering and lettering, the Obligations of such Series;

(l) The Paying Agents, if any, and the places of payment of the principal and Redemption Price, if any, of, and interest on, the Obligations of such Series;

(m) The Redemption Prices, if any, and the redemption terms, if any, for the Obligations of such Series, provided that Obligations of any maturity for which Sinking Fund Installments shall be established pursuant to paragraph (m) of this subsection 1 shall in any event be redeemable, or payable at maturity, by application of the Sinking Fund Installments for such Obligations on the due dates of such Sinking Fund Installments;

(n) The amount and due date of each Sinking Fund Installment, if any, for Obligations of like maturity of such Series;

(o) Provisions necessary to authorize, in compliance with all applicable law, Obligations of such Series to be issued in the form of Obligations issued and held in book-

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entry form on the books of the Authority or any Fiduciary appointed for that purpose by the Authority and, in connection therewith, make such additional changes in the Resolution, not adverse to the rights of the Owners of the Obligations, as are necessary or appropriate to accomplish or recognize such book-entry form Obligations and specify and determine the matters and things relative to the issuance of such book-entry form Obligations as are appropriate or necessary;

(p) To the extent applicable, the provisions relating to (i) any Credit Facility, Qualified Swap or other financial arrangement entered into in connection with the issuance of the Obligations of such Series and (ii) the obligations payable thereunder;

(q) The amount, if any, to be deposited in the Proceeds Fund or any Account therein;

(r) If so determined by the Authority, provisions for the application of any money available therefor to the purchase, exchange or redemption of Obligations of such Series and for the order of purchase, exchange or redemption of such Obligations;

(s) If so determined by the Authority, provisions for the sale of the Obligations of such Series;

(t) The forms of the Obligations of such Series and of the Trustee's certificate of authentication if other than as provided in Section 310; and

(u) Such other matters, not contrary to or inconsistent with the Resolution, as the Authority may deem advisable or necessary in connection with the authorization, issuance, sale, or delivery of such Series of Obligations.

An Authorized Officer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to the delegation under such Supplemental Resolution, and such Certificate of Determination shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein. The matters set forth in any such Certificate of Determination shall have the same effect as if set forth in the related Supplemental Resolution.

2. The Obligations may be sold in one or more Series or subseries (each of which shall contain a designation distinguishing it from other Series or subseries) and shall be delivered by the Authority under the Resolution but only upon receipt by the Trustee, of:

(a) An Opinion of Bond Counsel in customary form to the effect that (i) the Authority has the right and power under the Compact to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, and is valid and binding upon the Authority, and enforceable in accordance with its terms, and no other authorization for the Resolution is required as of the date thereof; (ii) the Resolution creates the valid pledge which it purports to create of the Trust Estate in the manner and to the extent provided in Section 501; (iii) the Obligations are valid, binding and special and limited obligations of the Authority as provided in the Resolution,

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enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and of the Compact, and such Obligations have been duly and validly authorized and issued in accordance with law, including the Compact as amended to the date of such Opinion, and in accordance with the Resolution; and (iv) if the Obligations are to be designated and issued as Tax-Exempt Obligations, that interest on such Obligations is excludable from gross income under federal income tax laws; provided, that such Counsel's Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to the enforcement of creditors' rights generally or contractual obligations, and judicial discretion and the valid exercise of the sovereign police powers of the State of Maryland, the Commonwealth of Virginia or the District of Columbia and of the constitutional power of the United States of America;

(b) A copy of the Supplemental Resolution authorizing such Obligations, certified by an Authorized Officer;

(c) A written order of the Authority as to the delivery of the Obligations, signed by an Authorized Officer;

(d) If any Obligations are Variable Interest Rate Obligations or a Qualified Swap is being entered into that will result in a variable interest rate obligation of the Authority, a determination by an Authorized Officer of the Estimated Average Interest Rate;

(e) If any Obligations of such Series are Put Obligations, a determination by an Authorized Officer of the method or methods to be employed to provide for the purchase or redemption of all Put Obligations of such Series if the Owners thereof elected to tender for purchase or redemption the entire aggregate Outstanding principal amount of the Put Obligations of such Series; and

(f) Such further documents and money as are required by the provisions of this Article II or Article VIII.

3. Obligations may be issued (a) to refund Outstanding Obligations or Parity Debt only if the issuance thereof complies with the provisions of subsection 2 of Section 203 or with the provisions of subsection 2 of Section 204, or (b) for any other purpose so long as the issuance thereof complies with the provisions of subsection 2 of Section 203.

4. If Obligations are to be listed on a domestic or foreign stock exchange, the Authorized Officers are hereby authorized to take all such actions as they deem necessary or appropriate to comply with the listing requirements of such exchange, including, without limitation, the appointment of a member of such exchange as listing agent, the publication where required by such exchange of all redemption notices, the appointment of a special clearing agent and paying agent, and the execution of an undertaking letter with such exchange.

Proposed

Section 203. Special Provisions for Capital Cost Obligations.

1. The Obligations of one of more Series may at any time, or from time to time, be authenticated and delivered upon original issuance pursuant to this Section 203 to pay, or to provide for the payment of, all or part of the Capital Costs.

2. The Obligations of each such Series shall be authenticated and delivered by the Trustee upon receipt by the Trustee of a certificate of an Authorized Officer certifying, based on the Authority's records, that Dedicated Capital Funding Revenues for any twelve (12) consecutive months out of the last eighteen (18) months immediately preceding the incurrence or issuance of such Obligations shall at least equal 400% of the sum of (a) Maximum Annual Aggregate Debt Service (with respect to all Obligations and Parity Debt, including the Obligations being incurred or issued) for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any Outstanding Obligations, plus (b) maximum annual aggregate debt service on any outstanding Pre-2018 Bonds issued under the 2003 Bond Resolution for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any outstanding Pre-2018 Bonds; provided, however, that for the purpose of the foregoing clause (b), there shall be excluded from the calculation any debt service on the Pre-2018 Bonds to the extent that Gross Revenues as defined and described in the 2003 Bond Resolution were sufficient to pay debt service on Pre-2018 Bonds during such 12-month period; provided, further, that for the first Series of Obligations issued following the date of adoption of the Resolution, the amount of Dedicated Capital Funding Revenues used in this paragraph shall be the projected amount of Dedicated Capital Funding Revenues instead of the actual amount of Dedicated Capital Funding Revenues.

Section 204. Special Provisions for Refunding Obligations.

1. In addition to refinancings permitted under subsection 3 of Section 202, one or more Series of Refunding Obligations (in an aggregate principal amount which will provide funds, together with other money available therefor, to accomplish such refunding) may be authenticated and delivered upon original issuance to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations or Parity Debt.

2. The Obligations of each such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 202 or this Section 204) of a certificate of an Authorized Officer stating either (a) after giving effect thereto and to the application of the proceeds thereof, the Debt Service with respect to such Obligations is less in each Fiscal Year than the Debt Service with respect to the Obligations or Parity Debt being refunded for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of such Obligations, or (b) the conditions of subsection 2 of Section 203 are satisfied.

Section 205. Separately Financed Projects; Revenue Anticipation Notes.

Proposed

1. Nothing in the Resolution shall prevent the Authority from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Compact or by other then-applicable law, or from financing any such project from other available funds (any such project being referred to herein as a "Separately Financed Project"), if the debt service on such bonds, notes or other obligations or evidences of indebtedness, if any, and the Authority's share of any operating expenses related to such Separately Financed Project are payable solely from funds not pledged to the payment of Obligations, including amounts released from the lien of the Resolution.

2. If expressly authorized by the Board of Directors of the Authority, one or more series of Obligations may be issued using both the security afforded under the Resolution and the security provided under the 2003 Bond Resolution provided that such series of Obligations meets the issuance requirements of both the Resolution and the 2003 Bond Resolution. Such Obligations may be issued on a parity basis, a subordinate basis, or a split basis with the Obligations on parity with Obligations issued under one resolution and on a subordinate basis for Obligations issued under the other resolution.

3. Nothing in the Resolution shall prevent the Authority from authorizing or issuing Revenue Anticipation Notes. Prior to the issuance of Revenue Anticipation Notes, an Authorized Officer shall deliver a certificate to the Trustee certifying as to the reimbursements in anticipation of which such Revenue Anticipation Notes are being issued. Such note or notes shall contain or have endorsed thereon a designation by the Authority that such note or notes constitute Revenue Anticipation Notes under the Resolution or words of similar import, as may be determined by an Authorized Officer prior to the authentication thereof.

Section 206. Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt.

1. The Authority may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Authority deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Resolution requiring action under Article IX or Article X, including:

(a) So long as the Credit Facility is in full force and effect and payment on the Credit Facility is not in default, then (i) the issuer of the Credit Facility shall be deemed to be the sole Owner of the Outstanding Obligations the payment of which such Credit Facility secures or (ii) in the alternative or with respect to particular matters, the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Owners of the Outstanding Obligations, in either case when the approval, consent or action of the Owners for such Obligations is required or may be exercised under the Resolution including Section 802 and following an Event of Default hereunder; provided, however, that no issuer of a Credit Facility shall be deemed to be the sole Owner of Outstanding Obligations pursuant to this provision in the event that the Credit Facility or Credit Facilities securing such Obligations provide only liquidity support.

Proposed

(b) In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Outstanding Obligations (or Purchase Price of any Outstanding Obligations to the extent the issuer of the Credit Facility has not been reimbursed) shall be paid under the provisions of the Credit Facility, all covenants, agreements and other obligations of the Authority to the Owners of such Obligations shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Owners in accordance with the terms of such Credit Facility.

2. In addition, such Supplemental Resolution may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the issuer of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on Obligations secured by the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility.

3. The Authority may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility, (ii) the terms and conditions of such Credit Facility and the Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

4. The Authority may secure such Credit Facility by an agreement providing for the purchase of the Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Authority, in the applicable Supplemental Resolution. The Authority may also, in an agreement with the issuer of such Credit Facility, agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility (together with interest thereon, the "**Reimbursement Obligation**"); provided, however, that no amounts shall be payable by the Authority under a Reimbursement Obligation for purposes of the Resolution, until amounts are paid under such Credit Facility by the issuer thereof. As determined by Supplemental Resolution, any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Obligation and accelerated principal amortization, (i) may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by Section 501 to secure the Obligations (a "**Parity Reimbursement Obligation**"), but only to the extent that (prior to any acceleration of all Obligations, if permitted) any principal amortization requirements are either (A) commensurate with the amortization requirements for such related Obligations, without acceleration or (B) accelerated to no greater extent than to require repayment in equal principal installments over 5 or more years, or (ii) may constitute a Subordinated Contract Obligation, as determined by the Authority. Parity Reimbursement Obligations shall not include any payments (other than interest calculated at a higher rate pursuant to a Credit Facility) (i) of any fees or expenses, (ii) pursuant to any indemnification provisions or (iii) pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than permitted by clauses (A) and (B) of the preceding sentence, and any such payments of the items specified in clauses (i), (ii) or (iii) of this sentence shall constitute Subordinated Contract Obligations.

5. Any such Credit Facility shall be for the benefit of and secure such Obligations or portion thereof as specified in any applicable Supplemental Resolution.

Proposed

6. In connection with the issuance of any Obligations or at any time thereafter so long as Obligations remain Outstanding, the Authority may, to the extent permitted pursuant by law, from time to time enter into Qualified Swaps. The Authority's obligation to pay any amount under any Qualified Swap may be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by Section 501 to secure the Obligations (a "**Parity Swap Obligation**"), or may constitute a Subordinated Contract Obligation, as determined by the Authority. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract Obligations.

7. Except to the extent that an Authorized Officer directs that such amounts be deposited in any other Fund or Account pledged to the payment of Obligations, any amounts paid to the Authority under a Qualified Swap shall be deposited in the Debt Service Fund.

8. To the extent applicable and not readily apparent with respect any Parity Debt, either the terms of such Parity Debt shall specify (or an Authorized Officer shall specify in writing) the interest and principal components of, or the scheduled payments corresponding to principal and interest under, such Parity Debt or the manner of determining the foregoing.

Section 207. Obligation Anticipation Notes. Whenever the Authority shall have, by Supplemental Resolution, authorized the issuance of a Series of Obligations, the Authority may by resolution authorize the issuance of Obligation Anticipation Notes in anticipation of the issuance of such authorized Series of Obligations, in a principal amount not exceeding the principal amount of the Obligations of such Series so authorized. The principal of and premium, if any, and interest on such Obligation Anticipation Notes and any renewals of such Obligation Anticipation Notes shall be payable only from any or all of the following items designated by the Authority at or prior to issuance of any such series of Obligation Anticipation Notes: (i) the proceeds of any renewals of such Obligation Anticipation Notes issued to repay such Obligation Anticipation Notes, (ii) the proceeds of the sale of the Series of Obligations in anticipation of which such Obligation Anticipation Notes are issued, (iii) amounts available to pay Subordinated Indebtedness, or (iv) any other money available therefor and not pledged under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Obligation Anticipation Notes, and any such pledge of the items set forth in clauses (i) and (ii) shall have priority over any other pledge created by the Resolution, including Section 501. In any case, such Obligation Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Series of Obligations in anticipation of which they are issued. The proceeds of the sale of Obligation Anticipation Notes other than renewals thereof shall be applied to the purposes for which the Obligations in anticipation of which such Obligation Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Resolution for such purposes or, if so provided in the resolution authorizing renewals of Obligation Anticipation Notes issued to pay outstanding Obligation Anticipation Notes, applied directly to such payment. Investment earnings from any amounts on deposit in any Fund or Account under the Resolution representing the proceeds of any Obligation Anticipation Notes shall be applied in the manner set forth in the resolution authorizing such Obligation Anticipation Notes.

Proposed

ARTICLE III
GENERAL TERMS AND PROVISIONS OF OBLIGATIONS

Except as otherwise provided by Supplemental Resolution, the Obligations shall be subject to the terms and provisions of this Article III.

Section 301. Medium of Payment; Form and Date.

1. The Obligations and Parity Debt shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts (or to the extent permitted by law, in any other coin or currency authorized pursuant to a Supplemental Resolution for related Obligations and Parity Debt).

2. Obligations shall be issued in the form of fully registered securities without coupons. Obligations, the certificate of authentication, if any, and the form of assignment shall be in substantially the form provided for in the Supplemental Resolutions pursuant to which such Obligations are issued with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or thereby or are required by law, and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officers executing such Obligations, as evidenced by their execution of the Obligations. Any portion of the text of any Obligation may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Obligation, or as multiple pages (with or without such a reference). Obligations may be typewritten, printed, engraved, lithographed or otherwise produced.

3. Obligations shall be dated, and shall bear or not bear interest, as provided in the Supplemental Resolution authorizing such Obligations.

Section 302. Legends. Obligations may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by the Authority.

Section 303. Execution and Authentication.

1. The Obligations shall be executed in the name of the Authority by the manual or facsimile signature of an Authorized Officer or in such other manner as may be authorized by law or specified in a Supplemental Resolution. In case any of the Authorized Officers who shall have signed any of the Obligations shall cease to be such officer before the Obligations so signed shall have been actually delivered, such Obligations may, nevertheless, be delivered as herein provided, and may be issued as if the Authorized Officers who signed such Obligations had not ceased to hold such offices. Any Obligation may be signed on behalf of the Authority by such Authorized Officers as at the actual time of the execution of such Obligation shall be duly authorized or hold the proper office in the Authority, although at the date of the Obligations such Authorized Officers may not have been so authorized or have held such office.

Proposed

2. Obligations of each Series shall bear thereon a certificate of authentication, executed manually by the Trustee. Only such Obligations as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no Obligation shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Obligation executed on behalf of the Authority shall be conclusive evidence that the Obligation so authenticated has been duly authenticated and delivered under the Resolution and that the Owner thereof is entitled to the benefits of the Resolution.

Section 304. Interchangeability of Obligations. Obligations, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney, may, at the option of such Owner, be exchanged for an equal aggregate principal amount of Obligations of the same Series, maturity and interest rate of any other authorized denomination.

Section 305. Negotiability, Transfer and Registry. All the Obligations issued under the Resolution shall be negotiable, subject to the provisions for registration and registration of transfer contained in the Resolution and in the Obligations. So long as any of the Obligations shall remain Outstanding, the Authority shall maintain and keep, at the office of the Registrar, books for the registration and registration of transfer of Obligations; and, upon presentation thereof for such purpose at said office and under such reasonable regulations as it or the Registrar may prescribe, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, the registration of any Obligation entitled to registration or registration of transfer. So long as any of the Obligations remain Outstanding, the Authority shall make all necessary provision to permit the exchange of Obligations at the office of the Registrar.

Section 306. Transfer of Obligations.

1. The transfer of each Obligation shall be registerable only upon the books of the Authority, which shall be kept by the Registrar, by the Owner thereof in person or by its attorney authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar executed by the Owner or its authorized attorney. Upon the registration of transfer of any such Obligation, the Authority shall issue in the name of the transferee a new Obligation of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Obligation.

2. The Authority and each Fiduciary may deem and treat the Person in whose name any Outstanding Obligation shall be registered upon the books of the Authority as the absolute owner of such Obligation, whether such Obligation shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Obligation and for all other purposes, and all such payments so made to any such registered owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary. The Authority agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, unless acting in bad faith or with negligence under the Resolution, in so treating such registered owner.

Proposed

3. Prior to any transfer of an Obligation for which there is no depository providing a book-entry only system (including, but not limited to, the initial transfer outside such book-entry only system), the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 307. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Obligations or registering the transfer of Obligations is exercised, the Authority shall execute and the Registrar shall deliver Obligations in accordance with the provisions of the Resolution. All Obligations surrendered in any such exchanges or registrations of transfer shall forthwith be canceled by the Registrar. For every such exchange or registration of transfer of Obligations, whether temporary or definitive, the Authority or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Section 308. Obligations Mutilated, Destroyed, Stolen or Lost. In case any Obligation shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee and Registrar shall deliver, a new Obligation of like tenor, Series, maturity, interest rate and principal amount as the Obligation so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Obligation, upon surrender and cancellation of such mutilated Obligation, or in lieu of and substitution for the Obligation destroyed, stolen or lost, upon filing with the Trustee and Registrar evidence satisfactory to the Authority and the Trustee and Registrar that such Obligation has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Trustee and Registrar with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Trustee and Registrar may prescribe and paying such expenses as the Authority and Trustee and Registrar may incur. All Obligations so surrendered to the Registrar shall be canceled by it. If any such Obligation shall have matured, or if such Obligation shall have been called for redemption or a redemption date pertaining thereto shall have passed, instead of issuing a new Obligation the Authority may cause the same to be paid without surrender thereof upon indemnity satisfactory to the Authority and the Trustee. Any such new Obligations issued pursuant to this Section in substitution for Obligations alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Obligations so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Obligations issued under the Resolution, in any money or securities held by the Authority or the Fiduciary for the benefit of the Owners of Obligations.

Section 309. Book-Entry-Only System. The Authority may employ a book-entry-only system of registration with respect to any Obligations and may utilize the procedures regarding such registration set forth in this Section 309, as such procedures may be modified or superseded pursuant to the Supplemental Resolution authorizing such Obligations. Any provisions of the Resolution inconsistent with book-entry-only Obligations shall not be applicable to such book-entry-only Obligations.

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Any Authorized Officer is hereby authorized to take all actions required for each Series of Obligations to be eligible under the rules and regulations of The Depository Trust Company ("DTC"), 55 Water Street, New York, New York, for investment and trading as uncertificated securities. DTC is hereby appointed as the initial Securities Depository for the Obligations, with Cede & Co., a nominee thereof, being the initial registered owner of the Obligations. In the event that any Securities Depository resigns or is removed, any Authorized Officer may select a substitute Securities Depository. The Authority and any Fiduciary, and any agent of the Authority or any Fiduciary, may treat any Securities Depository in whose name any Obligations is registered as the owner of such Obligation for all purposes under the Resolution. For so long as the Securities Depository is, the registered owner of the Obligations, procedures with respect to the transmission of notices and the, transfer of ownership of, redemption of and payment of principal or Redemption Price, if any, of and interest on such Obligations so held shall be in accordance with arrangements among the Trustee, the Authority and the Securities Depository.

So long as the Obligations are registered in the name of the Securities Depository, the Authority and the Trustee shall have no responsibility or obligation to any Securities Depository participant, indirect participant or beneficial owner of the Obligations. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of any Securities Depository or any Securities Depository participant or indirect participant with respect to any beneficial ownership interest in the Obligations, (ii) the delivery to any Securities Depository participant, indirect participant, beneficial owner or any other person, other than the Securities Depository, of any notice with respect to the Obligations, including any notice of redemption or tender, or (iii) the payment to any Securities Depository participant, indirect participant, beneficial owner or any other person, other than the Securities Depository, of any amount with respect to the principal of or Redemption Price or interest on the Obligations.

The Authority, in its sole discretion and without the consent of any other person, may terminate the services of any Securities Depository with respect to any Series of Obligations. Notice of such termination shall be given by the Authority to the Trustee prior to or simultaneously with such termination. In the event the book-entry-only system is discontinued with respect to the Obligations, principal and Redemption Price of and interest on the Obligations shall be paid as provided in the Resolution.

Consistent with DTC book-entry provisions, one or more typewritten certificates shall be prepared for each maturity of the Obligations of a Series and registered in the name of the Securities Depository. There shall be no physical distribution of bond or other certificates to beneficial owners of such Obligations. In the event that the Obligations do not qualify to be held by the Securities Depository or that either the Authority determines to discontinue the book-entry-only system or DTC determines to discontinue providing its service with respect to the Obligations and there is no successor Securities Depository, the bond or other certificates shall be delivered in the form required by the Resolution.

Unless otherwise directed by an Authorized Officer, "CUSIP" identification numbers will be imprinted on the Obligations, but such numbers shall not constitute a part of the contract evidenced by the Obligations and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Obligations. As a

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convenience to the Owners of the Obligations, the Authority and the Trustee may use such CUSIP numbers in any notices to the Owners of the Obligations including any notices of redemption of the Obligations. Failure on the part of the Authority or the Trustee to use such CUSIP numbers in any notice to Owners of the Obligations shall not constitute an Event of Default or any similar violation of the Authority's contract with such Owners. The Authority will promptly notify the Trustee of any change in the CUSIP numbers.

Section 310. Form of Obligations. Subject to the provisions of the Resolution and except as otherwise provided pursuant to a Supplemental Resolution, each Series of Obligations shall be issued as fully registered securities. Any Authorized Officer executing and delivering any such Obligations may make such changes in the form thereof as deemed necessary or convenient by such Authorized Officer, including changes to conform with (i) the terms of sale, (ii) the provisions of the related Supplemental Resolution, (iii) the requirements of the related Securities Depository, provider of a Credit Facility or Rating Agency, (iv) industry practice or (v) federal or state regulatory requirements, and the execution (whether manual or by facsimile) and delivery of any such obligations shall be conclusive evidence of the approval of all terms thereof by such Authorized Officer.

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ARTICLE IV
REDEMPTION AND TENDER OF OBLIGATIONS

Section 401. Privilege of Redemption and Redemption Price. Except as otherwise provided in the Resolution or a Supplemental Resolution, Obligations subject to redemption pursuant to a Supplemental Resolution shall be subject to redemption only in accordance with this Article IV.

Obligations subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon written notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms as may be specified in the Supplemental Resolution authorizing such Obligations.

Section 402. Redemption at the Election of the Authority; Tender to Related Entities. In the case of any redemption of Obligations at the election of the Authority, the Authority shall give written notice to the Trustee of its election so to redeem, of the redemption date, of the Series, of the principal amounts of the Obligations of each maturity and interest rate of such Series to be redeemed (which Series, maturities, interest rates and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Resolution). Such notice shall be given at least 30 days prior to the redemption date or such shorter or longer period as may be provided in the Supplemental Resolution or as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided in Section 405 but subject to the second paragraph of Section 405, the Authority shall on or prior to the redemption date cause to be paid out to the appropriate Paying Agent or Paying Agents out of money available therefor an amount in cash which, in addition to other money, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Obligations to be redeemed.

To the extent provided by Supplemental Resolution the Authority may, in its sole discretion, purchase, at any time and from time to time, any Obligations which are redeemable at the election of the Authority at a purchase price equal to the redemption price therefor. To exercise any such option, the Authority shall give the Trustee a written request exercising such option within the time periods specified in the related Supplemental Resolution as though such written request were a written request of the Authority for redemption, and the Trustee shall thereupon give the Owners of the Obligations to be purchased notice of such purchase in the manner specified in the related Supplemental Resolution as though such purchase were a redemption. On the date fixed for purchase pursuant to any exercise of such an option, the Authority shall pay the purchase price of the Obligations then being purchased to the Trustee in immediately available funds, and the Trustee shall pay the same to the sellers of such Obligations against delivery thereof. Following such purchase, the Trustee shall cause such Obligations to be registered in the name of the Authority or its nominee and shall deliver them to the Authority, or its nominee. Except to the extent otherwise directed by an Authorized Officer, no purchase of Obligations pursuant to such an option shall operate to extinguish the indebtedness of the Authority evidenced thereby.

Section 403. Redemption Otherwise Than at the Authority's Election. Whenever by the terms of the Resolution, Obligations are required to be redeemed otherwise than at the election

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of the Authority, the Trustee shall select the Obligations to be redeemed, give the notice of redemption and pay out of money available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of this Article IV. The Trustee shall have no liability in making such selection.

Section 404. Selection of Obligations to Be Redeemed. In the event of redemption of less than all the Outstanding Obligations of like tenor, Series, maturity and interest rate, the Trustee shall select, as directed by the Authority (as to the timing of such selection, manner of such selection or otherwise) or otherwise in such manner as the Trustee in its discretion shall deem appropriate and fair, the numbers of the Obligations to be redeemed and portions of any thereof to be redeemed in part. Obligations of denominations equal or less than the minimum authorized denomination thereof may be redeemed only as a whole. Obligations of denominations of more than the minimum authorized denomination thereof may be redeemed either as a whole or in part (which, if redeemed in part, must assure that the portion of the Obligation which is not redeemed is an authorized denomination). For the purposes of this Section 404, Obligations, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 405. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election to redeem Obligations pursuant to Section 402, and when redemption of Obligations is required by the Resolution pursuant to Section 403, the Trustee shall give notice, in the name of the Authority, of the redemption of such Obligations, which notice shall specify the Series (including CUSIP numbers), maturities and, if any maturity shall include Obligations bearing different interest rates and all Obligations of such maturity are not being redeemed, interest rate of the Obligations to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Obligations of any like tenor, Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Obligations so to be redeemed, and, in the case of Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed, and, if applicable, that such notice is conditional and the conditions that must be satisfied. Such notice shall further state that on such date there shall become due and payable upon each Obligation to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Obligations to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given not less than 30 days nor more than 45 days, or for such other period as may be specified in a Supplemental Resolution authorizing a particular Series, before the redemption date, to the Owners of any Obligations or portions of Obligations which are to be redeemed. Failure so to give any such notice to any particular Owner shall not affect the validity of the proceedings for the redemption of Obligations not owned by such Owner and failure of any Owner to receive such notice shall not affect the validity of the proposed redemption of Obligations. The Authority may provide notices of redemption at such additional times as it may determine necessary or appropriate.

Any notice of optional redemption given pursuant to this Section may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Obligations or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if

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any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Owners of Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Unless otherwise provided by Supplemental Resolution, notices of redemption shall be sent by first class mail, postage prepaid.

Notice of redemption of any Series of Obligations shall also be sent by the Trustee to such additional Persons as may be specified in the Supplemental Resolution authorizing such Series.

Section 406. Payment of Redeemed Obligations. Notice having been given in the manner provided in Section 405, the Obligations or portions thereof so called for redemption shall, subject to the second paragraph of Section 405, become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Obligations, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of an Obligation, the Authority shall execute and cause to be delivered, upon the surrender of such Obligation, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Obligation so surrendered, at the option of the owner thereof, Obligations of like tenor, Series, maturity and interest rate in any of the authorized denominations. If, on the redemption date, money for the redemption of all the Obligations or portions thereof of any like tenor, Series, maturity and interest rate to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Obligations or portions thereof of such Series, maturity and interest rate so called for redemption shall cease to accrue. If said money shall not be so available on the redemption date, such Obligations or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

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ARTICLE V
MAINTENANCE AND ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

Section 501. The Pledge Effected by the Resolution.

1. There are hereby pledged for the payment of the principal and Redemption Price of, and interest on, and Sinking Fund Installments for, the Obligations and, on a parity basis, Parity Debt, in accordance with their terms and the provisions of the Resolution, all right, title and interest of the Authority in and to the Trust Estate, subject only to (i) the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution and (ii) the provisions of subsection 4 of Section 506. The pledge created by the Resolution, insofar as it relates to any portion of the Trust Estate pledged to the payment of the Pre-2018 Bonds, is, and is hereby expressly declared to be, (a) subordinate in all respects to the pledge thereof created by the 2003 Bond Resolution to secure the Pre-2018 Bonds, and (b) subject to the covenants and agreements made with the owners of the Pre-2018 Bonds, and, so long as any Pre-2018 Bonds remain outstanding and unpaid, no payment shall be made therefrom whether for interest, principal or premium on any of the Obligations except as and to the extent permitted by the 2003 Bond Resolution. So long as any Pre-2018 Bonds are outstanding, no Obligations issued hereunder nor the Trustee shall have any right to any payment from Dedicated Capital Funding Revenues unless and until the Dedicated Capital Funding Revenues shall (A) first be deposited as provided in Section 504 of the 2003 Bond Resolution, and (B) applied as provided in said Section 504 thereof.

2. The pledge created by subsection 1 of this Section 501 shall in all respects secure on a *pari passu* basis all of the Obligations and Parity Debt and, except as expressly so provided, nothing contained in the Resolution shall be deemed to confer on the Owners of any Obligations or Parity Debt any rights in the Trust Estate superior or inferior to the Owners of any other Obligations or Parity Debt.

3. The pledge created by subsection 1 of Section 501 shall be valid and binding from and after the date of issuance and delivery of the first Obligations and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of 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.

4. Subject to the provisions of subsection 1 of this Section 501 and except as provided in subsection 5 of this Section 501, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Authority to that end has been duly and validly taken.

5. Notwithstanding any other provision of the Resolution, the pledge of the Trust Estate, insofar as such Trust Estate includes reimbursements in anticipation of which Revenue Anticipation Notes shall at any time be issued, shall be subordinate to the pledge of any such reimbursements securing such Revenue Anticipation Notes.

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6. Nothing contained in this Section 501 shall be construed as limiting any authority granted to the Authority elsewhere in the Resolution to issue or incur Obligation Anticipation Notes, Revenue Anticipation Notes, Subordinated Indebtedness or Subordinated Contract Obligations or shall be deemed a limitation upon the authority of the Authority to issue any other bonds, notes or other obligations under the Compact secured by any other amount or funds other than the Trust Estate.

7. The Authority represents and warrants to the Trustee and the Owners of Obligations as follows:

(a) the Compact was enacted by the Commonwealth of Virginia, the District of Columbia and the State of Maryland, and was consented to by the Congress of the United States of America;

(b) the pledge created by subsection 1 of Section 501 is authorized by Section 43 of the Compact and, is made in full compliance with the provisions of the Compact and the Resolution constitutes an "indenture" within the meaning of Section 43 of the Compact;

(c) pursuant to Section 43 of the Compact, such pledge shall take effect as provided in subsection 3 of Section 501 and irrespective of the date of receipt of Dedicated Capital Funding Revenues by the Authority or the Trustee;

(d) pursuant to Section 43 of the Compact, such pledge shall be effective against all third parties as provided in the Resolution without physical delivery of the Dedicated Capital Funding Revenues to the Authority or the Trustee;

(e) pursuant to Section 43 of the Compact, the Resolution need not be recorded in any public office, other than the office of the Board of Directors of the Authority; and

(f) the Authority will, on the date of adoption of the Resolution, record the Resolution in the office of the Board of Directors of the Authority.

8. Should a series of Obligations be issued which, as permitted by Section 205.2, incorporates the security provided in Section 501 and the security provided in the 2003 Bond Resolution, then the definition of the applicable terms contained in the 2003 Bond Resolution shall be used to determine the security provided by the 2003 Bond Resolution but not for the security provided in Section 501.

Section 502. Establishment of Funds, Accounts and Subaccounts.

1. The Clearing Account is hereby established in the name of the Authority to be held and administered by the Clearing Account Agent. The Clearing Account Agent shall be a Bank selected by the Authority. The Clearing Account is established for the convenience of the Authority and for the information of the Trustee as to the amounts of Dedicated Capital Funding Revenues being paid by the Signatories to the Authority. Except to the extent provided in Section 504, the Clearing Account is not part of the Trust Estate established by the Resolution. So long as any Pre-2018 Bonds are outstanding, no Obligations issued hereunder nor the Trustee shall have any right to any payment from Dedicated Capital Funding Revenues unless and until the Dedicated

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Capital Funding Revenues shall (a) first be deposited as provided in Section 504 of the 2003 Bond Resolution, and (b) applied as provided in said Section 504 thereof.

2. The following Funds, which shall be held and administered by the Trustee, are hereby established:

(a) Revenue Fund; and

(b) Debt Service Fund.

3. The Proceeds Fund, which shall be held and administered by the Authority, is hereby established.

4. Each such Fund shall initially consist of the Account and Subaccounts, if any, established or permitted by this Article V. Additional Funds, Accounts and Subaccounts may be established by the Authority in its discretion in addition to the Funds and Accounts established pursuant to this Article V; and the establishment of such Funds, Accounts or Subaccounts shall be evidenced by the delivery by Authority to the Trustee of a certificate of an Authorized Officer.

5. Amounts held at any time by the Clearing Account Agent, the Authority or the Trustee in any of the Funds, Accounts, or Subaccounts initially established pursuant to this Article V or in any other Fund, Account or Subaccount established by the Authority pursuant to the provision of this Article V shall be held in trust separate and apart from all other funds.

Section 503. Proceeds Fund and Application Thereof.

1. The Authority shall establish within the Proceeds Fund a Costs of Issuance Account, a Proceeds Account and such other Accounts as the Authority deems necessary and desirable, and the Authority or any Authorized Officer of the Authority may establish within each such Account separate Subaccounts for each Series of Obligations.

2. The Authority shall pay into the Proceeds Fund and each Account and Subaccount, if any, therein, such amounts as shall be provided for in a Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes.

3. Amounts in each such Account and Subaccount, if any, shall, unless otherwise provided for in a Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes, be applied solely to the payment of the purposes of the Obligations, including such Obligations in anticipation of which such Obligation Anticipation Notes are issued, in the manner and upon such conditions, if any, as the Authority may provide in such Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes; provided, however, that, subject to the provisions of the resolution authorizing Obligation Anticipation Notes relating to the application of the proceeds thereof, if on any interest payment date or Principal Installment due date, the amounts in the Debt Service Fund shall be less than Debt Service payable on such date, the Authority shall apply amounts from the Proceeds Fund to the extent necessary to make up the deficiency.

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Section 504. Clearing Account, Revenue Fund, Dedicated Capital Funding Revenues and Application Thereof. The Authority shall direct each of the Signatories to pay their respective Dedicated Capital Funding Revenues directly to the Clearing Account Agent to be deposited into the Clearing Account and held uninvested. So long as the Pre-2018 Bonds are outstanding in accordance with their terms, the Clearing Account Agent shall be unconditionally obligated to pay over to the 2003 Trustee, for deposit in the 2003 Dedicated Revenues Account, all Dedicated Capital Funding Revenues as soon as practicable following the receipt thereof, but in no event later than the morning of the Business Day immediately succeeding each date of receipt of Dedicated Capital Funding Revenues by the Clearing Account Agent, and such funds shall first be applied as set forth in Section 504 of the 2003 Bond Resolution. When the Pre-2018 Bonds are no longer outstanding in accordance with their terms, the Clearing Account Agent will transfer the Dedicated Capital Funding Revenues from the Clearing Account to the Trustee as soon as practicable after the receipt thereof. Prior to the retirement of the Pre-2018 Bonds in accordance with their terms, the Pre-2018 Bonds shall have a first right of payment from the Clearing Account and the investment income thereon, if any, in accordance with the terms of the 2003 Bond Resolution. So long as the Pre-2018 Bonds are outstanding in accordance with their terms, none of the Owners of any Obligations nor the Trustee shall have any lien on or right to payment from the Clearing Account or any funds contained in the Clearing Account or any investment income thereon, if any; on and after the date the Pre-2018 Bonds are no longer outstanding in accordance with their terms, the Clearing Account shall automatically and without further act become subject to the lien of this Resolution. The Trustee shall deposit into the Revenue Fund all Dedicated Capital Funding Revenues as soon as practicable after receipt thereof, whether from the 2003 Trustee or from the Clearing Account Agent. The Trustee shall transfer promptly all amounts deposited to the Revenue Fund into the following Funds and Accounts, in the amounts and in the order of priority, as follows:

(a) payment to the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded the amount, if any, set aside in any account within the Debt Service Fund or the Proceeds Fund from the proceeds of Obligations or Parity Debt for the payment of interest on Obligations or Parity Debt on the next Debt Service Payment Date;

(b) transfer to another Person in accordance with any Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation;

(c) transfer to the Authority for deposit in the Proceeds Fund as directed in writing by an Authorized Officer of the Authority; and

(d) transfer to such accounts held by the Authority as an Authorized Officer shall specify in writing to the Trustee.

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Amounts paid out from any Fund or Account for an authorized purpose (excluding transfers to any other pledged Fund or Account) or transferred pursuant to clause (d) of this Section 504 shall be free and clear of the lien and pledge created by the Resolution.

Section 505. Debt Service Fund.

1. The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Obligations and any related Parity Debt, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment (including the portion thereof payable in respect of a Parity Reimbursement Obligation) payable on such due date; and (iii) on or before any redemption date for the Obligations or Parity Debt which occurs on any interest payment date, the amount required for the payment of interest on the Obligations or Parity Debt then to be redeemed. Such amounts shall be applied by the Paying Agents to such payments on and after the due dates thereof.

2. In the event of the refunding (including in connection with any payment at maturity, redemption, purchase, tender or exchange) of any Obligations, the Trustee shall, upon the direction of the Authority, withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on the Obligations being refunded and (a) deposit such amounts, free and clear of any lien, pledge or claim of the Resolution with itself as Trustee or an escrow agent to be held in trust solely for the purchase, exchange or payment of the principal or Redemption Price, if applicable, of and interest on the Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the Refunding Obligations, or (c) deposit such amounts in any Fund, Account or Subaccount established under the Resolution; provided that no such withdrawal or deposit shall be made unless (i) upon such refunding, the Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in Section 1101, and (ii) at the time of, and giving effect to, such withdrawal and refunding, there shall exist no deficiency in any Fund, Account or Subaccount established under the Resolution.

3. If at any time the amount on deposit in the Debt Service Fund exceeds the amount then required to be on deposit therein, the Trustee shall, at the request of the Authority and subject to the provisions of the Supplemental Resolution governing any Subordinated Indebtedness then Outstanding, transfer to the Authority the amount of such excess free and clear of the lien and pledge of the Resolution.

Section 506. Subordinated Indebtedness; Subordinated Contract Obligations.

1. The Authority may, at any time, or from time to time, issue Subordinated Indebtedness or incur Subordinated Contract Obligations payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer pursuant to subsection (b) of Section 504 or subsection 3 of Section 505; provided, however, that, except as provided in subsection 4 of this Section 506, (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Obligations and Parity Debt and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the

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Resolution. The Authority may establish such priorities of payment and security among Subordinated Indebtedness and Subordinated Contract Obligations as it deems appropriate.

2. Subordinated Indebtedness shall be issued for one or more of the capital purposes for which Obligations could be issued and the proceeds of such Subordinated Indebtedness shall be applied only for such purpose or purposes.

3. The Authority shall have the right to covenant with the Owners from time to time of Subordinated Indebtedness and with Persons to whom Subordinated Contract Obligations run to add to the conditions, limitations and restrictions under which any additional Obligations may be issued or Parity Debt may be incurred; provided, however, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness or the incurrence of such Subordinated Contract Obligations shall not permit the owners of such obligations to declare the same nor to instruct such owners' trustee to declare the same to be immediately due and payable prior to the time that all Obligations and Parity Debt have become due and payable.

4. In connection with any Subordinated Indebtedness or Subordinated Contract Obligations representing amounts made available under any federal program or by any Signatory or Participating Jurisdiction or guaranteed or otherwise supported or secured under any federal program or by any Signatory or Participating Jurisdiction, such Subordinated Indebtedness or Subordinated Contract Obligations, may, to the extent provided in the resolution or other agreement relating to such Subordinated Indebtedness or Subordinated Contract Obligation and upon the occurrence of certain bankruptcy related events as provided in such resolution or other agreement, be secured by a pledge of and security interest in the Trust Estate on a parity with the Obligations and Parity Debt.

Section 507. Investment of Funds.

1. Subject to the provisions of Section 1104, amounts in the Funds and Accounts established by Section 502 may be invested only in Authorized Investments and only when and as specifically directed in writing by an Authorized Officer.

2. The Trustee or the Authority shall sell any Authorized Investments held in any Fund, Account or Subaccount to the extent required for payments from such Fund, Account or Subaccount. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund, Account or Subaccount to the extent required to meet the requirements of such Fund, Account or Subaccount. Except as provided by Supplemental Resolution, in computing the amount of such Funds, Accounts and Subaccounts; investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value. Accrued interest received upon the sale of any Authorized Investment to the extent such amount exceeds any accrued interest paid on the purchase of such Authorized Investment shall be treated as interest earned on such Authorized Investment for purposes of this Section.

3. Nothing in the Resolution shall prevent any Authorized Investments acquired as investments of or security for any Fund, Account or Subaccount held under the Resolution from being held in book-entry form.

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4. In making any investment in any Authorized Investments with money in any Fund or Account established under the Resolution, the Trustee or the Authority may combine such money with money in any other Fund or Account held by it, but solely for purposes of making such investment in such Authorized Investments.

5. Confirmations of investments made in accordance with the Resolution are not required to be issued by the Trustee for each month for which a monthly statement is issued.

Section 508. Satisfaction of Sinking Fund Installments.

1. Any amount accumulated in the Debt Service Fund in respect of and up to the unsatisfied balance of each Sinking Fund Installment shall be applied by the Trustee to either (a) or (b) below as directed by the Authority (together with amounts accumulated in the Debt Service Fund with respect to interest on the Series of Obligations for which such Sinking Fund Installment was established) if so directed by an Authorized Officer prior to the 15th day preceding the due date of such Sinking Fund Installment as follows:

(a) to the purchase of Obligations for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Obligations plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Authority shall direct; or

(b) to the redemption of Obligations for which such Sinking Fund Installment was established, if then redeemable by their terms at the prices referred to in clause (a) of this subsection 1 of this Section 508.

All Obligations so purchased or redeemed shall be canceled by the Trustee prior to the 15th day preceding the due date of such Sinking Fund Installment.

2. Upon the purchase or redemption of any Obligation pursuant to subsection 1 of this Section 508, an amount equal to the principal amount of the Obligations so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Obligations of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments for such Series as specified by an Authorized Officer. Prior to the purchase or redemption of such Obligations, the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Obligations so to be purchased or redeemed, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Obligations are so to be purchased or redeemed, (iii) the aggregate principal amount of the Obligations so to be purchased or redeemed, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Obligations.

3. In satisfaction, in whole or in part, of any Sinking Fund Installment, the Authority may deliver to the Trustee at least 15 days prior to the date of such Sinking Fund Installment, for cancellation, Obligations acquired by purchase or redemption, except Obligations acquired by purchase or redemption pursuant to the provisions of subsection 1 of this Section 508, of the maturity and interest rate entitled to such Sinking Fund Installment. All Obligations so delivered

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to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Obligations. Concurrently with such delivery of such Obligations, the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer, specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Obligations so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Obligations are so delivered, (iii) the aggregate principal amount of the Obligations so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Obligations.

4. The Trustee shall, upon receipt of the notice and in the manner required by the Resolution, call for redemption, on the date of each Sinking Fund Installment falling due prior to maturity, such principal amount of Obligations of the Series, interest rate and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

Section 509. Cancellation and Disposition of Obligations. All Obligations that have been paid (whether at maturity or by acceleration, call for redemption, purchase by the Authority and presentation for cancellation, or otherwise) or delivered to the Trustee for cancellation shall be canceled and not reissued, except as otherwise provided in a Supplemental Resolution with respect to Put Obligations. Unless otherwise directed by the Authority, the Trustee shall treat canceled Obligations in accordance with its document retention policies. Notwithstanding any other provision of the Resolution, the Authority may, in its sole discretion, purchase any Obligations of the Authority for investment purposes and any such Obligations shall remain Outstanding unless and until presented for cancellation.

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ARTICLE VI
PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Owners of Obligations as follows:

Section 601. Payment of Obligations and Parity Debt. The Authority shall duly and punctually pay or cause to be paid from the Trust Estate as provided in the Resolution the principal or Redemption Price, if any, of every Obligation and the interest thereon and all Parity Debt, at the dates and places, and in the manner provided in the Obligations and Parity Debt, according to the true intent and meaning thereof.

Section 602. Power to Issue Obligations and Effect Pledge. The Authority is duly authorized under all applicable laws to create and issue the Obligations, adopt the Resolution and pledge the Trust Estate in the manner and to the extent provided in the Resolution. Except as provided herein with respect to the Pre-2018 Bonds and Revenue Anticipation Notes and subject to the provisions of subsection 4 of Section 506, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Obligations and the provisions of the Resolution are and will be the legally valid and binding special and limited obligations of the Authority as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and the Compact. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners of Obligations under the Resolution against all claims and demands of all persons whomsoever. The Authority shall not issue or incur any obligations or indebtedness secured by any portion of the Trust Estate which is secured on a parity with the lien and pledge established by the 2003 Bond Resolution for the benefit of the Pre-2018 Bonds.

Section 603. Extension of Payment of Obligations. The Authority shall not directly or indirectly extend or consent to the extension of the maturity of any of the Obligations or the time of payments of any claims for interest by the purchase or funding of such Obligations or claims for interest or by any other arrangement. In the event that the maturity of any of the Obligations or the time for payment of such claims for interest shall be extended, such Obligations or claims for interest shall not be entitled, in case of any Event of Default, to the benefit of the Resolution or to any payment out of the Trust Estate, except subject to the prior payment of the principal of all Obligations Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Obligations as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority (i) to issue refunding obligations as provided in the Resolution and such issuance shall not be deemed to constitute an extension of maturity of the Obligations, (ii) to issue Put Obligations and neither such issuance nor the operation of the provisions of such Put Obligations shall be deemed to constitute an extension of maturity of the Obligations, (iii) to apply any amount in any Fund held under the Resolution for such purpose to the purchase or redemption of Obligations or (iv) to issue securities having a maturity date,

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including any extension of maturity contemplated at the time of issuance, of no more than 270 days from the issue date.

Section 604. Offices for Servicing Obligations. Except as otherwise provided in the Resolution, the Authority shall at all times maintain one or more offices or agencies where Obligations may be presented for payment, registration, transfer or exchange, and where notices, demands and other documents may be served upon the Authority in respect of the Obligations or of the Resolution. The Authority may appoint the Trustee or any other Fiduciary as its agent to maintain such office or agency for the payment, redemption, registration, transfer or exchange of Obligations and for the service upon the Authority of such notices, demands and other documents.

Section 605. Further Assurance. To the extent permitted by law, the Authority from time to time shall make, do, execute, adopt, acknowledge and deliver, and take all and every such further acts, deeds, conveyances, assignments, resolutions, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights and interests in the Trust Estate or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

Section 606. Accounts and Reports.

1. The Authority shall keep proper books of record and account of its operations. Such books of account are to be audited at least annually by independent certified public accountants experienced in governmental accounting selected by the Authority. A copy of each audit report, annual balance sheet and income and expense statement shall be uploaded, linked or posted on the Authority's website and sent to any Owner filing with the Authority a written request therefor. The Authority may charge for such reports and other documents a reasonable fee to cover reproduction, handling and postage.

2. The Authority shall annually, within 180 days after the close of each Fiscal Year or at such other time required under applicable law or a subsequent contract with all or certain Owners (or, if not available by such date, when and if available), upload, link or post on the Authority's website, and otherwise as provided by law, a copy of an annual report for such year, accompanied by the opinion of the accountants specified in subsection 1 of this Section 606.

3. The Authority shall file with the Trustee and any provider of a Credit Facility (a) forthwith upon becoming aware of any Event of Default or default in the performance by the Authority of any covenant, agreement or condition contained in the Resolution, a certificate signed by an Authorized Officer of the Authority and specifying such Event of Default or default and (b) within 180 days after the end of each Fiscal Year commencing with the Fiscal Year ending after the Fiscal Year in which the Resolution is adopted, a certificate signed by an Authorized Officer of the Authority stating that, to the best knowledge and belief of such Authorized Officer, the Authority has kept, observed, performed and fulfilled each and every one of its covenants, agreements and obligations contained in the Resolution and there does not exist at the date of such certificate any default by the Authority under the Resolution or any Event of Default or other event which, with the giving of notice or the lapse of time or both as specified in the Resolution, would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

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Section 607. Payments by Signatories and Participating Jurisdictions; Compliance with Dedicated Capital Funding Acts.

1. The Authority shall use reasonable efforts to cause the Signatories and Participating Jurisdictions to make payments of their respective Dedicated Capital Funding Revenues and Pre-2018 Jurisdictional Funding Revenues, together with other funds if necessary, so as to provide the amounts required to make the deposits required under the Resolution and the 2003 Bond Resolution; and to this end the Authority shall take all appropriate governmental action, including without limitation, action to obtain assistance and support for its efforts from any and all governmental entities with an interest therein.

2. The Authority shall use reasonable efforts to comply with the material requirements under the Dedicated Capital Funding Acts and any agreements between the Authority and the Signatories related to the Dedicated Capital Funding Acts.

Section 608. Segregation of Certain Funds. The Authority shall, at all times, comply with all terms and conditions of governmental financing programs mandating the segregation of federal or other governmental funds from other funds of the Authority and requiring the application of federal or other governmental funds for designated purposes.

Section 609. Indebtedness. Except as permitted by Section 206, the Authority shall not incur any indebtedness secured by a pledge of any of the Trust Estate (prior to the release thereof) which is due on demand, or indebtedness which provides the owners thereof the right to declare due and payable any payments thereunder (whether at the maturity of principal or on the due date of interest or upon redemption or prepayment) not otherwise due and payable, except in the event all Obligations and Parity Debt are then due and payable.

Section 610. Operation and Maintenance. The Authority shall at all times use its best efforts to operate, or cause to be operated, the Transit System properly and in a sound and economical manner and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be maintained, preserved, reconstructed and kept in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted. Nothing herein contained shall be construed to prevent the Authority from ceasing to operate or maintain, or from leasing or disposing of, all or any portion of the Transit System if, in the judgment of the Authority, it is advisable to lease, dispose of, or not to operate and maintain the same. The outsourcing of the operation or maintenance of any portion of the Transit System by lease, concession agreement or otherwise shall not be considered to be a cessation of operation or maintenance or a disposition or lease for purposes of this section if the Authority maintains ownership of the property. Further, the sale-leaseback or the lease-leaseback of any portion of the Transit System or other similar contractual arrangements, the effect of which is that the Authority, at the time of entering into such arrangements, reasonably expects to continue to have the ability to control such portion of the Transit System for use in its operations, shall not constitute a lease or disposition of such portion of the Transit System for purposes of this Section 610. The Authority shall file a notice of any disposition or lease not exempted by this section with the Trustee accompanied by a certification of the General Manager and the Treasurer

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of the Authority that the operation thereof is not essential to the maintenance and continued operation of the rest of the Transit System.

Section 611. Direction to Signatories. The direction of the Authority set forth in Section 504 that each of the Signatories pay their respective Dedicated Capital Funding Revenues directly to the Clearing Account Agent for deposit into the Clearing Account shall not be changed or discontinued so long as there are any Obligations Outstanding.

Section 612. Budgetary Provisions.

1. The Authority shall adopt and upload, link or post on the Authority's website when available for each Fiscal Year beginning after the adoption of the Resolution an annual operating budget complying with the Compact and prepared in accordance with the provisions of the Resolution. Each such budget for a Fiscal Year shall include the amount required to make the deposits for such Fiscal Year into the Debt Service Fund as set forth in Section 504.

2. The Authority shall set forth in each of its annual operating and capital budgets, and in each amendment of such budgets, appropriate provisions which acknowledge that the Dedicated Capital Funding Revenues provided for in such budget or amendment are subject to the pledge and lien established by the Resolution.

Section 613. General.

1. The Authority shall do and perform or cause to be done and performed all acts and duties required to be done or performed by or on behalf of the Authority under the provisions of the Resolution and, to the extent material to the interests of Owners, the Compact.

2. Upon the date of authentication and delivery of any of the Obligations, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in connection with the issuance of such Obligations (and any related Parity Debt then being incurred) shall exist, shall have happened and shall have been performed, and the issuance of such Obligations (and any related Parity Debt then being incurred), together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by law.

Section 614. Insurance.

1. The Authority shall at all times maintain, to the extent reasonably obtainable, the following insurance, to such extent and in such amounts as is usually carried by those operating transit systems, with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required:

(a) Multi-risk insurance on the Transit System covering direct physical loss or damage thereto;

(b) Public liability insurance covering injuries to persons and property; and

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(c) Insurance during the construction or reconstruction of any portion of the Transit System, provided that the Authority shall not be required to maintain any such insurance to the extent that such insurance is carried for the benefit of the Authority by contractors.

The proceeds of any such insurance relating to property of the Authority shall be payable to the Authority and shall be applied to its necessary or reasonable costs involved in the repair, replacement or reconstruction of the damaged property, and, if and to the extent not so applied, shall be applied to the retirement of any Obligations, Parity Debt, Subordinated Contract Obligations or Subordinated Indebtedness, as determined by the Authority. Pending such application, such proceeds may be invested by the Authority in Authorized Investments which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement. Interest earned on such investments shall be applied to the purposes described in this Section 614.

2. In lieu of maintaining any or all of the insurance required by subsection 1 of this Section 614, the Authority may establish a self-insurance plan and in connection therewith establish one or more insurance funds and accumulate therein such amounts as the Authority deems reasonable for self-insurers operating transit systems. Amounts held in such insurance funds shall be applied by the Authority to the reasonable and necessary costs of repair or replacement of any damaged or destroyed property of the Transit System and to the payment of any liabilities covered by such self-insurance plan, to the extent that the proceeds of insurance reasonably expected to be available for such purpose, if any, and any other money available to the Authority therefor shall be insufficient therefor. Amounts in insurance funds shall also be applied to the payment, when due, of interest and principal on the Obligations and Parity Debt to the extent other moneys are not available therefor under the Resolution or otherwise.

3. The Authority may maintain such other or additional insurance or self-insurance, as it shall deem to be in the interests of the Authority.

Proposed

ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES

Section 701. Events of Default. Each of the following events is defined as and shall constitute a "default" under the Resolution:

1. There shall occur a default in the payment of principal, Sinking Fund Installment, interest or premium on any Obligation after the same shall have become due, whether at maturity or upon call for redemption or otherwise, which default shall continue for a period of 30 days;

2. There shall occur a failure to observe, or a refusal to comply with, the terms of the Resolution or the Obligations, other than a failure or refusal constituting an event specified in any other subsection of this Section 701, provided, however, that such failure or refusal shall have continued for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Authority by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration, and provided further, that if the failure stated in the notice cannot be remedied within the applicable period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action has been instituted by the Authority within such period and is being diligently pursued;

3. The Authority shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Authority and/or the rents, fees, charges or other revenues of the Transit System, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing;

4. A court having jurisdiction in the premises shall enter a decree or order for relief with respect to the Authority in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Authority, and/or the rents, fares, charges or other revenues of the Transit System, or a decree or order for the dissolution, liquidation or winding up of the Authority and its affairs or a decree or order finding or determining that the Authority is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of 90 consecutive days;

5. The pledge created in Section 501 shall, at any time and for any reason, cease to be in full force and effect, or a Final Judgment shall be rendered which shall declare the pledge to be null and void, or shall declare that the pledge does not establish in any material respect the lien it purports to establish, or that the pledge is not for the benefit of the Owners of the Obligations and Parity Debt, subject to the rights of no other parties (other than holders of Pre-2018 Bonds and Owners of Obligation Anticipation Notes, Revenue Anticipation Notes and, to the extent provided in Section 506, the Owners of Subordinated Indebtedness or Subordinated Contract Obligations); and

Proposed

6. The principal of any Parity Debt is declared due and payable immediately as the result of a default by the Authority in respect of such Parity Debt;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Obligations shall have already become due and payable, either the Trustee (by notice in writing to the Authority), or the Owners of more than 50% in principal amount of the Obligations Outstanding (by notice in writing to the Authority and the Trustee), may declare the principal of all the Obligations then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Obligations contained to the contrary notwithstanding. The right of the Trustee or of the Owners of more than 50% in principal amount of the Obligations to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, all overdue installments of interest upon the Obligations, together with interest on such overdue installments of interest to the extent permitted by law, and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Resolution (except the principal of, and interest accrued since the next preceding interest payment date on, the Obligations due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Obligations or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be cured or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of more than 50% in principal amount of the Obligations Outstanding, by written notice to the Authority and to the Trustee, shall rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself to declare the Obligations due and payable, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of more than 50% in principal amount of the Obligations Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default shall *ipso facto* be deemed to be annulled, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent therein.

