NEW ISSUE – BOOK ENTRY ONLY

RATINGS:
S&P: "AA"
Kroll: "AA"
(See "RATINGS" herein.)

*In the opinion of Bond Counsel to the Authority, to be delivered upon the issuance of the Series 2024A Second Lien Bonds, under existing law and assuming compliance by the Authority with requirements of the Internal Revenue Code of 1986, as amended (the **"Code"**) that must be met subsequent to the issuance of the Series 2024A Second Lien Bonds, with which the Authority has certified, represented and covenanted its compliance, interest on the Series 2024A Second Lien Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel to the Authority observes that interest on the Series 2024A Second Lien Bonds included in the adjusted financial statement income of certain corporations is not excluded from the computation of the federal corporate alternative minimum tax. Also in the opinion of Bond Counsel to the Authority, to be delivered upon the issuance of the Series 2024A Second Lien Bonds, under existing law, interest on the Series 2024A Second Lien Bonds is exempt from all current Maryland, Virginia and District of Columbia personal income taxes. See "TAX MATTERS" for a more detailed description.*

$635,990,000
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
Second Lien Dedicated Revenue Bonds, Series 2024A
(Sustainability – Climate Transition Bonds)

Dated: Date of Delivery **Due: July 15, as shown on inside cover page**

The Series 2024A Second Lien Bonds. The above-captioned Bonds (the **"Series 2024A Second Lien Bonds"**) will be special obligations of the Washington Metropolitan Area Transit Authority (the **"Authority"**) issued pursuant to the terms of a Second Lien Dedicated Capital Funding Bond Resolution adopted by the Authority on July 27, 2023 (the **"Second Lien Master Resolution"**) as supplemented by the 2024A Supplemental Second Lien Bond Resolution adopted by the Authority on June 27, 2024 (together, the **"Second Lien Resolution"**). The Series 2024A Second Lien Bonds will be issued in authorized denominations of $5,000 or any integral multiple thereof. The Bank of New York Mellon, New York, New York, is the Trustee under the Second Lien Resolution.

Maturity, principal amount, interest rate, yield and price information for the Series 2024A Second Lien Bonds is located on the inside cover page of this Official Statement.

Purpose. Proceeds of the Series 2024A Second Lien Bonds are expected to be used to (i) finance Capital Costs, and (ii) pay certain costs of issuance relating to the Series 2024A Second Lien Bonds. *See* "INTRODUCTION" and "PLAN OF FINANCE/SOURCES AND USES OF FUNDS."

Security. The Series 2024A Second Lien Bonds, together with all other bonds issued under the Second Lien Master Resolution (the **"Second Lien Obligations"**), are special, limited obligations of the Authority payable solely from and secured solely by the Second Lien Trust Estate, subject to the terms and conditions of the Second Lien Resolution. The only other Second Lien Obligations outstanding as of the date of this Official Statement are the Series 2023A Second Lien Bonds, as further described herein, in the aggregate principal amount of $797,800,000. The Series 2024A Second Lien Bonds are secured and payable on a basis that is subordinated to the prior pledge of the Dedicated Capital Funding Revenues for payment of Senior Lien Obligations issued and outstanding from time to time under the Senior Lien Resolution. As of the date of this Official Statement, Senior Lien Obligations were outstanding in the aggregate principal amount of $1,690,185,000. The Second Lien Trust Estate consists primarily of a second lien pledge of the Dedicated Capital Funding Revenues 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 2024A SECOND LIEN BONDS" and "CERTAIN INVESTMENT CONSIDERATIONS."

The Series 2024A Second Lien 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 States, the Participating Jurisdictions (as defined herein) or the United States of America. The full faith and credit of the States, the Participating Jurisdictions and the United States of America are not pledged to the payment of the Series 2024A Second Lien Bonds, and none of the foregoing are liable thereon. The Authority has no taxing power. *See* "SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS" and "CERTAIN INVESTMENT CONSIDERATIONS."

Redemption. The Series 2024A Second Lien Bonds are subject to redemption prior to maturity as described in "THE SERIES 2024A SECOND LIEN BONDS – Redemption Prior to Maturity."

Interest Payment Dates. The Series 2024A Second Lien Bonds will bear interest from their date of delivery at the rates set forth on the inside cover page hereof. Interest on the Series 2024A Second Lien Bonds is payable semiannually on each January 15 and July 15, commencing January 15, 2025, computed on the basis of a 360-day year comprised of twelve 30-day months.

Delivery Date. It is expected that the Series 2024A Second Lien Bonds will be available for delivery to Depository Trust Company on or about July 24, 2024.

This cover page contains certain information for quick reference only. It is not a summary of the Series 2024A Second Lien 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 2024A Second Lien Bonds. Capitalized terms used and not defined on this cover page have the respective meanings assigned to them elsewhere in this Official Statement and in Appendix A – "FORM OF SECOND LIEN MASTER RESOLUTION."

The Series 2024A Second Lien Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters. Legal matters with respect to the Series 2024A Second Lien Bonds are subject to the approval of Hogan Lovells US LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority by its Executive Vice President, Chief Legal Officer and General Counsel, Patricia Y. Lee, Esq. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe, LLC. Hogan Lovells US LLP, as Disclosure Counsel to the Authority, will deliver an opinion regarding certain matters to the Authority and the Underwriters. Frasca & Associates, LLC and PFM Financial Advisors LLC have acted as co-Municipal Advisors to the Authority in connection with the offering and issuance of the Series 2024A Second Lien Bonds.

BofA Securities **Barclays**

Ramirez & Co., Inc. **Truist Securities** **Academy Securities** **Blaylock Van**

July 9, 2024

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

$635,990,000
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
Second Lien Dedicated Revenue Bonds, Series 2024A
(Sustainability – Climate Transition Bonds)

(CUSIP six-digit No. 93878Y)†

$19,715,000 5.000% Term Bond due July 15, 2049 Yield: 4.000% Price: 108.157c CUSIP†: DU0

$117,330,000 5.000% Term Bond due July 15, 2054 Yield: 4.120% Price: 107.137c CUSIP†: DV8

$50,000,000 4.375% Term Bond due July 15, 2056 Yield: 4.470% Price: 98.390 CUSIP†: DW6

$135,120,000 5.000% Term Bond due July 15, 2056 Yield: 4.220% Price: 106.295c CUSIP†: DX4

$125,000,000 4.375% Term Bond due July 15, 2059 Yield: 4.530% Price: 97.291 CUSIP†: DY2

$188,825,000 5.250% Term Bond due July 15, 2059 Yield:: 4.210% Price: 108.398c CUSIP†: DZ9

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. None of the Authority, the Co-Municipal Advisors or the Underwriters takes any responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of the owners of the Series 2024A Second Lien Bonds. The CUSIP number for any maturity of the Series 2024A Second Lien Bonds may be changed after the issuance of the Series 2024A Second Lien Bonds as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of such maturity or the procurement of secondary market insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2024A Second Lien Bonds.

c Priced to the first optional call date of July 15, 2034.

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, Frasca & Associates, LLC and PFM Financial Advisors LLC (the "**Co-Municipal Advisors**") or the Underwriters. 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 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 Official Statement is not complete and may be changed. This Official Statement is not an offer to sell the Series 2024A Second Lien Bonds and is not soliciting an offer to buy the Series 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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; Hyperlinks. 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 page 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 2024A Second Lien Bonds is made only by means of this entire Official Statement. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

Public Offering Prices. The Underwriters may offer and sell the Series 2024A Second Lien Bonds to certain dealers (including dealers depositing the Series 2024A Second Lien 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 2024A Second Lien Bonds. Subsequent to the initial offering, the offering prices and yields for the Series 2024A Second Lien Bonds may be changed from time to time by the Underwriters.

No Recommendation or Registration. The Series 2024A Second Lien 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 2024A Second Lien Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such act; and the Second Lien Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such act.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

300 7th Street, S.W.
Washington, D.C. 20024
(202) 962-2882
Attention: Treasurer's Office

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Thomas Webster, Executive Vice President and Chief Planning and Performance Officer
Patricia Y. Lee, Esq., Executive Vice President, Chief Legal Officer and General Counsel
Robert M. Haas, Vice President and Treasurer

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New York, New York

PFM Financial Advisors LLC
Philadelphia, Pennsylvania

AUDITOR

RSM US LLP
Washington, D.C.

* Effective July 1, 2024.

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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 the Second Lien Master Resolution and the Senior Lien Resolution. See **Appendices A and F**.*

Issuer: Washington Metropolitan Area Transit Authority (the "**Authority**"), an interstate compact 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**" and each a "**State**").

Issue: $635,990,000 Second Lien Dedicated Revenue Bonds, Series 2024A (Sustainability – Climate Transition Bonds) (the "**Series 2024A Second Lien Bonds**").

Dated Date: July 24, 2024.

Denominations: $5,000 and integral multiples thereof.

Interest: The Series 2024A Second Lien Bonds will bear interest at the rates set forth on the inside cover page hereof, payable semiannually on January 15 and July 15, commencing January 15, 2025, computed on the basis of a 360-day year comprised of twelve 30-day months.

Redemption: The Series 2024A Second Lien Bonds are subject to redemption prior to maturity as described under "THE SERIES 2024A SECOND LIEN BONDS – Redemption Prior to Maturity."

Authority for Issuance: The Series 2024A Second Lien Bonds will be issued under the authority of the Washington Metropolitan Area Transit Authority Compact, by and among the States, dated November 20, 1966, as amended (the "**Compact**"), and the Second Lien Dedicated Capital Funding Bond Resolution adopted by the Authority's Board of Directors (the "**Board**") on July 27, 2023 (the "**Second Lien Master Resolution**"), as supplemented by the 2024A Supplemental Second Lien Bond Resolution adopted by the Board on June 27, 2024 (the "**Second Lien Supplemental Resolution**" and, together with the Second Lien Master Resolution, the "**Second Lien Resolution**"). *See* **Appendix A**.

Purpose: Proceeds of the Series 2024A Second Lien Bonds are expected to be used to (i) finance Capital Costs, and (ii) pay certain costs of issuance relating to the Series 2024A Second Lien Bonds. *See* "PLAN OF FINANCE/SOURCES AND USES OF FUNDS."

Key Terms: *"Capital Costs"* shall mean the costs of the Authority related to the implementation of 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 the Compact.

"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 Capital Funding Revenues" shall mean only those funds received by the Authority from the States pursuant to the Dedicated Revenue Statutes as the same exist as

of April 23, 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 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 Second Lien Master Resolution in accordance with its terms to pledge such increased funds as part of the Second Lien Trust Estate under the Second Lien Master Resolution or (c) any other revenues, taxes, charges, assessments or other moneys paid to the Authority.

"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 Agreement for Award and Use of Dedicated Funding Grant, dated October 22, 2020, by and between the Authority and the District.

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

"Pre-2018 Bonds" means the Authority's Gross Revenue Transit Refunding Bonds, Series 2017A, currently outstanding in the aggregate principal amount of $157,905,000, and the Authority's Gross Revenue Transit Bonds, Series 2017B, outstanding as of June 30, 2024 in the aggregate principal amount of $435,725,000, at any time outstanding under the 2003 Bond Resolution.

"Senior Lien Resolution" shall mean the Dedicated Capital Funding Bond Resolution adopted by the Authority on April 23, 2020, as amended and supplemented. *See* **Appendix F**.

"Senior Lien Obligations" shall mean the bonds and other obligations issued and outstanding from time to time under the Senior Lien Resolution, which Senior Lien Obligations have a lien on the Dedicated Capital Funding Revenues prior to the lien thereon of the Series 2024A Second Lien Bonds and other Second Lien Obligations issued under the Second Lien Master Resolution.

"Senior Trust Estate" shall mean the trust estate securing the Senior Lien Obligations pledged under the Senior Lien Resolution.

"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 (as such terms are defined in the Second Lien Master Resolution).

"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 2020-14 (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 2024A Second Lien Bonds:

The Second Lien Master Resolution pledges the Second Lien Trust Estate as security for the payment of the Series 2024A Second Lien Bonds (subordinated to the prior pledge for the payment of Senior Lien Obligations pursuant to the Senior Lien Resolution). The Series 2024A Second Lien Bonds will be issued on parity with all other Second Lien Obligations and Second Lien Parity Debt as provided in the Second Lien Master Resolution. The only other Second Lien Obligations outstanding as of the date of this Official Statement are the Series 2023A Second Lien Bonds, as further described herein, in the aggregate principal amount of $797,800,000.

The "Second Lien Trust Estate" is defined to mean, but subordinate to the obligations of the Authority in respect of the Senior Lien Obligations pursuant to the Senior Lien Resolution, all rights, title and interests of the Authority in: (1) all Dedicated Capital Funding Revenues; (2) the proceeds of the sale of the Second Lien Obligations; (3) all Funds, Accounts and Subaccounts established by the Second Lien Master Resolution (except to the extent otherwise provided in the Second Lien Master 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 Second Lien Obligations under the terms of the Second Lien Master Resolution or as provided by any Supplemental Resolution to the Second Lien Master 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 Second Lien Master 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 the Senior Lien Resolution) for deposit into a Clearing Account established in the name of the Authority and held uninvested and administered by the Clearing Account Agent. So long as any Pre-2018 Bonds are outstanding, no Senior Lien Obligations nor Second Lien Obligations including the Series 2024A Second Lien 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.

The balance of the Dedicated Capital Funding Revenues shall then be transferred to the Trustee and deposited into the Revenue Fund (as defined in the Senior Lien Resolution), and applied to meet the funding requirements under the Senior Lien Resolution. The pledge of the Dedicated Capital Funding Revenues created by the Second Lien Master Resolution is subordinate in all respects to the prior pledge for the payment of Senior Lien Obligations pursuant to the Senior Lien 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 and then to meet the requirements under the Senior Lien Resolution, the balance of all Dedicated Capital Funding Revenues are to be deposited into the Second Lien Debt Service Fund (as defined in the Second Lien Master Resolution) established under the Second Lien Master Resolution as soon as practicable thereafter. See "SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Flow of Funds" and **Appendix A**.

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 appropriation 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 2024A SECOND LIEN BONDS." Pursuant to the Dedicated Revenue Statutes, the States are obligated, subject to the limitations described more fully herein *(see* "CERTAIN 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 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 certain terms and conditions more fully detailed in the District Dedicated Funding Grant Agreement. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *District of Columbia*," "CERTAIN INVESTMENT CONSIDERATIONS," and "CAPITAL IMPROVEMENT PROGRAM."

Under the Maryland Dedicated Revenue 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 annual grants to the Washington Suburban Transit District to pay the capital costs of the Authority. The Dedicated Capital Funding Revenues are disbursed upon receipt of an invoice from the Authority and pursuant to the Maryland Dedicated Funding Grant Agreement. Disbursements 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 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *State of Maryland*," "CERTAIN INVESTMENT CONSIDERATIONS," and "CAPITAL IMPROVEMENT PROGRAM."

Under the Commonwealth Dedicated Revenue Statutes, the Virginia Comptroller is required to (i) establish a non-reverting WMATA capital fund consisting of non-restricted and restricted accounts; (ii) accumulate revenues from a variety of tax sources and transportation funds, calculated to generate an aggregate of approximately $154.5 million of revenues, into such WMATA capital fund; and (iii) disburse such funds to the Authority on a monthly basis solely and exclusively for capital improvements. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *Commonwealth of Virginia*." The Authority may use only 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, including the Series

2024A Second Lien Bonds, subject to certain terms and conditions more fully detailed in the Commonwealth Dedicated Funding Grant Agreement. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *Commonwealth of Virginia*," "CERTAIN INVESTMENT CONSIDERATIONS," and "CAPITAL IMPROVEMENT PROGRAM."

Debt Service Deposits: Promptly upon receipt thereof, the Trustee shall deposit to the Senior Lien 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 on the Senior Lien Obligations and shall then be deposited to the Second Lien Debt Service Fund an amount equal to Accrued Debt Service on the Second Lien Obligations. Accrued Debt Service on the Second Lien Obligations 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 Second Lien Obligations and Second Lien Parity Debt, calculating accrued Debt Service with respect to each Second Lien Obligation at an the amount equal to the sum of (i) as estimated by an Authorized Officer, interest on the Second Lien Obligations and interest components of Second Lien 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 Second Lien Obligations and Second Lien 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 Second Lien 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 on the Second Lien Obligations include any amounts that, as certified by an Authorized Officer, have been set aside under the Second Lien Master Resolution or otherwise in trust for the payment thereof. *See* "SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Flow of Funds."

Senior Indebtedness: The only Senior Lien Obligations issued and outstanding under the Senior Lien Resolution as of the date of this Official Statement are the Authority's Dedicated Revenue Bonds, Series 2020A (the "**Series 2020A Senior Lien Bonds**"), outstanding in the aggregate principal amount of $531,975,000, the Authority's Dedicated Revenue Bonds, Series 2021A (the "**Series 2021A Senior Lien Bonds**"), outstanding in the aggregate principal amount of $766,210,000, and the Authority's Dedicated Revenue Bonds, Series 2023A (the "**Series 2023A Senior Lien Bonds**"), outstanding in the aggregate principal amount of $392,000,000. The Senior Lien Resolution prohibits the Authority from creating a new pledge of or lien on the Senior Trust Estate that is superior to the pledge that secures the Senior Lien Obligations. However, the Authority may create a pledge of or lien on the Senior Lien Trust Estate that is on parity with the pledge that secures the Senior Lien Obligations, and in that connection incur additional senior indebtedness ("**Senior Lien Parity Obligations**" and "**Senior Lien Parity Debt**"), provided certain conditions set forth in the Senior Lien Resolution are satisfied. For information about the conditions set forth in the Senior Lien Resolution for the issuance of Senior Lien Parity Obligations, see **Appendix F** – "FORM OF SENIOR LIEN RESOLUTION."

Second Lien Obligations and Other Indebtedness: Under the Second Lien Master Resolution, the Authority may create a pledge of or lien on the Second Lien Trust Estate that is on parity with the pledge that secures the Series 2024A Second Lien Bonds and in that connection incur additional indebtedness ("**Second Lien Obligations**") and Second Lien Parity Debt, provided certain conditions set forth in the Second Lien Master Resolution are satisfied. The only Second Lien Obligations issued and outstanding under the Second Lien Master Resolution as of the date of this Official Statement are the Authority's Second Lien Dedicated Revenue Bonds, Series 2023A (the "**Series 2023A Second Lien Bonds**"), outstanding in the aggregate principal amount of $797,800,000.

The Authority may issue one or more Series of Second Lien Obligations under the Second Lien Master Resolution payable from the Dedicated Capital Funding Revenues to pay, or to provide for the payment of, all or part of the Capital Costs. Such Second Lien 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 Second Lien Obligations, shall at least equal 150% of the sum of: (a) the Maximum Annual Debt Service (with respect to all Senior Lien Obligations, Senior Lien Parity Debt, Second Lien Obligations and Second Lien Parity Debt, including the Second Lien Obligations being incurred or issued) for the period commencing with the Fiscal Year next following the incurrence or issuance of such Second Lien Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any Outstanding Second Lien 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 Second Lien 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.

For information on the conditions precedent to the issuance of additional indebtedness including indebtedness junior to the Series 2024A Second Lien Bonds, *see* "SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Second Lien Parity Obligations and Additional Indebtedness."

Certain Investment Considerations: The purchase and ownership of the Series 2024A Second Lien Bonds involve investment risks and other considerations, some of which are discussed in this Official Statement. For a description of certain of such risks and other considerations, including the impact of the changes in commuting patterns due to new norms created by hybrid work as a result of the COVID-19 pandemic, *see* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues," "THE AUTHORITY – Changes in Post-Pandemic Ridership and Customer Behavior" and "CERTAIN INVESTMENT CONSIDERATIONS."

Sustainability Bond Designation: The Series 2024A Second Lien Bonds have been designated as Sustainability – Climate Transition Bonds as further described in "THE SERIES 2024A SECOND LIEN BONDS – Sustainability – Climate Transition Bond Designation." *See* **Appendix E**.

Continuing Disclosure:	The Authority will undertake in a continuing disclosure agreement for the Series 2024A Second Lien Bonds to provide annual financial information, operating data and event notices as required by Rule 15c2-12, as more fully described in "CONTINUING DISCLOSURE." *See* **Appendix D**.
Ratings:	S&P and Kroll have assigned ratings to the Series 2024A Second Lien Bonds of "AA" (with a stable outlook) and "AA" (with a stable outlook), respectively. *See* "RATINGS."
Additional Information:	Brief descriptions of and references to the Authority, the Series 2024A Second Lien Bonds, additional outstanding indebtedness of the Authority, the Compact, the Senior Lien Resolution, the Second Lien Resolution, the Transit System, the Dedicated Revenue Statutes, other applicable legislation, 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 300 7th Street, S.W., Washington, D.C. 20024.

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OFFICIAL STATEMENT

Relating to

$635,990,000
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
Second Lien Dedicated Revenue Bonds, Series 2024A
(Sustainability – Climate Transition Bonds)

INTRODUCTION

This Official Statement, including the cover page, inside cover page and Appendices hereto, is provided to set forth certain information pertaining to the Washington Metropolitan Area Transit Authority (the "**Authority**") and its $635,990,000 Second Lien Dedicated Revenue Bonds, Series 2024A **(Sustainability – Climate Transition Bonds)** (the "**Series 2024A Second Lien Bonds**"). The Series 2024A Second Lien Bonds will be issued under the authority of the Washington Metropolitan Area Transit Authority Compact, as amended (the "**Compact**"), by and among the State of Maryland ("**Maryland**"), the Commonwealth of Virginia (the "**Commonwealth**"), and the District of Columbia (the "**District**" and, together with the Commonwealth and Maryland, the "**States**" and each a "**State**") dated November 20, 1966 and the Second Lien Dedicated Capital Funding Bond Resolution adopted by the Authority's Board of Directors (the "**Board**") on July 27, 2023 (the "**Second Lien Master Resolution**"), as supplemented by the 2024A Supplemental Second Lien Bond Resolution adopted by the Board on June 27, 2024 (the "**Second Lien Supplemental Resolution**" and, together with the Second Lien Master Resolution, the "**Second Lien Resolution**"). The Bank of New York Mellon, New York, New York, is the Trustee under the Second Lien Resolution (the "**Trustee**" or the "**Second Lien 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, 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**" and the identified political subdivisions referred to as the "**Participating Jurisdictions**"). For the Fiscal Year ended June 30, 2023, the Authority provided approximately 126.7 million unlinked Metrorail trips, 102.8 million unlinked Metrobus trips, and 1.4 million MetroAccess trips.[1]

[1] *See* Comprehensive Annual Financial Report for Fiscal Years ended June 30, 2023 and 2022, at p. 140.

Proceeds of the Series 2024A Second Lien Bonds are expected to be used to (i) finance Capital Costs, and (ii) pay certain costs of issuance relating to the Series 2024A Second Lien Bonds. *See* "PLAN OF FINANCE/SOURCES AND USES OF FUNDS."

The Series 2024A Second Lien Bonds are special, limited obligations of the Authority payable solely from the Second Lien Trust Estate pledged by the Second Lien Resolution. The Series 2024A Second Lien 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 2024A Second Lien Bonds, and none of the foregoing are liable thereon. The full faith and credit of the Authority is not pledged to the Series 2024A Second Lien Bonds.

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 ("**Financial Report**") for Fiscal Years ended June 30, 2023 and 2022. The following portion of the Financial Report for Fiscal Year 2023 is incorporated herein by reference: the information under the heading "Financial Section," from pages 22-101, inclusive (collectively, the "**Fiscal Year 2023 Audited Financial Statements**"). The Authority's Financial Report for Fiscal Years ended June 30, 2023 and 2022 can be found at https://www.wmata.com/about/records/upload/Annual-Comprehensive-Financial-Report-for-the-Fiscal-Years-Ended-June-30-2023-and-2022.pdf. Unless expressly stated otherwise herein, no other information is incorporated by reference in this Official Statement. Persons considering a purchase of the Series 2024A Second Lien 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.

Capitalized terms used herein and not otherwise defined have the meanings set forth in **Appendix A** –"FORM OF SECOND LIEN MASTER RESOLUTION."

FORWARD-LOOKING STATEMENTS

This Official Statement, and particularly the information contained under the captions "PLAN OF FINANCE/SOURCES AND USES OF FUNDS," "DEBT SERVICE REQUIREMENTS; PROJECTED COVERAGE," "CERTAIN AUTHORITY FINANCIAL INFORMATION – Annual Budget," and "CERTAIN INVESTMENT CONSIDERATIONS," contain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "anticipate," "expect," "assume," "estimate," "projection," "plan," "budget," "forecast," "intend," and similar expressions identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this Official Statement. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those

differences may be material. For a discussion of certain of such risks and possible variations in results, *see* the information under "CERTAIN INVESTMENT CONSIDERATIONS."

PLAN OF FINANCE/SOURCES AND USES OF FUNDS

Plan of Finance

Proceeds of the Series 2024A Second Lien Bonds are expected to be used to (i) finance certain Capital Costs, and (ii) pay certain costs of issuance relating to the Series 2024A Second Lien 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 2024A Second Lien Bonds.

Sources	
Par Amount	$635,990,000.00
Net Original Issue Premium [(1)]	30,154,072.15
Total Sources	$666,144,072.15
Uses	
Deposit to the Second Lien Proceeds Account in the Second Lien Proceeds Fund for Capital Costs	$663,000,000.00
Deposit to 2024A Second Lien Costs of Issuance Account	920,461.23
Underwriters' Discount[(2)]	2,223,610.92
Total Uses	$666,144,072.15

(1) See "TAX MATTERS."
(2) See "UNDERWRITING."

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THE SERIES 2024A SECOND LIEN BONDS

General

The Series 2024A Second Lien Bonds will be dated the date of their delivery, will mature on July 15 as shown on the inside cover page and will bear interest at the rates set forth on the inside cover page hereof, payable semiannually on January 15 and July 15, commencing January 15, 2025, 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 2024A Second Lien 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 2024A Second Lien Bonds shall be payable to the registered owners upon the surrender of Series 2024A Second Lien Bonds at the principal corporate trust office of the Trustee. Interest on the Series 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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.

Sustainability – Climate Transition Bond Designation

BLX Group LLC ("**BLX**"), an independent municipal consulting and compliance advisory firm, an Approved Verifier with the Climate Bonds Initiative ("**CBI**"), and a Registered Observer of the International Capital Market Association's ("**ICMA**") Green Bond Principles ("**GBP**") and Social Bond Principles ("**SBP**"), was retained by the Authority for pre- and post-issuance services related to the sustainability – climate transition bond designation. More specifically, BLX was enlisted to: (1) conduct an external review of the Authority's Capital Improvement Program and the Series 2024A Second Lien Bonds' alignment with the GBP and SBP; (2) verify the Series 2024A Second Lien Bonds' conformance with ICMA's Climate Transition Finance Handbook updated as of June 2023 ("**CTFH**"); (3) collect investment records from the Trustee to monitor the actualization of the intended projects and disclose progress reports; and (4) surveil and publish the progress of certain key performance indicators annually for up to five years following the issue date of the Series 2024A Second Lien Bonds, or not more than one year after all Series 2024A Second Lien Bond proceeds are spent, whichever occurs first. Beginning year end on the first anniversary of the issue date of the Series 2024A Second Lien Bonds, the Authority will complete annual voluntary disclosures on the cumulative balance of allocated proceeds with a detailed listing of the project description, project status and amount funded by proceeds of the Series 2024A Second Lien Bonds as well as the remaining amount of unallocated proceeds, if any. These prospective disclosures will include all amounts deposited in the Second Lien Proceeds Fund Account for the Series 2024A Second Lien Bonds. The Surveillance URL specified in BLX's Second Party Opinion attached hereto as **Appendix E** will be used to publish BLX's findings with respect to the aforementioned use of proceeds and impact reporting disclosures.

The sustainability portion of the designation was determined by using ICMA's guidelines for issuing green, social, or sustainability bonds, which are widely accepted as the standard framework in municipal finance. ICMA's protocol for such designations entails determining alignment with eligible categories set forth in the GBP and/or the SBP and addresses four core pillars, including use of proceeds, process for project evaluation and selection, management of proceeds, and reporting.

BLX relied on the CTFH to verify that the Series 2024A Second Lien Bonds are climate transition bonds. Pursuant to recent guidance issued by ICMA, the climate transition label is intended to reference the Authority's alignment with the elements contained in the CTFH and communicate its greenhouse gas emissions' reduction strategy, commitments, and practices. ICMA is a self-regulatory organization and trade association for capital markets participants. Its aim is to promote high standards of market practice, appropriate regulation, trade support, and education. In addition to meeting the four aforementioned ICMA pillars, the Series 2024A Second Lien Bonds are a key component of the Authority's implementation of its climate transition strategy and efforts to contribute to a low carbon and climate resilient economy pursuant to the Paris Agreement, which aims to keep the rise in global temperature below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit it to 1.5 degrees Celsius. *See* "THE AUTHORITY – Sustainability and Environmental Initiatives."

The designation of the Series 2024A Second Lien Bonds as sustainability – climate transition bonds by BLX is not a recommendation to any person to purchase, hold or sell the Series 2024A Second Lien Bonds and such designation does not address the market price or suitability of the Series 2024A Second Lien Bonds for a particular investor. Each potential purchaser of the Series 2024A Second Lien Bonds should determine for itself the relevance of this designation. Any purchase of the Series 2024A Second Lien Bonds should be based upon such investigation that each potential purchaser deems necessary.

In issuing or monitoring, as applicable, the designation, BLX has assumed and relied upon, and will assume and rely upon, the fairness, accuracy, reasonableness and completeness in all material respects of the information supplied or otherwise made available to BLX.

Redemption Prior to Maturity

Optional Redemption

The Series 2024A Second Lien Bonds maturing on or after July 15, 2049, shall be subject to redemption prior to maturity, in whole or in part in any authorized denomination, on any date on or after July 15, 2034, at the option of the Authority, at the redemption price of 100% of the principal amount of the Series 2024A Second Lien Bonds to be redeemed, plus accrued interest up to but not including the redemption date.

Mandatory Sinking Fund Redemption

The Series 2024A Second Lien Bonds maturing on July 15, 2049 and bearing interest at a rate of 5.000% shall be subject to mandatory sinking fund redemption at par plus accrued interest up to but not including the redemption date, without premium, in the years and amounts as follows:

$19,715,000 Term Bonds
Due July 15, 2049
5.000%

Year (July 15)	Amount
2047	$6,245,000
2048	6,570,000
2049 [(1)]	6,900,000

[(1)] Final Maturity

The Series 2024A Second Lien Bonds maturing on July 15, 2054 and bearing interest at a rate of 5.000% shall be subject to mandatory sinking fund redemption at par plus accrued interest up to but not including the redemption date, without premium, in the years and amounts as follows:

$117,330,000 Term Bonds
Due July 15, 2054
5.000%

Year (July 15)	Amount
2050	$ 7,255,000
2051	7,630,000
2052	8,020,000
2053	8,430,000
2054 [(1)]	85,995,000

[(1)] Final Maturity

The Series 2024A Second Lien Bonds maturing on July 15, 2056 and bearing interest at a rate of 4.375% shall be subject to mandatory sinking fund redemption at par plus accrued interest up to but not including the redemption date, without premium, in the years and amounts as follows:

$50,000,000 Term Bonds
Due July 15, 2056
4.375%

Year (July 15)	Amount
2055	$24,455,000
2056 [(1)]	25,545,000

[(1)] Final Maturity

The Series 2024A Second Lien Bonds maturing on July 15, 2056 and bearing interest at a rate of 5.000% shall be subject to mandatory sinking fund redemption at par plus accrued interest up to but not including the redemption date, without premium, in the years and amounts as follows:

$135,120,000 Term Bonds
Due July 15, 2056
5.000%

Year (July 15)	Amount
2055	$65,870,000
2056 [(1)]	69,250,000

[(1)] Final Maturity

The Series 2024A Second Lien Bonds maturing on July 15, 2059 and bearing interest at a rate of 4.375% shall be subject to mandatory sinking fund redemption at par plus accrued interest up to but not including the redemption date, without premium, in the years and amounts as follows:

$125,000,000 Term Bonds
Due July 15, 2059
4.375%

Year (July 15)	Amount
2057	$39,855,000
2058	41,640,000
2059 [(1)]	43,505,000

[(1)] Final Maturity

The Series 2024A Second Lien Bonds maturing on July 15, 2059 and bearing interest at a rate of 5.250% shall be subject to mandatory sinking fund redemption at par plus accrued interest up to but not including the redemption date, without premium, in the years and amounts as follows:

$188,825,000 Term Bonds
Due July 15, 2059
5.250%

Year (July 15)	Amount
2057	$59,670,000
2058	62,885,000
2059 [(1)]	66,270,000

[(1)] Final Maturity

Any amount accumulated in the Second Lien Debt Service Fund up to the unsatisfied balance of each Sinking Fund Installment for the Series 2024A Second Lien Bonds may, and if so directed in writing by an Authorized Officer, shall, be applied (together with amounts accumulated in the Second Lien Debt Service Fund with respect to interest on the Series 2024A Second Lien Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the fifteenth (15^{th}) day preceding the due date of such

Sinking Fund Installment as follows: (i) to the purchase of Series 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien Bonds if then redeemable by their terms at the price(s) set forth above.

