



\$1,057,430,000
MTA HUDSON RAIL YARDS TRUST OBLIGATIONS, SERIES 2016A
Evidencing the Interests of Owners Thereof in the
MTA Financing Agreement Amount Payable By
the Metropolitan Transportation Authority

DATED: Date of Delivery

DUE: November 15, as shown on the inside cover page

The MTA Hudson Rail Yards Trust Obligations, Series 2016A ("Series 2016A Obligations") are being executed and delivered by Wells Fargo Bank, National Association, as Trustee ("Trustee"), to (i) retire the outstanding Transportation Revenue Bond Anticipation Notes, Series 2016A of the Metropolitan Transportation Authority ("Authority"), which were issued to provide interim financing of approved capital program transit and commuter projects, (ii) finance approved capital program transit and commuter projects of the affiliates and subsidiaries of the Authority, (iii) fund an Interest Reserve Requirement in an amount equal to one-sixth (1/6) of the greatest amount of Interest Components (as hereinafter defined) in the current or any future year, (iv) fund a portion of the Capitalized Interest Fund requirement, and (v) finance certain costs of issuance. Pursuant to the Financing Agreement (as hereinafter defined), the Authority has agreed to pay to, or for the benefit of, the Trustee the "MTA Financing Agreement Amount," consisting of principal and interest components. The Series 2016A Obligations evidence the interest of the Owners thereof in such MTA Financing Agreement Amount payable by the Authority pursuant to the Financing Agreement. The principal amount of the Series 2016A Obligations listed on the inside cover page represent the principal components of the MTA Financing Agreement Amount ("Principal Components") and the interest at the rates listed on the inside cover page represent the interest components of the MTA Financing Agreement Amount ("Interest Components").

The Series 2016A Obligations (and the related Principal Components and Interest Components) are special limited obligations payable solely from the Trust Estate established under the MTA Hudson Rail Yards Trust Agreement, dated as of September 1, 2016 ("Trust Agreement"), by and between the Authority and the Trustee. The Trust Estate consists principally of (i) Monthly Ground Rent (as defined herein) to be paid by the Ground Lease Tenants (as defined herein) of certain parcels being developed on and above the Eastern Rail Yard and Western Rail Yard portions of the John D. Caemmerer West Side Yards ("Hudson Rail Yards") currently operated by The Long Island Rail Road Company ("LIRR"), (ii) monthly scheduled transfers from the Capitalized Interest Fund during the limited period that the Monthly Ground Rent is abated under the applicable Ground Lease, (iii) payments made by the Ground Lease Tenants if they elect to exercise their option to purchase the fee interest in such parcels ("Fee Purchase Payments"), (iv) certain Contingent Support Payments (as hereinafter defined) made by the Authority, (v) rights of the Authority to exercise certain remedies under the Ground Leases and (vi) rights of the Trustee to exercise certain remedies under the Ground Leases and the Fee Mortgages, all as more fully described herein.

Pursuant to the Interagency Financing Agreement, dated as of September 1, 2016 ("Financing Agreement"), by and among the Authority, New York City Transit Authority, Manhattan and Bronx Surface Transit Operating Authority, LIRR, Metro-North Commuter Railroad Company, and MTA Bus Company (collectively, the "Related Transportation Entities"), and the Trustee, the Authority has agreed to pay to the Trustee the MTA Financing Agreement Amount with moneys provided by the Financing Agreement Payments (which are principally the revenues within the Trust Estate) and Interest Reserve Advances. The Authority has established a deposit account with Wells Fargo Bank, National Association, as depository ("Depository"), and the Authority will direct all Ground Lease Tenants to make Monthly Ground Rent and Fee Purchase Payments directly to the Depository, which deposits will be transferred daily to the Trustee. In addition, in the event the Authority elects to exercise certain Authority Cure Rights upon the occurrence of a Ground Lease Payment Event of Default or is required to make certain Direct Cost Rent Credit Payments, as described herein, the Authority will make all payments relating to defaulted and future Monthly Ground Rent directly to the Depository.

THE SERIES 2016A OBLIGATIONS ARE NOT OBLIGATIONS OF THE CITY OF NEW YORK ("CITY") OR THE STATE OF NEW YORK ("STATE"). EXCEPT WITH RESPECT TO CONTINGENT SUPPORT PAYMENTS, WHICH ARE PAYABLE BY THE AUTHORITY FROM AVAILABLE TRANSPORTATION REVENUES (WHICH ARE SUBORDINATE TO THE AUTHORITY'S OBLIGATION TO PAY DEBT SERVICE ON ITS TRANSPORTATION REVENUE BONDS), NEITHER THE AUTHORITY NOR ANY OF THE OTHER RELATED TRANSPORTATION ENTITIES IS OBLIGATED TO MAKE ANY OTHER PAYMENT WITH RESPECT TO THE MTA FINANCING AGREEMENT AMOUNT OR THE SERIES 2016A OBLIGATIONS (AND THE RELATED PRINCIPAL COMPONENTS AND INTEREST COMPONENTS) FROM ANY SOURCE, OTHER THAN THE TRUST ESTATE (WHICH INCLUDES THE FINANCING AGREEMENT PAYMENTS). THE AUTHORITY HAS NO TAXING POWER. THE SERIES 2016A OBLIGATIONS ARE NOT OBLIGATIONS OF THE GROUND LEASE TENANTS.

In the opinion of Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel, under existing law and relying on certain representations by the Authority and assuming the compliance by the Authority with certain covenants, the Interest Components of the MTA Financing Agreement Amount paid to Owners of the Series 2016A Obligations are:

- *excluded from an Owner's federal gross income under Section 103 of the Internal Revenue Code of 1986, and*
- *not a specific preference item for an Owner in calculating the federal alternative minimum tax, but*
- *included in the adjusted current earnings of certain corporations in calculating the federal corporate alternative minimum tax.*

Also in Co-Bond Counsel's opinion, under existing law, the Interest Components of the MTA Financing Agreement Amount paid to Owners of the Series 2016A Obligations are exempt from personal income taxes of the State and any political subdivisions of the State, including the City. See "TAX MATTERS" herein for a discussion of certain federal and State income tax matters.

The Series 2016A Obligations are subject to optional and early mandatory redemption prior to maturity as described herein. The Series 2016A Obligations are not subject to mandatory scheduled sinking fund redemption.

INVESTMENT IN THE SERIES 2016A OBLIGATIONS INVOLVES CERTAIN RISKS. INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND ATTACHMENTS HERETO AND ALL PORTIONS INCLUDED BY SPECIFIC CROSS-REFERENCE, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION. SEE "CERTAIN RISK FACTORS" IN THIS OFFICIAL STATEMENT FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN EVALUATING AN INVESTMENT IN THE SERIES 2016A OBLIGATIONS.

The Series 2016A Obligations are offered when, as, and if issued, subject to certain conditions, and are expected to be delivered through the facilities of The Depository Trust Company ("DTC"), on or about September 22, 2016.

Goldman, Sachs & Co.

BofA Merrill Lynch
 Jefferies
 Ramirez & Co., Inc.

Citigroup
 Loop Capital Markets
 RBC Capital Markets
 Wells Fargo Securities

J.P. Morgan
 Morgan Stanley
 Siebert Cisneros Shank & Co., L.L.C.

Artist's Renderings of Hudson Yards Development



The above illustrations are an artist's rendering. Actual improvements may deviate from the above illustrations. Note: some of the buildings in the aerial view are adjacent to MTA's Hudson Rail Yards and are not subject to the Ground Leases.

\$1,057,430,000
MTA Hudson Rail Yards Trust Obligations, Series 2016A

**Evidencing the Interests of the Owners Thereof in the
MTA Financing Agreement Amount Payable By
the Metropolitan Transportation Authority**

\$375,000,000 5.00% Series 2016A Term Obligation due November 15, 2046, Yield: 1.875%⁽¹⁾
CUSIP Number[†] 62476R AA3

\$307,000,000 5.00% Series 2016A Term Obligation due November 15, 2051, Yield: 2.375%⁽²⁾
CUSIP Number[†] 62476R AB1

\$375,430,000 5.00% Series 2016A Term Obligation due November 15, 2056, Yield: 2.625%⁽³⁾
CUSIP Number[†] 62476R AC9

The Series 2016A Obligations are subject to early mandatory redemption and optional redemption. See “DESCRIPTION OF SERIES 2016A OBLIGATIONS – Redemption Prior to Maturity”, and Indicative Early Mandatory Redemption Schedules, which are included for illustrative purposes only, in this official statement for additional details regarding the early mandatory redemption provisions applicable to the Series 2016A Obligations. The Series 2016A Obligations are also subject to optional redemption from any available funds provided by the Authority as described herein. The Series 2016A Obligations are not subject to mandatory scheduled sinking fund redemption.

⁽¹⁾ Priced at the stated yield to the November 15, 2019 optional redemption date at a redemption price of 100%.

⁽²⁾ Priced at the stated yield to the November 15, 2021 optional redemption date at a redemption price of 100%.

⁽³⁾ Priced at the stated yield to the November 15, 2023 optional redemption date at a redemption price of 100%.

[†] CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2016A Obligations. The Authority is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2016A Obligations or as indicated above. The CUSIP number for a specific maturity may be subject to change after the issuance of the Series 2016A Obligations as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2016A Obligations.

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- ***No Unauthorized Offer.*** This official statement is not an offer to sell, or the solicitation of an offer to buy, the Series 2016A Obligations in any jurisdiction where that would be unlawful. The Authority has not authorized any dealer, salesperson or any other person to give any information or make any representation in connection with the offering of the Series 2016A Obligations, except as set forth in this official statement. No other information or representations should be relied upon.
 - ***No Contract or Investment Advice.*** This official statement is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this official statement and the Series 2016A Obligations being offered, and anything else related to this issue.
 - ***Information Subject to Change.*** Information and expressions of opinion are subject to change without notice, and it should not be inferred that there have been no changes since the date of this document. Neither the delivery of, nor any sale made under, this official statement shall under any circumstances create any implication that there has been no change in the affairs of Related-Oxford (as hereinafter defined), the Ground Lease Tenants, the Ground Leases, the development of the Hudson Rail Yards, the real estate market in New York City generally, the guarantors under the Payment Guaranties, the Authority, the Related Transportation Entities or in any other matters described herein since the date of this official statement.
 - ***Order and Placement.*** The order and placement of material in this official statement, including its Schedule and Attachments and information included by specific cross-reference, are not to be deemed a determination of relevance, materiality or importance, and all material in this official statement, including its Schedule and Attachments and information included by specific cross-reference, must be considered in its entirety.
 - This official statement contains information furnished by the Authority, Jones Lang LaSalle Americas, Inc. (“JLL”) and other sources, all of which are believed to be reliable. Information concerning the transaction and its participants has been obtained from certain publicly available information provided by certain participants and certain other sources. See “THE HUDSON RAIL YARDS PROJECT”, “COLLATERAL VALUE – WRY: Jones Lang LaSalle Broker Opinion of Value” and Attachment 6 - “Jones Lang LaSalle Broker Opinion of Value for the Western Rail Yards”. While certain portions of this official statement were reviewed with representatives of The Related Companies L.P. (“Related Companies”), the Related Companies has not provided any information to the Authority for use in connection with this offering and makes no representations concerning any portion of this official statement. In certain cases, information provided herein (such as that which is contained the Jones Lang LaSalle Broker Opinion of Value for the Western Rail Yards) may be derived from sources which are inconsistent or in conflict with each other. The Authority has no independent knowledge of any facts indicating that the information under the captions “THE HUDSON RAIL YARDS PROJECT” (except for the information therein relating to the Authority, the Authority request for proposals, the No. 7 subway line station and the paragraph entitled “Platform Construction”, for which the Authority is responsible) and “COLLATERAL VALUE – WRY: Jones Lang LaSalle Broker Opinion of Value” and in Attachment 6 - “Jones Lang LaSalle Broker Opinion of Value for the Western Rail Yards” herein is inaccurate in any material respect, but has not independently verified this information and cannot and does not warrant the accuracy or completeness of this information. The information contained under the captions “THE HUDSON RAIL YARDS PROJECT”, “COLLATERAL VALUE – WRY: Jones Lang LaSalle Broker Opinion of Value” and in Attachment 6 - “Jones Lang LaSalle Broker Opinion of Value for the Western Rail Yards” herein has been included in reliance upon JLL as an expert knowledgeable in the valuation of mixed-use real estate in Manhattan, and has not been independently verified for accuracy or appropriateness of assumptions, although the Authority has no independent knowledge that the information is not materially accurate and complete.
 - ***Forward-Looking Statements.*** Many statements contained in this official statement, including the appendices and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on the beliefs of the party making such statements, as well as assumptions made by, and information currently available to, the management and staff of the party making such statements as of the date of this official statement or as of the date of the statement, as applicable. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The

words “anticipate,” “assume,” “estimate,” “expect,” “objective,” “projection,” “plan,” “forecast,” “goal,” “budget” or similar words are intended to 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. Forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social, and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions, and circumstances, many of which are beyond the control of the parties making such statements. **THE AUTHORITY, THE UNDERWRITERS AND THE TRUSTEE DISCLAIM ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS, OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.**

- ***Trustee.*** Wells Fargo Bank, National Association has been appointed to serve as Trustee under the Trust Agreement. The Trustee is to carry out those duties it has agreed to under the Trust Agreement. The Trustee has not reviewed or participated in the preparation of this official statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information given in this official statement or for the recitals contained in the Trust Agreement or for the validity, sufficiency, or legal effect of any of such documents. Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Authority of the proceeds from the sale of the Series 2016A Obligations. The Trustee has no duty to evaluate, has not undertaken to evaluate, and has not evaluated, the risks, benefits, or propriety of any investment in the Series 2016A Obligations and makes no representation, and has reached no conclusions, regarding the investment quality of the Series 2016A Obligations, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.
- ***Independent Auditor.*** Deloitte & Touche LLP, the Authority’s independent auditor, has not reviewed, commented on or approved, and is not associated with, this official statement. The audit report of Deloitte & Touche LLP relating to the Authority’s consolidated financial statements for the years ended December 31, 2015 and 2014, which is a matter of public record, is included by specific cross-reference in this official statement. Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the Authority, including without limitation any of the information contained in this official statement, since the date of such audit report and has not been asked to consent to the inclusion, or incorporation by reference, of its audit report in this official statement.
- ***No Guarantee of Information by Underwriters.*** The Underwriters have provided the following sentences for inclusion in this 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 do not make any representation or warranty, express or implied, as to
 - the accuracy or completeness of information they have neither supplied nor verified,
 - the validity of the Series 2016A Obligations, or
 - the tax-exempt status of the interest on the Series 2016A Obligations.
- ***Overallotment and Stabilization.*** The Underwriters may overallot or effect transactions that stabilize or maintain the market price of the Series 2016A Obligations at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are free to discontinue it at any time.
- ***Website Addresses.*** 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 web sites and the information or links contained therein are not incorporated into, and are not part of, this official statement for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission.

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TRANSACTION SUMMARY

This Transaction Summary is a descriptive overview of the background and structure of the Series 2016A Obligations transaction. Investors should read this entire official statement, including the Schedule and Attachments hereto and all portions included by specific cross-reference, to obtain information essential to making an informed investment decision.

Background of Hudson Rail Yards

In the 1980's, the Metropolitan Transportation Authority ("Authority") developed a portion of the Hudson Rail Yards ("Hudson Rail Yards") as a storage yard, car wash and repair facility for The Long Island Rail Road Company ("LIRR") rail cars entering Manhattan. LIRR is a subsidiary of the Authority providing commuter rail services between The City of New York ("City") and Long Island and within Long Island. It was anticipated that, eventually, the air rights above the Hudson Rail Yards would be developed to meet the evolving needs for high-quality commercial, retail, residential and public space in Manhattan. The Hudson Rail Yards is a rectangular area of approximately 26-acres bounded by 10th Avenue on the east, 12th Avenue on the west, 30th Street on the south and 33rd Street on the North. The Hudson Rail Yards is divided into the Eastern Rail Yards ("ERY") and Western Rail Yards ("WRY"), as shown in the site rendering below at page 19. Eleventh Avenue separates the ERY from the WRY.