Section 702. Powers of Trustee.

1. In the event that any Event of Default specified in Section 701 shall occur and be continuing, the Trustee may, and, upon written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, shall, in its name,

(a) bring suit upon the Obligations against the Authority;

(b) by action or suit, require the Authority to account as if it were the trustee of an express trust for the Owners of the Obligations; or

(c) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Obligations.

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2. Subject to the provisions of Sections 701 and the foregoing provisions of this Section 702, the remedies conferred upon or reserved to the Trustee in respect of any Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice as may be expressly required herein.

3. The Trustee shall, in addition to the foregoing powers, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incidental to the general representation of Owners of Obligations in the enforcement and protection of their rights.

4. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority and all other records relating to the Trust Estate shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys and, upon demand of the Trustee, the Authority will account, as if it were the trustee of an express trust, for the Trust Estate for such period as shall be stated in such demand.

Section 703. Priority of Payments After Default. In the event that the funds held by the Fiduciaries shall be insufficient for the payment of interest and principal or Redemption Price then due on the Obligations and for payments then due with respect to Parity Debt, such funds (excluding funds held for the payment or redemption of particular Obligations which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any fund or account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Obligation Anticipation Notes) and any other money received or collected by the Fiduciaries, after making provision for the payment of any expenses necessary, in the opinion of the Trustee, to protect the interest of the Owners of the Obligations, and for the payment of the charges, expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Resolution, including reasonable fees of counsel, shall be applied as follows:

1. Unless the principal of all of the Obligations shall have become due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due with respect to Obligations and the interest components of Parity Debt in the order of the maturity of such installments and interest components, and, if the amount available shall not be sufficient to pay in full any installments and interest components due on the same date, then to the payment thereof ratably, according to the amounts due on such installments and interest components, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Obligations and Parity Debt; and

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Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Obligations and the principal component of Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Obligations and Parity Debt due on any date, then to the payment thereof ratably, according to the amounts of principal and Redemption Price and principal component due on such date, to the Persons entitled thereto, without any discrimination or preference.

2. If the principal of all of the Obligations and the principal component of Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations and Parity Debt without preference or priority of principal or principal component over interest or interest component or of interest or interest component over principal or principal component, or of any installment of interest or interest component over any other installment of interest or interest component, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discretion or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

Proposed

ARTICLE VIII
CONCERNING THE TRUSTEE, PAYING AGENTS AND THE REGISTRAR

Section 801. Trustee; Appointment and Acceptance of Duties. On or prior to the delivery of any Obligations, the Authority shall appoint a Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Authority a written acceptance thereof.

Section 802. Duties, Liabilities and Rights of the Trustee.

(a) Prior to the occurrence of an Event of Default of which a Responsible Officer of the Trustee has written notice or actual knowledge, and after the curing or waiver of any Event of Default which may have occurred:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Resolution, and no implied covenants or obligations shall be read into the Resolution against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Resolution; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee is under a duty to examine same to determine whether or not they conform to the requirements of the Resolution.

(b) In case an Event of Default of which a Responsible Officer of the Trustee has written notice or actual knowledge has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use in the conduct of such Person's own affairs.

(c) No provision of the Resolution shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection (c) shall not be construed to limit the effect of subsection (a) of this Section 802;

(2) the Trustee is not and shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it is proven that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee is not and shall not be liable with respect to any action taken or omitted to be taken by it in good faith (i) in accordance with the direction of the Owners of the applicable percentage of Obligations then Outstanding relating to the time, method and place of conducting any proceeding for any remedy

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available to the Trustee, or (ii) which it believes to be authorized or within its rights or powers under the Resolution;

(4) no provision of the Resolution shall require the Trustee to expend or risk its own funds or otherwise incur any personal or financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, for which it has not received a satisfactory indemnity;

(5) the Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper Person and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(6) the Trustee shall not be charged with knowledge of an Event of Default unless a Responsible Officer of the Trustee shall have received written notice from an Owner or the Authority or have actual knowledge; provided that the Trustee shall be deemed to have actual knowledge of any failure to pay principal or Redemption Price of or interest on Obligations when due;

(7) the Trustee shall not be under any obligation to take any action that is discretionary hereunder;

(8) neither the Trustee nor any of its directors, officers, employees or agents shall be personally liable for any action taken, suffered or omitted by the Trustee in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon the Trustee by the Resolution;

(9) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians, or nominees, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodians or nominees appointed with due care by it hereunder; and

(10) the Trustee may request that the Authority deliver a certificate of an Authorized Officer setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant hereto, which certificate may be signed by any Person authorized to sign such a certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

(d) Whether or not expressly so provided, every provision of the Resolution relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section 802.

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(e) In the, event that the Trustee is also acting as Paying Agent, Registrar or Clearing Account Agent hereunder, the rights and protections afforded to the Trustee pursuant to the Resolution shall also be afforded to the Paying Agent, Registrar or Clearing Account Agent.

Section 803. Paying Agents and Registrars; Appointment and Acceptance of Duties.

1. The Trustee is hereby appointed the Registrar and a Paying Agent with respect to the Obligations. The Authority may at any time or from time to time appoint one or more other Paying Agents and Registrars in the manner and subject to the conditions set forth in Section 813 for the appointment of a successor Paying Agent or Registrar. The Authority may be appointed a Paying Agent or Registrar.

2. Each Paying Agent and Registrar other than the Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

Section 804. Responsibilities of Fiduciaries. The recitals of fact contained in the Resolution and in the Obligations shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Obligations issued hereunder or in respect of the security afforded by the Resolution, or for any information in any preliminary or final official statement in connection with the issuance of any Obligations or any financial statement required to be delivered or filed in connection with any Obligations, or for the recording, re-recording, filing or re-filing of any financing or continuation statement or other document or instrument, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Obligations or the application of the proceeds thereof or the application of any money paid to the Authority. No Fiduciary shall be under any responsibility or duty with respect to the application of any money paid to any other Fiduciary. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution, or for any losses, fees, taxes or other charges incurred upon the purchase or sale or redemption of any securities purchased for or held in any Fund under the Resolution, including any losses incurred by reason of having to sell securities prior to their maturity date, except in each case for its own willful misconduct, negligent action or negligent failure to act.

Section 805. Evidence on Which Fiduciaries May Act.

1. Each Fiduciary shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel of its selection, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, omitted to be taken or suffered by it under the Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless

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other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer.

Section 806. Compensation. The Authority shall pay to each Fiduciary from time to time such compensation as shall be agreed to in writing between the Fiduciary and the Authority for all services rendered under the Resolution (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Resolution. To the extent permitted by law, the Authority further agrees to indemnify and save each Fiduciary and its officers, directors, agents, and employees harmless against any and all liabilities, losses, damages, claims or expenses which it may incur in the acceptance, exercise and performance of its powers and duties hereunder and which are not due to its willful misconduct, negligence or bad faith. The obligations of this Section 806 shall survive the discharge of the Resolution. No obligation of the Authority to make any payment to any Fiduciary shall have the benefit of any lien on or pledge or assignment of the Trust Estate.

A Fiduciary shall notify the Authority promptly of any claim for which it may seek indemnity. The Authority shall defend the claim and the Trustee shall cooperate in the defense. The Fiduciary may have separate counsel and the Authority shall pay the reasonable fees and expenses of such counsel.

Section 807. Certain Permitted Acts. Any Fiduciary may become the owner of any Obligations or any other obligations of the Authority, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law and pursuant to the Resolution, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations or the Owners of any other obligations of the Authority or to effect or aid in any reorganization growing out of the enforcement of the Obligations or any other obligations of the Authority or the Resolution, whether or not any such committee shall represent the Owners of a majority in principal amount of the Obligations then Outstanding.

Section 808. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Authority and mailing notice thereof to the Owners of the Obligations, specifying the date when such resignation shall take effect, at least 45 days prior to the effective date, provided that such resignation shall take effect upon the later of (i) the day specified in such notice and (ii) the day a successor shall have been appointed by the Authority or the Owners of Obligations as provided in Section 810 and shall have qualified therefor.

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Section 809. Removal of Trustee. The Trustee may be removed at any time upon thirty (30) days' notice by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Obligations then Outstanding or their attorneys-in-fact duly authorized, excluding any Obligations held by or for the account of the Authority. In addition, so long as no Event of Default shall have occurred and be continuing hereunder and the Trustee is not pursuing any right or remedy available to it pursuant to the Resolution, the Trustee may be removed by the Authority at any time for failure to provide reasonably acceptable services, failure to charge reasonably acceptable fees or any other reasonable cause, all as determined by a certificate of an Authorized Officer filed with the Trustee. Any such removal shall not be effective until a successor shall have been appointed by the Authority or the Owners of Obligations as provided in Section 810 and shall have qualified therefor.

Section 810. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Obligations then Outstanding, excluding any Obligations held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Owners of Obligations or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Owners of Obligations as aforesaid, the Authority, by a duly executed written instrument signed by an Authorized Officer of the Authority, shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners of Obligations as authorized in this Section 810. The Authority shall mail notice of any such appointment made by it to all Owners within 20 days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the Owners of Obligations.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 810, within 45 days after the Trustee shall have given to the Authority written notice as provided in Section 808 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Owner of any Obligation may, at the expense of the Authority, apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section 810 in succession to the Trustee shall be a Bank that is organized under the laws of any state or is a national banking association organized under the laws of the United States of America, and having a capital and surplus aggregating at least $100 million, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

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Section 811. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all money, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority, or of the successor Trustee, and, upon the payment of all of its charges hereunder, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances arid instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any successor Trustee shall promptly notify the Registrar and the Paying Agents of its appointment as Trustee.

Section 812. Merger or Consolidation. Any Person into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its municipal corporate trust business, provided such Person shall be a Bank that is organized under the laws of any state of the United States or is a national banking association organized under the laws of the United States of America, and having a capital and surplus aggregating at least $100 million, and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 813. Resignation or Removal of Paying Agent or Registrar and Appointment of Successor.

1. Any Paying Agent or Registrar may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days' written notice to the Authority, the Trustee, and the other Paying Agents or Registrar, as the case may be. Any Paying Agent or Registrar may be removed at any time by an instrument filed with such Paying Agent or Registrar and the Trustee and signed by the Authority. Any successor Paying Agent or Registrar shall be appointed by the Authority, with the approval of the Trustee, and (subject to the requirements of Section 604) shall be a Bank that is organized under the laws of any state of the United States of America or is a national banking association organized under the laws of the United States of America and having a capital and surplus aggregating at least $100 million, which is willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any money held by it as Paying Agent to its successor, or if there

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be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

3. In the event of the resignation or removal of any Registrar, such Registrar shall transfer and deliver all records, certificates and documents held by it as Registrar to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Registrar, the Trustee shall act as such Registrar.

Section 814. Adoption of Authentication. In case any of the Obligations contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Obligations and deliver the Obligations so authenticated; and in case any of such Obligations shall not have been authenticated, any successor Trustee may authenticate such Obligations in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Obligations or in the Resolution.

Section 815. Continuing Disclosure Agreements. The Trustee shall be entitled to the same rights and the same degree of indemnification in its execution and performance of each continuing disclosure agreement entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, as it is under the Resolution.

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ARTICLE IX
SUPPLEMENTAL RESOLUTIONS

Section 901. Supplemental Resolutions Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, without the consent of or notice to any Owner, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer, or, if adopted prior to the appointment of a Trustee pursuant to Section 801, upon its adoption, shall be fully effective in accordance with its terms:

1. To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the issuance and delivery of the Obligations, or the issuance or entering into of other evidences of indebtedness;

2. To add to the covenants and agreements of the Authority in the Resolution, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

3. To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

4. To surrender any right, power or privilege reserved to or conferred upon the Authority by the Resolution;

5. To authorize Obligations of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the provisions of the Resolution authorizing issuance of Obligations, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect, (b) in the case of Variable Interest Rate Obligations or Put Obligations, as applicable, set forth provisions specifying the manner in which interest on Variable Interest Rate Obligations or Put Obligations, as applicable, is to be calculated for the purposes of various definitions and provisions of the Resolution, provisions providing for changes in interest rates, interest rate periods or interest payment dates for any Variable Interest Rate Obligation of a Series or Put Obligations, as applicable, provisions regarding an Owner's right or obligation to tender Put Obligations for redemption or purchase in lieu of redemption, and provisions governing the manner in which Variable Interest Rate Obligations or Put Obligations, as applicable, which the Owner thereof has the right to, or has exercised a right to, tender for redemption or purchase in lieu of redemption shall be treated for purposes of various definitions and provisions of the Resolution, (c) set forth provisions governing the administration of any Qualified Swap or Credit Facility, and provisions providing for the issuance of Reimbursement Obligations or the conversion of other Obligations to Reimbursement Obligations (and in connection with such conversion to change the interest rates, sinking fund provisions or maturity date on such Obligations) to secure or reimburse the provider of such Credit Facility, (d) in the case of either Taxable Obligations or Tax-Exempt Obligations, set forth defeasance provisions with respect thereto (including the manner of attaining such defeasance and the effect thereof), and (e) make such additional changes herein, not materially adverse to the rights of the Owners of the Obligations previously issued, as are necessary

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or appropriate; or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance and delivery of such Obligations;

6. To authorize Obligation Anticipation Notes in accordance with Section 207 and, in connection therewith, specify and determine the matters and things referred to in Section 207, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect;

7. To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution of any additional security other than that granted or pledged under the Resolution;

8. To authorize Parity Debt and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things referred to in paragraphs (4) and (6) of Section 206, and also any other matters and things relative to such Parity Debt which are not contrary to or inconsistent with the Resolution as then in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance or entering into of such Parity Debt, and at any time to rescind or limit any authorization for any such Parity Debt theretofore authorized but not issued or entered into; in connection with the authorization of Parity Swap Obligations and Parity Reimbursement Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of the Funds, Accounts and Subaccounts established pursuant to Section 502 for the benefit of such Parity Swap Obligations and Parity Reimbursement Obligations; and shall grant to the Owners of such Parity Debt the same rights granted to Owners of Obligations in Section 1002 and Article X herein;

9. To authorize Subordinated Indebtedness or Subordinated Contract Obligations and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness or Subordinated Contract Obligations which are not contrary to or inconsistent with the Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness or Subordinated Contract Obligations theretofore authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness or Subordinated Contract Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness or Subordinated Contract Obligations and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness or Subordinated Contract Obligations;

10. To modify any of the provisions of the Resolution in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Obligations affected thereby and Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Obligations delivered on original issuance after the date of the adoption of such Supplemental Resolution and of the Obligations issued in exchange therefor or in place thereof;

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11. To authorize the granting of additional funding sources as security for any given Obligations without making such additional funding sources available as security for all succeeding Obligations issued under the Resolution consistent with any limitations applicable to such additional funding sources in existence at the time of issuance of the affected Obligations;

12. To add to the Resolution any provisions required by law to preserve the exclusion from gross income for federal income tax purposes of interest received on Tax-Exempt Obligations then Outstanding or to be issued or the exemption of interest received on any Obligations, issued or to be issued, from state income taxation;

13. To modify, amend or supplement the Resolution in any manner, not already provided for in or pursuant to the Supplemental Resolution authorizing the related Series of Obligations in order to provide for a Credit Facility, Qualified Swap, or other similar arrangement with respect to any Series of Obligations, under the Resolution, so long as the Authority determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Owners of Outstanding Obligations;

14. To modify, amend or supplement the Resolution in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Authority so determines, to add hereto such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939 or similar Federal statute;

15. To amend or modify any Supplemental Resolution authorizing Obligations of a Series to reflect the substitution of a new Credit Facility for the Credit Facility then in effect;

16. At any time prior to the first authentication and delivery of any Obligations under the Resolution or at any other time when no Obligations are Outstanding under the Resolution, to modify the provisions of the Resolution in such manner as the Authority deems necessary or appropriate;

17. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

18. To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect, including, in the event the Compact is amended or other legislation is enacted to so provide, the substitution of an alternate or different legal name for the current name of the Authority or any other Related Entity in the Resolution or the form of Obligations; or

19. With Rating Confirmation, to make any other modification or amendment of the Resolution, which the Authority shall in its sole discretion determine will not have a material adverse effect on the interests of the Owners of Outstanding Obligations. In making any determination under this paragraph 19 of this Section 901, the Authority may conclusively rely upon an Opinion of Counsel or opinions of other experts or professionals.

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Section 902. Supplemental Resolutions Effective With Consent of Owners of Obligations. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Owners of Obligations in accordance with and subject to the provisions of Article IX hereof, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of said Article IX, shall become fully effective in accordance with its terms as provided in said Article IX.

Section 903. General Provisions.

1. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article IX and Article X hereof. Nothing contained in this Article IX or in Article X shall affect or limit the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Section 901 may be adopted by the Authority without the consent of any of the Owners, but shall become effective only on the conditions, to the extent and at the time provided in said Section. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms; provided, however, that the concurrent delivery of an Opinion of Bond Counsel required by subsection 2(a) of Section 202 shall satisfy this requirement.

3. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written consent.

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ARTICLE X
AMENDMENTS

Section 1001. Mailing. Any provision in this Resolution for the mailing of a notice or other paper to Owners shall be fully complied with if it is mailed postage prepaid to each Owner of any affected Obligation then Outstanding at such Owner's address, if any, appearing upon the registry books of the Authority, and to the Trustee; or, in each case, to such parties by facsimile, e-mail or other means to the extent permitted by applicable law and arrangements.

Section 1002. Powers of Amendment. Any modification or amendment of the Resolution and of the rights and Obligations of the Authority and of the Owners, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903, (i) of the Owners of a majority in principal amount of the Obligations Outstanding at the time such consent is given, and (ii) in case less than all of the Obligations then Outstanding are affected by the modification or amendment, of the Owners of a majority in principal amount of the Obligations so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as particular Obligations remain Outstanding, the consent of the Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under this Section. No such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal of any Outstanding Obligation or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Obligation, (b) reduce the percentages or otherwise affect the classes of Obligations the consent of the Owners of which is required to waive an Event of Default or otherwise effect any such modification or amendment, (c) create a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Owners of all such Obligations, (d) create a lien prior to or on parity with the lien of the Resolution securing Obligations, without the consent of the Owners of all of the Obligations then Outstanding, or (e) change or modify any of the rights or obligations of any Fiduciary without its written consent thereto. For the purposes of this Section, an Obligation shall be deemed to be affected by a modification or amendment of the Resolution if the same materially and adversely affects the rights of the Owner of such Obligation. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment particular Obligations would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Owners of Obligations. The Trustee may request and receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether particular Obligations would be so affected by any such modification or amendment of the Resolution and the Trustee shall have no duty or obligation to take any action hereunder unless and until it has received such opinion. Notwithstanding anything in this Section or the Resolution to the contrary, the consent of Owners of any Series of additional Obligations to be issued hereunder shall be deemed given if the underwriters or initial purchasers for resale thereof consent in writing to any modification or amendment effected thereby, and such modification or amendment, as well as such consent, is disclosed in the official statement or other offering document pursuant to which such Series of additional Obligations is offered and sold.

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Section 1003. Consent of Owners of Obligations. The Authority at any time may adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1002 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Owners for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to the Owners (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Obligations specified in Section 1002 and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed to Owners as hereinafter in this Section 1003 provided. Any such consent, including any consent provided by the initial purchaser of an Obligation from the Authority, shall be binding upon the Owner of the Obligations giving such consent and, anything in Section 1102 to the contrary notwithstanding, upon any subsequent Owner of such Obligations and of any Obligations issued in exchange therefor (whether or not such Subsequent Owner thereof has notice thereof). At any time after the Owners of the required percentages of Obligations shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that the Owners of such required percentages of Obligations have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Obligations and will be effective as provided in this Section 1003, may be given to Owners of Obligations by the Authority by mailing such notice to Owners of Obligations (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1003 provided). The Authority shall file with the Trustee proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section 1003 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Obligations at the expiration of 40 days after the filing with the Trustee of the proof of the mailing of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40-day period; provided, however, that any Fiduciary and the Authority during such 40-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

Section 1004. Modifications by Unanimous Consent. The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Owners of Obligations may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution and the consent of the Owners of all of the Obligations then Outstanding, such consent to be given as provided in Section 1003 except that no notice to Owners of Obligations shall be required; provided, however, that no such modification or amendment shall

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change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written consent thereto of such Fiduciary in addition to the consent of the Owners of Obligations.

Section 1005. Notation on Obligations. Obligations issued and delivered after the effective date of any action taken as in Article IX or this Article provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Owner of any Obligation Outstanding at such effective date and presentation of its Obligation for such purpose at the corporate trust office of the Trustee, suitable notation shall be made on such Obligation by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Obligations so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered. Upon demand of the Owner of any Obligations then Outstanding and the surrender of such Obligations, there shall be authenticated and exchanged therefor, new Obligations having the same terms, other than the noted modification, as the Obligations surrendered.

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ARTICLE XI
MISCELLANEOUS

Section 1101. Defeasance.

1. If the Authority shall pay or cause to be paid to the Owners of all Obligations then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Authority to the Owners of Obligations shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Obligations not theretofore surrendered for such payment or redemption.

2. Outstanding Obligations or any portions thereof for the payment or redemption of which money shall have been set aside and shall be held in trust by the Paying Agents shall at the respective maturity or redemption dates thereof be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section. Outstanding Obligations or any portions thereof shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section either (A) with respect to the defeasance of Taxable Obligations, Tax-Exempt Obligations or otherwise, as provided in the Supplemental Resolution authorizing their issuance or (B) if (a) in case any of said Obligations are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article IV notice of redemption on said date of such Obligations, (b) there shall have been irrevocably deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Redemption Price, if applicable, and interest due and to become due on such Obligations or such portions thereof on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Obligations are not by their terms maturing or are not subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Obligations that the deposit required by (b) above has been made with the Trustee and that said Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment of the principal or Redemption Price, if applicable, on such Obligations. Notwithstanding the foregoing, in the event that all or a portion of any Obligations or portions thereof are to be discharged as a result of there being irrevocably deposited with the Trustee Defeasance Securities, the lien of this Resolution with respect to such Obligations or portions thereof will not be released and discharged until the Authority and the Trustee have received a verification of the sufficiency of funds held to discharge such Obligations or portions thereof from an independent certified public accountant. Neither Defeasance Securities nor money deposited with the Trustee pursuant

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to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Obligations; provided, however, that any money on deposit with the Trustee, (i) to the extent such money will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Obligations or otherwise existing under the Resolution, and (ii) to the extent such money will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient, together with any money available to the Trustee for such purpose, to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Obligations on and prior to such redemption date or maturity date thereof, as the case may be. Notwithstanding any other provision hereof, the Authority may at the time of defeasance elect to retain the right to redeem or require the tender of any obligations deemed paid pursuant to subsection 2 of this Section 1101. The Trustee shall, at the direction of the Authority, select the Obligations or portions thereof that are deemed to have been paid in advance of the redemption of such Obligations.

3. Anything in the Resolution to the contrary notwithstanding, any money held by a Fiduciary in trust for the payment and discharge of the principal or Redemption Price of or interest on any of the Obligations which remains unclaimed for 2 years after the date when such principal, Redemption Price or interest, respectively, has become due and payable, either at stated maturity dates or by call for earlier redemption, if such money was held by the Fiduciary at such date, or for 2 years after the date of deposit of such money if deposited with the Fiduciary after the date when such principal, Redemption Price, or interest, respectively, became due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Authority for the payment of such principal, Redemption Price, or interest, respectively. Before being required to make any such payment to the Authority, the Fiduciary shall, at the expense of the Authority, cause to be mailed to the Owners entitled to receive such money a notice that said money remains unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing, the balance of such money then unclaimed will be returned to the Authority.

Section 1102. Evidence of Signatures of Owners of Obligations and Ownership of Obligations.

1. Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Owners of Obligations may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners of Obligations in Person or by their attorneys-in-fact appointed in writing or by such electronic or other means as may be recognized pursuant to applicable law. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Obligations shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

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(a) The fact and date of the execution by any Owner or its attorney-in-fact of such instrument may be proved by the certificate of a signature guarantor, or of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership such certificate or affidavit shall also constitute sufficient proof of its authority;

(b) The ownership of Obligations and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

2. Any request or consent by the Owner of any Obligation shall bind all future Owners of such Obligation in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 1103. Money Held for Particular Obligations. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Obligations shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of Obligations entitled thereto.

Section 1104. General Regulations as to Money and Funds.

1. Each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

2. All amounts of the Authority held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Authority in its name, on demand or time deposit, in such Banks as shall be selected by the Authority. Any amounts held by any Fiduciary under the Resolution shall be deposited in such Banks as the Authority may select. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks or other means of withdrawals consistent with industry practices on such deposit with the same force and effect as if it were not such Fiduciary, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution.

3. Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Obligations, all money held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Authority and acceptable to such Fiduciary, on time deposit. Such Fiduciary shall allow and credit on such money such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

Section 1105. Preservation and Inspection of Documents. All documents received by a Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, and any

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Owners of at least 5% aggregate principal amount of Obligations and their agents and their representatives, any of whom may make copies thereof.

Section 1106. Parties Interest Herein. Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to any Person, other than the Authority, the Fiduciaries, the Clearing Account Agent, the Owners of Obligations and the Owners of Parity Debt, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof, and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, the Owners of Obligations and the Owners of Parity Debt.

Section 1107. No Recourse on the Obligations. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Obligations or Parity Debt or for any claim based thereon or on the Resolution against any member, officer, or employee of the Authority or any Person executing the Obligations.

Section 1108. Successors and Assigns. Whenever in the Resolution the Authority is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in the Resolution contained by or on behalf of the Authority shall bind and ensure to the benefit of its successors and assigns whether so expressed or not.

Section 1109. Business Days. Except as otherwise provided pursuant to a Supplemental Resolution, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Resolution, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if made or done on the nominal date provided in the Resolution and no interest shall accrue during the intervening period with respect to any payment so deferred.

Section 1110. Severability of Invalid Provisions. If any term or provision of the Resolution shall be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever, and such term and provision shall be valid and enforceable to the fullest extent permitted by law.

The invalidity of any one or more phrases, sentences, clauses or Sections of the Resolution shall not affect the remaining portions of the Resolution, or any part hereof.

Section 1111. Exclusion of Obligations. Obligations owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of any consent to be given or other action to be taken by or upon the direction of Owners of a specified portion of Obligations Outstanding, and the Authority shall not be entitled with respect to such Obligations to give any such consent or to take, or direct the taking of, any such action. At the time of any such consent or action, the Authority shall furnish to the Trustee a certificate of an Authorized Officer, upon which the Trustee may conclusively rely, describing all Obligations so to be excluded.

Proposed

Section 1112. Applicability of the Laws of the State of New York to Trustee. The Trustee's immunities and standard of care in connection with the administration of its trusts hereunder shall be governed by the laws of the State of New York.

Proposed

Section 1113. Effective Date. The Board of Directors finds that the proper and timely performance of its functions requires that this resolution be, and it hereby is, effective immediately.

Reviewed as to form and legal sufficiency:

/s/ Patricia Y. Lee
Patricia Y. Lee
General Counsel

WMATA File Structure No:
4.1 Bonds

Proposed

PRESENTED AND ADOPTED: _____, 2020

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

2020-__

2020A SUPPLEMENTAL BOND RESOLUTION

Supplementing

Dedicated Capital Funding Revenue Bond Resolution 2020-___
Adopted _____, 2020

Proposed

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2020A SUPPLEMENTAL BOND RESOLUTION

Supplementing

Dedicated Capital Funding Revenue Bond Resolution 2020-___
Adopted _____, 2020

BE IT RESOLVED by the Board of Directors (the "Board") of **WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY** (the "Authority"), as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1.01 Supplemental Resolution. This 2020A Supplemental Bond Resolution (the "Supplemental Resolution") is supplemental to, amends, and is adopted in accordance with Article II, Article IX and Article X of, Resolution 2020-___ of the Authority adopted on _____, 2020, entitled "Dedicated Capital Funding Revenue Bond Resolution" (the "Resolution").

SECTION 1.02 Definitions.

1. All capitalized terms which are used but not otherwise defined in this Supplemental Resolution shall have the same meanings, respectively, as such terms are given by Section 101 of the Resolution.

2. In this Supplemental Resolution:

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"Series 2020A Bonds" shall mean the Dedicated Revenue Bonds, Series 2020A, authorized by Article II of this Supplemental Resolution.

SECTION 1.03 Authority for this Supplemental Resolution. This Supplemental Resolution is adopted pursuant to the provisions of the Compact and the Resolution.

ARTICLE II

AUTHORIZATION OF SERIES 2020A BONDS

SECTION 2.01 Authorized Principal Amount, Designation, Purpose and Series. Pursuant to the provisions of the Resolution, and in order to finance Capital Costs, Obligations

Proposed

entitled to the benefit, protection and security of the provisions of the Resolution are hereby authorized to be issued in an aggregate principal amount not exceeding the principal amount necessary so that, after giving effect to any original issue discount, and exclusive of any premium and underwriters' discount from the principal amounts, the amounts to be deposited in the Proceeds Account established pursuant to Section 3.01 of this Supplemental Resolution (exclusive of the amount so deposited therein determined in any Certificate of Determination as estimated to pay capitalized interest or to pay any Costs of Issuance of the Series 2020A Bonds payable from such Proceeds Account) shall not exceed $545,000,000.

Such Obligations authorized by this Supplemental Resolution shall be designated as, and shall be distinguished from the Obligations of all other Series by the title, "Dedicated Revenue Bonds, Series 2020A" pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Supplemental Resolution. Notwithstanding any other provision hereof, to the extent provided in one or more Certificates of Determination, such Series 2020A Bonds may be issued in one or more Series or subseries, on the same or on different dates, with such further or different designations as set forth in such Certificates of Determination. The Series 2020A Bonds shall be issued as Tax-Exempt Obligations.

SECTION 2.02 Dates, Maturities, Principal Amounts and Interest. The Series 2020A Bonds, except as otherwise provided in the Resolution, shall be dated the date or dates determined in the related Certificate of Determination and shall bear interest from such date or dates. The Series 2020A Bonds shall mature on the date or dates and in the year or years and principal amount or amounts, and shall bear interest at the rate or rates per annum, or in the manner determined in the related Certificate of Determination.

SECTION 2.03 Interest Payments. The Series 2020A Bonds shall bear interest from their date or dates and be payable on such date or dates as may be determined pursuant to the related Certificate of Determination. Except as otherwise provided in the related Certificate of Determination, interest on the Series 2020A Bonds shall be computed on the basis of twelve 30-day months and a 360-day year.

SECTION 2.04 Denominations, Numbers and Letters. Unless otherwise provided in the related Certificate of Determination, the Series 2020A Bonds shall be issued in fully registered form without coupons in the denomination of $5,000 or any integral multiple thereof. The Series 2020A Bonds shall be lettered as provided in the related Certificate of Determination, and shall be numbered from one consecutively upwards.

SECTION 2.05 Places of Payment and Paying Agent. Except as otherwise provided in the related Certificate of Determination, principal and Redemption Price of the Series 2020A Bonds shall be payable to the registered owner of each Series 2020A Bond when due upon presentation of such Series 2020A Bond at the principal corporate trust office of The Bank of New York Mellon, as Trustee. Except as otherwise provided in the related Certificate of Determination, interest on the registered Series 2020A Bonds will be paid by check or draft mailed on the interest payment date by The Bank of New York Mellon, as Paying Agent, to the registered owner at the owner's address as it appears on the registration books or, at the option of any Owner of at least one million dollars ($1,000,000) in principal amount of the Series 2020A Bonds, by wire transfer in immediately available funds on each interest payment date to such Owner thereof upon written

Proposed

notice from such Owner to the Trustee, at such address as the Trustee may from time to time notify such Owner, containing the wire transfer address (which shall be in the continental United States) to which such Owner wishes to have such wire directed, if such written notice is received not less than twenty (20) calendar days prior to the related interest payment date (such notice may refer to multiple interest payments).

SECTION 2.06 Sinking Fund Redemptions. The Series 2020A Bonds, if any, determined in the related Certificate of Determination shall be subject to redemption in part, by lot, on each date in the year or years determined in the Certificate of Determination at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on each such date the principal amount of such Series 2020A Bonds.

SECTION 2.07 Redemption Terms. The Series 2020A Bonds may be subject to redemption prior to maturity, at the option of the Authority, upon notice as provided in Article IV of the Resolution, at any time as a whole or in part (and by lot within a maturity if less than all of a maturity is to be redeemed), from maturities designated by the Authority on and after the date and in the years and at the Redemption Prices (expressed as a percentage of principal amount) determined in the related Certificate of Determination, plus accrued interest up to but not including the redemption date.

SECTION 2.08 Delegation to an Authorized Officer. There is hereby delegated to each Authorized Officer, subject to the limitations contained in this Supplemental Resolution, the following powers with respect to the Series 2020A Bonds:

(a) to determine the principal amount of the Series 2020A Bonds, and any original issue discount or premium with respect to any of the Series 2020A Bonds, to be issued to accomplish the purposes authorized by Section 2.01 of this Supplemental Resolution which principal amount, exclusive of any premium, shall not exceed the principal amount permitted by Section 2.01 of this Supplemental Resolution;

(b) to determine the maturity date and principal amount of each maturity of the Series 2020A Bonds and the amount and due date of each Sinking Fund Installment if any; provided, however, that the Series 2020A Bonds shall not mature later than July 1, 2047;

(c) to determine the date or dates which the Series 2020A Bonds shall be dated and the interest rate or rates of the Series 2020A Bonds or the manner of determining such interest rate or rates; provided, however, that the all-in true interest cost with respect to the Series 2020A Bonds (as determined by an Authorized Officer of the Authority which determination shall be conclusive) shall not exceed six percent (6.00%) per annum;

(d) if applicable, to determine the purchase price for the Series 2020A Bonds to be paid by the Underwriters referred to in the Bond Purchase Agreement described in Section 2.09 of this Supplemental Resolution, which price may include such original issue discount and original issue premium as shall be determined in the related Certificate of Determination;

Proposed

(e) to take all actions required for the Series 2020A Bonds to be eligible under the rules and regulations of The Depository Trust Company ("DTC") for investment and trading as uncertificated securities, to execute and deliver a standard form of letter of representation with DTC and, notwithstanding any provisions to the contrary contained in this Supplemental Resolution, to include in the related Certificate of Determination such terms and provisions as may be appropriate or necessary to provide for uncertificated securities in lieu of Series 2020A Bonds issuable in fully registered form;

(f) to determine the Redemption Price or Redemption Prices, if any, and the redemption terms, if any, for the Series 2020A Bonds; provided, however, that if the Series 2020A Bonds are to be redeemable at the election of the Authority, the Redemption Price shall not be greater than one hundred three percent (103%) of the principal amount of the Series 2020A Bonds to be redeemed, plus accrued interest thereon up to but not including the date of redemption;

(g) to determine the advisability, as compared to an unenhanced transaction, of obtaining a policy of bond insurance or a surety bond as a Credit Facility, to select a provider thereof and to determine and accept the terms and provisions and price thereof, to determine such other matters related thereto as in the opinion of the Authorized Officer executing the related Certificate of Determination shall be considered necessary or appropriate and to effect such determinations by entering into any reasonable contractual arrangements required by such Credit Facility provider; provided, however, that such Authorized Officer estimates, based upon the advice of the Authority's financial advisors, PFM Financial Advisors LLC and Frasca & Associates, LLC, that the interest savings on the Series 2020A Bonds to be realized by purchasing such Credit Facility shall be greater than the premium paid for the purchase of such Credit Facility;

(h) to make such changes in or from the form of this Supplemental Resolution as may be necessary or desirable in order to cure any ambiguities, inconsistencies or other defects; and

(i) to determine such other matters specified in or permitted by (i) Sections 202 and 203 of the Resolution, as applicable, or (ii) this Supplemental Resolution.

2. Any Authorized Officer is hereby authorized to proceed with the offering and sale of the Series 2020A Bonds when that Authorized Officer deems such offering and sale advisable and to pay any Costs of Issuance associated with such offering and sale from the proceeds of the Series 2020A Bonds.

3. Any Authorized Officer shall execute one or more Certificates of Determination evidencing the determinations made pursuant to subsection 1 of this Section 2.08 and any such Certificate of Determination shall be conclusive evidence of the determinations of such Authorized Officer, as stated therein. Any Certificate of Determination shall be delivered to the Trustee prior to the authentication and delivery of the Series 2020A Bonds by the Trustee. Determinations set forth in the Certificate of Determination shall have the same effect as if set forth in this Supplemental Resolution.

Proposed

SECTION 2.09 Sale of Series 2020A Bonds. Each Authorized Officer is hereby authorized to sell and award the Series 2020A Bonds to the underwriters (the "Underwriters") then approved by the Authority and referred to in the Bond Purchase Agreement (the "Bond Purchase Agreement"), which Bond Purchase Agreement shall be substantially in the form attached hereto as Exhibit B, with such revisions to reflect the terms and provisions of the Series 2020A Bonds as may be approved by the Authorized Officer executing the Bond Purchase Agreement, and with such other changes, omissions, insertions and revisions as such Authorized Officer shall deem advisable, including without limitation any changes, omissions, insertions and revisions necessitated or advisable in light of developments related to the COVID-19 pandemic. Each Authorized Officer is hereby authorized to agree to the selection of the representative of the Underwriters as referred to in the Bond Purchase Agreement and to execute and deliver the Bond Purchase Agreement for and on behalf and in the name of the Authority with such changes, omissions, insertions and revisions as may be approved by the Authorized Officer executing the Bond Purchase Agreement, said execution being conclusive evidence of such approval and concurrence in the selection of the representative of the Underwriters.

Each Authorized Officer is hereby authorized to make public and to authorize the use and distribution by said Underwriters or other appropriate parties of a preliminary official statement (the "Preliminary Official Statement") in connection with the public offering of the Series 2020A Bonds, in substantially the form attached hereto as Exhibit C, with such changes, omissions, insertions and revisions as such officer shall deem advisable, including without limitation any changes, omissions, insertions and revisions necessitated or advisable in light of developments related to the COVID-19 pandemic. The Authority authorizes any of said officers to deliver a certification to the effect that such Preliminary Official Statement, together with such other documents, if any, described in such certificate, was deemed final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, as applicable.

Each Authorized Officer is hereby authorized to make public and to authorize distribution of a final Official Statement in substantially the form of the Preliminary Official Statement, but reflecting the provisions of the Certificate of Determination, together with such changes, omissions, insertions and revisions as such Authorized Officer shall deem advisable, to sign such Official Statement and to deliver such Official Statement to the purchasers of the Series 2020A Bonds, such execution being conclusive evidence of the approval of such changes, omissions, insertions and revisions.

Each Authorized Officer is hereby authorized to execute and deliver for and on behalf and in the name of the Authority, to the extent determined by such Authorized Officer to be necessary or convenient, a Continuing Disclosure Agreement, substantially in the form attached as Exhibit D to the Form of Preliminary Official Statement, with such changes, omissions, insertions and revisions as such Authorized Officer shall deem advisable, including without limitation any changes, omissions, insertions and revisions necessitated or advisable in light of developments related to the COVID-19 pandemic (the "Continuing Disclosure Agreement"), said execution being conclusive evidence of the approval of such changes, omissions, insertions and revisions.

The proceeds of the good faith deposit, if any, received by the Authority from the Underwriters under the terms of the Bond Purchase Agreement may be invested by the Authority

Proposed

pending application of the proceeds of such good faith deposit for the purposes provided in Section 2.01 of this Supplemental Resolution at the time of the issuance and delivery of such Series 2020A Bonds.

Each Authorized Officer is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts necessary or proper, including the indemnification of the Underwriters and other service providers as provided for in such documents and instruments for carrying out the Bond Purchase Agreement, the Continuing Disclosure Agreement, the terms of any Credit Facility, and the issuance, sale and delivery of the Series 2020A Bonds and for implementing the terms of the Series 2020A Bonds, and in accordance with the requirements of the Code, and the transactions contemplated hereby or thereby, including ongoing payments for debt service, Trustee and other applicable fees and services.

When reference is made in this Supplemental Resolution to the authorization of an Authorized Officer to do any act, such act may be accomplished by any of such officers individually.

SECTION 2.10 Forms of Series 2020A Bonds and Trustee's Authentication Certificate. Subject to the provisions of the Resolution, the form of registered Series 2020A Bonds and the Trustee's certificate of authentication shall be substantially in the form attached hereto as Exhibit A including, if necessary, any changes to comply with the requirements of DTC or the provisions of this Supplemental Resolution or any Certificate of Determination.

ARTICLE III

DISPOSITION OF SERIES 2020A BOND PROCEEDS

SECTION 3.01 Disposition of Series 2020A Bond Proceeds. The proceeds of the sale of the Series 2020A Bonds, other than accrued interest, if any, shall be deposited, simultaneously with the issuance and delivery of the Series 2020A Bonds, at one time or from time to time in one or more Series or subseries, in each case in amounts as determined in any Certificate of Determination as follows:

1. in the Proceeds Account which is hereby established in the Proceeds Fund to be applied to the payment of all or any part of the Capital Costs; and

2. the balance of such proceeds, exclusive of accrued interest, shall be deposited in the Costs of Issuance Account and applied to the payment of Costs of Issuance.

Unless otherwise provided in a Certificate of Determination, the accrued interest, if any, and any capitalized interest, received on the sale of the Series 2020A Bonds shall be deposited in the Debt Service Fund.

Proposed

ARTICLE IV

TAX COVENANTS; REIMBURSEMENT; AND DEFEASANCE

SECTION 4.01 Tax Covenants Relating to the Series 2020A Bonds. The Authority covenants that, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2020A Bonds issued as Tax-Exempt Obligations, the Authority will satisfy, or take such actions as are necessary to cause to be satisfied, each provision of the Code necessary to maintain such exclusion. In furtherance of this covenant, the Authority agrees to comply with such written instructions as may be provided by Bond Counsel. In furtherance of the covenant contained in the preceding sentence, the Authority agrees to continually comply with the provisions of any "Arbitrage and Use of Proceeds Certificate" executed by the Authority in connection with the execution and delivery of any Series 2020A Bonds issued as Tax-Exempt Obligations, as amended from time to time.

Notwithstanding any other provision of the Resolution to the contrary, upon the Authority's failure to observe, or refusal to comply with, the above covenant (a) the Owners of the Series 2020A Bonds, or the Trustee acting on their behalf, shall be entitled to the rights and remedies provided to Owners or the Trustee under Section 702 of the Resolution, and (b) neither the Owners of the Obligations of any Series or holders of any Parity Debt (other than the Series 2020A Bonds or the Trustee acting on their behalf), nor the Trustee acting on their behalf, shall be entitled to exercise any right or remedy provided to the Owners, the Parity Debt holders or the Trustee under the Resolution based upon the Authority's failure to observe, or refusal to comply with, the above covenant.

The provisions of the foregoing covenants set forth in this Section shall not apply to any Series 2020A Bonds, including any subseries thereof, which the Authority determines pursuant to the applicable Certificate of Determination to issue as Taxable Obligations.

SECTION 4.02 Defeasance. In the event the Authority shall seek, prior to the maturity or redemption date thereof, to pay or cause to be paid, within the meaning and with the effect expressed in the Resolution, all or less than all Outstanding Series 2020A Bonds issued as Tax-Exempt Obligations and the provisions of Section 4.01 hereof shall then be of any force or effect, then, notwithstanding the provisions of Article XI of the Resolution, the Series 2020A Bonds issued as Tax-Exempt Obligations which the Authority then seeks to pay or cause to be paid shall not be deemed to have been paid within the meaning and with the effect expressed in Section 1101 of the Resolution unless (i) the Authority has confirmed in writing that the Owners of the Series 2020A Bonds issued as Tax-Exempt Obligations which the Authority then seeks to pay or cause to be paid will continue, after such action, to have the benefit of a covenant to the effect of the covenant of the Authority contained in Section 4.01 hereof or (ii) there shall have been delivered to the Trustee an Opinion of Bond Counsel to the effect that non-compliance thereafter with the applicable provisions of the Code will not affect the then current treatment of interest on the Series 2020A Bonds issued as Tax-Exempt Obligations in determining gross income for Federal income tax purposes.

Proposed

ARTICLE V

NOTICES

SECTION 5.01 Notices. Unless otherwise specified in the Resolution, any notice required or permitted to be given under or in connection with the Resolution shall be in writing and shall be mailed by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid, or sent by Electronic Means confirmed by mailing (by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid) written confirmation at substantially the same time as such delivery by Electronic Means, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the addresses or numbers set forth below, or as to each party at such other address or numbers as shall be designated by such party in a written notice to the other parties:

The Authority:	Washington Metropolitan Area Transit Authority 600 Fifth Street NW Washington, DC 20001 Attention: Craig Gross, Treasurer Telephone: (202) 962-2882 Facsimile: (202) 962-2801 Email: csgross@wmata.com
The Trustee:	The Bank of New York Mellon – Public Finance 385 Rifle Camp Road, 3rd Floor Woodland Park, NJ 07424 Attention: Rosemary Melendez, Vice President Telephone: (973) 247-4740 Facsimile: (973) 357-7840 Email: rosemary.melendez@bnymellon.com

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Resolution and related financing documents and delivered using Electronic Means; provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing those of its Authorized Officers with the authority to provide such Instructions ("Authorized Funds Transfers Officers") and containing specimen signatures of such designated Authorized Funds Transfers Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Funds Transfers Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Funds Transfers Officer. The Authority shall be responsible for ensuring that only such Authorized Funds Transfers Officers designated hereunder transmit such Instructions to the Trustee and that the Authority and all such Authorized Funds Transfers Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes,

Proposed

passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

In order to timely close on the Series 2020A Bonds, this Supplemental Resolution shall be effective immediately.

Reviewed for form and legal sufficiency,

/s/ Patricia Y. Lee
Patricia Y. Lee
General Counsel

WMATA File Structure No:
4.1 Bonds

Proposed

EXHIBIT A

FORM OF BOND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange or payment, and any certificate issued is registered by the name of Cede & Co. or such other name as requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

As provided in the Resolution referred to herein, until the termination of the system of book-entry-only transfers through DTC and notwithstanding any other provision of the Resolution to the contrary, a portion of the principal amount of this Bond may be paid or redeemed without surrender hereof to the Paying Agent. DTC or a nominee, transferee or assignee of DTC of this Bond may not rely upon the principal amount indicated hereon as the principal amount hereof outstanding and unpaid. The principal amount hereof outstanding and unpaid shall for all purposes be the amount determined in the manner provided in the Resolution.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
DEDICATED REVENUE BONDS
SERIES 2020A

REGISTERED NO. 20AR-___ DOLLARS $_____

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	July __, 20__	[DATE], 2020	_____

Registered Owner: CEDE & CO.

Principal Sum: _____ Dollars

The WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (herein called the "Authority"), a body corporate and politic created by Compact defined below, acknowledges itself indebted to, and for value received hereby promises to pay to the Registered Owner stated above, or registered assigns, on the Maturity Date set forth above, but solely from the Trust Estate defined below, upon presentation and surrender of this Bond at the office of The Bank of New York Mellon, as Paying Agent (the "Paying Agent"), designated for such payment, the Principal Sum set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay to the Registered Owner hereof interest on such Principal Sum, such payment to be made by the Paying Agent, but solely from the Trust Estate, from the Dated Date set forth above or such later

Proposed

date to which interest has been paid, at the Interest Rate per annum set forth above, payable on [January][July] 1, 202[_], and semi-annually thereafter on the first days of January and July in each year, until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged. Interest on the Series 2020A Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest will be paid by check mailed on the interest payment date by the Paying Agent to the Registered Owner at its address as it appears on the registration records or, at the option of any Owner of at least one million dollars ($1,000,000) in principal amount of the Series 2020A Bonds, by wire transfer in immediately available funds on each interest payment date to such Owner, provided such Owner has notified the Trustee (as hereinafter defined) in writing of such Owner's wire transfer address (which shall be in the continental United States) at least 15 days prior to the relevant payment date. *In the event that any payment date is not a business day, payment will be made on the next business day with the same force and effect as if made on the nominal date provided in the Resolution and no interest shall accrue during the intervening period with respect to any payment so deferred.*

This Bond is a special and limited obligation of the Authority and is one of a duly authorized issue of obligations of the Authority issued under and pursuant to the Washington Metropolitan Area Transit Authority Compact, an interstate compact by and among the State of Maryland, the Commonwealth of Virginia and the District of Columbia, as amended and supplemented (herein called the "Compact"), and under and pursuant to a resolution of the Authority adopted on _____, 2020, entitled "Dedicated Capital Funding Bond Resolution," as supplemented and amended (the "Resolution"), and particularly as supplemented by a Supplemental Bond Resolution of the Authority adopted on _____, 2020 (the "Supplemental Resolution"). This Bond is one of a series of Bonds designated as "Dedicated Revenue Bonds, Series 2020A" (herein called the "Series 2020A Bonds"), issued in the aggregate principal amount of $_____ under said Resolution. All capitalized terms used but not otherwise defined have the respective meanings ascribed by the Resolution.

Copies of the Resolution, as supplemented and amended, are on file at the office of the Authority and at the designated corporate trust office of The Bank of New York Mellon, which as of the Dated Date is located in Woodland Park, New Jersey, as Trustee under the Supplemental Resolution, or its successor as Trustee (herein called the "Trustee"), and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Compact is hereby made for a complete description of the pledge and covenants securing the Series 2020A Bonds, the nature, extent and manner of enforcement of, and limitations with respect to, such pledge, the rights and remedies of the registered owners of the Series 2020A Bonds with respect thereto, and the terms and conditions upon which the Series 2020A Bonds are issued and may be issued thereunder.

This Bond is a special and limited obligation of the Authority, secured by a pledge, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, of all right, title and interest of the Authority in the "Trust Estate," being (i) all Dedicated Capital Funding Revenues, (ii) the proceeds of the sale of the Obligations, (iii) all Funds, Accounts and Subaccounts established by the Resolution (other than the Clearing Account, except to the extent provided in Section 504, and any rebate fund established pursuant to a tax certificate or agreement executed by the Authority in connection with the Series 2020A Bonds), including the investments, if any, thereof, and (iv) all

Proposed

funds, moneys and securities and any and all other rights and interest in property, whether tangible or intangible, from time to time hereafter received by the Trustee as additional security under the Resolution.

To the extent provided in the Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Resolution. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Resolution, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

The events specified in the Resolution as such shall constitute Events of Default and the Trustee and the Owners shall have the rights and remedies provided by the Resolution.

To the extent provided in the Resolution, Parity Debt, secured on a parity with the Bonds with respect to all right, title and interest of the Authority in the Trust Estate may be issued or entered into by the Authority. The aggregate principal amount of Parity Debt which may be issued or entered into under the Resolution is not limited except as provided in the Resolution.

To the extent and in the manner permitted by the terms of this Resolution, modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Owners of the bonds may be made by a Supplemental Resolution, in certain instances without the written consent of the Owners of the Bonds. Reference is made to the Resolution for the terms and provisions thereof relating to amendments and supplements.

The registration of this Bond is transferable as provided in the Resolution, only upon the books of the Authority kept for that purpose, at the above mentioned office of the Trustee by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Registered Owner or the duly authorized attorney, and thereupon a new registered Series 2020A Bond (or a Series 2020A Bond in the same aggregate principal amount, interest rate and maturity) shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The Authority and each Fiduciary, including the Trustee and any Paying Agent, may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or any Redemption Price hereof and interest due hereon and for all other purposes.

The Series 2020A Bonds are issued by means of a book-entry-only system, with no physical distribution of bond certificates to be made except as provided in the Resolution. One or more bond certificates for each maturity, registered in the name of the Securities Depository Nominee, is being issued for deposit with the Securities Depository and immobilized in its custody. The book-entry-only system will evidence positions held in the Series 2020A Bonds by the Securities Depository's participants; beneficial ownership of the Series 2020A Bonds, in the principal amount of $5,000 or any integral multiple thereof, shall be evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities

Proposed

Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Authority and the Trustee will recognize the Securities Depository Nominee, while the Registered Owner of this Bond, as the owner of this Bond for all purposes, including payments of principal of and any Redemption Price and interest on this Bond, notices and voting. Transfers of principal, interest and any Redemption Price payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfers of principal, interest and any Redemption Price payments to beneficial owners of the Series 2020A Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. Neither the Authority nor the Trustee will be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding any provisions herein contained to the contrary, payments of principal of and any Redemption Price and interest on this Bond shall be made in accordance with existing arrangements among the Trustee, the Authority and the Securities Depository. In the event the Series 2020A Bonds are no longer held in book-entry-only form, the Series 2020A Bonds would be issuable in the form of fully registered Bonds without coupons in the denomination of $5,000 or any integral multiple thereof.

The Series 2020A Bonds are [not subject to optional redemption prior to maturity, except that the Series 2020A Bonds maturing on or after July 1, 20__ shall be] subject to redemption prior to maturity in whole or in part in any authorized denomination, on any date **[**on or after July 1, 20__], at the option of the Authority, at the redemption price of [100% of the principal amount thereof], together with interest accrued to the redemption date.

[The Series 2020A Bonds maturing on July 1, 20__, are subject to mandatory sinking fund redemption on and after July 1, 20__, as follows.

INSERT SINKING FUND SCHEDULE]

This Bond is payable upon redemption at the above-mentioned office or agency of the Paying Agent. Notice of redemption shall be given no less than thirty (30) days nor more than forty-five (45) days before the redemption date, to the Registered Owners of any Series 2020A Bonds or portions of Series 2020A Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry records of the Authority, and otherwise all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have given as aforesaid, then the Series 2020A Bonds or portions thereof so called for redemptions shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid up to but not including the redemption date, and, upon presentation and surrender thereof at the office specified in such notice such Series 2020A Bonds or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid up to but not including the redemption date, and, from and after the redemption date interest on such Series 2020A Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Any redemption notice or other notice required by the Resolution shall be sent only to the Securities Depository Nominee, initially Cede & Co., as nominee of DTC, and will not be published so long as the Series 2020A Bonds are held in book-entry-only form.

Proposed

The Compact provides that neither the Directors of the Authority nor any person executing the Series 2020A Bonds shall be liable personally on the Series 2020A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the issue of the Series 2020A Bonds, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by law.

This Bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, the **WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY** has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Authorized Officer as of the Dated Date.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

By:_____
Authorized Officer

Proposed

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution, as supplemented by the 2020A Supplemental Bond Resolution, each adopted on _____, 2020, by the Washington Metropolitan Area Transit Authority.