Upon the purchase or redemption of any Series 2024A Second Lien Bond pursuant to the provisions of the Second Lien Resolution summarized in the preceding paragraph, an amount equal to the principal amount of the Series 2024A Second Lien Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Series 2024A Second Lien 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 2024A Second Lien Bonds to be Redeemed in Partial Redemption

If less than all of the Outstanding Series 2024A Second Lien Bonds of a particular maturity and interest rate are to be redeemed, the Trustee shall select, as directed by the Authority (as to the maturities selected, 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 2024A Second Lien Bonds to be redeemed and portions of any thereof to be redeemed in part (and, if applicable, applied against Sinking Fund Installments). Series 2024A Second Lien Bonds of denominations equal or less than the minimum authorized denomination thereof may be redeemed only as a whole. Series 2024A Second Lien 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 2024A Second Lien Bond which is not redeemed is an authorized denomination). If the Series 2024A Second Lien 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 2024A Second Lien 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 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 2024A Second Lien Bonds, the Trustee is required under the Second Lien Resolution to give notice of such redemption to the holders of the Series 2024A Second Lien Bonds. Under the Second Lien 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 2024A Second Lien Bonds of such maturity are not being redeemed); (iv) the letters, numbers, or other distinguishing marks (if less than all Series 2024A Second Lien 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 Second Lien Resolution, a redemption notice must be given to the holders of the Series 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien Bonds will be available in book-entry-only form. Purchasers of beneficial ownership interests in the Series 2024A Second Lien Bonds will not receive certificates representing their interests in the Series 2024A Second Lien Bonds purchased. *See* **Appendix C** – " BOOK-ENTRY-ONLY SYSTEM PROCEDURES."

Principal of and interest on the Series 2024A Second Lien 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 2024A Second Lien Bonds; (iii) the payment by DTC or any DTC Participant of any amount received with respect to the Series 2024A Second Lien Bonds; (iv) any consent given or other action taken by DTC or its nominee as the owner of the Series 2024A Second Lien Bonds; or (v) any other related matter.

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DEBT SERVICE REQUIREMENTS; PROJECTED COVERAGE

Debt Service for Series 2024A Second Lien Bonds

The following schedule shows, for each 12-month period commencing on July 1 of any year and ending on June 30 the following year ("**Fiscal Year**" or "**FY**"), the estimated total debt service (excluding any optional prior redemptions) payable for the Series 2024A Second Lien Bonds through their final maturity date.

TABLE 1

Annual Debt Service Requirements for Series 2024A Second Lien Bonds

FY Ending June 30	Principal[1]	Interest[2]	Total Debt Service
2025	$ --	$ 14,809,460	$ 14,809,460
2026	--	31,177,812	31,177,812
2027	--	31,177,812	31,177,812
2028	--	31,177,812	31,177,812
2029	--	31,177,812	31,177,812
2030	--	31,177,812	31,177,812
2031	--	31,177,812	31,177,812
2032	--	31,177,812	31,177,812
2033	--	31,177,812	31,177,812
2034	--	31,177,812	31,177,812
2035	--	31,177,812	31,177,812
2036	--	31,177,812	31,177,812
2037	--	31,177,812	31,177,812
2038	--	31,177,812	31,177,812
2039	--	31,177,812	31,177,812
2040	--	31,177,812	31,177,812
2041	--	31,177,812	31,177,812
2042	--	31,177,812	31,177,812
2043	--	31,177,812	31,177,812
2044	--	31,177,812	31,177,812
2045	--	31,177,812	31,177,812
2046	--	31,177,812	31,177,812
2047	--	31,177,812	31,177,812
2048	6,245,000 [3]	31,021,687	37,266,687
2049	6,570,000 [3]	30,701,312	37,271,312
2050	6,900,000	30,364,562	37,264,562
2051	7,255,000 [3]	30,010,687	37,265,687
2052	7,630,000 [3]	29,638,562	37,268,562
2053	8,020,000 [3]	29,247,312	37,267,312
2054	8,430,000 [3]	28,836,062	37,266,062
2055	85,995,000	26,475,437	112,470,437
2056	90,325,000 [3]	22,143,859	112,468,859
2057	94,795,000	17,672,109	112,467,109
2058	99,525,000 [3]	12,943,896	112,468,896
2059	104,525,000 [3]	7,944,125	112,469,125
2060	109,775,000	2,691,259	112,466,259
Total	**$635,990,000**	**$1,000,412,210**	**$1,636,402,210**

Figures in the table may not sum due to rounding.

[1] Payable on July 15.

[2] Payable on January 15 and July 15, commencing January 15, 2025.

[3] Payable pursuant to mandatory sinking fund redemption provisions. *See* "THE SERIES 2024A SECOND LIEN BONDS – Redemption Prior to Maturity – *Mandatory Sinking Fund Redemption*."

Projected Debt Service Coverage

The following TABLE 2 shows the Authority's estimated total combined debt service requirements for the Pre-2018 Bonds, the Senior Lien Obligations and the Second Lien Bonds to be paid through their respective maturity dates and projected debt service coverage.

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TABLE 2

Available Dedicated Capital Funding Revenues and Projected Combined Debt Service Coverage ($000s)

Fiscal Year Ending June 30	[A] Dedicated Capital Funding Revenues[(1)(7)]	[B] Pre-2018 Bond Debt Service[(2)]	[C=A-B] Available Dedicated Capital Funding Revenues	Bond Debt Service				[H=A/G] Gross Combined Debt Service Coverage[(1)(7)(8)]	[I=C/G] Net Combined Debt Service Coverage[(1)(8)]
				[D] Outstanding Senior Lien Obligations[(3)]	[E] Outstanding Second Lien Bonds[(4)(6)]	[F] Series 2024A Second Lien Bonds[(5)(6)]	[G=D+E+F] Total		
2025	$470,000	$54,256	$415,744	$117,035	$50,512	$ 14,809	$182,356	2.58x	2.28x
2026	470,000	54,244	415,756	117,030	50,512	31,178	198,720	2.37	2.09
2027	470,000	54,226	415,774	117,032	50,511	31,178	198,721	2.37	2.09
2028	470,000	54,210	415,790	117,035	50,511	31,178	198,724	2.37	2.09
2029	470,000	54,186	415,814	117,032	50,511	31,178	198,721	2.37	2.09
2030	470,000	54,172	415,828	117,034	50,511	31,178	198,723	2.37	2.09
2031	470,000	54,157	415,843	117,035	50,512	31,178	198,725	2.37	2.09
2032	470,000	54,139	415,861	117,032	50,514	31,178	198,724	2.37	2.09
2033	470,000	54,142	415,859	117,034	50,509	31,178	198,721	2.37	2.09
2034	470,000	54,106	415,894	117,033	50,512	31,178	198,723	2.37	2.09
2035	470,000	54,050	415,950	117,034	50,509	31,178	198,721	2.37	2.09
2036	470,000	35,522	434,478	117,033	50,514	31,178	198,725	2.37	2.19
2037	470,000	35,520	434,480	117,034	50,509	31,178	198,721	2.37	2.19
2038	470,000	35,523	434,477	117,035	50,509	31,178	198,722	2.37	2.19
2039	470,000	35,519	434,481	117,034	50,509	31,178	198,721	2.37	2.19
2040	470,000	35,519	434,481	117,034	50,512	31,178	198,724	2.37	2.19
2041	470,000	35,520	434,480	117,029	50,516	31,178	198,723	2.37	2.19
2042	470,000	35,522	434,478	117,029	50,513	31,178	198,720	2.37	2.19
2043	470,000	35,521	434,479	117,033	50,511	31,178	198,722	2.37	2.19
2044	470,000	--	470,000	117,032	50,510	31,178	198,720	2.37	2.37
2045	470,000	--	470,000	117,029	50,514	31,178	198,721	2.37	2.37
2046	470,000	--	470,000	117,033	50,512	31,178	198,723	2.37	2.37
2047	470,000	--	470,000	77,889	89,654	31,178	198,721	2.37	2.37
2048	470,000	--	470,000	25,869	49,333	37,267	112,469	4.18	4.18
2049	470,000	--	470,000	25,868	49,332	37,271	112,471	4.18	4.18
2050	470,000	--	470,000	25,865	49,337	37,265	112,467	4.18	4.18
2051	470,000	--	470,000	25,870	49,333	37,266	112,469	4.18	4.18
2052	470,000	--	470,000	25,867	49,333	37,269	112,469	4.18	4.18
2053	470,000	--	470,000	--	75,202	37,267	112,469	4.18	4.18
2054	470,000	--	470,000	--	75,204	37,266	112,470	4.18	4.18
2055	470,000	--	470,000	--	--	112,470	112,470	4.18	4.18
2056	470,000	--	470,000	--	--	112,469	112,469	4.18	4.18
2057	470,000	--	470,000	--	--	112,467	112,467	4.18	4.18
2058	470,000	--	470,000	--	--	112,469	112,469	4.18	4.18
2059	470,000	--	470,000	--	--	112,469	112,469	4.18	4.18
2060	470,000	--	470,000	--	--	112,466	112,466	4.18	4.18

(1) Does not include funds estimated to be deposited to the Virginia WMATA Capital Fund Restricted Account which are not available to pay debt service. Assumes that the revenues calculated according to the Commonwealth Dedicated Revenue Statutes for deposit to the WMATA Capital Fund Non-Restricted Account are deposited in each future Fiscal Year. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *Commonwealth of Virginia*." However, there is no certainty that revenues estimated for the Non-Restricted Account will be deposited each fiscal year as anticipated, or that other Dedicated Capital Funding Revenues will be received by the Authority, in which case the debt service coverage shown on this TABLE 2 may not be achieved in a particular fiscal year.

(2) Includes debt service on the Pre-2018 Bonds issued under the 2003 Bond Resolution, which have a priority lien on the Dedicated Capital Funding Revenues. *See* "SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Flow of Funds" and "OTHER OUTSTANDING DEBT – Security for Outstanding Gross Revenue Obligations."

(3) Outstanding Senior Lien Obligations include the Series 2020A Senior Lien Bonds, the Series 2021A Senior Lien Bonds and the Series 2023A Senior Lien Bonds. See "SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Outstanding Senior Lien Obligations."

(4) Outstanding Second Lien Obligations include the Series 2023A Second Lien Bonds. *See* "SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Outstanding Second Lien Obligations."

(5) See TABLE 1.

(6) *See* "SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Second Lien Parity Obligations and Additional Indebtedness" for a discussion of the tests which must be met for the issuance by the Authority of additional indebtedness under the Second Lien Master Resolution.

(7) Assumes Dedicated Capital Funding Revenues are not needed in order to pay debt service on the Pre-2018 Bonds prior to transfer for payment of debt service on the Senior Lien Obligations, and then on the Second Lien Bonds. *See* "OBLIGATIONS OF THE PARTICIPATING JURISDICTIONS FOR MATTERS OTHER THAN THE SENIOR AND SECOND LIEN OBLIGATIONS."

(8) Projected. *See* "FORWARD-LOOKING STATEMENTS."

SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN 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, outlined $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 2019. *See* "Dedicated Capital Funding Revenues – *Historical Dedicated Capital Funding Revenues*" under this caption. The Series 2024A Second Lien Bonds and additional Second Lien Obligations issued under the Second Lien Resolution are secured only by the Second Lien Trust Estate, which does not include (a) any funds in the hereinafter defined Restricted Account of the Commonwealth's WMATA Capital Fund, (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 Second Lien Trust Estate, or (c) any other revenues of the Transit System.

As required under Enactment Clause 8 of the Commonwealth Dedicated Revenue Statutes, the Board adopted the Authority's new strategic plan that superseded the KMSRA Plan entitled "Your Metro, The Way Forward" in February 2023. *See* "THE AUTHORITY – Social Impacts."

Dedicated Capital Funding Revenues

District of Columbia

WMATA 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.[2] 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 Authority capital funding need of $500 million.[3]

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.[4] 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 in an approved budget and financial plan, any funds appropriated

[2] D.C. Code §1-325.401(a).
[3] D.C. Code §1-325.401(b).
[4] D.C. Code §1-325.401(c)(2).

in the WMATA Dedicated Financing Fund shall be continually available without regard to fiscal year limitation.[5]

The District levies a general retail sales tax, currently six percent (6.0%), 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 percent (10.0%) to eighteen percent (18.0%). In addition to the District's obligations under the District Dedicated Revenue Statute, portions of certain general retail sales taxes and sales and use taxes are also dedicated to other specific purposes, including the payment of debt service on revenue bonds issued by the District or to related entities to fund projects in the District.

TABLE 3 shows historical general sales tax revenue received by the District for its fiscal years 2015-2023 and estimated revenue for its fiscal year 2024.

TABLE 3

Fiscal Year[(1)]	General Sales Tax Revenue ($000s)[(2)]
2015	$1,315,295
2016	1,343,074
2017	1,419,197
2018	1,492,567
2019	1,597,727
2020	1,222,446
2021	1,202,736
2022	1,702,383
2023	1,921,543
2024	1,958,877[(3)]

(1) Ended September 30.
(2) On October 1, 2018, the District increased its general sales tax from 5.75% to 6%.
(3) Estimated. *See* "CERTAIN INVESTMENT CONSIDERATIONS – Changes in Customer Behavior and Economic Outlook."
Sources – Government of the District of Columbia's Office of the Chief Financial Officer February 2024 Revenue Estimates Letter.

The February 2024 Revenue Estimates Letter, which is referenced as the source for TABLE 3, contains actual, estimated and projected revenue amounts for the previous, current and future fiscal years, respectively, for the District. This Letter also include discussions of the District's economy, national and regional economics and risks to the forecasts in the Letter. Reference to this Letter is for informational purposes only, and the information in this Letter is not incorporated into, and is not a part of, this Official Statement. Furthermore, the Authority does not assume responsibility for the contents, accuracy or completeness of the information contained in the Letter.

The District has made the full payment due to the WMATA Dedicated Financing Fund for each fiscal year through fiscal year 2024. The Authority cannot, however, predict the extent or the manner in which the economic outlook for the District, the region or the United States will impact the District's general

[5] D.C. Code §1-325.401(d).

retail sales tax revenue in the future. *See* "CERTAIN INVESTMENT CONSIDERATIONS – Changes in Customer Behavior and Economic Outlook."

District Dedicated Funding Grant Agreement

The Authority and the District entered into an initial Dedicated Funding Grant Agreement dated February 14, 2020 with a term beginning on October 1, 2019 and terminating on September 30, 2020. Such agreement provided that the District would 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 sent the October 1, 2019 and April 1, 2020 invoices on February 14, 2020. The October 1, 2019 payment was received on March 9, 2020 and the April 1, 2020 payment was received on that date. See TABLE 5 under this caption.

The Authority and the District subsequently entered into a Dedicated Funding Grant Agreement, dated October 22, 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 Capital Funding Agreement ("**CFA**" or the "**Capital Funding Agreement**") 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.

The District Dedicated Funding Grant Agreement requires the District to provide a Dedicated Funding Grant to the Authority in the amount provided in D.C. Code §1-325.401, except that the District may 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 is to 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. 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.

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 or for debt service payments on borrowings designed to address State of Good Repair Capital Projects. See "CAPITAL IMPROVEMENT PROGRAM." The Dedicated Funding Grant may not be used for purposes of Transit System expansion or for operating expenses. If there are unexpended Dedicated 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 that, within 45 days after the end of each quarter, the Authority prepare and submit to the District a capital budget/CIP progress report with respect to each State of Good Repair Capital Project funded by the District Dedicated Funding Grant Agreement and included in the capital budget. In addition, under the District Dedicated Funding Grant Agreement, the Authority has certain annual reporting requirements relating to capital expenditures, and indirect and overhead costs.

The term of the District Dedicated Grant Funding Agreement began on October 1, 2020 and terminates on September 30, 2026. 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. In addition, the District may terminate the District Dedicated Grant Funding Agreement if the Authority expends or fails to expend 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 all obligations of the District are subject to discretionary annual appropriation and allocation of funds by the Council and 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.

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 million from the revenues available for the Maryland capital program in the Maryland Transportation Trust Fund (the "**Trust Fund**") and for the Maryland Department of Transportation ("**MDOT**") to provide an annual grant of at least $167 million to the Washington Suburban Transit District ("**WSTD**") to be used to pay the capital costs of the Authority.[6] Under Maryland law, after meeting its debt service requirements, MDOT may use the funds in the Trust Fund for any lawful purpose related to the exercise of its rights, powers, duties, and obligations.[7] The Maryland Dedicated Revenue Statute provides that such grant to WSTD is in addition to existing appropriations for the benefit of the Authority.[8]

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[6] Md. Transp. Code §10-205(g)(1).

[7] Md. Transp. Code §3-216(d).

[8] Md. Transp. Code §10-205(g)(3).

TABLE 4 below shows the historical amount of revenues deposited in the Trust Fund for Maryland's fiscal years 2014 through 2023.

TABLE 4

Historical MDOT Transportation Trust Fund Revenues ($000s)

Fiscal Year	Corporation Income Tax	Fuel Tax	Titling Tax	Sales and Use Tax	Motor Vehicle Licenses and Registration	Operating Revenues	Investment Income	Other Fees and Revenues	Total
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
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
2020	191,739	1,050,605	846,764	31,686	328,496	394,338	1,918	308,574	3,154,120
2021	267,065	998,216	976,727	21,373	363,489	283,621	--	394,842	3,305,333
2022	310,717	1,082,520	1,021,300	35,487	351,013	389,569	--	411,802	3,602,408
2023	331,433	1,268,649	1,027,541	41,330	359,959	413,142	--	361,662	3,803,716

Source – Maryland Department of Transportation Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023 ("Taxes Pledged to Bonds and Net Revenues as Defined for Purposes of the Consolidated Transportation Bond Coverage Test Last Ten Fiscal Years," page 113).

The Annual Comprehensive Financial Report, which can be found at https://marylandtaxes.gov/reports/acfr.php, contains additional information and footnotes relating to the Trust Fund revenues. **This website is included for reference only, and the information contained therein is not incorporated into, and is not a party of, this Official Statement.**

Maryland has made the full payment due to the WMATA Dedicated Financing Fund for each fiscal year through fiscal year 2024. The Authority cannot, however, predict the extent or the manner in which the economic outlook for Maryland, the region or the United States will impact the Trust Fund. *See* "CERTAIN INVESTMENT CONSIDERATIONS – Changes in Customer Behavior and Economic Outlook."

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Maryland Dedicated Funding Grant Agreement

The Authority and Maryland, acting by and through WSTD and MDOT, have entered into a WMATA Dedicated Capital Funding Grant Agreement, dated September 26, 2019 (the "**Maryland Dedicated Funding Grant Agreement**"), which provides for the disbursement of the Maryland Dedicated Capital Funding Revenues to the Authority. **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.**

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 only to pay capital costs of the Authority identified in its approved CIP. 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, 2024. Under certain circumstances involving noncompliance with the terms of the Maryland Dedicated Funding Grant Agreement and following a resolution process, either party may terminate the Maryland Dedicated Funding Grant Agreement.

The Authority is required to prepare and submit, annually by June 1, for the most recent Fiscal Year and for the next to occur Fiscal Year, to MDOT and WSTD various financial and other reports. 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. The Maryland Dedicated Funding Grant Agreement also requires the Authority to provide Maryland with monthly reports regarding certain reprogramming of project budgets into or out of capital projects during the term of the Maryland Dedicated Funding Grant Agreement.

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, including but not limited to the Trust Fund, are pledged to the payment of bonds issued by the Authority.

Commonwealth of Virginia

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**")[9] 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

[9] Code of Va. §33.2-3401.A.

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.

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 2024A Second Lien 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 only 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**").[10] For further discussion, *see* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – *WMATA Capital Fund Restricted Account.*"

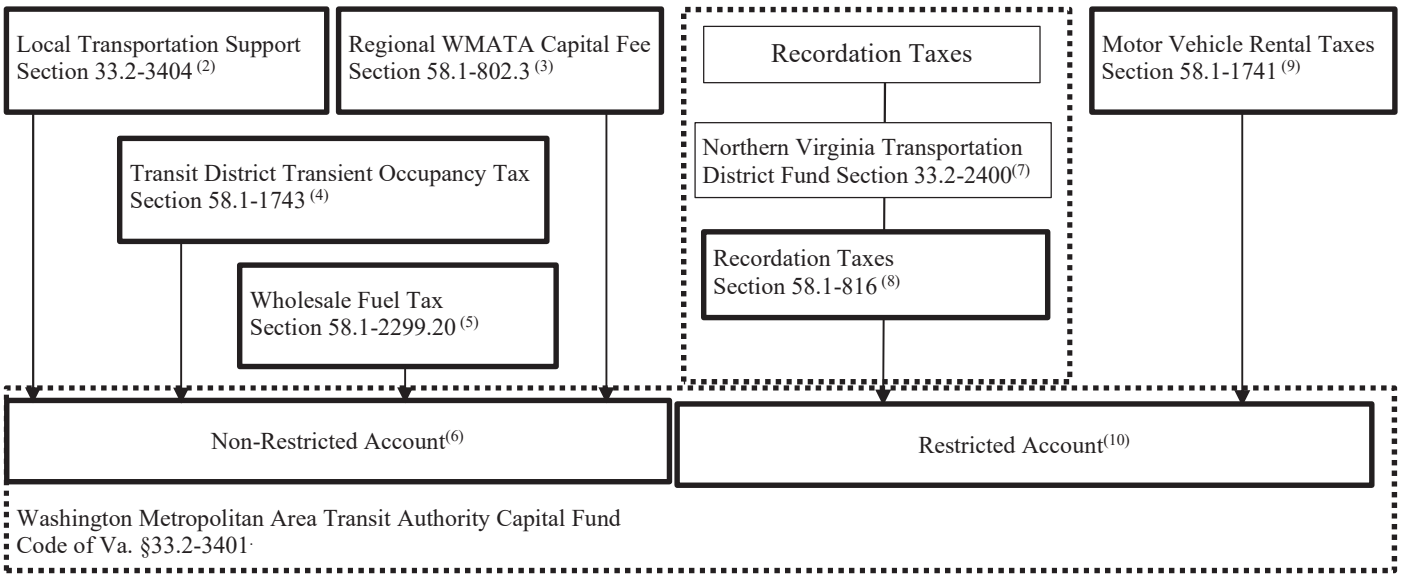
The Commonwealth Dedicated Revenue Statutes require that the Comptroller disburse funds to the Authority on a monthly basis if the Northern Virginia Transportation Commission ("**NVTC**") has certified to the Comptroller[11] that it has received certain Authority financial documents.[12] In each year 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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[10] Code of Va. §33.2-3401.B.
[11] Code of Va. §33.2-3401.A.
[12] Code of Va. §33.2-3402.

The following chart shows the sources of revenues identified in the Commonwealth Dedicated Revenue Statutes for deposit to the WMATA Capital Fund, distinguishing between the Non-Restricted Account and the Restricted Account (which is not available for debt service on the Series 2024A Second Lien Bonds).

Chart 1
Sources of Commonwealth Dedicated Capital Funding Revenues
WMATA Capital Fund[(1)]



(1) Shows sources intended to generate revenues used by the Commonwealth to fund a deposit of $154.5 million to the WMATA Capital Fund. Only the portion of these revenues which are deposited to the Non-Restricted Account may be used by the Authority to pay debt service on the outstanding Senior Lien Obligations, the Series 2024A Second Lien Bonds and other Second Lien Obligations under the Second Lien Master Resolution. There is no certainty that these sources will generate the revenues as anticipated in each Authority Fiscal Year or what amounts the Commonwealth will deposit to the Non-Restricted Account. The Commonwealth may, but has no obligation under the Commonwealth Dedicated Funding Agreement to, contribute funds to the WMATA Capital Fund in addition to amounts generated by these revenue sources.

(2) Payments by the Counties of Arlington, Fairfax and Loudoun, and Cities of Alexandria, Falls Church and Fairfax to the Commonwealth.

(3) This fee is applied as an additional recordation tax of $0.10/100 (effective as of May 1, 2021) on realty located in the political subdivisions of the Commonwealth located in the Transit Zone.

(4) A 3% tax (effective as of May 1, 2021) 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 NVTD is paid by the local treasurer to the Commonwealth.

(5) One-twelfth of $22.183 million to be deposited monthly.

(6) The Revenues deposited into the Non-Restricted Account 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 2024A Second Lien Bonds, or for any other of the Authority's capital purposes.

(7) 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.

(8) Taxes imposed under Sections 58.1-801 through 58.1-809 (recording taxes) which are credited to the state treasury are transferred to the Cities of Alexandria, Fairfax, Falls Church for deposit into the Restricted Account.

(9) One-third of vehicle rental taxes collected by the Commonwealth.

(10) Revenues deposited into the Restricted Account shall be available for use by the Authority only for capital purposes other than for the payment of, or security for, debt service on bonds or other indebtedness of the Authority. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – *WMATA Capital Fund Restricted Account.*"

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 by local governments of revenues from the Northern Virginia Transportation Authority ("**NVTA**") or otherwise, a Regional WMATA Capital Fee, an additional transient occupancy tax and a portion of wholesale fuel taxes. 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**")[13] 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.[14] 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.

Local Transportation Support. 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 $27.12 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.[15] Each locality is required to pay such amount from revenues received from the NVTA or some other source.[16]

Regional WMATA Capital 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, effective May 1, 2021, of $0.10 for each $100.[17] 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.

Transportation District Transient Occupancy Tax. The Commonwealth imposes an additional transient occupancy tax (previously at a rate of 2% and at the rate of 3% effective as of May 1, 2021) of the amount of the charge for the occupancy of any room or space occupied in any county or city located in the NVTD. 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.[18]

Wholesale Fuel 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.[19] 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 (2.1%) of the statewide average distributor price of a gallon of unleaded

[13] Code of Va. §33.2-2509.
[14] Code of Va. §33.2-2509.
[15] Code of Va. §33.2-3404.A.
[16] Code of Va. §33.2-3404.C.
[17] Code of Va. §58.1-802.3.
[18] Code of Va. §58.1-1743.
[19] Code of Va. §58.1-2295.A.1.

regular gasoline.[20] 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.[21] Such wholesale fuel tax revenues imposed and collected in the NVTD after subtraction of the direct costs of administration in an amount equal to one-twelfth ($1/12^{th}$) of $22.183 million shall be deposited monthly in the Non-Restricted Account of the WMATA Capital Fund.[22]

For funds collected in FY2022, the Commonwealth deposited approximately $119.1 million to the Non-Restricted Account and approximately $35.4 million to the Restricted Account of the WMATA Capital Fund. For funds collected in FY2023, the Commonwealth deposited approximately $118.7 million to the Non-Restricted Account and approximately $35.8 million to the Restricted Account of the WMATA Capital Fund. Accordingly, while the full Contribution from the Commonwealth was funded for each of FY2022 and FY2023, only the amounts in the Non-Restricted Account could be used by the Authority for debt service. For funds collected in FY2024, the Commonwealth has to date deposited approximately $101.8 million in the Non-Restricted Account and approximately $26.9 million to the Restricted Account of the WMATA Capital Fund. It is anticipated that the Commonwealth will fund the full Contribution for FY2024.

The Authority cannot predict the extent or the manner in which economic or other factors will impact these fees and revenues in the future. *See* "CERTAIN INVESTMENT CONSIDERATIONS – Changes in Customer Behavior and Economic Outlook." Upon any future shortfall, the Commonwealth may (but is not obligated to) direct amounts for deposit to the WMATA Capital Fund in order to satisfy the overall Commonwealth obligation of $154.5 million and avoid potential reciprocal withholdings by Maryland and the District. While the Commonwealth has provided coverage of shortfall amounts from other sources in the past, there can be no guarantee that such action will be taken to resolve any occurrence of shortfalls in the future. Furthermore, as described in "WMATA Capital Fund – Restricted Account" under this caption, to the extent any such amounts are deposited to the Restricted Account (rather than the Non-Restricted Account), such amounts will not be available to pay debt service on the Series 2024A Second Lien Bonds. See TABLE 2.

WMATA Capital Fund – Restricted Account

The Commonwealth Dedicated Revenue Statutes provide that the Restricted Account of the WMATA Capital Fund be funded with certain recordation taxes and vehicle rental taxes collected by the Commonwealth. Revenues deposited into the Restricted Account shall be available for use by the Authority only for capital purposes and not to pay debt service on the Series 2024A Second Lien Bonds or any other bonds or indebtedness of the Authority. In addition, revenues other than amounts from such specified taxes may be deposited by the Commonwealth from its Contribution to such Restricted Account. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – WMATA Capital Fund Restricted Account."

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

[20] Code of Va. §58.1-2295.B.1.

[21] Code of Va. §58.1-2295.B.2.

[22] Code of Va. §58.1-2299.20.A.

"**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.**

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.

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 any accumulated shortfalls from all prior monthly disbursements have been made whole.

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 Maryland 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. The Commonwealth does not guarantee the debt of the Authority or any obligation of the Authority.**

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 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 Years 2022 and 2023, the Contribution was $154.5 million in each year. However, there is no certainty what the Contribution amount will be in future years.

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. No such notice has been given for July 1, 2024. In the event either party determines that the other party is not satisfactorily complying with the terms of the Commonwealth Dedicated Funding Grant Agreement and after a resolution period, either party may 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, including the Series 2024A Second Lien Bonds. The Authority is required to provide information, reports, and other data to NVTC, DRPT and the Commonwealth.

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Historical Dedicated Capital Funding Revenues

Commencing in May 2019, the Authority has received Dedicated Capital Funding Revenues from the Commonwealth, Maryland and the District as shown on TABLE 5 below.

TABLE 5

Historical Dedicated Capital Funding Revenues

Date	Virginia Non-Restricted Funds[1][2]	Maryland Funds[2]	District of Columbia Funds[3][4]	Date	Virginia Non-Restricted Funds[1][2]	Maryland Funds[2]	District of Columbia Funds[3][4]
May-2019	$67,275,131	$ --	$ --	Dec-2021	$ 7,830,247	$ --	$ --
Jun-2019	16,831,402	--	--	Jan-2022	7,510,983	42,251,000	--
Jul-2019	9,221,047	--	--	Feb-2022	11,059,713	--	--
Aug-2019	11,037,520	--	--	Mar-2022	10,902,960	--	--
Sep-2019	11,855,154	--	--	Apr-2022	12,400,270	44,255,000	89,250,000
Oct-2019	11,764,139	83,500,000	--	May-2022	6,361,940	--	--
Nov-2019	11,726,196	--	--	Jun-2022	8,058,977	--	--
Dec-2019	11,980,293	--	--	Jul-2022	12,875,000	42,585,000	--
Jan-2020	11,919,251	41,750,000	--	Aug-2022	12,465,356	--	--
Feb-2020	12,014,502	--	--	Sep-2022	9,237,270	--	--
Mar-2020	11,527,429	--	89,250,000[5]	Oct-2022	9,114,586	42,585,000	89,250,000
Apr-2020	5,964,510	41,750,000	89,250,000	Nov-2022	9,232,495	--	--
May-2020	--[6]	--	--	Dec-2022	11,836,191	--	--
Jun-2020	10,995,970	--	--	Jan-2023	10,794,577	40,915,000	--
Jul-2020	12,098,491	41,750,000	--	Feb-2023	10,514,956	--	--
Aug-2020	12,875,000	--	--	Mar-2023	6,386,695	--	--
Sep-2020	7,281,252	--	--	April-2023	9,176,199	40,915,000	89,250,000
Oct-2020	12,122,045	41,750,000	89,250,000	May-2023	10,004,031	--	--
Nov-2020	7,061,505	--	--	June-2023	8,706,060	--	--
Dec-2020	12,166,291	--	--	July 2023	11,257,611	42,585,000	--
Jan-2021	11,470,677	41,750,000	--	Aug-2023	11,604,785	--	--
Feb-2021	7,185,188	--	--	Sep-2023	6,610,776	--	--
Mar-2021	7,141,304	--	--	Oct-2023	11,497,160	42,585,000	89,250,000
Apr-2021	11,729,417	41,750,000	89,250,000	Nov-2023	11,514,675	--	--
May-2021	7,107,883	--	--	Dec-2023	6,638,768	--	--
Jun-2021	7,514,828	--	--	Jan-2024	11,645,239	40,915,000	--
Jul-2021	11,072,153	42,351,000	--	Feb-2024	11,715,779	--	--
Aug-2021	9,665,005	--	--	Mar-2024	6,822,559	--	--
Sep-2021	7,896,020	--	--	April-2024	11,924,289	40,915,000	89,250,000
Oct-2021	12,875,000	38,243,000	89,250,000	May-2024	11,868,481	--	--
Nov-2021	11,659,831	--	--	June-2024	6,847,001	--	--

(1) Revenues deposited into the Restricted Account of the WMATA Capital Fund are not shown in this TABLE 5 as they are available for use by the Authority only for capital purposes and not for the payment of, or security for, debt service on bonds or other indebtedness of the Authority. *See* "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding Capital Improvement Program – *WMATA Capital Fund Restricted Account*." *See also* "*Commonwealth of Virginia*" under this caption.