The City rezoned the ERY and the surrounding neighborhood in 2005 and the WRY in 2009 to permit the development of approximately 40 million square feet of office, hotel, residential and retail space. To advance the development of the neighborhood, which has come to be known as Hudson Yards, the City provided the financing for the Authority to construct an extension of the No. 7 subway line and an attendant subway station to the Hudson Yards neighborhood which opened in September of 2015.

In 2007, concurrently with the construction of the No. 7 subway line extension and the Hudson Yards subway station, the Authority issued a request for proposals for the development of the airspace over the Hudson Rail Yards. The Authority received several highly competitive development proposals and, after an extensive process including significant public participation, in 2008, the Authority selected a development team led by The Related Companies, L.P. ("Related Companies") to develop a commercial, residential and retail development on the ERY and the WRY. Related Companies' current equity partner and joint developer for the development of the Hudson Rail Yards ("Hudson Rail Yards Project") is Oxford Properties Group ("Oxford"), an entity that invests in and manages real estate assets on behalf of the Ontario Municipal Employees Retirement System, one of Canada's largest pension plans. As joint developers, the combination of the Related Companies and Oxford is sometimes referred to herein as "Related-Oxford". To undertake the Hudson Rail Yards Project, the Authority and the Related-Oxford development team executed 99-year ground leases for the airspace above the Hudson Rail Yards (the "Original Ground Leases"; also sometimes referred to as "Balance Leases") in 2013 (for the ERY) and 2014 (for the WRY). The Authority continues to own, and the LIRR will continue to operate, the rail yards below the leased airspace.

As more fully described herein, the Original Ground Lease for the ERY has been fully severed into eight individual ground-leased parcels, with each separate ground lease entered into at the time of construction financing and commencement of construction of a new building by Related-Oxford, or a limited liability entity created by Related-Oxford for development of each such individual parcel (see "Severing of Individual Parcels under the Ground Leases" below). Five of the eight individual ground-leased parcels (each, a "Severed Parcel Ground Lease"), including an office tower, two mixed-use residential towers, and a retail center, are included among the sources providing payment and security for the Series 2016A Obligations. (The three individual ground leases not included are two which are leased for cultural and other civic purposes and which pay no rent to the Authority, and one under which the fee interest has been conveyed to the tenant.) The WRY remains under the Original Ground Lease, and is anticipated to be severed into Severed Parcel Ground Leases at the time of the construction financing and commencement of construction of each new building on the WRY. Severed Parcel Ground Leases on both the ERY and WRY are subject to further severance upon completion of each building to allow for partial fee purchases by the tenants of the completed improvements if so elected by the tenant. (The WRY Original Ground Lease, and each Severed Parcel Ground Lease now or hereafter entered into, are, collectively, the "Ground Leases" and the tenants thereunder are the "Ground Lease Tenants").

The revenue payable by the Ground Lease Tenants to the Authority under the Ground Leases, along with first mortgages on the Authority's fee interest in the Ground Lease parcels, serves as the primary source of security pledged by the Authority for the repayment of the Series 2016A Obligations. See "SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS" in this official statement.

Overview of the Ground Leases

Both the ERY and WRY are ground leased for 99 years to limited liability entities controlled by Related-Oxford. The property that is ground leased by the Authority consists of the airspace above a limiting plane above the tracks (from 31st to 33rd Streets) and the area where there are no rail tracks (from 30th to 31st Streets) within the boundary of the Hudson Rail Yards (collectively, the "Ground Leased Property"). For the ERY Original Ground Lease, the Lease Commencement Date was December 3, 2012 and the Lease Expiration Date was December 2, 2111*. For the WRY Original Ground Lease, the Lease Commencement Date was December 3, 2013 and the Lease Expiration Date is December 2, 2112. Each Severed Parcel Ground Lease on the ERY (and on the WRY, when entered into) has the same Lease Commencement Date, Lease Expiration Date, and rent adjustment dates as the respective ERY and WRY Original Ground Lease. Each Ground Lease Tenant has the option to purchase fee title to the Ground Leased Property at any time following completion of construction of the building on the Ground Leased Property.

The Ground Leases do not encumber the railroad tracks, which will continue to be used for transportation purposes. Related-Oxford, or a limited liability development entity created by them for developing an individual parcel, is responsible for constructing a platform over the railroad tracks and improvements on, in and under such platform (sometimes referred to herein as the "LIRR Roof"), and for the development of buildings on the Ground Leased Property, including designing, financing, constructing, leasing, selling, and operating such buildings.

The primary sources of revenue available for the payment of the Principal Components and Interest Components represented by the Series 2016A Obligations will be the Monthly Ground Rent and any Fee Purchase Payments payable by the Ground Lease Tenants under the Ground Leases. See the descriptions of the Ground Lease provisions below and under the heading "THE GROUND LEASES" in this official statement and **Attachment 4** – "Summary of Certain Provisions of the Ground Leases and Forms Thereof". These Ground Lease revenues are being pledged to the Trustee by the Authority under the Financing Agreement and the Trust Agreement, and Ground Lease Tenants are directed to pay the revenues directly to the Depository for deposit into the Dedicated Deposit Account. Such payments are then transferred daily from the Depository to the Trustee for deposit into the Rent Payment Fund.

Monthly Ground Rent under the Ground Leases.

Monthly Ground Rent is due on the first day of each month from each of the Ground Lease Tenants. A failure to timely pay Monthly Ground Rent following the applicable notice and grace period is an event of default under the affected Ground Lease (a "Ground Lease Payment Event of Default"). The amount of Monthly Ground Rent due under each Ground Lease is a fixed dollar amount established in each Ground Lease, subject to a 10% escalation every 5 years except for the 30th, 55th and 80th years when the escalations will be based on fair market value (but no less than a 0% increase and no greater than a 20% increase from the previous year's amount). The timing of each escalation is calculated from the Lease Commencement Date for the Original Ground Lease.

Initial Monthly Ground Rent Abatements for a Limited Period of Time

Monthly Ground Rent due under each Ground Lease is subject to initial abatements set forth in the Ground Leases. All such Monthly Ground Rent abatements terminate unconditionally under the ERY Ground Leases on December 2, 2018, and under the WRY Ground Leases on December 2, 2020. From and after those

* The ERY Original Ground Lease has since been terminated and substituted with separate Severed Parcel Ground Leases

dates, the full fixed rent payments constituting Monthly Ground Rent under each Ground Lease commence, regardless of the development status of the parcels. An amount will be deposited into the Capitalized Interest Fund from the proceeds of the Series 2016A Obligations and other funds of the Authority that will be sufficient to make payments relating to the Interest Components while the initial Monthly Ground Rent abatements are in effect.

The ERY Ground Leases Monthly Ground Rent abatements are as follows:

- (i) Monthly Ground Rent was abated at 100% for the first 3 years (December 3, 2012 through December 2, 2015), with the abatement decreased to 50% during this time period for any Severed Parcel Ground Leases; and
- (ii) Monthly Ground Rent is abated at 50% for the 3 years from December 3, 2015 through December 2, 2018, with abatement decreased to -0- (i.e., full Monthly Ground Rent payable) for each Severed Parcel Ground Lease once a Certificate of Occupancy is received for such parcel, even if prior to December 2, 2018.

The WRY Ground Lease Monthly Ground Rent abatements are as follows:

- (i) Monthly Ground Rent is abated at 100% for the first 4 years (December 3, 2013 through December 2, 2017), with the abatement decreased to 50% during this time period for any Severed Parcel Ground Leases; and
- (ii) Monthly Ground Rent is abated at 50% for the 3 years from December 3, 2017 through December 2, 2020 with abatement decreased to -0- (i.e., full Monthly Ground Rent payable) for each Severed Parcel Ground Lease once a Certificate of Occupancy is received for such parcel, even if prior to December 2, 2020.

Fee Purchase Payments

Under each Severed Parcel Ground Lease, following substantial completion of construction of the building on the Ground Leased Property, a Ground Lease Tenant has the option to (a) continue to pay Monthly Ground Rent due on a monthly basis or (b) at any time, purchase the fee interest in its Ground Leased Property (and thus terminate its Ground Lease) by exercising its Fee Conversion Option and making the required Fee Purchase Payment under its applicable Ground Lease. The required Fee Purchase Payment under each Ground Lease is equal to (a) the present value to the purchase date of all remaining Monthly Ground Rent due for the 99-year ground lease term, including escalations, plus (b) the present value to the purchase date of a pre-established reversionary value of the property after the 99th year. The calculation of the required Fee Purchase Payment is set forth in each Ground Lease. The required Fee Purchase Payments set forth by the terms of the Ground Leases increase approximately 2.2% per year for at least the first 30 years of each Ground Lease. The receipt of a Fee Purchase Payment will result in a redemption of the Series 2016A Obligations as described herein under “DESCRIPTION OF SERIES 2016A OBLIGATIONS – Redemption Prior to Maturity – *Early Mandatory Redemption*.” In addition, upon the Authority’s receipt of a Fee Purchase Payment, the fee interest purchased by the Ground Lease Tenant will be released from the applicable Fee Mortgage.

Ground Lease Tenants are not obligated to exercise their Fee Conversion Options but can instead continue to pay Monthly Ground Rent for the full 99-year ground lease term.

It should be noted with respect to Severed Parcels that are being developed for residential condominium sales that State law does not currently permit the sale of such residential condominium units subject to a ground lease. As a result, the Ground Lease Tenants with respect to such Severed Parcel Ground Leases will be required to exercise their Fee Conversion Options following substantial completion, but prior to, or simultaneously with, any residential condominium unit sale. In such cases, the Fee Conversion Option may be exercised separately for each residential condominium unit. In all cases, unsold residential condominium units for which the Fee Conversion Option has not been exercised will remain subject to the applicable Severed Parcel Ground Lease.

The table below shows representative aggregate Fee Purchase Payments assuming various indicative Fee Conversion Option exercise dates.

Aggregate Fee Purchase Payments if all Fee Purchase Options are exercised on the Hypothetical Fee Purchase Dates shown below

Hypothetical Fee Purchase Date	Potential ERY Aggregate Fee Purchase Payment*	Potential WRY Aggregate Fee Purchase Payment	Potential Total Fee Purchase Payment
10/1/2016	\$ 393,370,070	\$ 686,296,244	\$ 1,079,666,314
10/1/2017	402,265,930	701,140,774	1,103,406,704
10/1/2018	410,311,402	716,979,470	1,127,290,872
10/1/2019	418,596,969	731,299,854	1,149,896,823
10/1/2020	427,437,435	746,046,559	1,173,483,995
10/1/2021	436,869,964	761,780,878	1,198,650,843
10/1/2022	446,934,207	778,568,954	1,225,503,161
10/1/2023	456,081,694	796,481,359	1,252,563,052
10/1/2024	465,513,207	812,756,426	1,278,269,633
10/1/2025	475,576,366	829,535,448	1,305,111,814
10/1/2030	530,594,560	924,774,265	1,455,368,825
10/1/2035	593,970,605	1,034,239,978	1,628,210,583
10/1/2040	667,633,622	1,161,155,674	1,828,789,296
10/1/2045	627,658,114	1,093,678,077	1,721,336,191
10/1/2050	698,845,372	1,216,446,777	1,915,292,149
10/1/2055	780,375,232	1,356,622,441	2,136,997,673

* Does not include Tower C, the tenant of which parcel exercised its Fee Conversion Option and closed on its purchase of the fee interest on August 1, 2016. The Fee Purchase Payment for Tower C was \$119,855,511. Once a Ground Lease Tenant makes a one-time Fee Purchase Payment, the Ground Lease Tenant becomes the fee owner of the airspace, the Ground Lease is therefore terminated and no additional amounts are payable by the Ground Lease Tenant.

All Fee Purchase Payments received are pledged by the Authority and directed to be paid to the Depository and are required to be applied by the Trustee on a no less than quarterly basis to redeem Principal Components of Series 2016A Obligations at the then applicable redemption price plus accrued interest. The aggregate par amount of Series 2016A Obligations issued is limited such that at any time after issuance there is calculated to be sufficient funds (assuming Ground Lease Tenants meet all their obligations) to redeem prior to the scheduled Maturity Dates all outstanding Principal Components of Series 2016A Obligations at the applicable redemption price plus accrued interest in the event all Ground Lease Tenants decide to exercise their respective Fee Conversion Options and pay their required Fee Purchase Payments. See “MTA HUDSON RAIL YARDS TRUST OBLIGATIONS STRUCTURING ASSUMPTIONS AND METHODOLOGY” in this official statement for an illustrative presentation of alternative Fee Conversion Option scenarios.

Severing of Individual Parcels under the Ground Leases

The Original Ground Leases were designed such that, as development progresses, the Ground Leased Property will be divided into separate parcels for each building at the time of closing of construction financing and commencement of construction of such building. This division, also referred to as “severing a parcel”, results in the creation of a new Severed Parcel Ground Lease for such severed parcel with terms substantially identical to those of the “model severed parcel lease” shown in **Attachment 4**. See the summary of the Ground Leases in **Attachment 4** for a description of the requirements for severing a parcel. In addition, the Ground Lease Tenant of a Severed Parcel Ground Lease has the right, upon completion of construction, to further divide such parcel into separate severed sub-parcels, subject to certain limitations agreed to with the Authority. Any such sub-dividing requires the execution of an additional Severed Parcel Ground Lease for each sub-parcel and will result in separate Ground Lease obligations for each tenant under the sub-severed Ground Leases.

The Monthly Ground Rent payable under each Severed Parcel Ground Lease is equal to its pro rata share of the total Monthly Ground Rent established under the Original Ground Lease based on an allocation of zoning square feet. The total Monthly Ground Rent payable to the Authority does not change based on the severing of any parcels. Rather, the aggregate Monthly Ground Rent is divided up among each of the parcels based on their respective allocable shares, which always sum to 100% of the originally established Monthly Ground Rent schedule under the Original Ground Lease.

All of the parcels on the ERY have been severed as of the date hereof, and the financing and construction of the buildings on all ERY parcels is underway. One parcel on the ERY, referred to as Tower C or 10 Hudson Yards (see the project site plan under “THE HUDSON RAIL YARDS PROJECT” herein), has received its certificate of occupancy, and the Ground Lease Tenant exercised its Fee Conversion Option and closed on its purchase of the fee interest on August 1, 2016. Accordingly, the Ground Lease for Tower C has been terminated, and there is no Monthly Ground Rent payable for the Tower C parcel, nor is there a Ground Lease for such parcel included in the security or sources of payment for the Series 2016A Obligations.

None of the WRY Ground Leased Property has yet been severed into individual parcels, and the Original Ground Lease for the WRY remains in effect at the date hereof.

No Cross-Default among Ground Leases

Each Ground Lease is a stand-alone obligation of the respective Ground Lease Tenant. There is no cross-default among the Ground Leases. If a Ground Lease Tenant does not timely pay Monthly Ground Rent following applicable notice and grace periods, it will be in default under its Ground Lease, and the Authority will be obligated under the Trust Agreement to exercise lease default remedies against the Ground Lease Tenant. However, a default under the Ground Lease of one parcel is not a default under any of the other Ground Leases.

Triple-Net Ground Leases

The Ground Leases are generally known as “triple-net leases” in that the Ground Lease Tenant, not the Authority, is responsible for all operating and other expenses of the improvements constructed on the Ground Leased Property. Therefore, the gross amount of the Monthly Ground Rent received by the Authority and pledged under the Financing Agreement is available to pay the Interest Components and Principal Components represented by the Series 2016A Obligations.

A Ground Lease may not be cancelled by the applicable Ground Lease Tenant unless it elects to purchase the applicable Ground Leased Property and pays the Fee Purchase Payment. See “*Fee Purchase Payments*” above.

Nature of Ground Rent Obligations

A Ground Lease Tenant has no right under its Ground Lease to an abatement, diminution, reduction, setoff or refund of Monthly Ground Rent or other obligations under its Ground Lease, including damage or destruction of the premises after the initial abatement periods discussed above in “*Initial Monthly Ground Rent Abatements for a Limited Period of Time*”. Notwithstanding the foregoing, a Ground Lease Tenant could become entitled to a further temporary abatement in the form of a rent credit of no more than fifty percent (50%) of the applicable Ground Lease Rent if the Authority were to commit certain specific acts or omissions in connection with the initial construction of buildings with commercial or retail space, but only to the extent that such acts or omissions delay the substantial completion of the building. The Authority has covenanted to make additional deposits with the Depository equal to such rent credit amounts if any arise. See “*SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Financing Agreement Payments – General*” in this official statement; see also **Attachment 4** – “*Summary of Certain Provisions of the Ground Leases and Forms Thereof – Base Rent Abatement*”.