THE BANK OF NEW YORK MELLON

By:_____
Authorized Officer

Date of Authentication: [DATE], 20__

Proposed

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

(PLEASE TYPE OR TYPEWRITE NAME, SOCIAL SECURITY NUMBER AND ADDRESS OF TRANSFEREE)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

Signature Guaranteed:

_____

NOTICE: Signature Guarantee should be made by a Guarantor Institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee. The signature of this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Proposed

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

$___
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
Dedicated Revenue Bonds
Series 2020A

May __, 2020

Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

Ladies and Gentlemen:

Barclays Capital Inc., as representative of the underwriters (the "Representative") on behalf of itself and RBC, Siebert Williams Shank & Co., LLC, Blaylock Van LLC, Loop Capital Markets, Piper Sandler & Co., PNC Capital Markets LLC, Ramirez & Co., Inc. and Wells Fargo Securities (collectively, the "Underwriters"), offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the Washington Metropolitan Area Transit Authority (the "Authority"), whereby the Underwriters will purchase and the Authority will sell the Bonds (as defined and described below). The Underwriters are making this offer subject to the acceptance by the Authority at or before 5:00 P.M., New York, New York Time, on the date hereof. If the Authority accepts this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Authority and the Underwriters. The Underwriters may withdraw this Purchase Agreement upon written notice delivered by the Representative to the Authority at any time before the Authority accepts this Purchase Agreement.

All capitalized terms used herein and not defined shall have the meanings given to them in the Dedicated Capital Funding Bond Resolution, adopted by the Authority's Board of Directors on _____, 2020 (the "Bond Resolution"), as supplemented by the 2020 Supplemental Bond Resolution, adopted by the Authority's Board of Directors on ____ (the "2020 Supplemental Resolution", and together with the Bond Resolution, the "Resolution"), or in the Official Statement identified below.

1. Purchase and Sale. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the Authority, and the Authority hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of its $ ___ Dedicated Revenue Bonds, Series 2020A, in the original principal amount of $___ (the "Bonds"). The purchase price for the Bonds is $___ (consisting of the par amount of the Bonds, [plus original issue premium of $___][less original issue discount of $___] and less an Underwriters' discount of $___).

The Authority acknowledges and agrees that: (a) the primary role of the Underwriters, as underwriters, is to purchase securities for resale to investors in an arm's length commercial transaction between the Authority and the Underwriters and the Underwriters have financial and

other interests that differ from those of the Authority; (b) the Underwriters are acting solely as principals and are not acting as municipal advisors within the meaning of Section 15B of the Securities Exchange Act of 1934, financial advisors or fiduciaries to the Authority and have not assumed any advisory or fiduciary responsibility to the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Authority on other matters); (c) the only obligations the Underwriters have to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (d) the Authority has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. Description and Purpose of the Bonds. The Bonds shall be dated the date of delivery. The Bonds are to be issued and sold by the Authority pursuant to the terms of the Resolution and in accordance with the provisions of the Washington Metropolitan Area Transit Authority Compact (the "Compact"). The Bonds will constitute special, limited obligations of the Authority secured solely by the Trust Estate, which includes the Dedicated Capital Funding Revenues, pledged therefor by the Resolution. The pledge created by the Resolution, however, insofar as it relates to any portion of the Trust Estate pledged to the payment of the Pre-2018 Bonds, as defined below, is subordinate in all respects to the pledge created by the 2003 Bond Resolution, as amended, for the payment of the Pre-2018 Bonds. "Pre-2018 Bond or Bonds" means the $197,370,000 Gross Revenue Transit Refunding Bonds, Series 2017A, and the $496,500,000 Gross Revenue Transit Bonds, Series 2017B, of the Authority at any time outstanding under the 2003 Bond Resolution.

The proceeds of the Bonds will be used, together with certain other funds, to (i) finance Capital Costs, (ii) pay capitalized interest on the Bonds, and (iii) pay certain costs of issuing the Bonds, including the Underwriters' discount. The Bonds will mature on the dates and in the amounts and will bear interest and will be subject to redemption prior to maturity as set forth on Schedule 1 hereto, and payable as provided in the Resolution.

3. Closing. At 10:00 A.M., Eastern Time, on _____, 2020, or at such other time or date as the Representative and the Authority may mutually agree upon as the date and time of the closing (the "Closing" or the "Closing Date"), the Authority will deliver or cause to be delivered to the Underwriters, at the offices of Butler Snow LLP, Washington, D.C. ("Bond Counsel"), or at such other place as the Representative and the Authority may mutually agree upon, the Bonds, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 8. At the Closing, (a) upon satisfaction of the conditions herein specified, the Underwriters shall accept the delivery of the Bonds and pay the purchase price therefor in immediately available federal funds payable to the order of the Trustee for the account of the Authority and (b) the Authority shall deliver or cause to be delivered the Bonds to the Underwriters through the facilities of DTC in definitive or temporary form, duly executed by the Authority and in the authorized denominations as specified by the Representative at the Closing and the Authority shall deliver the other documents hereinafter mentioned. The Bonds shall be made available to the Underwriters at least one (1) business day before the Closing Date for purposes of inspection.

Proposed

4. Representations of Underwriters. The Underwriters agree to make a public offering of the Bonds at the initial offering prices or yields set forth in the Official Statement as they may deem necessary or desirable in connection with the offering and sale of the Bonds and to sell the Bonds to dealers (including dealer banks and dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices. The Underwriters agree to deliver final Official Statements to all purchasers of the Bonds in accordance with prevailing regulatory and industry requirements.

5. Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, substantially in the form attached hereto as Exhibit E, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. As applicable, all actions to be taken by the Authority under this Section 5 to establish the issue price of the Bonds may be taken on behalf of the Authority by the Authority's municipal advisors and any notice or report to be provided to the Authority may be provided to the Authority's municipal advisors.

(b) Except as otherwise set forth in Schedule I attached to Exhibit E, the Authority will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At, or promptly after, the execution of this Purchase Agreement, the Representative shall report to the Authority the price or prices at which the Underwriters have sold to the public each maturity of Bonds.

(c) The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I to Exhibit E, except as otherwise set forth therein. Schedule I to Exhibit E also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5^{th}) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

Proposed

The Representative shall promptly advise the Authority when the Underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Authority acknowledges that, in making the representation set forth in this subsection (c), the Representative will rely on (A) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (B) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (C) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A)(1) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires; (B) promptly notify the Representative of any sales of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public; and

(ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply

Proposed

with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(e) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Section 5. Further, for purposes of this Section 5:

(i) "public" means any person other than an underwriter or a related party to an underwriter;

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) "sale date" means the date of execution of this Purchase Agreement by all parties.

6. Preliminary and Final Official Statement.

(a) The Underwriters have distributed copies of the Preliminary Official Statement dated _____, 2020, which together with the cover page, inside cover page and appendices thereto, is herein defined as the "Preliminary Official Statement". By its acceptance hereof, the Authority hereby ratifies, confirms and approves the legally permissible use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement (in printed form and electronic form) and represents that such Preliminary Official Statement is deemed final by the Authority as of its date under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") except for the omission of such information as is permitted under Rule 15c2-12. The form of the final Official Statement of the Authority relating to the Bonds, dated _____2020, including the cover page, inside cover page and Appendices thereto, and any revisions, amendments or supplements thereto (the "Official Statement") in connection with the public offering of the Bonds, is attached hereto as Exhibit B. The Authority

Proposed

authorizes, approves, ratifies and confirms the distribution of the Official Statement (in printed form and electronic form) by the Underwriters in connection with the public offering and sale of the Bonds.

The Authority agrees to provide to the Representative in "designated electronic format" or word-searchable PDF format (as defined by Municipal Securities Rulemaking Board (the "MSRB") Rule G-32) and, at such addresses as the Underwriters specify, as many copies of the Official Statement as the Underwriters reasonably request as necessary to comply with MSRB Rule G-32 and all other applicable rules of the MSRB. The Authority agrees to deliver the Official Statement no later than seven (7) business days from the execution of this Purchase Agreement, and in any event, no later than two (2) business days prior to the Closing.

The Authority authorizes the Representative to file, to the extent required by applicable Securities and Exchange Commission ("SEC") or MSRB rule, and the Representative agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access System ("EMMA")) or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above) within one (1) business day of receipt of the executed Official Statement by the Underwriters. If a supplement or an amendment to the Official Statement is prepared in accordance with subsection 6(b) hereof during the "primary offering disclosure period," and if required by applicable SEC or MSRB rule, the Representative shall also make the required submission of the supplement to the Official Statement to EMMA. The "primary offering disclosure period" is used as defined in MSRB Rule G-32 and shall end on the 25th day after the Closing.

(b) If, during the period from the date of this Purchase Agreement to and including the date which is 25 days after the "End of the Underwriting Period" (as hereinafter defined), either the Representative or the Authority obtains knowledge that there exists any event which, in the opinion of the Representative and counsel to the Underwriters or in the opinion of the Authority or the Authority's disclosure counsel, requires a supplement or amendment to the Official Statement so that the Official Statement will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein and in order to make the Official Statement not misleading, in light of the circumstances, at the time it is delivered to a purchaser or "potential customer" (as defined for the purposes of Rule 15c2-12), the Authority will supplement or amend or cause to be supplemented or amended the Official Statement in form and substance mutually agreed upon by the Representative and the Authority and will furnish to the Underwriters such supplement or amendment in sufficient quantities to permit the Underwriters to comply with the requirements of Rule 15c2-12, at the Authority's expense; provided, however that, the obligation of the Authority to know or provide information within the knowledge of the Authority is limited to providing information that is in the actual knowledge of, or reasonably should have been in the actual knowledge of, the Executive Officers of the Authority listed in the Official Statement or their respective successors.

For the purpose of the preceding paragraph, the "End of the Underwriting Period" (as defined in Rule 15c2-12) shall mean the Closing, unless the Representative notifies the Authority in writing before the Closing or the end of each extended period, whichever is applicable, that the

Proposed

underwriting period must be extended, in which case the End of the Underwriting Period shall be the date set forth in such writing, but in no event later than ninety (90) days after the Closing.

7. Representations. The Authority represents to and agrees with the Underwriters that:

(a) The Authority is, and will be at the date of the Closing, a body corporate and politic, existing pursuant to the Compact and the Capital Transportation Act, with the powers and authority, among others, set forth in the Compact and the Capital Transportation Act, having full power and authority to carry out and consummate all transactions contemplated by this Purchase Agreement, the Official Statement, the Continuing Disclosure Agreement, the Dedicated Capital Agreements, as defined below, and the Resolution.

"Dedicated Grant Funding Agreements" shall mean, collectively, (i) the District Dedicated Fund Grant Agreement, dated February 14, 2020 between the Authority and the District, (ii) the Maryland Dedicated Funding Grant Agreement, dated September 26, 2019 between the Authority and Maryland and (iii) the WMATA Transit Authority Capital Fund Agreement, dated May 1, 2019, between the Authority and the Commonwealth of Virginia acting by and through the Virginia Department of Rail and Public Transportation.

(b) On March ___, 2020, the Authority duly adopted the Bond Resolution and the 2020 Supplemental Resolution, in accordance with the requirements of all applicable laws and the procedural rules of the Authority, authorizing the execution, delivery and performance of the action required in connection with the issuance of the Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Continuing Disclosure Agreement, and that the Bond Resolution and the 2020 Supplemental Resolution are in full force and effect.

(c) The Authority adopted Resolutions 2019-13, 2019-32 and 2019-35 in accordance with the requirements of all applicable laws and the procedural rules of the Authority, authorizing the execution, delivery and performance of the action required in connection with the Dedicated Funding Grant Agreements, and that such agreements are in full force and effect.

(d) The execution and delivery of the Bonds, this Purchase Agreement, the Continuing Disclosure Agreement, the Official Statement and the Dedicated Funding Grant Agreements, compliance with the provisions herein and therein, under the circumstances contemplated hereby, will not conflict with the or constitute on the part of the Authority, a breach of or default under the Capital Transportation Act, the Compact, or any material agreement or other instrument to which the Authority is a party or by which the Authority is bound or any existing law, administrative regulation, court order or consent decree to which the Authority is subject.

(e) All consents, approvals and permits that are required for the due authorization by the Authority of its obligations under this Purchase Agreement, the Continuing Disclosure Agreement, the Official Statement, the Dedicated Funding Grant Agreements and the Resolution have been obtained, and when delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding special obligations of the Authority in conformity with, and entitled to the benefit and security of, the Resolution, enforceable against the Authority in accordance with their terms, except as enforceability may be

Proposed

limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent applicable and by the exercise of judicial discretion in appropriate cases.

(f) The Resolution creates in favor of the Bonds a pledge and lien on the rights of the Authority in and to the Trust Estate on a parity with the lien thereon of any future debt issued under the Resolution. The pledge created by the Resolution, insofar as it relates to any portion of the Trust Estate pledged to the payment of the Pre-2018 Bonds, is subordinate in all respects to the pledge created by the 2003 Bond Resolution for the payment of the Pre-2018 Bonds.

(g) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board, governmental agency or body pending, or, to the Authority's knowledge, threatened against or affecting the Authority, wherein an unfavorable decision, ruling or finding would (i) adversely affect the applicable transactions contemplated by the Bonds, this Purchase Agreement, the Continuing Disclosure Agreement, the Official Statement, the Dedicated Funding Grant Agreements or the Resolution, (ii) restrain or enjoin the issuance or delivery of the Bonds, or in any way contest or affect the validity of the Bonds, the Capital Transportation Act, the Compact, this Purchase Agreement, the Continuing Disclosure Agreement, the Dedicated Funding Grant Agreements or the Resolution, (iii) restrain or enjoin the pledge or application of any moneys or security provided for the payment of the Bonds, (iv) adversely affect the existence or powers of the Authority insofar as they relate to the authorization, sale and issuance of the Bonds or such pledge or application of moneys and security, or any applicable agreement or instrument to which the Authority is a party and which is used or is contemplated for use in the consummation of the applicable transactions contemplated by the Bonds, this Purchase Agreement, the Continuing Disclosure Agreement, the Official Statement, the Dedicated Funding Grant Agreements and the Resolution, (v) otherwise adversely affect the Bonds, this Purchase Agreement, the Continuing Disclosure Agreement, the Dedicated Funding Grant Agreements or the Resolution, or any agreement or instrument to which the Authority is or is expected to be a party and which is used or contemplated for use in the consummation of the applicable transactions contemplated by any of the foregoing, or (vi) adversely affect the business of the Authority.

(h) The Authority's audited financial statements for the fiscal years ended June 30, 2019 and 2018, present fairly the financial position of the Authority as of the date indicated and the results of operations of the Authority for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects for the periods involved. There has been no material adverse change in the financial position or results of operations of the Authority from those set forth in such financial statements.

(i) Except as disclosed in the Preliminary Official Statement and the Official Statement, this Purchase Agreement, the Continuing Disclosure Agreement, the Dedicated Funding Grant Agreements and the Resolution are, and at the Closing will be, in full force and effect in accordance with their terms and, as of the Closing, will not have been amended, modified or supplemented in any material respect by the Authority, and to the extent the Authority can control any other parties thereto, by any other parties thereto.

Proposed

(j) The Authority is not in default in the payment of principal or interest on any bond, note or other general or limited obligation for borrowed money nor is it in default under any agreement or instrument under which any obligation for borrowed money has been issued, and no event of which the Authority has notice or knowledge has occurred under the provisions of any such instrument or agreement which, with or without the lapse of time or the giving of notice, or both, constitutes or would constitute a default thereunder.

(k) Any certificate or copy of any certificate signed by any official of the Authority and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation by the Authority to the Underwriters as to the truth of the statements made therein.

(l) This Purchase Agreement, the Continuing Disclosure Agreement, the Dedicated Funding Grant Agreements and the Resolution are legal, valid and binding obligations of the Authority in accordance with their terms, except as enforceability may be limited by bankruptcy, involuntary, reorganization, moratorium and other similar laws affecting creditors' rights and have been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and are currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(m) Between the date hereof and the time of the Closing, the Authority shall not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Authority, except for such borrowings as may be described in or contemplated by the Official Statement.

(n) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement, as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(o) The Official Statement is, as of its date and at all times after the date of the Official Statement, up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(p) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the time of the Closing, the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(q) If between the date hereof and the time of Closing, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements

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therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority shall promptly (and in any event before the Closing) prepare and furnish (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

(r) Except as disclosed in the Preliminary Official Statement and the Official Statement, during the last five years, the Authority has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

All representations, warranties and agreements of the Authority shall remain operative and in full force and effect (unless expressly waived in writing by the Underwriters), regardless of any investigations made by any Underwriter or on the Underwriters' behalf, and shall survive the delivery of the Bonds.

8. Conditions Precedent. The Underwriters have entered into this Purchase Agreement in reliance upon the representations and agreements of the Authority contained herein and the performance by the Authority of its obligations hereunder, both as of the date hereof and as of the Closing Date.

(a) The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(i) The representations of the Authority contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(ii) At the time of the Closing, this Purchase Agreement, the Continuing Disclosure Agreement, the Dedicated Funding Agreements and the Resolution shall be in full force and effect, and this Purchase Agreement, the Continuing Disclosure Agreement, the Dedicated Funding Grant Agreements and the Resolution, together with the Official Statement, shall not have been amended, modified or supplemented in any material respect except as described in the Official Statement or as may have been agreed to in writing by the Underwriters, and the Authority shall have duly adopted and published and there shall be in full force and effect such further resolutions as shall be necessary in connection with the transactions contemplated hereby and thereby.

(iii) The Authority shall perform or have performed all of its obligations required or specified in this Purchase Agreement, the Continuing Disclosure Agreement, the Official Statement, the Dedicated Funding Grant Agreements and the Resolution to be performed at or prior to Closing.

(iv) Evidence satisfactory to the Underwriters to the effect that the Bonds have received a rating of ["____" from Standard & Poor's ("S&P"), and a rating of "____" from or Fitch Ratings ("Fitch")](collectively, the "Rating Letters"), which ratings remain in effect on the date of Closing.

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(v) No event shall have occurred, or information become known, which, in the Underwriters' reasonable opinion, renders untrue in any material respect any statement or information contained in the Official Statement or causes the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and which have not been amended as provided in this Purchase Agreement to correct such misstatement or disclose such omission.

(vi) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change, in the condition, financial or otherwise, of the Authority, from that set forth in the Official Statement that in the reasonable judgment of the Underwriters, is material and adverse and that makes it, in the reasonable judgment of the Underwriters, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement.

(vii) At or prior to the Closing, the Representative shall receive the following documents (in each case with only such changes as the Representative shall approve):

(1) (A) the approving opinion of Bond Counsel dated the date of the Closing, substantially in the form of Appendix B to the Official Statement, addressed to the Underwriters directly or by a reliance letter; (B) the supplemental opinion of Bond Counsel dated the date of the Closing, substantially in the form of or covering the matters set forth in Exhibit A hereto, and (C) the opinion of Butler Snow LLP, as disclosure counsel, dated the date of closing, substantially in the form of or covering the matters set forth in Exhibit D hereto;

(2) the opinion of Patricia Y. Lee, General Counsel to the Authority, dated the date of the Closing, substantially in the form of Exhibit B hereto;

(3) the opinions of Orrick, Herrington and Sutcliffe LLP and Hardwick Law Firm, LLC, co-counsel to the Underwriters, dated the date of the Closing, substantially in the form of Exhibit C hereto;

(4) a certificate, dated the date of Closing, duly executed by appropriate officers of the Authority, satisfactory to the Underwriters and in form and substance satisfactory to counsel to the Underwriters, to the effect that, (i) the representations, warranties and agreements of the Authority herein are true and correct as of the date of the Closing; and (ii) except as disclosed in the Preliminary Official Statement and the Official Statement, no legal proceedings are pending or, to the Authority's knowledge, threatened: (A) contesting or affecting the validity or authority for the issuance of the Bonds or seeking to restrain or enjoin the issuance or delivery of the Bonds, (B) contesting or affecting the Trust Estate under the Resolution, (C) contesting or affecting the validity of the Resolution or this Purchase Agreement, (D) contesting the completeness or accuracy of the Official Statement; (E) contesting the power of the officials of the Authority or their authority with respect to the Resolution, the Bonds, the Official Statement or

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this Purchase Agreement, or (F) in any way contesting the statutory powers of the Authority;

(5) (A) a certificate of the General Manager and Chief Executive Officer of the Authority, certifying that he has reviewed the Official Statement in its entirety and that the Official Statement, as of its date and as of the date of the Closing, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; (B) a certificate of the Executive Vice President and Chief Financial Officer of the Authority, certifying that he has reviewed the Official Statement in its entirety and that the Official Statement, as of its date and as of the date of the Closing, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(6) executed or certified copies of the specimen Bonds, the Certificate(s) of Determination, the Continuing Disclosure Agreement, the Official Statement, the Dedicated Funding Grant Agreements and the Resolution;

(7) an Arbitrage and Use of Proceeds Certificate, dated the date of Closing, signed by an appropriate officer of the Authority in form and substance satisfactory to Underwriters' Counsel and Bond Counsel;

(8) a certificate, dated the date of Closing, executed by appropriate officers of Public Financial Management, Inc. and Frasca & Associates, LLC the co-Financial Advisors to the Authority, in form and substance satisfactory to Underwriters' Counsel;

(9) a certificate of an appropriate officer of the Trustee as to the due acceptance of its appointment as the Trustee under the Resolution, and the due authentication and delivery of the Bonds by the Trustee;

(10) a copy of the Blue Sky Survey with respect to the Bonds;

(11) the Rating Letters;

(12) certificates required under the Resolution in connection with the issuance of the Bonds; and

(13) such additional legal opinions, certificates, proceedings, instruments and other documents, as may be reasonably required by the Underwriters, or as Bond Counsel or counsel to the Underwriters may reasonably request, to evidence compliance by the Authority with legal requirements, the truth and accuracy, as of the date of the Closing, of all representations herein contained, the exemption of amounts received (whether characterized as interest or discount) by holders of the Bonds from federal and state income taxation, and the due performance or satisfaction by the Authority at or prior to such date of all

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agreements then to be performed and all conditions then to be satisfied as contemplated under this Purchase Agreement.

9. Right to Cancellation by Underwriters. The Underwriters will have the right to cancel their obligation to purchase the Bonds if between the date hereof and the date of Closing:

(a) legislation has been enacted or a decision has been rendered by a federal court of the United States or the United States Tax Court, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency has been made or proposed to be made with respect to federal taxation of interest on the Bonds, or other action or events have occurred which have the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated in connection herewith, including the tax status of bonds issued by the Authority for which it is the obligor under the Internal Revenue Code of 1986, as amended (the "Code"), any of which, in the reasonable opinion of the Representative, would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Preliminary Official Statement and the Official Statement, or

(b) legislation has been enacted, or actively considered for enactment with an effective date being prior to the date of the issuance of the Bonds, or a decision by a court of the United States has been rendered, or a ruling or regulation by the SEC or other governmental agency having jurisdiction of the subject matter has been made, the effect of which is that the Bonds are not exempt from the registration or other requirements of the Securities Act of 1933, as amended and as then in effect, or that the Indenture is not exempt from the qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or

(c) a stop order, ruling or regulation by the SEC has been issued or made, the effect of which is that the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or of the Securities Exchange Act of 1934, as amended and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect, or

(d) there exists any event which in the reasonable judgment of the Representative either (i) makes untrue or incorrect any statement or information of a material fact contained in the Official Statement or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading, and, in either such event the Authority refuses to permit the Official Statement to be supplemented to correct or supply such statement or information, or the statement or information as supplemented is such as in the reasonable judgment of the Representative would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement, or

(e) there has occurred any outbreak or escalation of hostilities involving the United States or any national or international calamity or crisis, including a financial crisis, which is material, adverse and, in the reasonable judgment of the Representative, would make it

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impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement, or

(f) there is in force a general suspension of trading on the New York Stock Exchange, that would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement, or

(g) a general banking moratorium has been declared by Federal, Authority or New York authorities, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Representative, would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement, or

(h) there has occurred since June 30, 2019, any material adverse change in the affairs of the Authority from that reflected in the financial information and data of the Authority included in or as an appendix to the Official Statement, other than as previously disclosed to the Underwriters, or

(i) there shall have occurred a material disruption in securities settlement, payment or clearance services in the United States, or

(j) there shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that as of the date of this Purchase Agreement has published a rating on the Bonds (or has been asked to furnish a rating on the Bonds), which action reflects a change or possible adverse change in the ratings accorded to the Bonds; or

(k) Any new restriction on transactions in securities materially affecting the market for securities similar to the Bonds shall have been established by the SEC, any other federal agency or the Congress of the United States, or by executive order.

10. <u>Indemnification</u>.

(a) The Authority shall indemnify and hold harmless, to the extent permitted by law, the Underwriters and their respective directors, officers, employees and agents and each person who controls any Underwriter within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Underwriter Indemnitee"), against any and all losses, claims, damages or liabilities, joint or several, (i) to which any such Underwriter Indemnitee may become subject, under any statute or regulation at law or in equity or otherwise, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, in the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereof, under the caption "UNDERWRITING," and (ii) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Authority (which consent shall not be unreasonably withheld); and will reimburse any legal or other expenses reasonably incurred by any such Underwriter Indemnitee in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity

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agreement shall not be construed as a limitation on any other liability which the Authority may otherwise have to any Underwriter Indemnitee.

(b) The Underwriters shall indemnify and hold harmless, to the extent permitted by law, the Authority and its directors, officers, members, employees and agents and each person who controls the Authority within the meaning of Section 15 of the 1933 Act (any such person being therein sometimes called an "Authority Indemnitees"), against any and all losses, claims, damages or liabilities, joint or several, to which such Authority Indemnitee may become subject under any statute or at law or in equity or otherwise, and shall promptly reimburse any such Authority Indemnitee for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact contained in, or the omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, in the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereof, under the caption "UNDERWRITING." This indemnity agreement shall not be construed as a limitation on any other liability which the Underwriters may otherwise have to any Authority Indemnitee. The liability of any Underwriter obligations under this Section 10 shall not exceed the amount of its pro rata compensation under this Purchase Agreement.

(c) For purposes of subsection (a) or (b) above, an "Indemnified Party" means an Underwriter Indemnitee or an Authority Indemnitee as the context dictates and an "Indemnifying Party" means the Authority or an Underwriter who is under the obligation to indemnify an Indemnified Party under this Section 10. An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against an Indemnifying Party, notify the Indemnifying Party in writing of the commencement thereof, but the omission to notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel satisfactory to such Indemnified Party, and after notice from the Indemnifying Party to such Indemnified Party of an election so to assume the defense thereof, the Indemnifying Party will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. If the Indemnifying Party shall not have employed counsel to manage the defense of any such action or if the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them that are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of such Indemnified Party), such Indemnified Party shall have the right to retain legal counsel of its own choosing and the reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Indemnifying Party.

An Indemnifying Party shall not be liable for any settlement of any such action effected without its consent by any Indemnified Party, which consent shall not be unreasonably withheld, but if settled with the consent of the Indemnifying Party or if there be a final judgment for the

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plaintiff in any such action against the Indemnifying Party or any Indemnified Party, with or without the consent of the Indemnifying Party, the Indemnifying Party agrees to indemnify and hold harmless such Indemnified Party to the extent provided herein.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an Indemnified Party under subsection (a) or (b) above, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Authority on the one hand and the Underwriters on the other from the offering of the Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Authority on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses as well as any other relevant equitable considerations. The relative benefits received by the Authority on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Authority bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Authority or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an Indemnified Party as a result of the losses, claims, damages, liabilities or expenses referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any action or claim which is the subject to this subsection (d). Notwithstanding the provisions of this subsection (d), each Underwriter shall not have any obligation under this subsection (d) to contribute an amount in excess of the amount of its pro rata compensation under this Purchase Agreement. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

11. Expenses. All expenses and costs of the Authority incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters, including the costs of printing or reproduction of the Bonds, the Resolution and the Official Statement in reasonable quantities, fees of consultants, fees of rating agencies, advertising expenses, fees and expenses of the Trustee and its counsel and fees and expenses of counsel to the Authority and Bond Counsel, the fees and expenses of counsel to the Underwriters, including such fees and expenses incident to the qualification of the Bonds for sale under the Blue Sky securities law of various jurisdictions and the preparation of any Blue Sky memoranda; the fees of Digital Assurance Certification L.L.C. for a continuing disclosure compliance review; shall be paid by the Authority from the proceeds of the Bonds or other revenues of the Authority. The Authority shall be solely responsible for and shall pay for any expenses incurred by the Underwriters on behalf of the Authority's employees and representatives which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, and lodging of employees and

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representatives. The Underwriters shall pay, from the expense component of the underwriters discount, where applicable, only the cost of all advertising expenses in connection with the public offering of the Bonds and all other expenses incurred by it in connection with the public offering and distribution of the Bonds, including the fees of DTC and fees relating to obtaining a CUSIP number assignment for the Bonds; and expenses incurred by the Underwriters that are incidental to the implementing of this Purchase Agreement, including without limitation, meals, transportation and lodging. The Authority shall be under no obligation to pay any expenses incident to the performance by the Underwriters of their obligations hereunder except as set forth herein.

12. Use of Documents. The Authority hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Resolution, and the information contained herein and therein.

13. Qualification of Securities. The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and to provide for the continuance of such qualification; *provided, however*, that the Authority will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

14. Finders. The Authority and the Representative each represents and warrants to the other that no finder or other agent of a finder has been employed or consulted by either the Representative or the Authority, respectively, in connection with this transaction.

15. Notices. Any notice or other communication to be given to the Authority under this Purchase Agreement may be given by delivering the same in writing to Washington Metropolitan Area Transit Authority 600 Fifth Street, N.W. Washington, DC 20001, Attention: Dennis Anosike, Chief Financial Officer, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to Barclays Capital Markets, 2099 Pennsylvania Ave., NW, 4th Floor, Washington DC 20006, Attention: David Ardayfio.

16. Benefit. This Purchase Agreement is made solely for the benefit of the Authority and the Underwriters (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Authority contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds hereunder; or (iii) any termination of this Purchase Agreement, other than pursuant to Section 9.

17. Governing Law. The rights and obligations of the parties to this Purchase Agreement shall be governed by, construed and enforced in accordance with the laws of the District of Columbia and in courts located within the District of Columbia. This Purchase Agreement may not be assigned by the Authority or the Underwriters.

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18. **Counterparts.** This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

19. **Entire Agreement**. This Purchase Agreement embodies the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter, and it is agreed that there are no terms, understandings, representations or warranties, express or implied, other than those set forth herein.

[Signature page to follow]

Proposed

Very truly yours,

BARCLAYS CAPITAL INC.
RBC
SIEBERT WILLIAMS SHANK & CO. LLC
BLAYLOCK VAN, LLC
LOOP CAPITAL MARKETS
PIPER SANDLER & CO.
PNC CAPITAL MARKETS LLC
RAMIREZ & CO., INC.
WELLS FARGO SECURITIES

By: **BARCLAYS CAPITAL INC.**, as Representative of the Underwriters

By:_____
Name: David Ardayfio
Title: Managing Director

Approved and Agreed to: _____, 2020

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

By:_____
Craig Gross
Vice President and Treasurer

SCHEDULE I

Principal Amounts, Interest Rates and Prices

Series 2020

Maturity Date (July 1)	Amount	Rate	Yield	Price

EXHIBIT A

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[to be provided by Butler Snow]

EXHIBIT B

FORM OF AUTHORITY'S GENERAL COUNSEL OPINION

[to be provided by General Counsel's Office]

EXHIBIT C

FORM OF OPINION OF UNDERWRITERS' COUNSEL

[to be provided by Orrick and Hardwick]

EXHIBIT D

FORM OF APPROVING OPINION OF DISCLOSURE COUNSEL

[to be provided by Butler Snow]

EXHIBIT E

CERTIFICATE OF THE UNDERWRITER

Form of Issue Price Certificate

$___
Washington Metropolitan Area Transit Authority
Dedicated Revenue Bonds,
Series 2020A

The undersigned, Barclays Capital Inc., as representative of the underwriters (the "Representative") on behalf of itself and RBC, Siebert Williams Shank & Co., LLC, Blaylock Van LLC, Loop Capital Markets, Piper Sandler & Co., PNC Capital Markets LLC, Ramirez & Co., Inc. and Wells Fargo Securities (together, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "Bonds").

The Representative and the Washington Metropolitan Area Transit Authority (the "Issuer"), have executed a Bond Purchase Agreement (the "Bond Purchase Agreement") in connection with the Bonds on the Sale Date. The Representative has not modified the Bond Purchase Agreement since its execution on the Sale Date.

1. ***Sale of the Bonds***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities*.**

a) The members of the Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

b) As set forth in the Bond Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) the for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below), based on the written representation of each such Underwriter, offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (___, 2020), or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means the Washington Metropolitan Area Transit Authority.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. A person is a "Related Party" to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds _____, 2020.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations of the Issuer set forth in the Issuer's Tax Certificate with respect to the Bonds and with respect to compliance with the federal income

tax rules affecting the Bonds, and by Butler Snow LLP, bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. Notwithstanding the foregoing, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law. Although certain information furnished in this Certificate has been derived from other members of the Underwriting Group and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

BARCLAYS CAPITAL INC., as Representative of the Underwriting Group and on behalf of itself and

RBC
SIEBERT WILLIAMS SHANK & CO. LLC
BLAYLOCK VAN, LLC
LOOP CAPITAL MARKETS
PIPER SANDLER & CO.
PNC CAPITAL MARKETS LLC
RAMIREZ & CO., INC.
WELLS FARGO SECURITIES

By:_____
Name: David Ardayfio
Title: Managing Director

Schedule A

Washington Metropolitan Area Transit Authority
Dedicated Revenue Bonds,
Series 2020A

General Rule Maturities

Maturity July 1	Principal Amount	Interest Rate	Yield	Price

Hold-the-Offering-Price-Rule Maturities

Maturity July1	Principal Amount	Interest Rate	Yield	Price

*Priced to the par call date.

Schedule B

PRICING WIRE

Proposed

EXHIBIT C

FORM OF PRELIMINARY OFFICIAL STATEMENT

Proposed

The information in this Preliminary Official Statement is not complete and may be changed. This Preliminary Official Statement is not an offer to sell the referenced Bonds and is not soliciting an offer to buy the Bonds in any state or other jurisdiction where the offer or sale is not permitted.

The information in this Preliminary Official Statement is not complete and may be changed. This Preliminary Official Statement is not an offer to sell the referenced Bonds and is not soliciting an offer to buy the Bonds in any state or other jurisdiction where the offer or sale is not permitted.

DRAFT AS OF 04.17.2020

PRELIMINARY OFFICIAL STATEMENT DATED _____ 2020

NEW ISSUE - BOOK ENTRY ONLY

RATINGS:
[__]

See "RATINGS" herein.

In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, rulings, and judicial decisions and assuming the accuracy of certain representations and continuous compliance with certain covenants described herein, interest on the Series 2020A Bonds (defined below) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") to the date of delivery of the Series 2020A Bonds, and is excludable from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Code. Bond Counsel is further of the opinion that, under existing law, interest on the Series 2020A Bonds is exempt from all current Maryland, Virginia and District of Columbia personal income taxes. For a more complete description, see "TAX MATTERS" herein.

$545,000,000*
Washington Metropolitan Area Transit Authority
Dedicated Revenue Bonds, Series 2020A

Dated: Date of Delivery **Due: July 1, as shown on inside cover**

The Series 2020A Bonds. The above-captioned Bonds (the "Series 2020A Bonds") will be special obligations of the Washington Metropolitan Area Transit Authority (the "Authority") issued pursuant to the terms of the Dedicated Revenue Bond Resolution adopted by the Authority on [April 23, 2020] (the "Resolution"). The Series 2020A Bonds will be issued in authorized denominations of $5,000 or any integral multiple thereof.

Security. The Series 2020A Bonds, together with all other bonds issued under the Resolution (the "Bonds"), are special, limited obligations of the Authority payable solely from and secured solely by the Trust Estate (as defined herein), subject to the terms and conditions of the Resolution. The Trust Estate consists primarily of the Dedicated Capital Funding Revenues (as defined herein) which are derived from statutorily defined payments from the District of Columbia (the "District"), the State of Maryland ("Maryland"), and the Commonwealth of Virginia (the "Commonwealth" and, together with the District and Maryland, the "States"). The payment of the Dedicated Capital Funding Revenues by each of the States is subject to appropriation and allocation of funds by the States as well as compliance by the Authority with certain requirements set out in the Dedicated Revenue Statutes and Dedicated Funding Grant Agreements. *See* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS" AND "INVESTMENT CONSIDERATIONS."

The Series 2020A Bonds do not constitute a debt or legal obligation of and do not create a lien upon any other revenues of the Authority or on revenues of the Participating Jurisdictions (as defined herein), the States or of the United States of America. The full faith and credit of the United States of America, the States and the Participating Jurisdictions are not pledged to the payment of the Series 2020A Bonds, and none of the foregoing are liable thereon. The Authority has no taxing power. *See* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS" AND "INVESTMENT CONSIDERATIONS."

Purpose. Proceeds of the Series 2020A Bonds are expected to be used to (i) finance Capital Costs (as defined herein), (ii) pay capitalized interest on the Series 2020A Bonds through _____, and (iii) pay certain costs of issuing the Series 2020A Bonds. *See* "INTRODUCTION" and "PLAN OF FINANCE AND SOURCES AND USES OF FUNDS" herein.

Redemption. The Series 2020A Bonds are subject to redemption prior to maturity, as described in "THE SERIES 2020A BONDS – Redemption."

Interest Payment Dates. The Series 2020A Bonds will bear interest from their date of delivery at the rates set forth on the inside cover page hereof. Interest on the Series 2020A Bonds is payable semiannually on each [INSERT DATE], and [INSERT DATE], commencing [INSERT DATE], 2020, computed on the basis of a 360-day year comprised of twelve 30-day months.

Delivery Date. It is expected that the Series 2020A Bonds will be available for delivery to Depository Trust Company on or about [INSERT DATE].

Proposed

* Preliminary, subject to change.

The information in this Preliminary Official Statement is not complete and may be changed. This Preliminary Official Statement is not an offer to sell the referenced Bonds and is not soliciting an offer to buy the Bonds in any state or other jurisdiction where the offer or sale is not permitted.

This cover page contains certain information for quick reference only. It is not a summary of the Series 2020A Bonds or this Official Statement. Investors must read the entire Official Statement, including the Appendices, which are an integral part hereof, to obtain information essential to the making of an informed investment decision regarding the Series 2020A Bonds.

The Series 2020A Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters. Legal matters with respect to the Series 2020A Bonds are subject to the approval of Butler Snow LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority by its General Counsel, Patricia Y. Lee, Esq. Certain legal matters will be passed upon for the Underwriters by their counsels, Orrick, Herrington & Sutcliffe LLP and the Hardwick Law Firm, LLC. Butler Snow LLP, as Disclosure Counsel to the Authority, will deliver an opinion regarding certain matters to the Authority and the Underwriters.

	Barclays	
RBC		**SIEBERT WILLIAMS SHANK & CO, LLC**
BLAYLOCK VAN, LLC	**LOOP CAPITAL MARKETS**	**PIPER SANDLER & CO.**
PNC CAPITAL MARKETS LLC	**RAMIREZ & CO. INC.**	**WELLS FARGO SECURITIES**

[INSERT DATE], 2020

Proposed

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIPS†

$545,000,000*

Washington Metropolitan Area Transit Authority

Dedicated Revenue Bonds, Series 2020A

Serial Bonds*

Maturity ([INSERT DATE])*	Principal Amount*	Interest Rate	Yield	Price	CUSIP
	$				

Term Bond*

Maturity ([INSERT DATE])*	Principal Amount*	Interest Rate	Yield	Price	CUSIP

Proposed

* Preliminary, subject to change.

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WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY[1]

600 Fifth Street, N.W.
Washington, D.C. 20001
(202) 962-2882
Attention: Treasurer's Office

BOARD OF DIRECTORS

Paul C. Smedberg, Commonwealth of Virginia, Chair

Stephanie Gidigbi, District of Columbia, First Vice Chair
Michael Goldman, State of Maryland, Second Vice Chair
Steve McMillin, Federal Government
[_____], District of Columbia
David Horner, Federal Government
Matt Letourneau, Commonwealth of Virginia
Gregory Slater, State of Maryland

ALTERNATE DIRECTORS

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Anthony E. Costa, Federal Government
Canek Aguirre, Commonwealth of Virginia
[_____], State of Maryland
Jeff Marootian, District of Columbia
Devin Rouse, Federal Government
Walter Alcorn, Commonwealth of Virginia
Thomas Graham, State of Maryland

AUTHORITY EXECUTIVE STAFF

Paul J. Wiedefeld, General Manager and Chief Executive Officer
Dennis Anosike, Executive Vice President and Chief Financial Officer
Thomas Webster, Executive Vice President, Strategy, Planning and Program Management
Patricia Y. Lee, Esq., Executive Vice President and General Counsel
Craig Gross, Vice President and Treasurer

BOND COUNSEL AND DISCLOSURE COUNSEL

Butler Snow LLP
Washington, D.C.

FINANCIAL ADVISORS

PFM Financial Advisors LLC
Chicago, Illinois

Frasca & Associates, LLC
New York, New York

AUDITOR

RSM US LLP
Washington, D.C.

Proposed

[1] WMATA will update.

[PRELIMINARY NOTICE]

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

No Unlawful Offers or Solicitations. The information in this Preliminary Official Statement is not complete and may be changed. This Preliminary Official Statement is not an offer to sell the Series 2020A Bonds and is not soliciting an offer to buy the Series 2020A Bonds in any jurisdiction where the offer or sale is not permitted.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Series 2020A Bonds described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement among the Authority, the Underwriters, and the purchasers or owners of any offered Series 2020A Bonds. This Official Statement is being provided to prospective purchasers either in bound printed form ("Original Bound Format") or in electronic format on the following website: www.munios.com. This Official Statement may be relied upon only if it is in its Original Bound Format or if it is printed in full directly from such website.

Preparation of this Official Statement. The information set forth herein has been furnished by the Authority and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Order and Placement of Materials. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the cover page, the inside cover pages and the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2020A Bonds is made only by means of this entire Official Statement.

Estimates and Forecasts. The statements contained in this Official Statement and the Appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the Authority assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Series 2020A Bonds.

Public Offering Prices. In connection with the offering of the Series 2020A Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Series 2020A Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

No Recommendation or Registration. The Series 2020A Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. The Series 2020A Bonds have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as

Proposed

amended, in reliance upon the exemption contained in Section 3(a)(2) of such act; and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such act.

Proposed

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Proposed

*Preliminary, subject to change.

Summary

The following summary is subject in all respects to more complete information contained elsewhere in this Official Statement, and in no event should this summary be separated from this Official Statement. Capitalized terms used herein and not otherwise defined have the respective meanings given such terms in APPENDIX A. Certain key definitions below are in an abbreviated format, and are subject to the complete definitions of such terms in APPENDIX A.

Issuer: Washington Metropolitan Area Transit Authority (the "Authority"), an interstate compact agency, and an agency and instrumentality of the District of Columbia (the "District"), the State of Maryland ("Maryland"), and the Commonwealth of Virginia (the "Commonwealth" and, together with the District and Maryland, the "States").

Issue: $545,000,000* Dedicated Revenue Bonds, Series 2020A (the "Series 2020A Bonds").

Dated Date: [INSERT DATE], 2020

Denominations: $5,000 and integral multiples thereof.

Interest: The Series 2020A Bonds will bear interest at the rates set forth on the inside cover page hereof, payable semiannually on [INSERT DATE] and [INSERT DATE], commencing [INSERT DATE], 2020, computed on the basis of a 360-day year comprised of twelve 30-day months.

Redemption: The Series 2020A Bonds are subject to redemption prior to maturity as described under "THE SERIES 2020A BONDS – Redemption."

Authority for Issuance: The Series 2020A Bonds will be issued pursuant to the Washington Metropolitan Area Transit Authority Compact, by and among the States, dated November 20, 1966, as amended (the "Compact"), and the Dedicated Revenue Bond Resolution adopted by the Authority's Board of Directors on [April 23, 2020] (the "Resolution").

Key Terms:

"Commonwealth Dedicated Funding Grant Agreement" shall mean that certain Washington Metropolitan Area Transit Authority Capital Fund Agreement, dated May 1, 2019, entered into by and between the Authority and the Commonwealth acting by and through the Virginia Department of Rail and Public Transportation.

"Dedicated Funding Grant Agreements" shall mean collectively, the Commonwealth Dedicated Funding Grant Agreement, the District Dedicated Funding Grant Agreement (as defined below) and the Maryland Dedicated Funding Grant Agreement (as defined below).

"Dedicated Revenue Statutes" shall mean the following legislative enactments: D.C. Code § 1-325.401; Va. Code § 33.2-3401; and Md. Transit Code Ann. §10-205(g).

"District Dedicated Funding Grant Agreement" shall mean that certain Dedicated Funding Grant Agreement, dated February 14, 2020, by and between the Authority and the District.

"Maryland Dedicated Funding Grant Agreement" shall mean that certain Dedicated Funding Grant Agreement, dated September 26, 2019, entered into by and between the Authority and Maryland, acting by and through Washington Suburban Transit District and the Maryland Department of Transportation.

"Pre-2018 Bond or Bonds" means the $197,370,000 Gross Revenue Transit Refunding Bonds, Series 2017A, and the $496,500,000 Gross Revenue Transit Bonds, Series 2017B, of the Authority at any time outstanding under the 2003 Bond Resolution.

*Preliminary, subject to change.

Proposed

"Transit System" means the facilities, including all real and personal property and all rights, interests, property and appurtenances incidental thereto or used or useful in connection therewith, constructed or acquired by the Authority as part of its regional rail and bus transit system, but excluding Air Rights, Parking Facilities, and Joint Development Projects.

"2003 Bond Resolution" shall mean the Gross Revenue Bond Resolution 2003-53, adopted by the Authority on September 23, 2003, as the same from time to time has been or may be amended or supplemented in accordance with its terms, including without limitation as amended by Resolution 2018-47 (the 2018 Supplemental Bond Resolution Supplementing and Amending Gross Revenue Bond Resolution 2003-53), adopted by the Authority on November 15, 2018 as supplemented and amended by Resolution 2020-[__] (the 2020 Supplemental Bond Resolution Supplementing and Amending Gross Revenue Bond Resolution 2003-53), adopted by the Authority on April 23, 2020.

Security for the Series 2020A Bonds:

The Resolution pledges the Trust Estate as security for the payment of the Series 2020A Bonds. The Series 2020A Bonds will be issued on a parity with all other bonds and other Obligations and Parity Debt as provided in the Resolution.

The Trust Estate includes all right, title and interest of the Authority in: (1) all Dedicated Capital Funding Revenues; (2) the proceeds of the sale of the Obligations; (3) all Funds, Accounts and Subaccounts established by the Resolution (other than the Clearing Account (as defined in Appendix A), except to the extent otherwise provided in the Resolution) including the investments, if any, thereof; and (4) all funds, moneys and securities and any and all other rights and interests in property, from time to time, pledged as additional security for the Obligations under the terms of the Resolution or as provided by any Supplemental Resolution to the Resolution.

Under the 2003 Bond Resolution, the Dedicated Capital Funding Revenues are pledged to the payment of the Pre-2018 Bonds and the pledge of the Dedicated Capital Funding Revenues created by the Resolution is subordinate in all respects to that pledge created by the 2003 Bond Resolution. Each of the States has been directed by the Authority to pay their respective Dedicated Capital Funding Revenues directly to the Clearing Account Agent (as defined in Appendix A) for deposit into a Clearing Account established in the name of the Authority and held uninvested and administered by the Clearing Account Agent. Except to the extent otherwise provided in the Resolution, the Clearing Account is not part of the Trust Estate established by the Resolution. So long as any Pre-2018 Bonds are outstanding, no Series 2020A Bonds nor the Trustee shall have any right to any payment from Dedicated Capital Funding Revenues unless and until the Dedicated Capital Funding Revenues shall (a) first be deposited as provided in the 2003 Bond Resolution, and (b) applied as provided in said 2003 Bond Resolution. Upon application of the Dedicated Capital Funding Revenues first to meet the funding requirements of the Pre-2018 Bonds if required under the 2003 Bond Resolution, the balance of all Dedicated Capital Funding Revenues are transferred to the Trustee and deposited into the Revenue Fund (as defined in Appendix A) established under the Resolution as soon as practicable thereafter. *See* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS – Flow of Funds*."*

Dedicated Capital Funding Revenues:

In 2018, each of the States passed legislation to direct Dedicated Capital Funding Revenues totaling in the aggregate approximately $500 million annually to the Authority, subject to appropriations by the applicable governing body, to fund the Authority's capital programs and purposes. **The Dedicated Capital Funding Revenues of the Authority are subject to appropriation and allocation of funds by each State and are disbursed upon certain conditions being met by the Authority.** *See* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS. Pursuant to the Dedicated Revenue Statutes, the States are obligated, subject to the limitations described more fully herein *(see* "INVESTMENT CONSIDERATIONS"), to provide funding to the Authority for their proportional share of the Authority's capital programs and purposes of the Transit System. If a State were to fail to timely make a required Dedicated Capital Funding Revenue payment, in addition to any enforcement action that might be available pursuant to the Dedicated Revenue Statutes, the Compact and any of the related Dedicated Funding Grant Agreements, the Authority could exercise the termination for convenience provisions within its capital projects construction agreements or issue

Proposed

stop work orders, in each case for capital projects located inside the boundaries of the nonpaying State in order to pay debt service or any other indebtedness related to the Authority's capital programs. *See* "CAPITAL IMPROVEMENT PROGRAM."

Under the District Dedicated Revenue Statute, there has been established a special non-reverting WMATA Dedicated Financing Fund (the "WMATA Dedicated Financing Fund") to be funded in an amount of not less than $178.5 million of general retail sales tax revenue to be deposited annually into the WMATA Dedicated Financing Fund for disbursement to the Authority for its capital improvements, including payment on borrowings for such capital improvements. The WMATA Dedicated Financing Fund is administered by the Mayor subject to an Agreement for Award and Use of Dedicated Revenue Grant between the Authority and the District to fund state of good repair capital projects of the Authority's approved Capital Improvement Plan, subject to certain terms and conditions more fully detailed in the District Dedicated Funding Grant Agreement. *See* "SOURCES OF PAYMENT OF THE SERIES 2020 BONDS – District of Columbia," "INVESTMENT CONSIDERATIONS," and "CAPITAL IMPROVEMENT PROGRAM."

Under the Maryland Dedicated Revenues Statute, the Governor is required to include in the state budget an appropriation of at least $167 million annually to be used to pay the capital costs of the Authority. The appropriated funding is provided to the Maryland Department of Transportation for the purpose of providing grants to the Washington Suburban Transit District to pay the capital costs of the Authority. The Dedicated Capital Funding Revenues are dispersed upon receipt of an invoice from the Authority and pursuant to a Maryland Dedicated Funding Grant Agreement among the Authority, Maryland, acting by and through the Washington Suburban Transit District and the Maryland Department of Transportation. Disbursement of Maryland Dedicated Capital Funding Revenues are subject to certain terms and conditions more fully detailed in the Maryland Dedicated Funding Grant Agreement. *See* "SOURCES OF PAYMENT OF THE SERIES 2020 BONDS – State of Maryland," "INVESTMENT CONSIDERATIONS," and "CAPITAL IMPROVEMENT PROGRAM."

Under the Commonwealth Dedicated Revenue Statutes, the Virginia Comptroller is required to (i) establish non-reverting WMATA capital funds consisting of non-restricted and restricted funds; (ii) accumulate revenues from a variety of tax sources, calculated to generate an aggregate of $154.5 million of revenues, and transportation funds into such WMATA capital funds; and (iii) disperse such funds to the Authority on a monthly basis solely and exclusively for capital improvements. *See* "SOURCES OF PAYMENT OF THE SERIES 2020 BONDS – Commonwealth of Virginia," The Authority may use the non-restricted portion of the funds for the payment of or security for debt service on bonds or any other indebtedness related to the Authority's capital programs, subject to certain terms and conditions more fully detailed in a Commonwealth Dedicated Funding Grant Agreement. *See* "SOURCES OF PAYMENT OF THE SERIES 2020 BONDS – Commonwealth of Virginia," "INVESTMENT CONSIDERATIONS," and "CAPITAL IMPROVEMENT PROGRAM."

Debt Service Deposits:

Promptly upon receipt thereof, the Trustee shall deposit to the Debt Service Fund Dedicated Capital Funding Revenues in the amount, if any, required so that the balance in said Fund shall equal Accrued Debt Service; Accrued Debt Service means as of any date of calculation, an amount equal to the sum of the amounts of accrued and unpaid Debt Service with respect to all Obligations and Parity Debt, calculating accrued Debt Service with respect to each Obligation at an the amount equal to the sum of (i) as estimated by an Authorized Officer, interest on the Obligations and interest components of Parity Debt accrued and unpaid and to accrue to the next Debt Service Payment Date, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such Obligations and Parity Debt next due which would have accrued (if deemed to accrue in the manner set forth in the definition of "Debt Service") to the next Debt Service Payment Date. For purposes of calculating Debt Service Fund deposits, Principal Installments shall not include amounts that an Authorized Officer has notified the Trustee are to be paid from sources other than Dedicated Capital Funding Revenues, nor shall Accrued Debt Service include any amounts that, as certified by an Authorized Officer, have been set aside hereunder or otherwise in trust for the payment thereof. *See* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS – Flow of Funds*."*

Indebtedness:

The Resolution prohibits the Authority from creating a new pledge of or lien on the Trust Estate that is superior to the pledge that secures the Series 2020A Bonds. However, the Authority may create a

Proposed

pledge of or lien on the Trust Estate that is on parity with the pledge that secures the Series 2020A Bonds, and in that connection incur additional indebtedness, provided certain conditions set forth in the Resolution are satisfied.

The Authority may issue one or more Series of Obligations payable from the Dedicated Capital Funding Revenues to pay, or to provide for the payment of, all or part of Capital Costs. Such Obligations are to be issued upon receipt by the Trustee of (i) a certificate of an Authorized Officer stating that, based on the Authority's records, the Authority will be in compliance with its covenant summarized under the caption "Obligations of the States and Participating Jurisdictions" for the Fiscal Year in which such Obligations are being issued; and (ii) a certificate of an Authorized Officer certifying, based on the Authority's records, that Dedicated Capital Funding Revenues for any twelve (12) consecutive months out of the last eighteen (18) months immediately preceding the incurrence or issuance of such Obligations, shall at least equal [400%] of the sum of: (a) the Maximum Annual Aggregate Debt Service (with respect to all Obligations and Parity Debt, including the Obligations being incurred or issued) for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any Outstanding Obligations plus (b) maximum annual aggregate debt service on any outstanding Pre-2018 Bonds issued under the 2003 Bond Resolution for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any outstanding Pre-2018 Bonds; provided, however, that for the purpose of the foregoing clause (b), there shall be excluded from the calculation any debt service on the Pre-2018 Bonds to the extent that Gross Revenues as defined and described in the 2003 Resolution were sufficient to pay debt service on Pre-2018 Bonds during such 12-month period; provided, further, that for Obligations issued in Fiscal Year 2020, the amount of Dedicated Capital Funding Revenues used in this paragraph shall be the projected amount of Dedicated Capital Funding Revenues instead of the actual amount of Dedicated Capital Funding Revenues. subject to certain terms and conditions more fully detailed in the District Dedicated Funding Grant Agreement.

For information on the conditions precedent to the issuance of additional indebtedness, *see* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS – Parity Liens and Additional Indebtedness."

Ratings: [_] have assigned ratings to the Series 2020A Bonds of "[__]" (with a [_] stable outlook). *See* "RATINGS" herein.

Proposed

OFFICIAL STATEMENT

Relating to

$_____*

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

DEDICATED REVENUE BONDS, SERIES 2020A

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to set forth certain information pertaining to the Washington Metropolitan Area Transit Authority (the "Authority") and its $545,000,000* Dedicated Revenue Bonds, Series 2020A (the "Series 2020A Bonds"). The Series 2020A Bonds will be issued under the authority of the Washington Metropolitan Area Transit Authority Compact (the "Compact") by and among the State of Maryland ("Maryland"), the Commonwealth of Virginia (the "Commonwealth"), and the District of Columbia (the "District") on November 20, 1966 and the Dedicated Revenue Bond Resolution adopted by the Authority's Board of Directors (the "Board") on [April 23, 2020] (the "Resolution"). The Bank of New York Mellon, New York, New York, is the Trustee under the Resolution (the "Trustee").