(2) Fiscal Year ended June 30.

(3) Two payments were made in the District's fiscal year 2019 in lieu of other District obligations while the District of Columbia Dedicated Funding Grant Agreement was negotiated. Such payments were not Dedicated Capital Funding Revenues.

(4) Fiscal year ended September 30.

(5) *See* "*District of Columbia* – District Dedicated Funding Grant Agreement" under this caption for a discussion of the timing of District payments in the District's fiscal year 2020.

(6) In May 2020, the Virginia comptroller inadvertently deposited $12,875,000 to the Restricted Account even though Virginia had sufficient non-restricted funds on hand at that time for the payment to be made to the Non-Restricted Account.

Source – Provided by the Authority.

SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS

Limited Second Lien Obligations

The Series 2024A Second Lien Bonds constitute "Second Lien Obligations" under the Second Lien Master Resolution and are special, limited obligations of the Authority payable solely from the Second Lien Trust Estate. The Series 2024A Second Lien 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 2024A Second Lien Bonds, and none of the foregoing are liable thereon. The full faith and credit of the Authority is not pledged to the payment of the Series 2024A Second Lien Bonds. The Authority has no taxing power.

Pledge of the Second Lien Trust Estate

The Second Lien Trust Estate consists of, subject to the terms and provisions of the Second Lien Master Resolution and subordinate to the obligations of the Authority in respect of the Senior Lien Obligations as provided by the Senior Lien Resolution, all right, title and interest of the Authority in:

(a) all Dedicated Capital Funding Revenues;

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

(c) all Funds, Accounts and Subaccounts established by the Second Lien Master Resolution (other than any rebate funds established pursuant to a tax certificate or agreement executed by the Authority in connection with a Series of Second Lien Obligations and any funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Second Lien Obligations, Put Second Lien Obligations, Second Lien Debt, Junior Indebtedness or Junior Contract Obligations; *provided however*, that such funds, accounts and subaccounts are specifically excepted from the Second Lien Trust Estate by the Supplemental Second Lien Resolution authorizing such Variable Interest Rate Second Lien Obligations, Put Second Lien Obligations, Second Lien Parity Debt, Junior Indebtedness or Junior 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 Second Lien 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 Second Lien Master Resolution in accordance with its terms to pledge such increased funds as part of the Second Lien Trust Estate under the Second Lien Master Resolution, or (c) any other revenues, taxes, charges, assessments or other moneys paid to the Authority.

The Second Lien Master Resolution pledges the Second Lien Trust Estate as security for the payment of the Series 2024A Second Lien Bonds (subordinated to the prior pledge for the payment of

Senior Lien Obligations pursuant to the Senior Lien Resolution). The Series 2024A Second Lien Bonds will be issued on a parity with all other Second Lien Obligations and Second Lien Parity Debt as provided in the Second Lien Master Resolution. The pledge created by the Resolution, insofar as it relates to any portion of the Second Lien 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 as a subcomponent of the Authority's Gross Revenues. The 2003 Bond Resolution was subsequently amended 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 pledge of the Dedicated Capital Funding Revenues created by the Second Lien Master Resolution is subordinate in all respects to that pledge created by the 2003 Bond Resolution to the payment of the Pre-2018 Bonds. So long as any Pre-2018 Bonds are outstanding, no Series 2024A Second Lien 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 to the payment of the Pre-2018 Bonds.

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 is to be transferred to the Trustee and deposited into the Revenue Fund established under the Senior Lien Resolution as soon as practicable thereafter. The pledge of the Dedicated Capital Funding Revenues created by the Second Lien Master Resolution is subordinate in all respects to the prior pledge for the payment of Senior Lien Obligations pursuant to the Senior Lien Resolution. *See* "Flow of Funds" under this caption.

Flow of Funds

The Dedicated Capital Funding Revenues are the principal source of the Second Lien Trust Estate. 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 which was established under the Senior Lien Resolution in the name of the Authority and held uninvested and administered by the Clearing Account Agent. The Clearing Account is not part of the Second Lien Trust Estate established by the Second Lien Master Resolution. So long as the Pre-2018 Bonds are outstanding, the Clearing Account Agent shall be unconditionally obligated to pay 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 is required by the 2003 Bond Resolution to direct 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 Senior 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 with respect to the Pre-2018 Bonds 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 is to transfer the Dedicated Capital Funding Revenues from the Clearing Account to the Revenue Fund established under the Senior Lien Resolution 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 outstanding in accordance with their terms, none of the Series 2024A Second Lien 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 Senior Lien Resolution.

The Trustee shall deposit all Dedicated Capital Funding Revenues as soon as practicable after receipt thereof, whether from the 2003 Trustee or from the Clearing Account Agent, into the Revenue Fund established under the Senior Lien 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 Senior Lien Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Debt Service for the Senior Lien Obligations; 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 Senior Lien Debt Service Fund or the Senior Lien Proceeds Fund from the proceeds of Senior Lien Obligations or Senior Lien Parity Debt for the payment of interest on Senior Lien Obligations or Senior Lien Parity Debt on the next Debt Service Payment Date;

(b) transfer to the Second Lien Trustee for deposit to the Second Lien Debt Service Fund the amount, if any, required so that the balance in the Second Lien Debt Service Fund shall equal the Accrued Debt Service (as defined in the Second Lien Master Resolution); provided that, for purposes of computing the amount to be deposited in the Second Lien Debt Service Fund, there shall be excluded the amount, if any, set aside in any account within the Second Lien Debt Service Fund or the Second Lien Proceeds Fund from the proceeds of Second Lien Obligations or Second Lien Parity Debt for the payment of interest on Second Lien Obligations or Second Lien Parity Debt on the next Debt Service Payment Date;

(c) transfer to another Person in accordance with any Supplemental Resolution or other authorizing document creating Junior Indebtedness or Junior Contract Obligations for payment of, or accrual for payment of, principal of and interest on any Junior Indebtedness or for payment of amounts due under any Junior Contract Obligation (*see* "Parity Liens and Additional Indebtedness – *Junior Indebtedness and Junior Contract Obligations*" under this caption);

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

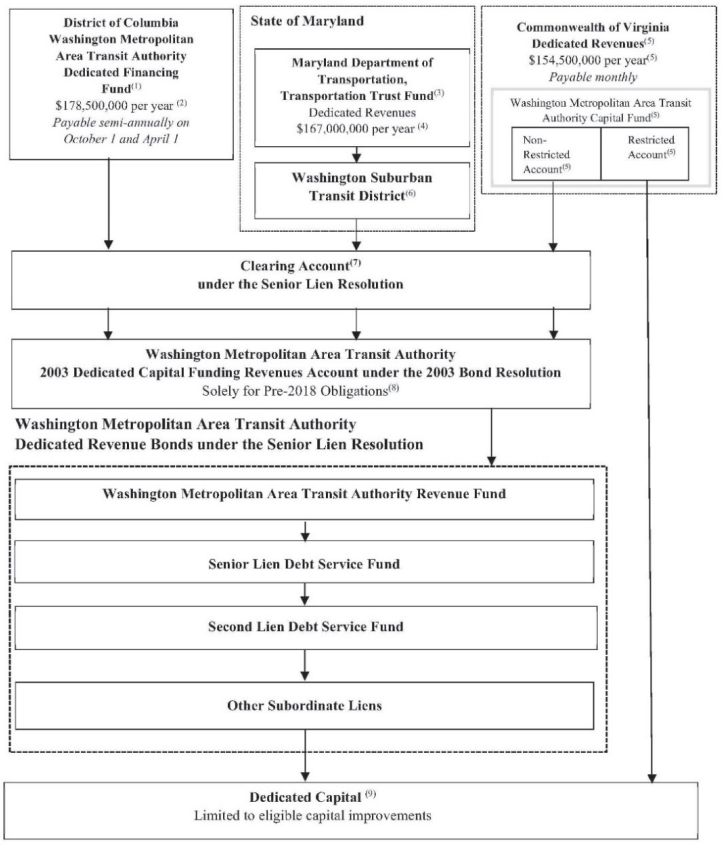
(e) transfer to such accounts held by the Authority as an Authorized Officer shall specify in writing to the Trustee.

The Trustee shall pay out of the Second Lien Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Second Lien Obligations and any related Second Lien 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 Second Lien Obligations or Second Lien Parity Debt which occurs on any interest payment date, the amount required for the payment of interest on the Second Lien Obligations or Second Lien 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 is to occur as soon as practicable after the receipt thereof as required by the Senior Lien Resolution.

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Dedicated Revenue Bonds Sources and Flow of Funds



(1) Sources of funding for the Washington Metropolitan Area Transit Authority Dedicated Financing Fund are general sales retail taxes collected by the District. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN 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 2024A SECOND LIEN 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 2024A SECOND LIEN 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 or Commonwealth do not pay the full amount of their obligations. Funds are anticipated to be paid quarterly. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *State of Maryland* " and "CERTAIN 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 or Maryland do not pay the full amount of their obligations. Funds are intended to be derived from a number of Commonwealth and local sources. *See* Chart 1. However, such sources may not generate revenues as anticipated or such funds may not accrue to the Non-Restricted Account. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *Commonwealth of Virginia*."

(6) MDOT will provide an annual grant of at least $167,000,000 from revenues available for the Maryland capital program in the Trust Fund to the WSTD to be used only to pay the capital costs of the Authority. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN 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 Second Lien Resolution except as provided in the Second Lien Resolution. *See* "– Pledge of the Second Lien Trust Estate" under this caption.

(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 Bond Resolution. However, it is anticipated other revenue sources within the pledged Gross Revenues are sufficient to cover debt service on Pre-2018 Bonds. *See* "OTHER OUTSTANDING DEBT – Security for Outstanding Gross Revenue Bonds."

(9) Amounts may in the future be required to be deposited to or paid from other funds prior to release for capital projects. No such requirement exists at this time.

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Obligations of the States

The Authority has covenanted in the Second Lien Master 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 Senior Lien Resolution and the Second Lien Master 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* "CERTAIN 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.

All Dedicated Capital Funding Revenues are currently being received by the Authority consistent with the requirements of each of the Dedicated Revenue Statutes and related funding agreements. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *Historical Dedicated Capital Funding Revenues*."

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 Second Lien Master Resolution, the Authority has covenanted, 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 Senior Lien Obligations and Second Lien Obligations issued in anticipation of such receipt.

Outstanding Senior Lien Obligations

The only Senior Lien Obligations issued and outstanding as of June 30, 2024 under the Senior Lien Resolution are the Series 2020A Senior Lien Bonds, outstanding in the aggregate principal amount of $531,975,000, the Series 2021A Senior Lien Bonds, outstanding in the aggregate principal amount of $766,210,000, and the Series 2023A Senior Lien Bonds, outstanding in the aggregate principal amount of $392,000,000. The Senior Lien Resolution prohibits the Authority from creating a new pledge of or lien on the Senior Trust Estate that is superior to the pledge that secures the Senior Lien Obligations. However, the Authority may create a pledge of or lien on the Senior Lien Trust Estate that is on parity with the pledge that secures the Senior Lien Obligations, and in that connection incur additional Senior Lien Parity Obligations and Senior Lien Parity Debt, provided certain conditions set forth in the Senior Lien Resolution

are satisfied. For information about the conditions set forth in the Senior Lien Resolution for the issuance of Senior Lien Parity Obligations, see Appendix F – "FORM OF SENIOR LIEN RESOLUTION."

Second Lien Parity Obligations and Additional Indebtedness

Pursuant to the terms of the Second Lien Master Resolution, the Authority is prohibited from creating a pledge of or lien on the Second Lien Trust Estate that is superior to the pledge that secures the Series 2024A Second Lien Bonds with the exception of the claim on the Dedicated Capital Funding Revenues that exists under the 2003 Bond Resolution for the Pre-2018 Bonds and under the Senior Lien Resolution for Senior Lien Obligations. However, the Authority may create a pledge of or lien on the Second Lien Trust Estate that is on parity with the pledge that secures the Series 2024A Second Lien Bonds, and in that connection, incur additional indebtedness, provided that certain conditions set forth in the Second Lien Resolution are satisfied as described below. The Authority may also issue Junior Indebtedness or incur Junior Contract Obligations as described below.

Outstanding Second Lien Obligations

The only Second Lien Obligations issued and outstanding as of June 30, 2024 are the Series 2023A Second Lien Bonds, outstanding in the aggregate principal amount of $797,800,000.

Capital Cost Second Lien Obligations

One or more additional Series of Second Lien Obligations may be issued to pay, or to provide for the payment of, all or part of Capital Costs. Such Second Lien Obligations are to be issued upon receipt by the Trustee. among other items, 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 Second Lien Obligations, shall at least equal 150% of the sum of: (a) the Maximum Annual Debt Service (with respect to all Senior Lien Obligations, Senior Lien Parity Debt, Second Lien Obligations and Second Lien Parity Debt, including the Second Lien Obligations being incurred or issued) for the period commencing with the Fiscal Year next following the incurrence or issuance of such Second Lien Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any Outstanding Second Lien 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 Second Lien 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. For a description of the Capital Improvement Program of the Authority, which may result in the issuance of additional Second Lien Obligations, and certain outstanding debt of the Authority, *see* "CAPITAL IMPROVEMENT PROGRAM" and "OTHER OUTSTANDING DEBT."

Refunding Second Lien Obligations

One or more Series of Refunding Second Lien 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 Second Lien Obligations or Second Lien Parity Debt. Such Second Lien Obligations are to be issued upon receipt by the Trustee, among other items, of a certificate of an Authorized Officer stating either (i) after giving effect thereto, the Debt Service with respect to such Second Lien Obligations is less in each Fiscal Year than the Debt Service with respect to the Second Lien Obligations or Second Lien Parity Debt, as applicable, being refunded for the period commencing with the Fiscal Year next following the incurrence or issuance of such Second Lien Obligations and ending with the Fiscal Year which includes the

latest maturity or payment date of the Second Lien Obligations or Second Lien Parity Debt being refunded; or (ii) the Dedicated Capital Funding Revenues test described under "*Capital Cost Second Lien Obligations*" has been satisfied.

Junior Indebtedness and Junior Contract Obligations

The Authority may at any time, or from time to time, issue Junior Indebtedness or incur Junior 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 Second Lien Master Resolution as described in "Flow of Funds" under this caption. Any such pledge shall be junior in all respects to the pledge created by the Second Lien Resolution as security for the Second Lien Obligations and the Second Lien Parity Debt, including the Series 2024A Second Lien Bonds. The Authority may establish such priorities of payment and security among Junior Indebtedness and Junior Contract Obligations as it deems appropriate. Such Junior Indebtedness or Junior Contract Obligations may be issued or incurred without satisfying the test described under "*Capital Cost Second Lien Obligations*."

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OTHER OUTSTANDING DEBT

General

As summarized in TABLE 6 below, the Authority had $810,655,000 of obligations (other than the Senior Lien Obligations under the Senior Lien Resolution and the Second Lien Obligations under the Second Lien Master Resolution) outstanding as of June 30, 2024, all of which are primarily secured by a lien on Gross Revenues, under the Authority's 2003 Bond Resolution, except that the Pre-2018 Bonds (Series 2017A and 2017B) are also secured with a contingent prior claim on the Dedicated Capital Funding Revenues. The Pre-2018 Bonds, Series 2018 Bonds and Lines of Credit shown in TABLE 6 are together referred to as the "**Gross Revenue Obligations**."

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 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.

Security for Outstanding Gross Revenue Obligations

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 Senior Lien Obligations and the Second Lien Obligations, including the Series 2024A Second Lien Bonds when issued, are and will be subordinate to the Pre-2018 Bonds, as described in "SECURITY FOR PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Pledge of the Second Lien Trust Estate."

The Series 2018 Bonds and the Lines of Credit 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 Capital Funding Revenues from the Gross Revenues pledged to the Series 2018 Bonds' Trust Estate therein.

TABLE 6

Outstanding Gross Revenue Obligations as of June 30, 2024

	Amount Outstanding	Final Maturity/ Expiration Date(s)	Security
Series 2017A Bonds	$157,905,000	July 1, 2034	Gross Revenues and Dedicated Capital Funding Revenues
Series 2017B Bonds	435,725,000	July 1, 2042	Gross Revenues and Dedicated Capital Funding Revenues
Series 2018 Bonds	217,025,000	July 1, 2043	Gross Revenues
Lines of Credit*	-0-	October 2024, May 2025 and October 2025	Gross Revenues and Capital Contributions
Total	$810,655,000		

* Total amount available is $500 million.

Source – Provided by the Authority.

Source of Funds for Gross Revenue 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 2003 Bond 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. Capital Contributions are amounts 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. *See* "THE AUTHORITY – Sources of Funding of Capital Improvement Program." The Authority is uncertain of the extent to which, or the duration of time that, post-pandemic changes in commuting patterns will impact Gross Revenues in the future. *See* "THE AUTHORITY – Changes in Post-Pandemic Ridership and Customer Behavior."

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 to which, or the duration of time that, post-pandemic changes in commuting patterns will continue to impact farebox receipts in the future. *See* "THE AUTHORITY – Changes in Post-Pandemic Ridership and Customer Behavior" and "FUNDING OF THE OPERATING EXPENSES OF THE TRANSIT SYSTEM – Farebox Receipts."

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 of 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 2003 Bond Resolution (collectively, the "**Stable and Reliable Funding Sources**").

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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.

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
Valerie-Joy Santos, Chair[1]	District of Columbia	November 22, 2023; term expires June 30, 2027	Senior Urban Development Specialist, World Bank
Paul C. Smedberg, First Vice Chair[1]	Commonwealth of Virginia	January 3, 2019; term expires January 5, 2026	Former Councilmember, Alexandria City Council
Joe McAndrew, Second Vice Chair[1]	State of Maryland	April 12, 2023; serves at the pleasure of the Governor	Assistant Secretary, Planning and Project Development, Maryland Department of Transportation
Donald Drummer	State of Maryland	July 15, 2021; term expires June 30, 2025	Solar Energy Entrepreneur
Sarah Kline	Federal Government	September 9, 2021; term expires September 7, 2025	SK Solutions LLC
Matt Letourneau	Commonwealth of Virginia	January 3, 2019; term expires January 5, 2027	Member of the Loudoun County Board of Supervisors
Dr. Tracy Hadden Loh	District of Columbia	November 4, 2021; term expires June 30, 2025	Former Mt. Ranier, MD City Council member; Fellow, Brookings Institution
Kamilah Martin-Proctor	Federal Government	September 9, 2021; term expires September 7, 2025	Global Engagement Center, U.S. State Department
Alternate Directors			
Spring Worth[2]	District of Columbia	December 23, 2022; term expires June 30, 2024	WMATA Budget and Policy Program Manager, District Department of Transportation
Vacant	District of Columbia		
Bryna Helfer	Federal Government	September 9, 2021; term expires September 7, 2025	Associate County Manager, Arlington County, Virginia
April Rai	Federal Government	December 23, 2022; term expires December 14, 2026	President and CEO, Conference of Minority Transportation Officials
Canek Aguirre	Commonwealth of Virginia	March 5, 2021; term expires January 7, 2025	Member of Alexandria City Council
Walter L. Alcorn	Commonwealth of Virginia	January 16, 2020; term expires January 4, 2028	Member of the Fairfax County Board of Supervisors
Michael Goldman	State of Maryland	December 8, 2022; term expires June 30, 2025	Attorney
Thomas H. Graham	State of Maryland	May 22, 2019; term expires June 30, 2025	Vice President of People Strategy and Human Resources, Pepco Holdings, Inc

Source – The records of the Board Corporate Secretary.

[1] Effective July 1, 2024.

[2] This Director can continue to serve following expiration of her term until appointment of her replacement, for a period not to exceed 12 months.

Executive Management

The Authority's senior executive and financial management team consists of the following individuals:

Randy Clarke, *General Manager and Chief Executive Officer*. Randy Clarke joined the Authority as General Manager and Chief Executive Officer in July 2022. Before joining the Authority, Mr. Clarke served more than four years as President and CEO of Capital Metro in Austin, Texas, where he helped secure one of the country's largest voter-approved transit referendums in US history. The initiative, called Project Connect, resulted in a multi-billion-dollar infusion for Capital Metro's capital program. Prior to his work in Austin, Mr. Clarke held key leadership positions in public transportation around the country. He served as the Vice President of Operations and Member Services for the American Public Transportation Association ("**APTA**") in Washington DC from 2016 to 2018. Mr. Clarke also spent more than six years in various positions with the Massachusetts Bay Transportation Authority (MBTA) in Boston, including Deputy Chief Operating Officer and Assistant General Manager of Engineering, Maintenance and Preparedness, and Senior Director of Security. Originally from Nova Scotia, Canada, Mr. Clarke holds a bachelor's degree in Political Science and History from Acadia University and a master's degree in Public Policy from the University of Southern Maine.

Yetunde Olumide, *Executive Vice President and Chief Financial Officer*. Yetunde Olumide is a finance professional with over 20 years' experience in manufacturing, food service, education and transportation industries. Ms. Olumide has a BS in Finance from Tuskegee University where she graduated with honors and an MBA in International Business from Loyola College. Prior joining the Authority, Ms. Olumide worked in various financial capacities, notably at Schlumberger and Newell Rubbermaid. Ms. Olumide currently serves as the Executive Vice President and Chief Financial Officer at the Authority. She has been at the Authority for 12 years and previously served as Finance Manager and Director, Operating Budget, Vice President Finance, Office of Management and Budget. In her current role, Ms. Olumide is responsible for the financial integrity and administrative functions of the Authority, including the collection of revenues and other income, purchasing all goods and services required by the Authority, accounting for the financial transactions of assets and liabilities, and planning and development. In addition, the CFO is responsible for Federal grants and risk management.

Thomas Webster, *Executive Vice President and Chief Planning and Performance Officer.* 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 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 MDOT 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.

Patricia Y. Lee, Esq., *Executive Vice President, Chief Legal Officer and General Counsel.* Patricia Y. Lee was appointed as Executive Vice President, Chief Legal Officer and General Counsel of the Authority in July 2016. She has over 30 years of public and private sector 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

and types 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, the Commonwealth of Virginia and New York.

Robert M. Haas, *Vice President and Treasurer.* Robert Haas has over 25 years of public and private sector experience as a finance professional. He received a Bachelor of Science degree in Finance from the Virginia Polytechnic Institute and State University (Virginia Tech) and is a Certified Public Accountant. He first joined the Authority in 2017 as the Director of Treasury Operations and on November 21, 2021 was appointed as Vice President and Treasurer. Prior to working at the Authority, Mr. Haas served as Manager of Treasury and Investments for Amtrak and as Manager of Treasury, World Kitchen, Inc.

Debt and Disclosure Policies of the Authority

The Authority annually adopts Debt Management Policy Guidelines (the "**Debt Policy**") as required by the Maryland Dedicated Funding Grant Agreement. A copy of the Debt Policy adopted in April 2024 can be found at https://www.wmata.com/about/board/meetings/board-pdfs/upload/11B-WMATA-Debt-Management-Policy-FINALIZED.pdf. The purpose of the Debt Policy is to identify transactions that efficiently use debt, service debt in a timely matter, and minimize the cost of capital while maintaining high credit ratings and capital market access. The Debt Policy provides guidelines governing the Authority's use of debt, methods of sale, use of professionals, use of derivatives, disclosures, and post-issuance considerations.

On October 3, 2022, the Authority codified its disclosure process and adopted Policy/Instruction 5.20 Financial Disclosure (the "**Disclosure Policy**"). The issuance of this Disclosure Policy further strengthens the Authority's commitment to its obligations in the prior and proposed Continuing Disclosure Agreements. The Disclosure Policy creates a standing committee of representatives from the Offices of the Treasurer, General Counsel, Strategic Planning and Program Management, and Budget and Management Services to oversee disclosure compliance, including the issuance of both mandatory and voluntary disclosure matters. The Disclosure Policy also requires the appointment of a Disclosure Officer whose role is to manage the ongoing compliance with the Authority's financial obligations, review the contents of the Authority's investor website for timeliness and accuracy, work with the wmata.com website manager to ensure that the documents incorporated by reference are both timely and accurate, and serve as a point of contact for all external inquiries. A complete copy of the Disclosure Policy may be found at www.wmatabonds.com.

Sustainability and Environmental Initiatives

The Authority is inherently sustainable – by providing mobility for customers while reducing travel-related carbon emissions and traffic congestion. Because public transit is more energy-efficient than single-occupancy vehicles, every trip taken on the Transit System reduces regional greenhouse gas emissions, promotes clean air, and benefits public health for residents of the Washington D.C. metropolitan area. In FY2023, the Authority prevented over 78,000 metric tons of carbon dioxide equivalent from entering the atmosphere, which is equivalent to the carbon absorbed by a forest about twice the size of Washington, D.C. or the emissions from about 200 million miles driven by an average gasoline powered passenger vehicle.

In February 2023, the Authority adopted its Strategic Transformation Plan, *Your Metro*, *The Way Forward* (Strategic Plan), in which key sustainability initiatives are prioritized including decarbonization, resource consumption efficiency, investments in carbon-free clean energy sources (such as solar), equity through system design and employment, the transition to zero-emission vehicles, and climate resiliency. In addition, the Authority's Sustainability Vision and Principles serve as the agency's guiding framework to advance social well-being, economic prosperity, and environmental stewardship in the region. The Series 2024A Second Lien Bonds will fund capital costs projected to yield environmental benefits, including those outlined in the major programs described as follows.

In addition to the inherent benefits of transit, transitioning to a zero-emission bus fleet presents a further opportunity to deliver significant environmental benefits to the region and improve the overall experience for Metrobus customers. The Authority's Zero-Emission Bus Transition Plan provides the path for the Authority to transform its fleet, facilities, workforce, and operations to 100 percent zero-emission bus service by 2042. Zero-emission buses reduce greenhouse gas and air pollution emissions, providing climate benefits and public health benefits across the region.

As one of the single largest energy users in the region, the Authority is an important partner for meeting regional energy and decarbonization goals. The Authority is taking action to reduce energy and resource consumption, increase energy efficiency, invest in carbon-free clean energy sources, and transition to zero-emission vehicles. The Authority's Energy Action Plan has defined a path to a greener, safer, more reliable transit system. The Energy Action Plan includes capital investments in energy efficiency projects between now and 2025 that realize energy and operations/maintenance cost savings. In addition, the Authority is developing a decarbonization strategy to eliminate use of fossil fuels in support of robust local, regional, and federal climate goals. A net zero Transit System means everyone in the National Capital Region will have the opportunity to travel without contributing to climate change.

The Authority is engaging in the energy market in a way that supports a sustainable and resilient grid, invests in carbon-free clean energy sources, and helps transition to the fleet of the future. In 2022, in coordination with the General Services Administration (GSA), the Authority secured new electricity supply contracts for D.C. and in Maryland that require the suppliers to provide 50 percent of the electricity from renewables (such as solar and wind). These combined contracts mean 35 percent of the Authority's electricity use is now carbon pollution-free, supporting the Authority's transition to clean electricity.

The Authority also completed its office consolidation project in summer 2023. The project included the use of LEED standards ("**Leadership in Energy & Environment Design**"), a framework for health, efficient, carbon and cost-saving green buildings set by the U.S. Green Building Council, and innovative energy efficiency measures to reduce energy use by 44.4% and costs by 33.4%, compared to a typical office building of similar size that is built to ASHRAE 90.1-20210 without any energy efficiency measures and also utilizes an enterprise energy monitoring system to track monthly energy usage.

The Authority provides annual reporting on its Strategic Transformation Plan, including an environmental sustainability report that includes carbon emissions reductions. These can be found at: https://www.wmata.com/initiatives/sustainability/Current-Initiatives-and-Reports.cfm. **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 2024A Second Lien Bonds.** ***See*** **"CONTINUING DISCLOSURE."**

Social Impacts

The Authority's strategic plan, *Your Metro, The Way Forward*, was developed through data and direct inputs from the Authority's customers, staff and stakeholders. The Authority's mission, "connecting

you to possibilities" and its vision of "the region's trusted way to move more people safely and sustainably" will be achieved by advancing the following four goals:



The Authority is an essential transportation service provider to the nation's capital with more than half (56%) of the region's businesses and 70% of the region's jobs located within a half-mile of Metro stations and stops. The Authority's approved Fiscal Year 2025 budget provides an equitable and fair fare to all riders with new simplified fares for rail and paratransit customers making transit more affordable for the majority of the Authority's customers with an aim to increase ridership and total revenue. *See* "CERTAIN AUTHORITY FINANCIAL INFORMATION – Annual Budget – *Fiscal Year 2025 Budget*." Through FY2024, the Authority has actively addressed the changes in the way many people work and commute to work through customer-focused adjustments in service coverage, fare structures and service frequency. Metro Lift, a reduced-income fare program implemented in 2024, expands access, increases affordability and advances equity by offering a reduced fare to customers enrolled in the Supplemental Nutrition Assistance Program.

Information Technology and Cybersecurity

The Authority is dependent on information and computing technology to conduct general business operations. These systems may be subject to disruptions or security breaches, which could materially disrupt the Authority's business operations and/or give rise to losses or legal liability. The Authority's information technology department continually monitors these threats and has implemented practices, policies, security systems, and design features to protect the security of its information technology systems and data. The Authority has proactively initiated numerous independent audits and assessments of its cybersecurity program to collect verified information about the strength of the program and core control areas. This feedback is used to inform the strategic roadmap for the cybersecurity program, and to track progress along that roadmap.

As is common to any organization with a web presence, the Authority has experienced typical cybersecurity attacks, such as denial of service attacks. Its robust cyber defenses have effectively prevented any large-scale impacts from these attacks. The Authority continues to prioritize the security of its systems and data that provides network resilience against potential threats.

No assurance can be given that such measures will fully prevent potential business continuity or cybersecurity risks arising from events wholly or partially beyond the Authority's control, including electrical telecommunications outages, natural disasters, or cyber-attacks, or large-scale political events, including terrorist attacks. Any such occurrence could materially and adversely affect the Authority's operations and reputation, which could lead to decreased financial performance that the Authority's

insurance may or may not cover. To the extent such loss is not covered by insurance, the Authority may expend significant resources to correct the failure or disruption.

Changes in Post-Pandemic Ridership and Customer Behavior

During the COVID-19 pandemic, employees of the federal government and other organizations in the States were allowed maximum telework flexibilities. This resulted in a significant decline in use of the Transit System by such employees. Through Fiscal Year 2024, ridership has steadily recovered from its pandemic low, although it remains below the pre-pandemic highs due to changes in travel and commuting patterns. Further, changes in the timing and duration of trips have reduced average fares, impacting passenger revenue. The Authority's approved Fiscal Year 2025 budget incorporates these changes and focuses on service optimization to maximize ridership within current funding. Total ridership is budgeted at 226.6 million trips, which is a 1.3 percent increase relative to FY2024 budgeted ridership. However, it is uncertain to what extent the change in transit behavior resulting from post-pandemic changes in commuting patterns and work schedules will remain in effect or evolve in the future. *See* "CERTAIN INVESTMENT CONSIDERATIONS – Changes in Customer Behavior and Economic Outlook."