Ground Rent Obligations are Senior To Ground Lease Tenants’ Leasehold Mortgage Obligations

A Ground Lease Tenant may not enter into a Severed Parcel Ground Lease and commence construction on a building until after it obtains full construction financing to complete the building. For each

of the ERY Severed Parcel Ground Leases, the construction financing for the current buildings under construction is secured by, among other things, a leasehold mortgage on the respective Severed Parcel Ground Lease. The same financing structure is anticipated to apply to each Severed Parcel Ground Lease created on the WRY. In all such cases, each of the respective Ground Lease Tenants' leasehold mortgages encumbers only the Ground Lease Tenant's leasehold interest under its Severed Parcel Ground Lease, and does not encumber the Authority's fee interest in the applicable Severed Parcel. As a result, a Ground Lease Tenant's obligation to pay Monthly Ground Rent is structurally senior to its obligation to pay debt service on its financing. If a Ground Lease Tenant does not timely make its payment of Monthly Ground Rent following notice and a grace period, the leasehold mortgagee for the affected Ground Lease will have the right, for a period of time, to make such payment to the Authority on the Ground Lease Tenant's behalf. If a leasehold mortgagee does not timely exercise such right, then the Authority will have the right to terminate the Ground Lease. If a Ground Lease is terminated as a result of a failure to pay Monthly Ground Rent, then the applicable leasehold mortgagee will lose the collateral for its loan (i.e., the building and improvements constructed on the Ground Leased Property, along with the leasehold interest under the Ground Lease). Each leasehold mortgagee will therefore have a strong incentive to cure a Ground Lease Payment Event of Default.

Ground Leases Transfers

Each of the initial Ground Lease Tenants under the Original Ground Leases and the Severed Parcel Ground Leases is a Related-Oxford entity. A Ground Lease Tenant's interest under a Ground Lease may, however, be transferred to a third-party entity that is not affiliated with Related-Oxford under certain circumstances, including an assignment of the Ground Lease following substantial completion (subject to the applicable terms of the Ground Lease), a partial assignment of a Ground Lease by means of a "sub-severance" of a Severed Parcel Ground Lease following substantial completion, and a transfer as a result of a foreclosure by a leasehold mortgagee or mezzanine lender following a Ground Lease Tenant default under its financing.

Flow of Funds

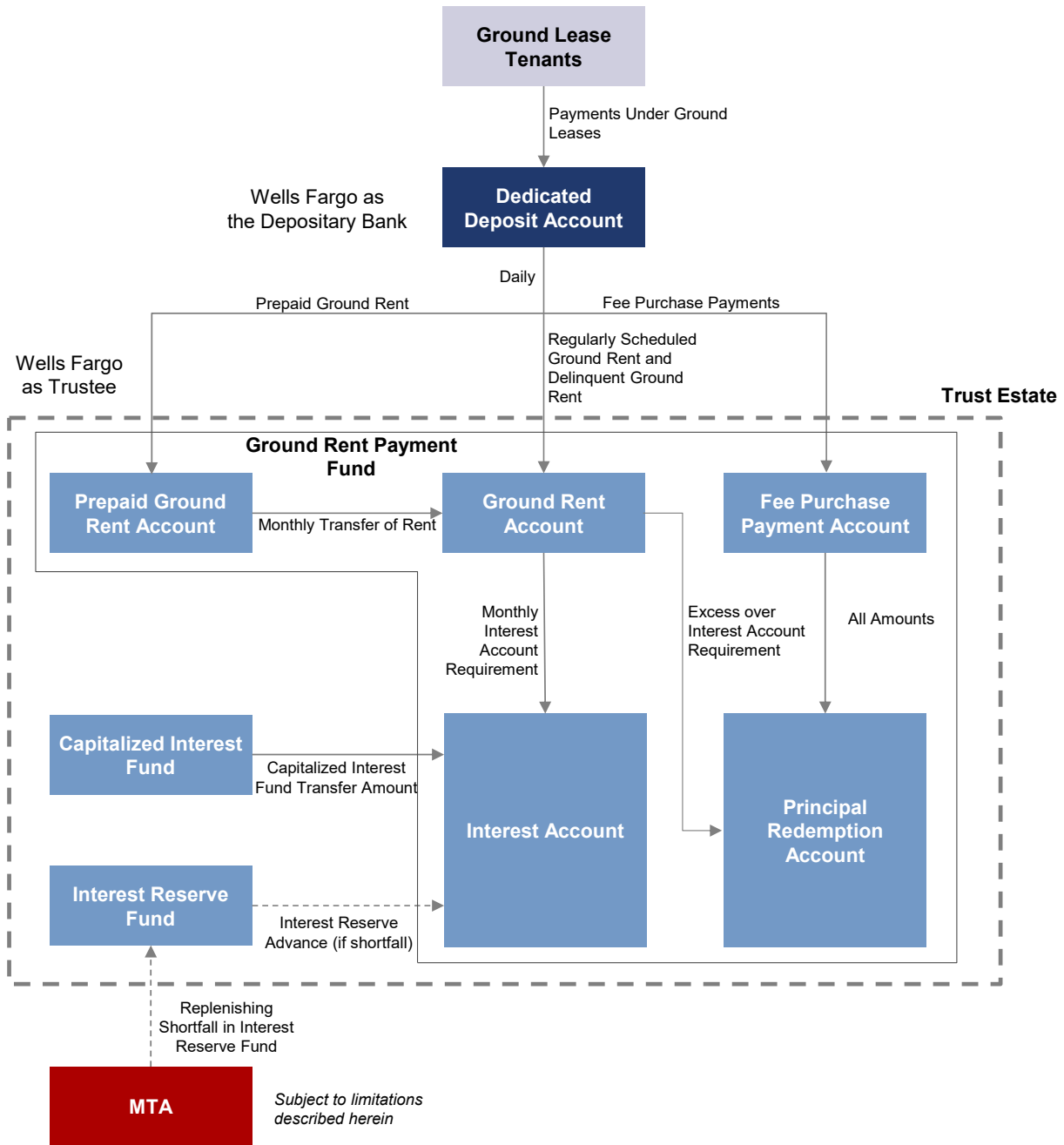
The Authority has established a deposit account with Wells Fargo Bank, National Association, as depository ("Depository"), and the Authority will direct all Ground Lease Tenants to make Monthly Ground Rent and Fee Purchase Payments directly to the Depository, which deposits will be transferred daily to the Trustee.

The chart which follows describes the flow of funds for the transaction from the payments by Ground Lease Tenants of Monthly Ground Rent and Fee Purchase Payments to the Depository for deposit to the Dedicated Deposit Account to the account and fund flow under the Trust Agreement for payment of the Principal Components and Interest Components relating to the Series 2016A Obligations.

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MTA Hudson Rail Yards Trust Obligations

Illustrative Flow of Funds



The Fee Mortgages

The Authority will grant separate fee mortgages (each, a “Fee Mortgage”) to the Trustee, granting the Trustee a first mortgage on the Authority’s fee interest in the owned property demised under the WRY Balance Lease, each existing ERY Severed Parcel Ground Lease which provides sources of payment or security for the Series 2016A Obligations and any future Hudson Yards Severed Parcel Ground Leases which provide sources of payment or security for the Series 2016A Obligations (individually and collectively, the “Mortgaged Property”). The Fee Mortgages will secure the Authority’s obligation to make Financing Agreement Payments. Each Fee Mortgage covers a separate ground leased parcel, and is not cross-defaulted to the other Fee Mortgages, thus allowing for the exercise of remedies against individual leased parcels. Each Fee Mortgage is subject to the applicable Ground Lease. Accordingly, following any foreclosure of a Fee Mortgage the purchaser at foreclosure will not acquire title to the applicable parcel free and clear of the applicable Ground Lease (unless the same has been terminated by the Authority prior to the foreclosure); rather, a purchaser at a foreclosure sale will acquire the Authority’s interest as fee owner and as lessor under the applicable Ground Leases and, as such, will acquire and be entitled to the benefits and obligations of the Authority under the Ground Leases, including without limitation the right to exercise remedies against a Ground Lease Tenant. The Fee Mortgages do not encumber the tracks and other facilities necessary for the transportation operations of the Authority and its Related Transportation Entities.

If a Ground Lease Tenant’s failure to pay Monthly Ground Rent when due under a Ground Lease results in a Ground Lease Payment Event of Default, and the Authority has elected not to exercise its Authority Cure Rights, as described below, the Trustee may exercise remedies under the corresponding Fee Mortgage. The remedies provided under each Fee Mortgage permit the Trustee to, among other things, through foreclosure or a receiver, step into the Authority’s position as owner of the applicable Mortgaged Property and as landlord under the defaulted Ground Lease, and to thereafter exercise all rights and remedies of landlord and owner, including the right to terminate the Ground Lease and collect damages, and sell and/or re-lease all or a portion of the Mortgaged Property. Proceeds from the exercise of remedies will be applied as described under “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Amounts Recovered Under the Trust Agreement and/or the Fee Mortgages in the Exercise of Remedies Following a Trust Agreement Event of Default or a Ground Lease Payment Event of Default” in this official statement; and see **Attachment 5** – “Summary of Certain Provisions of the Fee Mortgages and Forms Thereof”.

To the extent that any Ground Lease Tenant exercises its Fee Conversion Option, the fee interest acquired by the Ground Lease Tenant will be released from the applicable Fee Mortgage upon payment of the corresponding Fee Purchase Payment. Where the Fee Conversion Option has been exercised with respect to an individual residential condominium, the Authority will execute and deliver the partial release of the Fee Mortgage on behalf of the Trustee and will deliver a certification of receipt of payment to the Trustee.

Interest Reserve Account and Authority Interest Reserve Advances

If, on any Monthly Transfer Date, after taking into account all other deposits to the Interest Account, the amount on deposit in the Interest Account is less than the Interest Account Requirement, the Trustee shall transfer from the Interest Reserve Fund to the Interest Account an amount equal to the shortfall. The Trustee shall notify the Authority as to the amount needed to replenish the Interest Reserve Fund to its required balance. Subject to the limitations described in the next paragraph, the Authority shall, within twenty-five (25) days after receiving notice, pay the amount of the deficiency to the Trustee for deposit into the Interest Reserve Fund.

The Authority shall not be obligated to make Interest Reserve Advances with respect to any Ground Lease (a) for a period longer than seven (7) years after the Original Ground Lease Default Date relating to such Ground Lease, or (b) beginning on the date after the Trustee or the Real Estate Asset Management Consultant has, in accordance with the Trust Agreement, relet, sold or otherwise disposed of the premises that are the subject matter of the Ground Lease. The seven year limitation is for any single default and will restart in the event of any subsequent default on that Ground Lease or any other Ground Lease.

See “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Interest Reserve Advances” herein.

Authority Cure Rights

Provided that the Authority remains current in its payment of Interest Reserve Advances and is not otherwise in default in its payment obligations under the Financing Agreement, for a period of one year after the occurrence of a Ground Lease Payment Event of Default the Authority may, but is not obligated to, elect to protect its interest in the defaulted Ground Lease and the appurtenant development rights against the exercise of remedies by the Trustee (the “Authority Cure Rights”), by, at any time during such one year period, (i) notifying the Trustee in writing that it is exercising its Authority Cure Rights, (ii) depositing with the Trustee an amount equal to all Monthly Ground Rent that is in default under the Ground Lease, less any amount of Interest Reserve Advances previously made relating to the defaulted Ground Lease, and (iii) continuing to pay all Monthly Ground Rent in the amounts and on the dates required under the defaulted Ground Lease.

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SUMMARY OF TERMS

The Authority has prepared this Summary of Terms to describe certain specific terms of the Series 2016A Obligations. This Summary of Terms is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement. *See “TRANSACTION SUMMARY” for a descriptive overview of the background and structure of the Series 2016A Obligations transaction. Investors should read this entire official statement, including the Schedule and Attachments hereto and all portions included by specific cross-reference, to obtain information essential to making an informed investment decision.*

Securities Being Offered and

Issuance	MTA Hudson Rail Yards Trust Obligations, Series 2016A Evidencing the Interests of the Owners Thereof in the MTA Financing Agreement Amount Payable By Metropolitan Transportation Authority (“Series 2016A Obligations”), which are being executed and delivered by Wells Fargo Bank, National Association, solely in its capacity as Trustee under the MTA Hudson Rail Yards Trust Agreement, dated as of September 1, 2016 between the Metropolitan Transportation Authority (“Authority”) and the Trustee (“Trust Agreement”). Pursuant to the Financing Agreement, the Authority has agreed to pay to, or for the benefit of, the Trustee the MTA Financing Agreement Amount, consisting of principal and interest components. The Series 2016A Obligations evidence the interest of the Owners thereof in the MTA Financing Agreement Amount payable by the Authority pursuant to the Financing Agreement. The principal amount of the Series 2016A Obligations listed on the inside cover page represent the principal components of the MTA Financing Agreement Amount (“Principal Components”) and the interest at the rates listed on the inside cover page represent the interest components of the MTA Financing Agreement Amount (“Interest Components”).
Purpose of Issue	The Series 2016A Obligations are being issued to (i) retire the outstanding Transportation Revenue Bond Anticipation Notes, Series 2016A of the Authority, which were issued to provide interim financing of approved capital program transit and commuter capital projects, (ii) finance approved capital program transit and commuter projects of the affiliates and subsidiaries of the Authority, (iii) fund an Interest Reserve Requirement in an amount equal to one-sixth (1/6) of the greatest amount of Interest Components (as hereinafter defined) in the current or any future year, (iv) fund a portion of the Capitalized Interest Fund requirement, and (v) finance certain costs of issuance.
Maturities and Rates	The Series 2016A Obligations (and the related Principal Components and Interest Components) mature on the dates and bear interest at the rates shown on the inside cover page.
Denominations	\$5,000 and integral multiples of \$5,000.
Interest Payment Dates	Interest Components shall be paid on May 15 and November 15, commencing May 15, 2017.
Early Mandatory Redemption.....	The Series 2016A Obligations will be subject to early mandatory redemption prior to their maturity in whole or in part at the applicable Redemption Price (See Schedule 1 – “Applicable Redemption Prices”) in connection with a redemption of the related Principal Component of the MTA Financing Agreement Amount from moneys received primarily from any Fee Purchase Payments or Monthly Ground Rent received from pre-determined Monthly Ground Rent escalations in excess of the Interest Account Requirement. Such Early Mandatory Redemption shall be subject to the Early Mandatory Redemption Priority established between the maturities of the Series 2016A Obligations (and the related Principal Components) and the Early Mandatory Redemption Amount Minimum, all as set forth herein. See “DESCRIPTION OF SERIES 2016A OBLIGATIONS – Redemption Prior to Maturity”, and “MTA HUDSON RAIL YARDS TRUST OBLIGATIONS STRUCTURING ASSUMPTIONS AND METHODOLOGY – Table C: Scenario 1” and “– Table C: Scenario 2”, which are included for illustrative purposes only, in this official statement for additional details regarding the early mandatory redemption provisions applicable to the Series 2016A Obligations.

The Series 2016A Obligations are not subject to mandatory scheduled sinking fund redemption.

Optional Redemption..... The Series 2016A Obligations (and the related Principal Components) will be subject to optional redemption, at the option of the Authority from any available moneys, whether or not Financing Agreement Payments, on or after the dates as indicated in the table below, in whole or in part on any date (each, an “Optional Redemption Date”) at a redemption price of one hundred per centum (100%) of the Principal Amount of the Series 2016A Obligations and the Principal Component of the MTA Financing Agreement Amount to be redeemed, plus accrued interest, if any, to the date of redemption in connection with a redemption of the Principal Component of the MTA Financing Agreement Amount.