The Authority is an interstate compact agency that was created effective February 20, 1967, pursuant to the Compact and to the National Capital Transportation Act of 1960 (P.L. 86-669, now repealed) (collectively referred to with the National Capital Transportation Acts of 1965 (P.L. 89-173), 1967 (P.L. 90-220), 1969 (P.L. 91-143), 1972 (P.L. 92-349), and the National Capital Transportation Amendments Acts of 1979 (P.L. 96-184), 1990 (P.L. 101-551), the Washington Metropolitan Area Transit Regulation Compact Amendments of 1997 (P.L. 105-151), 2009 (P.L. 111-62) all as amended, as the "Capital Transportation Act"). The Authority is an instrumentality and agency of Maryland, the Commonwealth and the District, the signatory parties to the Compact.

The Authority is responsible for the development, financing, and operation of mass transit facilities (the "Transit System"), consisting of a rapid rail system ("Metrorail"), a bus transit system ("Metrobus"), and a paratransit service ("MetroAccess") under the Americans With Disabilities Act ("ADA"), each offering transit services to those portions of the Washington, D.C. metropolitan area consisting of the District, the cities of Alexandria, Falls Church and Fairfax, Virginia, and the counties of Arlington, Fairfax and Loudoun (effective with the opening of Silver Line Phase II), Virginia, and political subdivisions of the Commonwealth located within those counties, and the counties of Anne Arundel, Charles, Montgomery, and Prince George's, Maryland, and political subdivisions of Maryland located within those counties (the "Transit Zone"). For the Fiscal Year ending June 30, 2019, the Authority

*Preliminary, subject to change.

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provided approximately 228.9 million unlinked Metrorail trips, 123.3 million unlinked Metrobus trips, and 2.3 million MetroAccess trips.[2]

Proceeds of the Series 2020A Bonds are expected to be used to (i) finance Capital Costs (as defined herein), (ii) pay capitalized interest on the Series 2020A Bonds through [_____] and (ii) pay certain costs of issuing the Series 2020A Bonds. *See* "PLAN OF FINANCE AND SOURCES AND USES OF FUNDS."

The Series 2020A Bonds are special, limited obligations of the Authority payable solely from the Trust Estate pledged by the Resolution. The Series 2020A Bonds do not constitute a debt or legal obligation of and do not create a lien upon any other revenues of the Authority or revenues of the Participating Jurisdictions, of the States, or of the United States of America. The full faith and credit of the Participating Jurisdictions, the States, or United States of America are not pledged to the payment of the Series 2020A Bonds, and none of the foregoing are liable thereon. The full faith and credit of the Authority is not pledged to the Series 2020A Bonds.

Brief descriptions of and references to the Authority, the Series 2020A Bonds, other outstanding indebtedness of the Authority, the Compact, the Resolution, the Transit System, the Dedicated Revenues Statutes, other applicable legislations, the Dedicated Funding Grant Agreements and other funding sources for capital improvement and operating costs are included in this Official Statement. Such descriptions are subject to the provisions of such documents and laws and do not purport to be comprehensive or definitive. All references thereto are qualified in their entirety by reference to such documents and laws, copies of which are available for inspection at the principal office of the Authority at 600 Fifth Street, N.W., Washington, D.C. 20001.

This Official Statement contains information relating principally to the organization, operation, and economic resources of the Authority, and includes certain financial and other information supplementing the most recent basic financial statements of the Authority, which are found in the Authority's Comprehensive Annual Financial Report ("CAFR") for Fiscal Years ended June 30, 2019 and 2018. The following portion of the CAFR for Fiscal Year 2019 is incorporated herein by reference: the information under the heading "Financial Section," from pages 18-100, inclusive (collectively, the "Fiscal Year 2019 Audited Financial Statements"). The Authority's CAFR for Fiscal Years ended June 30, 2019 and 2018 can be found at https://www.wmata.com/about/records/public_docs/upload/Comprehensive-Annual-Financial-Report-for-the-Fiscal-Years-Ended-June-30-2019-and-2018.pdf. Unless expressly stated otherwise herein, no other information is incorporated by reference in this Official Statement. Persons considering a purchase of the Series 2020A Bonds should rely only on information contained in this Official Statement or expressly incorporated by reference herein.

References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

[2] *See* CAFR Fiscal Years Ended June 30, 2019 and 2018 at p. 118.

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Capitalized terms used herein and not otherwise defined have the meanings set forth in "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

THE TRANSIT SYSTEM

Introduction

The Authority operates a multi-modal transit system serving the Washington, D.C. metropolitan area. The Transit System consists of Metrorail, Metrobus and MetroAccess. Metrorail has over 1,200 rail transit vehicles in operation (*see* the following map of Metrorail); Metrobus has a bus fleet of more than 1,500 buses; and MetroAccess is an ADA paratransit service for the metropolitan area. Between Fiscal Year 2018 and Fiscal Year 2019, passenger trips for the Transit System decreased by a cumulative total of 4.6 million trips, a decline of 1.6% primarily due to the 35-day federal government shutdown and planned service disruptions for major capital projects. In February 2020 this network served approximately 982,000 total riders on an average weekday.[3]

Based on data reported in the 2019 Public Transportation Fact Book, published by the American Transportation Association, for the report year 2017 Metrorail is the third-largest heavy rail system in the United States. Metrorail ridership in Fiscal Year 2018 was 175.8 million trips and 175.3 million in Fiscal Year 2019. In Fiscal Year 2020, rail ridership was projected at approximately 170.2 million passenger trips and was trending toward growth for the first and second quarters of Fiscal Year 2020.[4]

Metrobus provides service to areas not served by Metrorail and is integrated closely with Metrorail operations. Metrobus serves 11,500 bus stops and provides between approximately 340,000 and 450,000 weekday passenger trips. Metrobus ridership in Fiscal Year 2018 was 111.2 million trips and in Fiscal Year 2019 was projected to stabilize at 112.0 million trips due to fare products and service enhancements.

MetroAccess provided 2.3 million trips in Fiscal Year 2018 and 2.4 million trips in Fiscal Year 2019 using contract carriers operating more than 750 Authority-owned vehicles.[5] In Fiscal Year 2020 MetroAccess was projected to provide 2.3 million passenger trips, a 2.6% decrease from the prior year due to offsetting growth by shifting trips to alternative partnership programs.

Like other mass transit agencies, the Authority has experienced a decline in ridership. The Authority is in the process of preparing an amended plan in connection with ridership and developing a plan to address the COVID-19 pandemic, which is discussed in more detail in "THE AUTHORITY – Response to COVID-19 Pandemic." As part of the Authority's response to the COVID-19 pandemic, the Authority has decreased the services it offers in order to reduce the movement of people through the Transit System. The Authority cannot predict how the

[3] *See* https://www.wmata.com/initiatives/ridership-portal/upload/February-2020-Ridership-Snapshot.pdf.
[4] *See* https://www.wmata.com/about/news/2019-Metrorail-ridership.cfm and https://www.wmata.com/initiatives/ridership-portal/.
[5] Source: Metro Performance Report for Q4 FY2019 posted on WMATA website.

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COVID-19 pandemic will impact ridership long-term. *See* "THE AUTHORITY – Response to COVID-19 Pandemic" and "INVESTMENT CONSIDERATIONS."

Regional Demographics

The Transit System serves the Washington, D.C. metropolitan area, which, as of July 1, 2018, had a population of approximately 6.2 million individuals (based on data from the U.S. Census Bureau). There are several large international companies with headquarters in the region, including military defense contractors, hospitality companies, consultants, and insurance companies, among others. Unemployment rates in the region are consistently below the national rate. The U.S. Bureau of Labor Statistics reported that, the non-seasonally adjusted unemployment rate in the region was 3.4% versus a national rate of 3.8%) with employment growth of 1.5%, adding 24,900 new jobs during the 12-month period ending June 30, 2019. As in the case, nationally, the number of unemployment claims have significantly risen.[6] The Authority is uncertain as to how the COVID-19 local pandemic will impact unemployment in its region. *See "*THE AUTHORITY – Response to the COVID-19 Pandemic." Historically, per capita personal income and per capita real gross domestic product are consistently above the national levels. For calendar year 2017, per capita personal income for the region was $99,669 versus $60,336 nationally and per capita real gross domestic product was $72,558 versus $52,896 nationally (such figures are based on data from the Bureau of Economic Analysis).

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[6] *See* U.S. Department of Labor's New Release dated April 2, 2020 at https://www.dol.gov/ui/data.pdf.

System Map
Legend
Red Line • Glenmont / Shady Grove
Orange Line • New Carrollton / Vienna
Blue Line • Franconia-Springfield / Largo Town Center
Green Line • Branch Ave / Greenbelt
Yellow Line • Huntington / Mt Vernon Sq / Fort Totten
Silver Line • Wiehle-Reston East / Largo Town Center
Station Features
Bus to Airport
Parking
Hospital
Airport
Connecting Rail Systems
Transfer Station
Station in Service
Under Construction
Full-Time Service
Service operates Monday-Friday 10:00am - 3:00pm 7:30pm - Close All day Saturday & Sunday
wmata.com
Customer Information Service: 202-637-7000
TTY Phone: 202-962-2033
Metro Transit Police: 202-962-2121
Glenmont
Wheaton
Forest Glen
Silver Spring
Takoma
Greenbelt
College Park-U of Md
Prince George's Plaza
West Hyattsville
Fort Totten
Shady Grove
Rockville
Twinbrook
White Flint
Grosvenor-Strathmore
Medical Center
Bethesda
Friendship Heights
Tenleytown-AU
Van Ness-UDC
Cleveland Park
Woodley Park
Dupont Circle
Farragut North
Georgia Ave-Petworth
Columbia Heights
U St
Mt Vernon Sq
Shaw-Howard U
Brookland-CUA
Rhode Island Ave
NoMa-Gallaudet U
Union Station
McPherson Sq
Metro Center
Gallery Place
Archives
Judiciary Sq
Wiehle-Reston East
Spring Hill
Greensboro
Tysons Corner
McLean
Rosslyn
Vienna
Dunn Loring
West Falls Church
East Falls Church
Ballston-MU
Virginia Sq-GMU
Clarendon
Court House
Farragut West
Foggy Bottom-GWU
Smithsonian
Federal Triangle
L'Enfant Plaza
Arlington Cemetery
Pentagon
Pentagon City
Crystal City
Ronald Reagan Washington National Airport
Braddock Rd
King St-Old Town
Eisenhower Ave
Huntington
Van Dorn St
Franconia-Springfield
New Carrollton
Landover
Cheverly
Deanwood
Minnesota Ave
Capitol South
Eastern Market
Potomac Ave
Stadium-Armory
Benning Rd
Capitol Heights
Addison Rd
Morgan Blvd
Largo Town Center
Waterfront
Navy Yard-Ballpark
Anacostia
Congress Heights
Southern Ave
Naylor Rd
Suitland
Branch Ave
Metro is accessible.
Map is not to scale
No Smoking
No Eating or Drinking
No Animals (except service animals)
No Audio (without earphones)
No Littering or Spitting
No Dangerous or Flammable Items

THE SERIES 2020A BONDS

General

The Series 2020A Bonds will be dated the date of their delivery and bear interest at the rates set forth on the inside cover page hereof, payable semiannually on [INSERT DATE] and [INSERT DATE], commencing [_____] until their final payment or maturity. Interest shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each. The Series 2020A Bonds shall be issuable only as fully registered bonds in denominations of $5,000 and multiples thereof.

Principal of and premium, if any, on the Series 2020A Bonds shall be payable to the registered owners upon the surrender of Series 2020A Bonds at the principal corporate trust office of the Trustee. Interest on the Series 2020A Bonds shall be payable by check or draft of the Trustee mailed to the respective Owners at their addresses as they appear on the Record Date on the registration books kept by the Trustee; provided, however, that in the case of a Securities Depository or Owner of $1,000,000 or more in aggregate principal amount of Series 2020A Bonds, upon the written request of such Owner to the Trustee, received on or prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds to the bank account number on file with the Trustee. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee. Principal, premium, if any, and interest on the Series 2020A Bonds shall be payable in lawful money of the United States of America.

If the date for payment of the principal of, premium, if any, or interest on any of the Series 2020A Bonds shall be other than a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

Redemption*

Optional Redemption*

The Series 2020A Bonds maturing on or after _____, shall be subject to redemption prior to maturity, in whole or in part in any authorized denomination, on any date on or after _____, at the option of the Authority, at the redemption price of 100% of the principal amount thereof, together with interest accrued to the redemption date.

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* Preliminary, subject to change

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Mandatory Sinking Fund Redemption

The Series 2020A Bonds maturing on _____, shall be subject to mandatory sinking fund redemption at par plus accrued interest to the redemption date, without premium, in the years and amounts as follows:

Year ([INSERT DATE])*	**Amount***

_____

† Final Maturity

Any amount accumulated in the Debt Service Fund up to the unsatisfied balance of each Sinking Fund Installment for the Series 2020A Bonds may, and if so directed in writing by an Authorized Officer, shall, be applied (together with amounts accumulated in the Debt Service Fund with respect to interest on the Series 2020A Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows: (i) to the purchase of Series 2020A Bonds of the maturity and interest rate for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Series 2020A Bonds plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Authority shall direct; or (ii) to the redemption of such Series 2020A Bonds if then redeemable by their terms at the price(s) set forth above.

Upon the purchase or redemption of any Series 2020A Bond pursuant to the provisions of the Resolution summarized in the preceding paragraph, an amount equal to the principal amount of the Series 2020A Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Series 2020A Bonds of such maturity, and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited against future Sinking Fund Installments as specified by the Authority at the time of such purchase or redemption.

Selection of Series 2020A Bonds to be Redeemed in Partial Redemption

If less than all of the Outstanding Series 2020A Bonds of a particular maturity and interest rate are to be redeemed, the Trustee shall select, as directed by the Authority (as to the timing of such selection, manner of such selection or otherwise) or otherwise in such manner as the Trustee in its discretion shall deem appropriate and fair, the numbers of the Series 2020A Bonds to be redeemed and portions of any thereof to be redeemed in part. Series 2020A Bonds of denominations equal or less than the minimum authorized denomination thereof may be redeemed only as a whole. Series 2020A Bonds of denominations of more than the minimum authorized denomination thereof may be redeemed either as a whole or in part (which, if redeemed in part, must assure that the portion of the Series 2020A Bond which is not redeemed is an authorized denomination). If the Series 2020A Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2020A Bonds, partial redemptions will be done in accordance with DTC procedures. It is the Authority's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Authority and the beneficial owners be made in accordance with these same proportional provisions. However, the Authority can provide no

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assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners on such a proportional basis.

Notice of Redemption

Upon notification from the Authority of its election to redeem the Series 2020A Bonds, the Trustee is required under the Resolution to give notice of such redemption to the holders of the Series 2020A Bonds. Under the Resolution, the redemption notice must include: (i) CUSIP numbers; (ii) maturities; (iii) interest rate (if any maturity bears interest at different rates and all Series 2020A Bonds of such maturity are not being redeemed); (iv) the letters, numbers, or other distinguishing marks (if less than all Series 2020A Bonds of any like tenor, maturity, and interest rate are being redeemed); (v) if a partial redemption, the portions of the principal amount to be redeemed; and (vi) the redemption date and place. If a redemption is conditional, the redemption notice must include all conditions that must be satisfied. A redemption notice will also include the redemption price, together with interest accrued to the redemption date, and that from and after such date interest thereon will cease to accrue and be payable. Under the Resolution, a redemption notice must be given to the holders of the Series 2020A Bonds to be redeemed not less than 30 days nor more than 45 days before the redemption date.

Failure to give any such notice to any particular bondholder will not affect the validity of the proceedings for the redemption of the Series 2020A Bonds not owned by such bondholder and failure of any bondholder to receive such notice will not affect the validity of the proposed redemption of the Series 2020A Bonds. The Authority may provide notices of redemption at such additional times as it may determine necessary or appropriate.

Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of money sufficient to pay the redemption price or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. The Trustee will notify affected bondholders of such rescission as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Book-Entry-Only Bonds

The Series 2020A Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as Registered Bondholder and nominee for The Depository Trust Company ("DTC"). Beneficial ownership interests in the Series 2020A Bonds will be available in book-entry-only form. Purchasers of beneficial ownership interests in the Series 2020A Bonds will not receive certificates representing their interests in the Series 2020A Bonds purchased. *See* "APPENDIX C – BOOK-ENTRY-ONLY SYSTEM PROCEDURES."

Principal of and interest on the Series 2020A Bonds are payable through a securities depository as described in APPENDIX C.

None of the Authority, the Underwriters, or the Trustee has any responsibility or obligation to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC or any DTC Participant; (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the owners of the Series 2020A Bonds; (iii) the payment by DTC or any DTC Participant of any amount received with respect to the Series 2020A Bonds; (iv) any consent given or other action taken by DTC or its nominee as the owner of the Series 2020A Bonds; or (v) any other related matter.

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PLAN OF FINANCE/SOURCES AND USES OF FUNDS

Plan of Finance

Proceeds of the Series 2020A Bonds are expected to be used to (i) pay for and finance certain Capital Costs, (ii) pay capitalized interest on the Series 2020A Bonds through _____, and (iii) pay certain costs of issuing the Series 2020A Bonds.

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2020A Bonds.

Sources	
Par Amount	$_____
Net Original Issue Premium	_____
Total Sources	**$_____**
Uses	
Deposit to the Proceeds Fund for Capital Costs	$_____
Deposit to the Debt Service Fund for capitalized interest	_____
Deposit to the Costs of Issuance Account	_____
Underwriters' Discount	_____
Total Uses	**$_____**

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SECURITY FOR THE PAYMENT OF THE SERIES 2020A BONDS

Limited Obligations

The Series 2020A Bonds constitute "Obligations" under the Resolution and are special, limited obligations of the Authority payable solely from the Trust Estate. The Series 2020A Bonds do not constitute a debt or legal obligation of and do not create a lien upon any other revenues of the Authority, or on the revenues of the Participating Jurisdictions, the States or the United States of America. The full faith and credit of the United States of America, the States and the Participating Jurisdictions are not pledged to the payment of the Series 2020A Bonds, and none of the foregoing are liable thereon. The full faith and credit of the Authority is not pledged to payment of the Series 2020A Bonds. The Authority has no taxing power.

Pledge of the Trust Estate

The Trust Estate consists of, subject to the terms and provisions of the Resolution:

(a) all Dedicated Capital Funding Revenues;

(b) the proceeds of the sale of the Obligations;

(c) all Funds, Accounts and Subaccounts established by the Resolution (other than the Clearing Account, except to the extent otherwise provided in the Resolution, and any rebate funds established pursuant to a tax certificate or agreement executed by the Authority in connection with a Series of Obligations and any funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations; *provided however*, that such funds, accounts and subaccounts are specifically excepted from the Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof; and

(d) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Obligations by the Authority, or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms thereof.

Dedicated Capital Funding Revenues do not include (a) those funds in the Commonwealth's Restricted Account, which are ineligible for use as security for debt, (b) any funds in excess of the respective amounts set forth in the Dedicated Revenue Statutes as of [April 23, 2020], as a result of any amendment to any of the Dedicated Revenue Statutes unless the Authority amends the Resolution in accordance with its terms to pledge such increased funds as part of the Trust Estate under the Resolution, or (c) any other revenues, taxes, charges, assessments or other moneys paid to the Authority.

The Resolution pledges the Trust Estate as security for the payment of the Series 2020A Bonds. The Series 2020A Bonds will be issued on a parity with all other bonds and other Obligations and Parity

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Debt as provided in the Resolution. The pledge created by the Resolution, insofar as it relates to any portion of the Trust Estate pledged to the payment of the Pre-2018 Bonds, is subordinate in all respects to the pledge created by the 2003 Bond Resolution to pay the Pre-2018 Bonds.

Under the 2003 Bond Resolution, the Dedicated Capital Funding Revenues are pledged to the payment of the Pre-2018 Bonds and the pledge of the Dedicated Capital Funding Revenues created by the Resolution is subordinate in all respects to that pledge created by the 2003 Bond Resolution. So long as any Pre-2018 Bonds are outstanding, no Series 2020A Bonds nor the Trustee shall have any right to any payment from Dedicated Capital Funding Revenues unless and until the Dedicated Capital Funding Revenues shall (a) first be deposited as provided in the 2003 Bond Resolution, and (b) applied as provided in said 2003 Bond Resolution. Upon application of the Dedicated Capital Funding Revenues first to meet the funding requirements of the Pre-2018 Bonds if required under the 2003 Bond Resolution, then the balance of all Dedicated Capital Funding Revenues are to be transferred to the Trustee and deposited into the Revenue Fund established under the Resolution as soon as practicable thereafter. *See* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS–Flow of Funds."

Flow of Funds

The principal source of the Trust Estate is the Dedicated Capital Funding Revenues. Each of the States has been directed by the Authority to pay their respective Dedicated Capital Funding Revenues directly to the Clearing Account Agent for deposit into a Clearing Account established in the name of the Authority and held uninvested and administered by the Clearing Account Agent. It is the present intention of the Authority that the Trustee also serve as the Clearing Account Agent. Except to the extent otherwise provided in the Resolution, the Clearing Account is not part of the Trust Estate established by the Resolution. So long as the Pre-2018 Bonds are outstanding, the Clearing Account Agent shall be unconditionally obligated to pay over to the Trustee for the Pre-2018 Bonds (the "2003 Trustee") all Dedicated Capital Funding Revenues as soon as practicable following the receipt thereof, but in no event later than the morning of the Business Day immediately succeeding each date of receipt of Dedicated Capital Funding Revenues by the Clearing Account Agent. In accordance with the 2003 Bond Resolution, all Dedicated Capital Funding Revenues, as soon as practicable after the receipt thereof, are to be deposited by the 2003 Trustee in an account held and administrated by the 2003 Trustee (the "2003 Dedicated Capital Funding Revenues Account") established in the revenue fund (the "2003 Revenue Fund") established under the 2003 Bond Resolution.

Subject to the proviso below, the Authority has directed the 2003 Trustee, on the Business Day next succeeding each deposit of Dedicated Capital Funding Revenues into the 2003 Dedicated Capital Funding Revenues Account, to transfer all Dedicated Capital Funding Revenues on deposit in the 2003 Dedicated Capital Funding Revenues Account to the Trustee,, and such amounts so transferred shall be free and clear of the pledge created by the 2003 Bond Resolution; provided, whenever the amount paid out of the gross proceeds account (the "2003 Gross Proceeds Account") established in the 2003 Revenue Fund in respect of the Pre-2018 Bonds only is less than the amount which should have been transferred (i.e., accrued debt service on the Pre-2018 Bonds on a quarterly basis), then an amount equal to such deficiency shall be held in the 2003 Dedicated Capital Funding Revenues Account and applied in a timely manner to the payment when due of the Pre-2018 Bonds. Should such deficiency be made up from other sources, or such Pre-2018 Bonds be otherwise paid, then the amount so held may be applied as aforesaid.

When the Pre-2018 Bonds are no longer outstanding, the Clearing Account Agent will transfer the Dedicated Capital Funding Revenues from the Clearing Account to the Revenue Fund as soon as practicable after the receipt thereof. Prior to the retirement of the Pre-2018 Bonds in accordance with their terms, the Pre-2018 Bonds shall have a first right of payment from the Clearing Account and the investment income thereon, if any, in accordance with terms of the 2003 Bond Resolution. So long as the Pre-2018 Bonds are

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outstanding in accordance with their terms, none of the Series 2020A Bonds nor the Trustee shall have any lien on or right to payment from the Clearing Account or any funds contained in the Clearing Account or any investment income thereon, if any; on and after the date the Pre-2018 Bonds are no longer outstanding in accordance with their terms, the Clearing Account shall automatically and without further act become subject to the lien of the Resolution.

Following application of the Dedicated Capital Funding Revenues in accordance with the 2003 Bond Resolution, and in accordance with the provisions of the Resolution, the Trustee shall deposit the balance of all Dedicated Capital Funding Revenues as soon as practicable after receipt thereof, into the Revenue Fund established under the Resolution. The Trustee shall transfer promptly all amounts deposited to the Revenue Fund into the following Funds and Accounts, in the amounts and in the order of priority, as follows:

(a) payment to the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded the amount, if any, set aside in any account within the Debt Service Fund or the Proceeds Fund from the proceeds of Obligations or Parity Debt for the payment of interest on Obligations or Parity Debt on the next Debt Service Payment Date;

(b) transfer to another Person in accordance with any Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation;

(c) transfer to the Authority for deposit in the Proceeds Fund as directed in writing by an Authorized Officer of the Authority; and

(d) transfer to such accounts held by the Authority as an Authorized Officer shall specify in writing to the Trustee.

The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Obligations and any related Parity Debt, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment (including the portion thereof payable in respect of a Parity Reimbursement Obligation) payable on such due date, and (iii) on or before any redemption date for the Obligations or Parity Debt which occurs on any interest payment date, the amount required for the payment of interest on the Obligations or Parity Debt then to be redeemed. Such amounts shall be applied by the Paying Agents to such payments on and after the due dates thereof.

The following chart summarizes the sources of Dedicated Capital Funding Revenues and the flow of funds once such Dedicated Capital Funding Revenues are transferred to the Clearing Account Agent. Such deposit occurs as soon as practicable after the receipt thereof as required by the Resolution.

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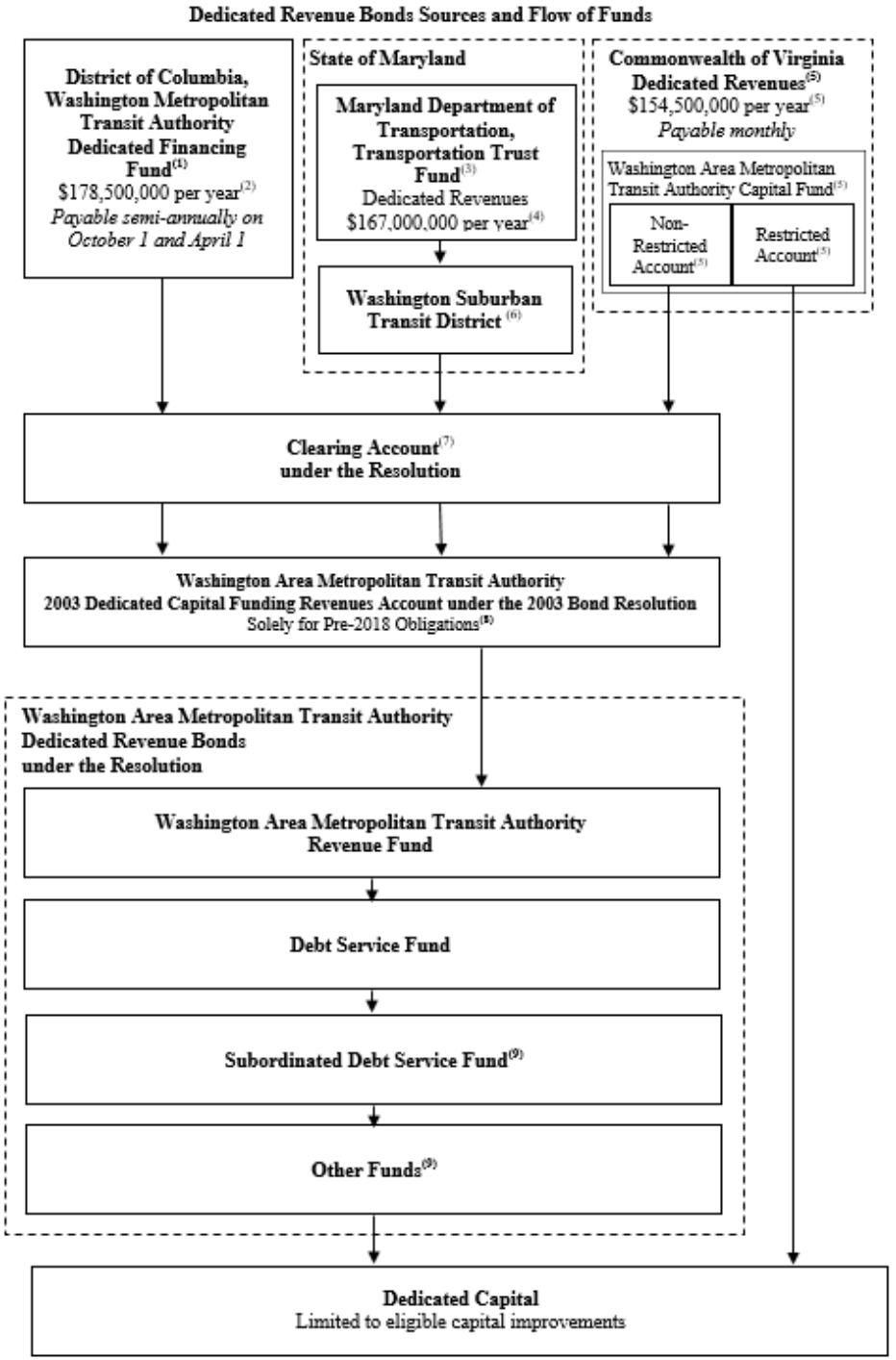

(1) Sources of funding for the Washington Metropolitan Area Transit Authority Dedicated Financing Fund are general sales retail taxes collected by the District of Columbia. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS– Dedicated Capital Funding Revenues -- *District of Columbia*."

(2) Funds are subject to annual appropriation by the Council. Amounts may also be reduced proportionately to the extent that Maryland or the Commonwealth do not pay the full amount of their obligations. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS – Dedicated Capital Funding Revenues -- *District of Columbia*."

(3) Sources of funds include motor fuel taxes, vehicle excise (titling) taxes, motor vehicle fees (registrations, licenses and other fees), and federal aid. In addition, the Trust Fund also includes corporate income taxes, sales and use taxes, operating revenues (e.g., transit fares, port fees, airport fees), and bond proceeds. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS – Dedicated Capital Funding Revenues -- *State of Maryland*."

(4) Funds are subject to annual appropriation by the Maryland state legislature and withholding of up to 35% of other Maryland contributions if the Authority's operating budget increases by more than 3% in any year. Amounts may also be reduced to the extent that the District of Columbia or Commonwealth of Virginia do not pay the full amount of their obligations. Funds are anticipated to be paid quarterly. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS – Dedicated Capital Funding Revenues – *State of Maryland*" and "INVESTMENT CONSIDERATIONS - Three Percent (3%) Cap on Operating Budget Increase and Timing of Cash Receipts."

(5) Funds are subject to annual appropriation by the General Assembly. Amounts may also be proportionately reduced to the extent that the District of Columbia or State of Maryland do not pay the full amount of their obligations. Funds are derived from a number of State of Virginia and local sources. *See* Chart 1.

(6) MDOT will provide an annual grant of at least $167,000,000 from revenues available for the Maryland capital program in the Transportation Trust Fund to the WSTD to be used only to pay the capital costs of the Authority. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS – Dedicated Capital Funding Revenues – *State of Maryland.*"

(7) Clearing Account is held and administered by the Clearing Account Agent. Funds are not subject to the lien of the Resolution except as provided in the Resolution. *See* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS – Pledge of the Trust Estate."

(8) 2003 Dedicated Revenue Account is held and administered by the 2003 Trustee. Funds are a part of aggregate Gross Revenue pledged to the 2003 Resolution and it is anticipated other revenue sources within the pledged Gross Revenue are sufficient to cover debt service on Pre-2018 Obligations. *See* "OTHER OUTSTANDING DEBT – Security for Outstanding Gross Revenue Bonds."

(9) No funds are currently required to be deposited to or paid from these funds; these funds are currently not in use.

Obligations of the States

The Authority has covenanted in the Resolution to use reasonable efforts to cause the States to make payments of their respective Dedicated Capital Funding Revenues in order to provide the amounts required to make the deposits required under the Resolution. To that end, the Authority has covenanted to take all appropriate governmental action including, without limitation, action to obtain assistance and support for its efforts from the States.

Pursuant to the Dedicated Revenue Statutes and the Dedicated Funding Grant Agreements, the States are obligated, subject to the limitations described herein *(see* "INVESTMENT CONSIDERATIONS"), to include in their respective budgets and to appropriate or otherwise provide their share of Dedicated Capital Funding Revenues. None of the States have been asked to provide, and none have provided, either a certificate or an opinion of counsel regarding whether their respective contractual obligations pursuant to the Dedicated Funding Grant Agreements to pay their respective share of the Dedicated Capital Funding Revenues violate any court order or decree, constitute a breach of or default under any contractual obligation, contravene or constitute a violation of any federal or state constitutional or statutory provision, or are the subject of any ongoing litigation.

Due to startup delays in launching new intergovernmental funding programs related to the Dedicated Revenue Statutes, payments of the Dedicated Capital Funding Revenues to the Authority were delayed a few weeks in Fiscal Year 2020. The execution of the District Dedicated Funding Grant Agreement (as defined herein) resulted in the payment due on October 1, 2019, being received on March 9, 2020. The execution of the Maryland Dedicated Funding Grant Agreement among Maryland, MDOT and WSTD and the Authority was resolved with Dedicated Capital Funding Revenues being received by the Authority on September 26, 2019[7]. The Commonwealth submitted timely payment of Dedicated Capital Funding Revenues. All Dedicated Capital Funding Revenues are now flowing to the Authority consistent with requirements of each of the Dedicated Revenue Statutes and related funding agreements.

Remedies of the Authority

The obligations of the States are unsecured, contingent obligations under the Compact, the Dedicated Funding Grant Agreements and related agreements and statutes. If a State were to fail to timely make a required Dedicated Capital Funding Revenue payment, in addition to an enforcement action, if any, available pursuant to the Compact and Dedicated Revenue Statutes, or the Dedicated Funding Grant Agreements, the Authority could decide to issue stop work orders or to exercise termination for convenience provisions of capital projects construction agreements for capital projects located inside the boundaries of the nonpaying State. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program -- *Current and Ongoing Funding*."

Pursuant to the terms of the Resolution, the Authority has covenanted to, insofar as practicable and consistent with the conditions precedent of the Dedicated Revenue Statutes and all remedies at law, to take all actions reasonably necessary to ensure the continued receipt of Dedicated Capital Funding Revenues that will be used to pay the principal of and interest on Obligations issued in anticipation of such receipt.

[7] For a discussion of Maryland's payment of non-Dedicated funds, please *see* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program".

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Obligations of the Participating Jurisdictions for Matters Other Than the Series 2020A Bonds

As previously discussed, under the 2003 Bond Resolution, the Dedicated Capital Funding Revenues are pledged to the payment of the Pre-2018 Bonds and the pledge of the Dedicated Capital Funding Revenues created by the Resolution is subordinate in all respects to that pledge created by the 2003 Bond Resolution. The Authority has covenanted in both the Resolution and the 2003 Bond Resolution to use reasonable efforts to cause the Participating Jurisdictions to make payments of their respective Stable and Reliable Sources (as defined below), together with other funds if necessary, in order to provide the amounts required to make the deposits required under the 2003 Bond Resolution including amounts needed to pay debt service on bonds issued under the 2003 Bond Resolution such as the Pre-2018 Bonds. *See* "OTHER OUTSTANDING DEBT – Security for Outstanding Gross Revenue Bonds." To that end, the Authority has covenanted to take all appropriate governmental action including, without limitation, action to obtain assistance and support for its efforts from any and all governmental entities with an interest therein.

Pursuant to the Compact and other related capital and operating funding agreements, the Participating Jurisdictions (with WSTD acting on behalf of the Maryland jurisdictions) are obligated, subject to the limitations described herein *(see* "INVESTMENT CONSIDERATIONS"), to include in their respective budgets and to appropriate or otherwise provide their share of amounts included in the Authority's capital budget and operating budget to be paid by the Participating Jurisdictions. None of the Participating Jurisdictions have been asked to provide, and none have provided, either a certificate or an opinion of counsel regarding whether their respective contractual obligations pursuant to the Compact, any Capital Funding Agreement ("CFA" or the "Capital Funding Agreement") or any other capital or operating agreement to pay their respective share of the Authority's budget for capital or operating needs of the Transit System, including debt service on obligations issued under the 2003 Bond Resolution, violate any court order or decree, constitute a breach of or default under any contractual obligation, contravene or constitute a violation of any federal or state constitutional or statutory provision, or are the subject of any ongoing litigation. The Participating Jurisdictions are not obligated to make payments to the Authority which are to be used to pay Debt Service on the Series 2020ABonds.

Since the Participating Jurisdictions first had funding obligations to the Authority in 1970, no Participating Jurisdiction has failed to make (either on time or within a few days of the payment date) their Stable and Reliable Funding Sources payment to the Authority, except in 1993, the District was one month late in making such payment, and in 2019 when Maryland temporarily withheld a portion of Capital Contributions (as defined below) pending the resolution of audit concerns regarding the funding for a prior Fiscal Year. However, past performance is not a guarantee of future performance. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program-- *Current and Ongoing Funding*."

Parity Liens and Additional Indebtedness

Pursuant to the terms of the Resolution, the Authority is prohibited from creating a pledge of or lien on the Trust Estate that is superior to the pledge that secures the Series 2020A Bonds with the exception of the claim on the Dedicated Capital Funding Revenues that exists under the 2003 Resolution for the Pre-2018 Bonds. However, the Authority may create a pledge of or lien on the Trust Estate that is on parity with the pledge that secures the Series 2020A Bonds, and in

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that connection incur additional indebtedness, provided that certain conditions set forth in the Resolution are satisfied.

Capital Cost Obligations

One or more Series of Obligations payable from the Dedicated Capital Funding Revenues may be issued to pay, or to provide for the payment of, all or part of Capital Costs. Such Obligations are to be issued upon receipt by the Trustee of (i) a certificate of an Authorized Officer stating that, based on the Authority's records, the Authority will be in compliance with its covenant summarized under the caption "Obligations of the States and Participating Jurisdictions" for the Fiscal Year in which such Obligations are being issued; and (ii) a certificate of an Authorized Officer certifying, based on the Authority's records, that Dedicated Capital Funding Revenues for any twelve (12) consecutive months out of the last eighteen (18) months immediately preceding the incurrence or issuance of such Obligations, shall at least equal 400 % of the sum of: (a) the Maximum Annual Aggregate Debt Service (with respect to all Obligations and Parity Debt, including the Obligations being incurred or issued) for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any Outstanding Obligations plus (b) maximum annual aggregate debt service on any outstanding Pre-2018 Bonds issued under the 2003 Bond Resolution for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any outstanding Pre-2018 Bonds; provided, however, that for the purpose of the foregoing clause (b), there shall be excluded from the calculation any debt service on the Pre-2018 Bonds to the extent that Gross Revenues as defined and described in the 2003 Resolution were sufficient to pay debt service on Pre-2018 Bonds during such 12-month period; provided, further, that for Obligations issued in Fiscal Year 2020, the amount of Dedicated Capital Funding Revenues used in this paragraph shall be the projected amount of Dedicated Capital Funding Revenues instead of the actual amount of Dedicated Capital Funding Revenues. For a description of the Capital Improvement Program of the Authority, which may result in the issuance of additional Obligations, and certain outstanding debt of the Authority, *see* "CAPITAL IMPROVEMENT PROGRAM" and "OTHER OUTSTANDING DEBT" herein.

Refunding Obligations

One or more Series of Refunding Obligations may be issued to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations or Parity Debt. Such Obligations are to be issued upon receipt by the Trustee of a certificate of an Authorized Officer stating either (i) after giving effect thereto, the Debt Service with respect to such Obligations is less in each Fiscal Year than the Debt Service with respect to the Obligations or Parity Debt, as applicable, being refunded for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of the Obligations or Parity Debt being refunded; or (ii) the Dedicated Capital Funding Revenues test summarized in the preceding paragraph.

Pursuant to the terms of the Resolution, the Authority has covenanted to, insofar as practicable and consistent with the conditions precedent of the Dedicated Revenue Statutes and all

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remedies at law, to take all actions reasonably necessary to ensure the continued receipt of Dedicated Capital Funding Revenues that will be used to pay the principal of and interest on Obligations issued in anticipation of such receipt.

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TABLE 1

ANNUAL DEBT SERVICE REQUIREMENTS FOR SERIES 2020A BONDS

Fiscal Year Ending June 30,	Pre-2018 Obligations Debt Service[1][2]	Series 2020A Bonds[3] Principal[3]	Interest[3]	Capitalized Interest[3]	Net Debt Service[3]	Total Debt Service[3]
2020	$55,280,397.50					
2021	54,327,500.00					
2022	54,306,500.00					
2023	54,287,125.00					
2024	54,276,375.00					
2025	54,256,375.00					
2026	54,244,125.00					
2027	54,226,375.00					
2028	54,209,875.00					
2029	54,186,250.00					
2030	54,171,750.00					
2031	54,157,250.00					
2032	54,138,750.00					
2033	54,141,500.00					
2034	54,106,375.00					
2035	54,050,125.00					
2036	35,522,000.00					
2037	35,519,750.00					
2038	35,523,250.00					
2039	35,519,250.00					
2040	35,519,375.00					
2041	35,519,875.00					
2042	35,521,875.00					
2043	35,521,375.00					
2044						
Total	$ 1,152,533,397.50					

Figures in the table may not sum due to rounding.

1. Includes net debt service on the Pre-2018 Bonds issued or secured under the 2003 Bond Resolution. *See* "“OTHER OUTSTANDING DEBT – Security for Outstanding Gross Revenue Bonds” herein.
2. Source: Approved Fiscal Year 2020 Budget.
3. Numbers are preliminary and subject to change.

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TABLE 2

Available Dedicated Capital Funding Revenue and Projected Dedicated Revenue Bond Debt Service Coverage ($000s)

Fiscal Year Ending June 30	[A] Dedicated Capital Funding[(1)]	[B] Pre-2018 Bond Debt Service	[C=A-B] [Available] Dedicated Capital Funding	[D] Series 2020A Bond Debt Service	[E=A/D] Gross Debt Service Coverage	[F=C/D] Net Debt Service Coverage
2020	470,000	54,845	415,155	[_]	[_]x	[_]x
2021	470,000	54,850	415,150	[_]	[_]x	[_]x
2022	470,000	54,858	415,142	[_]	[_]x	[_]x
2023	470,000	54,876	415,124	[_]	[_]x	[_]x
2024	470,000	54,887	415,114	[_]	[_]x	[_]x
2025	470,000	54,906	415,094	[_]	[_]x	[_]x
2026	470,000	54,922	415,078	[_]	[_]x	[_]x
2027	470,000	54,941	415,059	[_]	[_]x	[_]x
2028	470,000	54,954	415,046	[_]	[_]x	[_]x
2029	470,000	54,979	415,022	[_]	[_]x	[_]x
2030	470,000	55,005	414,995	[_]	[_]x	[_]x
2031	470,000	55,030	414,971	[_]	[_]x	[_]x
2032	470,000	55,078	414,922	[_]	[_]x	[_]x
2033	470,000	55,090	414,910	[_]	[_]x	[_]x
2034	470,000	55,083	414,917	[_]	[_]x	[_]x
2035	470,000	36,133	433,868	[_]	[_]x	[_]x
2036	470,000	36,162	433,839	[_]	[_]x	[_]x
2037	470,000	36,198	433,802	[_]	[_]x	[_]x
2038	470,000	36,229	433,772	[_]	[_]x	[_]x
2039	470,000	36,265	433,735	[_]	[_]x	[_]x
2040	470,000	36,304	433,696	[_]	[_]x	[_]x
2041	470,000	36,346	433,654	[_]	[_]x	[_]x
2042	470,000	36,388	433,612	[_]	[_]x	[_]x
2043	470,000		470,000	[_]	[_]x	[_]x
2044	470,000		470,000	[_]	[_]x	[_]x
2045	470,000		470,000	[_]	[_]x	[_]x
2046	470,000		470,000	[_]	[_]x	[_]x
2047	470,000		470,000	[_]	[_]x	[_]x
2048	470,000		470,000	[_]	[_]x	[_]x
2049	470,000		470,000	[_]	[_]x	[_]x
2050	470,000		470,000	[_]	[_]x	[_]x

[(1)] Does not include funds in Virginia Restricted Account.

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SOURCES OF PAYMENT OF THE SERIES 2020A BONDS

Dedicated Revenue Statutes

The "Keeping Metro Safe, Reliable & Affordable" Plan (the "KMSRA Plan"), which was adopted as the Authority's Strategic Plan by the Board of Directors on March 28, 2019, outlines $15.0 billion in capital projects over the next 10 years, requiring approximately $1.5 billion in average annual capital investments for capital projects in order to keep the Transit System safe and reliable. Each of the States has adopted legislation providing for funding that collectively directs approximately $500 million in new annual funding, subject to respective annual appropriations by each State, to the Authority exclusively for capital projects and purposes (i.e., the Dedicated Capital Funding Revenues) to fund its commitment under the KMSRA Plan. The Authority began receiving Dedicated Capital Funding Revenues from the States in Fiscal Year 2020. The Series 2020A Bonds and any additional Obligations issued under the Resolution are secured only by the Trust Estate, which does not include (a) any funds in the hereinafter defined Restricted Account of the Commonwealth's WMATA Capital Funds, (b) any funds in excess of the respective amounts set forth in the Dedicated Revenue Statutes as of April 23, 2020, as a result of any amendment to any such Dedicated Revenue Statutes unless the Authority amends the Resolution to pledge such increased funds as part of the Trust Estate, or (c) any other revenues of the Transit System.

Dedicated Capital Funding Revenues

District of Columbia

Washington Metropolitan Area Transit Authority Dedicated Financing Fund

On September 5, 2018, the District enacted its Fiscal Year 2019 Budget Support Act of 2018 ("District Dedicated Revenue Statute"), which included a section to establish a special fund, the WMATA Dedicated Financing Fund, which is administered by the Mayor in accordance with such statute.[8] The District Dedicated Revenue Statute provides that there is to be deposited into the WMATA Dedicated Financing Fund general retail sales tax revenue as follows: (1) in the District's fiscal year 2019 (ending September 30), $178.5 million; (2) in the District's fiscal year 2020, $178.5 million; and (3) in the District's fiscal year 2021, and each successive year, an amount equal to the District's allocation of the Authority's jurisdictional formula, applied to the total annual capital funding need of $500 million in fiscal year 2020, escalated annually by 3% above the preceding fiscal year.[9]

Under the District Dedicated Revenue Statute, the District paid $178.5 million to the Authority in the District's fiscal year 2019.[10] The Authority received its first quarterly payment of such funding on July 1, 2019 and its final quarterly payment on April 1, 2020. Starting in the District's fiscal year 2020, money in the WMATA Dedicated Financing Fund is to be distributed to the Authority on a semi-annual basis, with one payment due October 1 and one payment due April 1.[11] Under the District Dedicated Revenue Statute, money deposited into the WMATA Dedicated Financing Fund shall not revert to the unrestricted fund balance of the general fund of the District at the end of any fiscal year of the District, or at any other time. Subject to authorization

[8] D.C. Code §1-325.401(a).
[9] D.C. Code §1-325.401(b).
[10] D.C. Code §1-325.401(c)(1).
[11] D.C. Code §1-325.401(c)(2).

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in an approved budget and financial plan, any funds appropriated in the WMATA Dedicated Financing Fund shall be continually available without regard to fiscal year limitation.[12]

General Sales Tax. On October 1, 2018, the District increased its general sales tax from 5.75% to 6%. The District levies a general sales tax on the sale of tangible property, selected services, medical marijuana, some sweetened beverages and food sold in vending machines. Other sales and use tax rates range from 10.0% to 18.0%. A portion of sales and use taxes on restaurant meals and hotel accommodations is dedicated to paying debt service on revenue bonds issued by the Washington Convention and Sports Authority ("WCSA") and its predecessor, the Washington Convention Center Authority ("WCCA"), to finance the Walter E. Washington Convention Center and a hotel in connection with the convention center and to paying operating expenses of WCSA. The convention center taxes are collected by the District in accordance with certain lockbox and collection agreements and consist of 4.45% of the gross receipts for the sale or charges for any hotel room in the District and 1% of the gross receipts from the sale or charges made in the District for restaurant meals, alcoholic beverages consumed on premises and rental vehicle charges. Additionally, portions of certain sales and use taxes, utility taxes and the Ballpark Fee[13] are dedicated to the payment of bonds issued to finance the construction of a baseball stadium in the District that is owned by the District and leased to the owners of the Washington National, and the renovation of Robert F. Kennedy Memorial Stadium. Since October 1, 2017, 0.3% of the hotel tax has been distributed to Destination DC. Since October 1, 2018, 0.3% of the general retail sales tax has been dedicated to the Commission on Arts and Humanities. In addition, a portion of general sales taxes collected in certain areas of the District are dedicated to paying debt service on the District tax increment financing (TIF) bonds and notes. In response to the COVID-19 pandemic, "shelter-at-home" directives across the United States went into effect in an attempt to slow the spread of disease, resulting in consumer decline and steep drops in retail sales and sales of prepared food and beverage. The Authority is aware of this consumer decline and decreases in retail sales [as presented in the most recent sales tax report prepared by _____], however, the Authority cannot predict the extent or the manner in which such decline as related to the COVID-19 pandemic will impact the District's general sales taxes revenues. The Authority is also unable to predict the duration of consumer decline and reduced sales tax revenues, which, in the case of sustained consumer decline over a period of time, could significantly, negatively impact the District's general sales tax revenues. *See* "INVESTMENT CONSIDERATIONS – COVID-19 Pandemic." The Authority anticipates receiving additional information regarding the impact of the rapidly developing evolution of the COVID-19 pandemic on Dedicated Capital Funding Revenues, which will enable the Authority to assess such impact. *See* "INVESTMENT CONSIDERATIONS – COVID-19 Pandemic."

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[12] D.C. Code §1-325.401(d).

[13] The Ballpark Fee is a gross receipts fee that is levied on businesses within the District with $5 million or more in annual District gross receipts and that are either subject to filing franchise tax returns (whether corporate or unincorporated) or are employers required to make unemployment insurance contributions, in accordance with the following schedule; for gross receipts totaling $5,000,000 to $8,000,000, the required fee is $5,500; for gross receipts totaling $8,000,001 to $12,000,000. the required fee is $10,800; for gross receipts totaling S12,000,001 to $16,000,000. the required fee is $14,000, and for gross receipts totaling $16,000,001 and greater, the required fee is $16,500.

Table 3 shows historical general sales tax receipts received by the District for Fiscal Years 2010-2019 which includes revenue that funds the FY 2020 District Dedicated Capital Funding Revenues of $178.5 million.

TABLE 3

Fiscal Year	General Sales Tax Receipts ($000s) [(1)]
2010	976,690
2011	1,014,901
2012	1,111,044
2013	1,137,892
2014	1,172,059
2015	1,315,295
2016	1,343,074
2017	1,419,197
2018	1,492,567
2019	1,597,727

Source – Government of the District of Columbia's Office of the Chief Financial Officer Quarterly Revenue Estimates Letter 2011-2020. Produced quarterly, the Quarterly Revenue Estimates Letter contains actual, estimated, and projected revenue amounts for the previous, current, and future fiscal years, respectively, for the District. The general sales tax receipt amount for a certain fiscal year is provided in such letter from the subsequent fiscal year.

[(1)] The general sales tax rate of 6% decreased to 5.75% effective October 1, 2013. On October 1, 2018, the District increased its general sales tax from 5.75% to 6%.

District Dedicated Funding Grant Agreement

WMATA and the District have entered into a Dedicated Funding Grant Agreement, dated February 14, 2020 (the "District Dedicated Funding Grant Agreement"), which provides for the disbursement of the District Dedicated Capital Funding Revenues from the WMATA Dedicated Financing Fund to the Authority. **The District Dedicated Funding Grant Agreement provides that any commitment or agreement of the District required by the District Dedicated Funding Grant Agreement shall be subject to the annual appropriation and allocation of funds and other limitations on expenditures or obligations under District and federal law. The District Dedicated Funding Grant Agreement also provides that it shall not constitute an obligation of the District until funds are duly appropriated and allocated and semi-annual payments become due pursuant to the District Dedicated Funding Grant Agreement**. In addition, a CFA to which both the Authority and the District are parties is incorporated by reference as a material requirement of the District Dedicated Funding Grant Agreement. The District is not required to make any Dedicated Capital Funding Revenue payment ("Dedicated Funding Grant") under the District Dedicated Funding Grant Agreement unless and until a CFA that covers the corresponding time period is signed by the Authority and the District.

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The District Dedicated Funding Grant Agreement provides that the District is required under D.C. Code §1-325.401 and the District Dedicated Funding Grant Agreement to provide the Authority a Dedicated Funding Grant in the amount of $178.5 million in Fiscal Year 2020, and in future Fiscal Years, in the amount provided in D.C. Code §1-325.401, as it may be amended from time to time. In the District Dedicated Funding Grant Agreement, the District has reserved its right to reduce its Dedicated Funding Grant in a Fiscal Year by a proportional amount if either Maryland or the Commonwealth does not pay its full amount of dedicated funding in the Authority's Fiscal Year.

The District Dedicated Funding Grant Agreement provides that the District shall pay the Dedicated Funding Grant to the Authority on a semi-annual basis, with one payment due October 1 and one payment due April 1, with each payment being made in response to an invoice provided by the Authority. The Authority is required to submit an invoice, separate from the invoices that the Authority issues that are applicable to any Capital Funding Agreement, to the District for each semi-annual payment at least 45 days prior to the date the payment is due.[14]

The District Dedicated Funding Grant Agreement requires that the District annually provide the Authority with written notice that funds have been, are intended to be, or will not be appropriated to cover the Dedicated Funding Grant for the upcoming Fiscal Year of the Authority. If the District's appropriations process is not completed by July 1, the District is required to provide to the Authority (1) a written explanation as to the reason funds have not been appropriated and confirmation that an amount equal to the Dedicated Funding Grant has been or will be included in the next District fiscal year budget that the Mayor forwards to the Council of the District of Columbia (the "Council") and (2) written assurance that all reasonable efforts will be undertaken to secure the ultimate appropriation of funds in a prompt and timely fashion. If the District becomes aware that funds will not be appropriated in full for the Dedicated Funding Grant, then the District shall notify the Authority within five (5) business days of the action taken by the Council.

Under the District Dedicated Funding Grant Agreement, the Dedicated Funding Grant may be expended by the Authority only for State of Good Repair Capital Projects ("State of Good Repair Capital Projects") in the Authority's then-current approved Capital Improvement Program ("CIP") and capital budget. The District Dedicated Funding Grant Agreement defines State of Good Repair Capital Projects as capital projects for the replacement, rehabilitation, or annual capital maintenance of existing capital assets necessary for Transit System preservation. Additionally, under the District Dedicated Funding Grant Agreement, the Dedicated Funding Grant may be used by the Authority to pay for debt service payments on borrowings designated to address State of Good Repair Capital Projects or critical funding needs for pay-as-you-go (paygo) cash funding for State of Good Repair Capital Projects that are identified in the capital budget or CIP. The Dedicated Funding Grant may not be used for purposes of Transit System expansion or for operating expenses.

Pursuant to and in compliance with the review and approval processes established in the CFA, the Board has adopted the CIP for the period of July 1, 2019 through June 30, 2025 (the

[14] The Authority sent the October 1, 2019 and April 1, 2020 invoices on February 14, 2020. The October 1, 2019 payment of $89,250,000 was received on March 9, 2020. The April 1, 2020 payment was received on that date.

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"WMATA FY2020-FY2025 CIP"), which is incorporated as a material part of the District Dedicated Funding Grant Agreement. In addition, the CFA is incorporated by reference as if fully stated in the District Dedicated Funding Grant Agreement so as to apply those terms and conditions to the actions of the parties with regard to the Dedicated Funding Grant, except to the extent that the District Dedicated Funding Grant Agreement creates a conflict with the CFA, then the District Dedicated Funding Grant Agreement shall control only for Dedicated Funding Grants provided by the District. The Parties agree that the Authority will adjust the capital projects included in the CIP, according to the process referenced in the CFA, each year within the term of the District Dedicated Funding Grant Agreement on a rolling basis, as required to meet the Authority' s ongoing and updated CIP and other capital needs, and for planning the Authority's ongoing and updated CIP and other capital needs for years beyond the term of the District Dedicated Funding Grant Agreement, subject to the availability of funding. If there are unexpended Dedicated Funding Grant funds in the capital budget at the end of any Fiscal Year, the unexpended funds are "rolled over" to the succeeding Fiscal Year for programming by the Board through the CFA process as part of the funding for State of Good Repair Capital Projects shown in the capital budget. The unexpended funds shall not reduce funding requirements for the succeeding year's Dedicated Funding Grant to the capital budget, subject to the provisions of the District Dedicated Funding Grant Agreement.