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THE TRANSIT SYSTEM

Introduction

The Authority operates a multi-modal transit system serving the Washington, D.C. metropolitan area with connections to three major airports. The Transit System consists of 128 route miles with service provided by Metrorail, Metrobus and MetroAccess. Metrorail has 98 stations and over 1,290 rail transit vehicles (*see* the following map of Metrorail); Metrobus has a bus fleet of 1,669 buses; and MetroAccess which is an ADA paratransit service for the metropolitan area has 863 active fleet vehicles.[23]

Based on data reported in the 2023 Public Transportation Fact Book, published by APTA, Metrorail is the third-largest heavy rail system in the United States based on passenger miles. Metrorail ridership for the Fiscal Year 2020 through March covering the pre-pandemic period was 128.2 million trips, a decrease from 175.2 million in Fiscal Year 2019. Metrorail ridership was 28.2 million passenger trips in Fiscal Year 2021 and increased to 60.1 million passenger trips in Fiscal Year 2022.[24] Metrorail ridership was 95.8 million passenger trips in Fiscal Year 2023 and was 116.5 million passenger trips in Fiscal Year 2024.[25] Metrorail ridership is projected to be 113.7 million passenger trips in Fiscal Year 2025, a decrease of 2.4% over Fiscal Year 2024.[26]

Metrobus provides service to areas not served by Metrorail and is integrated closely with Metrorail operations. Metrobus serves 9,374 bus stops and provides between approximately 340,000 and 450,000 weekday passenger trips. Metrobus ridership in Fiscal Year 2019 was 124.3 million trips and in Fiscal Year 2020 decreased to 88.3 million trips due to the pandemic. However, the exact ridership is unavailable for Fiscal Year 2020 due to the fare waiver and rear-door boarding that were implemented during this period. Metrobus ridership was 52.1 million passenger trips in Fiscal Year 2021 and increased to 80.8 million passenger trips in Fiscal Year 2022. Metrobus ridership was 102.5 million passenger trips in Fiscal Year 2023, was 105.6 million in Fiscal Year 2024[25] and is projected to increase by 5.5% to 111.5 million passenger trips in Fiscal Year 2025.[26]

MetroAccess provided 2.3 million trips in Fiscal Year 2019 and decreased to 1.6 million trips in Fiscal Year 2020 while using contract carriers operating more than 750 Authority-owned vehicles.[28] MetroAccess ridership was 1.1 million passenger trips in Fiscal Year 2021 and increased to 1.3` million passenger trips in Fiscal Year 2022. MetroAccess ridership was 1.39 million passenger trips for Fiscal Year 2023, was 1.54 million passenger trips in Fiscal Year 2024[25] and is projected to decrease by 4.0% to 1.48 million passenger trips in Fiscal Year 2025.[26]

Like other mass transit agencies, the Authority has experienced a significant drop in ridership due to the normalization of telework which has affected mass transit ridership and commuter behavior. Passenger trips decreased in Fiscal Year 2021 from Fiscal Year 2020 by 64.1%, increased in Fiscal Year 2022 by 34.3% over 2021, and increased in Fiscal Year 2023 by 40% over 2022. While ridership levels have continued to increase, such levels remain below Fiscal Year 2019 levels. *See* "CERTAIN INVESTMENT CONSIDERATIONS – Changes in Customer Behavior and Economic Outlook."

[23] *See* Financial Report, at p. viii.

[24] *See* https://www.wmata.com/about/records/uploadFY21andFY22MetroPerformanceReport.pdf and https://www.wmata.com/about/records/upload/MetroPerformanceReport_FY23Q4_1Report_20230922.pdf.

[25] See Approved Fiscal Year 2024 Budget for the Authority at https://www.wmata.com/initiatives/budget/upload/FY2024-Proposed-Budget-FINAL.pdf.

[26] See Approved Fiscal Year 2025 Budget for the Authority at https://www.wmata.com/initiatives/budget/upload/FY2025-Proposed-Budget-FINAL.pdf.

Transit System Updates

On October 12, 2021, one of the Authority's 7000 series railcars derailed. The Authority actively supported the National Transportation Safety Board's ("**NTSB**") investigation to determine the root cause(s) of the derailment, and the NTSB released a final report in December 2023. Following the derailment, the Washington Metrorail Safety Commission ("**WMSC**") directed the Authority to remove all 7000 series railcars from revenue service and develop a safe return to service plan. Working closely with the WMSC, the Authority developed a phased return to service plan ("**RTS plan**") for the 7000 series railcars, including implementation of a wheelset repair program for the 7000 series railcars to address technical issues identified in a report of the National Transportation Safety Board. The RTS plan calls for the gradual reintroduction of the 7000 series railcars back to passenger service which is underway and will continue in conjunction with the development and implementation of training, inspection, and other operating procedures by the Authority and implementation of the wheelset repair program. The Authority expects to have all 7000 series railcars back in service by September 2024.

The Authority has completed the preliminary design of new 8000 series railcars and has the option at different milestones until June 2029 to buy up to 800 of such railcars. These railcars, which are designed to be energy efficient, would replace legacy 3000 and 5000-series railcars. In 2021, the Authority ordered 256 of the 8000 series railcars, and the Fiscal Year 2025-2030 Capital Improvement Program includes funding by June 2027 of an additional 107 railcars. The 8000 series railcars are being assembled by Hitachi Rail in Hagerstown, Maryland. Pilot cars are scheduled to start arriving in late 2025, followed by the first production cars later in 2026 after the pilot cars have passed qualification testing. Once production cars start arriving, the schedule calls for delivery of 16 railcars per month.

On November 15, 2022, the Authority began service on an extension of the Silver Line which added six new stations to the Transit System. The Silver Line extension provides customers with a new connection to Washington Dulles International Airport, as well as service between Reston, Virginia and eastern Loudoun County. The Dulles Airport station provides passengers with a more affordable and direct link to downtown Washington, D.C. The opening of the Silver Line extension marked the completion of the Silver Line project.

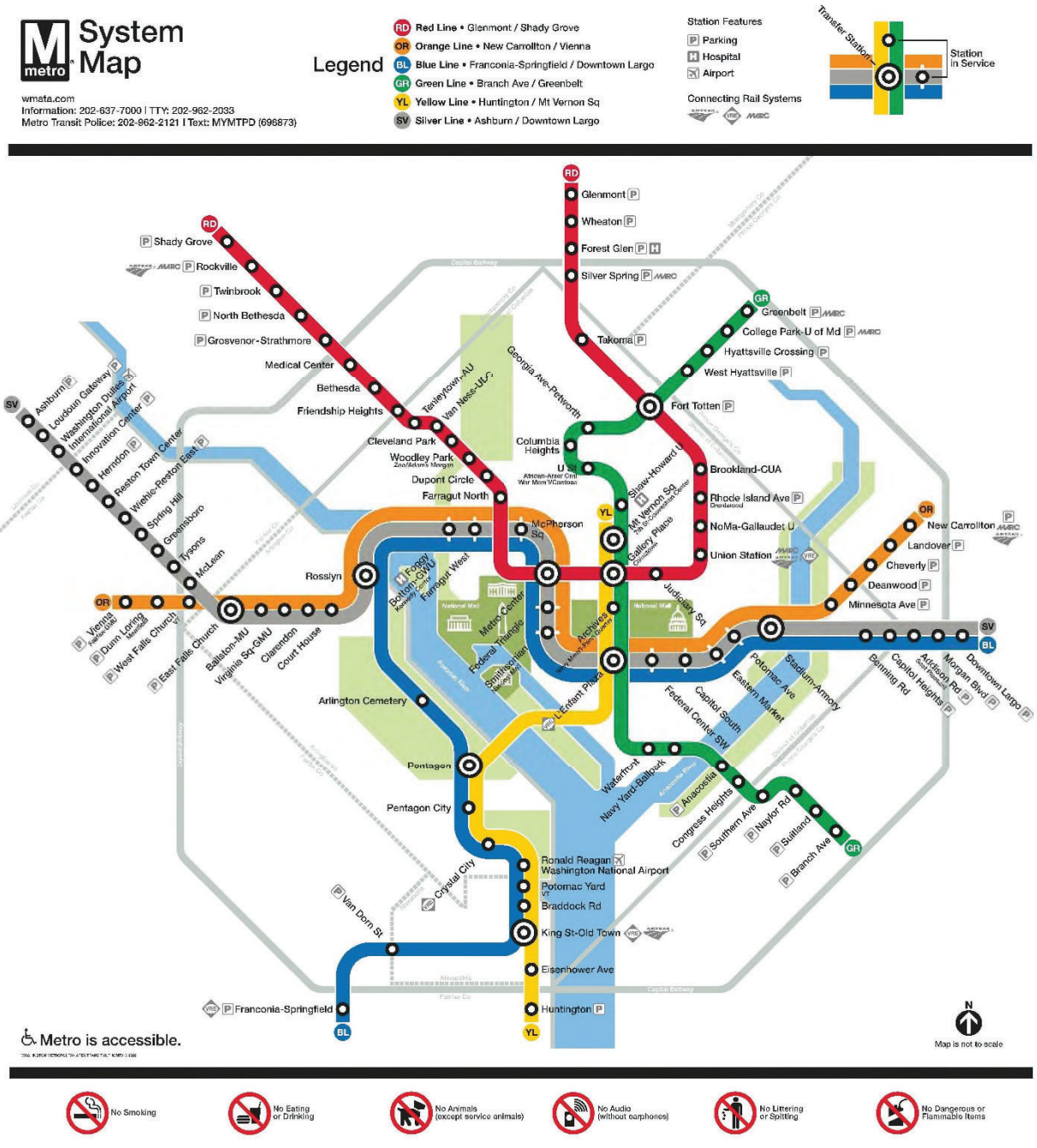
On May 19, 2023, the Authority opened Potomac Yard Metrorail station as its first LEED-certified station. The station provides walkable access to the Virginia Tech Innovation Campus and regional transportation systems and includes access to dedicated bus lanes along Richmond Highway.

Regional Demographics

The Transit System serves the Washington, D.C. metropolitan area, which as of July 1, 2023 had a population of approximately 6.3 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. The U.S. Bureau of Labor Statistics reported that the seasonally adjusted unemployment rate in the District was 5.2% versus a national rate of 3.9%, with employment in the District decreasing by 0.3% notwithstanding the addition of 10,600 jobs during the 12-month period ending April 2024.[27] Historically, per capita personal income in the Washington, D.C. metropolitan area is consistently above the national levels. For calendar year 2022, per capita personal income for the area was $83,010 versus $65,470 nationally.[28]

[27] Based on data from the U.S. Bureau of Labor Statistics.

[28] Such figures are based on data from the US Bureau of Economic Analysis.


System Map
wmata.com
Information: 202-637-7000 | TTY: 202-962-2033
Metro Transit Police: 202-962-2121 | Text: MYMTPD (696873)
Legend
RD Red Line • Glenmont / Shady Grove
OR Orange Line • New Carrollton / Vienna
BL Blue Line • Franconia-Springfield / Downtown Largo
GR Green Line • Branch Ave / Greenbelt
YL Yellow Line • Huntington / Mt Vernon Sq
SV Silver Line • Ashburn / Downtown Largo
Station Features
Parking
Hospital
Airport
Connecting Rail Systems
Transfer Station
Station in Service
Glenmont
Wheaton
Forest Glen
Silver Spring
Takoma
Greenbelt
College Park-U of Md
Hyattsville Crossing
West Hyattsville
Fort Totten
Shady Grove
Rockville
Twinbrook
North Bethesda
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
Brookland-CUA
Rhode Island Ave
NoMa-Gallaudet U
Union Station
McPherson Sq
Mt Vernon Sq
Gallery Place
Rosslyn
Foggy Bottom-GWU
Farragut West
Metro Center
Federal Triangle
Smithsonian
L'Enfant Plaza
Archives
Judiciary Sq
New Carrollton
Landover
Cheverly
Deanwood
Minnesota Ave
Potomac Ave
Stadium-Armory
Eastern Market
Capitol South
Federal Center SW
Capitol Heights
Addison Rd
Morgan Blvd
Downtown Largo
Benning Rd
Ashburn
Loudoun Gateway
Washington Dulles International Airport
Innovation Center
Herndon
Reston Town Center
Wiehle-Reston East
Spring Hill
Greensboro
Tysons
McLean
Vienna
Dunn Loring
West Falls Church
East Falls Church
Ballston-MU
Virginia Sq-GMU
Clarendon
Court House
Arlington Cemetery
Pentagon
Pentagon City
Waterfront
Navy Yard-Ballpark
Anacostia
Congress Heights
Southern Ave
Naylor Rd
Suitland
Branch Ave
Ronald Reagan Washington National Airport
Crystal City
Potomac Yard
Braddock Rd
King St-Old Town
Eisenhower Ave
Huntington
Van Dorn St
Franconia-Springfield
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

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 (which cap has been temporarily suspended for Fiscal Year 2025) with certain legislative exclusions applied in calculating the increase. *See* "CERTAIN INVESTMENT CONSIDERATIONS – Three Percent (3%) Cap on Operating Budget Increase."

Farebox Receipts

The Authority adopted a new fare schedule on April 25, 2024 which increased fares by 12.5% over 2023 fare rates for Metrorail and Metrobus, effective July 1, 2024. Effective June 26, 2023, the Authority eliminated the historic peak period base passenger fare structure which increased fares during peak ridership hours. The Authority's Metrorail fares are determined on the basis of a base fare that all passengers are charged, plus an additional fare charge based on the distance a passenger rides on the Transit System. The Authority provides free intermodal transfers between Metrorail and Metrobus.

Farebox receipts in Fiscal Year 2021 declined to $108 million and increased to $230 million in Fiscal Year 2022. On November 1, 2022, the Authority launched an initiative to reduce fare evasion which includes among other changes, retrofitting faregates with higher passenger entry gates, local changes to legislation to facilitate enforcement of fare evasion and virtual fare payment options. Relatedly, the Authority also launched a new low-income fare program for some passengers experiencing difficulty with fare payment affordability. In Fiscal Year 2023, farebox receipts were $315.8 million and in Fiscal Year 2024, farebox receipts are budgeted to be $429.5 million. The Authority reports on farebox recovery metrics quarterly which are available at www.wmata.com.

Although farebox revenues are not pledged as security for the Series 2024A Second Lien Bonds, they are included in the Revenues which secure the Authority's Gross Revenue Obligations, including the Pre-2018 Bonds. *See* "THE AUTHORITY – Changes in Post-Pandemic Ridership and Customer Behavior" and "OTHER OUTSTANDING DEBT – Sources of Funds for Gross Revenue Obligations." Fares are adjusted from time to time, and the Board's decisions regarding such fare increases are not subject to regulatory approval. For information concerning the Authority's revenues and expenses for Fiscal Year 2023, *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* "CERTAIN INVESTMENT CONSIDERATIONS"), to provide funding to the Authority for their share of the 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 of Capital Improvement Program – *Capital Contributions*" 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 of Capital Improvement Program – *Capital Contributions*" 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 circumstances as described under "CAPITAL IMPROVEMENT PROGRAM – Sources of Funding of Capital Improvement Project – *Current and Ongoing Funding*."

See Financial Report Fiscal Years Ended June 30, 2023 and 2022 and "CERTAIN AUTHORITY FINANCIAL INFORMATION – Annual Budget" for information on state and local funds that the Authority expects to receive from the Participating Jurisdictions in the Approved Fiscal Year 2024 Budget and the Approved Fiscal Year 2025 Budget.

Federal COVID Support

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act (the "**CARES Act**") was enacted on March 27, 2020.[29] The CARES Act provided approximately $25 billion to public transportation agencies to prevent, prepare for and respond to the COVID-19 pandemic.[30] Such grants have been apportioned in accordance with the provisions of the CARES Act; the Authority's grant is apportioned as an Urbanized Area Formula Funding Program Grant.[31,32] Within the $25 billion described previously, $1.02 billion in funding was allocated collectively to the Authority and the two other transportation systems located in the metropolitan region with the Authority's share being $876.8 million.

On December 27, 2020, Congress passed a second COVID-19 relief act called the Coronavirus Response and Relief Supplemental Appropriations Act[33] ("**CRRSAA**"), which provided additional funding to public transportation agencies. The Authority received approximately $714 million from this Act under the same apportionment process as the CARES Act.

A third relief act, the American Rescue Plan Act of 2021[34] ("**ARPA**"), was passed by the Congress on March 11, 2021. The metropolitan region was allocated $1.4 billion in funding. The Authority retained

[29] Public Law No. 116-136.

[30] Public Law No. 116-136.

[31] The Urbanized Area Formula Funding program (*see* 49 U.S.C. 5307) is used to apportion federal resources available to urbanized areas with a population of 50,000 or more that is designated as such by the U.S. Department of Commerce, Bureau of the Census and to governors for transit capital and operating assistance in urbanized areas and for transportation-related planning.

[32] Public Law No. 116-136.

[33] Public Law No.116-260.

[34] Public Law No. 117-2.

$1.2 billion of these funds. In addition, the Authority was awarded $120.1 million in ARPA competitive grant funds. The Authority's total allocation of these Covid relief funds is $2.9 billion.

From Fiscal Year 2020 through Fiscal Year 2023, the Authority received a total of $2 billion in federal relief funds and had $656 million remaining at the start of Fiscal Year 2024. The Authority's Fiscal Year 2024 and Fiscal Year 2025 budgets allocate the remaining amount of federal relief funds by including $561 million and $95 million, respectively. See "CERTAIN AUTHORITY FINANCIAL INFORMATION – Annual Budget." The Authority has allocated all available federal COVID relief funds and has no unobligated federal relief funds subject to rescission under the Fiscal Responsibility Act of 2023.

Funding Future Operating Expenses for the Authority

Based on then current operations and financial information, the Authority projected that an operating funding gap of up to $750 million in the Authority's Fiscal Year 2025 could exist if no action was taken to either reduce expenses or increase funding. The WMATA Compact requires adoption of a balanced budget annually, and the Authority took steps to identify ways to increase operating revenues or decrease operating expenses or a combination thereof to address this projected funding gap so as to achieve a balanced budget. In collaboration with the Participating Jurisdictions, the Fiscal Year 2025 Budget approved by the Board effective July 1, 2024 included the additional funding necessary from jurisdictional subsidies to avoid drastic service cuts and employee layoffs, representing a regional commitment and key milestone. These subsidies committed by the Participating Jurisdictions were above the three percent (3%) operating subsidy cap, which has been suspended for Fiscal Year 2025 by the Participating Jurisdictions and such funding in excess of the cap will not impact the payment of Dedicated Capital Funding Revenues. Furthermore, in May 2024, the Metropolitan Washington Council of Governments (which includes the Participating Jurisdictions) and the Authority announced a partnership to develop a long-term vision for funding public transportation in the National Capital Region, referred to as "DMV Moves."

However, it is uncertain how these efforts will address potential operating funding gaps in the Authority's budgets in Fiscal Year 2026 and beyond. Nevertheless, even if no steps are taken by the Authority to close future operating funding gaps in such operating budgets of the Authority, there will be no impact on the availability of Dedicated Capital Funding Revenues for payment of debt service on the Series 2024A Second Lien Bonds.

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OBLIGATIONS OF THE PARTICIPATING JURISDICTIONS FOR MATTERS OTHER THAN SENIOR AND SECOND LIEN OBLIGATIONS

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 pledges of the Dedicated Capital Funding Revenues created by the Senior Lien Resolution and the Second Lien Master Resolution are subordinate in all respects to that pledge created by the 2003 Bond Resolution. The Authority has covenanted in the Senior Lien Resolution, the Second Lien Master Resolution and the 2003 Bond Resolution to use reasonable efforts to cause the Participating Jurisdictions to make payments of their respective Stable and Reliable Funding 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 Obligations." 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* "CERTAIN 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 CFA 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 2024A Second Lien Bonds or the Senior Lien Obligations.

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 of Capital Improvement Program – *Current and Ongoing Funding*."

CAPITAL IMPROVEMENT PROGRAM

Capital Needs Process

The Approved Fiscal Year 2025-2030 Capital Improvement Program includes a total of $13.3 billion in planned capital investments over the six-year period for safety and state of good repair. For investments by program, the Approved Fiscal Year 2025-2030 Capital Improvement Program includes (i) railcar investments of approximately $2.9 billion; (ii) bus and paratransit investments of approximately $2.4 billion; (iii) station and passenger facilities investments of $1.3 billion; (iv) rail systems investments of $1.6 billion; (v) track and structures rehabilitation investments of $1.5 billion; and (vi) business support

investments of $1.5 billion. The Authority has developed the Approved Fiscal Year 2025-2030 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.

Capital Improvement Projects for Fiscal Year 2025

The Approved Fiscal Year 2025-2030 Capital Improvement Program includes $2.6 billion in capital projects for Fiscal Year 2025 (*see* TABLE 7). 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. So long as a project is included within the Approved Fiscal Year 2025-2030 Capital Improvement Program, as may be amended, such project shall be eligible for funding from bond proceeds consistent with applicable federal and state law and regulation.

TABLE 7

Fiscal Year 2025-2030 Capital Improvement Program
Financial Plan – Investment Categories
($ in millions)

(Dollars in Millions)	FY2025 Budget	FY2026 Plan	FY2027 Plan	FY2028 Plan	FY2029 Plan	FY2030 Plan	6-Year Total
Railcar & Railcar Facilities	$453.4	$585.5	$470.8	$509.6	$367.9	$469.6	$2,856.9
Rail Systems	386.8	356.7	391.1	216.6	137.1	94.9	1,583.3
Track & Structures Rehabilitation	298.6	299.4	261.1	265.2	203.2	174.6	1,502.1
Stations & Passenger Facilities	373.7	359.2	270.8	135.6	93.2	87.1	1,319.6
Bus, Bus Facilities & Paratransit	495.1	474.8	475.4	384.0	263.6	271.6	2,364.5
Business & Operations Support	311.6	281.8	303.4	249.6	164.4	152.2	1,463.2
Total	**$2,319.2**	**$2,357.5**	**$2,172.6**	**$1,760.8**	**$1,229.5**	**$1,249.9**	**$11,089.6**
Revenue Loss from Capital Projects	$10.0	$10.0	$10.0	$10.0	$10.0	$10.0	$60.0
Debt Service - Dedicated Funding[1]	237.4	310.8	371.2	409.0	409.0	409.0	2,146.4
Total Capital Program Cost[2]	**$2,566.6**	**$2,678.2**	**$2,553.9**	**$2,179.8**	**$1,648.5**	**$1,668.9**	**$13,296.0**

1. Projections subject to change based on actual debt requirements and terms of future debt issuance
2. Totals may not sum due to independent rounding

Source: Approved Fiscal Year 2025-2030 Capital Improvement Program (*See* Resolution 2024-12).

TABLE 8

Fiscal Year 2025-2030 Capital Improvement Program
Financial Plan – Funding Sources[1]
($ in millions)

	FY2025 Budget	FY2026 Plan	FY2027 Plan	FY2028 Plan	FY 2029 Plan	FY 2030 Plan	6 Year Total
Federal Funding							
Federal Formula Programs[2]	$470.0	$481.2	$490.8	$500.6	$510.6	$520.8	$2,974.0
Federal RSI/PRIIA[3]	143.5	143.5	143.5	143.5	143.5	143.5	861.0
Other Federal Grants	6.6	24.3	45.4	47.0	2.2	2.3	127.9
Total - Federal Grants	**620.1**	**649.0**	**679.7**	**691.1**	**656.4**	**666.8**	**3,962.8**
State & Local Funding Contributions							
District of Columbia							
Formula Match & System Performance[4][5]	109.4	112.6	116.0	119.5	123.1	126.8	707.4
RSI/PRIIA[6]	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	**337.4**	**340.6**	**344.0**	**347.5**	**351.1**	**354.8**	**2,075.4**
State of Maryland							
Montgomery County	50.5	52.0	53.6	55.2	56.8	58.5	326.5
Prince George's County	52.1	53.6	55.2	56.9	58.6	60.3	336.7
Maryland RSI/PRIIA[6]	49.5	49.5	49.5	49.5	49.5	49.5	297.0
Maryland Dedicated Funding	167.0	167.0	167.0	167.0	167.0	167.0	1,002.0
Subtotal - Maryland	**319.0**	**322.1**	**325.3**	**328.5**	**331.9**	**335.4**	**1,962.2**
Commonwealth of Virginia							
City of Alexandria	13.8	14.2	14.6	15.0	15.5	15.9	89.0
Arlington County	24.8	25.5	26.3	27.1	27.9	28.7	160.3
City of Fairfax	0.8	0.8	0.8	0.8	0.9	0.9	5.0
Fairfax County	44.1	45.5	46.8	48.2	49.7	51.2	285.6
City of Falls Church	0.9	0.9	0.9	0.9	1.0	1.0	5.5
Loudoun County	5.9	6.0	6.2	6.4	6.6	6.8	37.8
Virginia RSI/PRIIA[6]	49.5	49.5	49.5	49.5	49.5	49.5	297.0
Virginia Dedicated Funding-Unrestricted	122.9	122.9	122.9	122.9	122.9	122.9	737.3
Virginia Dedicated Funding-Restricted	31.6	31.6	31.6	31.6	31.6	31.6	189.7
Congestion Mitigation and Air Quality (CMAQ)	0.7	0.7	0.7	0.7	0.7	0.7	4.1
Subtotal - Virginia	**294.8**	**297.6**	**300.3**	**303.2**	**306.2**	**309.2**	**1,811.3**
Jurisdiction Planning Projects	3.0	3.0	3.0	3.0	3.0	3.0	18.0
Other Reimbursable Projects)	29.3	18.2	37.7	2.6	0.0	0.0	87.7
Subtotal - Jurisdictional Reimbursable[7]	**32.3**	**21.2**	**40.7**	**5.6**	**3.0**	**3.0**	**105.7**
Total - State & Local	**983.5**	**981.5**	**1,010.3**	**984.8**	**992.2**	**1,002.4**	**5,954.7**
Debt	**963.0**	**1,047.8**	**863.9**	**503.8**	**0.0**	**0.0**	**3,378.5**
Grand Total Funding[8]	**$2,566.6**	**$2,678.2**	**$2,553.9**	**$2,178.8**	**$1,648.5**	**$1,668.9**	**$13,296.0**

(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 was increased by $124 million per year after publication of the approved FY23 budget.

(3) *See* "FUNDING OF THE OPERATING EXPENSES OF THE TRANSIT SYSTEM – Stable and Reliable Funding Sources." PRIIA available for Capital Improvement Program decreased by $5 million annually to fund WMATA Office of Inspector General ("**OIG**") as required by the PRIIA extension statute.

(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 Program projects contained in the applicable Capital Budget.

(6) Under the Passenger Rail Investment and Improvement Act of 2008 ("**PRIIA**"), the States are required to collectively match the federal PRIIA funding.

(7) Jurisdictions occasionally seek Transit System capital improvements which benefit only the sponsoring jurisdiction. In that case, the sponsoring jurisdiction reimburses the Authority for the costs of that improvement.

(8) Total funding requirement includes capital program expenditures, debt service and estimated revenue loss from major shutdowns.

Source – Approved Fiscal Year 2025-2030 Capital Improvement Program (*See* Resolution 2024-12).

Sources of Funding of Capital Improvement Program

The Approved Fiscal Year 2025-2030 Capital Improvement Program, including the Approved Fiscal Year 2025 Capital Budget, totals $13.3 billion. TABLE 8 shows funding sources for the Approved Fiscal Year 2025-2030 Capital Improvement Program in the year in which funding is anticipated to be expended. Planned funding for the Approved Fiscal Year 2025-2030 Capital Improvement Program is expected to come from (i) federal formula and PRIIA grants; (ii) required state/local matching funds for those federal grants; (iii) additional system performance and/or debt funding from the Participating Jurisdictions; (iv) Dedicated Capital Funding Revenues; and (v) proceeds of Dedicated Capital Funding Revenues debt. 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* "*– Current and Ongoing Funding"* under this caption.

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. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN 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 (which cap has been temporarily suspended for Fiscal Year 2025). *See* "CERTAIN INVESTMENT CONSIDERATIONS – Three Percent (3%) Cap on Operating Budget Increase." The limitation on operating subsidy growth provides certain legislative exclusions in calculating the increase.

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 Fund and all interest, dividends, and appreciations that may accrue thereto.[35] Pursuant to the

[35] Code of Va. §33.2-2400.A. *See* also Code of Va. §58.1-816, §58.1-802.B and §58.1-814.

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.[36]

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;[37] (2) in addition to the tax levied under (1) above, a tax of four percent (4%) of the gross proceeds is levied on the rental of any daily rental vehicle;[38] and (3) in addition to all other applicable taxes and fees, a fee of two percent (2%) of the gross proceeds is imposed on the rental of any daily rental vehicle.[39] 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 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) 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.[40]

Capital Contributions

In addition to 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 excluded from the Second Lien Trust Estate of the Authority pledged to the payment of debt service for the Series 2024A Second Lien Bonds under the Resolution.

[36] Code of Va. §33.2-2400.D.
[37] Code of Va. §58.1-1736.A.1.
[38] Code of Va. §58.1-1736.A.2.
[39] Code of Va. §58.1-1736.A.3.
[40] Code of Va. §58.1-1741.A(iii).

Current and Ongoing Funding

The Authority and the District, Maryland (with WSTD acting for Maryland jurisdictions) and the Participating Jurisdictions located in the Commonwealth (collectively, the "**Contributing Jurisdictions**") entered into a Capital Funding Agreement in 2010, requiring the Authority to adopt a six-year capital program each year. The 2010 Capital Funding Agreement was amended and extended through June 30, 2019. The Authority and the Contributing Jurisdictions entered into a 2020 Capital Funding Agreement to fund the Fiscal Year 2020 Capital Improvement Program approved on October 30, 2019. The 2020 Capital Funding Agreement was amended to extend for an additional year in July 2020.

In April 2021, the Authority Board approved a new Capital Funding Agreement (the "**2022 Capital Funding Agreement**") with the Contributing Jurisdictions (adding Loudoun County, Virginia as a Participating Jurisdiction) to fund a six-year capital program covering Fiscal Years 2022 to 2027 (to be updated annually, each a "**Capital Improvement Program**"). The term of the 2022 Capital Funding Agreement began on July 1, 2021 and terminates on June 30, 2027. Each of the Contributing Jurisdictions has approved and executed such 2022 Capital Funding Agreement which is in full force and effect.

Under the 2022 Capital Funding Agreement, each Contributing Jurisdiction is required to use reasonable efforts to fund a portion of the cost of each Capital Improvement Program (its "**Allocated Contribution**"), determined using allocation formulas recalculated every two years based upon the Authority's then-current approved operating budget. Under the 2022 Capital Funding Agreement, the Authority may issue debt secured by its Gross Revenues (but not Dedicated Capital Funding Revenues) to finance all, or a portion of, its then-current Capital Improvement Program, upon request from one or more Contributing Jurisdictions. The 2022 Capital Funding Agreement permits each Contributing 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 2022 Capital Funding Agreement requires any such commitment of a Contributing Jurisdiction to survive the expiration of the 2022 Capital Funding 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 2022 Capital Funding Agreement requires each Contributing Jurisdiction to certify that the funding levels for its Allocated Contribution "are reasonable and accurate reflections of funds to be made available." Each Contributing Jurisdiction has made all of the Allocated Contributions required pursuant to the previous Capital Funding Agreements. If a Contributing Jurisdiction were to fail to include in its budget a required Allocated 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 2022 Capital Funding Agreement. However, each Contributing 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 2022 Capital Funding Agreement, the Contributing 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 Contributing 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 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 Contributing 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[41]

Below is a summary of the Authority's financial information based on its audited financial statements for Fiscal Year 2023 which is available at www.emma.msrb.org.

Revenues

Total revenues for Fiscal Year 2023 were $2.3 billion, an increase of $324.9 million (16.4%) from Fiscal Year 2022. Operating revenues, which include passenger revenue, totaled $364.8 million, an increase of $100 million (37.8%) in Fiscal Year 2023 compared to Fiscal Year 2022. Such increase was attributable to an increase in rail and bus ridership.