Maturity	First Optional Redemption Date
November 15, 2046	November 15, 2019
November 15, 2051	November 15, 2021
November 15, 2056	November 15, 2023

See “DESCRIPTION OF SERIES 2016A OBLIGATIONS – Redemption Prior to Maturity” for additional details regarding the optional redemption provisions applicable to the Series 2016A Obligations in this official statement.

Sources of Payment and Security The Series 2016A Obligations (and the related Principal Components and Interest Components) are special limited obligations payable solely from the Trust Estate established under the Trust Agreement. The Trust Estate consists principally of (i) Monthly Ground Rent to be paid by the Ground Lease Tenants of certain parcels being developed on and above the Eastern Rail Yard and Western Rail Yard portions of the John D. Caemmerer West Side Yards (“Hudson Rail Yards”) currently operated by The Long Island Rail Road Company (“LIRR”), (ii) monthly scheduled transfers from the Capitalized Interest Fund during the limited period that the Monthly Ground Rent is abated under the applicable Ground Lease, (iii) payments made by the Ground Lease Tenants if they elect to exercise their option to purchase the fee interest in such parcels (“Fee Purchase Payments”), (iv) certain Interest Reserve Advances and Direct Cost Rent Credit Payments (collectively referred to herein as “Contingent Support Payments”) made by the Authority, (v) rights of the Authority to exercise certain remedies under the Ground Leases and (vi) rights of the Trustee to exercise certain remedies under the Ground Leases and the Fee Mortgages, all as more fully described herein. See “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS” in this official statement.

Ground Leases The “Ground Leases” providing sources of payment and security for the Series 2016A Obligations will be comprised of the following:

- the following ground leases, each with a 99-year term (beginning December 3, 2012), entered into between the Authority, as landlord, and a special purpose entity controlled by The Related Companies, L.P., and its equity partner and joint developer for the Hudson Rail Yards Project, Oxford Properties Group (together sometimes referred to as “Related-Oxford”), as Ground Lease Tenants, all of which Ground Leases demise separate parcels within the eastern portion of the Hudson Rail Yard (the “ERY”) and were severed from the Original Ground Lease originally demising the entire ERY, dated as of April 10, 2013 (the “ERY Balance Lease”):
 - the Ground Lease demising the Tower A Severed Parcel, also known as 30 Hudson Yards,
 - the Ground Lease demising the Tower D Severed Parcel, also known as 15 Hudson Yards,

- the Ground Lease demising the Tower E Severed Parcel, also known as 35 Hudson Yards,
- the Ground Lease demising the Retail Podium Severed Parcel,
- the Ground Lease demising the Retail Pavilion Parcel, and
- a 99-year ground lease (beginning December 3, 2013) between the Authority and a Related-Oxford entity (the “WRY Balance Lease”) demising the entire western portion of the Hudson Rail Yards (the “WRY”) and the separate ground leases (each a “Severed Parcel Lease”) to be entered into upon the creation of separate development parcels (“Severed Parcels”) that may be severed from the WRY, at the option of the applicable Ground Lease Tenant, upon satisfaction of certain conditions, in order to construct improvements thereon in accordance with the terms of the applicable Severed Parcel Lease. See “THE GROUND LEASES” in this official statement.

The following ERY parcels do not provide sources of payment or security for the Series 2016A Obligations:

- Tower C, also known as 10 Hudson Yards, which has been purchased by its former Ground Lease Tenant pursuant to its Fee Conversion Option;
- The “Culture Shed”, which is demised under a ground lease that does not provide for the payment of Monthly Ground Rent; and
- The Open Space Severed Parcel, which is demised under a ground lease that does not provide for the payment of Monthly Ground Rent.

Monthly Ground Rent..... The Monthly Ground Rents for the ERY and the WRY were established in the respective Balance Leases and is a fixed amount with established escalations. The Monthly Ground Rent payable under each Severed Parcel Lease is equal to its pro rata share of the total Monthly Ground Rent established under the applicable Balance Lease based on an allocation of zoning square feet. The total Monthly Ground Rent payable to the Authority does not change based on the severing of any parcels.

Fee Purchase Payments..... Each Ground Lease Tenant may purchase the fee interest in its Severed Parcel and related improvements upon substantial completion thereof (“Fee Conversion Option”) by making the Fee Purchase Payments. The required Fee Purchase Payments under each Ground Lease will be equal to (i) the present value to the purchase date of all remaining Monthly Ground Rent due for the 99-year lease term, including escalations, plus (ii) the present value to the purchase date of a pre-established reversionary value of the property after the 99th year. The calculation of the required Fee Purchase Payment is set forth in the Ground Lease. See “THE GROUND LEASES – Fee Purchase Payments” in this official statement.

Capitalized Interest Proceeds of the Series 2016A Obligations and other funds of the Authority in the amount of \$120,389,514 will be deposited in the Capitalized Interest Fund established by the Trust Agreement to fund a portion of the Interest Components due while the Ground Rent abatements are in effect. See “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Capitalized Interest Fund Transfer Amounts” and **Attachment 2** – “Summary of Certain Provisions of the Trust Agreement – Capitalized Interest Fund” in this official statement.

Interest Reserve Fund Proceeds of the Series 2016A Obligations in the amount of \$8,811,916.67 will be deposited in the Interest Reserve Fund established by the Trust Agreement. Such amount is equal to the initial Interest Reserve Requirement, which is an amount equal to one-sixth (1/6) of the greatest amount of regularly scheduled Interest Components for the then current or any future calendar year. To the extent the monthly deposits to the Interest Account are less than the amount necessary to bring the amount on deposit therein to that month’s Interest Account Requirement, the Trustee will transfer the amount of the deficiency into the Interest Account from the

Interest Reserve Fund and request an Interest Reserve Advance from the Authority, as hereinafter described. See “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Financing Agreement Payments – *Application by Trustee of Financing Agreement Payments – Interest Account*” in this official statement.

Interest Reserve Advances Pursuant to the Financing Agreement, and subject to the following limitations, the Authority will, within twenty-five (25) days after receiving from the Trustee an Interest Reserve Advance Notice, pay to or upon the order of the Trustee the amount set forth therein to replenish the Interest Reserve Fund to its required balance. The Authority shall not be obligated to make Interest Reserve Advances with respect to any Ground Lease (i) for a period longer than seven (7) years after the Original Ground Lease Default Date relating to such Ground Lease, or (ii) beginning on the date after the Trustee or the Real Estate Asset Management Consultant has, in accordance with the Trust Agreement, relet, sold or otherwise disposed of the premises that are the subject matter of the Ground Lease. See “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Interest Reserve Advances” in this official statement.

Fee Mortgages..... The Authority will grant separate fee mortgages and assignments of leases (each, a “Fee Mortgage”) to the Trustee, providing a first mortgage on the Authority’s fee interest in the owned property (including the Authority’s interest in the appurtenant improvements, easements, equipment, fixtures, personal property, leases and rents) demised under the WRY Balance Lease, each existing ERY Severed Parcel Ground Lease and any future Severed Parcel Ground Leases. The Fee Mortgages will secure the Authority’s obligation to make Financing Agreement Payments equal to Monthly Ground Rent and Fee Purchase Payments under the applicable Ground Lease. Each Fee Mortgage will cover a separate parcel and Ground Lease, and will not be cross-defaulted to any other Fee Mortgage. If a Ground Lease Tenant’s failure to pay Monthly Ground Rent when due under a Ground Lease results in a Ground Lease Payment Event of Default, and the Authority has not timely elected to exercise Authority Cure Rights, as described below, the Trustee may thereafter exercise remedies under the corresponding Fee Mortgage. Each Fee Mortgage will be subject to the applicable Ground Lease. Accordingly, the Trustee is permitted to, among other things, step into the Authority’s position as fee owner of the applicable Mortgaged Property and as landlord under the defaulted Ground Lease and exercise all rights and remedies of landlord and fee owner, including the right to terminate the Ground Lease and collect damages thereunder, and sell and/or re-lease all or a portion of the Mortgaged Property. Proceeds from the exercise of remedies will be applied as described herein. See **Attachment 5** – “Summary of Certain Provisions of the Fee Mortgages and Forms Thereof”.

Authority Cure Rights..... Upon the occurrence of any Ground Lease Payment Event of Default, the Authority is required to take any action under the defaulted Ground Lease as may be necessary or convenient to remedy the Ground Lease Payment Event of Default. In addition, the Authority shall, within a reasonable period of time following the Original Ground Lease Default Date, but in no event later than twelve (12) months following such date, notify the Trustee in writing that (i) it is exercising its Authority Cure Rights with respect to the Ground Lease Payment Event of Default, or (ii) it has decided not to exercise its Authority Cure Rights with respect to the Ground Lease Payment Event of Default, provided that, in order to preserve its right to elect to exercise its Authority Cure Rights during such 12-month period the Authority must remain current in its payment of Interest Reserve Advances.

For the Authority to exercise its Authority Cure Rights, it must pay to the Trustee all defaulted Ground Rent less any Interest Reserve Advances it made with respect to such default and continue to make Ground Rent payments to the Trustee when due. If at any time after it commences the exercise of its Authority Cure Rights the Authority determines not to continue, then the Authority shall promptly notify the

Trustee of such determination. At no time may the Authority sell the parcel that is the subject of the defaulted Ground Lease at a price that is less than the sum of the defaulted Monthly Ground Rent plus the applicable Fee Purchase Payment.

Nature of Obligations.....	The Series 2016A Obligations are not obligations of The City of New York (“City”) or the State of New York (“State”). Except with respect to Contingent Support Payments, which are payable by the Authority from Available Transportation Revenues, neither the Authority nor any of the other Related Transportation Entities is obligated to make any other payment with respect to the MTA Financing Agreement Amount or the Series 2016A Obligations (and the related Principal Components and Interest Components) from any source, other than the Trust Estate (which includes the Financing Agreement Payments). The Authority’s obligation to pay Contingent Support Payments is on a parity with operating expenses of the Related Transportation Entities and is subordinate to the Authority’s obligation to pay debt service on its Transportation Revenue Bonds. The Authority has no taxing power. The Series 2016A Obligations are not obligations of the Ground Lease Tenants.	
Registration of the Bonds.....	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.	
Trustee	Wells Fargo Bank, National Association, Philadelphia, Pennsylvania.	
Depository	Wells Fargo Bank, National Association, New York, New York.	
Co-Bond Counsel.....	Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York.	
Real Estate Counsel to the Authority ..	Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York.	
Real Estate Advisor to the Authority ..	Jones Lang LaSalle Americas, Inc. (“JLL”). See “COLLATERAL VALUE - WRY: Jones Lang LaSalle Broker Opinion of Value” herein and Attachment 6 hereto for JLL’s broker opinion of value relating to Ground Lease parcels on the WRY.	
Special Disclosure Counsel to the Authority	Hawkins Delafield & Wood LLP, New York, New York.	
Tax Status	See “TAX MATTERS” in this official statement.	
Ratings	<u>Rating Agency</u>	<u>Rating</u>
	KBRA:	A-
	Moody’s:	A2
	See “RATINGS” in this official statement.	
Financial Advisor to the Authority	Public Financial Management, Inc., New York, New York.	
Underwriters	See cover page.	
Co-Counsel to the Underwriters	Winston & Strawn LLP, New York, New York, and Law Offices of Joseph C. Reid, P.A., New York, New York.	
Counsel to the Trustee	Thompson Hine LLP, New York, New York.	

INTRODUCTION

The purpose of the execution and delivery of the Series 2016A Obligations is to generate capital funds to finance approved Capital Program transit and commuter projects for the Authority's affiliates and subsidiaries that are parties to the Financing Agreement (as defined herein) by monetizing certain amounts derived from the development of the ERY and WRY portions of the Hudson Rail Yards. For additional information regarding the Authority, see "THE AUTHORITY" in this official statement. The uses of the proceeds of the Series 2016A Obligations and plan of finance are summarized below under "PLAN OF FINANCE AND APPLICATION OF PROCEEDS" in this official statement.

Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in **Attachment 1** - "Master Glossary of Terms".

The Series 2016A Obligations evidence the interests of the Owners thereof in the MTA Financing Agreement Amount payable by the Authority. Pursuant to the Interagency Financing Agreement, dated as of September 1, 2016 ("Financing Agreement"), by and among the Authority, New York City Transit Authority, Manhattan and Bronx Surface Transit Operating Authority, LIRR, Metro-North Commuter Railroad Company and MTA Bus Company (collectively, the "Related Transportation Entities"), and Wells Fargo Bank, National Association, acting as trustee ("Trustee"), the Authority has agreed to pay to, or for the benefit of, the Trustee the MTA Financing Agreement Amount, consisting of principal and interest components. The Series 2016A Obligations evidence the interest of the Owners thereof in such MTA Financing Agreement Amount payable by the Authority pursuant to the Financing Agreement. The principal amount of the Series 2016A Obligations listed on the inside cover page represent the principal components of the MTA Financing Agreement Amount ("Principal Components") and the interest at the rates listed on the inside cover page represent the interest components of the MTA Financing Agreement Amount ("Interest Components"). The Series 2016A Obligations are being executed and delivered by the Trustee pursuant to the MTA Hudson Rail Yards Trust Agreement, dated as of September 1, 2016 ("Trust Agreement"), by and between the Authority and the Trustee. Following the execution and delivery of the Series 2016A Obligations, the Trustee may only execute and deliver additional Obligations as Refunding Obligations by satisfying the terms and conditions of the Trust Agreement. See **Attachment 2** - "Summary of Certain Provisions of the Trust Agreement - Preparation of Obligations."

Trust Estate Securing the Series 2016A Obligations. The Series 2016A Obligations (and the related Principal Components and Interest Components) are special limited obligations payable solely from the Trust Estate established under the Trust Agreement. As more fully described herein, the Trust Estate consists principally of (i) monthly Ground Lease rent payments ("Monthly Ground Rent") to be paid by the Ground Lease Tenants of certain parcels being developed on and above the ERY and WRY portions of the Hudson Rail Yards currently operated by LIRR, (ii) monthly scheduled transfers from the Capitalized Interest Fund during the limited period that the Monthly Ground Rent is abated under the applicable Ground Lease, (iii) payments made by the Ground Lease Tenants if they elect to exercise their option to purchase the fee interest in such parcels ("Fee Purchase Payments"), (iv) certain Interest Reserve Advances and Direct Cost Rent Credit Payments (collectively referred to herein as "Contingent Support Payments") made by the Authority, (v) rights of the Authority to exercise certain remedies under the Ground Leases and (vi) rights of the Trustee to exercise certain remedies under the Ground Leases and the Fee Mortgages, all as more fully described herein. See "SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS - Pledge of Trust Estate" in this official statement.

The payments constituting the Trust Estate that are received by the Authority from the Ground Lease Tenants pursuant to the Ground Leases will be payable by the Authority to the Trustee pursuant to the Financing Agreement. The Authority has established a deposit account ("Dedicated Deposit Account") with Wells Fargo Bank, National Association, as depository ("Depository"), and will direct all Ground Lease Tenants to make Monthly Ground Rent and Fee Purchase Payments directly to the Depository, which deposits will be transferred daily to the Trustee. In addition, in the event the Authority elects to exercise certain Authority Cure Rights upon the occurrence of a Ground Lease Payment Event of Default as described herein, or is required to make Direct Cost Rent Credit Payments, the Authority will make all payments relating to defaulted and future Monthly Ground Rent directly to the Depository. See "SOURCES OF PAYMENT AND

SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Amounts Recovered Under the Trust Agreement and/or the Fee Mortgages in the Exercise of Remedies Following a Trust Agreement Event of Default or a Ground Lease Payment Event of Default – *Ground Lease Payment Event of Default*” in this official statement.