The District Dedicated Funding Grant Agreement requires the Authority to develop, as a part of its annual budget process, a capital budget pursuant to the terms and conditions of the CFA, in accordance with applicable laws and Board policies. Under the CFA, the District agrees to continually pay its proportionate share of debt service payments of any outstanding bonds issued under the 2003 Resolution, as amended. For purposes of compliance with the District Dedicated Funding Grant Agreement, the Authority must apply the budgeting and project identification requirements of the CFA to the Dedicated Funding Grant and state in the capital budget how the Dedicated Funding Grant is proposed to be utilized based on a schedule of projected quarterly cash needs, including an identification of what portion of the Dedicated Funding Grant is a direct capital contribution (or paygo), and what portion is to be budgeted by the Authority to pay debt service on borrowings (to be stated separately in the capital budget) for the current year and each year in the current CIP period. ln addition, the Authority must identify the primary purpose of each capital project.

The District Dedicated Funding Grant Agreement requires that, within 45 days after the end of each quarter, the Authority prepare and submit to the District a capital budget/CIP progress report (referred to herein as the "Quarterly Progress Report"). Each Quarterly Progress Report must contain, with respect to each State of Good Repair Project funded by the District Dedicated Funding Grant Agreement and included in the capital budget, (a) the status of the project; (b) a review of the project's scope and schedule changes; (c) the status of acquisition and construction contracts necessary for the implementation of the project; (d) the status of year-to-date expenditures for each project relative to capital budget; (e) the status of all cash and debt sources relative to capital budget, including a break out of District Dedicated Capital Funding Revenues; (f) updated project cash flow projections and program cash requirements; and (g) a comparison of the billed amount to amounts actually expended for the preceding quarter. Each report shall be provided in a quarterly financial report in the same form and with the same level of detail that is required by the CFA.

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The District Dedicated Funding Grant Agreement requires the Authority to adhere to the annual budget reconciliation process required by the Capital Funding Agreement or any successor agreement, other applicable law and any other corresponding procedures and to maintain separate and complete accounting records that are consistent with generally accepted governmental accounting principles. In addition, under the District Dedicated Funding Grant Agreement, the Authority also has certain annual reporting requirements relating to capital expenditures, and indirect and overhead costs.

The District Dedicated Funding Grant Agreement allows the Authority to invest unexpended proceeds of the Dedicated Funding Grant and to use the investment earnings for capital expenditures and to pledge such proceeds as security for any debt of the Authority.

The term of the District Dedicated Grant Funding Agreement began on October 1, 2019 and terminates on September 30, 2020. Under the District Dedicated Grant Funding Agreement, the District may, if legally permitted, exercise options to renew the District Dedicated Grant Funding Agreement no more than six (6) times, each for a six (6) year period (each a "Successive Term"), or any fraction of a Successive Term, which taken together with any additional fractions equaling a six (6) year period shall constitute one Successive Term. Any renewal of the District Dedicated Grant Funding Agreement for a Successive Term, or any increase in dedicated grant funding for the CIP, shall be subject to the availability and application of appropriations for that purpose. Under terms of the District Dedicated Grant Funding Agreement, the District and the Authority have agreed to commence discussions to determine if the District will renew the District Dedicated Grant Funding Agreement for a Successive Term not later than March 30, 2020. On March 26, 2020, the Authority sent the District the request letter for renewal of the District Dedicated Grant Funding Agreement. In addition, the District may terminate the District Dedicated Grant Funding Agreement if the Authority fails to apply provided funds as intended under the District Dedicated Grant Funding Agreement or if the Authority expends funds in a manner or for a purpose not authorized by the District Dedicated Grant Funding Agreement. Finally, the District must provide the Authority notice as soon as possible of any proposed change in law that would render the funding contemplated in the District Dedicated Grant Funding Agreement impossible.

The District Dedicated Grant Funding Agreement explicitly states that the District does not guarantee the debt of the Authority, the Commonwealth or Maryland or any obligation of the Authority, the Commonwealth or Maryland. Additionally, notwithstanding any other provisions of the District Dedicated Grant Funding Agreement, all obligations of the District are subject to discretionary annual appropriation and allocation of funds by the Council and shall be consistent with and subject to the anti-deficiency laws applicable to the District. In no circumstance is the District responsible under the District Dedicated Grant Funding Agreement for the dedicated funding commitments or other obligations of the Commonwealth or Maryland. Pursuant to federal and District anti-deficiency laws, the District Dedicated Grant Funding Agreement provides that nothing in the District Dedicated Grant Funding Agreement creates an obligation of the District in anticipation of an appropriation for such purpose, and the District's legal liability for the payment of any amount under the District Dedicated Grant Funding Agreement does not and may not arise or obtain in advance of the lawful availability of appropriated funds for the applicable fiscal year of the District. Finally, the District Dedicated Grant Funding Agreement makes clear that

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the District Dedicated Grant Funding Agreement does not constitute an indebtedness of the District or an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

State of Maryland

Transportation Trust Fund

On April 25, 2018, Maryland adopted the Maryland Metro/Transit Funding Act ("Maryland Dedicated Revenue Statute") requiring the Governor to include in Maryland's budget an appropriation of $167,000,000 from the revenues available for the Maryland capital program in the Transportation Trust Fund and the Maryland Department of Transportation ("MDOT") to provide an annual grant of at least $167,000,000 to the Washington Suburban Transit District ("WSTD") to be used to pay the capital costs of the Authority.[15] The Authority is uncertain as to how the COVID-19 pandemic, or resulting impacts based on responses to it, will impact Maryland's revenues available for the Maryland capital program. *See "*INVESTMENT CONSIDERATIONS – COVID-19 Pandemic." The Authority anticipates receiving additional information regarding the impact of the rapidly developing evolution of the COVID-19 pandemic on Dedicated Capital Funding Revenues, which will enable the Authority to assess such impact. *See "*INVESTMENT CONSIDERATIONS – COVID-19 Pandemic." Under Maryland law, after meeting its debt service requirements, MDOT may use the funds in the Transportation Trust Fund for any lawful purpose related to the exercise of its rights, powers, duties, and obligations.[16] The Maryland Dedicated Revenue Statute provides that such grant to WSTD is in addition to existing appropriations for the benefit of the Authority.[17]

Table 4 below shows the historical amount of revenues deposited in the MDOT Transportation Trust Fund for Fiscal Year 2010 through 2019.

TABLE 4

Historical Maryland Transportation Trust Fund Revenues ($000s)

Fiscal Year	Corporation Income Tax	Fuel Tax	Titling Tax	Sales and Use Tax	Motor Fuel Licenses and Registration	Operating Funds	Investment Income	Other Fees and Revenues	Total
2010	107,293	489,004	434,729	213,254	227,954	388,587	394	183,855	2,045,070
2011	107,379	500,801	470,001	221,842	229,748	390,547	1,004	270,367	2,191,689
2012	143,370	567,431	547,198	19,770	256,350	402,056	2,750	259,226	2,198,151
2013	68,503	651,196	639,011	23,425	298,071	407,187	758	305,608	2,393,759
2014	146,113	723,249	693,422	27,983	305,525	409,952	2,154	310,128	2,618,526
2015	148,949	827,830	744,597	28,424	310,385	414,290	2,090	340,622	2,817,187
2016	167,957	923,216	805,348	28,416	312,771	436,571	3,819	358,097	3,036,195
2017	131,160	981,555	829,305	29,142	316,742	441,420	627	375,500	3,105,451

[15] Md. Transp. Code §10-205(g)(1).
[16] Md. Transp. Code §3-216(d).
[17] Md. Transp. Code §10-205(g)(3).

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2018	135,321	987,506	813,673	29,257	317,433	459,912	2,322	348,286	3,093,710
2019	170,452	1,043,835	857,453	31,823	326,555	453,306	2,928	354,242	3,240,595

Source – Maryland Department of Transportation Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2019 ("Taxes Pledged to Bonds and Net Revenues as Defined for Purposes of the Bond Coverage Test Last Ten Fiscal Years," page 104). The Comprehensive Annual Financial Report contains additional information and footnotes relating to the Transportation Trust Fund revenues.

Maryland Dedicated Funding Grant Agreement

The Authority and Maryland, acting by and through WSTD and MDOT, have entered into a Dedicated Funding Grant Agreement, dated September 26, 2019 (the "Maryland Dedicated Funding Grant Agreement"), which such Maryland Dedicated Funding Grant Agreement provides for the disbursement of the Maryland Dedicated Capital Funding Revenues to WMATA. **The Maryland Dedicated Funding Grant Agreement provides that the commitment or agreement of Maryland required by the Maryland Dedicated Funding Grant Agreement shall be subject to the annual appropriation and allocation of funds and other limitations on expenditures or obligations under the law of Maryland or under other applicable law. Such Maryland Dedicated Funding Grant Agreement shall not constitute an indebtedness of Maryland until funds are duly appropriated**.

The Maryland Dedicated Funding Grant Agreement provides that Maryland is required under Transportation Article §10-205(g) to provide, subject to annual appropriation, an annual grant of at least $167,000,000 to WSTD to be used to pay capital costs of the Authority. The Maryland Dedicated Funding Grant Agreement notes that the District and the Commonwealth also provide dedicated funding capital grants for capital costs and provides that if the Commonwealth or the District reduce the amount of dedicated funding appropriated for the Authority, the Governor may reduce Maryland's appropriation by a proportional amount.

The term of the Maryland Dedicated Funding Grant Agreement began on September 26, 2019, and automatically renews each July 1 unless one party provides written notice requesting to amend or modify such agreement at least 90 Days prior to July 1. No such notice has been given for July 1, 2020. In the event either party determines that the other party to the Maryland Dedicated Funding Grant Agreement is not satisfactorily complying with the terms of the Maryland Dedicated Funding Grant Agreement, the complaining party shall notify the other party in writing of its complaint and the basis for it. The parties agree to use all reasonable efforts to resolve any such issues which arise under or otherwise relate to the Maryland Dedicated Funding Grant Agreement. If the parties, at staff level, cannot resolve such matters through initial discussions within thirty (30) days after receipt of the written notification, then executive level staff of each party shall meet to resolve the matter within sixty (60) additional days. If no satisfactory resolution is achieved, either party may, upon thirty (30) days' notice to the other party, terminate the Dedicated Funding Grant Agreement.

Under the terms of the Dedicated Funding Grant Agreement, the Authority is required to apply Maryland's Dedicated Capital Funding Revenues to items identified in the approved CIP. The approved CIP must contain: (1) the Authority's safety, state of good repair, and financial accountability goals; (2) program priorities; (3) the criteria used to select capital projects for inclusion in the CIP; (4) the manner in which each project was evaluated and ranked;

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(5) descriptions of capital projects; (6) a list of capital projects, including reimbursable projects and an estimate of program level expenditures for the budget request year, and the five; (5) successive planning years, including estimates of future funding requirements for the planning year; (7) for each listed capital project, an indication whether the revenue source anticipated to support that project consists of federal, jurisdictional, other funds or combination thereof; (8) the Authority's estimates of the levels and sources of revenues to be used to fund the projects in the CIP; and (9) a glossary of terms.

Under the terms of the Maryland Dedicated Funding Grant Agreement, the Authority is required to submit, annually by June 1 for the most recently audited Fiscal Year, to MDOT and WSTD, the Authority's: (1) annual independent financial audit and Single Audit; (2) Annual National Transit Database profile; and (3) assessment of safety-critical infrastructure and state of good repair needs.

In addition, the Authority is required to prepare and submit, annually by June 1, for the next to occur Fiscal Year, to MDOT and WSTD its: (1) annual budget, including funding sources for the budget, anticipated debt capacity, and any anticipated cash reserves and dedicated funding debt, if any; (2) policies and procedures for the capital planning process, which includes prioritizing and selecting individual projects based on specific and clearly-stated methodology; (3) annual approved CIP; (4) Debt Policy reviewed and approved by the Board at least annually; (5) asset inventory and condition assessment procedures; and (6) measures to assess capital project investments and measures to gauge performance toward outcomes demonstrating responsible investment of grant funds toward meeting the goals of keeping the Transit System safe and its infrastructure in a state of good repair. The Authority is also required to prepare and submit as available, quarterly updates on the measures to assess capital project investments and measures to gauge performance toward outcomes demonstrating responsible investment of grant funds toward meeting the goals of keeping the Transit System safe and its infrastructure in a state of good repair.

The Maryland Dedicated Funding Grant Agreement also requires the Authority to provide Maryland with monthly reports regarding reprogramming of project budgets into or out of capital projects during the term of the Maryland Dedicated Funding Grant Agreement where such reprogramming results in either :(1) an increase of the total project budget as shown in the CIP; (2) a revision in the scope of a capital project; (3) a movement of $5 million or more; or (4) the creation of a new capital project. Each movement of budget between capital projects for cash flow purposes or for schedule adjustments (that do not impact completion date of the applicable project) in an amount of $1 million to $5 million during the term of the Maryland Dedicated Funding Grant Agreement shall be reported on a quarterly basis.

Under the terms of the Maryland Dedicated Funding Grant Agreement, the Authority is required to submit, annually by December 31 for the most recently audited Fiscal Year, to MDOT a reconciliation report that addresses expenditures made in excess of the one-year capital budget as follows: (1) for capital projects exceeding approved one-year budget: (a) the amount by which costs exceed projected costs during the completed Fiscal Year; and (b) the total amount that has been expended for the project to date; and (2) for new capital projects added during a Fiscal Year, a purpose and need summary statement that includes: (a) a general description and summary that describes why the project is necessary and satisfies the Authority's safety, state of good repair, and financial accountability goals; (b) the location of the project, including a map of the project limits, project area, or transportation corridor; (c) a

Proposed

summary of how the project meets the selection criteria for inclusion in the CIP; and (d) any other information that the Authority believes would be useful to MDOT and WSTD.

Finally, to ensure MDOT is fully able to carry out its fiduciary duty to Maryland taxpayers, and as a condition of the funds being distributed to WSTD for the Authority, MDOT will conduct a fiscal/compliance audit of the combined dedicated capital funds to ensure they are spent in accordance with the Authority's approved CIP. The Maryland Dedicated Funding Grant Agreement requires that the Authority provide any and all documentation requested by State auditors to fulfill such responsibility and provides that failure to provide requested documentation may result in full or partial withholding of funds.

Maryland does not guarantee the debt of the Authority or any obligation of the Authority. Any bonds issued by the Authority do not constitute a debt or a pledge of the faith and credit of Maryland, MDOT, or WSTD, and neither the faith and credit nor the taxing power of Maryland nor the revenues of MDOT are pledged to payment of bonds issued by the Authority. The issuance of any bonds by the Authority does not directly, indirectly, or contingently obligate, morally or otherwise, Maryland, MDOT, or WSTD. Additionally, notwithstanding any other provisions of the Maryland Dedicated Funding Grant Agreement, all obligations of Maryland are subject to discretionary annual appropriation and allocation of funds by the governing body or other appropriate legislative body and shall be consistent with the anti-deficiency laws applicable to Maryland.

Pursuant to the Maryland Dedicated Revenue Statute, the first quarterly disbursement was to occur on July 1, 2019; however, the Authority received a written notice from MDOT that the disbursement was withheld due to: (i) the expiration of the Capital Funding Agreement between the Authority and Participating Jurisdictions for the CIP; (ii) the need to enter into a legally enforceable Maryland Dedicated Funding Grant Agreement; or (iii) unresolved matters related to a prior audit. The Authority has resolved the stated concerns with the exception of one audit concern, to which the Authority has responded to Maryland and which is being reviewed by MDOT. On October 30, 2019, the Authority and Participating Jurisdictions executed a CFA effective beginning July 1, 2019 through June 30, 2020 pertaining to the use of the funds and proposed capital projects and purposes for the funds and all parties continue to work in good faith towards executing a long-term agreement. Under the CFA, Participating Jurisdictions agree to continually pay its proportionate share of debt service payments of any outstanding bonds issued under the 2003 Resolution, as amended. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program -- *Current and Ongoing Funding*."

On September 27, 2019, the Governor of Maryland announced that he was releasing $83 million to the Authority. These funds constitute the July 1, 2019 and October 1, 2019 disbursements of Maryland's Dedicated Capital Funding Revenues which were received by the Authority on October 1, 2019. Currently, all of Maryland's funding due and payable to the Authority has been received by the Authority with the exception for a portion of the funding that is not payable from Dedicated Capital Funding Revenues withheld by Maryland pending resolution of the aforementioned audit concerns. Maryland is current in its Dedicated Capital Funding Revenue obligations to the Authority.

Commonwealth of Virginia

Proposed

WMATA Capital Fund

On May 18, 2018, the Commonwealth adopted legislation ("Commonwealth Dedicated Revenue Statutes"), to establish the Washington Metropolitan Area Transit Authority Capital Fund (the "WMATA Capital Fund")[18] and to provide for the deposit of certain revenues therein. The WMATA Capital Fund is a special non-reverting fund for the benefit of the Northern Virginia Transportation District ("NVTD") established on the books of the Virginia State Comptroller (the "Comptroller"). All such revenues are required to be paid into the state treasury and credited to the WMATA Capital Fund, and interest on moneys in the WMATA Capital Fund is to remain in and be credited to the WMATA Capital Fund. Any moneys remaining in the WMATA Capital Fund, including interest thereon, at the end of each Fiscal Year shall not revert to the general fund but shall remain in the WMATA Capital Fund.

The Commonwealth Dedicated Revenue Statutes require that the Comptroller disburse funds to the Authority on a monthly basis if the Northern Virginia Transportation Commission ("NVTC") has certified to the Comptroller[19] that it has received: (1) the Authority's annual capital budget; (2) the Authority's annual independent financial audit; (3) the Authority's National Transit Data annual profile; and (4) single audit reports issued in accordance with the Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (2 C.F.R. Part 200).[20] In each year that funds are deposited into the WMATA Capital Fund, NVTC is required to report to the Governor and the Commonwealth of Virginia General Assembly (the "General Assembly") on the performance and condition of the Authority and the Transit System on or before November of that year.

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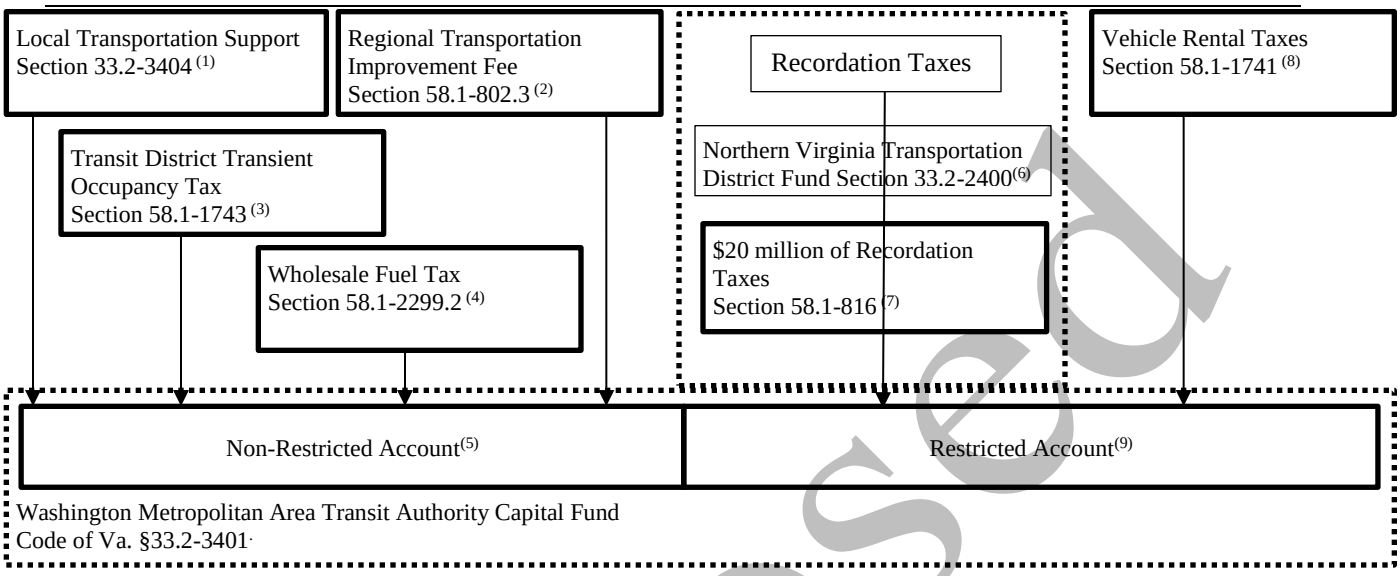
[18] Code of Va. §33.2-3401.A.
[19] Code of Va. §33.2-3401.A.
[20] Code of Va. §33.2-3402. Disbursements to WMATA from the Commonwealth Mass Transit Fund for WMATA capital purposes and operating assistance in accordance with §33.2-1526.1 are also conditioned on receipt of these documents from WMATA.

Chart 1
Sources of Commonwealth of Virginia Dedicated Capital Funding Revenues
Washington Metropolitan Area Transit Authority Capital Fund



(1) Payments by the Counties of Arlington and Fairfax, and Cities of Alexandria, Falls Church and Fairfax (and Loudoun County after the opening of Silver Line) to the Commonwealth of Virginia. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS–Dedicated Capital Funding Revenues- *Commonwealth of Virginia."*

(2) A portion of real property transfer tax from the local clerk to the Commonwealth of Virginia. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS–Dedicated Capital Funding Revenues -*Commonwealth of Virginia*."

(3) A 2% tax on the amount of the charge for the occupancy of any room or space, suitable or intended for dwelling, lodging or sleeping purposes, located in Northern Virginia Transportation District is paid by the local treasurer to the Commonwealth of Virginia. See "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS – Dedicated Capital Funding Revenues -*Commonwealth of Virginia*."

(4) A 1/12 portion of the 2019 increase over the 2018 collection of wholesale fuel taxes is collected by the Commonwealth of Virginia. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS – Dedicated Capital Funding Revenues -- Commonwealth of Virginia."

(5) The Revenues deposited into the Non-Restricted Account shall be available for use by WMATA for capital purposes, including for the payment of, or security for, debt service on bonds or other indebtedness of WMATA, or for any other WMATA capital purposes. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS -- Dedicated Capital Funding Revenues – *Commonwealth of Virginia.*"

(6) The part of the Transportation Trust Fund known as the Northern Virginia Transportation District Fund created for the purpose of holding annual collection of recordation taxes attributable to the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park and the Counties of Arlington, Fairfax, Loudoun, and Prince William is collected by the local clerk of court and paid to the state treasury.

(7) Twenty million dollars of taxes imposed under Sections 58.1-801through 58.1-809 (recording taxes) which are credited to the state treasury and transferred to the Cities of Alexandria, Fairfax, Falls Church for deposit into the Restricted Account. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS – Dedicated Capital Funding Revenues --Commonwealth of Virginia."

(8) One-third of vehicle rental taxes collected by to the Commonwealth of Virginia. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS -- Dedicated Capital Funding Revenues – *Commonwealth of Virginia*."

(9) Revenues deposited into the Restricted Account shall be available for use by WMATA for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of WMATA. *See* CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – *WMATA Capital Fund- Restricted Account.*"

Proposed

Pursuant to the Commonwealth Dedicated Revenue Statutes, there have been established two separate, segregated accounts into which certain revenues dedicated to the WMATA Capital Fund are to be deposited into: (1) a Non-Restricted Account, which shall be available for use by the Authority for capital purposes, including for the payment of, or security for, debt service on bonds or other indebtedness of the Authority, including the Series 2020A Bonds, or for any other capital purposes of the Authority (the "Non-Restricted Account") and (2) a Restricted Account, which shall be available for use by the Authority for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of the Authority (the "Restricted Account").[21] For further discussion, *see* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – *WMATA Capital Fund- Restricted Account.*"

Proposed

[21] Code of Va. §33.2-3401.B.

Table 5 shows the sources of the $154.5 million revenues used to fund the WMATA Capital Fund 3[22,23]:

TABLE 5 Commonwealth Dedicated Capital Funding Revenues to WMATA Capital Fund		
Funds	**Source of Funding**	**Approximate Amounts from Dedicated Capital Funding Revenue Source**
Non-restricted Account	Local Transportation Funds	approximately $27.1 million
	Regional Transportation Improvement Fee ("Regional WMATA Capital Fee") applied as an additional recordation tax of $0.15/100 on realty located in the Transit Zone	approximately $44.9 million
	Transient Occupancy Tax of 2 percent (2%) additional tax on hotel rooms located in the Transit Zone	approximately $29.7 million
	Wholesale Fuel Sales Tax of 1/12th of funds collected of increase in taxes, interest and civil penalties paid to the Commission	approximately $22.3 million
Restricted Account(1)	Northern Virginia Transportation District Fund transfer	$20 million
	Motor Vehicle Rental Tax at 1/3 of statewide revenue	approximately $10 million
		$154.5 million(2)

(1) Revenues deposited into the Restricted Account are available for use by WMATA for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of WMATA. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – *WMATA Capital Fund- Restricted Account.*"

(2) This calculation may differ slightly due to rounding and approximation.

WMATA Capital Fund - Non-Restricted Account

The Commonwealth Dedicated Revenue Statutes provide that the Non-Restricted Account of the WMATA Capital Fund is to be funded with transfers of revenues from the Northern Virginia Transportation Authority ("NVTA"), a regional WMATA capital fee, an additional transient occupancy tax and a portion of wholesale gasoline taxes. The Authority is uncertain as to how the COVID-19 pandemic will impact the regional WMATA capital fee, the additional transient occupancy tax and wholesale gasoline taxes or the additional sources of dedicated capital funding sources as described in more detail below. *See "*INVESTMENT CONSIDERATIONS – COVID-19 Pandemic." The Authority anticipates receiving additional information regarding the impact of the rapidly developing evolution of the COVID-19

[22] Va. Code § 33.2-3401.B.

[23] Assumptions provided by Washington Metropolitan Area Transit Authority.

Proposed

pandemic on Dedicated Capital Funding Revenues, which will enable the Authority to assess such impact. *See* "INVESTMENT CONSIDERATIONS – COVID-19 Pandemic."

Local Transportation Support for the Authority. Under the Commonwealth Dedicated Revenue Statutes each county and city that is located in the NVTD and has financial obligations to the Authority is required to make annual payments to the Non-Restricted Account of the WMATA Capital Fund in an amount determined by multiplying $27.1 million by a fraction, the numerator of which is such local government's share of capital funding for the Authority and the denominator of which is the total share of capital funding for the Authority for all local governments in the Commonwealth.[24] Each locality is required to pay such amount from revenues received from the NVTA or some other source.[25] In addition, each locality is required to create a separate, special fund in which all such revenues received from NVTA and all revenues received from an additional tax imposed by the localities on commercial and industrial property located in such localities are to be deposited.[26] If a locality has not deposited into its special fund (1) revenues from the additional commercial and industrial property tax pursuant to the maximum tax rate allowed or (2) an amount, from sources other than moneys received from NVTA, that is equivalent to the revenue that the locality would receive if it was imposing the maximum tax, then the amount of revenue distributed to the locality from NVTA shall be reduced by the difference between the amount of revenue that the locality would receive if it was imposing the maximum tax and the amount of revenue deposited into its special fund pursuant to clause (1) or (2), as applicable.[27]

There has previously been created in the state treasury on the books of the Comptroller a special non-reverting fund for the benefit of Planning District 8, which consists of the NVTA. Such fund is known as the Northern Virginia Transportation Authority Fund (the "NVTA Fund")[28] and is funded with certain additional sales and use tax revenues that are levied in Planning District 8 and dedicated to the NVTA Fund and any other funds that may be appropriated by the General Assembly.[29] Interest earned on moneys in the NVTA Fund remains in and is credited to the NVTA Fund, and any moneys remaining in the NVTA Fund, including interest thereon, at the end of each Fiscal Year do not revert to the general fund but remain in the NVTA Fund. The various additional sales and use taxes that fund the NVTA Fund, which are collected from customers by retail sellers at the time of sale and subsequently remitted to the Commonwealth either monthly or quarterly, are summarized in the table below.

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[24] Code of Va. §33.2-3404.A.
[25] Code of Va. §33.2-3404.C.
[26] Code of Va. §33.2-2510.B.1. Such additional tax is imposed under Code of Va. §58.1-3221.3.
[27] Code of Va. §33.2-2510.B.2.
[28] Code of Va. §33.2-2509.
[29] Code of Va. §33.2-2509.

TABLE 6 Summary of Various Sales and Use Tax Funding NVTA Fund	
Va. Code Ann. §58.1-603.1	In addition to the general Commonwealth sales tax, there is levied and imposed in each county and city located in Planning District 8 a retail sales tax at the rate of 0.70%. Such tax is not levied upon food and personal hygiene products.
Va. Code Ann. §58.1-604.01	In addition to the general Commonwealth use tax, there is levied and imposed in each county and city located in Planning District 8 a retail use tax at the rate of 0.70%. Such tax shall not be levied upon food and personal hygiene products.
Va. Code Ann. §58.1-604.1	In addition to the general Commonwealth use tax, a use tax is levied upon the storage or use of all motor vehicles, machines, machinery, tools or other equipment brought, imported or caused to be brought into the Commonwealth for use in constructing, building or repairing any building, highway, street, sidewalk, bridge, culvert, sewer or water system, drainage or dredging system, railway system, reservoir or dam, hydraulic or power plant, transmission line, tower, dock, wharf, excavation, grading, or other improvement or structure, or any part thereof. The rate of tax is 4.3 percent on all tangible personal property except motor vehicles, which shall be taxed pursuant to the scale of rates for the Commonwealth's general motor vehicle sales and use tax; aircraft, which shall be taxed at the rate of two percent; and watercraft, which shall be taxed at the rate of two percent with a maximum tax of $1,000. However, the total rate of the Commonwealth use tax in any county or city for which such tax is imposed shall be 5.0 percent on all tangible personal property except motor vehicles, which shall be taxed pursuant to the scale of rates for the Commonwealth's general motor vehicle sales and use tax; aircraft, which shall be taxed at the rate of two percent; and watercraft, which shall be taxed at the rate of two percent with a maximum tax of $1,000.
Va. Code Ann. §58.1-614	Whenever a retail seller in Planning District 8 makes sales of tangible personal property through vending machines, or in some other manner making collection of the tax impractical, such seller is required to report wholesale purchases for sale at retail from vending machines and is be required to remit an amount based on 6.0 percent of such wholesale purchases

Regional Transportation Improvement Fee. The Commonwealth imposes a fee, delineated as the "regional WMATA capital fee," on each instrument by which real property in any county or city that is a member of the NVTA is conveyed at a rate of $0.15 for each $100.[30] Such fees are collected by the clerk of court and pursuant to the Commonwealth Dedicated Revenue Statutes are transferred to the Commonwealth treasury as soon as practicable to be deposited into the Non-Restricted Account of the WMATA Capital Fund.

[30] Code of Va. §58.1-802.3.

Proposed

Transportation District Transient Occupancy Tax. The Commonwealth imposes an additional transient occupancy tax at the rate of 2% of the amount of the charge for the occupancy of any room or space occupied in any county or city located in the NVTD.[31] Pursuant to the Commonwealth Dedicated Revenue Statutes, the revenue generated and collected from the tax is deposited by the local treasurer into the state treasury and transferred to the Non-Restricted Account of the WMATA Capital Fund. All county and city treasurers and clerks of courts receiving state moneys are required to deposit promptly all state moneys and, in the manner directed by the State Treasurer, shall transfer state moneys into an account of the state treasury twice each week.

Table 7 shows historical Regional WMATA Capital Fee and the occupancy tax received by the District for Fiscal Years 2014-2018.

TABLE 7
NVTA Regional WMATA Capital Fee and Transient Occupancy Tax for WMATA Compact Jurisdictions for FY2014 to FY2018 Per Fiscal Year

	Regional WMATA Capital Fee	Transient Occupancy Tax	Total Revenue
Total FY2014	$ 32,326,996	$ 23,001,418	$ 55,328,414
Total FY2015	$ 38,118,578	$ 26,343,436	$ 64,462,014
Total FY2016	$ 40,320,544	$ 26,604,164	$ 66,924,708
Total FY2017	$ 42,894,331	$ 29,246,461	$ 72,140,792
Total FY2018	$ 46,068,358	$ 29,503,494	$ 75,571,853
Total Revenue	$ 199,728,808	$ 134,698,974	$ 334,427,781

Source: NVTA Financial Report FY2014 to FY2018 & Revenue Summaries; Revised 2/20/2020.

Wholesale Gasoline Tax. The Commonwealth imposes a tax upon every distributor who engages in the business of selling fuels at wholesale to retail dealers for retail sale in any county or city in the NVTD.[32] Such tax is imposed on each gallon of fuel, other than diesel fuel, sold by a distributor to a retail dealer for retail sale at a rate of 2.1% percent of the statewide average distributor price of a gallon of unleaded regular gasoline.[33] For alternative fuels other than liquid alternative fuels, the Commissioner shall determine an equivalent tax rate based on gasoline gallon equivalency. Such tax is imposed on each gallon of diesel fuel sold by a distributor to a retail dealer for retail sale at a rate of 2.1% of the statewide average distributor price of a gallon of diesel fuel.[34] The tax is imposed at the time of sale by the distributor to the

[31] Code of Va. §58.1-1743.
[32] Code of Va. §58.1-2295.A.1.
[33] Code of Va. §58.1-2295.B.1.
[34] Code of Va. §58.1-2295.B.2.

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retail dealer[35] and is paid by the distributor, but the distributor separately states the amount of the tax and adds such tax to the price.[36]

Such wholesale gasoline tax revenues imposed and collected in the NVTD after subtraction of the direct costs of administration, are deposited each month as follows: (1) one-twelfth (1/12th)of an amount determined by multiplying $15 million by a fraction, the numerator of which shall be NVTD's share of funding for the commuter rail service jointly operated by the two transportation districts within the Transit Zone and the denominator of which shall be the total funding share for such commuter rail service, is deposited in the Commuter Rail Operating and Capital Fund; (2) pursuant to the Commonwealth Dedicated Revenue Statutes, beginning on July 1, 2019, an amount equal to one-twelfth (1/12th) of the increase in taxes, interest, and civil penalties paid to the Commissioner in Fiscal Year 2019 compared to Fiscal Year 2018, minus any amounts deposited pursuant to the formula set forth in (1) immediately above is deposited in the Non-Restricted Account of the WMATA Capital Fund; and (3) all remaining funds shall be deposited in a special fund entitled the "Special Fund Account of the Transportation District of ..."[37]

Commonwealth Dedicated Funding Grant Agreement

The Authority and the Commonwealth acting by and through the Virginia Department of Rail and Public Transportation ("DRPT") have entered into a Commonwealth Dedicated Funding Grant Agreement, dated May 1, 2019 (the "Commonwealth Dedicated Funding Grant Agreement," together with the District Dedicated Funding Grant Agreement and the Maryland Dedicated Funding Grant Agreement, the "Dedicated Funding Grant Agreements"), which such Commonwealth Dedicated Funding Grant Agreement provides for the disbursement of the Commonwealth Dedicated Capital Funding Revenues from the WMATA Capital Fund to the Authority. **The Commonwealth Dedicated Funding Grant Agreement provides that any commitment or agreement of the Commonwealth required by the Commonwealth Dedicated Funding Grant Agreement is subject to the annual appropriation and allocation of funds and other limitations on expenditures or obligations under the law of the Commonwealth or under other applicable law, and that the Commonwealth Dedicated Funding Grant Agreement does not constitute an indebtedness of the Commonwealth until funds are duly appropriated and allocated and monthly payments become due pursuant to the Commonwealth Dedicated Funding Grant Agreement, nor does it constitute an obligation for which the Commonwealth is obligated to levy or pledge any form of taxation.**

Under the terms of the Commonwealth Dedicated Funding Grant Agreement, subject to allocation and appropriation, and the other requirements contained in the Virginia Code, the Commonwealth is required to provide the Authority annually with written notice that funds have been, are intended to be, or will not be appropriated to cover the estimated annual amount of funding to be disbursed to the Authority by the Commonwealth in accordance with the Commonwealth Dedicated Revenue Statutes (the "Contribution") for the upcoming Fiscal Year and committing to disburse such Contribution to the Authority per the terms of the Commonwealth Dedicated Funding Grant Agreement. If the Commonwealth's appropriations

[35] §58.1-2295.D.
[36] §58.1-2295.E.
[37] Code of Va. §58.1-2299.20.A.

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process is not completed by June 1, the Commonwealth Dedicated Funding Grant Agreement requires that the Commonwealth provide to the Authority: (i) a written explanation for the failure to make such submissions by June 1 and confirmation that an amount equal to its Contribution has been or will be included in the next fiscal year budget to be considered by the Commonwealth's fiscal authority; and (ii) written assurances that all reasonable efforts will be undertaken to secure the ultimate appropriation of funds in a prompt and timely fashion. If funds will not be appropriated, then the Commonwealth Dedicated Funding Grant Agreement requires that the Commonwealth notify the Authority within five (5) business days of the fiscal body's action.

Subject to allocation and appropriation, and the other requirements contained in the Virginia Code, the Commonwealth Dedicated Funding Grant Agreement requires that the Commonwealth disburse one-twelfth ($1/12^{th}$) of the Contribution to the Authority on a monthly basis, except for the first disbursement. The Commonwealth is required to make the monthly disbursements from the WMATA Capital Fund no later than the 25^{th} day of the following month into the Restricted Account and the Non-Restricted Account, as applicable. If the balance in the WMATA Capital Fund is not sufficient to cover the monthly disbursement amount, the Commonwealth is required to disburse to the Authority the entire balance in the WMATA Capital Fund as of the end of the prior month. The Commonwealth Dedicated Funding Grant Agreement requires that the Commonwealth continue to disburse the entire balance in the WMATA Capital Fund each month until such time as the monthly disbursement has returned to the scheduled $1/12^{th}$ monthly payment in full, and all prior monthly disbursements have been made whole.

As required by the Commonwealth Dedicated Funding Grant Agreement, on May 14, 2019, the Commonwealth made an initial disbursement of the Contribution to the Authority in an amount equal to $52,821,988, which amount at that time equaled the lesser of (a) $1/12^{th}$ of the Contribution times the number of months that would have been paid if the Commonwealth Dedicated Funding Grant Agreement had been executed on July 1, 2018 or (b) the balance of the funds in the WMATA Capital Fund as of March 31, 2019.

Notwithstanding any other provision of the Commonwealth Dedicated Funding Grant Agreement, if at any time the Commonwealth determines that the funds collected in the WMATA Capital Fund will not be sufficient to pay in full the Contribution, the following shall occur: (a) the Commonwealth shall notify the Authority in writing that the available funds are expected to be insufficient to satisfy the current Contribution amount; (b) the written notification shall include a new Contribution amount; and (c) the remaining monthly payments for that year combined with the payments made prior to notification of the new Contribution amount shall not exceed the new Contribution amount. If such notification occurs, the Authority and the Commonwealth, acting through DRPT, agree to meet with representatives from the State and the District to determine an appropriate course of action with respect to the Authority's annual CIP budget commitments. The Commonwealth Dedicated Funding Grant Agreement provides that under no circumstance will the Commonwealth be obligated under the Commonwealth Dedicated Funding Grant Agreement to pay more than what is contained in the WMATA Capital Fund.

Under the Commonwealth Dedicated Funding Grant Agreement, the percentage of funding provided by the Commonwealth for its share of the Authority's CIP funding pursuant to the Commonwealth Dedicated Funding Grant Agreement is 30.9%. On an annual basis, this

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percentage shall be applied to no more than $500 million of the annual Authority CIP each year to calculate the Contribution for that Fiscal Year. For Fiscal Year 2019 only, the Contribution was $121,300,000.

The Commonwealth Dedicated Funding Grant Agreement provides that nothing contained therein shall be construed to obligate the Commonwealth to have, as of its effective date, funding or an appropriation in the full amount of the Contribution. Subject to allocation and appropriation, the Commonwealth is solely responsible for the Contribution. Under the Commonwealth Dedicated Funding Grant Agreement, the Commonwealth commits, subject to its constitutional or legally equivalent provisions and throughout the term of the Commonwealth Dedicated Funding Grant Agreement, to use all reasonable efforts including, but not limited to, a request by the responsible official to include the Contribution in the Commonwealth's annual proposed budget or other financial submission to its fiscal authority and to pursue all legally available means to secure the necessary and appropriate budget, legislative, appropriation, and allocation actions in order to obtain funding in the full amount of its Contribution.

The term of the Commonwealth Dedicated Funding Grant Agreement began on the May 1, 2019, and automatically renews each July 1 unless one party provides written notice requesting to amend or modify the agreement at least 90 Days prior to July 1. In the event either party determines that the other party is not satisfactorily complying with the terms of the Commonwealth Dedicated Funding Grant Agreement, the complaining party shall notify the other party in writing of its complaint and the basis for it. Each of the Authority and the Commonwealth, acting through DRPT, agree to use all reasonable efforts to resolve any such issues which arise under or otherwise relate to the Commonwealth Dedicated Funding Grant Agreement. If the parties, at staff level, cannot resolve such matters through initial discussions within 30 Days after receipt of the written notification, then executive level staff of each party shall meet to resolve the matter within 60 additional days. If no satisfactory resolution is achieved, either party may, upon 30 days' notice to the other party, terminate the Commonwealth Dedicated Funding Grant Agreement in whole or in part. In the event that the Commonwealth Dedicated Funding Grant Agreement is terminated pursuant to its terms, any amounts remaining on hand at the Authority at the termination of the Commonwealth Dedicated Funding Grant Agreement, except any amounts incurred but not drawn, shall be credited or refunded to the Commonwealth, as directed by the Commonwealth.

Under the terms of the Commonwealth Dedicated Funding Grant Agreement, the Authority is required to apply the Commonwealth's Contribution to items identified in the approved CIP. The Authority shall not use any proceeds disbursed from the Restricted Account for the payment of, or security for, debt service on bonds or other indebtedness of the Authority, but the Authority may use proceeds disbursed from the Non-Restricted Account for the payment of, or as a pledge of security for, debt service on bonds or other indebtedness of the Authority.

Under the Commonwealth Dedicated Funding Grant Agreement and the Commonwealth, the Authority is required to provide information to the NVTC. In addition, upon reasonable request, the Authority shall provide information, reports, and other data to NVTC so that NVTC can report to the Governor and the General Assembly by November 1 of each year. Upon reasonable request from DRPT, the Authority must provide information necessary for the Virginia Commonwealth Transportation Board ("CTB") to meet its obligations under Virginia Code §33.2-3400, *et seq*., and the requirements set forth in the CTB resolution dated

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September 18, 2018.[38] At the end of every quarter, the Authority is required to prepare, and submit to the Commonwealth, a report on the Authority's financials of the preceding quarter in the same form as submitted to the Board. The Authority is required to submit the report to the Commonwealth no later than 45 days following the close of the quarter. Such report shall contain a roll forward of the balance in the Restricted Account and the Non-Restricted Account.

The Commonwealth does not guarantee the debt of the Authority or any obligation of the Authority. Notwithstanding any other provisions of the Commonwealth Dedicated Funding Grant Agreement, all obligations of the Commonwealth are subject to discretionary annual appropriation and allocation of funds by the governing body thereof or other appropriate legislative body thereof and shall be consistent with the anti-deficiency laws applicable to the Commonwealth.

Historical Dedicated Capital Funding Revenues and Virginia Non-Restricted Funds

Commencing in May 2019, the Authority began receiving Dedicated Capital Funding Revenues and Virginia Non-Restricted Funds from the Commonwealth and has received Dedicated Capital Funding Revenues from Maryland and the District as shown on the table below.

TABLE 8

[38] Such resolution provides for the approval of policy and guidelines for implementation and governance and funding reforms for WMATA. Code of Va. §33.2-1526.1, pursuant to Chapter 854 of the 2018 Virginia Acts of Assembly, restructures the Commonwealth Mass Transit Fund so that 53.5% of its funds shall be annually allocated to NVTC for distribution to WMATA on behalf of its local jurisdictions for capital purposes and operating assistance ("Commonwealth Mass Transit Fund WMATA Allocation"), as determined by NVTC. The enactment clauses of Chapter 854 of the 2018 Virginia Acts of Assembly require the CTB to withhold funding available to WMATA pursuant to Code of Va. §33.2-1526.1(C)(3) of the Code of Virginia under the following conditions: (1) the seventh enactment requires the CTB shall withhold 20% of the funds available if (i) any alternate directors participate or take action at an official WMATA Board meeting or committee meeting as Board directors for a WMATA Compact member when both directors appointed by that same WMATA Compact member are present at the WMATA Board meeting or committee meeting or (ii) the WMATA Board of Directors has not adopted bylaws that would prohibit such participation by alternate directors; (2) the eighth enactment requires that, beginning July 1, 2019, the CTB shall withhold 20% of the funds available each year unless (i) WMATA has adopted a detailed CIP covering the current Fiscal Year and, at a minimum, the next five Fiscal Years, and at least one public hearing on such CIP has been held in a locality embraced by the NVTC; and (ii) WMATA has adopted or updated a strategic plan within the preceding 36 months, and at least one public hearing on such plan or updated plan has been held in a locality embraced by the NVTC. The first strategic plan adopted to comply with such requirements shall include a plan to align services with demand and to satisfy the other recommendations included in the report submitted pursuant to Item 436 R of Chapter 836 of the Acts of Assembly of 2017; and (3) the first enactment requires that, in any year that the total Commonwealth operating assistance in the approved WMATA budget increases by more than 3% from the total operating assistance in the prior year's approved WMATA budget, the Board shall withhold an amount equal to 35% of the funds available. The following items shall not be included in the calculation of any WMATA budget increase: (i) any service, equipment, or facility that is required by any applicable law, rule, or regulation; (ii) any capital project approved by the WMATA Board before or after the effective date of this provision; and (iii) any payments or obligations of any kind arising from or related to legal disputes or proceedings between or among WMATA and any other person or entity. Some of these points already appear to be addressed in the draft of the POS. In addition, the funds that can be withheld are not the new Dedicated Capital Funding Revenues.

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Historical Dedicated Capital Funding Revenues and Virginia Non-Restricted Funds

Date	Virginia Restricted Funds	Virginia Non-Restricted Funds	Maryland Funds	District of Columbia Funds
May-2019	$26,416,717	$67,275,131	-	-
Jun-2019	668,412	16,831,402	-	-
Jul-2019	887,290	9,221,047	-	-
Aug-2019	1,837,480	11,037,520	-	-
Sep-2019	1,019,846	11,855,154	-	-
Oct-2019	1,110,861	11,764,139	$83,500,000	-
Nov-2019	1,148,804	11,726,196	-	-
Dec-2019	894,707	11,980,293	-	-
Jan-2020	955,749	11,919,251	41,750,000	-
Feb-2020	860,498	12,014,502	-	-
Mar-2020	1,284,765	11,527,429	-	$89,250,000
Apr-2020	-	-	41,750,000	89,250,000
Total[2]	$37,085,129	$187,152,064	$167,000,000	$178,500,000

(1) Revenues deposited into the Restricted Account are available for use by WMATA for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of WMATA. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – WMATA Capital Fund- Restricted Account."

(2) Numbers may not add due to rounding.

THE AUTHORITY

The Authority was created effective February 20, 1967, pursuant to the Compact and the Capital Transportation Act. The Authority has adopted, and from time to time revised, a mass transit plan to provide public transportation services in the Transit Zone. The Authority is an agency and instrumentality of the Commonwealth, Maryland, and the District, and is dependent upon these governmental units and the Participating Jurisdictions for financial support to meet a portion of its operating and capital expenses.

Organization/Board Members/Executive Management

The Authority is governed by the Board, which is composed of eight voting directors and eight alternate directors from each signatory to the Compact and from the federal government (the "Directors"). The Directors for the Commonwealth are appointed by the NVTC; for the District, by the Council; for Maryland, by the Washington Suburban Transit Commission ("WSTC"); and for the federal government, by the Secretary of Transportation. Alternate directors to the Board ("Alternate Directors") may act only in the absence of the Director for whom they were appointed as alternates, except in the case of the District where either Alternate Director may act in the event of a District Director's absence.

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Subject to policy direction and delegations from the Board, the General Manager and Chief Executive Officer is responsible for the operations and functions of the Authority and direct staff in implementing and carrying out the programs and initiatives of the Authority.

The Board

The present Directors, the jurisdiction represented, the date of each Director's appointment to the Board, the expiration date of each Director's term on the Board, and their occupations are set forth in the following table.

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Name of Director	Jurisdiction Represented	Date of Appointment/ End of Term	Occupation
Paul C. Smedberg, Chair	Commonwealth of Virginia	January 2019; no expiration date set on term; serves at the pleasure of the Commonwealth	Former Councilmember, Alexandria City Council
Stephanie Gidigbi, First Vice Chair	District of Columbia	December 2019; term expires June 30, 2021	Director of Policy and Partnerships, National Resources Defense Council Healthy People, Thriving communities Program
Michael Goldman, Second Vice Chair	State of Maryland	July 1, 2017; term expires July 1, 2021	Attorney
_____	District of Columbia	_____	_____
David Horner	Federal Government	July 2017; term expires July 24, 2021	Attorney
Steve McMillin	Federal Government	July 2017; term expires-July 24, 2021	Partner, U.S. Policy Metrics
Gregory Slater	State of Maryland	July 2019; term expires June 30, 2021	Secretary of Maryland Department of Transportation
Matt Letourneau	Commonwealth of Virginia	January 2019; term expires January 2023	Member of the Loudoun County Board of Supervisors
Alternate Directors			
Tom Bulger	District of Columbia	July 2011; no expiration date set on term; serves at the pleasure of the District City Council	President of Government Relations Inc.
Jeff Marootian	District of Columbia	October 2018; term expires June 30, 2022]	Director of the District Department of Transportation
Anthony E. Costa	Federal Government	July 2014; serves at the pleasure of the Secretary of the U.S. Department of Transportation	Associate Executive Director for Real Property and Planning, U.S. Department of Veterans Affairs
Devin Rouse	Federal Government	December 27, 2018; term expires at the later of December 26, 2020 or when a replacement is appointed	Director of Passenger Rail Division, FRA
Thomas H. Graham	State of Maryland	May 2019; term expires June 30, 2023	Vice President of People Strategy and Human Resources, Pepco Holdings, Inc
_____	State of Maryland	_____	_____
Walter Alcorn	Commonwealth of Virginia	January 2020; term expires January 2024	Member of the Fairfax County Board of Supervisors
Canek Aguirre	Commonwealth of Virginia	March 2020; term expires February 2024	Member of Alexandria City Council

1. While such Directors' terms have expired, such appointments to the Board remain valid until a successor is confirmed or for one year after the terms expire, whichever comes first.

2. Source: The records of the Board Corporate Secretary.

Proposed

Executive Management

The Authority's senior executive and financial management team consists of the following individuals:

Paul J. Wiedefeld, *General Manager and Chief Executive Officer*. Paul J. Wiedefeld became the General Manager and Chief Executive Officer in November 2015. He has more than 35 years of public and private sector transportation management experience. Prior to joining the Authority, he twice served as the Executive Director and Chief Executive Officer of the Maryland Aviation Administration, managing the Baltimore/Washington International Thurgood Marshall Airport ("BWI"). Under Mr. Wiedefeld's leadership from 2009 to 2015, BWI grew to provide service to 22 million passengers annually, becoming the leading airport in the Washington, D.C. region through route expansion and significant airport development. During his tenure from 2002-2005, Mr. Wiedefeld managed the largest expansion in BWI's history that included the design and construction of a 26-gate terminal, an 8,400-space parking garage, and a modern consolidated rental car facility. From 2007-2009, Mr. Wiedefeld served as Administrator of the Maryland Transit Administration, managing the day-to-day operations of the nation's 13th largest transit system, including commuter rail, subway, light rail, buses, and paratransit. During his tenure, the agency expanded the number of locomotives and railcars for the Maryland commuter rail system and negotiated contracts with labor unions. He received a Bachelor of Science degree in Political Science and a Master's degree in City and Regional Planning from Rutgers University.

Dennis Anosike, *Executive Vice President & Chief Financial Officer*. Dennis Anosike was appointed Chief Financial Officer in July 2014. He came to the Authority with over 25 years of financial experience including 11 years as the Chief Financial Officer/Treasurer for the Chicago Transit Authority ("CTA"). At CTA, he oversaw the offices of budget, comptroller, capital investment, treasury and financial reporting. He also served one year as CTA's budget director. He also worked in the Office of Budget and Management for the City of Chicago, ultimately becoming Deputy Budget Director. Other positions of note include Director of Finance for the Chicago Department of Police, Senior Vice President for Northern Trust Company, President of United Investment Managers, Inc., and Senior Director of Management and Performance for the United States Department of Commerce.

Thomas Webster, *Executive Vice President, Strategy, Planning & Program Management.* Thomas Webster was appointed to the Authority's Executive Management Team in April 2018. Mr. Webster leads the planning, development and financial management of the Authority's six-year, $9 billion capital program. He also oversees the development and execution of the Authority's strategic and management plans and leads sustainability and business transformation initiatives. Mr. Webster joined the Authority in 2012 and previously served as Managing Director of the Authority's Office of Management and Budget Services. Prior to joining the Authority, he worked in state and local government in Maryland, including managing Washington Area Transit Programs for the Maryland Department of Transportation and as the transportation program lead for Montgomery County's Office of Management and Budget. Mr. Webster earned a Bachelor of Arts in Policy Studies and History and a Master of Public Administration from Syracuse University's Maxwell School of Citizenship and Public Affairs.

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Patricia Y. Lee, Esq., *Executive Vice President & General Counsel.* Patricia Y. Lee was appointed as General Counsel in July 2016. She came to the Authority with 30 years of public and private legal experience, domestic and global, in directing and managing all legal affairs of corporate legal functions, including mergers and acquisitions, complex commercial transactions, regulatory compliance, litigation, intellectual property and licensing, and labor and employment. She has been a key member of executive leadership teams and the chief legal adviser to CEOs, senior management, boards of directors, and business leaders across all regions of companies. She formerly served as Group General Counsel and Executive Vice President for Unify and held senior legal positions at Northrop Grumman Corporation and Cable & Wireless plc and was a partner at Holland & Knight LLP. Ms. Lee was also a trial attorney with the U.S. Department of Justice, Civil Division, and a litigation attorney at the international law firm of White & Case LLP. Ms. Lee received a Bachelor of Arts degree, *summa cum laude*, in Psychology from the University of Maryland and a Juris Doctor from the Harvard Law School. Ms. Lee is a member of the bars of Maryland, the District of Columbia, Virginia, and New York.

Craig Gross, *Vice President & Treasurer*. Craig Gross was appointed as Treasurer effective February 13, 2017. He has an extensive background in financial management, with an emphasis in treasury systems and risk management with more than 33 years of experience in public and private organizations with responsibility for Corporate Treasury and strategy. He was Vice President, Corporate Treasury & Risk Management for American Capital, Ltd., served as Director of Treasury at Amtrak and was Assistant Treasurer at Towers-Watson, a global risk and financial company. His experience includes overseeing commercial banking relationships, investments, capital market activities, and risk management. Mr. Gross holds a Bachelor of Science degree in Finance and Business Administration from Minnesota State University and is a Chartered Financial Analyst and Certified Treasury Professional.

Sustainability and Environmental Initiatives

The Authority is the largest energy user in the Transit Zone.[39] The Authority will use the proceeds of the Series 2020A Bonds to fund certain Capital Costs that are projected to result in several environmental benefits. The proceeds of the Series 2020A Bonds, with the exception of the Bond proceeds used to fund capitalized interest and costs of issuance, will, in part, be spent on certain Capital Costs identified by the Authority-wide energy audit (the "Energy Audit") conducted by the Authority in 2017 as efficiency investments and incorporated in the Authority's first ever 2025 Energy Action Plan (the "Energy Action Plan") and the CIP. The Energy Action Plan can be found at www.wmata.com/sustainability which further describes such efficiency investments. By 2025, the implementation of the Energy Action Plan is projected to annually reduce the carbon dioxide emissions by 160,000 metric tons, save 750,000 million BTUs of natural gas, and avoid emissions equivalent to taking 35,000 automobiles off of the road for a year.