Other nonoperating revenues for Fiscal Year 2023 were $31.8 million, a decrease of $9 million (22.3%) from the prior year. For Fiscal Year 2023, Federal and jurisdictional subsidies were $1.9 billion, an increase of $233.8 million (13.9%) from Fiscal Year 2022. Federal and jurisdictional subsidies, capital contributions and passenger revenues accounted for 29.1%, 64.9% and 4.8% of total revenues, respectively, in Fiscal Year 2023.

Expenses

Total expenses for Fiscal Year 2023 were $3.79 billion, an increase of $576.6 million (17.9%) over Fiscal Year 2022. Operating expenses totaled $3.7 billion, an increase of $570 million (18.2%). Labor and fringe benefits are the Authority's largest expenses, comprising 47.6% of total expenses with depreciation as the second largest expense comprising 29% of total expenses.

Net Position

For Fiscal Year 2023, the Authority's net position in the amount of $11.4 billion increased by $2.8 billion or 32.5%. Current assets decreased by approximately 31% primarily due to decreases in restricted cash and cash equivalents due to the use of Series 2022A Bonds, Series 2020A Bonds and Dedicated Funding proceeds for Capital Costs as well as an increase in operational expenses related to overtime coverage resulting from the large number of operator vacancies and an increase in labor to prepare for Silver Line Phase 2 passenger service. The decreases were offset by an increase in accounts receivable, net of allowance, mainly due to an increase in jurisdictional reimbursable billings for the ongoing construction of the new Potomac Yard Metrorail station in Alexandria, Virginia.

Capital Assets. The Authority's capital assets net balance was $17.5 billion as of June 30, 2023, an increase of $3.6 billion (25.6%) from Fiscal Year 2022. Such increase is primarily attributable to transit

[41] *See* Financial Report Fiscal Years Ended June 30, 2023 and 2022 p.8.

facilities improvements such as replacement and rehabilitation of tracks, escalators, elevators and transit station platforms, and construction in process for several projects that will be placed in service in future years. The Authority completed the building and improvements which increased capital assets by $175.4 million, or 13.8%, mainly pertaining to completion of the L'Enfant headquarters building. Revenue vehicles increased by $261.6 million, or 5.3%, which partially resulted from the rehabilitation of 83 buses and purchase of 169 buses and 52 Metro Access vehicles.

Annual Budget

Budgetary Process

The Authority's annual budget generally consists of two budgets: an operating budget and a capital budget each containing 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 the 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%) (which cap has been temporarily suspended for Fiscal Year 2025). See "FORWARD-LOOKING STATEMENTS."

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 and/or relief funding, the Participating Jurisdictions, the State Dedicated Capital Funding Revenues, and the Authority's debt proceeds.

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 2024 Budget[42]

The Authority's Fiscal Year 2024 budget was adopted by the Board on April 14, 2023 (the "**Approved Fiscal Year 2024 Budget**") and is comprised of (i) the operating budget totaling approximately $2.329 billion (inclusive of the operating reimbursable projects and exclusive of debt service costs) (the "**Approved Fiscal Year 2024 Operating Budget**") and (ii) the capital budget totaling $2.4 billion (inclusive of the capital reimbursable projects) (the "**Approved Fiscal Year 2024 Capital Budget**").

The Approved Fiscal Year 2024 Operating Budget of $2.3 billion was funded with $506.7 million of projected operating revenues (excluding federal support), primarily from passenger fares, parking fees, and advertising revenues, in addition to jurisdictional operating subsidy contributions, and $561.0 million in federal relief funding (inclusive of funding from ARPA). *See* "FUNDING OF THE OPERATING EXPENSES OF THE TRANSIT SYSTEM – Federal COVID Support." The Approved Fiscal Year 2024 Operating Budget assumed 223.7 million trips (or 71.0% of pre-pandemic levels). While this represented an increase from Fiscal Year 2023, the Authority expects post-pandemic changes in commuting patterns to continue to impact ridership and revenue recovery during Fiscal Year 2024. Passenger fares of $429.5 million comprised 19.1% of the total Fiscal Year 2024 revenue budget, excluding federal funding. These revenues were estimated to be $102.5 million more than budgeted for Fiscal Year 2023. Non-passenger business revenues from parking, advertising, joint development and fiber optic leases were projected to be $77.2 million while other non-transit revenues totaled $21.7 million. Non-passenger revenues were estimated to be $21.7 million higher than budgeted for Fiscal Year 2023.

The Approved Fiscal Year 2024 Operating Budget included the base budget, and certain costs which were legislatively excluded from the three percent (3%) cap on annual increase to Participating Jurisdictions' Operating Budget subsidies. The Fiscal Year 2024 net operating subsidy of the Authority's overall budget was $1.25 billion, which provided 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 provides for personnel and services needed for unique projects requested on behalf of the Participating Jurisdictions and outside partners. The approved operating reimbursable budget was $9.2 million, and the capital reimbursable budget was $33.2 million.

The $2.4 billion Approved Fiscal Year 2024 Capital Budget provided for the assets and infrastructure to support Metrobus, Metrorail, and MetroAccess service. Funding for the capital budget comes from federal grants and relief funding, the Participating Jurisdictions, the States, Dedicated Capital Funding Revenues and the Authority's debt proceeds.

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[42] *See* Attachments C, D and F to Resolution No. 2023-09.

Fiscal Year 2025 Budget

The Authority's Fiscal Year 2025 budget was adopted by the Board on April 25, 2024 (the "**Approved Fiscal Year 2025 Budget**") and is comprised of (i) the operating budget totaling approximately $2.350 billion (inclusive of the operating reimbursable projects and exclusive of debt service costs) (the "**Approved Fiscal Year 2025 Operating Budget**") and (ii) the capital budget totaling $2.567 billion (inclusive of the capital reimbursable projects) (the "**Approved Fiscal Year 2025 Capital Budget**").

The Approved Fiscal Year 2025 Operating Budget of $2.4 billion is funded with $487.6 million of projected operating revenues (excluding federal support), primarily from passenger fares, parking fees, and advertising revenues, in addition to jurisdictional operating subsidy contributions, and $95.0 million in federal relief funding. [43] *See* "FUNDING OF THE OPERATING EXPENSES OF THE TRANSIT SYSTEM – Federal COVID Support." The Approved Fiscal Year 2025 Operating Budget assumes 226.6 million trips which represents a 1.3% increase from Fiscal Year 2024. Passenger fare and parking revenues of $407.8 million comprise 9.8% of the total revenue budget, excluding federal funding. These revenues are estimated to be $21.7 million less than budgeted for Fiscal Year 2024. Fiscal Year 2025 non-passenger business revenues from advertising, joint development and fiber optic leases are projected to be $55.4 million while other non-transit revenues total $24.4 million. Non-passenger revenues are estimated to be $2.7 million less than budgeted for Fiscal Year 2024.

The Approved Fiscal Year 2025 Operating Budget includes the base budget and debt service on the Gross Revenue Obligations. The Fiscal Year 2025 net operating subsidy of the Authority's overall budget is $1.75 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 provides for personnel and services needed for unique projects requested on behalf of the Participating Jurisdictions and outside partners. The approved Fiscal Year 2025 operating reimbursable budget is $15.3 million, and the capital reimbursable budget is $32.3 million.

The $2.6 billion Approved Fiscal Year 2025 Capital Budget provides for the assets and infrastructure to support Metrobus, Metrorail, and MetroAccess service. *See* "CAPITAL IMPROVEMENT PROGRAM – Capital Needs Process – *Capital Improvement Projects for Fiscal Year 2025*." Funding for the capital budget comes from federal grants and relief funding, the Participating Jurisdictions, the States, Dedicated Capital Funding Revenues and the Authority's debt proceeds.

Summary

TABLE 9 compares the Fiscal Year 2023 results and the operating and capital budgets and the components thereof for the Approved Fiscal Year 2024 Budget and Approved Fiscal Year 2025 Budget. The table includes operating and capital portions of the reimbursable project results or budget, as applicable, and such figures are separately broken out.

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[43] *See* Attachment C to Resolution No. 2024-12.

TABLE 9

Summary of Funding by Program and Source
($ in millions)

	Fiscal Year 2023 (Actual)[1]	Fiscal Year 2024 (Approved Budget)	Fiscal Year 2025 (Approved Budget)
Operating Budget			
Passenger Fares & Parking	$ 307.8	$ 429.5	$ 407.2
Non-Passenger Revenue	73.1	77.2	79.8
State and Local Funds	1,173.2	1,252.3	1,752.6
Reimbursable Funds	6.4	9.2	15.3
Federal Relief[2][3]	643.4	561.0	95.0
Subtotal	**$2,204.0**	**$2,329.2**	**$2,350.5**
Contributions for Debt Service	72.2	72.2	72.2
Subtotal including Debt Service	**$2,276.2**	**$2,401.4**	**$2,422.8**
Capital Budget			
Federal Formula/Other Grants	$ 397.5	$ 471.4	$ 476.6
Federal Dedicated Funds (PRIIA)[3]	96.4	143.5	143.5
State and Local Funds[3][4]	354.9	442.6	451.2
Dedicated Funding	381.4	500.0	500.0
Reimbursable Funds	94.7	33.2	32.3
Debt Strategy/Other Debt	954.6	797.8	963.0
Subtotal	**$2,279.5**	**$2,388.4**	**$2,566.6**
Grand Total[5]	**$4,555.7**	**$4,789.8**	**$4,989.3**

(1) Non-GAAP

(2) Includes the net subsidies from the Participating Jurisdictions and debt service. Includes CRRSAA and ARPA.

(3) Such funds are made available under PRIIA and are subject to annual appropriation and certain other conditions. Title VI of PRIIA authorized 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.

(4) 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.

(5) Totals may not sum due to rounding.

Sources – Approved Fiscal Year 2025 Budget and Resolution 2024-12, Approved Fiscal Year 2024 Budget and Resolution 2023-09 and the Authority's Audited Financial Statements for Fiscal Year ended June 30, 2023.

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CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2024A Second Lien Bonds involve investment risks and other considerations, some of which are discussed under this caption. Prospective investors are urged to read this Official Statement in its entirety. The ability of the Authority to meet the debt service requirements of the Series 2024A Second Lien Bonds is subject to various uncertainties which are discussed throughout this Official Statement. The factors discussed below, among others, may affect the security for the Series 2024A Second Lien Bonds. *See* "FORWARD-LOOKING STATEMENTS."

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 the Authority 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 the Authority and the Authority 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 the Authority 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 the Authority from other than the Dedicated Capital Funding Revenues until an acceptable corrective plan is submitted to the Authority's Board 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, 2020 and terminates on September 30, 2026. 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 the District's Dedicated Funding Grant 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, 2026.

Lack of Non-Impairment Language

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 are not pledged as security for the Series 2024A Second Lien Bonds, but which are 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 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 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 2023, enacting legislation in June or July of the respective 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 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, 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 Trust Fund, which MDOT grants to WSTD to pay the Authority's capital costs. Such funds are not finally appropriated and committed until the Maryland General Assembly adopts the state budget.

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. 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. 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.

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. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *Commonwealth of Virginia*."

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 their 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. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *Commonwealth of Virginia."*

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 and considered Stable and Reliable Funding Sources. *See* "OTHER OUTSTANDING DEBT – Source of Funds for Gross Revenue Obligations."

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 certainty to the Participating Jurisdictions, and pursuant to the Dedicated Revenue Statutes, 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 Authority's Board; any payments or obligations arising from or related to legal disputes or proceedings between the Authority and any other person or entity; and any service increases approved by the Authority's Board of Directors.[44]

The requirement to contain the operating subsidy increases to three percent (3%) is a 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 State'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.[45] 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.[46]

The three percent (3%) cap on the operating budget has been suspended by the Participating Jurisdictions for Fiscal Year 2025.

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, semi-

[44] Code of Va. §33.2-1526.1.K. and Md. Transp. Code §10-205(b)(3)(ii).

[45] Code of Va. §33.2-1526.1.K.

[46] Md. Transp. Code § 10-205(b)(3).

annually, or 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 April by the District; and quarterly, upon Authority invoice, by Maryland.

Changes in Customer Behavior and Economic Outlook

The Authority's ridership and overall financial outlook are directly influenced by the population, economic conditions, and employment growth in the National Capital Region. COVID-19 had broad and significant global, national and regional impacts; the lasting consequences in terms of changes to work and commuting patterns remain unclear. As the region recovers from the pandemic, business activity has settled into a new normal significantly different from what preceded the pandemic. This paradigm shift in how and where people work, specifically in the shift to remote work, has significantly impacted the labor market, commuter and tourist activities, the demand for office space, and the location of economic activity in the region. The National Capital Region has a highly skilled and educated workforce including many occupations that have transitioned exceptionally well to remote work, thus resulting in changes to the Authority's ridership patterns. The National Capital Region appears poised to continue its post-pandemic recovery as employment mirrors pre-pandemic levels; however, the composition and attributes of jobs in the region are changing.

The Authority will continue to advance service options that adapt to the emerging needs of workers and the regional economy. However, it is uncertain the extent to which changes in customer behavior or economic factors may adversely impact the States, or the Authority, its operations or the Series 2024A Second Lien Bonds. See "FUNDING OF THE OPERATING EXPENSES OF THE TRANSIT SYSTEM – Funding Future Operating Expenses for the Authority" and "THE AUTHORITY – Changes in Post-Pandemic Ridership and Customer Behavior." *See also* TABLE 2 for a discussion of the possible impact on the debt service coverage projected for the Series 2024A Second Lien Bonds and other Second Lien Obligations based on assumed available Dedicated Capital Funding Revenues.

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 the repayment of debt service. 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. *See* "SOURCES OF PAYMENT OF THE SERIES 2024A SECOND LIEN BONDS – Dedicated Capital Funding Revenues – *Commonwealth of Virginia.*"

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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 2024A Second Lien Bonds; (ii) questioning or affecting the validity of the Series 2024A Second Lien Bonds, the Second Lien Resolution, or the pledge of the Second Lien Trust Estate by the Authority under the Second Lien Resolution; or (iii) question or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Series 2024A Second Lien 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, Chief Legal Officer 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 2024A Second Lien Bonds will be subject to the approving opinion of Hogan Lovells US LLP, Bond Counsel, which will be furnished at the expense of the Authority upon delivery of the Series 2024A Second Lien Bonds and will be substantially in the form included in **Appendix B**.

Certain legal matters pertaining to the issuance of the Series 2024A Second Lien Bonds will be passed upon for the Authority by its Executive Vice President, Chief Legal Officer and General Counsel, Patricia Y. Lee, Esq. Hogan Lovells US 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 counsel, Orrick, Herrington & Sutcliffe, LLP.

TAX MATTERS

The following discussion is a summary of the opinion of Bond Counsel to the Authority that is to be rendered on the tax status of interest on the Series 2024A Second Lien Bonds and of certain federal and state income tax considerations that may be relevant to prospective purchasers of the Series 2024A Second Lien Bonds. This discussion is based upon existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2024A Second Lien Bonds, Hogan Lovells US LLP, Bond Counsel to the Authority, will provide an opinion, substantially in the form included in **Appendix B**, to the effect that, under existing law, interest on the Series 2024A Second Lien Bonds is excluded from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel to the Authority observes that interest on the Series 2024A Second Lien Bonds included in the adjusted financial statement income of certain corporations is not excluded from the computation of the federal corporate alternative minimum tax.

The foregoing opinion will assume compliance by the Authority with certain requirements of the Code that must be met subsequent to the issuance of the Series 2024A Second Lien Bonds. The Authority will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2024A Second Lien Bonds to be included in gross income, or could otherwise adversely affect such opinion, retroactive to the date of issuance of the Series 2024A Second Lien Bonds.

The opinion of Bond Counsel to the Authority relating to the Series 2024A Second Lien Bonds will also provide to the effect that, under existing law, interest on the Series 2024A Second Lien Bonds is exempt from all current Maryland, Virginia, and District of Columbia personal income taxes.

Certain of the Series 2024A Second Lien Bonds (the "**Discount Bonds**") are being offered and sold to the public in their original public offering at an original issue discount. Generally, original issue discount is the excess of the stated redemption price at maturity of any Discount Bond over the issue price of the Discount Bond. Bond Counsel have advised the Authority and the Underwriters that, under existing laws and to the extent interest on any Discount Bond is excluded from gross income for federal income tax purposes, the original issue discount on any such Discount Bond that accrues during the period such person holds the Discount Bond will be treated as interest that is excluded from gross income for federal income tax purposes with respect to such holder, and will increase such holder's tax basis in any such Discount Bond. Purchasers of any Discount Bond should consult their tax advisors regarding the proper computation and accrual of original issue discount.

If a holder purchases a Series 2024A Second Lien Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2024A Second Lien Bond with "amortizable bond premium" equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining term of the Series 2024A Second Lien Bond, based on the holder's yield to maturity. As bond premium is amortized, the holder's tax basis in such Series 2024A Second Lien 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 other disposition of the Series 2024A Second Lien Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2024A Second Lien Bond. Purchasers of a Series 2024A Second Lien Bond with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and with respect to state and local tax consequences of owning such Series 2024A Second Lien Bond.

Other than the matters specifically referred to above, Bond Counsel to the Authority expresses and will express no opinions regarding the federal, state, local or other tax consequences of the purchase, ownership and disposition of the Series 2024A Second Lien Bonds. Prospective purchasers of the Series 2024A Second Lien Bonds should be aware, however, that the Code contains numerous provisions under which receipt of interest on the Series 2024A Second Lien Bonds may have adverse federal tax consequences for certain taxpayers. Such consequences include the following: (a) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2024A Second Lien Bonds or, in the case of financial institutions, that portion of the holder's interest expense allocable to interest on the Series 2024A Second Lien Bonds (subject to certain exceptions); (b) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2024A Second Lien Bonds; (c) interest on the Series 2024A Second Lien Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (d) passive investment income, including interest on the Series 2024A Second Lien Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (e) Section 86 of the Code requires recipients of certain Social Security and certain railroad retirement benefits to take into account, in determining the inclusion of such benefits in gross income, receipts or accrual of interest on the Series 2024A Second Lien Bonds.

The Internal Revenue Service (the "**Service**") has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2024A Second Lien Bonds will be audited. If an audit is commenced, under current Service procedures the holders of the Series 2024A Second Lien Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2024A Second Lien Bonds could adversely affect their value and liquidity.

Prospective purchasers of Series 2024A Second Lien Bonds should consult their own tax advisors as to the applicability and extent of federal, state, local or other tax consequences of the purchase, ownership and disposition of Series 2024A Second Lien Bonds in light of their particular tax situation.

Bond Counsel to the Authority will render their opinions as of the issue date, and will assume no obligation to update their opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel to the Authority are not binding on the courts or the IRS; rather, such opinions represent Bond Counsel's legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Series 2024A Second Lien Bonds or, as applicable, the exclusion of interest on the Series 2024A Second Lien Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2024A Second Lien Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

RATINGS

S&P Global Ratings, a division of S&P Global Inc. ("**S&P**") and Kroll Bond Rating Agency ("**Kroll**") have assigned ratings to the Series 2024A Second Lien Bonds of "AA" (with a stable outlook) and "AA" (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 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien Bonds (the "**2024 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 D**, the 2024 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 2024 CDA is December 31. The Authority's continuing disclosure filings since July 2009 are available at www.emma.msrb.org.

Continuing disclosure undertakings entered by the Authority for past issuances require the Authority to provide annual financial information, operating data and event notices of the type which will be required by the 2024 CDA.

The Authority has implemented procedures to ensure ongoing compliance with continuing disclosure requirements and believes that its policies are adequate to ensure future compliance. *See* "THE AUTHORITY – Debt and Disclosure Policies of the Authority."

The Authority has not materially failed in the past five Fiscal Years to perform any obligation with respect to any previous continuing disclosure undertaking delivered under the provisions of the Rule.

CERTAIN RELATIONSHIPS OF PARTIES

Hogan Lovells US LLP, which is serving as Bond Counsel and Disclosure Counsel to the Authority in connection with the Series 2024A Second Lien Bonds, (1) has represented and may continue to represent certain of the Underwriters in connection with transactions not involving the Authority, and (2) represents the Authority on certain other matters. BLX Group LLC, the provider of the BLX Third Party Opinion, is a subsidiary of Orrick, Herrington & Sutcliffe LLP. BLX Group LLC does not provide legal services. Orrick, Herrington & Sutcliffe LLP is acting as counsel to the Underwriters of the Series 2024A Second Lien Bonds.

UNDERWRITING

The underwriters of the Series 2024A Second Lien Bonds listed on the cover page of this Official Statement, for whom BofA Securities, Inc. is acting as the representative (collectively, the "**Underwriters**"), have agreed to purchase the Series 2024A Second Lien Bonds at a purchase price equal to $663,920,461.23 (reflecting a net original issue premium totaling $30,154,072.15 and an Underwriters' discount totaling $2,223,610.92) pursuant to the Bond Purchase Agreement dated July 9, 2024, 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 2024A Second Lien Bonds and shall accept delivery of the Series 2024A Second Lien Bonds from the

Authority, subject to certain conditions. Pursuant to the Bond Purchase Agreement, the Underwriters shall purchase all of the Series 2024A Second Lien Bonds if any are purchased.

The Underwriters may offer and sell the Series 2024A Second Lien Bonds to certain dealers (including dealers depositing the Series 2024A Second Lien 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 2024A Second Lien Bonds. Subsequent to the initial offering, the offering prices and yields for the Series 2024A Second Lien Bonds may be changed from time to 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 of the Underwriters are lenders, and in some cases agents or managers for the lenders, under the Authority's 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.

BofA Securities, Inc., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("**MLPF&S**"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2024A Second Lien Bonds.

Truist Securities, Inc. has entered into an agreement (the "**Truist Distribution Agreement**") with Truist Investment Services, Inc. ("**TIS**") for the retail distribution of certain municipal securities offerings, including the 2024 Bonds. Pursuant to the Truist Distribution Agreement, Truist Securities will share a portion of its underwriting compensation, as applicable, with respect to the 2024 Bonds with TIS. Each of Truist Securities and TIS is a subsidiary of Truist Financial Corporation.

Truist Securities is the trade name for the corporate and investment banking services of Truist Financial Corporation and its subsidiaries. Securities and strategic advisory services are provided by Truist Securities, Inc., member FINRA and SIPC. Lending, financial risk management, and treasury management and payment services are offered by Truist Bank. Deposit products are offered by Truist Bank, Member

FDIC. In its normal course of business Truist Bank may currently, or in the future, provide credit, treasury management, or other commercial banking services to the Authority.

Academy Securities, Inc. has entered into third-party distribution agreements with TD Ameritrade Inc., Commonwealth Financial Network, R. Seelaus & Co., The GMS Group LLC, InspereX LLC, Mountainside Securities LLC, World Equity Group, Inc., CINCaP Investment Group LLC, National Securities Corp, Essex Securities LLC, and Isaak Bond Investments for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these third-party distribution agreements, Academy Securities may share a portion of its underwriting compensation with these firms.

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 Authority as underwriters) for the distribution of the Series 2024A Second Lien 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.

CO-MUNICIPAL ADVISORS

Frasca & Associates, LLC and PFM Financial Advisors LLC have served as independent Co-Municipal Advisors to the Authority with respect to the sale of the Series 2024A Second Lien Bonds. The Co-Municipal Advisors assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2024A Second Lien Bonds and provided other advice. The Co-Municipal 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.

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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 2024A Second Lien Bonds, the security for the payment of the Series 2024A Second Lien 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 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, 300 7th Street, S.W., Washington, DC 20024, (202) 962-1020, and/or to Frasca Associates, LLC, 521 Madison Avenue, Suite 7, New York, NY 10022 (212) 355-4050.

The execution and delivery of this Official Statement by the General Manager and Chief Executive Officer has been duly authorized by the Board.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

By: /s/ Randy Clarke
General Manager and Chief Executive Officer

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APPENDIX A

FORM OF SECOND LIEN MASTER RESOLUTION

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PRESENTED AND ADOPTED: July 27, 2023

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

2023-23
SECOND LIEN DEDICATED CAPITAL FUNDING BOND RESOLUTION

ADOPTED JULY 27, 2023

Motioned by Mr. Alcorn, seconded by Dr. Hadden Loh
Ayes: 8- Mr. Aguirre, Mr. McAndrew, Dr. Hadden Loh, Ms. Rai, Mr. Alcorn, Mr. Drummer, Ms. Worth and Ms. Martin-Proctor

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SECOND LIEN 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 Second Lien Resolution.

Accreted Value shall mean with respect to any Capital Appreciation Second Lien Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Second Lien Resolution authorizing such Capital Appreciation Second Lien 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 Second Lien 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 Second Lien Obligations and Second Lien Parity Debt, calculating the accrued Debt Service with respect to each Second Lien Obligation at an amount equal to the sum of (i) as estimated by an Authorized Officer, interest on the Second Lien Obligations and interest components of Second Lien 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 Second Lien Obligations and Second Lien Parity Debt next due which would have accrued (if deemed to accrue in the manner set forth in the definition of "Second Lien Debt Service") to the next Debt Service Payment Date.

For purposes of calculating Second Lien Debt Service Fund deposits, Principal Installments shall not include amounts that an Authorized Officer has notified the Second Lien 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.

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 Second Lien Obligations (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Second Lien Resolution authorizing such Deferred Income Second Lien 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 Second Lien 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;

(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 Second Lien Trustee and the Authority, or bankers' acceptances of depository institutions, including the Second Lien 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;

(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 Second Lien Trustee a certificate to the Second Lien 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 Second Lien Obligations shall mean Second Lien Obligations designated as Balloon Second Lien Obligations in a Supplemental Second Lien Resolution and where 25% or more of the principal amount of such Second Lien Obligations matures on the same date and such portion of the principal amount of such Second Lien Obligations is not required to be amortized by payment or redemption prior to such date. If any Series of Second Lien Obligations or any Second Lien Parity Debt consists partially of Variable Interest Rate Second Lien Obligations and partially of Second Lien Obligations bearing interest at a fixed rate, the portion constituting Variable Interest Rate Second Lien 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 Second Lien Obligations or Second Lien Parity Debt constitutes Balloon Second Lien 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 Second Lien 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 Second Lien Obligations shall mean any Second Lien Obligations denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Second Lien Obligations. Except as otherwise provided by Supplemental Second Lien Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Second Lien Obligation is redeemed prior to maturity, (ii) computing the principal amount of Second Lien Obligations held by the registered owner of a Capital Appreciation Second Lien Obligation in giving to the Authority or the Second Lien Trustee any notice, consent, request, or demand pursuant to the Second Lien Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Second Lien 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 Second Lien Obligations, Second Lien Parity Debt, Second Lien Credit Facilities, Junior Indebtedness or Junior Contract Obligations in accordance with the delegation of power to do so under a Supplemental Second Lien Resolution.

Clearing Account shall mean the Account by that name established in Section 502 of the Senior Lien Resolution.

Clearing Account Agent shall mean the Bank selected by the Authority pursuant to Section 502 of the Senior Lien Resolution.

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 Second Lien Obligations, Second Lien Obligation Anticipation Notes, Junior Indebtedness, Second Lien Parity Debt, Junior Contract Obligations or other obligations authorized under the Second Lien 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 Second Lien 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 Second Lien Obligations, premiums, fees and charges in order to obtain, renew, extend or terminate Second Lien Credit Facilities and Second Lien Qualified Swaps and other financial arrangements, costs and expenses of refunding such Second Lien Obligations, Second Lien Obligation Anticipation Notes, Junior Indebtedness, Second Lien Parity Debt, Junior Contract Obligations or other obligations authorized under the Second Lien Resolution, and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

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.

Debt Service shall mean collectively Second Lien Debt Service and Senior Lien Debt Service.

Debt Service Payment Date shall mean, with respect to any portion of Second Lien Debt Service, the date on which the Second Lien 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], 2023. 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], 2023, as a result of any amendment to any of the Dedicated Capital Funding Acts unless the Authority amends the Second Lien Resolution in accordance with its terms to pledge such increased funds as part of the Second Lien Trust Estate under the Second Lien 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 Second Lien Resolution as a Defeasance Security for purposes of defeasing the Series of Second Lien Obligations authorized by such Supplemental Second Lien 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 Second Lien Obligation shall mean any Second Lien Obligation (A) as to which interest accruing thereon prior to the Interest Commencement Date of such Second Lien Obligation is (i) compounded on each Valuation Date for such Deferred Income Second Lien Obligation and (ii) payable only at the maturity or prior redemption of such Second Lien 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 Second Lien Resolution. Except as otherwise provided by Supplemental Second Lien Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Second Lien Obligation is redeemed prior to maturity, (ii) computing the principal amount of Second Lien Obligations held by the registered owner of a Deferred Income Second Lien Obligation in giving to the Authority or the Second Lien Trustee any notice, consent, request, or demand pursuant to the Second Lien Resolution for any purpose whatsoever or (iii) computing Second Lien Debt Service, the principal amount of a Deferred Income Second Lien 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 shall mean, as to any Variable Interest Rate Second Lien Obligations or Second Lien Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Second Lien Obligations or Second Lien 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 Second Lien Trustee, any Second Lien 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 Second Lien 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], 2023, 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 Second Lien Resolution.

Interest Commencement Date shall mean, with respect to any particular Deferred Income Second Lien Obligation, the date determined by Supplemental Second Lien Resolution after which interest accruing on such Second Lien 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 Second Lien 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.

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

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

Indebtedness shall be junior and inferior to the lien on and pledge of the Second Lien Trust Estate herein created for the payment of the Second Lien Obligations and Second Lien Parity Debt.

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.

Obligations shall mean collectively Senior Lien Obligations and Second Lien Obligations. The term "Obligations" does not include Junior Indebtedness or Junior Contract Obligations.

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 Second Lien Obligations or Second Lien Obligations of a Series, shall mean, as of any date, Second Lien Obligations or Second Lien Obligations of such Series theretofore or thereupon to be delivered under the Second Lien Resolution except:

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

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

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

(d) Second Lien Obligations deemed to have been paid as provided in subsection 2 of Section 1102;

(e) Put Second Lien Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Second Lien Resolution authorizing such Second Lien 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 Second Lien Resolution, except to the extent such tendered Put Second Lien Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Second Lien 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 Second Lien Obligations Outstanding, Second Lien Obligations excluded pursuant to Section 1112.

The principal component of any Second Lien 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 Second Lien Obligation, regardless of the authorized amount of the principal component of such Second Lien Parity Debt or the related Second Lien Obligation and provided that, unless otherwise required pursuant to the related Supplemental Second Lien

Resolution, the principal component of such Second Lien Parity Debt shall not by itself increase the Outstanding principal amount of Second Lien Obligations.

Owner, or any similar terms, shall mean, as applicable, (a) the registered owner of any Second Lien Obligation as shown on the books for the registration and transfer of Second Lien Obligations maintained in accordance with Section 305 or the registered owner of any Senior Lien Obligation as shown on the books for the registration and transfer of Senior Lien Obligations maintained in accordance with Section 305 of the Senior Lien Resolution.

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

Parity Swap Second Lien 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, Fairfax and Loudoun, 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.

Paying Agent shall mean any paying agent for the Second Lien 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 Second Lien 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.

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 Second Lien Obligations or any Second Lien Parity Debt, as applicable, (a) the principal amount of Outstanding Second Lien Obligations of such Series, due on the dates and in the amounts specified by a related Supplemental Second Lien Resolution, reduced by the principal amount of such Second Lien Obligations which would be retired by reason of the payment when due and application in accordance with the Second Lien 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 Second Lien Obligations of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Second Lien 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 Second Lien Parity Debt payable on a parity with the Second Lien Obligations.

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

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

Put Second Lien Obligations shall mean Second Lien 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.

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 Second Lien Obligations.

Record Date, except as otherwise provided by Supplemental Second Lien 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 Second Lien Obligation, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the Second Lien Resolution.

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

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

Responsible Officer shall mean any officer assigned to the corporate trust office of the Second Lien Trustee, or any other officer of the Second Lien Trustee customarily performing functions similar to those performed by any of such officers and who has direct responsibility for the administration of the Second Lien 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.

Second Lien Cost of Issuance Account shall mean the applicable Account by that name established in the Second Lien Proceeds Fund for a Series of Second Lien Obligations pursuant to Section 503.

Second Lien 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 Second Lien Obligations, Second Lien Parity Debt or Second Lien Obligation Anticipation Notes.