In connection with the establishment of the Dedicated Deposit Account, the Authority will deliver to the Depository certain instructions (“Irrevocable Dedicated Deposit Account Instructions”) requiring the Depository to transfer the amounts deposited into the Dedicated Deposit Account to the Trustee daily for deposit into the Rent Payment Fund. See “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Financing Agreement Payments – *Deposit with Trustee of Financing Agreement Payments.*”

THE OBLIGATIONS ARE NOT OBLIGATIONS OF THE CITY OR THE STATE. EXCEPT WITH RESPECT TO CONTINGENT SUPPORT PAYMENTS, WHICH ARE PAYABLE BY THE AUTHORITY FROM AVAILABLE TRANSPORTATION REVENUES (WHICH ARE SUBORDINATE TO THE AUTHORITY’S OBLIGATION TO PAY DEBT SERVICE ON ITS TRANSPORTATION REVENUE BONDS), NEITHER THE AUTHORITY NOR ANY OF THE OTHER RELATED TRANSPORTATION ENTITIES IS OBLIGATED TO MAKE ANY OTHER PAYMENT WITH RESPECT TO THE MTA FINANCING AGREEMENT AMOUNT OR THE SERIES 2016A OBLIGATIONS (AND THE RELATED PRINCIPAL COMPONENTS AND INTEREST COMPONENTS) FROM ANY SOURCE, OTHER THAN THE TRUST ESTATE (WHICH INCLUDES THE FINANCING AGREEMENT PAYMENTS). THE AUTHORITY HAS NO TAXING POWER. THE SERIES 2016A OBLIGATIONS ARE NOT OBLIGATIONS OF THE GROUND LEASE TENANTS.

Investment in the Series 2016A Obligations involves certain risks. Investors should read this entire official statement, including the Schedule and Attachments hereto and all portions included by specific cross-reference, to obtain information essential to making an informed investment decision. See “CERTAIN RISK FACTORS” in this official statement for a discussion of certain factors that should be considered in evaluating an investment in the Series 2016A Obligations.

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THE HUDSON RAIL YARDS PROJECT

The Authority's Hudson Rail Yards Project is an approximately 26-acre area on the far West Side of Manhattan in New York, New York that is comprised of an approximate 13-acre parcel east of 11th Avenue that is referred to as either the "Eastern Rail Yards" or "ERY" and an approximate 13-acre parcel west of 11th Avenue that is referred to as either the "Western Rail Yards" or "WRY". The entire Hudson Rail Yards are bounded by West 30th Street, West 33rd Street, 10th Avenue and 12th Avenue, and are divided by 11th Avenue into the ERY and WRY. The Hudson Rail Yards is the largest remaining contiguous development site in Manhattan and is zoned for mixed-use development.

The Hudson Yards District

The Hudson Rail Yards Project is the cornerstone of the greater Hudson Yards District, which was rezoned in 2005 and 2009 through the creation by the City of the "Special Hudson Yards District" to accommodate nearly 40 million square feet of new mixed-use development within the area bounded by West 42nd and 43rd Streets, 7th and 8th Avenues, West 28th Street, and Hudson River Park. The Special Hudson Yards District was established to foster a mix of uses and densities, provide new publicly accessible open space, extend the Midtown central business district by providing opportunities for substantial new office and hotel development, reinforce existing residential neighborhoods and encourage new housing. The special district includes two new corridors for high-density commercial and residential development supported by a subway line extension, new parks and an urban boulevard. If fully realized, the Hudson Yards District will include approximately 26.0 million gross square feet of Class A office space, 20,000 housing units, 3.0 million gross square feet of hotel space, a 750-seat public school, 1.0 million gross square feet of retail and more than 20 acres of public open space. The comprehensive rezoning provides for a diverse new neighborhood with medium and large scale residential development across all market segments, cultural and community facilities, hotel and hospitality uses, and a diverse street level as well as concentrated retail uses. Central to the rezoning was the incorporation of substantial new open space, parkland, and a connection to the High Line, an elevated urban park spanning more than 20 city blocks.

The Authority's No. 7 subway line extension from Times Square west and south to 11th Avenue and West 34th Street, an important link to public transportation for the Hudson Rail Yards Project, was completed and began revenue service on September 13, 2015. See the photo immediately below of the new No. 7 subway line station now servicing the Hudson Yards Rail Project neighborhood.



The rezoning and the ability to increase density within the Hudson Yards District have attracted a broad-based response from developers and project sponsors across all asset types. Numerous projects are underway or in early development stages across the Hudson Yards District. Examples of such projects include

over 15 hotel developments, mixed use developments including MIMA, which contains residences, a hotel and theater venues and the Orion, Silver Towers and Atelier residential developments. These projects have attracted institutional capital from around the globe and commercial and retail tenants.

The Hudson Rail Yards RFP and Designation

In 2007, the Authority issued a request for proposals for the development of both the ERY and the WRY, and in 2008, after receiving proposals from several major development groups, the Authority designated The Related Companies, L.P. (“Related Companies”) as the developer. Related Companies’ equity partner on the Hudson Rail Yards Project is Oxford Properties Group (“Oxford” and, together with Related Companies, “Related-Oxford”), an entity that invests in and manages real estate assets on behalf of the Ontario Municipal Employees Retirement System or “OMERS”, one of Canada’s largest pension plans.

Related Companies is a privately owned real estate firm with substantial experience in developing properties in the City. Formed 40 years ago, Related Companies is an integrated, diversified real estate firm with experience in development, property acquisitions, management, finance, marketing and sales. Headquartered in the City, Related Companies has a team of approximately 3,000 employees. The company’s existing portfolio of real estate assets is comprised of mixed-use, residential, retail, office, trade show and affordable properties. Related Companies has an expertise in developing mixed-use properties that offer a blend of private, public and commercial spaces.

Oxford Properties Group is a global platform for real estate investment, development and management, with approximately 2,000 employees and \$37 billion of real estate assets that it manages for itself and on behalf of its co-owners and investment partners. Established in 1960, Oxford was acquired in 2001 by OMERS, one of Canada’s largest pension funds. Oxford has regional offices in Toronto, London and the City, with investment, development and management professionals who have real estate expertise.

Following the designation of Related-Oxford as developer, the Authority, as fee owner, entered into the Balance Leases and Severed Parcel Leases with affiliates of Related-Oxford, as Ground Lease Tenants (as defined in “THE GROUND LEASES”), which each (a) obligate the Ground Lease Tenant thereunder to pay Monthly Ground Rent to the Authority, and (b) grant the applicable Ground Lease Tenant the option, concurrently with the closing of financing for development by the Ground Lease Tenant of a new building on the Ground Leased Property, to (i) sever the Balance Lease into a separate Severed Parcel Ground Lease to enable financing and development of the new building, (ii) construct and complete the new building on the Severed Parcel in accordance with the terms of the Severed Parcel Ground Lease, and (iii) upon substantial completion of such new building, purchase the Authority’s fee interest in the Severed Parcel, including the building thereon. The Severed Parcel Ground Leases also require Ground Lease Tenants, at their sole cost and expense, to construct the LIRR Roof over the LIRR tracks in the Hudson Rail Yards, which LIRR Roof will serve as the foundation for substantial portions of the buildings and other improvements being constructed pursuant to each Severed Parcel Ground Lease. See “THE GROUND LEASES” and **Attachment 4** – “Summary of Certain Provisions of the Ground Leases and Forms Thereof” to this official statement, which further summarize and discuss the terms of the Balance Leases and Severed Parcel Ground Leases.

The ERY has been fully severed into (i) six development parcels under separate Severed Parcel Ground Leases for commercial, retail and residential purposes, (ii) a parcel reserved for cultural uses, which will not make any ground lease payments to the Authority, and (iii) a parcel reserved for open space uses, which will not make any ground lease payments to the Authority. Substantial development has occurred on the severed ERY commercial, retail and residential parcels. Five of the six ERY development parcels, itemized below, serve as collateral for the Series 2016A Obligations; the fee interest in the sixth parcel, known as 10 Hudson Yards or Tower C, was acquired by its former Ground Lease Tenant on August 1, 2016, pursuant to the Fee Conversion Option under its Ground Lease. Accordingly, the Ground Lease for such parcel has been terminated and will not provide Monthly Ground Rent payments to the Authority. The WRY has not yet been severed into development parcels.

The site rendering below gives additional detail on the ERY site configuration and current site planning for the WRY, which, as noted above, remains subject to change.



The overall Hudson Rail Yards development, including the eight ERY parcels that are being developed and the WRY parcel that is expected to be hereafter developed, is referred to herein as the “Hudson Rail Yards Project.” The following information under this heading, including the Hudson Rail Yards Project site plan, has been derived from information provided by JLL.

The Hudson Rail Yards Project will be developed as the following two general components:

- **Component I—Eastern Rail Yard:** From 10th to 11th Avenues between West 30th and West 33rd Streets. Construction began in December of 2012 and is expected to continue into 2020.
- **Component II—Western Rail Yard:** From 11th to 12th Avenues between West 30th and West 33rd Streets. Construction will follow the completion of the Eastern Rail Yard.

The above site plan and guide below are based upon the approved parcel plan and remain subject to change in accordance with the terms of the Ground Leases.

ERY Parcel	Estimated Construction Completion Date	Zoning Square Footage	Allocable Share (on 6,070,000)
A – 30 Hudson Yards	7/1/2019	2,069,217	34.09%
B – Retail Podium	9/1/2018	983,881	16.21
Retail Pavilion	1/1/2019	10,800	0.18
C – 10 Hudson Yards ⁽¹⁾	5/1/2016	1,421,776	23.42
Culture Shed ⁽²⁾	2018	100,000	0.00
D – 15 Hudson Yards	6/1/2018	737,779	12.15
E – 35 Hudson Yards	3/1/2020	846,547 ⁽¹⁾	13.95
Open Space Parcel ⁽³⁾	1/1/2019	0	0.00
Total		6,170,000	100%

⁽¹⁾ Parcel C, also known as 10 Hudson Yards, has exercised its Fee Conversion Option, and as described herein is not included in the pledge under the Trust Estate.

⁽²⁾ The Culture Shed Parcel is not required to pay Ground Rent and is therefore not included in the pledge under the Trust Estate.

⁽³⁾ The Open Space Parcel is not required to pay Ground Rent and is therefore not included in the pledge under the Trust Estate.

WRY Parcel	Expected Range of Construction Completion Date	Zoning Square Footage	Allocable Share
F – Commercial	2021-2029	1,550,000	27.19%
G – Mixed Use	2021-2029	670,000	11.75
H – Mixed Use	2021-2029	1,230,000	21.58
I – Residential	2021-2029	450,000	7.90
J – Residential	2021-2029	525,000	9.21
K – Residential	2021-2029	1,275,000	22.37
Total		5,700,000	100%

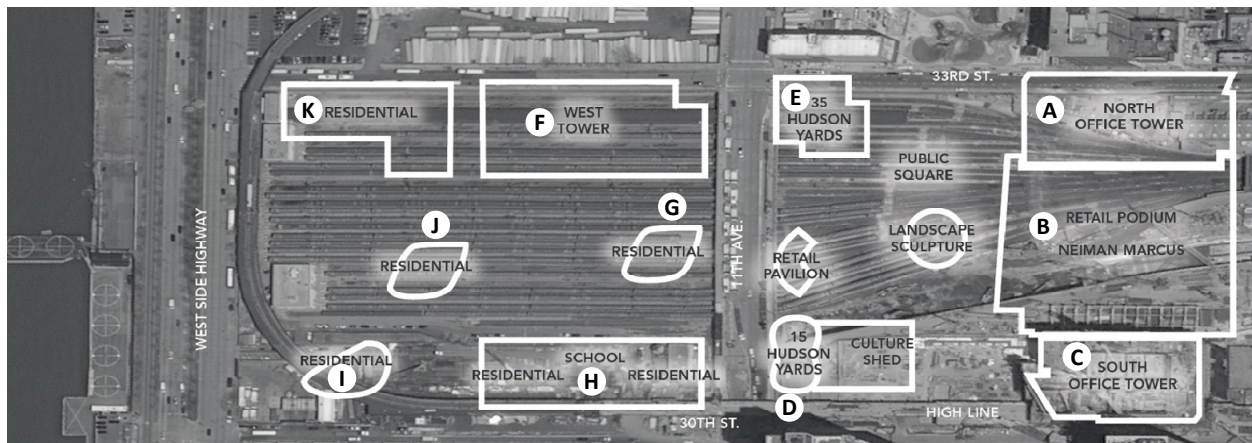
Hudson Rail Yards Project Development

Until the commencement of construction of the Hudson Rail Yards Project, Hudson Rail Yards has consisted primarily of an active rail yard, below street level, that includes an aggregate 30 sets of railroad tracks that are principally used for storage and maintenance of LIRR trains that serve Penn Station. The Hudson Rail Yards Project’s master plan includes building a platform and related mechanical and ventilation equipment (the “LIRR Roof”) over these tracks at the ERY and the WRY to serve as development pads upon which residential and commercial buildings will be constructed. LIRR will continue to actively use the rail yard during construction of, and following completion of, the LIRR Roof, including the operation of LIRR train engines in diesel mode in the ERY and the WRY.

The Hudson Rail Yards Project is expected ultimately to consist of over 14 million gross square feet of new space, including (i) over 6.45 million gross square feet of office space, (ii) nearly 5,000 for-sale and rental residential units, (iii) 1 million gross square feet of retail space, including a luxury department store-anchored mall, (iv) a luxury hotel with branded residences, (v) significant underground parking space, (vi) a City school and (vii) a cultural center. The thirteen proposed buildings will range from commercial office to residential towers, with retail, public and community spaces being designed to take advantage of the waterfront location. The development plans for Hudson Rail Yards include open space covering half of the Hudson Rail Yards Project.

The development of the ERY and the WRY is expected to include the building types and uses described below. The construction phasing is expected to allow the efficient development of buildings on land and on the platforms as underlying sections of the platforms are completed.

A simplified schematic of the Hudson Rail Yards Project superimposed over the rail yard is shown below.



Platform Construction. Presently, there are 30 sets of railroad tracks on the Hudson Rail Yards Project site that are primarily used for storage and maintenance of LIRR trains that serve Penn Station, the busiest railroad station in North America. The Hudson Rail Yards Project plans include building the LIRR

Roof over these tracks.* LIRR Roof construction is taking place in phases. Using this phasing technique, construction of individual buildings has commenced as the underlying sections of the LIRR Roof are completed. Construction of the ERY LIRR Roof commenced on March 19, 2014, and is expected to be completed in late 2016, with landscaping completed in 2017. Construction of the WRY LIRR Roof has not yet commenced.

Office. The Hudson Rail Yards Project is expected to include over 6.45 million gross square feet of Class A office space in three commercial towers with build-to-suit office tower configurations for tenants with special requirements, such as trading floors, newsrooms, clear-span floor plates and freight/loading requirements.

Residential. The residential component of the Hudson Rail Yards Project is expected to include over 5,000 luxury for-sale and rental units in nine separate buildings. The majority of these buildings are expected to be on the WRY, taking advantage of Hudson Rail Yard's waterfront location. All buildings are expected to be designed by world-renowned architects and offer river views. Some of the luxury residential towers are expected to sit along the new High Line Park, while other towers will surround a 9-acre landscaped park. In addition, Hudson Rail Yards is expected to include several hundred affordable housing units.

Retail. The Hudson Rail Yards Project is expected to create significant commercial activity in a currently underserved area of Manhattan. The approximately 1.0 million gross square foot Retail Podium is expected to (i) house a luxury department store of Neiman Marcus Group, anchoring three floors in the large-scale podium floor plates, and (ii) support the office and residential environment by affording diverse opportunities for shopping and dining. Additionally, the separate, approximately 15,900 gross square foot Pavilion is expected to provide further casual dining options in the form of a cafe and full service restaurant.

Hotel. The luxury hotel is expected to include spa and fitness facilities, restaurants, special event facilities and waterfront vistas. The adjacent office and residential development plans are expected to support the hotel with local demand, while the nearby traffic generators of the Javits Center, Midtown business district and Times Square are expected to provide demand from out-of-town visitors.

Public Space. The proposed Hudson Yards Park represents one of the single largest public park plans in recent Manhattan history. At an anticipated fifteen acres of total public space and a 9-acre contiguous park area, it will be larger than each of Bryant Park, Union Square and Madison Square Park. The park space is expected to allow multiple opportunities for residents and families to enjoy the plaza, promenade and lawn. This public space will also include a landscape sculpture designed by the artist Thomas Heatherwick, to serve as a design focal point for Hudson Rail Yards.

Cultural Center and School. As part of the neighborhood environment created at the Hudson Rail Yards, a cultural institution and a school are expected to be an integral part of the community. The new cultural institution—The Culture Shed at Hudson Yards—is expected to host a variety of exhibitions and events. In addition, a new 120,000 gross square foot school is planned for Hudson Rail Yards to support the large residential community on site and thousands of residential units coming online in future years as a result of the neighboring large-scale neighborhood.