Annually, until the net proceeds of the Series 2020A Bonds are fully expended, the Authority intends to provide disclosure regarding the Capital Costs expended in connection with implementing the Energy Action Plan. Disclosures will be made through the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board, accessible at www.emma.msrb.org, and the annual disclosure will be made when the Authority provides its Annual Report (defined herein). *See* "CONTINUING DISCLOSURE" herein. Once all net

[39] *See* www.wmata.com/sustainability.

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proceeds of the Series 2020A Bonds are expended and disclosure regarding such expenditure is made, no further disclosures as to expenditure of proceeds will be provided. The Authority has committed to a number of energy efficient investments to advance the Authority's long-range plan to reduce the Authority's energy usage and reduce energy and operating costs while promoting sustainability and enhancing the Transit Zone's quality of life. The Authority may provide reports and updates to this end; however, such reports and updates are provided on a voluntary basis and are not included as part of the Continuing Disclosure Agreement for the Series 2020A Bonds.

Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic and in accordance with its Pandemic Plan, on January 29, 2020, the Authority established its Pandemic Task Force (the "Task Force") to mitigate health and safety risks associated with the pandemic. Following the pre-existing Plan, the Task Force has progressed through the first phases of the Plan to Phase Three, which requires the close monitoring of the pandemic and implementing precautionary steps to prevent the pandemic from affecting the Authority's ability to provide reliable, safe, and affordable public transit. The Task Force actively engages in pandemic response activities in support of the Authority in general and adjusts prior planning to mitigate further spread of the disease, thus minimizing the impact the disease may have on the Authority's ability to effectively function. Members of the Task Force have met regularly with local, state and federal agencies and health authorities, including the Center for Disease Control and Prevention, to share information and coordinate our response to the COVID-19 pandemic.

During Phase 3 of the Plan, rail ridership is down 94% year-over-year and bus ridership is down 76% year-over-year. Service and schedules have been altered to balance the provision of essential services with the necessary resource conservation including, but not limited to, cleaning key facilities, limiting the use of Authority equipment, and conservation of manpower. Multiple actions have been taken to reduce exposure risks to employees including the use of rear door boarding, deployment of 100 percent (100%) usage of glass shields, closing the first and last cars on rail vehicles, and modifying work systems to practice social distancing.

The Task Force constantly monitors the evolution of the COVID-19 pandemic and is working diligently to strike the appropriate balance of continuing to provide essential services to the Transit Zone while safeguarding the health and welfare of its workforce and the public. The Authority will remain in Phase 3 of the Plan for the indefinite future. A dedicated sub-group of the Task Force meets daily and the full Task Force meets twice weekly to review the Plan, devise strategies, and plan the execution of those strategies.

As prescribed in the fourth and final phase of the Plan, the Task Force is in the process of developing an orderly Authority recovery plan to return to service when public health authorities advise that it is safe to do so. However, neither the Task Force nor the Authority can predict the duration or extent of the COVID-19 pandemic or another outbreak or pandemic. *See* "INVESTMENT CONSIDERATIONS – COVID-19 Pandemic" below.

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OTHER OUTSTANDING DEBT

As summarized in Table 9 below, the Authority had $922.820 million of Obligations outstanding as of the date of this Official Statement, all of which are primarily secured by a lien on Gross Revenues, under the Authority's 2003 Bond Resolution, except that Pre-2018 Bonds (Series 2017A and 2017B) are also secured with a contingent prior claim on the Dedicated Capital Funding Revenues. Additional Obligations of the Authority projected for Fiscal Year 2020 are summarized in the Table 9 below[40].

As required by the Capital Funding Agreement, the Participating Jurisdictions agreed to pay debt service for the life of the Pre-2018 Bonds on a quarterly basis in advance of the debt service due date. The following series of bonds secured by Gross Revenues inclusive of Dedicated Capital Funding Revenues of the Authority are currently outstanding: $197,370,000 Gross Revenue Transit Refunding Bonds, Series 2017A (the "Series 2017A Bonds"); and $485,530,000 Gross Revenue Transit Bonds, Series 2017B (the "Series 2017B Bonds"), collectively, referred to herein as the "Pre-2018 Bonds." The Pre-2018 Bonds were issued by the Authority to fund Capital Contributions of certain Participating Jurisdictions that opted into the issuance of debt secured by Gross Revenues of the Authority in lieu of making cash Capital Contributions to the Authority for that Fiscal Year.

In addition to the Pre-2018 Bonds, the Authority currently has outstanding $239,920,000 Gross Revenue Transit Bonds, Series 2018 (the "Series 2018 Bonds") which are secured by the Gross Revenues exclusive of the Dedicated Capital Funding Revenues. The Authority also has four "364-day" lines of credit, under which it can draw up to $350 million at any one time. Such lines of credit were renewed in May 2019 and expire in May 2020 and any amounts outstanding on the lines of credit are due by such date, unless renewed. Such lines of credit are expected to be renewed in May 2020 and will expire May 2021. As of the date of this Official Statement, the Authority has drawn $350 million on the lines of credit.

Security for Outstanding Gross Revenues Bonds

The Pre-2018 Bonds are secured by a pledge of Gross Revenues under the 2003 Bond Resolution as supplemented by the 2017A Refunding Supplemental Bond Resolution adopted by the Authority on June 22, 2017 in which the Pre-2018 Bond's Trust Estate therein includes Dedicated Capital Funding Revenues as a subcomponent of the Authority's Gross Revenues. The 2003 Bond Resolution was subsequently amended by the 2018 Supplemental Bond Resolution adopted on November 15, 2018 to exclude Dedicated Capital Funding Revenues from Gross Revenues, and the Authority's Board has committed to abstain from issuing further debt secured by Gross Revenues inclusive of Dedicated Capital Funding Revenues under the 2003 Bond Resolution. The Series 2020A Bonds, when issued, which will be subordinate to the Pre-2018 Bonds are referred to herein as the "Bonds." *See* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS – Pledge of the Trust Estate" herein.

The Series 2018 Bonds are currently outstanding and are secured by a pledge of Gross Revenues under the Authority's 2003 Bond Resolution as amended and supplemented by the 2018 Supplemental Bond Resolution (the "2018 Resolution") which excludes Dedicated

[40] Amounts are preliminary and subject to change.

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Capital Funding Revenues from the Gross Revenues pledged to the Series 2018 Bonds' Trust Estate therein.

TABLE 9

Outstanding Gross Revenues Obligations as of the Date of Official Statement

	Amount Outstanding	Final Maturity Date	Security
Series 2017A Bonds	$197,370,000.00	July 1, 2034	Gross Revenues and Dedicated Capital Funding Revenues
Series 2017B Bonds	$485,530,000.00	July 1, 2042	Gross Revenues and Dedicated Capital Funding Revenues
Series 2018 Bonds	$239,920,000.00	July 1, 2043	Gross Revenues
Lines of Credit	$350,000,000.00	May 27, 2020	Gross Revenues
Total	$1,272, 820,000.00		

Source: Provided by the Authority.

Source of Funds for Gross Revenues Obligations

As described above, the Pre-2018 Bonds are secured by the pledge of Gross Revenues under the 2003 Bond Resolution, inclusive of the Dedicated Capital Funding Revenues. Under the 2003 Bond Resolution, the Series 2018 Bonds are secured by a pledge of the Gross Revenues, excluding the Dedicated Capital Funding Revenues under the 2018 Resolution.

Gross Revenues consist of (i) Revenues (as described below) exclusive of Lease Related Revenues (as defined in the 2003 Bond Resolution), and Parking Revenues (as defined in the 2003 Bond Resolution), (ii) the Stable and Reliable Funding Sources (as defined below), and (iii) all other revenues, receipts, grants, contributions, subsidies and funds received by the Authority in respect of the Transit System which can be lawfully pledged under the Resolution, provided that the Capital Contributions and the Federal Operating Subsidies are excluded from Gross Revenues. Although "Federal Operating Subsidies" are referred to in the definition of Gross Revenues, the federal government no longer provides operating subsidies to the Authority. The Authority is uncertain as to how the COVID-19 pandemic will impact Gross Revenues. *See* "THE AUTHORITY – Response to the COVID-19 Pandemic."

Revenues consist of (i) all fares, rates, fees, charges, rents, revenues and other income received by the Authority from the operation of the Transit System and amounts paid to the Authority by the federal government or any Participating Jurisdiction on account of fares or service rendered by the Authority, (ii) proceeds of any business interruption insurance relating to the Transit System, and (iii) interest received on any moneys or securities, other than the Capital Contributions, of the Authority; provided, until the same is paid to the Authority for services of the Transit System, Revenues shall not include amounts collected by the Authority in respect of fare media that the owners thereof can apply to pay to Persons other than the Authority for goods or services. The Authority has experienced and continues to experience a decrease in farebox receipts and is uncertain of the extent of which and the duration of time that the COVID-19 pandemic will continue to impact farebox receipts. *See* "THE AUTHORITY – Response to the COVID-19 Pandemic" and "FUNDING OF THE OPERATING EXPENSES OF THE TRANSIT SYSTEM – Farebox Receipts.

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Payments by the Participating Jurisdictions, including amounts from the Stark-Harris Funding Sources as defined below, are subject to appropriation by each Participating Jurisdiction. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – *Capital Contribution* and *Current and Ongoing Funding."* Only after such payments are appropriated and transferred to the Authority do such payments from the Participating Jurisdictions become subject to the pledge under the Resolution (collectively, the "Stable and Reliable Funding Sources").

FUNDING OF THE OPERATING EXPENSES OF THE TRANSIT SYSTEM

The Authority's operating revenues consist primarily of farebox revenues from passengers and quarterly operating subsidy payments made to the Authority by or on behalf of the Participating Jurisdictions. In establishing its budget each year, the Authority makes an estimate of the revenues it expects to receive from operation of the Transit System based on the current or projected fare schedule and ridership, together with other Authority business revenues, including revenues from advertising, incidental license and lease fees, and other sources. The balance of the Authority's budget is provided through operating subsidy payments subject to the three percent (3%) cap from or on behalf of the Participating Jurisdictions with certain legislative exclusions applied in calculating the increase.

Farebox Receipts

The Authority's current rate schedule, which became effective June 25, 2017, provides for peak period base passenger fares of approximately $2.25 for Metrorail and $2.00 for Metrobus. The Authority's Metrorail fares are determined on the basis of a base fare that all passengers are charged, which varies depending on the time of day during which the trip is made, and an additional fare charge based on the distance a passenger rides on the Transit System. The Authority provides intermodal transfers between Metrobus and Metrorail. In setting its fare schedule, the Authority expected to recover approximately forty-five percent (45%) of the Transit System's operating costs through farebox receipts, advertising income, and parking fees. Although Revenues include farebox receipts, capital expenses are not funded by farebox revenues; and farebox revenues are not included as security for the Series 2020A Bonds; however, the Authority has experienced and continues to experience a decrease in farebox receipts and is uncertain of the extent of which and the duration of time that the COVID-19 pandemic will continue to impact farebox receipts. *See "*THE AUTHORITY – Response to the COVID-19 Pandemic" and "OTHER OUTSTANDING DEBT – Sources of Funds for Outstanding Gross Revenues Obligations." Fares are adjusted from time to time, and the Board decisions regarding such fare increases are not subject to regulatory approval.

For information concerning the Authority's revenues and expenses for Fiscal Year 2019, *see* "CERTAIN AUTHORITY FINANCIAL INFORMATION – Summary of Revenues, Expenses, Net Position and Capital Assets."

Stable and Reliable Funding Sources

Pursuant to the Compact, the Participating Jurisdictions (with the WSTD acting for the Maryland jurisdictions) are obligated, subject to the limitations described herein *(see* "INVESTMENT CONSIDERATIONS"), to provide funding to the Authority for their share of the

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Authority's budget for capital and operating costs of the Transit System. Under the terms of the Compact and legislative enactments of the Participating Jurisdictions, Stark-Harris Funding Sources have been identified by the Participating Jurisdictions to make their respective operating and maintenance and debt service contributions to the Authority, as well as their respective capital payment obligations. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – *Capital Contribution* and *Current and Ongoing Funding."*

The Participating Jurisdictions are not limited to the identified revenue sources in order to provide all obligated payments. The funds to be provided by or on behalf of each Participating Jurisdiction are subject to annual appropriation to provide for the projected annual operating deficit of the Transit System. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – *Capital Contribution* and *Current and Ongoing Funding."*

If a Participating Jurisdiction were to fail to include in its budget a required operating subsidy payment or, following such inclusion and an appropriation, were to fail to make such payment to the Authority, the Authority could bring suit pursuant to the Compact to attempt to compel compliance. However, each Participating Jurisdiction retains the absolute discretion as to whether to appropriate, and there would be no contractual remedy for the failure to appropriate where proper budgetary procedures were followed.

In addition to the contractual remedy described above, the Board could decide to hold a public hearing to determine whether to terminate the provision of Transit System service within any Participating Jurisdiction that has failed to timely make a required subsidy payment regardless of the particular circumstances as described under "THE TRANSIT SYSTEM –Funding of the Capital Costs of the Transit System – *Current and Ongoing Funding*."

See CAFR Fiscal Years Ended June 30, 2019 and 2018 and "CERTAIN AUTHORITY FINANCIAL INFORMATION – Annual Budgets" for information on state and local funds that the Authority expects to receive from the Participating Jurisdictions in the Approved Fiscal Year 2020 and 2021 Budgets.

Coronavirus Aid, Relief and Economic Security Act

In response to the COVID-19 pandemic, H.R. 748, the Coronavirus Aid, Relief and Economic Security (CARES) Act, was enacted on March 27, 2020.[41] The CARES Act provides approximately $25 billion to public transportation agencies to prevent, prepare for and respond to the Covid-19 pandemic. [42] Such grants have been apportioned no later than seven (7) days after the enactment of the Cares Act with the Authority's grant to be apportioned as Urbanized Area Formula Grants, 49 U.S.C. § 5307.[43] No assurance can be given that any monies received by the Authority under the CARES Act will be sufficient to meet all of its financial obligations in response to the COVID-19 pandemic.

[41] Public Law No. 116-136.
[42] Public Law No. 116-136.
[43] Public Law No. 116-136.

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CAPITAL IMPROVEMENT PROGRAM

Capital Needs Process

The Approved Fiscal Year 2020-2025 Capital Improvement Program includes a total of $9.3 billion in planned capital investments over the six-year period for safety and state of good repair (*see* Table 10). For investments by program, the Approved Fiscal Year 2020-2025 Capital Improvement Program includes (i) railcar investments of approximately $1.8 billion; (ii) bus and paratransit investments of approximately $1.4 billion; (iii) station and passenger facilities investments of $2.6 billion; (iv) rail systems investments of $1 billion; (v) track and structures rehabilitation investments of $1.2 billion; and (vi) business support investments of $1.3 billion. The Authority has developed the Fiscal Year 2020-2025 Capital Improvement Program based on the identified needs of the Transit System for maintenance and repair including an effort to address certain deferred or backlogged projects. Regardless of the sources of funding, the Authority has identified $15.5 billion in needs over the next ten years and $25 billion in needs over the next twenty years, all as outlined in the KMSRA Plan. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS – Dedicated Revenue Statutes."

Capital Improvement Projects for Fiscal Year 2020

The Approved Fiscal Year 2020-2025 Capital Improvement Program includes $1.6 billion in capital projects for Fiscal Year 2020 (*see* Table 10). Such projects focus on six investment programs: (i) railcar investments, including acquisition, maintenance and overhaul for portions of the existing legacy fleet and maintenance of facilities; (ii) bus and paratransit vehicles including acquisition and maintenance of the bus and paratransit fleet and facilities; (iii) stations and passenger facilities consisting of platforms, vertical equipment and station systems, with the goal of ensuring safe, clean, reliable, and customer-friendly stations; (iv) rail systems, including upgrade and maintenance of rail propulsion power systems and upgrading signal and communication systems; (v) track and structures rehabilitation, including the maintenance of tunnels and bridges with the goal of maintaining safe and reliable Metrorail track and track infrastructure; and (vi) business support comprised of information technology, police and support services and equipment that support investments in critical operational and business requirements**.**

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TABLE 10
Fiscal Year 2020-2025 Forecast Capital Improvement Program
Financial Plan – Funding Sources[1]
($ in millions)

(Dollars in Millions)	FY2020 Budget	FY2021 Plan	FY2022 Plan	FY2023 Plan	FY2024 Plan	FY2025 Plan	6 Year Total
Federal							
Federal Formula Programs[2]	$348.5	$332.6	$332.6	$332.6	$332.6	$332.6	$2,011.7
Federal PRIIA[3]	148.5	148.5	148.5	148.5	148.5	148.5	891.0
Other Federal Grants	3.6	4.1	4.4	2.8	3.0	1.2	19.1
Subtotal, Federal Grants	**$500.6**	**$485.3**	**$485.6**	**$483.9**	**$484.1**	**$482.3**	**$2,921.8**
Match to Federal Formula[4]	$87.1	$83.2	$83.2	$83.2	$83.2	$83.2	$502.9
System Performance[5]	173.5	185.3	193.4	201.6	210.2	219.0	1,183.0
Subtotal, Match and System Performance	**$260.6**	**$268.5**	**$276.5**	**$284.8**	**$293.3**	**$302.2**	**$1,685.9**
State and Local PRIIA[6]	$148.5	$148.5	$148.5	$148.5	$148.5	$148.5	$891.0
Other State and Local Funds	0.9	1.0	1.1	0.7	0.7	0.3	4.8
Dedicated Funding/Debt Utilization/Debt Service[7]	591.9	667.8	682.1	467.5	524.8	376.7	3,310.9
Subtotal, State & Local	**$1,002.0**	**$1,085.8**	**$1,108.2**	**$901.5**	**$967.4**	**$827.7**	**$5,892.6**
Reimbursable Projects and Planning Projects[8]	$70.6	$113.5	$72.6	$99.6	$49.1	$45.1	$450.4
Subtotal, State and Local, including Reimbursable Jurisdictional Projects	**$1,072.6**	**$1,199.3**	**$1,180.8**	**$1,001.1**	**$1,016.4**	**$872.7**	**$6,343.0**
Grand Total	**$1,573.2**	**$1,684.6**	**$1,666.4**	**$1,485.0**	**$1,500.5**	**$1,355.1**	**$9,264.8**

1. Totals may not sum due to rounding.

2. A series of U.S. Department of Transportation grant programs which award funding based on a set formula and without competition between grantees.

3. A federal appropriation directed to WMATA which currently expires after FY 2020. Federal legislation to renew the funds provided under the Passenger Rail Investment and Improvement Act (PRIIA) at $1.5 billion over 10 years is pending; if Federal PRIIA is not renewed, Participating Jurisdictions are anticipated to replace nonrenewed PRIIA funds.

4. Many federal grants require the grantee to share in the cost of capital projects covered by the grant. This line shows the amount of local jurisdiction capital contributions provided to match the federal grant funds.

5. System Performance Funds are the jurisdictional funds over and above those funds required to match any Federal grants to be used for Capital Improvement Plan projects contained in the applicable Capital Budget.

6. Under the PRIIA statute, the States are required to collectively match the Federal PRIIA funding.

7. The term "Debt Service" as used here refers to debt service on the bonds secured by Dedicated Capital Funding Revenues only.

8. Jurisdictions occasionally seek WMATA capital improvements which benefit only the sponsoring jurisdiction. In that case, the sponsoring jurisdiction reimburses WMATA for the costs of that improvement.

Source: Approved Fiscal Year 2020 Budget.

Sources of Funding of Capital Improvement Program

The Approved Fiscal Year 2020-2025 Capital Improvement Program, including the Approved Fiscal Year 2020 Capital Budget, totals $9.3 billion. Table 10 shows funding sources

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for the Approved Fiscal Year 2020-2025 Capital Improvement Program in the year in which funding is anticipated to be expended. Planned funding for the Approved Fiscal Year 2020-2025 Capital Improvement Program is expected to come from (i) federal formula and PRIIA grants[44]; (ii) required state/local matching funds for those federal grants; (iii) additional system performance and/or debt funding from the Participating Jurisdictions; and (iv) Dedicated Capital Funding Revenues. While such funding is expected to support core safety and state of good repair needs, additional capital investment would be required to address deferred projects, planning for future enhancements, and to address the long-term growth of the region and the Transit System. For information on the condition of the Authority's capital assets and the relationship between those assets and the results of the Authority's operations, *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program --*Current and Ongoing Funding."*

Dedicated Capital Funding Revenues

The enactment of the Dedicated Revenue Statutes by the States in 2018 provides the States' funding for the Authority's capital projects and purposes through Dedicated Capital Funding Revenues in an additional annual amount of approximately $500 million beginning in Fiscal Year 2020 provided by the States. *See* "SOURCES OF PAYMENT OF THE SERIES 2020A BONDS – Dedicated Revenue Statutes*."* The Authority has entered into a Dedicated Funding Grant Agreement with each State as detailed above to further outline terms and conditions of providing the Dedicated Capital Funding Revenues, including a prerequisite three percent (3%) cap on the increase of annual operating subsidy paid by Participating Jurisdictions legislatively required by the Commonwealth and Maryland. *See* "INVESTMENT CONSIDERATIONS - Three Percent (3%) Cap on Operating Budget Increase." The limitation on operating subsidy growth provides certain legislative exclusions in calculating the increase. For example, the Authority's Approved Fiscal Year 2020 Budget excludes $11.5 million for litigation costs, occupational health and safety requirements, and ADA paratransit cost increases in the three percent (3%) cap allowable.

WMATA Capital Fund Restricted Account

In addition to the Non-Restricted Account, the Commonwealth Dedicated Revenue Statutes established the Restricted Account. The Authority shall not use any proceeds disbursed from the Restricted Account for the payment of, or security for, debt service on bonds or other indebtedness of the Authority. The Commonwealth Dedicated Revenue Statutes provide that certain Commonwealth recordation taxes (funded through the NVTD Fund as defined below) and a portion of the Commonwealth motor vehicle rental tax be deposited in the Restricted Account of the WMATA Capital Fund. Such recordation taxes and motor vehicle rental tax are described in more detail below.

Commonwealth Recordation Taxes. There has previously been established in the Commonwealth treasury a special non-reverting fund that is a part of the Transportation Trust Fund and known as the Northern Virginia Transportation District Fund (the "NVTD Fund"), which consists of transfers of annual collections of the state recordation taxes attributable to the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park and the Counties of Arlington, Fairfax, Loudoun, and Prince William (but such dedication does not affect the local recordation taxes), and any other funds appropriated by the General Assembly and designated for the NVTD

[44] Federal legislation to renew PRIIA at $1.5 billion over 10 years is pending; in the event that Federal PRIIA is not renewed. Participating Jurisdictions are anticipated to replace nonrenewed PRIIA funds.

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Fund and all interest, dividends, and appreciations that may accrue thereto.[45] Pursuant to the Commonwealth Dedicated Revenue Statutes, beginning in Fiscal Year 2019, $20 million each year shall be transferred from the NVTD Fund to the WMATA Capital Fund.[46]

Motor Vehicle Rental Tax. Under Commonwealth law, there is levied throughout the Commonwealth a motor vehicle rental tax at the following rates: (1) four percent (4%) of the gross proceeds from the rental of any motor vehicle, except those with a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more;[47] (2) in addition to the tax levied under (1) above, a tax of four (4%) percent of the gross proceeds is levied on the rental of any daily rental vehicle;[48] and (3) in addition to all other applicable taxes and fees, a fee of two percent of the gross proceeds is imposed on the rental of any daily rental vehicle.[49] Such motor vehicle rental taxes are collected by the lessor and are required to be remitted to the Tax Commissioner on or before the twentieth (20th) day of the month following the month in which the gross proceeds from such rental were due. After costs are recovered by the Department of Taxation, the Commonwealth Dedicated Revenue Statutes provide that all moneys collected from the tax levied under (1) above (i.e., four (4%) percent of the gross proceeds from the rental of any motor vehicle, except those with a gross vehicle weight rating or gross combination weight rating of 26,001 pounds or more) at the tax rate in effect on December 31, 1986 are to be paid by the Tax Commissioner into the state treasury and one-third of which is to be deposited into the Restricted Account of the WMATA Capital Fund.[50]

Capital Contributions

In addition to newly established Dedicated Capital Funding Revenues, the capital development of the Transit System has been financed on a shared basis between the federal government, the States and the Participating Jurisdictions (the "Capital Contributions"). All of the required Capital Contributions of Participating Jurisdictions described under this caption are subject to appropriation. Capital Contributions include (i) any capital contributions, including prepayments, or grants paid to the Authority by a Participating Jurisdiction pursuant to any Capital Funding Agreement, which amounts would be applied by the Authority to pay Capital Costs of the Transit System on a pay-as-you-go basis and not to service debt issued by the Authority to finance such Capital Costs, (ii) capital contributions or grants paid to the Authority by the Federal Government or any department or agency thereof to be applied by the Authority to pay Capital Costs of the Transit System on a pay-as-you-go basis and not to service debt issued by the Authority to finance Capital Costs, (iii) any capital contributions made by the District, Maryland or the Commonwealth to be applied by the Authority to pay Capital Costs of the Transit System on a pay-as-you-go basis and not to service debt issued by the Authority to finance such Capital Costs including, but not limited to, capital contributions made as a match to a Federal grant or appropriation or otherwise, and (iv) any other or additional capital contributions or grants paid to the Authority by a Participating Jurisdiction to be applied by the Authority to pay Capital Costs of the Transit System on a pay-as-you-go basis and not to service debt issued by the Authority to finance Capital Costs. Capital Contributions include any rebate or return of insurance funds provided from Capital Contributions. Capital Contributions are excluded from the Gross Revenues of the Authority pledged for the payment of debt service on the Authority's Pre-2018 Bonds and

[45] Code of Va. §33.2-2400.A. *See* also Code of Va. §58.1-816, §58.1-802.B and §58.1-814.
[46] Code of Va. §33.2-2400.D.
[47] Code of Va.§58.1-1736.A.1.
[48] Code of Va.§58.1-1736.A.2.
[49] Code of Va.§58.1-1736.A.3.
[50] Code of Va.§58.1-1741.A(iii).

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excluded from the Trust Estate of the Authority pledged to the payment of debt service under the Resolution.

Current and Ongoing Funding

The Authority and the District, Maryland (with WSTD acting for Maryland jurisdictions) and the Participating Jurisdictions located in the Commonwealth entered into a Capital Funding Agreement, requiring the Authority to adopt a six-year capital program each year (each a "Capital Improvement Program"). The Capital Funding Agreement was amended and extended through June 30, 2019. The Authority and the Participating Jurisdictions entered into a 2020 Capital Funding Agreement to fund the Fiscal Year 2020 Capital Improvement Program approved on October 30, 2019. The Authority is working to add Loudoun County as a Participating Jurisdiction with the opening of Silver Line Phase II, and to execute a long-term Capital Funding Agreement for Fiscal Years 2021-2026 with the Participating Jurisdictions including Loudoun County. Each Capital Funding Agreement requires each Participating Jurisdiction "to use all reasonable efforts . . . and to pursue all legally available means to secure the necessary and appropriate budget, legislative, and appropriations actions in order to obtain funding in the full amount" of its obligations thereunder. In accordance with the Capital Funding Agreements, each Participating Jurisdiction is responsible for a portion of the cost of each Capital Improvement Program, determined using allocation formulas recalculated every three years based upon the Authority's then-current approved operating budget.

The 2010 Capital Funding Agreement permitted the Authority to issue debt secured by its Gross Revenues to finance all, or a portion of, its then-current Capital Improvement Program. The 2010 Capital Funding Agreement permitted each Participating Jurisdiction to fund its share of an Authority debt financing either through a cash prepayment or a written commitment to make the Annual Debt Service Payments necessary in order for the Authority to pay debt service for the full term of the related obligations. The Capital Funding Agreement requires any such commitment to survive the expiration of the agreement and to remain in effect throughout the term of the related Authority debt issuance.

Prior to the adoption of any Capital Improvement Program, the Capital Funding Agreement requires each Participating Jurisdiction to certify that its required Capital Contributions "are reasonable and accurate reflections of funds to be made available." Each Participating Jurisdiction has made all of the Capital Contributions required pursuant to the Capital Funding Agreement. If a Participating Jurisdiction were to fail to include in its budget a required Capital Contribution, or, following such inclusion and appropriation, were to fail to make such payment to the Authority, the Authority could bring suit to compel compliance under the Capital Funding Agreement. However, each Participating Jurisdiction retains the absolute discretion as to whether to appropriate, and there would be no contractual remedy for the failure to appropriate assuming that, in accordance with the Capital Funding Agreement, the Participating Jurisdiction used all reasonable efforts and pursued all legally available means to secure the appropriation.

In addition to the contractual remedy described above, the Authority's Board could decide to hold a public hearing as to whether to terminate the provision of Transit System service within any Participating Jurisdiction that has failed to timely make a required subsidy payment regardless of the particular circumstances. Following such a hearing, Authority staff would provide a report

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to the Board as to whether such service should be terminated, following which the Board would make its decision. Any such Board decision, however, must be made on the basis of a majority vote. As with all Board votes, the majority must include one of the Directors from each of the Compact signatories (the Commonwealth, Maryland, and the District), including the signatory in which the Participating Jurisdiction in which the termination of service is being considered is located.

CERTAIN AUTHORITY FINANCIAL INFORMATION

Management strives to control costs of the Transit System aggressively, while assuring that all maintenance is carried out, albeit with some deferred maintenance that the Authority plans to correct, and that quality and levels of service are maintained or enhanced without compromising safety. At the same time, substantial efforts are made to attract additional ridership and revenue through innovative and creative marketing and pricing. The existing Transit System has reached the age at which a comprehensive program of replacement of equipment and rehabilitation of facilities is required. Consequently, the Board has adopted both goals and policies within the Capital Improvement Program designed to maintain the Transit System at its current level or, as necessary, invest in upgrades to the Transit System

Summary of Revenues, Expenses, Net Position and Capital Assets[51]

Below is a summary of the Authority's financial information based on its audited financial statements for Fiscal Year 2019 which is available at www.emma.msrb.org.

Revenues

Total revenues for Fiscal Year 2019 were $2.9 billion, a decrease by $11.7 million or (-0.4%) from Fiscal Year 2018. Operating revenues, which include passenger revenue, totaled $789.7 million, a decrease of $10.8 million (-1.4%) in Fiscal Year 2019 compared to Fiscal Year 2018. Such decrease is attributable to a reduction in rail and bus ridership, which amounted to a $23.6 million decrease in passenger revenues (-3.1%). The decrease in passenger trips was in large part due to safety measures and scheduled state of good repair capital projects undertaken by the Authority and changes in transit ridership behaviors that are consistent with national trends.

Nonoperating revenues for Fiscal Year 2019 were $20.2 million, an increase of $5.8 million from the prior year (40.2%). For Fiscal Year 2019, Federal and jurisdictional subsidies, operating and nonoperating passenger revenues and capital contributions account for 38.6%, 27.8% and 33.6% of total revenues, respectively.

Expenses

Total expenses for Fiscal Year 2019 were $3.3 billion, an increase of $463.2 million (16.4%) over Fiscal Year 2018. Operating expenses totaled $3.1 billion, an increase of $315.4 million (11.4%). Labor and fringe benefits are the Authority's larges expenses, comprising 41%

[51] *See* CAFR Fiscal Years Ended June 30, 2019 and 2018.

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of total expenses with depreciation as the second largest expense comprising of 30.9% of total expenses.

Net Position

For Fiscal Year 2019, the Authority's net position in the amount of $8.1 billion decreased by $382.0 million or 4.5% with current assets decreasing by approximately 25.1% primarily due to the Authority paying off the remaining balance of $170.0 million on the Series 2016A Gross Revenue Bonds and an early payment of $9.1 million on the Series 2009A Gross Revenue Bonds. Account receivables decreased by $30.1 or 15.2% due primarily to reductions in federal grants receivables and $59.8 million which was offset by increases in jurisdictional subsidies and other receivables totaling $27.3 million.

Capital Assets

The Authority's capital assets net balance was $12.6 billion as of June 30, 2019, an increase of $161.3 million (1.3%) from Fiscal Year 2018. Such increase is primarily attributable to transit facilities improvements such as station lighting improvements, rail track and rail bridge rehabilitation, traction power upgrades, replacement of escalators and other improvement in safety systems. The Authority completed the purchase and the installation of 196 new 7000 series railcars and 41 new hybrid buses which are now in transit operations. Real estate increased by $31.1 million or 5.8% due in part to the purchase of property in the District of Columbia for the Authority's new headquarters and office consolidation initiative.

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Annual Budget

Budgetary Process

The Authority's annual budget generally consists of two budgets: an operating budget and a capital budget each consisting of reimbursable projects as applicable.

The focus of the operating budget is on the personnel, supplies, and services needed to operate Metrobus, Metrorail, and MetroAccess. Budgetary issues for the operating budget center on the cost of continuing operations, expanding services to meet growing demand, and improving efficiency of service. Funding for the operating budget comes primarily from passenger fares and subsidies from the Participating Jurisdictions.

In developing the operating budget for a coming Fiscal Year, the Authority prepares forecasts of revenues and expenses approximately 12-18 months prior to the start of the Fiscal Year. Legislative exemptions under the Dedicated Revenue Statutes are not included in the Authority's operating budget subsidy cap. Each Participating Jurisdiction's operating subsidy as determined pursuant to the Authority's allocation formula determined by Board policy is increased annually by three percent (3%).

To the extent that a Participating Jurisdiction's operating subsidy payment is either greater than or less than its share of the total aggregate operating subsidy needed by the Authority, an adjustment in the amount of such difference is applied to its operating subsidy amount in the following Fiscal Year.

The General Manager and Chief Executive Officer generally presents a budget proposal to the Board in January. The Board reviews and considers the proposal and makes any changes deemed desirable from a policy perspective. The Board acts to approve the budget before the beginning of the Fiscal Year on July 1.

The capital budget focuses on the assets and infrastructure needed to support Metrobus, Metrorail, and MetroAccess services. Assets and infrastructure include the Authority's buses, rail cars, stations, track, maintenance facilities, and power systems, among others. Budgetary issues for the capital budget typically center on the condition of the current assets and infrastructure and what is needed to maintain them in safe and reliable condition. Funding for the capital budget comes from federal grants, the Participating Jurisdictions, the State's Dedicated Revenue, and the issuance of debt.

The reimbursable projects budget are those unique services, programs, or projects sponsored or directed by Participating Jurisdictions and for which separate funding has been provided by such sponsors.

Fiscal Year 2020 Budget

The Authority's Fiscal Year 2020 annual budget comprised of (i) the operating budget totaling approximately $1.9 billion (inclusive of the operating reimbursable projects and debt service costs) (the "Approved Fiscal Year 2020 Operating Budget") and (ii) the capital budget totaling $1.5 billion (inclusive of the capital reimbursable projects) (the "Approved Fiscal Year

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2020 Capital Budget"). The Authority's Fiscal Year 2021 annual budget is expected to be adopted on April 2, 2020. *See* "CERTAIN AUTHORITY FINANCIAL INFORMATION – Annual Budgets – Fiscal Year 2021 Budget."

The approved operating budget for Fiscal Year 2020 of $1.9 billion is funded with $814.4 million of projected operating revenues, primarily from passenger fares, parking fees, and advertising revenues, in addition to jurisdictional operating subsidy contributions. The Fiscal Year 2020 operating budget includes the base budget, subject to a three percent (3%) cap on annual growth to Participating Jurisdiction operational subsidies, new initiatives to attract customers and grow ridership, and costs legislatively excluded from the three percent cap. Legislative exclusions under the Commonwealth and Maryland totaling $11.5 million cover litigation costs, occupational health and safety requirements and ADA paratransit cost increases. The Fiscal Year 2020 net operating subsidy of the Authority's overall budget is $1.12 billion, which provides for the personnel, supplies, fuel and propulsion power, and services needed to operate Metrobus, Metrorail, and MetroAccess.

The reimbursable portion of the Authority's overall budget is $79.7 million for both operating and capital, which provides for personnel and services needed for unique projects requested on behalf of the Participating Jurisdictions and outside partners. The approved operating reimbursable budget is $9.0 million, and the capital reimbursable budget is $70.6 million, including $26.5 million from the Metropolitan Washington Airports Authority (MWAA) for the Silver Line extension.

The $1.5 billion capital budget provides for the assets and infrastructure to support Metrobus, Metrorail, and MetroAccess service. Funding for the capital budget comes from federal grants, the Participating Jurisdictions, the States, Dedicated Capital Funding Revenues and debt.

Fiscal Year 2021 Budget[52]

The Authority's Fiscal Year 2021 annual budget comprised of (i) the operating budget totaling approximately $2.0 billion (inclusive of the operating reimbursable projects and debt service costs) (the "Approved Fiscal Year 2021 Operating Budget") and (ii) the capital budget totaling $1.9 billion (inclusive of the capital reimbursable projects) (the "Approved Fiscal Year 2021 Capital Budget"). The approved operating budget for Fiscal Year 2021 of $2.0 billion is funded with $831.5 million of projected operating revenues, primarily from passenger fares, parking fees, and advertising revenues, in addition to jurisdictional operating subsidy contributions. The Fiscal Year 2021 operating budget includes the base budget, subject to a three percent (3%) cap on annual growth to Participating Jurisdictions' operational subsidies, new initiatives to attract customers and grow ridership, and costs legislatively excluded from the three percent cap. Legislative exclusions under the Commonwealth and Maryland totaling $87.1 million cover litigation costs, occupational health and safety requirements, ADA paratransit cost increases, and the operating budget portion of the startup costs for Phase 2 of the Silver Line. The Fiscal Year 2021 net operating subsidy of the Authority's overall budget is $1.1 billion, which provides for

[52] *See* Attachments B, C, and G to Resolution No. 20-__.

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the personnel, supplies, fuel and propulsion power, and services needed to operate Metrobus, Metrorail, and MetroAccess.

The reimbursable portion of the Authority's overall budget is $96.5 million for both operating and capital, which provides for personnel and services needed for unique projects requested on behalf of the Participating Jurisdictions and outside partners. The approved operating reimbursable budget is $7.8 million, and the capital reimbursable budget is $88.7 million, including $26.6 million from the Metropolitan Washington Airports Authority (MWAA) for the Silver Line extension.

The $1.9 billion capital budget provides for the assets and infrastructure to support Metrobus, Metrorail, and MetroAccess service. Funding for the capital budget comes from federal grants, the Participating Jurisdictions, the States, Dedicated Capital Funding Revenues and the Authority's debt.

Proposed

Table 11 compares results for the Fiscal Year 2018 and the Fiscal Year 2019 and the operating and capital budgets and the components thereof for the Approved Fiscal Year 2020 Budget and the Approved Fiscal Year 2021 Budget. The table includes operating and capital portions of the reimbursable projects budget and such figures are separately broken out.

Table 11. Summary of Funding by Program and Source
($ in millions)

	Fiscal Year 2018 (Actual)	Fiscal Year 2019 (Actual)	Fiscal Year 2020 (Approved Budget)	Fiscal Year 2021 (Approved Budget)
Operating Budget				
Passenger Fares & Parking	$732.2	$710.7	$723.1	$700.6
State and Local Funds[(1)]	1,001.6	1,137.1	1,197.6	1,240.1
Business Revenues	47.8	60.8	54.7	69.2
Reimbursable Funds	7.7	18.0	9.0	7.8
Other Sources	7.0	13.2	36.5	32.2
Subtotal	**$1,796.2**	**$1,939.8**	**$2,020.9**	**$2,049.9**
Capital Budget				
Federal Formula/Other Grants	$401.6	$345.1	$352.1	$351.6
Federal Dedicated Funds (PRIIA)[(2)]	170.8	162.2	148.5	148.5
State and Local Funds Investment[(3)]	399.7	568.4	410.0	417.8
Reimbursable Funds	114.1	64.8	70.6	88.7
Dedicated Revenue/Debt Utilization	197.3	384.0	591.9	868.8
Subtotal	**$1,283.5**	**$1,524.8**	**$1,573.2**	**$1,875.4**
Total	**$3,079.7**	**$3,464.6**	**$3,593.0**	**3,925.3**

1. Includes the net subsidies from the Participating Jurisdictions and debt service.

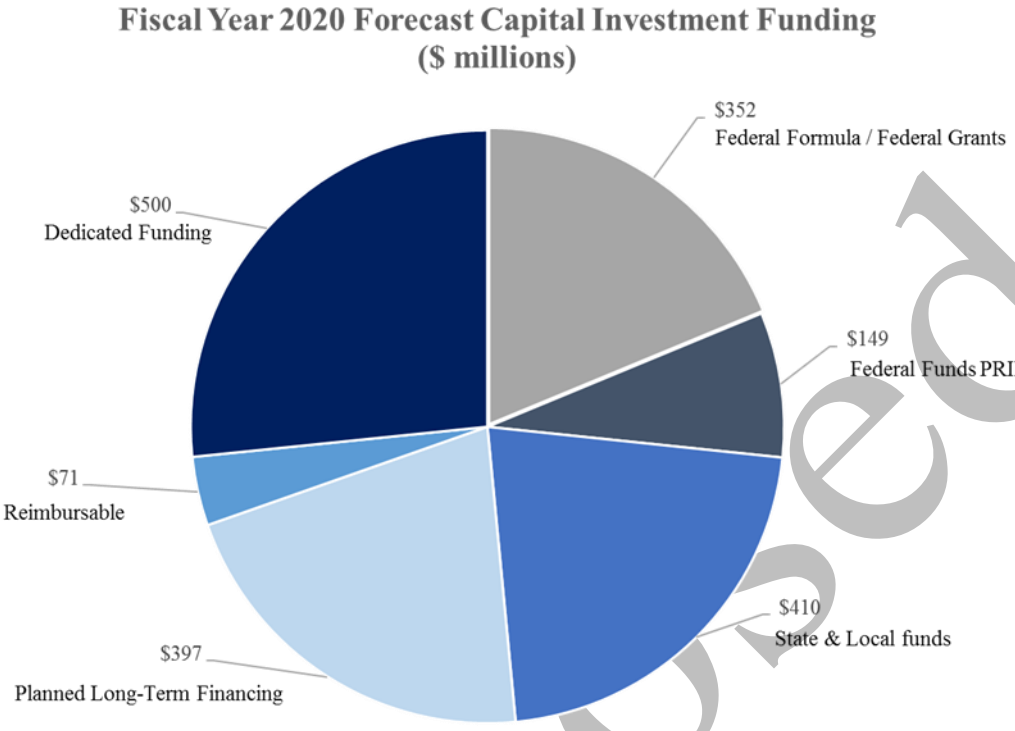
2. Such funds are made available under PRIIA and are subject to annual appropriation and certain other conditions. Title VI of PRIIA authorizes federal funding of capital and preventive maintenance projects of the Authority in the amount not to exceed $1.5 billion to be available in increments over ten Fiscal Years beginning in Fiscal Year 2009, or until expended. Each Fiscal Year since PRIIA was passed, the Authority has received $150 million thereunder, less FTA adjustments. By its terms, PRIIA expired at the end of Federal Fiscal Year 2019 or when all $1.5 billion authorized thereunder is expended. Congress has included PRIIA funding in a stopgap funding bill. In the event that Federal PRIIA is not renewed in the final funding legislation, it is anticipated that the Participating Jurisdictions will replace the funds.

3. Includes the State PRIIA matching funds. Such funds can only be used on capital and preventive maintenance projects of the Authority and are made available thereto pursuant to the applicable laws of the District, Maryland, and the Commonwealth. Such funds are subject to annual appropriation by such jurisdictions.

Source: *See* CAFR Fiscal Years Ended June 30, 2019 and 2018 and Fiscal Year 2020 and 2021 Budgets.

Proposed

The chart below illustrates the components of the Fiscal Year 2020 Capital Forecast, as set forth in Table 10. Percentages may not total 100% due to rounding**.**



Source: Provided by the Authority.

Proposed

Table 12 shows the state and local funds that the Authority has received or expects to receive from the Participating Jurisdictions and the States in the Fiscal Year 2021-2026 Budgets.

Table 12
Summary of Proposed Funding for Capital Budgets
($ in millions)

(Dollars in Millions)	FY2021 Budget	FY2022 Plan	FY2023 Plan	FY2024 Plan	FY2025 Plan	FY2026 Plan	6 Year Total
Federal Funding							
Federal Formula Programs	$348.2	$348.2	$348.2	$348.2	$348.2	$348.2	$2,089.0
Federal PRIIA	148.5	0.0	0.0	0.0	0.0	0.0	148.5
Other Federal Grants	3.4	3.4	3.4	3.4	3.4	3.4	20.4
Total - Federal Grants	**$500.1**	**$351.6**	**$351.6**	**$351.6**	**$351.6**	**$351.6**	**$2,258.0**
State & Local Funding Contributions							
District of Columbia							
Formula Match & System Performance	$103.1	$106.2	$109.4	$112.6	$116.0	$119.5	$666.8
PRIIA	49.5	49.5	49.5	49.5	49.5	49.5	297.0
Dedicated Funding	178.5	178.5	178.5	178.5	178.5	178.5	1,071.0
Subtotal - District of Columbia	**$331.1**	**$334.2**	**$337.4**	**$340.6**	**$344.0**	**$347.5**	**$2,034.8**
State of Maryland							
Montgomery County	$41.8	$43.1	$44.4	$45.7	$47.1	$48.5	$270.7
Prince George's County	46.5	47.9	49.4	50.8	52.4	53.9	300.9
MD PRIIA	49.5	49.5	49.5	49.5	49.5	49.5	297.0
MD Dedicated Funding	167.0	167.0	167.0	167.0	167.0	167.0	1,002.0
Subtotal - Maryland	**$304.9**	**$307.5**	**$310.3**	**$313.1**	**$316.0**	**$318.9**	**$1,870.6**
Commonwealth of Virginia							
City of Alexandria	$12.9	$13.3	$13.7	$14.1	$14.5	$15.0	$83.6
Arlington County	21.1	21.8	22.4	23.1	23.8	24.5	136.6
City of Fairfax	0.6	0.6	0.6	0.6	0.7	0.7	3.8
Fairfax County	38.0	39.1	40.3	41.5	42.8	44.1	245.8
City of Falls Church	0.9	0.9	0.9	0.9	1.0	1.0	5.5
Loudoun County	3	3.6	3.7	3.8	3.9	4.0	22.3
VA PRIIA	49.5	49.5	49.5	49.5	49.5	49.5	297.0
VA Dedicated Funding	154.5	154.5	154.5	154.5	154.5	154.5	927.0
CMAQ	0.9	0.9	0.9	1.0	1.0	1.0	5.7
Subtotal - Virginia	**$281.8**	**$284.1**	**$286.5**	**$289.0**	**$291.6**	**$294.2**	**$1,727.2**
Jurisdiction Planning Projects	$3.0	$3.0	$3.0	$3.0	$3.0	$3.0	$18.0
Silver Line (MWAA)	26.6	17.7	0.0	0.0	-	-	44.3
Potomac Yard (Alexandria)	59.1	88.9	33.9	38.6	-	-	220.4
Purple Line (MDOT)	0.1	0.2	0.0	0.0	-	-	0.3
Subtotal - Jurisdictional Reimbursable	**$88.7**	**$109.8**	**$36.9**	**$41.6**	**$3.0**	**$3.0**	**$283.0**
Total - State & Local	**$1,006.4**	**$1,035.7**	**$971.0**	**$984.3**	**$954.5**	**$963.6**	**$5,915.6**
Debt	**$368.9**	**$554.1**	**$349.1**	**$287.0**	**$321.5**	**$341.3**	**$2,221.9**
Grand Total	**$1,875.4**	**$1,941.4**	**$1,671.7**	**$1,622.9**	**$1,627.6**	**$1,656.5**	**$10,395.5**

Source: Approved Fiscal Year 2021 Budget.

INVESTMENT CONSIDERATIONS

Introduction

The investor may be aware of news stories regarding the Authority's ability to address significant financial, operational, and other concerns, which a prospective investor should consider carefully. These concerns are described in various sections of this Official Statement:

Compliance with Dedicated Funding Grant Agreement Obligations

Reporting Obligations

The Dedicated Revenue Statutes and the related Dedicated Funding Grant Agreements impose a series of reporting obligations on WMATA along with a series of Capital Contribution reductions paid from other than Dedicated Capital Funding Revenues for failure to meet those obligations. Although these reporting obligations are within the control of WMATA and WMATA pledges that it will make good faith reasonable efforts to meet all of those reporting obligations, it is possible that a reporting obligation may not be met. While receipt of the Dedicated Capital Funding Revenues is not directly affected by such a failure to meet a reporting obligation, the failure to do so could affect the completion of capital projects which are partially funded by Dedicated Capital Funding Revenues.

Receipt of a Modified Audit

Under the Maryland Dedicated Revenue Statute, if WMATA receives a modified report on its annual independent audit, Maryland, on behalf of the Participating Jurisdictions located in Maryland, will withhold 35% of the Capital Contributions received by WMATA from other than the Dedicated Capital Funding Revenues until an acceptable corrective plan is submitted to the WMATA Board of Directors and the Maryland General Assembly, addressing the reason for the modified audit. While receipt of the Maryland Dedicated Capital Funding Revenues is not directly affected by such a withholding, the withholding could affect the completion of capital projects which are partially funded by Dedicated Capital Funding Revenues.

Terms of the Dedicated Funding Grant Agreements

The Commonwealth Dedicated Funding Grant Agreement began on the May 1, 2019, and the Maryland Dedicated Funding Grant Agreement began on September 26, 2019. Each automatically renews on July 1 of each year unless one party provides written notice requesting to amend or modify the agreement at least 90 Days prior to July 1. The Authority has not received such notice from Maryland nor Commonwealth as of the date of this Official Statement.

The term of the District Dedicated Funding Grant Agreement began on October 1, 2019 and terminates on September 30, 2020. The District may, if legally permitted, exercise options to renew the District Dedicated Funding Grant Agreement no more than six (6) Successive Terms of six (6) years each. Under terms of this Agreement, the District and the Authority have agreed to commence discussions to determine if the District will renew the District Dedicated Funding Grant Agreement for a Successive Term not later than March 30, 2020. The Authority and the District have begun such discussions.

Lack of Impairment Language

Proposed

None of the Dedicated Funding Grant Agreements contain non-impairment language that would safeguard the integrity of those contracts against unwarranted interference by the States or other parties. No assurance can be given that these Dedicated Funding Grant Agreements will not be altered by subsequent laws that would change or modify the rights and obligations of investors.

Appropriation Risks

Pursuant to the Dedicated Revenue Statutes, the States provide Dedicated Capital Funding Revenues subject to annual appropriations by the respective applicable governing bodies. Furthermore, the ability of the Participating Jurisdictions to provide subsidies to support the capital and operating budgets of the Authority (which is not security for the Series 2020A Bonds, but which is used to pay, among many other things debt service on the Pre-2018 Bonds) is subject to certain conditions and limitations, for example, receipt of necessary appropriations from the applicable governing bodies. As a practical matter, the Participating Jurisdictions have reliably provided the funding in the amount approved by the Authority's Board of Directors each year since the Participating Jurisdictions' funding obligations began over 45 years ago.

Budgeting and Appropriations Process

District of Columbia

The District of Columbia Home Rule Act requires the Mayor to submit to the Council, at such time as the Council directs, an annual budget prepared on the basis that proposed expenditures do not exceed resources. The annual budget includes, among other things, the budget for the forthcoming fiscal year of the District, a multiyear plan for all agencies and all sources of funding, a multiyear capital improvement plan, a performance report comparing actual performance to goals, an issue analysis statement and a summary of the budget for public distribution. The multiyear plan includes prior actual performance and the approved current fiscal year budget and estimates for at least the four succeeding fiscal years. The District's annual budget has two parts: (i) one funded by the federal government and (ii) one funded by the District, which is often referred to as the local funds budget. Following Council approval, each June or July, the Mayor submits to the President a request to include the federally funded part of the District's budget in the federal budget, which is subject to the Congressional appropriation process. Congress is free to alter the federal portion of the District's budget. The Local Budget Autonomy Amendment Act of 2012 (D.C. Law 19 - 321) (the "Budget Autonomy Act") was signed into law on February 15, 2013 and ratified by the District voters in an April 2013 referendum. Such act became effective January 1, 2014, and, thereunder, the District may enact and appropriate its local funds budget without the need for affirmative approval by Congress. The local funds budget legislation is subject to Congressional review for a period of 30 legislative days (i.e., any day in which one or both houses of the U.S. Congress are in session) before it takes effect. Congress has from time to time taken certain actions with regard to the Budget Autonomy Act and held hearings examining Congressional intent in drafting the Home Rule Act and the validity of the Budget Autonomy Act. To date, none of such actions has had an impact on the Budget Autonomy Act and no enacted federal appropriations legislation has included any language repealing the Budget Autonomy Act. The District has followed the budgetary procedures set forth in the Budget Autonomy Act for its budgets for Fiscal Years 2017 through 2020, enacting legislation in June or July of the respective

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year that permits the District to appropriate its local funds budget, in the event there is a lapse in federal appropriations authority.

State of Maryland

Under Maryland's Constitution, the Governor is responsible for the preparation and introduction of Maryland's annual budget, which is required to be a balanced budget. Passage by the Maryland General Assembly of Maryland's budget is constitutionally prioritized. The Maryland General Assembly meets annually for 90 days, beginning the second Wednesday of each January. If the budget has not been enacted seven days before the end of session (the 83rd day), the Constitution requires the Governor to extend the session, and if the budget has not been enacted by the 90th day, the Maryland General Assembly cannot consider any matter except the budget. This places the normal budget deadline in early April, almost three months before the start of the next fiscal year. The Maryland General Assembly may amend the budget to increase or decrease appropriations relating to the legislative and judicial branches, but it may only strike out or reduce executive branch appropriations submitted by the Governor. The Maryland General Assembly must enact a balanced budget.

State expenditures are made pursuant to the appropriations in the annual budget. The various units of State government may, with the Governor's approval, amend the appropriations for particular programs in their individual budgets funded from the General Fund, provided they do not exceed their total General Fund appropriations as contained in the annual budget. Pursuant to the Maryland Dedicated Revenue Statute, beginning in Fiscal Year 2020, the Governor is required to include in the State budget an appropriation of $167,000,000 from the revenues available for the State capital program in the Transportation Trust Fund, which MDOT grants to WSTD to pay the Authority's capital costs, and the Governor has the authority to appropriate General Funds for transfer to the Transportation Trust Fund to facilitate this funding.

Commonwealth of Virginia

The Governor is required by statute to present a bill detailing a proposed budget for the next biennium (the "Budget Bill") and a narrative summary of the bill to the General Assembly by December 20th in the year immediately prior to each even-year session. The Budget Bill is introduced in both the House of Delegates and the Senate, which hold joint meetings to hear from citizens, from other General Assembly members and from agency representatives. After the Budget Bill has passed both houses, differences between the House and Senate versions are reconciled by a conference committee from both houses. Under constitutional provisions, the Governor retains the right in his review of legislative action on the Budget Bill, to suggest alterations to or to veto appropriations made by the General Assembly. After enactment, the Budget Bill becomes law (the "Appropriation Act"). In the odd-year sessions of the General Assembly, amendments are considered to the Appropriation Act enacted in the previous year. The Governor submits a bill by December 20th, which includes proposed amendments to the current biennial budget. It is then introduced in both houses and is considered in the same manner as the regular biennial Budget Bill. The Appropriation Act enacted in the odd-year session is effective upon passage, whereas the regular biennial Appropriation Act is effective July 1, the beginning of the biennium.

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An appropriation for a project or service is initially contained in the Appropriation Act enacted by the General Assembly. Under the Commonwealth's Constitution, no money may be paid out of the Treasury except pursuant to appropriations made by law. No such appropriation may be made which is payable more than two years and six months after the end of the session of the General Assembly at which the appropriation was enacted. Implementation and administration of the provisions of the Appropriation Act are functions of the Governor, assisted by the Secretary of Finance and the Department of Planning and Budget. This process also involves constant monitoring of revenue collections and expenditures to ensure that a balanced budget is maintained. The Appropriation Act requires that if projected revenue collections fall below amounts appropriated, the Governor must reduce expenditures and withhold allotments of appropriations, with the exception of amounts needed for debt service and specified other purposes, to the extent necessary to prevent any expenditure in excess of estimated revenues.