Second Lien Debt Service for any period shall mean, as of any date of calculation and with respect to any Series of Second Lien Obligations or any Second Lien Parity Debt outstanding, the sum of: (i) interest on the Second Lien Obligations of such Series and the interest components of Second Lien Parity Debt accruing during such period and (ii) that portion of each Principal Installment for such Second Lien Obligations and Second Lien 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 Second Lien Obligations and Second Lien Parity Debt; *provided, however, that*, unless otherwise set forth in a Supplemental Second Lien 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 Second Lien Obligation or Second Lien Parity Debt; *provided further*, for purposes of calculating Second Lien Debt Service Fund deposits and Maximum Annual Debt Service, and with respect to any Series of Second Lien Obligations or any Second Lien Parity Debt, the Authority may compute such sum based on the following adjustments:

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

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

(a) the fixed rate or rates of the Second Lien Qualified Swap if the Authority has entered into what is generally referred to as a "floating-to-fixed" Second Lien 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 Second Lien Obligation or Second Lien Parity Debt if the Authority has entered into a Second Lien 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 Second Lien Qualified Swap if the Authority has entered into either what is generally referred to as a "fixed-to-floating" Second Lien Qualified Swap (where the Authority pays a variable rate and receives a fixed rate) or a "floating-to-floating" Second Lien Qualified Swap (where the Authority pays a variable rate and receives a different variable rate).

(3) If any Series of Second Lien Obligations or any Second Lien Parity Debt constitutes Balloon Second Lien Obligations, then, for purposes of determining the annual amount payable on account of principal of and interest on such Series of Second Lien Obligations or Second Lien Parity Debt, such Series of Second Lien Obligations or Second Lien Parity Debt that are or would be Balloon Second Lien Obligations shall be treated either (i) as if amortized with substantially level annual debt service commencing not later than the year following the year in which such Balloon Second Lien Obligations were issued over a term specified by the Authority not to exceed forty (40) years from the date such Balloon Second Lien Obligations were issued or such lesser period as required by the Authority's then-existing debt policy or (ii) on such other term and basis as are set forth in the Supplemental Second Lien Resolution authorizing such Balloon Second Lien Obligations; and the interest rate used for such computation shall be either (x) the rate quoted in the 30-year revenue bond index, or revenue bond index related to the actual term of such Series of Second Lien Obligations or Second Lien 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 (y) the rate set forth for such purpose in the Supplemental Second Lien Resolution authorizing such Balloon Second Lien Obligations.

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

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

With respect to Parity Reimbursement Second Lien 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.

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

Second Lien 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 Second Lien Obligations in anticipation of which such notes are being issued.

Second Lien Obligations shall mean any bonds, notes, commercial paper or other form of indebtedness of the Authority payable from the Second Lien Debt Service Fund, authorized by Section 201 and delivered pursuant to Section 202, or authorized pursuant to Section 207, but excluding Second Lien Obligation Anticipation Notes to the extent payable from, and expected by an Authorized Officer to be paid from, the proceeds of Second Lien Obligations or other Second Lien Obligation Anticipation Notes.

Second Lien Parity Debt shall mean any Parity Reimbursement Second Lien Obligation, any Parity Swap Second Lien Obligation or any other contract, agreement or other obligation of the Authority designated as constituting "Second Lien Parity Debt" in a certificate of an Authorized Officer delivered to the Second Lien Trustee; provided, however, that any such Parity Reimbursement Second Lien Obligation, Parity Swap Second Lien Obligation, or other contract, agreement or other obligation shall not constitute Second Lien 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 Second Lien Obligations may include accelerated principal amortization provisions to the extent permitted by subsection 4 of Section 206.

Second Lien Proceeds Account shall mean the applicable Account by that name established in the Second Lien Proceeds Fund for a Series of Second Lien Obligations pursuant to Section 503.

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

Second Lien Qualified Swap shall mean, to the extent from time to time permitted by law, with respect to Second Lien Obligations, any financial arrangement (i) which is entered into by the Authority with an entity that is a Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Obligations or Variable Interest Rate Second Lien Obligations on a synthetic basis or otherwise, and (iii) which has been designated in writing to the Second Lien Trustee by an Authorized Officer as a Second Lien Qualified Swap with respect to such Second Lien Obligations.

Second Lien 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 Second Lien 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 Second Lien Qualified Swap Provider.

Second Lien Registrar shall mean any registrar for the Second Lien 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 Second Lien Resolution.

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

Second Lien 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 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 Second Lien Revenue Anticipation Notes, (iii) secured in whole or in part by a lien prior to the lien and pledge of the Second Lien Resolution on such reimbursements and (iv) meeting the requirements of subsection 3 of Section 205.

Second Lien Trust Estate shall mean, collectively, but subject to the terms and provisions of Section 501 and subordinate to the obligations of the Authority in respect of Senior Lien Obligations as provided by the Senior Lien Resolution, all right, title and interest of the Authority in:

(a) all Dedicated Capital Funding Revenues;

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

(c) all Funds, Accounts and Subaccounts established by the Second Lien Resolution (other than any rebate fund established pursuant to a tax certificate or agreement executed by the Authority in connection with a Series of Second Lien Obligations and any funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Second Lien Resolution in connection with Variable Interest Rate Second Lien Obligations, Put Second Lien Obligations, Second Lien Parity Debt, Junior Indebtedness or Junior Contract Obligations; *provided however*, that such funds, accounts and subaccounts are specifically excepted from the Second Lien Trust Estate by the Supplemental Second Lien Resolution authorizing such Variable Interest Rate Second Lien Obligations, Put Second Lien Obligations, Second Lien Parity Debt, Junior Indebtedness or Junior 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 Second Lien Obligations by the Authority, or by anyone on its behalf, or with its written consent, to the Second Lien 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.

Second Lien 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 Second Lien Resolution.

Senior Lien Debt Service shall mean "Debt Service" as that term is defined in Section 101 of the Senior Lien Resolution.

Senior Lien Obligations shall mean "Obligations" as that term is defined in Section 101 of the Senior Lien Resolution.

Senior Lien Resolution shall mean the Dedicated Capital Funding Bond Resolution adopted by the Authority's Board of Directors on April 23, 2020, as amended and supplemented.

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

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 Second Lien 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 Second Lien Obligations delivered on original issuance pursuant to a single Supplemental Second Lien Resolution and denominated therein a single series, and any Second Lien 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.

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

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

Tax-Exempt Second Lien Obligations shall mean any Second Lien 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 Second Lien Obligations in the Supplemental Second Lien Resolution authorizing such Second Lien 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.

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

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

Variable Interest Rate Second Lien Obligations shall mean Second Lien 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 Second Lien Resolution to Articles, Sections, and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Second Lien Resolution, and the words herein, hereof, hereunder and other words of similar import refer to the Second Lien Resolution as a whole and not to any particular Article, Section or subdivision of the Second Lien 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 Second Lien

Resolution), shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of the Second Lien 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.

7. The word "or" is not exclusive.

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

9. Any reference herein to articles, sections, subsections, paragraphs, subparagraphs, and definitions in the Senior Lien Resolution, in the event the same are hereafter modified, shall be construed to refer to the corresponding articles, sections, subsections, paragraphs, subparagraphs, and definitions as modified except as such construction shall materially and prejudicially affect the rights of the owners of any Second Lien Obligations, in which event such reference shall be construed to be to the corresponding article, section, subsection, paragraph, subparagraph, or definition as the same appears in the Senior Lien Resolution on the effective date hereof. In the event any such articles, sections, subsections, paragraphs, subparagraphs, or definitions are hereafter repealed or otherwise cease, terminate or lapse, such references herein shall be construed to refer to such articles, sections, subsections, paragraphs, subparagraphs, or definitions as they last appeared in the Senior Lien Resolution.

Section 103. Authority for the Second Lien Resolution. The Second Lien 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 Second Lien Obligations and Second Lien Parity Debt authorized to be issued hereunder by those who are Owners of the Second Lien Obligations and Second Lien Parity Debt from time to time, the Second Lien Resolution shall be deemed to be and shall constitute a contract between the Authority and the Owners from time to time of the Second Lien Obligations and Second Lien Parity Debt; and the pledge made in the Second Lien 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 Second Lien Obligations and Second Lien 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 Second Lien Obligations or Second Lien Parity Debt over any

other Second Lien Obligations or Second Lien Parity Debt, except as expressly provided in or permitted by the Second Lien Resolution; provided, however, that the Second Lien 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 SECOND LIEN OBLIGATIONS, SECOND LIEN PARITY DEBT AND SECOND LIEN OBLIGATION ANTICIPATION NOTES

Section 201. Authorization of the Second Lien Obligations.

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

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

3. Nothing in the Second Lien Resolution shall be deemed to prevent the consolidation into a single Series or subseries for purposes of issuance and sale of Second Lien Obligations otherwise permitted by the Second Lien 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 Second Lien Resolution notwithstanding any other provision of the Second Lien Resolution. Nor shall anything in the Second Lien Resolution (except to the extent required by Supplemental Second Lien Resolution) be deemed to prevent the separation into separate Series or subseries for purposes of issuance and sale Second Lien Obligations otherwise permitted by the Second Lien Resolution to be issued in one Series or subseries.

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

Section 202. General Provisions for Issuance of Second Lien Obligations.

1. Second Lien Obligations may be issued pursuant to a Supplemental Second Lien Resolution in such principal amount or amounts for each Series or subseries as may be specified in such Supplemental Second Lien Resolution. Second Lien Obligations of any Series or subseries shall be authorized by a Supplemental Second Lien 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 Second Lien Obligations;

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

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

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

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

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

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

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

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

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

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

(m) The Redemption Prices, if any, and the redemption terms, if any, for the Second Lien Obligations of such Series, provided that Second Lien 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 Second Lien Obligations on the due dates of such Sinking Fund Installments;

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

(o) Provisions necessary to authorize, in compliance with all applicable law, Second Lien Obligations of such Series to be issued in the form of Second Lien Obligations issued and held in book-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 Second Lien Resolution, not adverse to the rights of the Owners of the Second Lien Obligations, as are necessary or appropriate to accomplish or recognize such book-entry form Second Lien Obligations and specify and determine the matters and things relative to the issuance of such book-entry form Second Lien Obligations as are appropriate or necessary;

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

(q) The amount, if any, to be deposited in the Second Lien 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 Second Lien Obligations of such Series and for the order of purchase, exchange or redemption of such Second Lien Obligations;

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

(t) The forms of the Second Lien Obligations of such Series and of the Second Lien 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 Second Lien Resolution, as the Authority may deem advisable or necessary in connection with the authorization, issuance, sale, or delivery of such Series of Second Lien Obligations.

An Authorized Officer to whom a Supplemental Second Lien 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 Second Lien 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 Second Lien Resolution.

2. The Second Lien 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 Second Lien Resolution but only upon receipt by the Second Lien 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 Second Lien Resolution, and the Second Lien 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 Second Lien Resolution is required as of the date thereof; (ii) the Second Lien Resolution creates the valid pledge which it purports to create of the Second Lien Trust Estate in the manner and to the extent provided in Section 501; (iii) the Second Lien Obligations are valid, binding and special and limited obligations of the Authority as provided in the Second Lien Resolution, enforceable in accordance with their terms and the terms of the Second Lien Resolution and entitled to the benefits of the Second Lien Resolution and of the Compact, and such Second Lien 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 Second Lien Resolution; and (iv) if the Second Lien Obligations are to be designated and issued as Tax-Exempt Second Lien Obligations, that interest on such Second Lien 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 Second Lien Resolution authorizing such Second Lien Obligations, certified by an Authorized Officer;

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

(d) If any Second Lien Obligations are Variable Interest Rate Second Lien Obligations or a Second Lien 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 Second Lien Obligations of such Series are Put Second Lien 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 Second Lien Obligations of such Series if the Owners thereof elected to tender for purchase or redemption the entire aggregate Outstanding principal amount of the Put Second Lien 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. Second Lien Obligations may be issued (a) to refund Outstanding Second Lien Obligations or Second Lien 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 Second Lien 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.

Section 203. Special Provisions for Capital Cost Second Lien Obligations.

1. The Second Lien 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 Second Lien Obligations of each such Series shall be authenticated and delivered by the Second Lien Trustee upon receipt by the Second Lien 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 Second Lien Obligations shall at least equal 150% of the sum of (a) Maximum Annual Debt Service (with respect to all Senior Lien Obligations, Senior Lien Parity Debt, Second Lien Obligations and Second Lien Parity Debt, including the Second Lien Obligations being incurred or issued) for the period commencing with the Fiscal Year next following the incurrence or issuance of such Second Lien Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of any Outstanding Second Lien 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 Second Lien 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.

Section 204. Special Provisions for Refunding Second Lien Obligations.

1. In addition to refinancings permitted under subsection 3 of Section 202, one or more Series of Refunding Second Lien 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 Second Lien Obligations or Second Lien Parity Debt.

2. The Second Lien Obligations of each such Series shall be authenticated and delivered by the Second Lien Trustee only upon receipt by the Second Lien 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 Second Lien Obligations is less in each Fiscal Year than the Debt Service with respect to the Second Lien Obligations or Second Lien Parity Debt being refunded for the period commencing with the Fiscal Year next following the incurrence or issuance of such Second Lien Obligations and ending with the Fiscal Year which includes the latest maturity or payment date of such Second Lien Obligations, or (b) the conditions of subsection 2 of Section 203 are satisfied.

Section 205. Separately Financed Projects; Second Lien Revenue Anticipation Notes.

1. Nothing in the Second Lien Resolution shall prevent the Authority from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Second Lien 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 Second Lien Obligations, including amounts released from the lien of the Second Lien Resolution.

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

3. Nothing in the Second Lien Resolution shall prevent the Authority from authorizing or issuing Second Lien Revenue Anticipation Notes. Prior to the issuance of Second Lien Revenue Anticipation Notes, an Authorized Officer shall deliver a certificate to the Second Lien Trustee certifying as to the reimbursements in anticipation of which such Second Lien 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 Second Lien Revenue Anticipation

Notes under the Second Lien Resolution or words of similar import, as may be determined by an Authorized Officer prior to the authentication thereof.

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

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

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

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

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

3. The Authority may enter into such agreements with the issuer of such Second Lien Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such issuer for the issuance of such Second Lien Credit Facility, (ii) the terms and conditions of such Second Lien

Credit Facility and the Second Lien Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Second Lien Credit Facility.

4. The Authority may secure such Second Lien Credit Facility by an agreement providing for the purchase of the Second Lien 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 Second Lien Resolution. The Authority may also, in an agreement with the issuer of such Second Lien Credit Facility, agree to directly reimburse such issuer for amounts paid under the terms of such Second Lien Credit Facility (together with interest thereon, the "**Reimbursement Second Lien Obligation**"); provided, however, that no amounts shall be payable by the Authority under a Reimbursement Second Lien Obligation for purposes of the Second Lien Resolution, until amounts are paid under such Second Lien Credit Facility by the issuer thereof. As determined by Supplemental Second Lien Resolution, any such Reimbursement Second Lien Obligation, which may include interest calculated at a rate higher than the interest rate on the related Second Lien Obligation and accelerated principal amortization, (i) may be secured by a pledge of, and a lien on, the Second Lien Trust Estate on a parity with the lien created by Section 501 to secure the Second Lien Obligations (a "**Parity Reimbursement Second Lien Obligation**"), but only to the extent that (prior to any acceleration of all Second Lien Obligations, if permitted) any principal amortization requirements are either (A) commensurate with the amortization requirements for such related Second Lien 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 Second Lien Contract Obligation, as determined by the Authority. Parity Reimbursement Second Lien Obligations shall not include any payments (other than interest calculated at a higher rate pursuant to a Second Lien 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 Junior Contract Obligations.

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

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

amounts paid to the Authority under a Second Lien Qualified Swap shall be deposited in the Second Lien Debt Service Fund.

8. To the extent applicable and not readily apparent with respect any Second Lien Parity Debt, either the terms of such Second Lien 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 Second Lien Parity Debt or the manner of determining the foregoing.

Section 207. Second Lien Obligation Anticipation Notes. Whenever the Authority shall have, by Supplemental Second Lien Resolution, authorized the issuance of a Series of Second Lien Obligations, the Authority may by resolution authorize the issuance of Second Lien Obligation Anticipation Notes in anticipation of the issuance of such authorized Series of Second Lien Obligations, in a principal amount not exceeding the principal amount of the Second Lien Obligations of such Series so authorized. The principal of and premium, if any, and interest on such Second Lien Obligation Anticipation Notes and any renewals of such Second Lien 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 Second Lien Obligation Anticipation Notes: (i) the proceeds of any renewals of such Second Lien Obligation Anticipation Notes issued to repay such Second Lien Obligation Anticipation Notes, (ii) the proceeds of the sale of the Series of Second Lien Obligations in anticipation of which such Second Lien Obligation Anticipation Notes are issued, (iii) amounts available to pay Junior Indebtedness, or (iv) any other money available therefor and not pledged under the Senior Lien Resolution or the Second Lien 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 Second Lien 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 Second Lien Resolution, including Section 501. In any case, such Second Lien 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 Second Lien Obligations in anticipation of which they are issued. The proceeds of the sale of Second Lien Obligation Anticipation Notes other than renewals thereof shall be applied to the purposes for which the Second Lien Obligations in anticipation of which such Second Lien Obligation Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Second Lien Resolution for such purposes or, if so provided in the resolution authorizing renewals of Second Lien Obligation Anticipation Notes issued to pay outstanding Second Lien Obligation Anticipation Notes, applied directly to such payment. Investment earnings from any amounts on deposit in any Fund or Account under the Second Lien Resolution representing the proceeds of any Second Lien Obligation Anticipation Notes shall be applied in the manner set forth in the resolution authorizing such Second Lien Obligation Anticipation Notes.

ARTICLE III
GENERAL TERMS AND PROVISIONS OF SECOND LIEN OBLIGATIONS

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

Section 301. Medium of Payment; Form and Date.

1. The Second Lien Obligations and Second Lien 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 Second Lien Resolution for related Second Lien Obligations and Second Lien Parity Debt).

2. Second Lien Obligations shall be issued in the form of fully registered securities without coupons. Second Lien Obligations, the certificate of authentication, if any, and the form of assignment shall be in substantially the form provided for in the Supplemental Second Lien Resolutions pursuant to which such Second Lien 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 Second Lien Obligations, as evidenced by their execution of the Second Lien Obligations. Any portion of the text of any Second Lien Obligation may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Second Lien Obligation, or as multiple pages (with or without such a reference). Second Lien Obligations may be typewritten, printed, engraved, lithographed or otherwise produced.

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

Section 302. Legends. Second Lien Obligations may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Second Lien 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 Second Lien 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 Second Lien Resolution. In case any of the Authorized Officers who shall have signed any of the Second Lien Obligations shall cease to be such officer before the Second Lien Obligations so signed shall have been actually delivered, such Second Lien Obligations may, nevertheless, be delivered as herein provided, and may be issued as if the Authorized Officers who signed such Second Lien Obligations had not ceased to hold such offices. Any Second Lien Obligation may be signed on behalf of the Authority by such Authorized

Officers as at the actual time of the execution of such Second Lien Obligation shall be duly authorized or hold the proper office in the Authority, although at the date of the Second Lien Obligations such Authorized Officers may not have been so authorized or have held such office.

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

Section 304. Interchangeability of Second Lien Obligations. Second Lien Obligations, upon surrender thereof at the office of the Second Lien Registrar with a written instrument of transfer satisfactory to the Second Lien 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 Second Lien Obligations of the same Series, maturity and interest rate of any other authorized denomination.

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

Section 306. Transfer of Second Lien Obligations.

1. The transfer of each Second Lien Obligation shall be registerable only upon the books of the Authority, which shall be kept by the Second Lien 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 Second Lien Registrar executed by the Owner or its authorized attorney. Upon the registration of transfer of any such Second Lien Obligation, the Authority shall issue in the name of the transferee a new Second Lien Obligation of the same aggregate principal amount, Series, maturity and interest rate as the surrendered Second Lien Obligation.

2. The Authority and each Fiduciary may deem and treat the Person in whose name any Outstanding Second Lien Obligation shall be registered upon the books of the Authority as

the absolute owner of such Second Lien Obligation, whether such Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Resolution, in so treating such registered owner.

3. Prior to any transfer of a Second Lien 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 Second Lien Trustee all information necessary to allow the Second Lien 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 Second Lien 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 Second Lien Obligations or registering the transfer of Second Lien Obligations is exercised, the Authority shall execute and the Second Lien Registrar shall deliver Second Lien Obligations in accordance with the provisions of the Second Lien Resolution. All Second Lien Obligations surrendered in any such exchanges or registrations of transfer shall forthwith be canceled by the Second Lien Registrar. For every such exchange or registration of transfer of Second Lien Obligations, whether temporary or definitive, the Authority or the Second Lien 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. Second Lien Obligations Mutilated, Destroyed, Stolen or Lost. In case any Second Lien Obligation shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Second Lien Trustee shall authenticate and the Second Lien Registrar shall deliver, a new Second Lien Obligation of like tenor, Series, maturity, interest rate and principal amount as the Second Lien Obligation so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Second Lien Obligation, upon surrender and cancellation of such mutilated Second Lien Obligation, or in lieu of and substitution for the Second Lien Obligation destroyed, stolen or lost, upon filing with the Second Lien Trustee and Second Lien Registrar evidence satisfactory to the Authority and the Second Lien Trustee and Second Lien Registrar that such Second Lien Obligation has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Second Lien Trustee and Second Lien Registrar with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Second Lien Trustee and Second Lien Registrar may prescribe and paying such expenses as the Authority and Second Lien Trustee and Second Lien Registrar may incur. All Second Lien Obligations so surrendered to the Second Lien Registrar shall be canceled by it. If any such Second Lien Obligation shall have matured, or if such Second Lien Obligation shall have been called for redemption or a redemption date pertaining thereto shall have

passed, instead of issuing a new Second Lien Obligation the Authority may cause the same to be paid without surrender thereof upon indemnity satisfactory to the Authority and the Second Lien Trustee. Any such new Second Lien Obligations issued pursuant to this Section in substitution for Second Lien Obligations alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Second Lien 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 Second Lien Obligations issued under the Second Lien Resolution, in any money or securities held by the Authority or the Fiduciary for the benefit of the Owners of Second Lien Obligations.

Section 309. Book-Entry-Only System. The Authority may employ a book-entry-only system of registration with respect to any Second Lien 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 Second Lien Resolution authorizing such Second Lien Obligations. Any provisions of the Second Lien Resolution inconsistent with book-entry-only Second Lien Obligations shall not be applicable to such book-entry-only Second Lien Obligations.

Any Authorized Officer is hereby authorized to take all actions required for each Series of Second Lien 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 Second Lien Obligations, with Cede & Co., a nominee thereof, being the initial registered owner of the Second Lien 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 Second Lien Obligations is registered as the owner of such Second Lien Obligation for all purposes under the Second Lien Resolution. For so long as the Securities Depository is, the registered owner of the Second Lien 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 Second Lien Obligations so held shall be in accordance with arrangements among the Second Lien Trustee, the Authority and the Securities Depository.

So long as the Second Lien Obligations are registered in the name of the Securities Depository, the Authority and the Second Lien Trustee shall have no responsibility or obligation to any Securities Depository participant, indirect participant or beneficial owner of the Second Lien Obligations. Without limiting the immediately preceding sentence, the Authority and the Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Obligations. Notice of such termination shall be given by the Authority to the Second Lien Trustee prior to or simultaneously with such termination. In the event the book-entry-only system is discontinued with respect to the Second Lien Obligations, principal and Redemption Price of and interest on the Second Lien Obligations shall be paid as provided in the Second Lien Resolution.

Consistent with DTC book-entry provisions, one or more typewritten certificates shall be prepared for each maturity of the Second Lien 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 Second Lien Obligations. In the event that the Second Lien 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 Second Lien Obligations and there is no successor Securities Depository, the bond or other certificates shall be delivered in the form required by the Second Lien Resolution.

Unless otherwise directed by an Authorized Officer, "CUSIP" identification numbers will be imprinted on the Second Lien Obligations, but such numbers shall not constitute a part of the contract evidenced by the Second Lien 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 Second Lien Obligations. As a convenience to the Owners of the Second Lien Obligations, the Authority and the Second Lien Trustee may use such CUSIP numbers in any notices to the Owners of the Second Lien Obligations including any notices of redemption of the Second Lien Obligations. Failure on the part of the Authority or the Second Lien Trustee to use such CUSIP numbers in any notice to Owners of the Second Lien 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 Second Lien Trustee of any change in the CUSIP numbers.

Section 310. Form of Second Lien Obligations. Subject to the provisions of the Second Lien Resolution and except as otherwise provided pursuant to a Supplemental Second Lien Resolution, each Series of Second Lien Obligations shall be issued as fully registered securities. Any Authorized Officer executing and delivering any such Second Lien 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 Second Lien Resolution, (iii) the requirements of the related Securities Depository, provider of a Second Lien 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.

ARTICLE IV
REDEMPTION AND TENDER OF SECOND LIEN OBLIGATIONS

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

Second Lien Obligations subject to redemption prior to maturity pursuant to a Supplemental Second Lien 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 Second Lien Resolution authorizing such Second Lien Obligations.

Section 402. Redemption at the Election of the Authority; Tender to Related Entities. In the case of any redemption of Second Lien Obligations at the election of the Authority, the Authority shall give written notice to the Second Lien Trustee of its election so to redeem, of the redemption date, of the Series, of the principal amounts of the Second Lien 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 Second Lien 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 Second Lien Resolution, provided any shorter notice is acceptable to the Second Lien 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 Second Lien Obligations to be redeemed.

To the extent provided by Supplemental Second Lien Resolution the Authority may, in its sole discretion, purchase, at any time and from time to time, any Second Lien 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 Second Lien Trustee a written request exercising such option within the time periods specified in the related Supplemental Second Lien Resolution as though such written request were a written request of the Authority for redemption, and the Second Lien Trustee shall thereupon give the Owners of the Second Lien Obligations to be purchased notice of such purchase in the manner specified in the related Supplemental Second Lien 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 Second Lien Obligations then being purchased to the Second Lien Trustee in immediately available funds, and the Second Lien Trustee shall pay the same to the sellers of such Second Lien Obligations against delivery thereof. Following such purchase, the Second Lien Trustee shall cause such Second Lien 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 Second Lien 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 Second Lien Resolution, Second Lien Obligations are required to be redeemed otherwise than at the election of the Authority, the Second Lien Trustee shall select the Second Lien 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 Second Lien Trustee shall have no liability in making such selection.

Section 404. Selection of Second Lien Obligations to Be Redeemed. In the event of redemption of less than all the Outstanding Second Lien Obligations of like tenor, Series, maturity and interest rate, the Second Lien 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 Second Lien Trustee in its discretion shall deem appropriate and fair, the numbers of the Second Lien Obligations to be redeemed and portions of any thereof to be redeemed in part. Second Lien Obligations of denominations equal or less than the minimum authorized denomination thereof may be redeemed only as a whole. Second Lien 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 Second Lien Obligation which is not redeemed is an authorized denomination). For the purposes of this Section 404, Second Lien Obligations, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 405. Notice of Redemption. When the Second Lien Trustee shall receive notice from the Authority of its election to redeem Second Lien Obligations pursuant to Section 402, and when redemption of Second Lien Obligations is required by the Second Lien Resolution pursuant to Section 403, the Second Lien Trustee shall give notice, in the name of the Authority, of the redemption of such Second Lien Obligations, which notice shall specify the Series (including CUSIP numbers), maturities and, if any maturity shall include Second Lien Obligations bearing different interest rates and all Second Lien Obligations of such maturity are not being redeemed, interest rate of the Second Lien 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 Second Lien Obligations of any like tenor, Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Second Lien Obligations so to be redeemed, and, in the case of Second Lien 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 Second Lien Obligation to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Second Lien 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 Second Lien Resolution authorizing a particular Series, before the redemption date, to the Owners of any Second Lien Obligations or portions of Second Lien 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 Second Lien 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 Second Lien

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 Second Lien Trustee of money sufficient to pay the Redemption Price of such Second Lien 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 Second Lien Trustee to affected Owners of Second Lien Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

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

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

Section 406. Payment of Redeemed Second Lien Obligations. Notice having been given in the manner provided in Section 405, the Second Lien 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 Second Lien 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 a Second Lien Obligation, the Authority shall execute and cause to be delivered, upon the surrender of such Second Lien Obligation, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Second Lien Obligation so surrendered, at the option of the owner thereof, Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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.

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

Section 501. The Pledge Effected by the Second Lien 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 Second Lien Obligations and, on a parity basis, Second Lien Parity Debt, in accordance with their terms and the provisions of the Second Lien Resolution, all right, title and interest of the Authority in and to the Second Lien Trust Estate, subject only to (i) the prior pledge for the payment of Senior Lien Obligations pursuant to the Senior Lien Resolution, (ii) the provisions of the Second Lien Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Second Lien Resolution and (iii) the provisions of subsection 4 of Section 506. The pledge created by the Second Lien Resolution, insofar as it relates to any portion of the Second Lien 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 Second Lien Obligations except as and to the extent permitted by the 2003 Bond Resolution. So long as any Pre-2018 Bonds are outstanding, no Second Lien Obligations issued hereunder nor the Second Lien 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 Second Lien Obligations and Second Lien Parity Debt and, except as expressly so provided, nothing contained in the Second Lien Resolution shall be deemed to confer on the Owners of any Second Lien Obligations or Second Lien Parity Debt any rights in the Second Lien Trust Estate superior or inferior to the Owners of any other Second Lien Obligations or Second Lien 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 Second Lien Obligations and the Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Resolution, the pledge of the Second Lien Trust Estate, insofar as such Second Lien Trust Estate includes reimbursements in anticipation of which Second Lien Revenue Anticipation Notes shall at any time be issued, shall be subordinate to the pledge of any such reimbursements securing such Second Lien Revenue Anticipation Notes.

6. Nothing contained in this Section 501 shall be construed as limiting any authority granted to the Authority elsewhere in the Second Lien Resolution to issue or incur Second Lien Obligation Anticipation Notes, Second Lien Revenue Anticipation Notes, Junior Indebtedness or Junior 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 Second Lien Trust Estate.

7. The Authority represents and warrants to the Second Lien Trustee and the Owners of Second Lien 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 Second Lien 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 Second Lien Trustee;

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

(e) pursuant to Section 43 of the Compact, the Second Lien 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 Second Lien Resolution, record the Second Lien Resolution in the office of the Board of Directors of the Authority.

8. Should a series of Second Lien 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 was established pursuant to the Senior Lien Resolution in the name of the Authority to be held and administered by the Clearing Account Agent selected by the Authority pursuant to the Senior Lien Resolution. The Clearing Account was established for the convenience of the Authority and for the information of the Second Lien 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 Second Lien Trust Estate established by the Second Lien Resolution. So long as any Pre-2018 Bonds are outstanding, no Second Lien Obligations issued hereunder nor the Second Lien 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 Second Lien Debt Service Fund, which shall be held and administered by the Second Lien Trustee, is hereby established

3. The Second Lien Proceeds Fund is hereby established. Such Fund shall be held and administered by the Authority unless the Authority, by Supplemental Second Lien Resolution or a Certificate of Determination, elects for the Second Lien Trustee to hold either the entire Second Lien Proceeds Fund or specified Accounts or Subaccounts therein.

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 Second Lien Trustee of a certificate of an Authorized Officer, which may be included in a Certificate of Determination.

5. Amounts held at any time by the Clearing Account Agent, the Authority or the Second Lien 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. Second Lien Proceeds Fund and Application Thereof.

1. The Authority shall establish within the Second Lien Proceeds Fund a Second Lien Costs of Issuance Account, a Second Lien 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 Second Lien Obligations.

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

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

Section 504. Dedicated Capital Funding Revenues. So long as any Second Lien Obligations remain Outstanding or Second Lien Obligations remain unpaid, Dedicated Capital Funding Revenues shall continue to be administered as provided in the Senior Lien Resolution, and Dedicated Capital Funding Revenues shall be transferred by the Senior Lien Trustee to the Second Lien Trustee for deposit to the Second Lien Debt Service Fund pursuant to subsection (b) of Section 5.04 of the Senior Lien Resolution in the amount, if any, required so that the balance in the Second Lien Debt Service Fund shall equal the Accrued Debt Service; provided that, for purposes of computing the amount to be deposited in the Second Lien Debt Service Fund, there shall be excluded the amount, if any, set aside in any account within the Second Lien Debt Service Fund or the Second Lien Proceeds Fund from the proceeds of Second Lien Obligations or Second Lien Parity Debt for the payment of interest on Second Lien Obligations or Second Lien Parity Debt on the next Debt Service Payment Date.