Eastern Rail Yards Development

The portion of the Hudson Rail Yards Project located on or over the ERY consists principally of the construction of:

* The agreed-upon plans include certain changes to the design of the LIRR Roof in order to resolve a disagreement between the Authority and Related-Oxford concerning the specifications for ventilation and fire suppression systems to be installed. While the parties have each reserved their rights with respect to any claims resulting from the design change, construction is proceeding in accordance with the design changes.

- **The ERY Platform:** the platform between 10th and 11th Avenues to create land pad sites with 6.0 million gross square feet of zoning for office, residential and retail development, along with a landscaped public plaza, the construction of which commenced in March 2014.
- **ERY Parcel A – 30 Hudson Yards:** 500 West 33rd Street, also known as 30 Hudson Yards, the construction of which commenced in July of 2015, is anticipated to be completed in July 2019. At a planned height of approximately 1,270 feet, ERY Parcel A will consist of a 69-story office tower (“Tower A/30 Hudson Yards”) divided into commercial condominium units, of which approximately (1) 1.4 million gross square feet are to be owned and occupied by Time Warner Inc., (2) 343,000 gross square feet are to be owned and occupied by KKR, a global alternative investment manager, (3) 500,000 gross square feet are to be owned and occupied by Wells Fargo, (4) 259,000 gross square feet are to be owned and occupied by affiliates of Related, (5) 45,000 gross square feet are to be owned and occupied by affiliates of Oxford, and (6) the remainder is to be owned and operated by affiliates of Related and Oxford as an observation deck. 30 Hudson Yards is located at the southwest corner of 33rd Street and 10th Avenue. The 2.6-million-square-foot structure will be the second-tallest office building in the City and contain an underground connection to the Authority’s new No. 7 Subway station. 30 Hudson Yards is located on Tax Block 702, Lots 1302, 1303 and 1304 (formerly part of Lot 125). See artist’s rendering on page 24.
- **ERY Parcel B – Retail Podium:** The Retail Podium in the Hudson Rail Yards Project is a large scale structure containing approximately 1.0 million gross square feet, in a 11-story retail space (the “Retail Podium/The Shops & Restaurants at Hudson Yards”) adjoining 30 Hudson Yards and anchored by a luxury department store of Neiman Marcus Group. Additionally, Related-Oxford is expected to begin executing a merchandising plan in the 2018-2019 time frame as the 30 Hudson Yards office project becomes available for occupancy. The Retail Podium will house two cogeneration plants that will generate electricity, hot water and chilled water for a portion of the Hudson Rail Yards Project which are expected to save 28,000 megatons of CO₂ greenhouse gases from being emitted annually, the construction of which commenced in July of 2015. The Retail Podium is located on Tax Block 702, Lot 1301 (formerly part of Lot 125). See artist’s rendering on page 25.
- **ERY Retail Pavilion:** The Retail Pavilion is an approximately 15,900 gross square foot planned retail space as a four-story building and associated outdoor space for food and beverage use. The Retail Pavilion is located on Tax Block 702, Lot 175. See artist’s rendering on page 26.
- **ERY Parcel D – 15 Hudson Yards:** 15 Hudson Yards is expected be the first residential tower to open at Hudson Rail Yards. The 70 story building, approximately 905 feet tall, will be among the tallest in the City. Sales are expected to begin in the fall of 2016, with residences to be completed in 2018 containing a mix of luxury residential condominium units and rental units reserved for affordable housing and lower income tenants, the construction of which commenced in May 2015. 15 Hudson Yards is located at the northeast corner of 30th Street and 11th Avenue and is expected to offer approximately 391 for-sale and rental residences. The 960,000-square-foot building is expected to be a LEED Gold-designed building. 15 Hudson Yards will offer unobstructed views of the City and the Hudson River. Residents are expected to have access to a number of in-building-only amenities, including a fitness center, concierge-attended lobby, and an on-site parking garage. 15 Hudson Yards is located on Tax Block 702, Lot Lots 1002, 1003 and 1004 (formerly part of Lot 4). See artist’s rendering on page 27.
- **ERY Parcel E – 35 Hudson Yards:** 35 Hudson Yards is located at the southwest corner of 33rd Street and 11th Avenue, the construction of which commenced in May 2015. The 1.1-million-square-foot mixed-use tower, an approximately 70-story building, will feature approximately 137 for-sale residences, a 200-room luxury hotel, a 60,000 square foot fitness club and spa, Class A office space and ground floor retail space. Standing 1,025 feet tall, 35 Hudson Yards is expected to be the tallest residential building at Hudson Rail Yards. 35 Hudson Yards will be surrounded by parks. 35 Hudson Yards is located on Tax Block 702, Lot 150. See artist’s rendering on page 28.

In addition to Parcels A, D and E and the Retail Podium and Retail Pavilion parcels discussed above, which are included as part of the collateral for the Series 2016A Obligations, the ERY includes three other

parcels that have been severed (Tower C, Open Space and Culture Shed). **These three severed parcels, which do not have any Ground Rent payment requirements and are not part of the Series 2016A Obligations' collateral, are discussed below.**

ERY Parcel C-10 Hudson Yards

10 Hudson Yards also known as 501 West 30th Street, is located at the northwest corner of 30th Street and 10th Avenue. 10 Hudson Yards received a certificate of occupancy and officially opened in May 2016. 10 Hudson Yards became the first of the 11 separate structures planned by Related-Oxford on the ERY and WRY to be completed. The 1.8-million-square-foot tower is 895 feet tall. The tower's tenants include Coach, Inc., L'Oréal USA, SAP, The Boston Consulting Group, VaynerMedia, Intersection and Sidewalk Labs. The building provides direct access to the High Line Park. See artist's rendering on page 29.

On July 7, 2016, the Ground Lease Tenant gave formal notice of its election to exercise the Fee Conversion Option with respect to the 10 Hudson Yards parcel. The Fee Conversion closing date was August 1, 2016, and 10 Hudson Yards is not included as a source of payment or security for the 2016A Obligations.

The Hudson Yards Culture Shed

The Hudson Yards Culture Shed (the "Culture Shed") is a world-class cultural center designed to host a variety of art, performance, film, design, food and fashion content, the construction of which commenced in May 2015, and is scheduled to open in 2019. The Culture Shed is a six-story building at the base of 15 Hudson Yards containing approximately 170,000 square feet. The building's roof features a retractable shed; when the shed is retracted, the open-air plaza will be a publicly accessible outdoor space. The Culture Shed is an independent non-profit cultural organization. The Culture Shed parcel does not have any Ground Rent obligation and is not included as a source of payment or security for the Series 2016A Obligations. See artist's rendering on page 30.

ERY Open Space Parcel

The overall development plans for the Hudson Rail Yards include open space covering approximately half of the land mass. The open space is expected to be comprised of hardscape plazas, winter garden areas, tree-lined promenades, a landscape sculpture and significant lawn space. Three of the City's newest parks converge at the Hudson Rail Yards-The High Line, Hudson River Park and Hudson Park & Boulevard. Upon completion, these parks will create an ability to walk from West 14th Street to West 42nd Street with the Hudson ERY and WRY open space at its center. The zoning controls for the ERY require approximately seven acres of public open space, including a public plaza which is expected to combine an entry garden to the north, interactive water features and a large scale sculpture.

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ERY Parcel A – 30 Hudson Yards



The above illustration of 30 Hudson Yards is an artist's rendering. Actual improvements may deviate from the above illustration.

ERY Parcel B – Retail Podium



The above illustrations are artist's renderings. Actual improvements may deviate from the above illustrations.

ERY Retail Pavilion



The above illustration of the Retail Pavilion is an artist's rendering. Actual improvements may deviate from the above illustration.

ERY Parcel D – 15 Hudson Yards



The above illustration of 15 Hudson Yards is an artist's rendering. Actual improvements may deviate from the above illustration.

ERY Parcel E – 35 Hudson Yards



The above illustration of 35 Hudson Yards is an artist's rendering. Actual improvements may deviate from the above illustration.

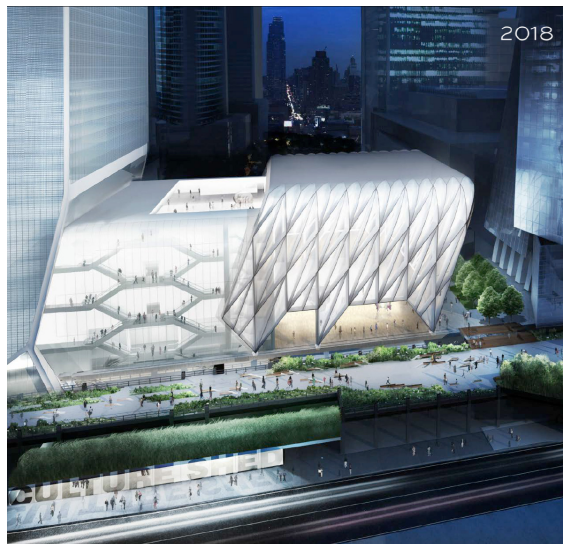
ERY Parcel C-10 Hudson Yards



The above illustration of 10 Hudson Yards is an artist's rendering. Actual improvements may deviate from the above illustration.

10 Hudson Yards has exercised its Fee Conversion Option, and as described herein is not included in the pledge under the Trust Estate.

The Hudson Yards Culture Shed (ERY)



The above illustrations of the Culture Shed are artist's renderings. Actual improvements may deviate from the above illustrations.

The Culture Shed Parcel is not required to pay Ground Rent and is therefore not included in the pledge under the Trust Estate.

Western Rail Yards Development

The WRY Balance Lease Property is shown on the site plans above on page 20. The WRY remains under the Original Ground Lease, and is anticipated to be severed into Severed Parcel Ground Leases at the time of the construction financing and commencement of construction of each new building on the WRY. Related-Oxford has secured all of the governmental approvals necessary for the development of the WRY consistent with the development plan. The WRY will require the construction of a 10-acre platform built above the operating rail tracks. The WRY zoning approvals require a minimum of 5 acres of park space and the current WRY site plan which conforms to current zoning has eight separate structures as shown on the site plan above. The City zoning resolution approving the development of the WRY allows some flexibility in design and Related-Oxford expects to refine the WRY design as market conditions change over the next 4-5 years. The WRY LIRR Roof is in design and is expected to involve construction factors similar to those of the ERY LIRR Roof. While Related-Oxford has indicated that the construction costs for the ERY LIRR Roof were approximately \$750 million, cost estimates for the WRY LIRR Roof have not been completed at this time. Cost estimates for other aspects of the WRY development have not been completed and the final cost will be influenced by actual building designs and sequencing.

Public Investment in the Hudson Rail Yards Project Surrounding Area

The City and the State have both initiated major investments in mass transit, new parks, and new cultural and recreational facilities in order to support the development of Hudson Rail Yards and the revitalization of the greater Hudson Yards District. These investments were initiated because public investment will be needed to support and accommodate what are projected to be significant increases in commercial activity and significant growth in the number of residents in the area.

The following is an inventory of the investments that have been made and are expected to be made by various public entities, which have already created significant development in the surrounding area.

1. **No. 7 Subway Extension:** The most significant of these investments is the extension of the No. 7 subway from its prior terminus at Times Square to a new station between 10th Avenue and 11th Avenue at West 34th Street, the first addition to the City's mass transit system in more than a generation. The new No. 7 subway links the neighborhood to two of the major nodes of regional transportation—The Port Authority Bus Terminal and Grand Central Terminal, in addition to connections to the 8th Avenue, 7th Avenue, 6th Avenue and Lexington Avenue subway lines. Service on the new No. 7 subway began on September 13, 2015.
2. **Moynihan Station Renovation:** The renovation of Moynihan Station and the construction of a new train station at what is now known as the Farley Post Office will extend Penn Station one block further west to 9th Avenue. The goal of the project is to alleviate pedestrian congestion at Penn Station by allowing passengers to access Amtrak, New Jersey Transit and Long Island Rail Road trains across from the existing Madison Square Garden/Penn Station complex.
3. **Jacob K. Javits Convention Center Renovation:** The Javits Convention Center has become a state-of-the-art complex that is expected to attract more visitors to the City and further reinvigorate the West Side of Manhattan. Major renovations to the main building include a new green roof, curtain wall, skylights, and the enlargement of the main entrances and upgrades to the building's systems. The State is also considering significant additional investment in Javits, having authorized an expenditure of \$1 billion in the Fiscal Year 2017 New York State adopted budget.
4. **The High Line:** The High Line, whose first phase opened in 2009, now receives over three million visitors annually. The High Line has stimulated significant new development along its path and helped its surrounding neighborhood evolve into one of the City's most desirable neighborhoods. The final section of the High Line will turn west and north to wrap around the WRY site, emerging immediately above the Hudson River with waterfront views to the

west. When complete, almost one-third of the entire High Line will extend alongside Hudson Rail Yards.

5. ***Hudson River Park:*** With 550 acres of public space stretching five miles along the bank of the Hudson River, the State's Hudson River Park is one of the most highly used parks in the City. The park provides direct contact to the long-inaccessible river banks, with a broad range of activities from kayaking to biking, jogging to fishing, or walking and sunbathing.
6. ***Hudson Park & Boulevard:*** As part of the plan for the Hudson Yards District, the City has created a new thoroughfare in the Manhattan street grid for Hudson Yards. Expected to extend from 42nd Street to 33rd Street, the new Hudson Boulevard is expected to be a promenade bordered by new development. Hudson Boulevard will create a corridor between 10th and 11th Avenues lined with a park. A portion of the Hudson Park & Boulevard running from 33rd Street to 36th Street has been completed and became available for public use in 2015.

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SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS

Pledge of Trust Estate

Pursuant to the Trust Agreement, the Authority has unconditionally and irrevocably assigned and transferred to the Trustee its rights in the Trust Estate and the Trustee has agreed to execute and deliver MTA Hudson Rail Yards Trust Obligations, each evidencing the interests of the Owners thereof in the MTA Financing Agreement Amount (consisting of the Principal Components and the Interest Components) payable by the Authority pursuant to the Financing Agreement.

The Trust Estate consists of the following:

- (a) all the Funds (other than the Rebate Fund) established by the Trust Agreement, including investment income, if any, thereof, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement;
- (b) Financing Agreement Payments paid by the Authority under the Financing Agreement, including Monthly Ground Rent, Fee Purchase Payments, Direct Cost Rent Credit Payments, Authority Cure Rights payments, amounts recovered by the Authority in the exercise of remedies following a Ground Lease Payment Event of Default, and certain other payments made to the Authority and intended to reimburse the Authority for Monthly Ground Rent payments, including payments made by a guarantor under a Payment Guaranty;
- (c) Interest Reserve Advances under the Financing Agreement;
- (d) all right, title and interest of the Trustee in and to amounts recovered by the Trustee in the exercise of remedies under the Trust Agreement following a Trust Agreement Event of Default or Ground Lease Payment Event of Default and in and to the Fee Mortgages, including any amounts collected in the enforcement of remedies thereunder; and
- (e) any and all other property, revenues or funds from time to time hereafter by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security under the Trust Agreement, by the Authority or anyone else, in favor of the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Trust Agreement.

Capitalized Interest Fund Transfer Amounts

From the proceeds of the Series 2016A Obligations and other funds of the Authority, there will be deposited into the Capitalized Interest Fund an amount equal to \$120,389,514. The Financing Agreement Schedule delivered in connection with the execution and delivery of the Series 2016A Obligations will set forth Capitalized Interest Fund Transfer Amounts for each month that will provide sufficient moneys to timely pay all Interest Components on each Interest Payment Date, taking into consideration the scheduled abatement and commencement of Monthly Ground Rent under each Ground Lease. See **Attachment 2** – “Summary of Certain Provisions of the Trust Agreement – Capitalized Interest Fund” in this official statement.