Reciprocity

The Dedicated Revenue Statutes all condition payment of the respective State's Dedicated Capital Funding Revenues on the payment of those revenues by the other two States. Thus, if one State does not appropriate its full share of the Dedicated Capital Funding Revenues, the other two States have the authority to withhold a proportionate share of its Dedicated Capital Funding Revenues, thereby magnifying the impact of the unappropriated funds. If, for instance, the Commonwealth did not pay its full share of the Dedicated Capital Funding Revenues (e.g., due to a decline in tax receipts caused by the COVID-19 pandemic), then both the District and Maryland each would be entitled, but not required, to withhold a proportionate share of their Dedicated Capital Funding Revenues. Due to the negative impact on Dedicated Capital Funding Revenues in relationship with the COVID-19 pandemic, no assurance can be given that the States will individually or collectively be able to pay their respective fair share of the Dedicated Capital Funding Revenues.

Three Percent (3%) Increase Cap in Operating Budget

As a condition of receiving certain federal assistance, a 1980 federal law (Public Law 96-184, enacted January 3, 1980) (the "Stark-Harris Act") requires that each Participating Jurisdiction identify a stable and reliable ongoing source of revenue (collectively, the "Stark-Harris Funding Sources") to finance its contributions to the Authority in the amounts needed to fund its share of that portion of (i) operating and maintaining the Transit System and (ii) debt service that is in excess of (a) other revenues received by the Authority from the operation of the Transit System; and (b) any federal subsidies contributed for operating expenses of the Transit System. Each Participating Jurisdiction adopted legislation to establish Stark-Harris Funding Sources to identify certain local revenue sources to be used by such Participating Jurisdiction to meet its contribution of operating subsidies provided to the Authority. Only after such payments from the Stark-Harris Funding Sources are appropriated and transferred to the Authority do such payments from the Participating Jurisdictions become subject to the pledge under the 2003 Bond Resolution (collectively, the "Stable and Reliable Funding Sources"). *See* "SECURITY FOR PAYMENT OF THE SERIES 2020A BONDS -Obligations of the States and Participating Jurisdictions."

The Authority is funded in part with system operating revenues and jurisdictional operating and capital subsidies. As a component of the KMSRA Plan and in order to provide additional

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certainty to the Participating Jurisdictions, and pursuant to the Dedicated Revenue Statutes recently enacted, the Authority is required to plan its future budgets beginning in the Authority's Fiscal Year 2020 such that the Stable and Reliable Funding Sources do not increase by more than three percent (3%) on a year over year basis subject to legislative exceptions for a service, equipment or facility required by any applicable law, rule or regulation; any capital project approved by the WMATA Board; and any payments or obligations arising from or related to legal disputes or proceedings between WMATA and any other person or entity.[53] [54]

The requirement to contain the operating subsidy increases to three percent (3%) is a new requirement imposed on the Authority by the Dedicated Revenue Statutes. While the statutes have authorized certain exclusions from this calculation such as court orders and compliance action, that do not count against the three percent (3%) cap, failure to comply with the three percent (3%) cap on Participating Jurisdictions results in legislatively withholding up to 35 percent (35%) of revenues other than Dedicated Capital Funding Revenues provided to the Authority by the Commonwealth and Maryland under each's respective statute. Noncompliance with the operating subsidy three percent (3%) cap, less the allowable exclusions, will result in an aggregate 35 percent (35%) withholding of annual Stable and Reliable Funding Sources for the Authority's operating and capital expenses provided by the Commonwealth under its Dedicated Revenue Statute.[55] Pursuant to Maryland's Dedicated Revenue Statute, noncompliance with the three percent (3%) cap will result in withholding up to 35 percent (35%) of revenues provided by Stark-Harris Funding Sources provided for the Authority's operating expenses.[56]

The Authority is working to proactively address this new three percent (3%) requirement on the operating subsidies provided by the Participating Jurisdictions by: (i) expanding non-passenger revenue sources through advertising revenue and greater utilization of parking assets; (ii) continuing to implement tighter controls on absenteeism and workers' compensation; (iii) implementing other efforts to increase operating efficiency through outsourcing and other initiatives; and (iv) leveraging the use of certain eligible preventive maintenance grant funds to support safety-related maintenance requirements. While the Authority is working on those items that staff and management can control, one thing that is impacting the Authority's revenues is a general drop in ridership levels.

Timing of Cash Receipts

The nature and timing of the Authority's cash flows can result in short-term fluctuations with regard to availability of funds. Stable and Reliable Funding Sources payments are received quarterly, in advance, while other operating revenues such as fares, lease revenues, etc. are received daily, monthly, annually, or semi-annually depending on fare product purchased or the term of the contract. Capital Contributions are similarly made quarterly, in advance, while federal grant reimbursements are received in arrears. Dedicated Capital Funding Revenues are scheduled for transfer: monthly by the Commonwealth in arrears; semiannually in October and

[53] Code of Va. §33.2-1526.1.J. and Md. Transp. Code §10-205(b)(3)(ii).
[54] The Virginia General Assembly has passed and sent to the governor a bill to add an additional exception for new service authorized by the WMATA Board. A similar bill is pending in the Maryland General Assembly. The District Dedicated Revenue Statute does not have the 3% cap.
[55] Code of Va. §33.2-1526.1.J.
[56] Md. Transp. Code § 10-205(b)(3).

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April by the District; and upon Authority invoice by Maryland. In addition to the timing issue, federal grants and Capital Contributions are used for defined purposes, which include broad categories of projects, but may require internal and external approvals to move between projects. To address the continued potential need for short term access to additional liquidity, the Authority maintains lines of credit with various credit providers totaling $350 million as a short-term cash flow bridge to address timing of revenues and other receivables secured by Gross Revenues excluding Dedicated Capital Funding Revenues. As of the date of the Official Statement, the Authority has drawn $350 million on such lines of credit, which expire in May 2020. Any amounts outstanding on the lines of credit are due by such date, if not renewed.

COVID-19 Pandemic

COVID-19, the disease caused by the coronavirus, has been declared a pandemic by the World Health Organization. The President of the United States has declared a national emergency due to COVID-19. The District of Columbia, the Commonwealth of Virginia, and the State of Maryland have also declared public health emergencies. All 50 states and the District of Columbia, as well as other U.S. territories, have reported confirmed and presumptive positive cases of COVID-19, which may have a material impact on the Dedicated Capital Funding Revenues and an investment in the Bonds. The spread of COVID-19 has led to various restrictions by international, national, state and local governments, and economic disruptions have occurred and are continuing. On March 30, 2020, the Governors of Maryland and the Commonwealth, and the Mayor of the District of Columbia, each announced temporary stay-at-home orders directing all individuals living in the States, with certain limited exceptions, to stay at their place of residence until June 10, 2020 in the Commonwealth, until the termination of the State of Emergency in Maryland, and until April 24, 2020 in the District of Columbia. All of these orders may be extended. Quarantine and other "social distancing" measures in affected areas, including the States, undertaken by governmental agencies, businesses, retail establishments, schools and other entities include recommendations and warnings to limit nonessential travel, promote telecommuting and limit public gatherings.

The spread of COVID-19 is expected to adversely affect local, state, national, and international economies, including retail sales, transportation, leisure, and other economic activity in the States and the Greater Metropolitan Area, which support the Dedicated Capital Funding Revenues. However, there can be no assurances that the spread of COVID-19 and the implementation of the restrictions imposed by the States and other restrictions implemented on a local, state, national and international level will not materially impact the local, state and national economies. Accordingly, all of these unpredictable circumstances could materially adversely affect or delay the collection of Dedicated Capital Funding Revenues, which the Authority would use to pay debt service on the Bonds. Additionally, there are new and fluid developments on a day-to-day basis regarding COVID-19 pandemic, including new guidance and restrictions from the Centers for Disease Control and Prevention and various government entities at all levels and, therefore, the Authority cannot predict the long-term impact that COVID-19 pandemic would have on the Dedicated Capital Funding Revenues, the Authority, or an investment in the Bonds.

WMATA Capital Fund - Restricted Account

Dedicated Capital Funding Revenues do not include those funds in the Commonwealth's Restricted Account, which are ineligible for use as security for debt. Under the terms of the Commonwealth Dedicated Funding Grant Agreement, the Authority is required to apply the Commonwealth's Contribution only to items identified in the approved CIP. The Authority may not use any proceeds disbursed from the Restricted Account for the payment of, or security for, debt service on bonds or other indebtedness of the Authority.

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LITIGATION

There is no litigation now pending or threatened: (i) to restrain or enjoin the issuance or sale of the Series 2020A Bonds; (ii) questioning or affecting the validity of the Series 2020A Bonds, the Resolution, or the pledge of the Trust Estate by the Authority under the Resolution; or (iii) question or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Series 2020A Bonds.

The Authority is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, the Executive Vice President and General Counsel to the Authority and the Authority believe that there are substantial defenses to such litigation and disputes and that, in any event, the ultimate liability, if any, resulting therefrom will not materially adversely affect the financial position of the Authority.

LEGAL MATTERS

Certain legal matters relating to the authorization and validity of the Series 2020A Bonds will be subject to the approving opinion of Butler Snow LLP, Bond Counsel, which will be furnished at the expense of the Authority upon delivery of the Series 2020A Bonds and will be in substantially the form set forth as APPENDIX B.

Certain legal matters pertaining to the issuance of the Series 2020A Bonds will be passed upon for the Authority by its Executive Vice President and General Counsel, Patricia Y. Lee, Esq., Butler Snow LLP, as Disclosure Counsel to the Authority, will deliver an opinion regarding certain matters to the Authority and the Underwriters. Certain legal matters will be passed upon for the Underwriters by their counsels, Orrick, Herrington & Sutcliffe, LLP and Hardwick Law Firm, LLC.

TAX MATTERS

Series 2020A Bonds

General Matters

In the opinion of Butler Snow LLP, Washington, D.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2020A Bonds (including any original issue discount properly allocable to the owner of a Series 2020A Bond) is excludable from gross income for federal income tax purposes and is excludable from federal alternative minimum taxable income as defined Section 55(b)(2) of the Code. The opinion described above assumes the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2020A Bonds. Failure to comply with such requirements could cause interest on the Series 2020A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020A Bonds. The Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2020A Bonds.

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Bond Counsel also is of the opinion that, under existing law, interest on the Series 2020A Bonds is exempt from all current Maryland, Virginia and District of Columbia personal income taxes.

The accrual or receipt of interest on the Series 2020A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2020A Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2020A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2020A Bonds.

[Original Issue Discount

The Series 2020A Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

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Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such Discount Bonds for a price that is higher or lower than the "adjusted issue price" of the Discount Bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium

The Series 2020A Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Series 2020A Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2020A Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2020A Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2020A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a

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particular manner, could adversely affect the market value of the Series 2020A Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2020A Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2020A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2020A Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES 2020A BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2020A BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2020A BONDS.

RATINGS

Fitch Ratings, Inc. and S&P Global Ratings, a division of S&P Global Inc. ("S&P"), have assigned ratings to the Series 2020A Bonds of "[__]" (with a stable outlook) and "[__]" (with a stable outlook), respectively.

A rating reflects only the view of the agency giving such rating and is not a recommendation to buy, sell or hold the Series 2020A Bonds. An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by either or both of such rating agencies if, in the judgment of either or both, circumstances so warrant. Any such downward revision or withdrawal of either of such ratings may have an adverse effect on the market price of the Series 2020A Bonds.

INDEPENDENT AUDITORS

The Authority has not requested and will not obtain a consent letter from its auditor for the references to the audit reports in this Official Statement. RSM US LLP, the Authority's independent auditor, has not been engaged to perform, and has not performed, since the date of its reports referenced herein, any procedures on the financial statements addressed in those reports. RSM US LLP also has not performed any procedures relating to the Official Statement.

CONTINUING DISCLOSURE

The Authority will undertake in a continuing disclosure agreement for the Series 2020A Bonds (the "2020 CDA") to assist the Underwriters in complying with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the United States Securities and Exchange Commission, by providing annual financial information, operating data, and event notices required by the Rule. As described in APPENDIX E, the 2020 CDA requires the Authority to provide only limited information at specified times. The filing deadline for the Authority's annual continuing disclosure filings under the 2020 CDA is December 31 (which is also the deadline under the continuing disclosure agreement for the Series 2017A and 2017B Bonds (the "2017 CDA")) and Series 2018

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Bonds (the "2018 CDA"). The Authority's continuing disclosure filings since July 2009 are available at www.emma.msrb.org.

For information on the filing dates of the Authority's audited financial statements, Comprehensive Annual Financial Reports, and annual updates to certain tables in the applicable official statements for the last six years, see the chart below.

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	Fiscal Year Ended June 30,	Date Posted on EMMA	Due Date	Days Late	Date of Failure to File Notice
Audited Financial Statements					
	2014	August 11, 2015	October 31, 2014	284 days	May 17, 2016
	2015	December 17, 2015	October 31, 2015	47 days	May 17, 2016
	2016	October 27, 2016	October 31, 2016	---	---
	2017	October 27, 2017	October 31, 2017	---	---
	2018	October 29, 2018	October 31, 2018	---	---
	2019	October 30, 2019	December 31, 2019	---	---
CAFR					
	2014[1]	N/A	---	N/A	N/A
	2015	April 12, 2016	October 31, 2015	164 days	May 17, 2016
	2016	December 16, 2016	October 31, 2016	46 days[2]	May 25, 2017
	2017	October 27, 2017	October 31, 2017	---	---
	2018	October 29, 2018	October 31, 2019	---	---
	2019	December 30, 2019	December 31, 2019	---	---
Official Statement Tables					
	2014	May 12, 2016	October 31, 2014	559 days	May 17, 2016
	2015	May 12, 2016	October 31, 2015	194 days	May 17, 2016
	2016	December 28, 2016	October 31, 2016	58 days[2]	May 25, 2017
	2017	October 27, 2017	October 31, 2017	---	---
	2018	October 29, 2018	October 31, 2018	---	---
	2019	December 30, 2019	December 31, 2019	----	----

[1] No CAFR prepared.

[2] Such filings were late under the 2009 CDA but were timely under the 2017 CDA.

In addition to the late filings referenced in the table above, the Authority failed to file a notice of a rating upgrade from S&P in March 2014. Such failure has been corrected and notice of such rating upgrade was filed on EMMA on July 19, 2017.

The Authority has updated its internal continuing disclosure procedures and checklist, which update is intended to ensure compliance with its future continuing disclosure obligations.

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UNDERWRITING

The underwriters of the Series 2020A Bonds listed on the cover page of this Official Statement, for whom Barclays is acting as the representative (collectively, the "Underwriters), have agreed to purchase the Series 2020A Bonds at a purchase price equal to $_____ (reflecting an Underwriters' discount totaling $_____) pursuant to the Bond Purchase Agreement dated [_____, 2020], by and between the Authority and the Underwriters (the "Bond Purchase Agreement").

This section provides certain information with respect to the Bond Purchase Agreement. This information does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Bond Purchase Agreement executed by the Underwriters and the Authority. No attempt is made herein to summarize the Bond Purchase Agreement. The Bond Purchase Agreement may be examined on reasonable prior notice at the office of the Secretary of the Authority during regular business hours on and after the date of its execution.

Under the Bond Purchase Agreement, the Underwriters shall pay the purchase price for the Series 2020A Bonds and shall accept delivery of the Series 2020A Bonds from the Authority, subject to certain conditions, on or about [_____]. Pursuant to the Bond Purchase Agreement, the Underwriters shall purchase all of the Series 2020A Bonds if any are purchased.

The Underwriters may offer and sell the Series 2020A Bonds to certain dealers (including dealers depositing the Series 2020A Bonds into investment trusts) and others at prices lower than the initial offering prices or yields higher than the initial offering yields for the Series 2020A Bonds. Subsequent to the initial offering, the offering prices and yields for the Series 2020A Bonds may be changed from time to time by the Underwriters. Additionally, in connection with the offering of the Series 2020A Bonds, the Underwriters may overallot or effect transactions that stabilize or maintain the market price of the Series 2020A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time by the Underwriters.

The Underwriters may, from time to time, be engaged in business or other transactions with the Authority or may be actual or potential users of Authority facilities.

The Underwriters have provided the following information appearing in this section of the Official Statement.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses. In addition, affiliates of some

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of the Underwriters are lenders, and in some cases agents or managers for the lenders, under our letters of credit.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

In addition, the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the District as underwriters) for the distribution of the Series 2020A Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriters will share a portion of its underwriting compensation or selling concession with such broker-dealers.

FINANCIAL ADVISORS

PFM Financial Advisors LLC and Frasca Associates LLC served as independent financial advisors to the Authority with respect to the sale of the Series 2020A Bonds. The Financial Advisors assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2020A Bonds and provided other advice. The Financial Advisors have not undertaken to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

MISCELLANEOUS

The references to, excerpts from, and summaries of documents referred to herein do not purport to be complete statements of provisions of such documents, and reference is directed to such documents for full and complete statements of all matters of fact relating to the Series 2020A Bonds, the security for the payment of the Series 2020A Bonds and the rights and obligations of the registered owners thereof.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, is set forth as such and not as a representation of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official

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Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Transit System since the date hereof.

Further information regarding the Authority and the Transit System is available upon request to the Treasurer's Office, 600 Fifth Street, N.W., Washington, DC 20001, (202) 962-1020, and/or to PFM Financial Advisors LLC, 222 North LaSalle, Suite 910, Chicago, IL 60601 (312) 977-1570 or Frasca, Associates LLC, 521 Madison Avenue, Suite 7, New York, NY 10022 (212) 355-4050.

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. This is not a complete recital of the terms of the Resolution and reference should be made to the Resolution for a complete statement of its terms. Words and terms used in this summary shall have the same meaning herein as in the Resolution except where otherwise noted.

Establishment of Funds and Accounts

The Resolution establishes a Clearing Account, a Revenue Fund, a Proceeds Fund and a Debt Service Fund. The Clearing Account is established in the name of the Authority to be held and administered by the Clearing Account Agent, which shall be a Bank selected by the Authority. The Clearing Account is established for the convenience of the Authority and for the information of the Trustee as to the amounts of Dedicated Capital Funding Revenues being paid by the Signatories to the Authority. Except to the extent otherwise provided in the Resolution, the Clearing Account is not part of the Trust Estate established by the Resolution. So long as any Pre-2018 Bonds are outstanding, no Obligations issued hereunder nor the Trustee shall have any right to any payment from Dedicated Capital Funding Revenues unless and until the Dedicated Capital Funding Revenues shall (a) first be deposited as provided in the 2003 Bond Resolution, and (b) applied as provided in said 2003 Bond Resolution. The Revenue Fund and the Debt Service Fund are held and administered by the Trustee, and the Proceeds Fund is held and administered by the Authority.

Each such Fund shall initially consist of the Account and Subaccounts, if any, established or permitted by the Resolution. Additional Funds, Accounts and Subaccounts may be established by the Authority in its discretion in addition to the Funds and Accounts established pursuant to the Resolution; the establishment of such Funds, Accounts or Subaccounts shall be evidenced by the delivery by Authority to the Trustee of a certificate of an Authorized Officer.

Amounts held at any time by the Clearing Agent, the Authority or the Trustee in any of the Funds, Accounts or Subaccounts initially established pursuant to the Resolution or in any other Fund, Account or Subaccount established by the Authority pursuant to the Resolution shall be held in trust separate and apart from all other funds.

Proceeds Fund and Application Thereof

The Authority shall establish within the Proceeds Fund a Costs of Issuance Account, a Proceeds Account and such other Accounts as the Authority deems necessary and desirable, and the Authority or any Authorized Officer of the Authority may establish within each such Account separate Subaccounts for each Series of Obligations.

The Authority shall pay into the Proceeds Fund and each Account and Subaccount, if any, therein, such amounts as shall be provided for in a Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes.

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The amounts in each such Account and Subaccount, if any, shall, unless otherwise provided for in a Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes, be applied solely to the payment of the purposes of the Obligations, including such Obligations in anticipation of which such Obligation Anticipation Notes are issued, in the manner and upon such conditions, if any, as the Authority may provide in such Supplemental Resolution or in the resolution authorizing Obligation Anticipation Notes; provided, however, that, subject to the provisions of the resolution authorizing Obligation Anticipation Notes relating to the application of the proceeds thereof, if on any interest payment date or Principal Installment due date, the amounts in the Debt Service Fund shall be less than Debt Service payable on such date, the Authority shall apply amounts from the Proceeds Fund to the extent necessary to make up the deficiency.

Clearing Account, Revenue Fund, Dedicated Capital Funding Revenues and Application Thereof

The Authority shall direct each of the Signatories to pay their respective Dedicated Capital Funding Revenues directly to the Clearing Account Agent to be deposited into the Clearing Account and held uninvested. So long as the Pre-2018 Bonds are outstanding in accordance with their terms, the Clearing Account Agent shall be unconditionally obligated to pay over to the 2003 Trustee, for deposit in the 2003 Dedicated Revenues Account, all Dedicated Capital Funding Revenues as soon as practicable following the receipt thereof, but in no event later than the morning of the Business Day immediately succeeding each date of receipt of Dedicated Capital Funding Revenues by the Clearing Account Agent, and such funds shall first be applied as set forth in the 2003 Bond Resolution. When the Pre-2018 Bonds are no longer outstanding in accordance with their terms, the Clearing Account Agent will transfer the Dedicated Capital Funding Revenues from the Clearing Account to the Trustee as soon as practicable after the receipt thereof. Prior to the retirement of the Pre-2018 Bonds in accordance with their terms, the Pre-2018 Bonds shall have a first right of payment from the Clearing Account and the investment income thereon, if any, in accordance with the terms of the 2003 Bond Resolution. So long as the Pre-2018 Bonds are outstanding in accordance with their terms, none of the Owners of any Obligations nor the Trustee shall have any lien on or right to payment from the Clearing Account or any funds contained in the Clearing Account or any investment income thereon, if any; on and after the date the Pre-2018 Bonds are no longer outstanding in accordance with their terms, the Clearing Account shall automatically and without further act become subject to the lien of the Resolution. The Trustee shall deposit into the Revenue Fund all Dedicated Capital Funding Revenues as soon as practicable after receipt thereof, whether from the 2003 Trustee or from the Clearing Account Agent. The Trustee shall transfer promptly all amounts deposited to the Revenue Fund into the following Funds and Accounts, in the amounts and in the order of priority, as follows:

(a) payment to the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded the amount, if any, set aside in any account within the Debt Service Fund or the Proceeds Fund from the proceeds of Obligations or Parity Debt for the payment of interest on Obligations or Parity Debt on the next Debt Service Payment Date;

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(b) transfer to another Person in accordance with any Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation;

(c) transfer to the Authority for deposit in the Proceeds Fund as directed in writing by an Authorized Officer of the Authority; and

(d) transfer to such accounts held by the Authority as an Authorized Officer shall specify in writing to the Trustee.

Amounts paid out from any Fund or Account for an authorized purpose (excluding transfers to any other pledged Fund or Account) or transferred pursuant to clause (d) of this caption shall be free and clear of the lien and pledge created by the Resolution.

Debt Service Fund

The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Obligations and any related Parity Debt, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment (including the portion thereof payable in respect of a Parity Reimbursement Obligation) payable on such due date, and (iii) on or before any redemption date for the Obligations or Parity Debt which occurs on any interest payment date, the amount required for the payment of interest on the Obligations or Parity Debt then to be redeemed. Such amounts shall be applied by the Paying Agents to such payments on and after the due dates thereof.

In the event of the refunding (including in connection with any payment at maturity, redemption, purchase, tender or exchange) of any Obligations, the Trustee shall, upon the direction of the Authority, withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on the Obligations being refunded and (a) deposit such amounts, free and clear of any lien, pledge or claim of the Resolution, with itself as Trustee or an escrow agent to be held in trust solely for the purchase, exchange or payment of the principal or Redemption Price, if applicable, of and interest on the Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the Refunding Obligations, or (c) deposit such amounts in any Fund, Account, or Subaccount established under the Resolution; provided that no such withdrawal or deposit shall be made unless (i) upon such refunding, the Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Resolution and (ii) at the time of and giving effect to such withdrawal and refunding, there shall exist no deficiency in any Fund, Account or Subaccount established under the Resolution.

If at any time the amount on deposit in the Debt Service Fund exceeds the amount then required to be on deposit therein, the Trustee shall, at the request of Authority and subject to the provisions of the Supplemental Resolution governing any Subordinated Indebtedness then Outstanding, transfer to the Authority the amount of such excess free and clear of the lien and pledge of the Resolution.

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Investment of Funds

Subject to the provisions of the Resolution, amounts in the Funds and Accounts established by the Resolution may be invested only in Authorized Investments and only when and as specifically directed in writing by an Authorized Officer.

The Trustee or the Authority shall sell any Authorized Investments held in any Fund, Account or Subaccount to the extent required for payments from such Fund, Account or Subaccount. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund, Account or Subaccount to the extent required to meet the requirements of such Fund, Account or Subaccount. Except as provided by Supplemental Resolution, in computing the amount of such Funds, Accounts and Subaccounts, investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value. Accrued interest received upon the sale of any Authorized Investment to the extent such amount exceeds any accrued interest paid on the purchase of such Authorized Investment shall be treated as interest earned on such Authorized Investment for purposes of this caption.

In making any investment in any Authorized Investments with money in any Fund or Account established under the Resolution, the Trustee or the Authority may combine such money with money in any other Fund or Account held by it, but solely for purposes of making such investment in such Authorized Investments.

Selection of Obligations to be Redeemed

If less than all the Outstanding Obligations of like tenor, Series, maturity and interest rate shall be redeemed, the Trustee shall select, as directed by the Authority (as to the timing of such selection, manner of such selection or otherwise) or otherwise in such manner as the Trustee in its discretion shall deem appropriate and fair, the numbers of the Obligations to be redeemed and portions of any thereof to be redeemed in part. Obligations of denominations equal or less than the minimum authorized denomination thereof may be redeemed only as a whole. Obligations of denominations of more than the minimum authorized denomination thereof may be redeemed either as a whole or in part (which, if redeemed in part, must assure that the portion of the Obligation which is not redeemed is an authorized denomination). For the purposes of this caption, Obligations, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

Redemption at the Election or Direction of the Authority; Redemption Otherwise than at the Authority's Election or Direction

If the Authority elects to redeem the obligations, the Authority shall give written notice to the Trustee of its election so to redeem, of the redemption date, of the Series, of the principal amounts of the Obligations of each maturity and interest rate of such Series to be redeemed (which Series, maturities, interest rates and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Resolution). Such notice shall be given at least 30 days prior to the redemption date or such shorter or longer period as may be provided in the Supplemental Resolution or as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as provided

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in the Resolution, the Authority shall on or prior to the redemption date cause to be paid out to the appropriate Paying Agent or Paying Agents out of money available therefor an amount in cash which, in addition to other money, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Obligations to be redeemed.

To the extent provided by Supplemental Resolution the Authority may, in its sole discretion, purchase, at any time and from time to time, any Obligations which are redeemable at the election of the Authority at a purchase price equal to the redemption price therefor. To exercise any such option, the Authority shall give the Trustee a written request exercising such option within the time periods specified in the related Supplemental Resolution as though such written request were a written request of the Authority for redemption, and the Trustee shall thereupon give the Owners of the Obligations to be purchased notice of such purchase in the manner specified in the related Supplemental Resolution as though such purchase were a redemption. On the date fixed for purchase pursuant to any exercise of such an option, the Authority shall pay the purchase price of the Obligations then being purchased to the Trustee in immediately available funds, and the Trustee shall pay the same to the sellers of such Obligations against delivery thereof. Following such purchase, the Trustee shall cause such Obligations to be registered in the name of the Authority or its nominee and shall deliver them to the Authority, or its nominee. Except to the extent otherwise directed by an Authorized Officer, no purchase of Obligations pursuant to such an option shall operate to extinguish the indebtedness of the Authority evidenced thereby.

Whenever by the terms of the Resolution the Trustee is required to redeem Obligations otherwise than at the election or direction of the Authority, the Trustee shall (i) select the Obligations to be redeemed, (ii) give the notice of redemption and (iii) pay out of moneys available therefor the Redemption Price thereof in accordance with the terms of the Resolution. The Trustee shall have no liability in making such selection.

Notice of Redemption Provisions for the Obligations

When the Trustee shall receive notice from the Authority of its election to redeem Obligations pursuant to the Resolution, and when redemption of Obligations is required by the Resolution, the Trustee shall give notice, in the name of the Authority, of the redemption of such Obligations, which notice shall specify the Series (including CUSIP numbers), maturities and, if any maturity shall include Obligations bearing different interest rates and all Obligations of such maturity are not being redeemed, interest rate of the Obligations to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Obligations of any like tenor, Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Obligations so to be redeemed, and, in the case of Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed, and, if applicable, that such notice is conditional and the conditions that must be satisfied. Such notice shall further state that on such date there shall become due and payable upon each Obligation to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Obligations to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given not less than 30 days nor more than 45 days, or for such other period as may be

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specified in a Supplemental Resolution authorizing a particular Series, before the redemption date, to the Owners of any Obligations or portions of Obligations which are to be redeemed. Failure so to give any such notice to any particular Owner shall not affect the validity of the proceedings for the redemption of Obligations not owned by such Owner and failure of any Owner to receive such notice shall not affect the validity of the proposed redemption of Obligations. The Authority may provide notices of redemption at such additional times as it may determine necessary or appropriate.

Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Obligations or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Owners of Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Unless otherwise provided by Supplemental Resolution, notices of redemption shall be sent by first class mail, postage prepaid.

Notice of redemption of any Series of Obligations shall also be sent by the Trustee to such additional Persons as may be specified in the Supplemental Resolution authorizing such Series.

Indebtedness

Except as permitted by the terms and provisions of the Resolution, the Authority shall not incur any indebtedness secured by a pledge of any of the Trust Estate (prior to the release thereof) which is due on demand, or indebtedness which provides the owners thereof the right to declare due and payable any payments thereunder (whether at the maturity of principal or on the due date of interest or upon redemption or prepayment) not otherwise due and payable, except in the event all Obligations and Parity Debt are then due and payable.

Medium of Payment; Form and Date

The Obligations shall be payable, with respect to interest, principal, and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts (or to the extent permitted by law, in any other coin or currency authorized pursuant to a Supplemental Resolution for related Obligations and Parity Debt). The Obligations shall be issued in the form of fully registered securities without coupons.

The Obligations shall be dated, and shall bear or not bear interest, as provided in the Supplemental Resolution authorizing such Obligations.

Transfer of Obligations

The transfer of each Obligation shall be registerable only upon the books of the Authority, which shall be kept by the Registrar, by the Owner thereof in person or by its attorney authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the

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Registrar executed by the Owner or its authorized attorney. Upon the registration of transfer of any such Obligation, the Authority shall issue in the name of the transferee a new Obligation of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Obligation.

The Authority and each Fiduciary may deem and treat the Person in whose name any Outstanding Obligation shall be registered upon the books of the Authority as the absolute owner of such Obligation, whether such Obligation shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Obligation and for all other purposes, and all such payments so made to any such registered owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary. The Authority agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, unless acting in bad faith or with negligence under the Resolution, in so treating such registered owner.

Prior to any transfer of an Obligation for which there is no depository providing a book-entry only system (including, but not limited to, the initial transfer outside such book-entry only system), the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Regulations with Respect to Exchanges and Transfers

In all cases in which the privilege of exchanging Obligations or registering the transfer of Obligations is exercised, the Authority shall execute and the Registrar shall deliver Obligations in accordance with the provisions of the Resolution. All Obligations surrendered in any such exchanges or registrations of transfer shall forthwith be canceled by the Registrar. For every such exchange or registration of transfer of Obligations, whether temporary or definitive, the Authority or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Defeasance

If the Authority shall pay or cause to be paid to the Owners of all Obligations then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Authority to the Owners of Obligations shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all money, securities and funds held by them pursuant to the Resolution which are not

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required for the payment or redemption of Obligations not theretofore surrendered for such payment or redemption.

The Outstanding Obligations or any portions thereof for the payment or redemption of which money shall have been set aside and shall be held in trust by the Paying Agents shall at the respective maturity or redemption dates thereof be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. Outstanding Obligations or any portions thereof shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph either (A) with respect to the defeasance of Taxable Obligations, Tax-Exempt Obligations or otherwise, as provided in the Supplemental Resolution authorizing their issuance or (B) if (a) in case any of said Obligations are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail a notice of redemption on said date of such Obligations, (b) there shall have been irrevocably deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Redemption Price, if applicable, and interest due and to become due on such Obligations or such portions thereof on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Obligations are not by their terms maturing or are not subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Obligations that the deposit required by (b) above has been made with the Trustee and that said Obligations are deemed to have been paid in accordance with the section of the Resolution summarized in this caption and stating such maturity or redemption date upon which money is to be available for the payment of the principal or Redemption Price, if applicable, on such Obligations. Notwithstanding the foregoing, in the event that all or a portion of any Obligations are to be discharged as a result of there being irrevocably deposited with the Trustee Defeasance Securities, the lien of this Resolution with respect to such Obligations or portions thereof will not be released and discharged until the Authority and the Trustee have received a verification of the sufficiency of funds held to discharge such Obligations or portions thereof from an independent certified public accountant. Neither Defeasance Securities nor money deposited with the Trustee pursuant to the section of the Resolution summarized in this caption nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Obligations; provided, however, that any money on deposit with the Trustee, (i) to the extent such money will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Obligations or otherwise existing under the Resolution, and (ii) to the extent such money will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient, together with any money available to the Trustee for such purpose, to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Obligations on and prior to such redemption date or maturity date thereof, as the case may be. Notwithstanding any other provision of the Resolution, the Authority may at the time of defeasance elect to retain the right to redeem or require the tender of any obligations deemed paid pursuant to the Resolution. The Trustee shall, at the direction of the Authority, select the Obligations or

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portions thereof that are deemed to have been paid in advance of the redemption of such Obligations.

Anything in the Resolution to the contrary notwithstanding, any money held by a Fiduciary in trust for the payment and discharge of the principal or Redemption Price of or interest on any of the Obligations which remains unclaimed for 2 years after the date when such principal, Redemption Price or interest, respectively, has become due and payable, either at stated maturity dates or by call for earlier redemption, if such money was held by the Fiduciary at such date, or for 2 years after the date of deposit of such money if deposited with the Fiduciary after the date when such principal, Redemption Price, or interest, respectively, became due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of Obligations shall look only to the Authority for the payment of such principal, Redemption Price, or interest, respectively. Before being required to make any such payment to the Authority, the Fiduciary shall, at the expense of the Authority, cause to be mailed to the Owners entitled to receive such money a notice that said money remains unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing, the balance of such money then unclaimed will be returned to the Authority.

Events of Default

The following events shall constitute an Event of Default under the Resolution:

(i) If default shall be made by the Authority in the payment of principal, Sinking Fund Installment, interest or premium on any Obligation after the same shall have become due, whether at maturity or upon call for redemption or otherwise, which default shall continue for a period of 30 days;

(ii) If the Authority fails to observe, or a refusal to comply with, the terms of the Resolution or the Obligations, other than a failure or refusal constituting another Event of Default under the Resolution, provided, however, that such failure or refusal shall have continued for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Authority by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration, and provided further, that if the failure stated in the notice cannot be remedied within the applicable period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action has been instituted by the Authority within such period and is being diligently pursued;

(iii) If the Authority shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Authority and/or the rents, fees, charges or other revenues of the Transit System, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is

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unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing;

(iv) If a court having jurisdiction in the premises shall enter a decree or order for relief with respect to the Authority in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Authority, and/or the rents, fares, charges or other revenues of the Transit System, or a decree or order for the dissolution, liquidation or winding up of the Authority and its affairs or a decree or order finding or determining that the Authority is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of 90 consecutive days;

(v) If the pledge created by the Resolution shall, at any time and for any reason, cease to be in full force and effect, or a Final Judgment shall be rendered which shall declare the pledge to be null and void, or shall declare that the pledge does not establish in any material respect the lien it purports to establish, or that the pledge is not for the benefit of the Owners of the Obligations and Parity Debt, subject to the rights of no other parties (other than holders of Pre-2018 Bonds and Owners of Obligation Anticipation Notes, Revenue Anticipation Notes and, to the extent provided pursuant to the terms and provisions of the Resolution, the Owners of Subordinated Indebtedness or Subordinated Contract Obligations); and

(vi) If the principal of any Parity Debt is declared due and payable immediately as the result of a default by the Authority in respect of such Parity Debt;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Obligations shall have already become due and payable, either the Trustee (by notice in writing to the Authority), or the Owners of more than 50% in principal amount of the Obligations Outstanding (by notice in writing to the Authority and the Trustee), may declare the principal of all the Obligations then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Obligations contained to the contrary notwithstanding. The right of the Trustee or of the Owners of more than 50% in principal amount of the Obligations to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, all overdue installments of interest upon the Obligations, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Resolution (except the principal of, and interest accrued since the next preceding interest payment date on, the Obligations due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Obligations or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be cured or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in

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every such case the Owners of more than 50% in principal amount of the Obligations Outstanding, by written notice to the Authority and to the Trustee, shall rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself to declare the Obligations due and payable, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of more than 50% in principal amount of the Obligations Outstanding, then any such declaration shall ipso facto be deemed to be rescinded and any such default shall *ipso facto* be deemed to be annulled, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent therein.

Powers of Trustee

In the event that any Event of Default specified in the Resolution summarized under the caption "Events of Default" shall occur and be continuing, the Trustee may, and, upon written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, shall, in its name,

(i) bring suit upon the Obligations against the Authority;

(ii) by action or suit, require the Authority to account as if it were the trustee of an express trust for the Owners of the Obligations; or

(iii) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Obligations.

Subject to the provisions of the preceding caption and the foregoing provisions of this caption, the remedies conferred upon or reserved to the Trustee in respect of any Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

The Trustee shall, in addition to the foregoing powers, have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth in the Resolution or incidental to the general representation of Owners of Obligations in the enforcement and protection of their rights.

Priority of Payments After Default

In the event that the funds held by the Fiduciaries shall be insufficient for the payment of interest and principal or Redemption Price then due on the Obligations and for payments then due with respect to Parity Debt, such funds (excluding funds held for the payment or redemption of particular Obligations which have theretofore become due at maturity or by call for redemption and funds which at the time of their deposit into any fund or account under the Resolution have been designated to be applied solely to the payment of the principal of and premium, if any, and interest on any series of Obligation Anticipation Notes) and any other money received or collected by the Fiduciaries, after making provision for the payment of any expenses necessary in the opinion

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of the Trustee to protect the interest of the Owners of the Obligations, and for the payment of the charges, expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Resolution, including reasonable fees of counsel, shall be applied as follows:

Unless the principal of all of the Obligations shall have become due and payable,

First: To the payment to the Persons entitled thereto of all installments of interest then due with respect to Obligations and the interest components of Parity Debt in the order of the maturity of such installments and interest components, and, if the amount available shall not be sufficient to pay in full any installments and interest components due on the same date, then to the payment thereof ratably, according to the amounts due on such installments and interest components, to the Persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Obligations and Parity Debt; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Obligations and the principal component of Parity Debt which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Obligations and Parity Debt due on any date, then to the payment thereof ratably, according to the amounts of principal and Redemption Price and principal component due on such date, to the Persons entitled thereto, without any discrimination or preference.

If the principal of all of the Obligations and the principal component of Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Obligations and Parity Debt without preference or priority of principal or principal component over interest or interest component or of interest or interest component over principal or principal component, or of any installment of interest or interest component over any other installment of interest or interest component, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discretion or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

Accounting and Inspection of Records After Default

The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority and all other records relating to the Trust Estate shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys and, upon demand of the Trustee, the Authority will account, as if it were the trustee of an express trust, for the Trust Estate for such period as shall be stated in such demand.

No Recourse on the Obligations

No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Obligations or Parity Debt or for any claim based thereon or on the Resolution against any member, officer, or employee of the Authority or any Person executing the Obligations.

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Preservation and Inspection of Documents

All documents received by a Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, and any Owners of at least 5% aggregate principal amount of Obligations and their agents and their representatives, any of whom may make copies thereof.

Interested Parties

Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to any Person, other than the Authority, the Fiduciaries, the Clearing Account Agent, the Owners of Obligations and the Owners of Parity Debt, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof, and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, the Owners of Obligations and the Owners of Parity Debt.

Supplemental Resolutions Effective Upon Filing With the Trustee

The Authority may adopt at any time or from time to time, for any one or more of the purposes specified in the Resolution including but not limited to the following, a Supplemental Resolution, which does not require the consent of or notice to any Owner:

(1) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the issuance and delivery of the Obligations, or the issuance or entering into of other evidences of indebtedness;

(2) To add to the covenants and agreements of the Authority in the Resolution, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(3) To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Authority by the Resolution;

(5) To authorize Obligations of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the provisions of the Resolution authorizing issuance of Obligations, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect, (b) in the case of Variable Interest Rate Obligations or Put Obligations, as applicable, set forth provisions specifying the manner in which interest on Variable Interest Rate Obligations or Put Obligations, as applicable, is to be calculated for the purposes of various definitions and provisions of the Resolution,

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provisions providing for changes in interest rates, interest rate periods or interest payment dates for any Variable Interest Rate Obligation of a Series or Put Obligations, as applicable, provisions regarding an Owner's right or obligation to tender Put Obligations for redemption or purchase in lieu of redemption, and provisions governing the manner in which Variable Interest Rate Obligations or Put Obligations, as applicable, which the Owner thereof has the right to, or has exercised a right to, tender for redemption or purchase in lieu of redemption shall be treated for purposes of various definitions and provisions of the Resolution, (c) set forth provisions governing the administration of any Qualified Swap or Credit Facility, and provisions providing for the issuance of Reimbursement Obligations or the conversion of other Obligations to Reimbursement Obligations (and in connection with such conversion to change the interest rates, sinking fund provisions or maturity date on such Obligations) to secure or reimburse the provider of such Credit Facility, (d) in the case of either Taxable Obligations or Tax-Exempt Obligations, set forth defeasance provisions with respect thereto (including the manner of attaining such defeasance and the effect thereof), and (e) make such additional changes herein, not materially adverse to the rights of the Owners of the Obligations previously issued, as are necessary or appropriate; or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance and delivery of such Obligations;

(6) To authorize Obligation Anticipation Notes in accordance with the terms and provisions of the Resolution and, in connection therewith, specify and determine the matters and things referred to in the Resolution, and also any other matters and things relative to such Obligations which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(7) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution of any additional security other than that granted or pledged under the Resolution;

(8) To authorize Parity Debt and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things referred to in the terms and provisions of the Resolution, and also any other matters and things relative to such Parity Debt which are not contrary to or inconsistent with the Resolution as then in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first issuance or entering into of such Parity Debt, and at any time to rescind or limit any authorization for any such Parity Debt theretofore authorized but not issued or entered into; in connection with the authorization of Parity Swap Obligations and Parity Reimbursement Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of the Funds, Accounts and Subaccounts established pursuant to the Resolution for the benefit of such Parity Swap Obligations and Parity

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Reimbursement Obligations; and shall grant to the Owners of such Parity Debt the same rights granted to Owners of Obligations pursuant to the terms and provisions of the Resolution;

(9) To authorize Subordinated Indebtedness or Subordinated Contract Obligations and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer to specify or determine) the matters and things required or permitted by the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness or Subordinated Contract Obligations which are not contrary to or inconsistent with the Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness or Subordinated Contract Obligations theretofore authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness or Subordinated Contract Obligations, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness or Subordinated Contract Obligations and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness or Subordinated Contract Obligations;

(10) To modify any of the provisions of the Resolution in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Obligations affected thereby and Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Obligations delivered on original issuance after the date of the adoption of such Supplemental Resolution and of the Obligations issued in exchange therefor or in place thereof;

(11) To authorize the granting of additional funding sources as security for any given Obligations without making such additional funding sources available as security for all succeeding Obligations issued under the Resolution consistent with any limitations applicable to such additional funding sources in existence at the time of issuance of the affected Obligations;

(12) To add to the Resolution any provisions required by law to preserve the exclusion from gross income for federal income tax purposes of interest received on Tax-Exempt Obligations then Outstanding or to be issued or the exemption of interest received on any Obligations, issued or to be issued, from state income taxation;

(13) To modify, amend or supplement the Resolution in any manner, not already provided for in or pursuant to the Supplemental Resolution authorizing the related Series of Obligations in order to provide for a Credit Facility, Qualified Swap, or other similar arrangement with respect to any Series of Obligations, under the Resolution, so long as the Authority determines that

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such Supplemental Resolution does not materially adversely affect the right, security and interest of the Owners of Outstanding Obligations;

(14) To modify, amend or supplement the Resolution in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Authority so determines, to add hereto such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939 or similar federal statute;

(15) To amend or modify any Supplemental Resolution authorizing Obligations of a Series to reflect the substitution of a new Credit Facility for the Credit Facility then in effect;

(16) At any time prior to the first authentication and delivery of any Obligations under the Resolution or at any other time when no Obligations are Outstanding under the Resolution, to modify the provisions of the Resolution in such manner as the Authority deems necessary or appropriate;

(17) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

(18) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect, including, in the event the Compact is amended or other legislation is enacted to so provide, the substitution of an alternate or different legal name for the current name of the Authority or any other Related Entity in the Resolution or the form of Obligations; or

(19) With Rating Confirmation, to make any other modification or amendment of the Resolution which the Authority shall in its sole discretion determine will not have a material adverse effect on the interests of the Owners of Outstanding Obligations. In making any determination under this paragraph, the Authority may conclusively rely upon an Opinion of Counsel or opinions of other experts or professionals.

Supplemental Resolutions Effective With Consent of Owners of Obligations

At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Owners of Obligations in accordance with and subject to the provisions of the Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of the Resolution, shall become fully effective in accordance with its terms as provided in the Resolution.

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Effectiveness of Supplemental Resolutions

In order to become effective, a copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms.

No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written consent.

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Owners of Obligations may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution and the consent of the Owners of all of the Obligations then Outstanding; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written consent thereto of such Fiduciary in addition to the consent of the Owners of Obligations.

Offices for Servicing Obligations

The Authority shall at all times maintain one or more offices or agencies where Obligations may be presented for payment, registration, transfer or exchange, and where notices, demands and other documents may be served upon the Authority in respect of the Obligations or of the Resolution. The Authority may appoint the Trustee or any other Fiduciary as its agent to maintain such office or agency for the payment, redemption, registration, transfer or exchange of Obligations, and for the service upon the Authority of such notices, demands and other documents.

Further Assurances

At any and all times the Authority shall, to the extent permitted by law, make, do, execute, adopt, acknowledge and deliver, and take all and every such further acts, deeds, conveyances, assignments, resolutions, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights and interests in the Trust Estate or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

Power to Issue Obligations and Effect Pledge

The Authority is duly authorized under all applicable laws to create and issue the Obligations, adopt the Resolution and pledge the Trust Estate in the manner and to the extent provided in the Resolution. Except as provided therein with respect to the Pre-2018 Bonds and Revenue Anticipation Notes and subject to the terms and provisions of the Resolution, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Authority to that end has been duly and validly taken. The

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Obligations and the provisions of the Resolution are and will be the legally valid and binding special and limited obligations of the Authority as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and the Compact. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners of Obligations under the Resolution against all claims and demands of all persons whomsoever. The Authority shall not issue or incur any obligations or indebtedness secured by any portion of the Trust Estate which is secured on a parity with the lien and pledge established by the 2003 Bond Resolution for the benefit of the Pre-2018 Bonds.

Operation and Maintenance of Transit System

The Authority shall at all times use its best efforts to operate or cause to be operated the Transit System properly and in an efficient and economical manner, and shall use its best efforts to maintain, preserve and keep the same or cause the same to be so maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Transit System may be properly and advantageously conducted. Nothing shall prevent the Authority from ceasing to operate or maintain, or from leasing or disposing of, all or any portion of the Transit System if, in the judgment of the Authority, it is advisable to lease, dispose of, or not to operate and maintain the same. The outsourcing of the operation or maintenance of any portion of the Transit System by lease, concession agreement or otherwise shall not be considered to be a cessation of operation or maintenance or a disposition or lease for purposes of this section if the Authority maintains ownership of the property. Further, the sale-leaseback or the lease-leaseback of any portion of the Transit System or other similar contractual arrangements, the effect of which is that the Authority, at the time of entering into such arrangements, reasonably expects to continue to have the ability to control such portion of the Transit System for use in its operations, shall not constitute a lease or disposition of such portion of the Transit System for purposes of this caption. The Authority shall file a notice of any disposition or lease not exempted by this section with the Trustee accompanied by a certification of the General Manager and the Treasurer of the Authority that the operation thereof is not essential to the maintenance and continued operation of the rest of the Transit System.

Maintenance of Insurance for the Transit System

The Authority shall at all times maintain, to the extent reasonably obtainable, the following insurance to such extent and in such amounts as is usually carried by those operating transit systems, with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required:

(a) Multi-risk insurance on the Transit System covering direct physical loss or damage thereto;

(b) Public liability insurance covering injuries to persons and property; and

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(c) Insurance during the construction or reconstruction of any portion of the Transit System, provided that the Authority shall not be required to maintain any such insurance to the extent that such insurance is carried for the benefit of the Authority by contractors.

The proceeds of any such insurance relating to property of the Authority shall be payable to the Authority and shall be applied to its necessary or reasonable costs involved in the repair, replacement or reconstruction of the damaged property, and, if and to the extent not so applied, shall be applied to the retirement of any Obligations, Parity Debt, Subordinated Contract Obligations or Subordinated Indebtedness, as determined by the Authority. Pending such application, such proceeds may be invested by the Authority in Authorized Investments which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement. Interest earned on such investments shall be applied for the purposes described in this caption.

In lieu of maintaining any or all of the insurance required by the Resolution, the Authority may establish a self-insurance plan and in connection therewith establish one or more insurance funds and accumulate therein such amounts as the Authority deems reasonable for self-insurers operating transit systems. Amounts held in such insurance funds shall be applied by the Authority to the reasonable and necessary costs of repair or replacement of any damaged or destroyed property of the Transit System and to the payment of any liabilities covered by such self-insurance plan, to the extent that the proceeds of insurance reasonably expected to be available for such purpose, if any, and any other money available to the Authority therefor shall be insufficient therefor. Amounts in insurance funds shall also be applied to the payment, when due, of interest and principal on the Obligations and Parity Debt to the extent other moneys are not available therefor under the Resolution or otherwise.

The Authority may maintain such other or additional insurance or self-insurance as it shall deem to be in the interests of the Authority.

Accounts and Reports

The Authority shall keep proper books of record and account of its operations. Such books of account are to be audited at least annually by independent certified public accountants experienced in governmental accounting selected by the Authority. A copy of each audit report, annual balance sheet and income and expense statement shall be uploaded, linked or posted on the Authority's website and sent to any Owner filing with the Authority a written request therefor. The Authority may charge for such reports and other documents a reasonable fee to cover reproduction, handling and postage.

The Authority shall annually, within 180 days after the close of each Fiscal Year or at such other time required under applicable law or a subsequent contract with all or certain Owners (or, if not available by such date, when and if available), upload, link or post on the Authority's website, and otherwise as provided by law, a copy of an annual report for such year, accompanied by the opinion of the accountants specified in the Resolution.

The Authority shall file with the Trustee and any provider of a Credit Facility (a) forthwith upon becoming aware of any Event of Default or default in the performance by the Authority of

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any covenant, agreement or condition contained in the Resolution, a certificate signed by an Authorized Officer of the Authority and specifying such Event of Default or default and (b) within one hundred eighty (180) days after the end of each Fiscal Year commencing with the Fiscal Year ending after the Fiscal Year in which the Resolution is adopted, a certificate signed by an Authorized Officer of the Authority stating that, to the best knowledge and belief of such Authorized Officer, the Authority has kept, observed, performed and fulfilled each and every one of its covenants, agreements and obligations contained in the Resolution and there does not exist at the date of such certificate any default by the Authority under the Resolution or any Event of Default or other event which, with the giving of notice or the lapse of time or both as specified in the Resolution would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

General

The Authority shall do and perform, or cause to be done or performed, all acts and duties required to be done or performed by or on behalf of the Authority under the provisions of the Resolution and the Compact. Upon the date of authentication and delivery of any of the Obligations, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in connection with the issuance of such Obligations (and any related Parity Debt then being incurred) shall exist, have happened and have been performed and the issue of such Obligations (and any related Parity Debt then being incurred), together with all other Indebtedness of the Authority, shall be within every debt and other limit prescribed by law.

Budgetary Provisions

The Authority shall adopt and upload, link or post on the Authority's website when available for each Fiscal Year beginning after the adoption of the Resolution an annual operating budget complying with the Compact and prepared in accordance with the provisions of the Resolution. Each such budget for a Fiscal Year shall include the amount required to make the deposits for such Fiscal Year into the Debt Service Fund as set forth in the Resolution.

The Authority shall set forth in each of its annual operating and capital budgets, and in each amendment of such budgets, appropriate provisions which acknowledge that the Dedicated Capital Funding Revenues provided for in such budgets or amendments are subject to the pledge and lien established by the Resolution.

Payments by Signatories and Participating Jurisdictions; Compliance with Dedicated Capital Funding Acts

The Authority shall use reasonable efforts to cause the Signatories and Participating Jurisdictions to make payments of their respective Dedicated Capital Funding Revenues and Pre-2018 Jurisdictional Funding Revenues, together with other funds if necessary, so as to provide the amounts required to make the deposits required under the Resolution and the 2003 Bond Resolution; and to this end the Authority shall take all appropriate governmental action, including without limitation, action to obtain assistance and support for its efforts from any and all governmental entities with an interest therein.

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The Authority shall use reasonable efforts to comply with the material requirements under the Dedicated Capital Funding Acts and any agreements between the Authority and the Signatories related to the Dedicated Capital Funding Acts.

Direction to Signatories

The direction of the Authority that each of the Signatories pay their respective Dedicated Capital Funding Revenues directly to the Clearing Account Agent for deposit into the Clearing Account shall not be changed or discontinued so long as there are any Obligations Outstanding.

Authorization of the Obligations

The Resolution authorizes Obligations of the Authority designated as "Dedicated Revenue Obligations," which may be issued in one or more Series or subseries. Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations which convert on a particular date or dates from Taxable Obligations to Tax-Exempt Obligations, or as Taxable Obligations which are mandatorily exchangeable on a particular date or dates for Tax-Exempt Obligations, or otherwise as determined by a Supplemental Resolution. The Obligations shall be special obligations of the Authority payable solely from the Trust Estate pledged to the payment thereof pursuant to the first paragraph of the section of the Resolution summarized under the caption "The Pledge Effected by the Resolution." The aggregate principal amount of the Obligations which may be executed and delivered under the Resolution is not limited except as provided in the Resolution or as may from time to time be limited by law.

General Provisions for Issuance of Obligations

The Obligations may be issued pursuant to a Supplemental Resolution in such principal amount or amounts in one or more Series or subseries as may be specified in such Supplemental Resolution. Obligations of any Series or subseries shall be authorized by a Supplemental Resolution which shall specify certain matters enumerated in the Resolution (or the manner of determining such matters).

An Authorized Officer to whom a Supplemental Resolution has delegated the power to determine any of the matters enumerated in the Resolution shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to the delegation under such Supplemental Resolution, and such Certificate of Determination shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein. The matters set forth in any such Certificate of Determination shall have the same effect as if set forth in the related Supplemental Resolution.