Amounts paid out from any Fund or Account for an authorized purpose (excluding transfers to any other pledged Fund or Account) shall be free and clear of the lien and pledge created by the Second Lien Resolution.

Section 505. Second Lien Debt Service Fund.

1. The Second Lien Trustee shall pay out of the Second Lien Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Second Lien Obligations and any related Second Lien 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 Second Lien Obligation) payable on such due date; and (iii) on or before any redemption date for the Second Lien Obligations or Second Lien Parity Debt which occurs on any interest payment date, the amount required for the payment of interest on the Second Lien Obligations or Second Lien 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 Second Lien Obligations, the Second Lien Trustee shall, upon the direction of the Authority, withdraw from the Second Lien Debt Service Fund all or any portion of the amounts accumulated therein with respect to the Debt Service on

the Second Lien Obligations being refunded and (a) deposit such amounts, free and clear of any lien, pledge or claim of the Second Lien Resolution with itself as Second Lien 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 Second Lien Obligations being refunded, (b) apply such amounts to pay the Costs of Issuance of the Refunding Second Lien Obligations, or (c) deposit such amounts in any Fund, Account or Subaccount established under the Second Lien Resolution; provided that no such withdrawal or deposit shall be made unless (i) upon such refunding, the Second Lien Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in Section 1102, 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 Second Lien Resolution.

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

Section 506. Junior Indebtedness; Junior Contract Obligations.

1. The Authority may, at any time, or from time to time, issue Junior Indebtedness or incur Junior 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 of the Senior Lien Resolution; 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 Second Lien Resolution as security for the Second Lien Obligations and Second Lien Parity Debt and (b) to the extent provided by Supplemental Second Lien Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Second Lien Resolution. The Authority may establish such priorities of payment and security among Junior Indebtedness and Junior Contract Obligations as it deems appropriate.

2. Junior Indebtedness shall be issued for one or more of the capital purposes for which Second Lien Obligations could be issued and the proceeds of such Junior 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 Junior Indebtedness and with Persons to whom Junior Contract Obligations run to add to the conditions, limitations and restrictions under which any additional Second Lien Obligations may be issued or Second Lien Parity Debt may be incurred; provided, however, that the Supplemental Second Lien Resolution or indenture or other agreement providing for the issuance of such Junior Indebtedness or the incurrence of such Junior 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 Second Lien Obligations and Second Lien Parity Debt have become due and payable.

4. In connection with any Junior Indebtedness or Junior 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 Junior Indebtedness or Junior Contract Obligations, may, to the extent provided in the resolution or other agreement relating to such Junior Indebtedness or Junior 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 Second Lien Trust Estate on a parity with the Second Lien Obligations and Second Lien Parity Debt.

Section 507. Investment of Funds.

1. Subject to the provisions of Section 1105, 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. In the absence of written investment instructions from the Authority, the Second Lien Trustee shall hold the moneys held by it hereunder uninvested, without liability for interest thereon.

2. The Second Lien 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 Second Lien 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 Second Lien Resolution shall prevent any Authorized Investments acquired as investments of or security for any Fund, Account or Subaccount held under the Second Lien Resolution from being held in book-entry form.

4. In making any investment in any Authorized Investments with money in any Fund or Account established under the Second Lien Resolution, the Second Lien 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 Second Lien Resolution are not required to be issued by the Second Lien Trustee for each month for which a monthly statement is issued.

Section 508. Satisfaction of Sinking Fund Installments.

1. Any amount accumulated in the Second Lien Debt Service Fund in respect of and up to the unsatisfied balance of each Sinking Fund Installment shall be applied by the Second Lien Trustee to either (a) or (b) below as directed by the Authority (together with amounts accumulated in the Second Lien Debt Service Fund with respect to interest on the Series of Second Lien 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 Second Lien Obligations for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Second Lien 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 Second Lien 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 Second Lien Obligations so purchased or redeemed shall be canceled by the Second Lien Trustee prior to the 15th day preceding the due date of such Sinking Fund Installment.

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

3. In satisfaction, in whole or in part, of any Sinking Fund Installment, the Authority may deliver to the Second Lien Trustee at least 15 days prior to the date of such Sinking Fund Installment, for cancellation, Second Lien Obligations acquired by purchase or redemption, except Second Lien 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 Second Lien Obligations so delivered to the Second Lien Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Second Lien Obligations. Concurrently with such delivery of such Second Lien Obligations, the Authority shall deliver to the Paying Agent and to the Second Lien Trustee a certificate of an Authorized Officer, specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Second Lien Obligations so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Second Lien Obligations are so delivered, (iii) the aggregate principal amount of the Second Lien Obligations so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Second Lien Obligations.

4. The Second Lien Trustee shall, upon receipt of the notice and in the manner required by the Second Lien Resolution, call for redemption, on the date of each Sinking Fund Installment falling due prior to maturity, such principal amount of Second Lien 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 Second Lien Obligations. All Second Lien 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 Second Lien Trustee for cancellation shall be canceled and not reissued, except as otherwise provided in a Supplemental Second Lien Resolution with respect to Put Second Lien Obligations. Unless otherwise directed by the Authority, the Second Lien Trustee shall treat canceled Second Lien Obligations in accordance with its document retention policies. Notwithstanding any other provision of the Second Lien Resolution, the Authority may, in its sole discretion, purchase any Second Lien Obligations of the Authority for investment purposes and any such Second Lien 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 Second Lien Trustee and the Owners of Second Lien Obligations as follows:

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

Section 602. Power to Issue Second Lien Obligations and Effect Pledge. The Authority is duly authorized under all applicable laws to create and issue the Second Lien Obligations, adopt the Second Lien Resolution and pledge the Second Lien Trust Estate in the manner and to the extent provided in the Second Lien Resolution. Except as provided herein with respect to the Pre-2018 Bonds and Second Lien Revenue Anticipation Notes and subject to the provisions of subsection 4 of Section 506 and subordinated to the pledge created by the Senior Lien Resolution, the Second Lien 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 Second Lien Resolution, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Second Lien Obligations and the provisions of the Second Lien Resolution are and will be the legally valid and binding special and limited obligations of the Authority as provided in the Second Lien Resolution, enforceable in accordance with their terms and the terms of the Second Lien Resolution and entitled to the benefits of the Second Lien Resolution and the Compact. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Second Lien Trust Estate and all the rights of the Owners of Second Lien Obligations under the Second Lien 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 Second Lien 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 Second Lien Obligations. The Authority shall not directly or indirectly extend or consent to the extension of the maturity of any of the Second Lien Obligations or the time of payments of any claims for interest by the purchase or funding of such Second Lien Obligations or claims for interest or by any other arrangement. In the event that the maturity of any of the Second Lien Obligations or the time for payment of such claims for interest shall be extended, such Second Lien Obligations or claims for interest shall not be entitled, in case of any Event of Default, to the benefit of the Second Lien Resolution or to any payment out of the Second Lien Trust Estate, except subject to the prior payment of the principal of all Second Lien Obligations Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Second Lien 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 Second Lien Resolution and such issuance shall not be deemed to constitute an extension of maturity of the Second Lien Obligations, (ii) to issue Put Second Lien Obligations and neither such issuance nor the operation of the provisions of such Put Second Lien Obligations shall be deemed to constitute an extension of maturity of the Second Lien Obligations, (iii) to apply any amount in any Fund held under the Second Lien Resolution for such purpose to the purchase or redemption of Second Lien Obligations or (iv) to issue securities having a maturity date, 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 Second Lien Obligations. Except as otherwise provided in the Second Lien Resolution, the Authority shall at all times maintain one or more offices or agencies where Second Lien 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 Second Lien Obligations or of the Second Lien Resolution. The Authority may appoint the Second Lien Trustee or any other Fiduciary as its agent to maintain such office or agency for the payment, redemption, registration, transfer or exchange of Second Lien 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 Second Lien 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 Second Lien Trustee and any provider of a Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Resolution and there does not exist at the date of such certificate any default by the Authority under the Second Lien 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 Second Lien 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.

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 Senior Lien Resolution, the Second Lien 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 Second Lien 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 Second Lien Obligations and Second Lien 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 Second Lien 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.

Section 611. Direction to Signatories. The direction of the Authority set forth in Section 504 of the Senior Lien Resolution 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 Second Lien 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 Second Lien Resolution an annual operating budget complying with the Compact and prepared in accordance with the provisions of the Second Lien Resolution. Each such budget for a Fiscal Year shall include the amount required to make the deposits for such Fiscal Year into the Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Obligations, all conditions, acts and things required by law and the Second Lien Resolution to exist, to have happened and to have been performed precedent to and in connection with the issuance of such Second Lien Obligations (and any related Second Lien Parity Debt then being incurred) shall exist, shall have happened and shall have been performed, and the issuance of such Second Lien Obligations (and any related Second Lien 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

(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 Senior Lien Obligations, Senior Lien Parity Debt, Senior Lien Contract Obligations, Second Lien Obligations, Second Lien Parity Debt, Second Lien Contract Obligations or Junior 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 Senior Lien Obligations, Senior Lien Parity Debt, Second Lien Obligations and Second Lien Parity Debt to the extent other moneys are not available therefor under the Senior Lien Resolution or the Second Lien 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.

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 Second Lien Resolution:

1. An "Event of Default" (as such term is defined in the Senior Lien Resolution) shall have occurred with respect to any Senior Lien Obligations.

2. There shall occur a default in the payment of principal, Sinking Fund Installment, interest or premium on any Second Lien 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;

3. There shall occur a failure to observe, or a refusal to comply with, the terms of the Second Lien Resolution or the Second Lien 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 Second Lien Trustee, unless the Second Lien Trustee shall agree in writing to an extension of such time prior to its expiration, provided further that the Second Lien Trustee may require, as a precondition to agreeing to extend the time to cure as described above, that it first obtain the agreement of the Owners of the applicable percentage of Second Lien Obligations then Outstanding to such extension, and provided further, that, notwithstanding the foregoing, if the failure stated in the notice cannot be remedied within the applicable period, it shall not be an Event of Default if corrective action has been instituted by the Authority within such period and is being diligently pursued;

4. 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;

5. 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;

6. 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 Second Lien Obligations and Second Lien Parity Debt, subject to the rights of no other parties (other than holders of Pre-2018 Bonds and Owners of Second Lien Obligation Anticipation Notes, Second Lien Revenue Anticipation Notes and, to the extent provided in Section 506, the Owners of Junior Indebtedness or Second Lien Contract Obligations); and

7. The principal of any Second Lien Parity Debt is declared due and payable immediately as the result of a default by the Authority in respect of such Second Lien 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 Second Lien Obligations shall have already become due and payable, either the Second Lien Trustee (by notice in writing to the Authority), or the Owners of more than 50% in principal amount of the Second Lien Obligations Outstanding (by notice in writing to the Authority and the Second Lien Trustee), may declare the principal of all the Second Lien 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 Second Lien Resolution or in any of the Second Lien Obligations contained to the contrary notwithstanding. The right of the Second Lien Trustee or of the Owners of more than 50% in principal amount of the Second Lien 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 Second Lien Trustee, all overdue installments of interest upon the Second Lien 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 Second Lien Trustee, and all other sums then payable by the Authority under the Second Lien Resolution (except the principal of, and interest accrued since the next preceding interest payment date on, the Second Lien 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 Second Lien Trustee shall be made for such payment, and all defaults under the Second Lien Obligations or under the Second Lien 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 Second Lien Trustee or provision deemed by the Second Lien 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 Second Lien Obligations Outstanding, by written notice to the Authority and to the Second Lien Trustee, shall rescind such declaration and annul such default in its entirety, or, if the Second Lien Trustee shall have acted itself to declare the Second Lien Obligations due and payable, and if there shall not have been theretofore delivered to the Second Lien Trustee written direction to the contrary by the Owners of more than 50% in principal amount of the Second Lien 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 Second Lien Trustee.

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

(a) bring suit upon the Second Lien 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 Second Lien 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 Second Lien Obligations.

2. Subject to the provisions of Sections 701 and the foregoing provisions of this Section 702, the remedies conferred upon or reserved to the Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Trust Estate shall at all times be subject to the inspection and use of the Second Lien Trustee and of its agents and attorneys and, upon demand of the Second Lien Trustee, the Authority will account, as if it were the trustee of an express trust, for the Second Lien 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 Second Lien Obligations and for payments then due with respect to Second Lien Parity Debt, such funds (excluding funds held for the payment or redemption of particular Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Trustee, to protect the interest of the Owners of the Second Lien 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 Second Lien Resolution, including reasonable fees of counsel, shall be applied as follows:

1. Unless the principal of all of the Second Lien 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 Second Lien Obligations and the interest components of Second Lien 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 Second Lien Obligations and Second Lien Parity Debt; and

Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any Second Lien Obligations and the principal component of Second Lien 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 Second Lien Obligations and Second Lien 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 Second Lien Obligations and the principal component of Second Lien Parity Debt shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Second Lien Obligations and Second Lien 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 Second Lien Obligation or Second Lien Parity Debt over any other Second Lien Obligation or Second Lien 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 Second Lien Obligations and Second Lien Parity Debt.

Section 704. Protection of Senior Lien Obligations.

Nothing in this Article requires or permits the Authority to proceed in a manner prejudicial to the rights and privileges of the owners of any Senior Lien Obligations; and notwithstanding any provision hereof to the contrary, such rights and privileges shall be senior and prior to the rights and privileges of any owner of Second Lien Obligations set forth herein.

ARTICLE VIII
CONCERNING THE SECOND LIEN TRUSTEE, PAYING AGENTS AND THE SECOND LIEN REGISTRAR

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

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

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

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

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

(b) In case an Event of Default of which a Responsible Officer of the Second Lien Trustee has written notice or actual knowledge has occurred and is continuing, the Second Lien Trustee shall exercise such rights and powers vested in it by the Second Lien 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 Second Lien Resolution shall be construed to relieve the Second Lien 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 Second Lien Trustee is not and shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Second Lien Trustee, unless it is proven that the Second Lien Trustee was negligent in ascertaining the pertinent facts;

(3) the Second Lien 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 Second Lien Obligations then Outstanding relating to the time,

method and place of conducting any proceeding for any remedy available to the Second Lien Trustee, or (ii) which it believes to be authorized or within its rights or powers under the Second Lien Resolution;

(4) no provision of the Second Lien Resolution shall require the Second Lien 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 Second Lien 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 Second Lien Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

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

(7) the Second Lien Trustee shall not be under any obligation to take any action that is discretionary hereunder, and the permissive rights of the Second Lien Trustee to take actions hereunder shall not be construed as a duty;

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

(9) the Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Resolution relating to the conduct or affecting the liability of or affording protection to the Second Lien Trustee is subject to the provisions of this Section 802.

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

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

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

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

Section 804. Responsibilities of Fiduciaries. The recitals of fact contained in the Second Lien Resolution and in the Second Lien 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 Second Lien Resolution or of any Second Lien Obligations issued hereunder or in respect of the security afforded by the Second Lien Resolution, or for any information in any preliminary or final official statement in connection with the issuance of any Second Lien Obligations or any financial statement required to be delivered or filed in connection with any Second Lien Obligations. No Fiduciary makes any representation as to any information in, or shall be responsible in any manner 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Resolution, such matter (unless 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Obligations or any other obligations of the Authority or the Second Lien Resolution, whether

or not any such committee shall represent the Owners of a majority in principal amount of the Second Lien Obligations then Outstanding.

Section 808. Resignation of Second Lien Trustee. The Second Lien Trustee may at any time resign and be discharged of the duties and obligations created by the Second Lien Resolution by giving not less than 60 days' written notice to the Authority and mailing notice thereof to the Owners of the Second Lien 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 Second Lien Obligations as provided in Section 810 and shall have qualified therefor.

Section 809. Removal of Second Lien Trustee. The Second Lien Trustee may be removed at any time upon thirty (30) days' notice by an instrument or concurrent instruments in writing, filed with the Second Lien Trustee, and signed by the Owners of a majority in principal amount of the Second Lien Obligations then Outstanding or their attorneys-in-fact duly authorized, excluding any Second Lien 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 Second Lien Trustee is not pursuing any right or remedy available to it pursuant to the Second Lien Resolution, the Second Lien 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 Second Lien Trustee. Any such removal shall not be effective until a successor shall have been appointed by the Authority or the Owners of Second Lien Obligations as provided in Section 810 and shall have qualified therefor.

Section 810. Appointment of Successor Second Lien Trustee.

1. In case at any time the Second Lien 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 Second Lien Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Second Lien Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Second Lien Obligations then Outstanding, excluding any Second Lien 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 Second Lien Obligations or by their attorneys-in-fact duly authorized and delivered to such successor Second Lien Trustee, notification thereof being given to the Authority and the predecessor Second Lien Trustee; provided, nevertheless, that unless a successor Second Lien Trustee shall have been appointed by the Owners of Second Lien Obligations as aforesaid, the Authority, by a duly executed written instrument signed by an Authorized Officer of the Authority, shall forthwith appoint a Second Lien Trustee to fill such vacancy until a successor Second Lien Trustee shall be appointed by the Owners of Second Lien 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 Second Lien Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the Owners of Second Lien Obligations.

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

3. Any Second Lien Trustee appointed under the provisions of this Section 810 in succession to the Second Lien 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 Second Lien Resolution.

Section 811. Transfer of Rights and Property to Successor Second Lien Trustee. Any successor Second Lien Trustee appointed under the Second Lien Resolution shall execute, acknowledge and deliver to its predecessor Second Lien Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Second Lien 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 Second Lien Trustee, with like effect as if originally named as Second Lien Trustee; but the Second Lien Trustee ceasing to act shall nevertheless, on the written request of the Authority, or of the successor Second Lien 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 Second Lien Trustee all the right, title and interest of the predecessor Second Lien Trustee in and to any property held by it under the Second Lien 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 Second Lien Trustee for more fully and certainly vesting in and confirming to such successor Second Lien 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 Second Lien Trustee shall promptly notify the Second Lien Registrar and the Paying Agents of its appointment as Second Lien 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 Second Lien 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 Second Lien Registrar and Appointment of Successor.

1. Any Paying Agent or Second Lien Registrar may at any time resign and be discharged of the duties and obligations created by the Second Lien Resolution by giving at least 60 days' written notice to the Authority, the Second Lien Trustee, and the other Paying Agents or Second Lien Registrar, as the case may be. Any Paying Agent or Second Lien Registrar may be removed at any time by an instrument filed with such Paying Agent or Second Lien Registrar and the Second Lien Trustee and signed by the Authority. Any successor Paying Agent or Second Lien Registrar shall be appointed by the Authority, with the approval of the Second Lien 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 Second Lien 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 be no successor, to the Second Lien Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Second Lien Trustee shall act as such Paying Agent.

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

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

Section 815. Continuing Disclosure Agreements. The Second Lien 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 in its role as a Fiduciary under the Second Lien Resolution.

ARTICLE IX
SUPPLEMENTAL SECOND LIEN RESOLUTIONS

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

1. To close the Second Lien Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Second Lien Resolution on, the issuance and delivery of the Second Lien 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 Second Lien Resolution, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Second Lien Resolution as theretofore in effect;

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

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

5. To authorize Second Lien Obligations of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the provisions of the Second Lien Resolution authorizing issuance of Second Lien Obligations, and also any other matters and things relative to such Second Lien Obligations which are not contrary to or inconsistent with the Second Lien Resolution as theretofore in effect, (b) in the case of Variable Interest Rate Second Lien Obligations or Put Second Lien Obligations, as applicable, set forth provisions specifying the manner in which interest on Variable Interest Rate Second Lien Obligations or Put Second Lien Obligations, as applicable, is to be calculated for the purposes of various definitions and provisions of the Second Lien Resolution, provisions providing for changes in interest rates, interest rate periods or interest payment dates for any Variable Interest Rate Second Lien Obligation of a Series or Put Second Lien Obligations, as applicable, provisions regarding an Owner's right or obligation to tender Put Second Lien Obligations for redemption or purchase in lieu of redemption, and provisions governing the manner in which Variable Interest Rate Second Lien Obligations or Put Second Lien 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 Second Lien Resolution, (c) set forth provisions governing the administration of any Second Lien Qualified Swap or Second Lien Credit Facility, and provisions providing for the issuance of Reimbursement Second Lien Obligations or the conversion of other Second Lien Obligations to Reimbursement Second Lien Obligations (and in connection with such conversion to change the interest rates, sinking fund provisions or maturity date on such Second Lien Obligations) to secure or reimburse the provider of such Second Lien

Credit Facility, (d) in the case of either Taxable Second Lien Obligations or Tax-Exempt Second Lien 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 Second Lien 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 Second Lien Obligations;

6. To authorize Second Lien 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 Second Lien Obligations which are not contrary to or inconsistent with the Second Lien 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 Second Lien Resolution of any additional security other than that granted or pledged under the Second Lien Resolution;

8. To authorize Second Lien 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 Second Lien Parity Debt which are not contrary to or inconsistent with the Second Lien 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 Second Lien Parity Debt, and at any time to rescind or limit any authorization for any such Second Lien Parity Debt theretofore authorized but not issued or entered into; in connection with the authorization of Parity Swap Second Lien Obligations and Parity Reimbursement Second Lien Obligations, any such Supplemental Second Lien 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 Second Lien Obligations and Parity Reimbursement Second Lien Obligations; and shall grant to the Owners of such Second Lien Parity Debt the same rights granted to Owners of Second Lien Obligations in Section 1002 and Article X herein;

9. To authorize Junior Indebtedness or Junior 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 Second Lien Resolution in connection therewith, and also any other matters and things relative to such Junior Indebtedness or Junior Contract Obligations which are not contrary to or inconsistent with the Second Lien Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Junior Indebtedness or Junior Contract Obligations theretofore authorized but not issued or entered into; and in connection with the authorization of Junior Indebtedness or Junior Contract Obligations, any such Supplemental Second Lien Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Junior Indebtedness or Junior Contract Obligations and any other funds, accounts or subaccounts created for the benefit of such Junior Indebtedness or Junior Contract Obligations;

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

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

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

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

14. To modify, amend or supplement the Second Lien 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 Second Lien 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 Second Lien Resolution authorizing Second Lien Obligations of a Series to reflect the substitution of a new Second Lien Credit Facility for the Second Lien Credit Facility then in effect;

16. At any time prior to the first authentication and delivery of any Second Lien Obligations under the Second Lien Resolution or at any other time when no Second Lien Obligations are Outstanding under the Second Lien Resolution, to modify the provisions of the Second Lien 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 Second Lien Resolution;

18. To insert such provisions clarifying matters or questions arising under the Second Lien Resolution as are necessary or desirable and are not contrary to or inconsistent with the Second Lien 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 Second Lien Resolution or the form of Second Lien Obligations; or

19. With Rating Confirmation, to make any other modification or amendment of the Second Lien 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 Second Lien 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.

Section 902. Supplemental Second Lien Resolutions Effective With Consent of Owners of Second Lien Obligations. At any time or from time to time, a Supplemental Second Lien Resolution may be adopted subject to consent by Owners of Second Lien Obligations in accordance with and subject to the provisions of Article IX hereof, which Supplemental Second Lien Resolution, upon the filing with the Second Lien 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 Second Lien 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 Second Lien Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Second Lien 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 Second Lien Resolution when filed with the Second Lien Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Second Lien Resolution has been duly and lawfully adopted in accordance with the provisions of the Second Lien Resolution, is authorized or permitted by the Second Lien 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 Second Lien Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written consent.

ARTICLE X
AMENDMENTS

Section 1001. Mailing. Any provision in this Second Lien 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 Second Lien Obligation then Outstanding at such Owner's address, if any, appearing upon the registry books of the Authority, and to the Second Lien Trustee; or, in each case, to such parties by facsimile, e-mail or other means to the extent permitted by applicable law and arrangements. Notices sent by electronic means shall be subject to such further provisions as may be set forth in a related Supplemental Second Lien Resolution or Certificate of Determination.

Section 1002. Powers of Amendment. Any modification or amendment of the Second Lien Resolution and of the rights and Second Lien Obligations of the Authority and of the Owners, in any particular, may be made by a Supplemental Second Lien Resolution, with the written consent given as provided in Section 903, (i) of the Owners of a majority in principal amount of the Second Lien Obligations Outstanding at the time such consent is given, and (ii) in case less than all of the Second Lien Obligations then Outstanding are affected by the modification or amendment, of the Owners of a majority in principal amount of the Second Lien 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 Second Lien Obligations remain Outstanding, the consent of the Owners of such Second Lien Obligations shall not be required and such Second Lien Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Second Lien 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 Second Lien 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 Second Lien Obligation, (b) reduce the percentages or otherwise affect the classes of Second Lien 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 Second Lien Obligation or Second Lien Obligations over any other Second Lien Obligation or Second Lien Obligations, without the consent of the Owners of all such Second Lien Obligations, (d) create a lien prior to or on parity with the lien of the Second Lien Resolution securing Second Lien Obligations, without the consent of the Owners of all of the Second Lien 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, a Second Lien Obligation shall be deemed to be affected by a modification or amendment of the Second Lien Resolution if the same materially and adversely affects the rights of the Owner of such Second Lien Obligation. The Second Lien Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment particular Second Lien Obligations would be affected by any modification or amendment of the Second Lien Resolution and any such determination shall be binding and conclusive on the Authority and all Owners of Second Lien Obligations. The Second Lien Trustee may request and receive an opinion of counsel, including a Counsel's Opinion, as conclusive evidence as to whether particular Second Lien Obligations would be so affected by any such modification or amendment of the Second Lien Resolution and the Second Lien 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 Second Lien Resolution to the contrary, the consent of Owners of any Series of additional Second Lien

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 Second Lien Obligations is offered and sold.

Section 1003. Consent of Owners of Second Lien Obligations. The Authority at any time may adopt a Supplemental Second Lien 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 Second Lien Resolution (or brief summary thereof or reference thereto in form approved by the Second Lien Trustee) together with a request to the Owners for their consent thereto in form satisfactory to the Second Lien 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 Second Lien Resolution when consented to as in this Section provided). Such Supplemental Second Lien Resolution shall not be effective unless and until (i) there shall have been filed with the Second Lien Trustee (a) the written consents of Owners of the percentages of Outstanding Second Lien Obligations specified in Section 1002 and (b) a Counsel's Opinion stating that such Supplemental Second Lien Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Second Lien Resolution, is authorized or permitted by the Second Lien 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 a Second Lien Obligation from the Authority, shall be binding upon the Owner of the Second Lien Obligations giving such consent and, anything in Section 1103 to the contrary notwithstanding, upon any subsequent Owner of such Second Lien Obligations and of any Second Lien 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 Second Lien Obligations shall have filed their consents to the Supplemental Second Lien Resolution, the Second Lien Trustee shall make and file with the Authority and the Second Lien Trustee a written statement that the Owners of such required percentages of Second Lien 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 Second Lien Resolution (which may be referred to as a Supplemental Second Lien Resolution adopted by the Authority on a stated date, a copy of which is on file with the Second Lien Trustee) has been consented to by the Owners of the required percentages of Second Lien Obligations and will be effective as provided in this Section 1003, may be given to Owners of Second Lien Obligations by the Authority by mailing such notice to Owners of Second Lien Obligations (but failure to mail such notice shall not prevent such Supplemental Second Lien Resolution from becoming effective and binding as in this Section 1003 provided). The Authority shall file with the Second Lien 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 Second Lien Trustee, shall be proof of the matters therein stated. Such Supplemental Second Lien Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Second Lien Obligations at the expiration of 40 days after the filing with the Second Lien 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 Second Lien 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 Second Lien Resolution as they may deem expedient.

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

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

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ARTICLE XI
MISCELLANEOUS

Section 1101. Subordination.

1. Notwithstanding anything in this Second Lien Resolution to the contrary, the indebtedness evidenced by the Second Lien Obligations (and any obligation of the Authority related thereto and on parity therewith) shall be subordinate and junior in right of payment, to the extent and in the manner hereinafter set forth, to all principal of, premium, if any, and interest on the Senior Lien Obligations (and any obligation of the Authority related thereto, and on parity therewith).

2. The Authority will not, directly or indirectly, make or agree to make, and neither the Owner of any Second Lien Obligations nor any assignee or successor thereof will demand, accept or receive, (i) any payment (in cash, property or securities by set-off or otherwise), direct or indirect, of or on account of any principal, premium, if any, or interest in respect of any Second Lien Obligations, or (ii) any payment for the purpose of any redemption, purchase or other acquisition, direct or indirect, of any Second Lien Obligations, and no such payment shall be due, except as specifically set forth in this Second Lien Resolution and any Supplemental Second Lien Resolution governing such Second Lien Obligations.

3. In the event of (A) any insolvency, bankruptcy, receivership, liquidation, reorganization, readjustment, composition or other similar proceeding relating to the Authority or its property, (B) any proceeding for the liquidation, dissolution or other winding-up of the Authority, voluntary or involuntary, and whether or not involving insolvency or bankruptcy proceedings, (C) any assignment for the benefit of creditors, or (D) any distribution, division, marshaling or application of any of the properties or assets of the Authority or the proceeds thereof to creditors, voluntary or involuntary, and whether or not involving legal proceedings, then and in any such event, except as otherwise provided in the preceding paragraph:

(a) all Senior Lien Obligations shall first be paid in full (including all principal, premium, if any, and interest, including interest accruing after the commencement of any such proceeding) before any payment or distribution of any character, whether in cash, securities or other property shall be made in respect of any Second Lien Obligations, other than from the Second Lien Debt Service Fund;

(b) all principal or premium, if any, and interest on the Second Lien Obligations shall forthwith become due and payable and any payment or distribution of any character, whether in cash, securities or other property, which would otherwise (but for the terms hereof) be payable or deliverable in respect of any Second Lien Obligations (other than payments from the Second Lien Debt Service Fund), shall be paid or delivered directly to the Owners of the Senior Lien Obligations, for application to the payment of the Senior Lien Obligations, until all Senior Lien Obligations have been paid in full, and the Owners of the Second Lien Obligations at the time Outstanding irrevocably authorize, empower and direct all receivers, trustees, liquidators, conservators, fiscal agents and others having authority in the premises to effect all such payments and deliveries; and

(c) to the maximum extent permitted by law, each Owner of the Second Lien Obligations at the time Outstanding irrevocably authorizes and empowers each Owner of the Senior Lien Obligations (without imposing any obligation on any Owner of the Senior Lien Obligations or such Owner's representative) to demand, sue, or collect and receive such Owner's ratable share of all such payments and distributions and to receipt therefor, and to file and prove all claims therefor and take all such other action in the name of such Owner or otherwise, as such Owner of the Senior Lien Obligations or such Owner's representative may determine to be necessary or appropriate to the enforcement of this paragraph.

4. For all purposes of this Second Lien Resolution, Senior Lien Obligations shall not be deemed to have been paid in full unless the Owners thereof shall have received cash equal to the amount of principal, premium, if any, and interest in respect of all Senior Lien Obligations at the time Outstanding.

5. If any payment or distribution of any character, whether in cash, securities or other property, shall be received by any Owner of any of the Second Lien Obligations, or such Owner's representative, in contravention of any of the terms of this Second Lien Resolution, such payment or distribution or security shall be held in trust for the benefit of, and shall be paid over or delivered and transferred to, the Owners of the Senior Lien Obligations or such Owner's representatives for application to the payment of all Senior Lien Obligations remaining unpaid, to the extent necessary to pay all such Senior Lien Obligations in full. Notwithstanding the foregoing, an Owner of Second Lien Obligations may assume that payments received hereunder are in compliance with the terms of this Second Lien Resolution unless such Owner has actual knowledge that such payments are in contravention of the terms of this Second Lien Resolution.

6. In case cash, securities or other property otherwise payable or deliverable to the Owner of the Second Lien Obligations shall have been applied pursuant to this section to the payment of Senior Lien Obligations in full, then and in each case, the Owner of the Second Lien Obligations shall be subrogated to any rights of any Owner of Senior Lien Obligations to receive any further payments or distributions in respect of or applicable to the Senior Lien Obligations.