Interest Reserve Fund

Proceeds of the Series 2016A Obligations in the amount of \$8,811,916.67 will be deposited in the Interest Reserve Fund established by the Trust Agreement. Such amount shall constitute the initial “Interest Reserve Requirement”, which will be required to be, as of any date of calculation, an amount equal to one-sixth (1/6) of the greatest amount of regularly scheduled Interest Components for the then current or any future calendar year. To the extent the monthly deposits to the Interest Account are less than the amount necessary to

bring the amount on deposit therein to that month's Interest Account Requirement, the Trustee will transfer the amount of the deficiency into the Interest Account from the Interest Reserve Fund and request an Interest Reserve Advance from the Authority, as hereinafter described. See "SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Financing Agreement Payments – *Application by Trustee of Financing Agreement Payments – Interest Account*" in this official statement. See also **Attachment 2** – "Summary of Certain Provisions of the Trust Agreement – Interest Reserve Fund" in this official statement.

Financing Agreement Payments

General. In addition to the Authority's commitment to make Interest Reserve Advances from Available Transportation Revenues in order to pay the MTA Financing Agreement Amount, as described under the subheading "Interest Reserve Advances" herein, the Authority's obligation to pay the MTA Financing Agreement Amount (consisting of the Principal Components and the Interest Components) is payable from Financing Agreement Payments, which consist of the following:

- all right, title and of the Authority in and to the payment of Monthly Ground Rent, whether in the form of Regularly Scheduled Rent (Monthly Ground Rent timely paid by the Ground Lease Tenant in the scheduled amount), Delinquent Rent (defaulted Monthly Ground Rent subsequently paid by the Ground Lease Tenant) and Prepaid Rent (Monthly Ground Rent paid by the Ground Lease Tenant in advance of its scheduled due date) or in the right to take action to collect such Monthly Ground Rent if unpaid on its due date;
- Fee Purchase Payments paid by each Ground Lease Tenant exercising its right to purchase the fee title to the parcel that is the subject matter of its Ground Lease;
- payments made by the Authority in the event the Authority exercises its Authority Cure Rights;
- amounts recovered by the Authority from the exercise of remedies under the Ground Leases;
- amounts recovered by the Trustee from the exercise of remedies under the Ground Leases and the Fee Mortgages;
- the payment by the Authority of the Direct Cost Rent Credit Payments following a determination that the Ground Lease Tenant is entitled to a Direct Cost Rent Credit (which is generally a partial credit against Monthly Ground Rent under certain limited circumstances as a result of an action or failure to take action by the Authority or LIRR that causes a delay in the development of the affected Ground Lease parcel – see **Attachment 4** – "Summary of Certain Provisions of the Ground Leases and Forms Thereof – Base Rent Abatement" in this official statement); and
- the receipt by the Authority of any other moneys intended for the payment of Monthly Ground Rent or Fee Purchase Payments, or in the event the Authority recovers moneys from a guarantor under any of the Payment Guaranties as described herein under "THE GROUND LEASES – Guaranties – *WRY Payments Guaranties*" relating to additional amounts resulting from the termination of a related Ground Lease.

See **Attachment 3** – "Summary of Certain Provisions of the Financing Agreement – Obligation to Make Financing Agreement Payments" in this official statement.

Schedule of Monthly Ground Rent, Fee Purchase Payments and Capitalized Interest Fund Transfer Amounts. Upon the execution and delivery of the Financing Agreement, the Authority will deliver a schedule (the "Financing Agreement Schedule") to the Trustee that will set forth, among other things, the following:

- the Principal and Interest Components of the MTA Financing Agreement Amount and the corresponding payments with respect to the Series 2016A Obligations;
- the application by month of amounts to be transferred from the Capitalized Interest Fund to the Interest Account as Capitalized Interest Fund Transfer Amounts;

- by Ground Lease, a monthly schedule showing the Regularly Scheduled Monthly Ground Rent due under each such Ground Lease through and including at least the next two Interest Payment Dates;
- the Applicable Redemption Prices;
- the Interest Account Requirement;
- the Interest Reserve Requirement; and
- for each Ground Lease, a schedule of the applicable Fee Purchase Payments required to be paid by the Ground Lease Tenant upon its exercise of the Fee Conversion Option under such Ground Lease for the period covered by the Financing Agreement Schedule.

Promptly following each event that results in (a) a redemption of a Principal Component, including upon the payment by any Ground Lease Tenant of a Fee Purchase Payment, or (b) a severing of all or a portion of a parcel from one Ground Lease into an additional or substitute Ground Lease, the Authority shall deliver to the Trustee a revised Financing Agreement Schedule containing the information required to be set forth therein as provided above.

The schedule set forth in the original Financing Agreement Schedule relating to the application by month of amounts to be transferred from the Capitalized Interest Fund to the Interest Account as Capitalized Interest Fund Transfer Amounts will not be revised upon the occurrence of any subsequent event.

Under the Irrevocable Dedicated Deposit Account Instructions, the Authority will receive from the Depository information relating to the monthly amounts provided by the Ground Lease Tenants relating to Monthly Ground Rent, compare the amount of the payment received against the Financing Agreement Schedule to determine if such revenues are Regularly Scheduled Rent, Delinquent Rent or Prepaid Rent and notify the Trustee of such determination. If the amounts received constitute, in whole or in part, Prepaid Rent, the Authority will also provide the Trustee with a schedule showing the applicable future Monthly Transfer Dates and the amount of such Prepaid Rent that should be subsequently applied on such future Monthly Transfer Dates as Regularly Scheduled Rent. In addition, using the information provided by the Trustee, the Authority shall, no later than 10:00 a.m. on the Business Day before the Monthly Transfer Date, provide the Trustee with the amounts to be transferred into the various accounts in the Rent Payment Fund.

Deposit with Trustee of Financing Agreement Payments. The Financing Agreement Payments are to be deposited as follows:

- Monthly Ground Rent.
 - Regularly Scheduled Rent. The Ground Leases require the Ground Lease Tenants to make Regularly Scheduled Rent payments to the Authority on the first day of each month, and the Authority will direct the Ground Lease Tenants to make their Monthly Ground Rent payments directly to the Depository for deposit into the Dedicated Deposit Account. Upon receipt by the Depository of any amounts from the Ground Lease Tenants, the Depository will daily transfer such amounts to the Trustee for deposit into the Rent Payment Fund. The Authority will subsequently identify a portion of such moneys received as Regularly Scheduled Rent and will, on or prior to the Monthly Transfer Date, direct the Trustee to transfer such Regularly Scheduled Rent to the Rent Revenue Account of the Rent Payment Fund.
 - Prepaid Rent. Upon receipt by the Depository of any amounts from the Ground Lease Tenants, the Depository will daily transfer such amounts to the Trustee for deposit into the Rent Payment Fund. The Authority will subsequently identify moneys received in advance of their due date as Prepaid Rent and will, on or prior to the Monthly Transfer Date, direct the Trustee to transfer such moneys into the Prepaid Rent Account, and provide the Trustee with a schedule showing how such Prepaid Rent is expected to be transferred to the Rent Revenue Account of the Rent Payment Fund on future Monthly Transfer Dates as Regularly Scheduled Rent.

- Delinquent Rent. Upon receipt by the Depository of any amounts from the Ground Lease Tenants, the Depository will daily transfer such amounts to the Trustee for deposit into the Rent Payment Fund. The Authority will subsequently identify such moneys received after their due date as Delinquent Rent and will, subject to the Trustee’s reimbursement of the Authority for Interest Reserve Advances made with respect to such Delinquent Rent, on or prior to the Monthly Transfer Date, direct the Trustee to transfer such Delinquent Rent to the Rent Revenue Account of the Rent Payment Fund.
- Fee Purchase Payments. Upon receipt of any Fee Purchase Payment, the Depository shall transfer such moneys daily to the Trustee for deposit in the Fee Purchase Payments Account of the Rent Payment Fund, which moneys will be subsequently transferred directly to the Principal Redemption Account on the next Monthly Transfer Date. The Authority will compare the amount of the payment received against the corresponding scheduled amount for that Ground Lease Tenant on the Financing Agreement Schedule. The Fee Mortgage on such parcel will not be discharged and released unless the appropriate Fee Purchase Payment has been paid. For more information relating to Fee Purchase Payments, see “THE GROUND LEASES – Fee Purchase Payments” herein.
- Authority Cure Rights Payments. Amounts paid by the Authority following the exercise of its Authority Cure Rights in the nature of Delinquent Rent and in the nature of Regularly Scheduled Rent shall be deposited into the Rent Revenue Account of the Rent Payment Fund as described above under “–Monthly Ground Rent”.
- Direct Cost Rent Credit Payments. Amounts paid by the Authority following a determination that the Ground Lease Tenant is entitled to a Direct Cost Rent Credit are treated as Regularly Scheduled Rent and shall be deposited into the Rent Revenue Account of the Rent Payment Fund as described above under “–Monthly Ground Rent”.
- Amounts Recovered by the Authority or the Trustee Following the Exercise of Remedies. Amounts recovered by the Authority or the Trustee following the occurrence, in the case of a Ground Lease Tenant, of a Ground Lease Payment Event of Default or, in the case of the Authority, of a Trust Agreement Event of Default shall be applied to the redemption of the Obligations and related Principal Components, subject, in certain circumstances, to the repayment to the Authority of certain Interest Rate Advances, all as more fully described in **Attachment 2 - “Summary of Certain Provisions of the Trust Agreement – Application of Moneys”**.
- Other Moneys. Upon the receipt by the Authority of any other moneys intended for the payment of Monthly Ground Rent or Fee Purchase Payments, or in the event the Authority recovers moneys from a guarantor under any of the Payment Guaranties as described herein under “THE GROUND LEASES – Guaranties – *WRY Payments Guaranties*” relating to additional amounts resulting from the termination of a related Ground Lease, the Authority shall promptly transfer such moneys to the Trustee for deposit into the Rent Revenue Account of the Rent Payment Fund, in the case of moneys intended for the payment of Monthly Ground Rent, and for deposit into the Fee Purchase Payments Account of the Rent Revenue Account, in the case of all other moneys.

See **Attachment 2** – “Summary of Certain Provisions of the Trust Agreement – Rent Payment Fund” in this official statement.

Application by Trustee of Financing Agreement Payments. The Financing Agreement Payments, when received by the Trustee and deposited as described above, are to be applied as reflected in the Illustrative Flow of Funds on page 7 of this official statement and described as follows:

- Interest Account.
 - On or prior to each Monthly Transfer Date (i.e., the Business Day immediately preceding the 20th day of each calendar month, commencing October 19, 2016), the Trustee shall, until the amount in the Interest Account is equal to the Interest Account Requirement (i.e., effectively, as of any date, the aggregate amount of the Interest Component accrued on all Outstanding Principal Components calculated to the 15th day of the next succeeding calendar month, less the Interest Component to be paid from other sources in connection with a redemption),

transfer first from the Capitalized Interest Fund an amount equal to the Capitalized Interest Fund Transfer Amount for that month, and second from the Rent Revenue Account (i.e., Regularly Scheduled Rent and Delinquent Rent) an amount equal to the difference between the Interest Account Requirement and the amounts transferred under clause first.

- If, on any Monthly Transfer Date, after taking into account all other deposits to the Interest Account, the amount on deposit in the Interest Account is less than the Interest Account Requirement (the “Interest Reserve Deficiency Amount”), the Trustee shall transfer from the Interest Reserve Fund to the Interest Account an amount equal to such Interest Reserve Deficiency Amount. The Trustee shall give notice (the “Interest Reserve Advance Notice”) to the Authority setting forth the amount needed to replenish the Interest Reserve Fund to its required balance. Subject to the limitations described below under “Interest Reserve Advances,” the Authority shall, within twenty-five (25) days after receiving the Interest Reserve Advance Notice, pay to or upon the order of the Trustee the amount set forth in the Interest Reserve Advance Notice for deposit into the Interest Reserve Fund.
- Once the amount on deposit in the Interest Account on the Monthly Transfer Date is equal to the Interest Account Requirement, all remaining amounts deposited into the Rent Revenue Account that month shall be transferred to the Principal Redemption Account for application in accordance therewith.
- Principal Redemption Account. On each Monthly Transfer Date, the Trustee shall make such deposits or transfers to the Principal Redemption Account in the following order:
 - the amount on deposit in the Rent Revenue Account in excess of the amount needed, after making the Capitalized Interest Fund Transfer Amount, to bring the amount on deposit in the Interest Account to the Interest Account Requirement;
 - all amounts in the Fee Purchase Payments Account; and
 - all amounts that, by the terms of the enforcement of remedies provisions of the Trust Agreement, are intended to be applied to the redemption of the Series 2016A Obligations and the related Principal Components. See **Attachment 2** - “Summary of Certain Provisions of the Trust Agreement – Events of Default Relating to the Trust Obligations and Exercise of Remedies by the Trustee” and “Application of Moneys”.
 - Concurrently with making the transfers described above, the Trustee shall re-calculate the Principal Component related to the Series 2016A Obligations that can be redeemed on the next Eligible Early Mandatory Redemption Date (taking into reconsideration the then Applicable Redemption Price and accrued interest) from amounts transferred or deposited in the Principal Redemption Account and then re-calculate the Interest Account Requirement taking into account such upcoming redemptions. Any amounts in the Interest Account in excess of the re-calculated Interest Account Requirement shall be transferred to the Principal Redemption Account.
 - Upon making all required transfers to the Principal Redemption Account on or prior to each Monthly Transfer Date, the Trustee shall immediately determine if any Series 2016A Obligations and related Principal Components will be subject to Early Mandatory Redemption on the next Eligible Early Mandatory Redemption Date, taking into account amounts transferred to the Principal Redemption Account and the Early Mandatory Redemption provisions. If any Series 2016A Obligations and related Principal Components are subject to Early Mandatory Redemption, the Trustee will notify the Authority of such upcoming redemption and take all actions required to effectuate such redemption, including calculating the Principal Amounts, related Principal Components to be redeemed, and the Applicable Redemption Price(s) and sending all required Redemption Notices no later than two Business Days following the Monthly Transfer Date. See “DESCRIPTION OF SERIES 2016A OBLIGATIONS – *Redemption Prior to Maturity* – Early Mandatory Redemption” herein.

See **Attachment 2** – “Summary of Certain Provisions of the Trust Agreement – Rent Payment Fund” in this official statement.

Interest Reserve Advances

As described above under “Financing Agreement Payments – *Application by Trustee of Financing Agreement Payments* – Interest Account,” subject to the following limitations, the Authority shall, within twenty-five (25) days after receiving from the Trustee the Interest Reserve Advance Notice, pay to or upon the order of the Trustee the amount set forth in the Interest Reserve Advance Notice. The Authority shall not be obligated to make Interest Reserve Advances with respect to any Ground Lease (a) for a period longer than seven (7) years after the Original Ground Lease Default Date relating to such Ground Lease, or (b) beginning on the date after the Trustee or the Real Estate Asset Management Consultant has, in accordance with the Trust Agreement, relet, sold or otherwise disposed of the premises that are the subject matter of the Ground Lease. For purposes of clarification, the seven (7) year period shall commence upon the occurrence of a Ground Lease Payment Event of Default and shall continue until all of the Ground Lease Payment Events of Default under the same Ground Lease are cured; during the continuance of such initial Ground Lease Payment Event of Default, subsequent Ground Lease Payment Events of Default under the same Ground Lease do not extend the existing seven (7) year period nor begin a new seven (7) year period. After all of the Ground Lease Payment Events of Default have been cured, a new seven (7) year period may begin under that same Ground Lease upon the occurrence and during the continuance of a subsequent Ground Lease Payment Event of Default.

In the event the Authority does not timely make its Interest Reserve Advances, then the Trustee may bring action against the Authority to require compliance with the terms of the Trust Agreement and the Financing Agreement. See **Attachment 2** - “Summary of Certain Provisions of the Trust Agreement – Events of Default Relating to the Trust Obligations and Exercise of Remedies by the Trustee”.

The obligation of the Authority to pay the Interest Reserve Deficiency Amounts (as well as Direct Cost Rent Credit Payments) is absolute and unconditional, but such amounts are payable solely from Available Transportation Revenues, and such payments are payable without any rights of setoff, recoupment or counterclaim the Authority might have against the Trustee, any of the Ground Lease Tenants or any other person. The Authority’s obligation to pay Interest Reserve Advances (as well as Direct Cost Rent Credit Payments) is on a parity with operating expenses and subordinate to the Authority’s obligation to pay debt service on its Transportation Revenue Bonds. See “THE AUTHORITY” below in this official statement for certain information related to the Authority and the other Related Transportation Entities and information relating to Available Transportation Revenues including information included by specific cross-reference in this official statement.