The Obligations may be sold in one or more Series or subseries (each of which shall contain a designation distinguishing it from other Series or subseries) and shall be delivered by the Authority under the Resolution but only upon receipt by the Trustee of:

(a) An Opinion of Bond Counsel in customary form to the effect that (i) the Authority has the right and power under the Compact to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, and is valid and binding upon the Authority, and enforceable in accordance

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with its terms, and no other authorization for the Resolution is required as of the date thereof; (ii) the Resolution creates the valid pledge which it purports to create of the Trust Estate in the manner and to the extent provided in the Resolution; (iii) the Obligations are valid, binding and special and limited obligations of the Authority as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and of the Compact, and such Obligations have been duly and validly authorized and issued in accordance with law, including the Compact as amended to the date of such Opinion, and in accordance with the Resolution; and (iv) if the Obligations are to be designated and issued as Tax-Exempt Obligations, that interest on such Obligations is excludable from gross income under federal income tax laws; provided, that such Counsel's Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to the enforcement of creditors' rights generally or contractual obligations, and judicial discretion and the valid exercise of the sovereign police powers of the State of Maryland, the Commonwealth of Virginia or the District of Columbia and of the constitutional power of the United States of America;

(b) A copy of the Supplemental Resolution authorizing such Obligations, certified by an Authorized Officer;

(c) A written order of the Authority as to the delivery of the Obligations, signed by an Authorized Officer;

(d) If any Obligations are Variable Interest Rate Obligations or a Qualified Swap is being entered into that will result in a variable interest rate obligation of the Authority, a determination by an Authorized Officer of the Estimated Average Interest Rate;

(e) If any Obligations of such Series are Put Obligations, a determination by an Authorized Officer of the method or methods to be employed to provide for the purchase or redemption of all Put Obligations of such Series if the Owners thereof elected to tender for purchase or redemption the entire aggregate Outstanding principal amount of the Put Obligations of such Series; and

(f) Such further documents and money as are required by the provisions of the Resolution.

Special Provisions for Capital Cost Obligations

Obligations may be issued to pay, or to provide for the payment of, all or part of Capital Costs. Such Obligations are to be issued upon receipt by the Trustee of a certificate of an Authorized Officer certifying, based on the Authority's records, that Dedicated Capital Funding Revenues for any twelve (12) consecutive months out of the last eighteen (18) months immediately preceding the incurrence or issuance of such Obligations, shall at least equal 400% of the sum of

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(a) Maximum Annual Aggregate Debt Service (with respect to all Obligations and Parity Debt, including the Obligations being incurred or issued) for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any Outstanding Obligations, plus (b) maximum annual aggregate debt service on any outstanding Pre-2018 Bonds issued under the 2003 Bond Resolution for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any outstanding Pre-2018 Bonds; provided, however, that for the purpose of the foregoing clause (b), there shall be excluded from the calculation any debt service on the Pre-2018 Bonds to the extent that Gross Revenues as defined and described in the 2003 Bond Resolution were sufficient to pay debt service on Pre-2018 Bonds during such 12-month period; provided, further, that for the first Series of Obligations issued following the date of adoption of the Resolution, the amount of Dedicated Capital Funding Revenues used in this paragraph shall be the projected amount of Dedicated Capital Funding Revenues instead of the actual amount of Dedicated Capital Funding Revenues.

Refunding Obligations

In addition to refinancings permitted under the section of the Resolution summarized under the caption "Special Provisions for Capital Cost Obligations," one or more Series of Refunding Obligations may be issued to refund (including by redemption, payment at maturity or in connection with exchanges or tenders) all or any portion of any Outstanding Obligations or Parity Debt. Such Obligations are to be issued upon receipt by the Trustee of a certificate of an Authorized Officer stating either (i) after giving effect thereto and to the application of the proceeds thereof, the Debt Service with respect to such Obligations is less in each Fiscal Year than the Debt Service with respect to the Obligations or Parity Debt being refunded for the period commencing with the Fiscal Year next following the incurrence or issuance of such Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of such Obligations, or (ii) the Dedicated Capital Funding Revenues test summarized under the caption "Special Provisions for Capital Cost Obligations" will be satisfied.

Separately Financed Projects; Revenue Anticipation Notes

Nothing in the Resolution prevents the Authority from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Compact or by other than applicable law, or from financing any such project from other available funds (any such project being referred to herein as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Authority's share of any operating expenses related to such Separately Financed Project, are payable solely from funds not pledged to the payment of Obligations, including amounts released from the lien of the Resolution.

If expressly authorized by the Board of Directors of the Authority, one or more series of Obligations may be issued using both the security afforded under the Resolution and the security provided under the 2003 Bond Resolution provided that such series of Obligations meets the issuance requirements of both the Resolution and the 2003 Bond Resolution. Such Obligations may be issued on a parity basis, a subordinate basis, or a split basis with the Obligations on parity

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with Obligations issued under one resolution and on a subordinate basis for Obligations issued under the other resolution.

Nothing in the Resolution shall prevent the Authority from authorizing or issuing Revenue Anticipation Notes. Prior to the issuance of Revenue Anticipation Notes, an Authorized Officer shall deliver a certificate to the Trustee certifying as to the reimbursements in anticipation of which such Revenue Anticipation Notes are being issued. Such note or notes shall contain or have endorsed thereon a designation by the Authority that such note or notes constitute Revenue Anticipation Notes under the Resolution or words of similar import, as may be determined by an Authorized Officer prior to the authentication thereof.

The Pledge Effected by the Resolution

There are pledged for the payment of the principal and Redemption Price of, and interest on, and Sinking Fund Installments for, the Obligations and, on a parity basis, Parity Debt, in accordance with their terms and the provisions of the Resolution, all right, title and interest of the Authority in and to the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. The pledge created by the Resolution, insofar as it relates to any portion of the Trust Estate pledged to the payment of the Pre-2018 Bonds, is (a) subordinate in all respects to the pledge thereof created by the 2003 Bond Resolution to secure the Pre-2018 Bonds, and (b) subject to the covenants and agreements made with the owners of the Pre-2018 Bonds, and, so long as any Pre-2018 Bonds remain outstanding and unpaid, no payment shall be made therefrom whether for interest, principal or premium on any of the Obligations except as and to the extent permitted by the 2003 Bond Resolution. So long as any Pre-2018 Bonds are outstanding, no Obligations issued under the Resolution nor the Trustee shall have any right to any payment from Dedicated Capital Funding Revenues unless and until the Dedicated Capital Funding Revenues shall (A) first be deposited as provided in the 2003 Bond Resolution, and (B) applied as provided in the 2003 Bond Resolution.

The pledge created by the Resolution shall in all respects secure on a *pari passu* basis all of the Obligations and Parity Debt and, except as expressly so provided, nothing contained in the Resolution shall be deemed to confer on the Owners of any Obligations or Parity Debt any rights in the Trust Estate superior or inferior to the Owners of any other Obligations or Parity Debt.

The pledge created by the Resolution shall be valid and binding from and after the date of issuance and delivery of the first Obligations, and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Subject to the provisions described above, and except as provided in the next paragraph, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken.

Notwithstanding any other provision of the Resolution, the pledge of the Trust Estate, insofar as such Trust Estate includes reimbursements in anticipation of which Revenue

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Anticipation Notes shall at any time be issued, shall be subordinate to the pledge of any such reimbursements securing such Revenue Anticipation Notes.

Nothing contained in this caption shall be construed as limiting any authority granted to the Authority elsewhere in the Resolution to issue or incur Obligation Anticipation Notes, Revenue Anticipation Notes, Subordinated Indebtedness or Subordinated Contract Obligations or shall be deemed a limitation upon the authority of the Authority to issue any other bonds, notes or other obligations under the Compact secured by any other amount or funds other than the Trust Estate.

Subordinated Indebtedness; Subordinated Contract Obligations

The Authority may, at any time, or from time to time, issue Subordinated Indebtedness or incur Subordinated Contract Obligations payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer pursuant to the Resolution, provided, however, that, except as provided in the fourth paragraph of this caption, (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Obligations and Parity Debt and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Resolution. The Authority may establish such priorities of payment and security among Subordinated Indebtedness and Subordinated Contract Obligations as it deems appropriate.

Subordinated Indebtedness shall be issued for one or more of the capital purposes for which Obligations could be issued and the proceeds of such Subordinated Indebtedness shall be applied only for such purpose or purposes.

The Authority shall have the right to covenant with the Owners from time to time of Subordinated Indebtedness and with Persons to whom Subordinated Contract Obligations run to add to the conditions, limitations and restrictions under which any additional Obligations may be issued or Parity Debt may be incurred; provided, however, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness or the incurrence of such Subordinated Contract Obligations shall not permit the owners of such obligations to declare the same, nor to instruct such owners' trustee to declare the same, to be immediately due and payable prior to the time that all Obligations and Parity Debt have become due and payable.

In connection with any Subordinated Indebtedness or Subordinated Contract Obligations representing amounts made available under any federal or state program or guaranteed or otherwise supported or secured under any federal or state program, such Subordinated Indebtedness or Subordinated Contract Obligations, may, to the extent provided in the resolution or other agreement relating to such Subordinated Indebtedness or Subordinated Contract Obligation and upon the occurrence of certain bankruptcy related events as provided in such resolution or other agreement, be secured by a pledge of and security interest in the Trust Estate on a parity with the Obligations and Parity Debt.

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Responsibilities of Fiduciaries

The recitals of fact contained in the Resolution and in the Obligations shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Obligations issued thereunder or in respect of the security afforded by the Resolution, or for any information in any preliminary or final official statement in connection with the issuance of any Obligations or any financial statement required to be delivered or filed in connection with any Obligations, or for the recording, re-recording, filing or re-filing of any financing or continuation statement or other document or instrument, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Obligations or the application of the proceeds thereof or the application of any money paid to the Authority. No Fiduciary shall be under any responsibility or duty with respect to the application of any money paid to any other Fiduciary. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution, or for any losses, fees, taxes or other charges incurred upon the purchase or sale or redemption of any securities purchased for or held in any Fund under the Resolution, including any losses incurred by reason of having to sell securities prior to their maturity date, except in each case for its own willful misconduct, negligent action or negligent failure to act.

Resignation of Trustee

The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than 60 days' written notice to the Authority, and mailing notice thereof to the Owners of the Obligations, specifying the date when such resignation shall take effect, at least 45 days prior to the effective date, provided that such resignation shall take effect upon the later of (i) the day specified in such notice and (ii) the day a successor shall have been appointed by the Authority or the Owners of the Obligations and such successor shall have accepted such appointment as provided in the Resolution.

Removal of the Trustee

The Trustee may be removed at any time upon thirty (30) days' notice by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Obligations then Outstanding or their attorneys-in-fact duly authorized, excluding any Obligations held by or for the account of the Authority. So long as no Event of Default, shall have occurred and be continuing and the Trustee is not pursuing any right or remedy available to it pursuant the Resolution, the Trustee may be removed at any time for failure to provide reasonably acceptable services, failure to charge reasonably acceptable fees or any other reasonable cause, all as determined by a certificate of an Authorized Officer filed with the Trustee. No such removal of the Trustee shall take effect until a successor Trustee has been appointed and shall have accepted such appointment.

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of

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the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Obligations then Outstanding, excluding any Obligations held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Owners of Obligations or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Owners of Obligations as aforesaid, the Authority by a duly executed written instrument signed by an Authorized Officer of the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners of Obligations. The Authority shall mail notice of any such appointment made by it to all Owners within 20 days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the Owners of Obligations.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Authority written notice or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Owner of any Obligation may, at the expense of the Authority, apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed in succession to the Trustee shall be a Bank that is organized under the laws of any state or is a national banking association organized under the laws of the United States of America, and having a capital and surplus aggregating at least $100 million, if there be such a Bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

Definitions and Interpretations

The following terms, for all purposes of the Resolution, have the following meanings:

2003 Bond Resolution shall mean the Gross Revenue Bond Resolution 2003-53, adopted by the Authority on September 23, 2003, as the same from time to time may be amended or supplemented in accordance with its terms, including without limitation as amended by Resolution 2018-47 (the 2018 Supplemental Bond Resolution Supplementing and Amending Gross Revenue Bond Resolution 2003-53), adopted by the Authority on November 15, 2018.

2003 Dedicated Revenues Account shall mean the Future Dedicated Revenues Account established in Section 504 of the 2003 Bond Resolution.

2003 Trustee shall mean the trustee for the Pre-2018 Bonds appointed pursuant to the terms of the 2003 Bond Resolution. Account or Accounts means each account or all of the accounts established by the Resolution.

Accreted Value means with respect to any Capital Appreciation Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing

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such Capital Appreciation Obligations and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of twelve (12) 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Accrued Debt Service means, as of any date of calculation, an amount equal to the sum of the amounts of accrued and unpaid Debt Service with respect to all Obligations and Parity Debt, calculating the accrued Debt Service with respect to each obligation at an amount equal to the sum of (i) as estimated by an Authorized Officer, interest on the Obligations and interest components of Parity Debt accrued and unpaid and to accrue to the next Debt Service Payment Date, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such Obligations and Parity Debt next due which would have accrued (if deemed to accrue in the manner set forth in the definition of "Debt Service") to the next Debt Service Payment Date. For purposes of calculating Debt Service Fund deposits, Principal Installments shall not include amounts that an Authorized Officer has notified the Trustee are to be paid from sources other than Dedicated Capital Funding Revenues, nor shall Accrued Debt Service include any amounts that, as certified by an Authorized Officer, have been set aside under the Resolution or otherwise in trust for the payment thereof.

Air Rights means that space which (i) extends upward from the real property which constitutes all or any part of the Transit System, and (ii) is not used, or reasonably anticipated to be used, in connection with the operation of the Transit System.

Amortized Value, when used with respect to Authorized Investments purchased at a premium above or a discount below par, means the value of such Authorized Investments computed by using an industry standard constant yield method selected by an Authorized Officer of the Authority.

Appreciated Value means with respect to any Deferred Income Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Deferred Income Obligations, (ii) as of any date prior to the Interest Commencement Date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of (twelve) 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

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Authority means the Washington Metropolitan Area Transit Authority, a body corporate and politic created and existing under and by virtue of the Compact, or, if said Washington Metropolitan Area Transit Authority shall be abolished, the officer, board, commission, authority, agency or instrumentality succeeding to the functions thereof or to whom the powers given by the Compact to the Authority shall be given by law.

Authorized Investments means and include any of the following, to the extent, at the time of the acquisition thereof, the same are legal for investment of the Authority's funds under the Contract:

(1) U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the United States Government;

(2) debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality, or government-sponsored enterprise (GSE), which include but are not limited to Fannie Mae, Freddie Mac, the Federal Farm Credit System, and the Federal Home Loan Bank;

(3) U.S. dollar denominated debt obligations of a multilateral organization of governments;

(4) U.S. dollar denominated corporate notes, bonds, or other debt obligations issued or guaranteed by a U.S. or foreign corporation, financial institution, non-profit, or other entity;

(5) obligations issued or guaranteed by any state, territory, or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality, or other unit of local government of any U.S. state or territory rated in any of the top three Rating Categories;

(6) mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise (GSE), including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs;

(7) asset-backed securities (ABS) whose underlying collateral consists of loans, leases, or receivables, including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases, or home-equity loans;

(8) negotiable bank certificates of deposit, deposit notes, or other deposit obligations issued by a nationally or state-chartered bank, credit union, or savings association, or by a federally or state-licensed branch of a foreign bank or financial institution;

(9) non-negotiable interest-bearing time certificates of deposit, savings accounts, or deposit accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state,

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provided that any such deposits are secured or collateralized, if required by state or Federal law;

(10) interest bearing time certificates of deposit, savings accounts, or deposit accounts fully insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA);

(11) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Authority, or bankers' acceptances of depository institutions, including the Trustee or any of its affiliates;

(12) U.S. dollar denominated commercial paper issued or guaranteed by a U.S. or foreign corporation, company, financial institution, trust, or other entity, including both unsecured debt and asset-backed programs rated in the top short-term Rating Category by at least one Rating Agency;

(13) banker's acceptances issued, drawn on, or guaranteed by a U.S. bank or branch of a foreign bank;

(14) shares in open-end and no-load money market;

(15) mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7;

(16) repurchase agreements with any provider, which agreement is secured by any one or more of the securities described in clauses (a), (b) or (e) above, which securities shall (A) at all times have a market value of not less than the full amount held or invested pursuant to the agreement and (B) be delivered to a Bank as defined in clause (i) or (ii) of the definition thereof, as custodian, that is independent from the provider with whom the repurchase agreement is executed;

(17) forward delivery agreements ("FDAs") with any provider who has a rating (at the time the FDA is entered into) of at least A3 by Moody's or at least A- by S&P or Fitch, or a similar rating by another equivalent national ratings agency; provided, however, that, if any such provider is subsequently downgraded below Baa3 by Moody's or below BBB- by S&P or Fitch, or a similar rating by another equivalent national ratings agency, such FDA shall no longer qualify as an Authorized Investment;

(18) guaranteed investment contracts or other structured investments ("GICs") with any provider who has a rating (at the time the GIC is entered into) of at least A3 by Moody's or at least A- by S&P or Fitch, or a similar rating by another equivalent national ratings agency; provided, however, that any such GIC shall require that if the provider is subsequently downgraded below A3 by Moody's or below A- by S&P or Fitch, or a similar rating by another equivalent national ratings agency, the

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provider shall secure its obligations by posting collateral or converting the GIC into a repurchase agreement; and

(19) any other investment in which the Authority is authorized from time to time to invest under applicable law with respect to which an Authorized Officer has, on or before the date thereof, delivered to the Trustee a certificate to the Trustee designating the additional investment as an Authorized Investment.

Any investment in any of the foregoing obligations may be made in the form of an entry made on the records of the Authority of the particular obligations or of a recognized securities depository.

Authorized Officer means (i) the Chairman and the Vice Chairman, (ii) the General Manager and Chief Executive Officer, the Executive Vice President & Chief Financial Officer, the Vice President & Comptroller, the Vice President & Treasurer, the Board Corporate Secretary and any Assistant Board Corporate Secretary of the Authority, or successor positions regardless of title performing the same or similar functions and (iii) any other Person authorized by the Authority pursuant to a duly adopted resolution of the Authority to perform the act or sign the document in question.

Balloon Obligations shall mean Obligations designated as Balloon Obligations in a Supplemental Resolution and where 25% or more of the principal amount of such Obligations matures on the same date and such portion of the principal amount of such Obligations is not required to be amortized by payment or redemption prior to such date. If any Series of Obligations or any Parity Debt consists partially of Variable Interest Rate Obligations and partially of Obligations bearing interest at a fixed rate, the portion constituting Variable Interest Rate Obligations and the portion bearing interest at a fixed rate shall be treated as separate issues for purposes of determining whether any such Series of Obligations or Parity Debt constitutes Balloon Obligations.

Bank means any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

Business Day means any day of the year other than (i) a Saturday or a Sunday, (ii) any day on which Banks located in the City of New York, New York or the city in which the Principal Office of the Trustee is located or the District of Columbia are required or authorized by law or executive order to remain closed, or (iii) any day on which the New York Stock Exchange is closed.

Capital Appreciation Obligations means any Obligations denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Obligations. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of

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the Redemption Price if a Capital Appreciation Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Capital Appreciation Obligation in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Obligation shall be deemed to be its Accreted Value (which in the case of clause (ii) may be the Accreted Value as of the immediately preceding Valuation Date).

Capital Budget means the Authority's capital budget, as amended or supplemented from time to time, adopted or in effect for a particular Fiscal Year, as provided in Section 23 of the Compact.

Capital Costs means the costs of the Authority related to the implementation of the Capital Budget.

Certificate of Determination means a certificate of an Authorized Officer fixing the terms, conditions and other details of Obligations, Parity Debt, Credit Facilities, Subordinated Indebtedness or Subordinated Contract Obligations in accordance with the delegation of power to do so under a Supplemental Resolution.

Clearing Account shall mean the Account by that name established in the Resolution.

Clearing Account Agent shall mean the Bank selected by the Authority pursuant to the Resolution.

Compact means the Washington Metropolitan Area Transit Authority Compact entered into as an amendment of the Washington Metropolitan Area Transit Regulation Compact between the State of Maryland, the Commonwealth of Virginia and the District of Columbia and constituting Title III of said Washington Metropolitan Area Transit Regulation Compact, together with all amendments and supplements to said Title III heretofore entered into or which may be entered into in accordance with law.

Costs of Issuance means the costs of the authorization, sale and issuance of a Series of Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, including with respect to any party to a transaction charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, fees and charges of the Trustee and other Fiduciaries and agents, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution of documents, investor relations website fees, transportation and safekeeping of Obligations, premiums, fees and charges in order to obtain, renew, extend or terminate Credit Facilities and Qualified Swaps and other financial arrangements, costs and expenses of refunding such Obligations, Obligation Anticipation Notes, Subordinated Indebtedness, Parity Debt, Subordinated Contract Obligations or other obligations authorized under the Resolution, and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

Costs of Issuance Account means the applicable Account by that name established in the Proceeds Fund for a Series of Obligations pursuant to the Resolution.

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Counsel's Opinion or *Opinion of Counsel or Opinion* means an opinion signed by an attorney or firm of attorneys of recognized standing (who may be outside counsel to the Authority) selected by the Authority.

Credit Facility means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Authority and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Obligations, Parity Debt or Obligation Anticipation Notes.

Debt Service for any period means, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt outstanding, the sum of: (i) interest on the Obligations of such Series and the interest components of Parity Debt accruing during such period and (ii) that portion of each Principal Installment for such Obligations and Parity Debt that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the preceding Principal Installment payment date on Outstanding Obligations and Parity Debt; provided, however, that, unless otherwise set forth in a Supplemental Resolution, no Principal Installment shall be deemed to begin accruing until the later of one year prior to such Principal Installment's due date or the date of issuance or incurrence of the related Obligation or Parity Debt; provided further, for purposes of calculating Debt Service Fund deposits and Maximum Annual Debt Service, and with respect to any Series of Obligations or any Parity Debt, the Authority may compute such sum based on the following adjustments:

(1) Interest on Variable Interest Rate Obligations may be based on the Estimated Average Interest Rate applicable thereto.

(2) Interest on any Obligation or Parity Debt in respect of which the Authority has entered into a Qualified Swap may be based on:

(a) the fixed rate or rates of the Qualified Swap if the Authority has entered into what is generally referred to as a "floating-to-fixed" Qualified Swap (where the Authority pays a fixed rate and receives a floating rate); or

(b) the lower of (i) the Estimated Average Interest Rate and (ii) the effective capped rate of any Obligation or Parity Debt if the Authority has entered into a Qualified Swap that is generally referred to as an "interest rate cap" (where the Authority receives a payment if a variable rate exceeds a certain amount); or

(c) the Estimated Average Interest Rate of the Qualified Swap if the Authority has entered into either what is generally referred to as a "fixed-to-floating" Qualified Swap (where the Authority pays a variable rate and receives a fixed rate) or a "floating-to-floating" Qualified Swap (where the Authority pays a variable rate and receives a different variable rate).

(3) If any Series of Obligations or any Parity Debt constitutes Balloon Obligations, then, for purposes of determining the annual amount payable on account of

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principal of and interest on such Series of Obligations or Parity Debt, such Series of Obligations or Parity Debt that are or would be Balloon Obligations shall be treated as if the principal amount of such Series of Obligations or Parity Debt were to be amortized in substantially equal annual installments of principal and interest over the lesser of a term of 30 years or the actual term of such Series of Obligations or Parity Debt; and the interest rate used for such computation shall be the rate quoted in the 30-year revenue bond index, or revenue bond index related to the actual term of such Series of Obligations or Parity Debt, as applicable, published by The Bond Buyer no more than two weeks prior to the date of calculation, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as such Series of Obligations or Parity Debt on the date of issuance, or if there are no such Treasury bonds having equivalent maturities, 80% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States of America ranked by assets.

(4) If the Authority has irrevocably deposited Authorized Investments or money with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Authorized Investments and money may be deducted from Debt Service.

(5) If the Authority has, at any time, irrevocably called for redemption one or more Series of Obligations, including pursuant to a covenant to apply any portion of the Trust Estate to redeem Obligations or Parity Debt (which particular Obligations or Parity Debt need not be specifically identified in advance, except as to interest rate and maturity), the Authority may take into account such redemption.

(6) With respect to Parity Reimbursement Obligations, accelerated payments of principal shall only be taken into account if, at the time of calculation, such amounts are payable due to a draw under a credit or liquidity facility.

Debt Service Fund means the Fund by that name established by the Resolution.

Debt Service Payment Date means, with respect to any portion of Debt Service, the date on which the Debt Service shall be payable.

Dedicated Capital Funding Acts shall mean the following legislative enactments: D.C. Code § 1-325.401; Va. Code § 33.2-3401; and Md. Transit Code Ann. § 10-205(g).

Dedicated Capital Funding Revenues shall mean only those funds received by the Authority from the Signatories pursuant to the Dedicated Capital Funding Acts as the same exist on [INSERT DATE OF ADOPTION OF RESOLUTION], 2020. Dedicated Capital Funding Revenues do not include (a) those funds under Va. Code § 33.2-3401.B.1, which are ineligible for use as security for debt, (b) any funds in excess of the respective amounts set forth in the Dedicated Capital Funding Acts as of [INSERT DATE OF ADOPTION OF RESOLUTION], 2020, as a result of any amendment to any of the Dedicated Capital Funding Acts unless the Authority

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amends the Resolution in accordance with its terms to pledge such increased funds as part of the Trust Estate under the Resolution or (c) any other revenues, taxes, charges, assessments or other moneys paid to the Authority.

Defeasance Security means:

(a) an Authorized Investment as specified in clause (1), (2), or (3) of the definition thereof, which is non-callable and non-prepayable; or

(b) any other Authorized Investment designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the Series of Obligations authorized by such Supplemental Resolution, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by at least one Rating Agency.

Deferred Income Obligation means any Obligation (A) as to which interest accruing thereon prior to the Interest Commencement Date of such Obligation is (i) compounded on each Valuation Date for such Deferred Income Obligation and (ii) payable only at the maturity or prior redemption of such Obligations and (B) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date succeeding the Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Obligation is redeemed prior to maturity, (ii) computing the principal amount of Obligations held by the registered owner of a Deferred Income Obligation in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Deferred Income Obligation shall be deemed to be its Appreciated Value (which in the case of clause (ii) may be the Appreciated Value as of the immediately preceding Valuation Date).

Estimated Average Interest Rate means, as to any Variable Interest Rate Obligations or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Obligations or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer.

Events of Default means the events defined as such in the Resolution.

Fiduciary or *Fiduciaries* means the Trustee, any Registrar, any Paying Agent, any tender agent or any or all of them, as may be appropriate, or any Person appointed to act as a Fiduciary as provided in the Resolution.

Final Judgment means any judgment or order of any court of competent jurisdiction, or of any arbitrator or panel of arbitrators, as to which all appeals have been exhausted.

Fiscal Year means the then current annual accounting period of the Authority for its general accounting purposes, which period, as of [INSERT DATE OF ADOPTION OF RESOLUTION],

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2020, is the twelve-month period commencing on July 1 of each calendar year and ending on June 30 of the next calendar year.

Fund or *Funds* means each fund or all of the funds established in or pursuant to the Resolution.

Interest Commencement Date means, with respect to any particular Deferred Income Obligation, the date determined by Supplemental Resolution after which interest accruing on such Obligation shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

Joint Development Project means property interests owned and/or controlled by the Authority (including property interests constituting a part of the Transit System) which the Authority markets to one or more office, retail/commercial, recreational/entertainment or residential developers with the objective of developing one or more transit-oriented development projects.

Maximum Annual Debt Service shall mean, as of any date of calculation, the amount of Debt Service for the current or any future Fiscal Year in which the greatest amount of Debt Service is required.

Obligation Anticipation Notes means any such notes issued and delivered pursuant to the Resolution, except to the extent (but only to the extent) that all or any portion of such notes either are not payable, or are anticipated by the Authority not to be paid, from the proceeds of the Obligations in anticipation of which such notes are being issued.

Obligations means any bonds, notes, commercial paper or other form of indebtedness of the Authority payable from the Debt Service Fund, authorized by and delivered pursuant to the Resolution, but excluding Obligation Anticipation Notes to the extent payable from, and expected by an Authorized Officer to be paid from, the proceeds of Obligations or other Obligation Anticipation Notes.

Opinion of Bond Counsel means an opinion signed by any attorney or firm of attorneys of nationally recognized standing in the field of law relating to the issuance of obligations by state and municipal entities, selected by the Authority.

Outstanding, when used with reference to Obligations or Obligations of a Series, means, as of any date, Obligations or Obligations of such Series theretofore or thereupon to be delivered under the Resolution except:

(1) Any Obligations canceled at or prior to such date;

(2) Obligations the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof;

(3) Obligations in lieu of or in substitution for which other Obligations shall have been delivered pursuant to the Resolution;

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(4) Obligations deemed to have been paid as provided in the Resolution;

(5) Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Obligations on the applicable tender date, if the Purchase Price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution; and

(6) For the purpose of any consent to be given or other action to be taken by or upon the direction of Owners of a specified portion of Obligations Outstanding, Obligations excluded pursuant to the provisions of the Resolution.

The principal component of any Parity Debt shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Authority thereunder in lieu of the related Obligation, regardless of the authorized amount of the principal component of such Parity Debt or the related Obligation and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Parity Debt shall not by itself increase the Outstanding principal amount of Obligations.

Owner, or any similar terms, means the registered owner of any Obligation as shown on the books for the registration and transfer of Obligations maintained in accordance with the Resolution.

Parity Debt means any Parity Reimbursement Obligation, any Parity Swap Obligation or any other contract, agreement or other obligation of the Authority designated as constituting "Parity Debt" in a certificate of an Authorized Officer delivered to the Trustee; provided, however, that any such Parity Reimbursement Obligation, Parity Swap Obligation, or other contract, agreement or other obligation shall not constitute Parity Debt solely to the extent of any obligations to pay termination or other fees, expenses, indemnification or other similar payments to the counterparty to such arrangement; provided further that Parity Reimbursement Obligations may include accelerated principal amortization provisions to the extent permitted by the Resolution.

Parity Reimbursement Obligation has the meaning provided in the Resolution.

Parity Swap Obligation has the meaning provided in the Resolution.

Parking Facilities means parking facilities owned or operated by the Authority.

Participating Jurisdiction(s) shall mean and include the District of Columbia, the cities of Alexandria, Falls Church and Fairfax, Virginia, and the counties of Arlington and Fairfax, Virginia, and political subdivisions of the Commonwealth of Virginia located within those counties, the counties of Montgomery, and Prince George's, Maryland, and political subdivisions of the State of Maryland located within those counties, and any other government or governmental unit embraced by the Washington Metropolitan Area Transit Zone, as defined in Section 3 of the Compact or added pursuant to another provision of the Compact, (a) in which the Authority operates the Transit System, and (b) which contributes funds to support the Authority. Loudoun

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County, Virginia, shall become a Participating Jurisdiction for the Fiscal Year determined by the Board of Directors of the Authority in conjunction with the establishment of an opening date for the Silver Line Metrorail service in Loudoun County.

Paying Agent means any paying agent for the Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

Person means any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company or other legal entity or group of entities, including any public benefit corporation, public instrumentality, quasi-governmental or governmental entity or any agency or subdivision thereof.

Pre-2018 Bonds shall mean the $197,370,000 Gross Revenue Transit Refunding Bonds, Series 2017A, of the Authority at any time outstanding under the 2003 Bond Resolution, and the $496,500,000 Gross Revenue Transit Bonds, Series 2017B, of the Authority at any time outstanding under the 2003 Bond Resolution.

Pre-2018 Jurisdictional Funding Sources shall mean the following legislative enactments: D.C. Code §§ 1-2451 et seq.; Va. Code §§ 15.1-37.3:5, 58.1-638 and 58.1-1720; Arlington County Code § 27-15; Fairfax County Code §§ 4-5-4; Md. Transit Cod Ann. § 10-205(e); Montgomery County Code § 52-13; Code of Prince George's County § 10-255; Alexandria City Ordinance No. 2707, dated June 22, 1982; Fairfax City Ordinance No. 1982-23, dated June 29, 1982; and City of Falls Church Ordinance No. 1010, dated May 24, 1982; and shall include the funds paid by any Participating Jurisdiction for such purposes in-lieu-of such amounts.

Pre-2018 Jurisdictional Funding Revenues shall mean funds paid by the Participating Jurisdictions from the Pre-2018 Jurisdictional Funding Sources.

Principal Installments means, as of any date of calculation and with respect to any Series of Obligations or any Parity Debt, as applicable, (a) the principal amount of Outstanding Obligations of such Series, due on the dates and in the amounts specified by a related Supplemental Resolution, reduced by the principal amount of such Obligations which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance of any Sinking Fund Installments due on any certain future date for Obligations of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Parity Debt, the amount due thereunder on the dates and in the amounts established in accordance with the terms and provisions of the Resolution as a principal component of such Parity Debt payable on a parity with the Obligations.

Principal Office of the Trustee means the designated corporate trust office of the Trustee.

Proceeds Account means the applicable Account by that name established in the Proceeds Fund for a Series of Obligations pursuant to the Resolution.

Proceeds Fund means the Fund by that name established by the Resolution.

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Purchase Price means, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

Put Obligations means Obligations which by their terms may be tendered at the option of the Owner thereof, or are subject to a mandatory tender other than at the election of the Authority, for payment or purchase prior to the stated maturity or redemption date thereof.

Qualified Swap means, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Authority as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Authority for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Obligations or Variable Interest Rate Obligations on a synthetic basis or otherwise, and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to such Obligations.

Qualified Swap Provider means, subject to any applicable restrictions contained in the Compact, an entity whose senior long-term obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations, financial program rating, counterparty rating, or claims paying ability, are rated not lower than the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider.

Rating Agency means a nationally recognized statistical rating organization.

Rating Category means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rating Confirmation means evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken hereunder; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Obligations.

Record Date, except as otherwise provided by Supplemental Resolution or a certificate of an Authorized Officer, means the last Business Day preceding a payment date or other date on which an action is to be taken.

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Redemption Price means, with respect to any Obligation, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the Resolution.

Refunding Obligations means all Obligations authenticated and delivered on original issuance pursuant to the Resolution.

Registrar means any registrar for the Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

Reimbursement Obligation has the meaning provided in the Resolution.

Resolution means the Dedicated Capital Funding Bond Resolution, as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms thereof.

Responsible Officer means any officer assigned to the corporate trust office of the Trustee, or any other officer of the Trustee customarily performing functions similar to those performed by any of such officers and who has direct responsibility for the administration of the Resolution, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Revenue Anticipation Notes means any note or notes the proceeds of which are used for capital or of the Transit System, and issued by the Authority (a) having a final maturity date of not more than two years from the date of issuance, (b) authorized by the Authority only in anticipation of the receipt of reimbursements relating to capital costs of the Transit System which are anticipated to be sufficient to pay in full the principal of and any net interest, on such Revenue Anticipation Notes, (c) secured in whole or in part by a lien prior to the lien and pledge of the Resolution on such reimbursements and (d) meeting any other requirements of the Resolution.

Revenue Fund means the Revenue Fund by that name established by the Resolution.

Securities Depository means a recognized securities depository selected by the Authority to maintain a book-entry system in respect to all or any portion of a Series of Obligations (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

Series means all of the Obligations delivered on original issuance pursuant to a single Supplemental Resolution and denominated therein a single series, and any Obligations thereafter delivered in lieu of or in substitution therefor pursuant to the terms and provisions of the Resolution, regardless of variations in maturity, interest rate, or other provisions.

Signatory(ies) shall mean and include the District of Columbia, the State of Maryland and the Commonwealth of Virginia.

Sinking Fund Installment means, as of a particular date, any Sinking Fund Installment established pursuant to the Resolution.

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Subaccount or *Subaccounts* means each subaccount or all of the subaccounts established in or pursuant to the Resolution.

Subordinated Contract Obligation means any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee, (b) any Qualified Swap or portion thereof which has been designated as constituting a "Subordinated Contract Obligation" in a certificate of an Authorized Officer delivered to the Trustee; and (c) any other contract, agreement or other obligation of the Authority designated as constituting a "Subordinated Contract Obligation in a certificate of an Authorized Officer delivered to the Trustee. Each Subordinated Contract Obligation shall be payable and secured in a manner permitted by the Resolution, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Contract Obligations shall be junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

Subordinated Indebtedness means any bond, note or other indebtedness for capital projects to be funded by Dedicated Capital Funding Revenues authorized by Supplemental Resolution or other resolution of the Authority and designated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer delivered to the Trustee, which shall be payable and secured in a manner permitted by the Resolution, and any lien on and pledge of any portion of the Trust Estate securing Subordinated Indebtedness shall be junior and inferior to the lien on and pledge of the Trust Estate herein created for the payment of the Obligations and Parity Debt.

Supplemental Resolution means any resolution supplemental to or amendatory of the Resolution adopted by the Authority in accordance with the Resolution and, except as the context may otherwise require, including any related Certificate of Determination.

Taxable Obligations means any Obligations which are not Tax-Exempt Obligations.

Tax-Exempt Obligations means any Obligations the interest on which is intended by the Authority to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Obligations in the Supplemental Resolution authorizing such Obligations.

Transit System means the facilities, including all real and personal property and all rights, interests, property and appurtenances incidental thereto or used or useful in connection therewith, constructed or acquired by the Authority as part of its regional rail and bus transit system, but excluding Air Rights, Parking Facilities and Joint Development Projects.

Trust Estate means, collectively, but subject to the terms and provisions of the Resolution, all right, title and interest of the Authority in:

(1) all Dedicated Capital Funding Revenues;

(2) the proceeds of the sale of the Obligations;

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(3) all Funds, Accounts and Subaccounts established by the Resolution (other than the Clearing Account, except to the extent provided in the Resolution, and any rebate fund established pursuant to a tax certificate or agreement executed by the Authority in connection with a Series of Obligations and any funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations; *provided however*, that such funds, accounts and subaccounts are specifically excepted from the Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof; and

(4) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Resolution for the Obligations by the Authority, or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms of the Resolution.

Trustee means the Bank of New York Mellon and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Resolution.

Valuation Date means (i) with respect to any Capital Appreciation Obligations the date or dates set forth in the Supplemental Resolution authorizing such Obligations on which specific Accreted Values are assigned to the Capital Appreciation Obligations and (ii) with respect to any Deferred Income Obligations, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Resolution authorizing such Obligations on which specific Appreciated Values are assigned to the Deferred Income Obligations.

Variable Interest Rate means a variable interest rate to be borne by any Obligation. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Obligations.

Variable Interest Rate Obligations means Obligations which bear a Variable Interest Rate.

Proposed

APPENDIX B

FORM OF BOND COUNSEL OPINION

[CLOSING DATE]

Board of Directors
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, DC 20001

$_____*
Washington Metropolitan Area Transit Authority
Dedicated Revenue Bonds, Series 2020A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Washington Metropolitan Area Transit Authority (the "Authority"), a body corporate and politic, constituting an instrumentality and agency of the State of Maryland (the "State"), the Commonwealth of Virginia (the "Commonwealth") and the District of Columbia (the "District"), created and existing by virtue of the Washington Metropolitan Area Transit Authority Compact, as amended (the "Compact"), by and among the State, the Commonwealth and the District, of the Washington Metropolitan Area Transit Authority Dedicated Revenue Bonds, Series 2020A, in the original aggregate principal amount of $[_____]* (the "Series 2020A Bonds"). The Series 2020A Bonds are issued pursuant to (1) the Compact and (2) a resolution duly adopted by the Board of the Directors of the Authority on [_____], and entitled "Dedicated Revenue Bond Resolution," for the purpose of (a) financing eligible Capital Costs of the Transit System, (b) paying capitalized interest on the Series 2020A Bonds and (c) paying certain costs of issuing the Series 2020A Bonds. Capitalized terms used, but not defined, herein shall have the respective meanings assigned thereto in the Resolution.

The Series 2020A Bonds are payable solely from, and are equally and ratably secured solely by, the Trust Estate as defined in the Dedicated Revenue Bond Resolution. The Authority reserves the right to issue additional Obligations or incur Parity Indebtedness on the terms and for the purposes stated in the Resolution. Under the provisions of the Resolution, any Outstanding or additional Obligations or Parity Indebtedness will be subordinate to the Pre-2018 Bonds but on parity with the Series 2020A Bonds as to security and payment from that portion of the Trust Estate constituting Dedicated Capital Funding Revenues.

The Series 2020A Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Resolution.

We have examined: (a) the Compact; (b) a certified copy of the Resolution; and (c) such other laws, documents and proofs as we have deemed necessary as a basis for this opinion.

Proposed

In rendering our opinions set forth below, we have (a) relied as to questions of fact material to our opinion, without undertaking to verify the same by independent investigation, upon certified proceedings, certifications and representations of public officials, including representations of officials and representatives of the Authority, including, without limitation, representations as to the use and investment of the proceeds of the Series 2020A Bonds and the priority of the lien of the pledge of the Trust Estate created under the Resolution, and (b) assumed continuous compliance by the Authority with the covenants contained in the Resolution and documents related thereto, including, without limitation, covenants as to the use and investment of the proceeds of the Series 2020A Bonds.

The Authority has covenanted in connection with the Series 2020A Bonds that it will not use any proceeds of the Series 2020A Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments except as may be otherwise permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code," and all applicable regulations promulgated under the Code, including any proposed or temporary regulations, are collectively referred to herein as the "Regulations"), that it will comply with the arbitrage rebate requirements of Section 148(f) of the Code and the Regulations, and that it will comply with all other applicable provisions of the Code and the Regulations with respect to the Series 2020A Bonds.

Based on the foregoing, and subject to the qualifications contained herein, we are of the opinion that, on the date hereof:

1. The Authority is duly created and validly existing under the provisions of the Compact.

2. The Authority has the right and power under the Compact to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Trust Estate, subject to the application thereof to the purposes and on the conditions permitted by the Resolution.

3. The Authority is duly authorized and entitled to issue the Series 2020A Bonds, and the Series 2020A Bonds are valid, binding and special and limited obligations of the Authority as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and of the Compact, and the Series 2020A Bonds have been duly and validly authorized and issued in accordance with law, including the Compact, and in accordance with the Resolution.

4. Based on existing statutes, regulations, rulings and court decisions and assuming compliance by the Authority with the above-described covenants, interest on the Series 2020A Bonds is excludable from gross income for federal income tax purposes and is excludable from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Code. The opinion set forth in the immediately preceding sentence assumes and is subject to the accuracy of the representations and certifications of the Authority and continuous compliance by the Authority with the covenants contained in the official proceedings related to the Series 2020A Bonds,

Proposed

including covenants to the effect that the Authority will comply with all requirements of the Code and the Regulations promulgated thereunder that must be satisfied subsequent to the issuance of the Series 2020A Bonds in order that interest thereon be, and continue to be, excludable from gross income of the recipients thereof for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Series 2020A Bonds to be includable in gross income for federal income tax purposes retroactive to the date of the issuance of the Series 2020A Bonds.

5. Under existing law, interest on the Series 2020A Bonds is exempt from all current State, Commonwealth and District personal income taxes.

We express no opinion regarding other federal or state tax consequences arising with respect to the Series 2020A Bonds or any other matter with respect to the Series 2020A Bonds except as set forth herein. Ownership of the Series 2020A Bonds may result in other collateral federal or state income tax consequences to certain taxpayers depending on the particular taxpayer's tax status and other items of income or deduction. We express no opinion regarding any federal or state collateral tax consequences related to the Series 2020A Bonds.

The rights of the owners of the Series 2020A Bonds and the enforceability of the Series 2020A Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally, judicial discretion and principles of equity applicable to the availability of specific performance and other equitable relief, and the exercise of the sovereign police powers of Maryland, the Commonwealth and the District and the constitutional power of the United States of America.

Except as stated in paragraphs 4 and 5, we express no opinion regarding any other federal, state, local or foreign tax consequences with respect to the Series 2020A Bonds. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2020A Bonds, or under state, local and foreign tax law.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2020A Bonds.

We have examined an executed Series 2020A Bond and in our opinion the form of said Series 2020A Bond and its execution are regular and proper.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. We assume no responsibility to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur hereafter.

Sincerely,

Proposed

Proposed

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM PROCEDURES

The information set forth herein concerning DTC and the book-entry system described below has been extracted from materials provided by DTC for such purpose, is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority, the Trustee, or the Underwriters. The websites referenced below are included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

DTC will act as securities depository for the Series 2020A Bonds under a book-entry system with no physical distribution of the Series 2020A Bonds made to the public. The Series 2020A Bonds will initially be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2018 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC rules applicable to its participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2020A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2018 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial

Proposed

Owner entered into the transaction. Transfers of ownership interests in the Series 2020A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020A Bonds, except in the event that use of the book-entry system for the Series 2020A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2020A Bonds, such as redemptions, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2020A Bonds may wish to ascertain that the nominee holding the Series 2020A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2020A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2020A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and redemption price of, and interest on, the Series 2020A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participants and not of DTC (or its nominee), the Authority or the Trustee, subject to any statutory

Proposed

or regulatory requirements as may be in effect from time to time. Payment of principal and redemption price of, and interest on, the Series 2020A Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2020A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2020A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

The Authority, the Trustee, and the Underwriters cannot and do not give any assurances that DTC will distribute to its participants or that Direct Participants or Indirect Participants will distribute to Beneficial Owners of the Series 2020A Bonds (a) payments of principal or redemption price of, or interest on, the Series 2020A Bonds, or (b) confirmation of ownership interests in the Series 2020A Bonds, or (c) redemption or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants, or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the SEC and the current "procedures" of DTC to be followed in dealing with its participants are on file with DTC.

None of the Authority, the Trustee, or the Underwriters will have any responsibility or obligation to DTC participants, Beneficial Owners, or other nominees of such Beneficial Owners for: (a) sending transaction statements; (b) maintaining, supervising, or reviewing the accuracy of any records maintained by DTC or any DTC participant or other nominees of such Beneficial Owners; (c) payment or the timeliness of payment by DTC to any DTC participant, or by any DTC participant or other nominees of Beneficial Owners to any Beneficial Owner, of any amount due in respect of the principal or redemption price of, or interest on, the Series 2020A Bonds; (d) delivery or timely delivery by DTC to any DTC participant, or by any DTC participant or other nominees of Beneficial Owners to any Beneficial Owners, of any notice (including notice of redemption) or other communication, which is required to be given to holders or owners of the Series 2020A Bonds; (e) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2020A Bonds; or (f) any action taken by DTC or its nominee as the registered owner of the Series 2020A Bonds.

Proposed

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT
[To Be Updated]

This Continuing Disclosure Agreement (the "Agreement") dated _____, is executed and delivered by the Washington Metropolitan Area Transit Authority (the "Authority") in connection with the issuance and sale of the Authority's $545,000,000* Dedicated Revenue Bonds, Series 2020A (the "Bonds"), issued pursuant to the Resolution (as defined in the hereinafter defined Official Statement). Capitalized terms used in this Agreement which are not otherwise defined in the Official Statement or the Resolution shall have the respective meanings specified above or in Article IV hereof.

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) Commencing with the Fiscal Year ending June 30, 202_, the Authority shall provide to the MSRB no later than December 31,202__, and no later than each succeeding December 31 thereafter, Annual Financial Information with respect to each Fiscal Year of the Authority.

(b) The Authority shall provide, in a timely manner, notice of any failure of the Authority to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof because not available, the Authority shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Authority shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to (i) the MSRB and (ii) the Trustee.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) Each Notice Event notice relating to the Bonds shall include the CUSIP numbers of the Bonds to which such Notice Event notice relates or, if the Notice Event notice relates to all

*-Preliminary, subject to change.

Proposed

bond issues of the Authority, including the Bonds, such Notice Event notice need only include the CUSIP number of the Authority.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the Authority chooses to include any information in any Annual Financial Information or Notice Event notice in addition to that which is specifically required by this Agreement, the Authority shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.6. Additional Disclosure Obligations. The Authority acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Authority and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Authority under such laws.

Section 1.7. Previous Non-Compliance. The Authority represents that, except as disclosed in the Official Statement, in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the Authority provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org), or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Notice Events. Each notice of a Notice Event hereunder shall be captioned "Notice Event" and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 2.4. Dissemination Agents. The Authority may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Authority under this Agreement, and revoke or modify any such designation.

Section 2.5. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be

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provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.6. Fiscal Year. (a) The Authority's current Fiscal Year begins July 1 and ends on June 30, and the Authority shall promptly notify (i) the MSRB and (ii) the Trustee of each change in its Fiscal Year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The Authority's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Authority (1) receives an opinion of Counsel to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Agreement may be amended by the Authority, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments to or interpretations of the Rule, as well as any change in circumstances, (3) the Authority shall have received an opinion of Counsel to the same effect as set forth in clause (2) above, (4) the Authority shall have received an opinion of Counsel or a determination by an entity, in each case unaffiliated with the Authority (such as bond counsel or the Trustee), to the effect that the amendment does not materially impair the interests of the holders of the Bonds, and (5) the Authority shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) This Agreement may be amended by the Authority, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Authority shall have received an

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opinion of Counsel to the effect that performance by the Authority under this Agreement as so amended will not result in a violation of the Rule, and (3) the Authority shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Agreement may be amended by the Authority, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Authority shall have received an opinion of Counsel to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of staff, of the SEC, and (2) the Authority shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Authority in preparing its financial statements, the Annual Financial Information for the Fiscal Year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Authority to comply with the provisions of this Agreement shall be enforceable by any holder of Outstanding Bonds. The holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Authority to perform in accordance with this Agreement shall not constitute a default or an event of default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an event of default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the Compact, and any suits and actions arising out of this Agreement shall be instituted in a court of competent

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jurisdiction; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, (i) collectively, updated versions of the following financial information and operating data contained in the Official Statement, for each Fiscal Year of the Authority, as follows:

(a) Audited Financial Statements, if available, or Unaudited Financial Statements for the immediately preceding Fiscal Year; and

(b) to the extent such information is not contained in the Audited Financial Statements, the historical financial information and operating data with respect to the Authority, substantially similar to the type set forth in Tables 2 and 8 and the financial information and operating data with respect to the Authority, substantially similar to the type set forth in Table 11 in the Official Statement.

(ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement.

Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the Authority, audited by such auditor as selected by the Authority or as shall otherwise then be required or permitted by the Authority or federal law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Section 3.2(a) hereof, the Authority may from time to time, if required by the Authority's legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific law or regulation describing such accounting principles, or other description thereof.

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(3) "Counsel" means any nationally recognized bond counsel or counsel expert in federal securities laws.

(4) "Financial Obligation" means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of any Financial Obligation in clause (a) of clause (b). The term Financial Obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(5) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(6) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(7) "Notice Event" means any of the following events with respect to the Bonds, whether relating to the Authority or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Authority;

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(xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect holders of the Bonds, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

With regard to the reportable event described in subsection (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(8) "Official Statement" means the Official Statement dated _____, of the Authority relating to the Bonds.

(9) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, to the date hereof and as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(10) "SEC" means the United States Securities and Exchange Commission.

(11) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

By: _____

Proposed

Name:
Title:

Proposed

PRESENTED AND ADOPTED: _____, 2020

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

2020-___

2020 SUPPLEMENTAL BOND RESOLUTION

Supplementing and Amending

Gross Revenue Bond Resolution 2003-53
Adopted September 23, 2003

Proposed

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SUPPLEMENTAL BOND RESOLUTION

Supplementing and Amending

Gross Revenue Bond Resolution 2003-53
Adopted September 23, 2003

BE IT RESOLVED by the Board of Directors (the "Board") of **WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY** (the "Authority"), as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1.01 Supplemental Resolution. This 2020 Supplemental Bond Resolution (the "Supplemental Resolution") is supplemental to, amends, and is adopted in accordance with Article IX of, Resolution 2003-53 of the Authority adopted on September 23, 2003, entitled "Gross Revenue Bond Resolution" (the "Resolution").

SECTION 1.02 Definitions.

1. All capitalized terms which are used but not otherwise defined in this Supplemental Resolution shall have the same meanings, respectively, as such terms are given by Section 101 of the Resolution.

SECTION 1.03 Authority for this Supplemental Resolution. This Supplemental Resolution is adopted pursuant to the provisions of the Compact and the Resolution, specifically Sections 901(2) and 901(3) of the Resolution, which authorize the Authority to adopt a Supplemental Resolution, without the consent of or notice to any Owner, in order to add to the covenants and agreements of the Authority in the Resolution, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect and to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect.

ARTICLE II

AMENDMENTS TO THE RESOLUTION

SECTION 2.01 Amendment to Section 101 of the Resolution. The following definitions are hereby added to Section 101 of the Resolution:

"**2020 Bond Resolution** shall mean the Dedicated Capital Funding Bond Resolution 2020-___, adopted by the Authority on _____, 2020, as the same from time to time may be amended or supplemented in accordance with its terms."

2020 Trustee shall mean the trustee appointed pursuant to the terms of the 2020 Bond Resolution."

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SECTION 2.02 Amendment to Section 502 of the Resolution. Subsection 2 of Section 502 of the Resolution are hereby amended and restated as follows:

"2. The following Funds and Accounts, which shall be held and administered as set forth below, are hereby established:

(a) the Revenue Fund, and within such Revenue Fund, (i) the Gross Revenues Account, which shall be held and administered by the Authority, and (ii) the Future Dedicated Revenues Account, which shall be held and administered by the Trustee; and

(b) the Proceeds Fund, which shall be held and administered by the Authority."

SECTION 2.03 Amendment to Section 504 of the Resolution. Section 504 of the Resolution is hereby amended and restated as follows:

"**Section 504. Revenue Fund, Gross Revenues and Application Thereof**.

1. The Authority shall deposit into the Gross Revenues Account all Gross Revenues, other than any Future Dedicated Revenues, as soon as practicable after the receipt thereof. The Authority shall apply all amounts in the Gross Revenues Account in the amounts and in the order of priority as follows:

(a) payment to the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded the amount, if any, set aside in any account within the Debt Service Fund or the Proceeds Fund from the proceeds of Obligations or Parity Debt for the payment of interest on Obligations or Parity Debt to the last day of the then current Quarter;

(b) transfer to another Person in accordance with any related Supplemental Resolution in the case of any Obligations or Parity Debt, all amounts required by such Supplemental Resolution to build up or replenish any debt service reserve fund established under any Supplemental Resolution for such Obligations or Parity Debt;

(c) transfer to another Person in accordance with any Supplemental Resolution or other authorizing document creating Subordinated Indebtedness or Subordinated Contract Obligations for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation;

(d) transfer to the Authority for deposit in the Proceeds Fund as directed in writing by an Authorized Officer of the Authority; and

(e) transfer to such accounts held by the Authority as an Authorized Officer shall specify in writing to the Trustee.

Amounts paid out from any Fund or Account for an authorized purpose (excluding transfers to any other pledged Fund or Account) or transferred pursuant to clause (e) of this subsection 1 shall be free and clear of the lien and pledge created by the Resolution.

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2. (a) The Trustee shall deposit into the Future Dedicated Revenues Account of the Revenue Fund all Future Dedicated Revenues as soon as practicable after the receipt thereof. Subject to the provisions of subsection 2(b) of this Section 504, the Authority may at any time and from time to time direct the Trustee to transfer, and the Trustee shall so transfer, any and all amounts in the Future Dedicated Revenues Account to any lawful purpose and amounts so transferred shall be free and clear of the lien and pledge created by the Resolution unless transferred to a Fund or Account pledged under the Resolution. The Authority hereby directs the Trustee, on the Business Day next succeeding each deposit of Future Dedicated Revenues into the Future Dedicated Revenues Account, to transfer all Future Dedicated Revenues on deposit in the Future Dedicated Revenues Account to the 2020 Trustee; provided such direction and transfer is expressly subject to compliance with the provisions of subsection 2(b) of this Section 504.

(b) Whenever the amount of Gross Revenues paid or transferred out of the Gross Revenues Account in respect of Pre-2018 Obligations only, as required under subsections 1(a), 1(b) and 1(c) of this Section 504, is less than the amount which should have been so transferred, then an amount equal to such deficiency shall be held in the Future Dedicated Revenues Account and applied in a timely manner to the payment when due of such Pre-2018 Obligations. Should such deficiency be made up from other sources, or such Pre-2018 Obligations be otherwise paid, then the amount so held in the Future Dedicated Revenues Account may be applied as provided in subsection 2(a) of this Section 504."

SECTION 2.04 Effectiveness of Amendments to the Resolution. The amendments and restatements made to the Resolution in this Article II shall take effect following (a) the adoption of this Supplemental Resolution and (b) the filing with the Trustee of a copy of this Supplemental Resolution certified by an Authorized Officer as provided in Section 901 of the Resolution.

Reviewed for form and legal sufficiency,

/s/Patricia Y. Lee
Patricia Y. Lee
General Counsel

WMATA File Structure No:
4.1 Bonds

Proposed