7. The terms of this section shall continue to be effective or be reinstated, as the case may be, if at any time payment of any Senior Lien Obligations is rescinded, annulled or must otherwise be returned by any Owner of Senior Lien Obligations or such Owner's representative, upon the insolvency, bankruptcy or reorganization of the Authority or otherwise, all as though such payment has not been made.

Section 1102. Defeasance.

1. If the Authority shall pay or cause to be paid to the Owners of all Second Lien 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 Second Lien Resolution, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Second Lien Trustee, the covenants, agreements and other obligations of the Authority to the Owners of Second Lien Obligations shall be discharged and satisfied. In such event, the Second Lien Trustee shall, upon the written 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 Second Lien Resolution which are not required for the payment or redemption of Second Lien Obligations not theretofore surrendered for such payment or redemption.

2. Outstanding Second Lien 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 Second Lien 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 Second Lien Obligations, Tax-Exempt Second Lien Obligations or otherwise, as provided in the Supplemental Second Lien Resolution authorizing their issuance or (B) if (a) in case any of said Second Lien Obligations are to be redeemed on any date prior to their maturity, the Authority shall have given to the Second Lien Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article IV notice of redemption on said date of such Second Lien Obligations, (b) there shall have been irrevocably deposited with the Second Lien 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 Second Lien 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 Second Lien 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 Second Lien 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 Second Lien Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Second Lien Obligations that the deposit required by (b) above has been made with the Second Lien Trustee and that said Second Lien 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 Second Lien Obligations. Notwithstanding the foregoing, in the event that all or a portion of any Second Lien Obligations or portions thereof are to be discharged as a result of there being irrevocably deposited with the Second Lien Trustee Defeasance Securities, the lien of this Second Lien Resolution with respect to such Second Lien Obligations or portions thereof will not be released and discharged until the Authority and the Second Lien Trustee have received a verification of the sufficiency of funds held to discharge such Second Lien Obligations or portions thereof from an independent certified public accountant. Neither Defeasance Securities nor money deposited with the Second Lien Trustee pursuant 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 Second Lien Obligations; provided, however, that any money on deposit with the Second Lien 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 Second Lien Trustee, free and clear of any trust, lien or pledge securing said Second Lien Obligations or otherwise existing under the Second Lien 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 Second Lien Trustee for such purpose, to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Second Lien 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 1102. The Second Lien Trustee shall, at the direction of the Authority, select the Second Lien Obligations or portions thereof that are deemed to have been paid in advance of the redemption of such Second Lien Obligations.

3. Anything in the Second Lien 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 Second Lien 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 Second Lien 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 1103. Evidence of Signatures of Owners of Second Lien Obligations and Ownership of Second Lien Obligations.

1. Any request, consent, revocation of consent or other instrument which the Second Lien Resolution may require or permit to be signed and executed by the Owners of Second Lien Obligations may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners of Second Lien 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 Second Lien Obligations shall be sufficient for any purpose of the Second Lien Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Second Lien Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(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 Second Lien 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 Second Lien Obligation shall bind all future Owners of such Second Lien Obligation in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 1104. Money Held for Particular Second Lien 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 Second Lien 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 Second Lien Obligations entitled thereto.

Section 1105. General Regulations as to Money and Funds.

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

2. All amounts of the Authority held or set aside under the Second Lien Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Second Lien 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 Second Lien 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 Second Lien Resolution.

3. Unless otherwise specified in a Supplemental Second Lien Resolution authorizing the issuance of Second Lien 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 1106. Preservation and Inspection of Documents. All documents received by a Fiduciary under the provisions of the Second Lien 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 Second Lien Obligations and their agents and their representatives, any of whom may make copies thereof.

Section 1107. Parties Interest Herein. Nothing in the Second Lien 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 Second Lien Obligations and the Owners of Second Lien Parity Debt, any right, remedy or claim under or by reason of the Second Lien Resolution or any covenant, condition or stipulation thereof, and all the covenants, stipulations, promises and agreements in the Second Lien 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 Second Lien Obligations and the Owners of Second Lien Parity Debt.

Section 1108. No Recourse on the Second Lien Obligations. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Second Lien Obligations or Second Lien Parity Debt or for any claim based thereon or on the Second Lien Resolution against any member, officer, or employee of the Authority or any Person executing the Second Lien Obligations.

Section 1109. Successors and Assigns. Whenever in the Second Lien 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 Second Lien 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 1110. Business Days. Except as otherwise provided pursuant to a Supplemental Second Lien 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 Second Lien 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 Second Lien Resolution and no interest shall accrue during the intervening period with respect to any payment so deferred.

Section 1111. Severability of Invalid Provisions. If any term or provision of the Second Lien 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 Second Lien Resolution shall not affect the remaining portions of the Second Lien Resolution, or any part hereof.

Section 1112. Exclusion of Second Lien Obligations. Second Lien 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 Second Lien Obligations Outstanding, and the Authority shall not be entitled with

respect to such Second Lien 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 Second Lien Trustee a certificate of an Authorized Officer, upon which the Second Lien Trustee may conclusively rely, describing all Second Lien Obligations so to be excluded.

Section 1113. Applicability of the Laws of the State of New York to Trustee. The Second Lien 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.

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Section 1114. 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:

Patricia Y. Lee
Executive Vice President, Chief Legal Officer and
General Counsel

WMATA File Structure No:
4.1 Bonds

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APPENDIX B

PROPOSED FORM OF BOND COUNSEL OPINION

July 24, 2024

Board of Directors
Washington Metropolitan Area Transit Authority
300 7th Street, SW
Washington, DC 20024-2511

$635,990,000
Washington Metropolitan Area Transit Authority
Second Lien Dedicated Revenue Bonds
Series 2024A
(Sustainability – Climate Transition Bonds)

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 Second Lien Dedicated Revenue Bonds, Series 2024A **(Sustainability – Climate Transition Bonds)**, in the original aggregate principal amount of $635,990,000 (the "Series 2024A Second Lien Bonds"). The Series 2024A Second Lien Bonds are issued pursuant to (1) the Compact and (2) a resolution duly adopted by the Board of Directors of the Authority on July 27, 2023, and entitled "Second Lien Dedicated Capital Funding Bond Resolution," as supplemented with respect to the Series 2024A Second Lien Bonds by a resolution duly adopted by the Board of Directors of the Authority on June 27, 2024, and entitled "2024A Supplemental Second Lien Bond Resolution " (collectively, the "Second Lien Resolution"), for the purpose of (a) financing eligible Capital Costs of the Transit System and (b) paying certain costs of issuing the Series 2024A Second Lien Bonds. Capitalized terms used, but not defined, herein shall have the respective meanings assigned thereto in the Second Lien Resolution.

The Series 2024A Second Lien Bonds are payable solely from, and are equally and ratably secured solely by, the Second Lien Trust Estate as defined in the Second Lien Resolution. The Authority reserves the right to issue additional Second Lien Obligations or incur Second Lien Parity Debt on the terms and for the purposes stated in the Second Lien Resolution. Under the provisions of the Second Lien Resolution, any Outstanding or additional Second Lien Obligations or Second Lien Parity Debt will be subordinate to the Senior Lien Obligations and the Pre-2018 Bonds but on parity with the Series 2024A Second Lien Bonds as to security and payment from that portion of the Second Lien Trust Estate constituting Dedicated Capital Funding Revenues.

The Series 2024A Second Lien Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Second Lien Resolution and the Certificate of Determination executed in connection with the Series 2024A Second Lien Bonds. We have examined: (a) the Compact; (b) a

certified copy of the Second Lien Resolution; and (c) such other laws, documents and proofs as we have deemed necessary as a basis for this opinion.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering materials relating to the Series 2024A Second Lien Bonds and we express no opinion herein relating to such matters. 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 (and have assumed the genuineness of signatures, the legal capacity of all natural persons, the accuracy, completeness and authenticity of original documents and the conformity with original documents of copies submitted to us), 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 2024A Second Lien Bonds and the priority of the lien of the pledge of the Second Lien Trust Estate created under the Second Lien Resolution, and (b) assumed continuous compliance by the Authority with the covenants contained in the Second Lien Resolution and documents related thereto, including, without limitation, covenants as to the use and investment of the proceeds of the Series 2024A Second Lien Bonds.

The Authority has covenanted in connection with the Series 2024A Second Lien Bonds that it will not use any proceeds of the Series 2024A Second Lien 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 2024A Second Lien 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 Second Lien Resolution, and the Second Lien 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 Second Lien Resolution is required. The Second Lien Resolution creates the valid pledge which it purports to create of the Second Lien Trust Estate, subject to the application thereof to the purposes and on the conditions permitted by the Second Lien Resolution.

3. The Authority is duly authorized and entitled to issue the Series 2024A Second Lien Bonds, and the Series 2024A Second Lien Bonds are valid, binding and special and limited obligations of the Authority as provided in the Second Lien Resolution, enforceable in accordance with their terms and the terms of the Second Lien Resolution and entitled to the benefits of the Second Lien Resolution and of the Compact, and the Series 2024A Second Lien Bonds have been duly and validly authorized and issued in accordance with law, including the Compact, and in accordance with the Second Lien 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 2024A Second Lien Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. 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 2024A Second Lien Bonds, including covenants to the effect that the Authority will comply with all requirements of the Code and the Regulations that must be satisfied subsequent to the issuance of the Series 2024A Second Lien 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 2024A Second Lien Bonds to be includable in gross income for federal income tax purposes retroactive to the date of the issuance of the Series 2024A Second Lien Bonds. We observe that, for tax years beginning after December 31, 2022, interest on the Series 2024A Second Lien Bonds included in the adjusted financial statement income of certain corporations is not excluded from the computation of the federal corporate alternative minimum tax.

5. Under existing law, interest on the Series 2024A Second Lien 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 2024A Second Lien Bonds or any other matter with respect to the Series 2024A Second Lien Bonds except as set forth herein. Ownership of the Series 2024A Second Lien 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 2024A Second Lien Bonds.

The rights of the owners of the Series 2024A Second Lien Bonds and the enforceability of the Series 2024A Second Lien Bonds and the Second Lien 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 the State, 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 2024A Second Lien 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 2024A Second Lien Bonds, or under state, local and foreign tax law.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion. This opinion has been prepared solely for your use and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm; provided, however, that copies of this opinion may be included in the closing transcripts for the transactions relating to the Series 2024A Second Lien Bonds.

Respectfully Submitted,

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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 2024A Second Lien Bonds under a book-entry system with no physical distribution of the Series 2024A Second Lien Bonds made to the public. The Series 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024A Second Lien Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024A Second Lien 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 Owner entered into the transaction. Transfers of ownership interests in the Series 2024A Second Lien 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 2024A Second Lien Bonds, except in the event that use of the book-entry system for the Series 2024A Second Lien Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024A Second Lien 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 2024A Second Lien Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2024A Second Lien Bonds, such as redemptions, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2024A Second Lien Bonds may wish to ascertain that the nominee holding the Series 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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 or regulatory requirements as may be in effect from time to time. Payment of principal and redemption price of, and interest on, the Series 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien Bonds (a) payments of principal or redemption price of, or interest on, the Series 2024A Second Lien Bonds, or (b) confirmation of ownership interests in the Series 2024A Second Lien 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 2024A Second Lien 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 2024A Second Lien Bonds; (e) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2024A Second Lien Bonds; or (f) any action taken by DTC or its nominee as the registered owner of the Series 2024A Second Lien Bonds.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "**Agreement**") dated July 24, 2024, is executed and delivered by the Washington Metropolitan Area Transit Authority (the "**Authority**") in connection with the issuance and sale of the Authority's $635,990,000 Second Lien Dedicated Revenue Bonds, Series 2024A **(Sustainability – Climate Transition Bonds)** (the "**Bonds**"), issued pursuant to the Second Lien 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 Second Lien 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, 2024, the Authority shall provide to the MSRB no later than December 31, 2024, 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 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 Second Lien 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 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 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 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 5 and the financial information and operating data with respect to the Authority, substantially similar to the type set forth in TABLE 9 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.

(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;

(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 July 9, 2024, 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: _____
Name:
Title:

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APPENDIX E

BLX'S SECOND PARTY OPINION

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SECOND PARTY OPINION (SUSTAINABILITY – CLIMATE TRANSITION BONDS)

$663,000,000 *

Washington Metropolitan Area Transit Authority

Second Lien Dedicated Revenue Bonds

Series 2024A

Review Date: June 5, 2024

Surveillance URL:
https://blxesg.com/wmata-2024-001

BLX, an independent municipal consulting firm specializing in advisory and compliance services, was retained by the Washington Metropolitan Area Transit Authority (the "Issuer") to evaluate the above-captioned issue's (the "Bonds") alignment with the International Capital Market Association's ("ICMA") Green Bond Principles updated as of June 2021 (the "GBP") and Social Bond Principles updated as of June 2023 (the "SBP"), as well as conformance with the Climate Transition Finance Handbook updated as of June 2023 (the "CTFH"). To render this opinion, we have reviewed the Issuer's overarching objectives, strategies, policies, and internal processes as they relate to the core components of the GBP, SBP, and CTFH. Our underlying methodologies include interviews with the primary stakeholders, independent research (via tools such as LexisNexis), an analysis of publicly shared information, and a review of available documentation, including but not limited to the Issuer's Green Bonds Framework and Sustainability Bonds Framework dated May 30, 2023, its 2025 Energy Action Plan, its Strategic Transformation Plan dated February 2023 (the "STP"), its Annual Transformation Report dated March 2024 (detailing progress on the STP), its FY2025 Budget, and its FY2023 Environmental Sustainability Report.

Section 1. About the Issuer

The Issuer operates and maintains the primary Washington Metropolitan Area public transit system, which serves Washington, DC and several Maryland and Virginia counties and cities.

* Preliminary and subject to change.

The area is also known as the National Capital Region or the District of Columbia-Maryland-Virginia ("DMV") megaregion[1]. Its public transit system includes Metrorail, Metrobus, and MetroAccess. Based on unique SmarTrip card numbers, it serves a growing number of users of approximately 4 million people and represents the second largest transit system in the U.S. by ridership. Metrorail, the second largest rapid rail system in the U.S. by mileage, is fully electrified and consists of 98 stations and 128 miles of track laid out within a 1,500 square mile area. The Metrobus system serves the area with about 1,500 buses and over 11,500 connection stops. MetroAccess is a paratransit system that provides door-to-door service to individuals with disabilities preventing them from accessing standard bus and rail systems. Metro ridership is currently projected at about 226.6 million trips for fiscal year 2025.

Section 2. Project Description

Proceeds of the Bonds will be used to finance the initiatives set forth in the Issuer's capital improvement program (the "Program") and make a meaningful contribution to its greenhouse gas (GHG) emissions reduction strategy. Consistent with the principle of "just transition", the Program is guided by the Issuer's vision for a sustainable transportation system that meets the needs of people, communities, and businesses in the region, while fostering social wellbeing, equity, economic prosperity, and environmental stewardship[2]. The Program is intended to finance improvements to Metrorail, Metrobus, and MetroAccess while enhancing the customer experience. It represents a key component of the implementation of its climate transition strategy and ongoing efforts to contribute to a low carbon and climate resilient economy pursuant to the Paris Agreement, which aims to keep the rise in global temperature below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit it to 1.5 degrees Celsius. The Issuer's 6-year plan and $13.3 billion Program was approved in April 2024 by its Board of Directors[3]. It includes investing in new railcars, buses, and paratransit vehicles, improving stations and platforms, upgrading fire-suppression and emergency response systems, building new bus garages, replacing and repairing tracks, tunnels, bridges, signals, and more. Specifically, the Program

[1] A network of cities linked by their shared economies, infrastructure, and environments.
[2] Source: https://www.wmata.com/initiatives/sustainability/Our-Sustainability-Vision.cfm
[3] Source: https://www.wmata.com/about/board/meetings/board-pdfs/upload/10B-Recommendation-of-FY2025-Budget-and-FY2025-2030-Capital-Improvement-Plan.pdf

entails financing the project categories set forth in Table 1 (collectively referred to herein as the "Project").

Table 1. Capital Improvement Program[4]

Category	Project Details
1. Railcar and Railcar Facilities	Railcar acquisition, including future 8000-series trains. Maintenance and overhaul work, including preventive maintenance work to keep the fleet safe and reliable for customers. Facility upgrades and improvements to provide additional railcar maintenance capacity and accommodate the increase in demand for additional track maintenance and associated equipment.
2. Rail Systems	Signals and communications, including a project that has added cellular service to all 100 miles of underground tunnels and will also result in a new radio system. Propulsion system maintenance and upgrades, including reliability improvements for the electrical system that powers the Metrorail system.
3. Track and Structures Rehabilitation	Maintain and improve the tracks by replacing deteriorated rail ties, steel rail and other rail components; stabilizing and tamping the track to ensure track alignment; and improving the electrical and signal conductivity of running rail. In addition, Metrorail operates through deep underground tunnels as well as large above-ground aerial structures, both of which have distinct maintenance needs. The improvements include efforts to prevent water leaks in the underground tunnels from deteriorating the rail and electrical system, tunnel ventilation improvements, and rehabilitation to aerial structures and bridges.

[4] Source: https://www.wmata.com/initiatives/capital-improvement-program/overview.cfm

4. Stations and Passenger Facilities	Platforms and structures to rebuild deteriorating platforms at 20 outdoor stations and introduce new customer experience improvements. Vertical transportation, including rehabilitation, replacement, and scheduled maintenance of up to 617 escalators and 322 elevators. Station systems, including LED lighting, station cooling systems, drainage pumping stations and fire/life safety infrastructure.
5. Bus, Bus Facilities and Paratransit	New vehicle acquisition, including various types of buses (such as a zero-emissions bus pilot) and MetroAccess vans/sedans. Maintenance and overhaul activities, including ongoing preventive maintenance and rehab work that will keep bus service safe and reliable. Maintenance facilities, including bus garage replacements and upgrades. Passenger facilities and systems, including bus facility improvements, historic bus terminal rehabilitation and real-time bus data feed development.
6. Business and Operations Support	Support equipment and services, including office consolidation and installation of new digital displays at high-traffic stations, among other projects. Information technology, including projects that improve internal operations and the overall customer experience. Metro Transit Police Department facilities and projects, including construction of a District III substation (designed to LEED Silver standards) to offer faster response times across the transit system.

The findings synthesized herein are intended to provide an unbiased assessment of the expected green and social impacts of the Project within the GBP and SBP frameworks. As of the completion date of our pre-issuance review (the "Review Date"), BLX is of the opinion that the Project financed by the Bonds is ***Aligned*** with both the GBP and the SBP. Furthermore, the Project ***Conforms*** with the CTFH, which foundationally relies on the credibility of the Issuer's GHG emissions reduction strategy, commitments, and practices.

In order to ensure continued alignment with the GBP and SBP as well as ongoing conformance with the CTFH, and to provide independent assurance to prospective bondholders of its commitment to carry out the intended Project, the Issuer has enlisted BLX to provide certain ongoing surveillance and voluntary disclosure services for five years following the issue date of the Bonds (i.e., as of December 31st), or one year after all proceeds are spent, whichever occurs first. The latest findings for this Project can be accessed via the above-listed Surveillance URL.

Section 3. Use and Management of Proceeds

The Issuer plans to segregate proceeds of the Bonds intended to be spent on the Project. In this case, net proceeds represent gross proceeds adjusted for administrative expenses, underwriting discount, capitalized interest, and a reasonable reserve, if applicable.

As of the Review Date, the net proceeds are expected, but not guaranteed, to further the GBP and SPB initiatives and to benefit the corresponding target populations provided in Table 2. While the intended Project addresses the general public, we believe the target populations noted in Table 2 are served by virtue of the underlying Project.

BLX was engaged to independently collect investment records from the Issuer, monitor the actualization of the intended Project and disclose progress reports via the Surveillance URL. The Issuer's voluntary disclosures will be updated annually and include the cumulative balance of allocated proceeds with a detailed listing of the Project details, Project status and amount funded with bond proceeds as well as the remaining amount of unallocated bond proceeds, if any. These prospective disclosures will include all amounts deposited in the Second Lien Dedicated Revenue Bonds Series 2024A Proceeds Fund Account.

Table 2. GBP and SBP Categories

GPB Category	Application
Clean Transportation (i.e., electric, hybrid, public, rail, non-motorized, multi-modal transportation and reduction of harmful emissions)	Metrorail is fully electrified while Metrobus plans to operate with strictly zero-emissions buses by 2042 (i.e., its entire fleet of 1,500 buses). Because public transit is more energy-efficient than single-occupancy vehicles, every trip taken with Metro reduces

	regional greenhouse gas emissions, promotes clean air, and benefits public health for residents of the Washington D.C. Metropolitan Area. As set forth in its FY2023 Environmental Sustainability Annual Report, the Issuer is continually implementing strategies to grow ridership, which further contributes to its avoided regional CO2 emissions (estimated at 78,000 metric tons in FY2023). In addition, the Issuer has a decarbonization program that accounts for facility and infrastructure investments necessary to transition to zero-emission, in line with regional sustainability efforts.
Green Buildings (i.e., that meet regional, national or internationally recognized standards or certifications for environmental performance)	The Project includes the following green certified facilities. As of the Review Date, the Issuer was on track with or achieved the corresponding rating. • Potomac Yard Metro Station – Building to Gold • New Carrollton MD HQ – Building to Gold • Eisenhower VA HQ – Building to Gold • Northern Bus Garage – Designing to Platinum • Bladensburg Bus Garage – Designing to Platinum • MTPD District III Substation – Designed to Silver • L'Enfant DC Headquarters – Awarded Platinum Certification • Andrews Federal Center Bus Garage – Awarded Silver Certification • Cinder Bed Road Bus Garage – Awarded Gold Certification • Dulles Maintenance of Way Building – Awarded Silver Certification • Dulles Transportation & Police Building – Awarded Silver Certification • Dulles Service and Inspection Building – Awarded Silver Certification • Glenmont Station Parking Garage – Awarded Silver Certification • Greenbelt Commissioning Facility – Awarded Silver Certification • Landover Bus Garage Paint Booth – Awarded Silver Certification

	• MTPD District II Substation – Awarded Silver Certification • MTPD District II Training Facility – Awarded Silver Certification • Shepherd Parkway Bus Garage – Awarded Silver Certification
Renewable Energy (including production and transmission)	The Issuer is leveraging its real estate portfolio (i.e., 4 Metrorail stations in Maryland and DC) to deliver renewable energy to local communities via a 10-megawatt solar carport project. Once it is operational, the 11 acres of solar panels will collectively generate around 13.5 million kWh (representing the power used by ~1,100 homes annually).
Energy Efficiency (i.e., for new and refurbished facilities)	As set forth in the STP, the Issuer aims to protect and conserve natural resources and invests in carbon-free energy sources through contractual renewals, purchasing credits, and solar power initiatives. The Issuer purchases renewable energy certificates ("REC") through its electricity supply contracts. For 2023, these REC purchases equate to approximately 35% of the Issuer's annual electricity use. As noted in its Annual Transformation Report dated March 2024, the Issuer also replaced 100,000 fluorescent and incandescent lights with LEDs across administrative and maintenance facilities in 2023. Other initiatives include promoting recycling, greenspace, as well as water and stormwater management. As further described in its 2025 Energy Action Plan, the Issuer is implementing a variety of strategies to increase energy efficiency. Ongoing efforts include a system-wide lighting replacement project, chiller and traction power modernization, return to "automatic train operations", and purchase of lighter-weight 8000-series railcars.

SBP Category	**Target Population(s)**	**Application**
Affordable basic infrastructure (i.e., transport)	Underserved (owing to a lack of quality access to essential services). People with disabilities.	The Issuer provides rail, bus and paratransit services to ensure everyone has equitable access to jobs, school, medical appointments, sporting events, parades, restaurants, stores, nightlife, historic landmarks, monuments, and museums in the region.
Access to essential services (e.g., health, education and	Living at or below the poverty line.	The Issuer implemented a reduced fare program for eligible participants in 3 categories:

vocational training, healthcare, financing and financial services)	People with disabilities. Aging population.	**1.** Customers who receive Supplemental Nutrition Assistance Program ("SNAP") benefits. The Issuer launched Metro Lift in June 2023 to enhance its efforts of equitably connecting the growing region; it provides 50% off fares for customers enrolled in SNAP. **2.** People with disabilities under the age of 65. **3.** Passengers of the age of 65 or older.
Socioeconomic advancement and empowerment (i.e., equitable access to services, resources, and opportunities; equitable participation and integration into the market and society)	Disadvantaged populations and/or communities. People with disabilities.	As detailed in section 3.4 of the STP, the Issuer prioritizes equity when designing, implementing, and evaluating strategies, policies, practices, and investments. Its program accounts for disadvantaged populations (particularly communities of color, low-income, and/or with disabilities) who are experiencing injustice across many facets of life due to longstanding structural challenges.
Employment generation / programs designed to prevent and/or alleviate unemployment	Unemployed. Disadvantaged populations and/or communities. People with disabilities.	The Issuer employs a workforce of ~ 13,000 employees and reinvests in the local economy to create jobs. It encourages participation from disadvantaged, minority-owned, and small businesses in the region. Its Metro College Internship Program is a university relations initiative to create entry-level opportunities for college graduates and foster economic opportunities and jobs in the region. Its Mission Metro program focuses on recruiting service members, veterans, and their families. Metro Trabajo is another active program to recruit Latino community members. Metro Beyond Barriers is a recruiting strategy for people with disabilities. The Issuer has also created 4 employee resource groups (with 2 more planned for launch in 2024) to enhance its diversity hiring and retention practices.

Section 4. Elements of Climate Transition Strategy

Based on our review, and consistent with the requirements set forth in the CTFH, BLX is of the opinion that the long-term and short/ medium-term goals of the Issuer's Program are aligned with and support regional and international efforts to mitigate climate change. Furthermore, the Issuer has established a credible climate transition strategy to reach its goals with support from its board of directors and a thorough process as detailed in Section 6 hereto. BLX conducted its review in accordance with the International Standard on Assurance Engagements 3000 (Assurance Engagements other than Audits or Reviews of Historical Information). BLX planned and performed its review by obtaining evidence and other information and explanations that BLX considers necessary to give assurance that the Bonds meet the elements of the CTFH. Based on the reasonable assurance procedures conducted and evidence obtained, BLX is of the opinion that the Bonds conform in all material respects with the CTFH.

Section 5. Impact Report

Table 3 summarizes the quantitative information utilized to monitor the expected green and social impacts of the Bonds. The listed indicators were selected based on their close nexus to the intended purpose of the Bonds. In accordance with the CTFH, they include metrics used by the Issuer to assess and adapt its business model over time to achieve the goals of the Paris Agreement. BLX followed best practices and applied current industry standards to determine the Project's alignment with the United Nations' 17 sustainable development goals (SDG) and identified metrics based on their validity and impartiality. Generic terms are used when confidentiality agreements or competitive considerations limit disclosure of trade details. Metrics have been aggregated or averaged, as appropriate, to synthesize the expected impact of each measurement unit.

The Issuer intends to demonstrate its climate strategy commitment via a transparent ongoing voluntary disclosure program. As such, BLX has also been engaged to monitor and publish the progress of the below indicators via the Surveillance URL for five years following the issue date of the Bonds (i.e., as of December 31st), or one year after all proceeds are spent, whichever occurs first.

Table 3. Expected Impact of Project

Item #	Metrics	SDG	Monitoring Frequency
1	GHG emissions reduction	 [Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation]	Annually
2	GHG emissions per revenue mile		
3	Total count of facilities with green certifications like LEED, Envision, etc.		
4	Percentage of Issuer's electricity consumption from renewable energy sources (through contractual renewals, purchasing credits, or solar power initiatives)		
5	Number of zero-emission buses / total number of buses	 [Take urgent action to combat climate change and its impacts]	
6	Number of zero-emission support vehicles / total number of support vehicles		
7	Number of zero-emission paratransit vehicles / total number of paratransit vehicles		
8	Number of stations with transit-oriented residential and/or commercial joint development projects	 [Make cities and human settlements inclusive, safe, resilient and sustainable]	Annually
9	Avg. number of jobs accessible via fixed route service for all modes		
10	Avg. number of passenger trips per month for Metrorail, Metrobus, and MetroAccess		

11	Number of trips by mode within the service area	 [Reduce inequality within and among regions]	
12	Aggregate enrollment in reduced fare programs		
13	Total revenue hours elevator / escalator units are available to persons with mobility impairments (adjusted for equipment downtime)		
14	Percentage of federal-prime and subcontracts dollars with disadvantaged business enterprises (DBE)	 [Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all]	Annually

Section 6. Process for Project Evaluation / Selection

BLX evaluated the Issuer's governance protocols as well as its internal process for evaluating and selecting the Project. Our findings are summarized below.

- **Green and Social Objectives:** The Issuer operates a dynamic sustainability program with overarching goals established by its board of directors and management as described in its STP. The Issuer's strategic roadmap was developed via an evidence-based and community driven process informed by performance data and stakeholder input, including surveys to about 2,600 current and prospective riders. Internal collaborative workshops were then used to determine the core elements of the strategic plan prior to socializing in the community via forums with the Issuer's staff and collective bargaining unit, advisory committees, customers and community members, public advocates and non-profit

organizations, members of the business community, and government partners and elected officials. The plan was then refined for a public hearing and approval by the Issuer's board of directors.

The Issuer aims to connect a growing population in an equitable way while managing resources and land use responsibly to achieve a sustainable operating, capital, and environmental model. In administering its sustainability program, the Issuer's vision is to provide a sustainable transportation system that meets the needs of people, communities, and businesses in the region while fostering social wellbeing, equity, economic prosperity, and environmental stewardship. The issuer intentionally addresses historical, social, environmental, and economic disparities and racial and social injustice while actively monitoring specific priorities, strategies, and targets to advance sustainability. It aims to operate and maintain a resilient transportation system to improve livability, the environment, equity, and access to opportunity. The program is agile in that it fosters a culture of sustainability and continual improvement through growing staff capacity and leveraging regional expertise and innovation. Performance indicators are used internally to track implementation and successes of strategies and actions. The Issuer's process captures both environmental sustainability objectives as well as social advocacy goals.

- **Eligibility of GBP and SPB Categories:** The eligibility of the GBP and SBP categories listed in Table 2 was based on BLX's independent research as well as an in-depth interview with the Issuer.

- **Exclusions:** BLX did not uncover any potentially material social or environmental risks associated with the Project. No exclusions currently exist. This independent finding is consistent with information set forth in the latest rating reports prepared by S&P Global Ratings (dated March 28, 2024) and by KBRA (dated July 11, 2023).

About BLX

BLX, a registered municipal advisory firm, specializes in post-issuance compliance, arbitrage rebate, continuing disclosure, financial advisory, sustainable finance consulting, and swap advisory/monitoring services. Having completed over 98,000 projects for more than 2,500 municipal clients located in every State and U.S. territory since 1989, BLX professionals have developed model documents and software applications which deliver timely, cost-effective, and value-added monitoring solutions to issuers and conduit borrowers across the country. BLX is a Registered Observer of the ICMA Principles and a Climate Bonds Approved Verifier.

Disclaimer

BLX aims to conduct independent reviews and provide unbiased second party opinions. BLX and/or its parent company, Orrick, may have client relationships with other parties involved in some manner with the Issuer (for example, underwriters, trustees, rating agencies, insurers, credit providers, lenders, contractors, developers, advisors, investment advisors/ providers/ brokers, public entities and others). To the extent that a conflict-of-interest exists, the Issuer has waived any such conflict.

Contact

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APPENDIX F

FORM OF SENIOR LIEN RESOLUTION

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Presented and Adopted: April 23, 2020

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

2020-12
DEDICATED CAPITAL FUNDING BOND RESOLUTION

ADOPTED APRIL 23, 2020

Motioned by Mr. McMillin, seconded by Mr. Marootian
Ayes: 8- Mr. Smedberg, Ms. Gidigbi, Mr. Goldman, Mr. Horner, Mr. Letourneau, Mr. Marootian, Mr. Slater and Mr. McMillin

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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

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;

(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;

(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

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.

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:

(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.

(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).

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

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,

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.

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.

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

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

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.

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.

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.

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;

(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-

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,

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.

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.

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.

(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.

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.

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.

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.

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.

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

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.

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

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

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.

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.

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

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.

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.

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

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.

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

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.

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,

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.

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

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

(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.

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

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.

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

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.

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

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.

(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

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.

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.

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

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.

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

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;

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.

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.

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.

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

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.

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

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:

(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

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.

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.

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:

_____

Patricia Y. Lee
General Counsel

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