Amounts Recovered Under the Trust Agreement and/or the Fee Mortgages in the Exercise of Remedies Following a Trust Agreement Event of Default or a Ground Lease Payment Event of Default

Trust Agreement Event of Default. Upon the occurrence of any Trust Agreement Event of Default, including the failure in the payment of any Principal and Interest Component related to any Obligations when the same shall become due and payable, whether at the stated Maturity Date thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon to the date of redemption after notice of redemption therefor or otherwise, or there shall occur a failure by the Authority to observe, or a refusal to comply with, the terms of the Trust Agreement, the Financing Agreement or the Obligations, subject to applicable grace periods, except in the case of the failure of the Authority to make timely payments of Interest Reserve Advances under the Financing Agreement or the failure of the Authority to make Direct Cost Rent Credit Payments within ten (10) Business Days of their due date as provided in the Financing Agreement, which shall be an immediate Trust Agreement Event of Default, then the Trustee shall (1) bring action upon the Obligations or under the Trust Agreement or the Financing Agreement against the Authority to require compliance with the terms of the Trust Agreement and the Financing Agreement, (2) by action or suit, require the Authority to account for Financing Agreement Payments as if it were the trustee of an express trust for the Owners of the Obligations, and (3) 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.

See **Attachment 2** – “Summary of Certain Provisions of the Trust Agreement – Events of Default Relating to the Trust Obligations and Exercise of Remedies by the Trustee” for more information relating to the provisions relating to the exercise of remedies following a Trust Agreement Event of Default and the application of moneys resulting from the exercise of such remedies.

Ground Lease Payment Event of Default. As provided in the Trust Agreement, either the Authority or the Trustee is required to exercise remedies under a Ground Lease following a Ground Lease Payment Event of Default, which is an event of default under a Ground Lease caused by the Ground Lease Tenant’s failure to pay Monthly Ground Rent. The Authority shall, during such period, continue to be obligated to make Interest Reserve Advances in accordance with the Financing Agreement and the Trust Agreement. The Authority’s rights under the Trust Agreement include Authority Cure Rights, which require, among other things, that the Authority pay all defaulted Monthly Ground Rent (in excess of amounts previously provided in the form of Interest Reserve Advances) and future Monthly Ground Lease payments in the amounts and on the dates set forth in the defaulted Ground Lease. The Trustee is required to exercise remedies under the applicable Ground Lease and the related Fee Mortgage following a Ground Lease Payment Event of Default in the event the Authority has not agreed to exercise its Authority Cure Rights within twelve (12) months following the Original Ground Lease Default Date, including retaining a Real Estate Asset Management Consultant to sell or relet the defaulted property. See **Attachment 2** – “Summary of Certain Provisions of the Trust Agreement – Exercise of Remedies by the Authority or the Trustee Upon the Occurrence of a Ground Lease Payment Event of Default” to this official statement.

Upon the occurrence of any Ground Lease Payment Event of Default, the Authority is required to take any action against the Ground Lease Tenant under the defaulted Ground Lease as may be necessary or convenient to remedy the Ground Lease Payment Event of Default. The Authority shall, during such period, continue to be obligated to make Interest Reserve Advances in accordance with the Financing Agreement and the Trust Agreement. In addition, the Authority shall, within a reasonable period of time following any Original Ground Lease Default Date, but in no event later than twelve (12) months following such date, notify the Trustee in writing either that (i) it is exercising its Authority Cure Rights with respect to the Ground Lease Payment Event of Default, or (ii) it has decided not to exercise its Authority Cure Rights with respect to the Ground Lease Payment Event of Default. If at any time after it commences the exercise of its Authority Cure Rights the Authority determines not to continue exercising Authority Cure Rights, then the Authority shall promptly notify the Trustee of such determination. In the event the Authority determines not to continue to exercise its Authority Cure Rights, the Authority shall continue to be obligated to make Interest Reserve Advances in accordance with the Financing Agreement and the Trust Agreement. At no time may the Authority sell the parcel that is the subject of the defaulted Ground Lease at a price that is less than the sum of the defaulted Monthly Ground Rent plus the applicable Fee Purchase Payment.

See **Attachment 2** – “Summary of Certain Provisions of the Trust Agreement - Exercise of Remedies by the Authority or the Trustee Upon the Occurrence of a Ground Lease Payment Event of Default” and “Application of Moneys” for more information relating to the provisions relating to the exercise of remedies by the Authority following a Ground Lease Payment Event of Default and the application of moneys resulting from the exercise of such remedies.

In the event that (i) the Authority has notified the Trustee that the Authority is not exercising its Authority Cure Rights, (ii) the Authority has not notified the Trustee within twelve (12) months from the Original Ground Lease Default Date that the Authority is exercising its Authority Cure Rights, or (iii) the Authority does not continue to exercise its Authority Cure Rights, the Trustee shall exercise rights and remedies under the applicable Ground Lease and Fee Mortgage by causing a Real Estate Asset Management Consultant to be retained for the purpose of servicing and administering the defaulting Ground Leases for which it is responsible and exercising remedies under the defaulted Ground Leases and Fee Mortgages with the same care, skill, prudence and diligence with which the Real Estate Asset Management Consultant performs its general mortgage servicing and property management activities on behalf of third parties or on behalf of itself, whichever is higher, and giving due consideration to the customary and usual standards of practice of prudent institutional commercial mortgage lenders servicing their own loans and with a view to the timely collection of all scheduled payments of Monthly Ground Rent. If a Ground Lease continues in default and if, in the good faith and reasonable judgment of the Real Estate Asset Management Consultant, no satisfactory arrangements

can be made for the collection of the delinquent payments, the Real Estate Management Consultant shall seek the maximization of the recovery on the defaulting Ground Lease for the benefit of the Owners.

See **Attachment 2** – “Summary of Certain Provisions of the Trust Agreement - Exercise of Remedies by the Authority or the Trustee Upon the Occurrence of a Ground Lease Payment Event of Default” and “Application of Moneys” for more information relating to the provisions relating to the exercise of remedies by the Trustee following a Ground Lease Payment Event of Default and the application of moneys resulting from the exercise of such remedies.

The Fee Mortgages

The Authority will grant separate fee mortgages (each, a “Fee Mortgage”) to the Trustee, granting the Trustee a first mortgage on the Authority’s fee interest in the Ground Leased Property (including the Authority’s interest in the appurtenant improvements, easements, equipment, fixtures, personal property, leases and rents) demised under each Ground Lease (individually and collectively, the “Mortgaged Property”). The Fee Mortgages will secure the Authority’s obligation to make Financing Agreement Payments. Each Fee Mortgage covers an individual Ground Lease, and is not cross-defaulted to the other Fee Mortgages, thus enabling exercise of remedies against individual Ground Leases and the appurtenant Mortgaged Property.

The Fee Mortgages will each be subject to the Ground Leases. As a result, following any foreclosure of a Fee Mortgage, unless the Ground Lease has been previously terminated, the purchaser at foreclosure will not acquire the applicable parcel free and clear of the applicable Ground Leases; rather, they will acquire the Authority’s interest as fee owner and as lessor under the applicable Ground Leases and, as such, will acquire and be subject to the benefits and obligations of the Authority under the Ground Leases.

If a Ground Lease Tenant’s failure to pay Monthly Ground Rent when due under a Ground Lease results in a Ground Lease Payment Event of Default, and the Authority has elected not to exercise its Authority Cure Rights, the Trustee may exercise remedies under the corresponding Fee Mortgage. The remedies provided under each Fee Mortgage permit the Trustee to, among other things, through foreclosure or a receiver, step into the Authority’s position as owner of the applicable Mortgaged Property and as landlord under the defaulted Ground Lease, and to thereafter exercise all rights and remedies of landlord and owner, including the right to terminate the Ground Lease and collect damages, and sell and/or re-lease all or a portion of the Mortgaged Property. Proceeds from the exercise of remedies will be applied as described under “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Amounts Recovered Under the Trust Agreement and/or the Fee Mortgages in the Exercise of Remedies Following a Trust Agreement Event of Default or a Ground Lease Payment Event of Default” in this official statement; and see **Attachment 5** – “Summary of Certain Provisions of the Fee Mortgages and Forms Thereof”.

To the extent that any Ground Lease Tenant exercises its Fee Conversion Option, the fee interest acquired by the Ground Lease Tenant will be released from the Applicable Fee Mortgage upon payment of the corresponding Fee Purchase Payment. Where the Fee Conversion Option has been exercised with respect to an individual residential condominium, the Authority will execute and deliver the partial release of the Fee Mortgage on behalf of the Trustee and will deliver a certification of receipt of payment to the Trustee.

No Title Insurance

The Fee Mortgages will not be covered by a policy of title insurance. In the judgment of the Authority, title insurance would not provide a cost-effective benefit to the Owners in light of the fact that there has been substantial title work done on the Hudson Rail Yards in connection with the various governmental approval processes, the Ground Leases, the leasehold construction financings, and the legal limitations on the rights of third parties to impose liens on public property.

No Additional Trust Obligations Except Refunding Obligations

Pursuant to a supplement to the Trust Agreement (a “Supplemental Trust Agreement”), the Authority may request the execution and delivery by the Trustee of additional trust obligations (the “Refunding Obligations”) to refund all or a portion of the Series 2016A Obligations (or other subsequently issued Refunding Obligations), subject to the satisfaction of certain conditions described in **Attachment 2** under “Summary of Certain Provisions of the Trust Agreement – Preparation of Obligations”. Concurrently with the execution and delivery of Refunding Obligations, the Related Transportation Entities and the Trustee will enter into a supplement to the Financing Agreement (a “Supplemental Financing Agreement”) to establish an amended MTA Financing Agreement Amount and the agreement of the Authority to pay the Principal Components and the Interest Components determined in the Supplemental Financing Agreement with respect to the Refunding Obligations. The Series 2016A Obligations and any Refunding Obligations hereafter issued are collectively referred to herein as the “Hudson Rail Yards Trust Obligations” or the “Obligations.” No additional MTA Financing Agreement Amount or Trust Obligations other than in connection with Refunding Obligations may be executed and delivered under the Financing Agreement or the Trust Agreement.

State Agreement

In accordance with the New York Public Authorities Law, each Related Transportation Entity includes in the Financing Agreement the pledge and agreement of the State with each Related Transportation Entity, the Trustee and the Owners of the Trust Obligations that the State will not limit or alter the rights and powers vested in any of them to fulfill the terms of any agreement made by any of them with such Owners, or in any way impair their rights and remedies until such agreements and obligations, including the Financing Agreement and the MTA Financing Agreement Amount, including the Principal Components and the Interest Components, together with all costs and expenses in connection with any action or proceedings by or on behalf of the Authority or such Owners, are fully met and discharged.

Other Covenants of the Authority

The Authority has included, among others, the following covenants and agreements in the Trust Agreement:

- The Authority covenants and agrees, on behalf of itself and the other Related Transportation Entities, with the Owners of the Obligations to perform all obligations and duties imposed on them, as applicable, under the Trust Agreement, the Financing Agreement, the Irrevocable Dedicated Deposit Account Instructions, the Fee Mortgages and the Ground Leases.
- The Authority covenants and agrees that it shall use commercially reasonable efforts to timely pursue any and all actions to enforce its rights to collect (or to direct the payment to the Depository of) all amounts due under the Ground Leases, the Completion Guaranties and the Payment Guaranties.
- The Authority covenants and agrees that it shall not take any action and will use its best efforts not to permit any action to be taken by others under the Ground Leases, the Completion Guaranties, the Payment Guaranties and the Fee Mortgages that would result in a Prohibited Modification.

Prohibited Modifications means (i) any modification to the Ground Leases or to the Severed Parcel Pro Forma Rent Schedule attached to a Ground Lease which reduces the Annual Base Rent payable thereunder, (ii) any modification to the Ground Leases which reduces the Fee Purchase Payments and/or the Residential Unit Purchase Price payable in connection with a Fee Purchase Payment, (iii) any modification to the Ground Leases which increases or extends Rent Abatements, (iv) any waiver of a Ground Lease Tenant’s obligation to make payments of Annual Base Rent and/or the Fee Purchase Payments in the amounts and at the times due as set forth in the Ground Leases, (v) any acceleration of a Ground Lease Tenant’s right to exercise the Fee Conversion Option earlier than the Fee Conversion Closing Date set forth in the Ground Leases, (vi) any modification of the Ground Leases which would grant Ground Lease Tenant an express right to deduction, counterclaim, set-off or offset against the Annual Base Rent, or constitute a Ground Lease not to be a “triple

net lease” as set forth in the Ground Leases, (vii) any modification to the application of funds to be used to restore the premises following a casualty pursuant to the Ground Leases, (viii) any modification to the apportionment or application of condemnation proceeds pursuant to the Ground Leases, and (ix) any modification to the Ground Leases with respect to Ground Lease Tenant Events of Default and Landlord remedies relating thereto.

For more details relating to other covenants of the Authority included in the Trust Agreement, see **Attachment 2** - “Summary of Certain Provisions of the Trust Agreement – Enforcement of Ground Leases, Completion Guaranties, Payment Guaranties and Fee Mortgages”.

Authority Statutory Bankruptcy Prohibition

As long as the Authority has bonds or notes outstanding (other than the Hudson Rail Yards Trust Obligations), the MTA Act specifically prohibits the Authority and the Related Transportation Entities from filing a bankruptcy petition under Chapter 9 of the Federal Bankruptcy Code (“Bankruptcy Code”). In addition, as long as any such Authority bonds or notes (other than the Hudson Rail Yards Trust Obligations) are outstanding, the State has covenanted not to change the law to permit the Authority or other Related Transportation Entities to file such a petition. Chapter 9 does not provide authority for creditors to file involuntary bankruptcy proceedings against the Authority or other Related Transportation Entities.

The Authority currently has over \$37 billion of outstanding bonds and notes (including debt of MTA Bridges and Tunnels), with a final scheduled maturity through 2056. However, if all other outstanding bonds and notes of the Authority are paid or defeased and the only obligations of the Authority outstanding are the Hudson Rail Yards Trust Obligations or other obligations that are not protected by the no bankruptcy provisions referred to in the preceding paragraph (i.e., the prohibition against filing under Chapter 9 and the related State covenant), the State would not be prohibited from subsequently authorizing the Authority and its affiliates and subsidiaries to file a bankruptcy petition under Chapter 9 of the Bankruptcy Code.

THE GROUND LEASES

The Authority, as “Landlord” has entered into the following Ground Leases with Related-Oxford, which are pledged as security for the Series 2016A Obligations:

- the following ground leases, each with a 99-year term (beginning December 3, 2012), entered into between the Authority, as landlord, and a special purpose entity controlled by Related-Oxford, as Ground Lease Tenants, all of which Ground Leases demise the ERY and were severed from the ERY Balance Lease, dated as of April 10, 2013:
 - the Ground Lease demising the Tower A Severed Parcel, also known as 30 Hudson Yards,
 - the Ground Lease demising the Tower D Severed Parcel, also known as 15 Hudson Yards,
 - the Ground Lease demising the Tower E Severed Parcel, also known as 35 Hudson Yards,
 - the Ground Lease demising the Retail Podium Severed Parcel,
 - the Ground Lease demising the Retail Pavilion Parcel, and
- the 99-year WRY Balance Lease (beginning December 3, 2013) between the Authority and a special purpose entity controlled by Related-Oxford demising the WRY and the Severed Parcel Leases to be entered into upon the creation of Severed Parcels that may be severed from the WRY, at the option of the applicable Ground Lease Tenant, upon satisfaction of certain conditions, in order to construct improvements thereon in accordance with the terms of the applicable Severed Parcel Lease.

The Authority has also entered into the following ground leases which do not provide a source of payment or security for the Series 2016A Obligations:

- the now-terminated ground lease demising Tower C, also known as 10 Hudson Yards, as to which the Ground Lease Tenant closed on its exercise of its Fee Conversion Option on August 1, 2016,
- the ground lease demising the Culture Shed, which does not pay any Monthly Ground Rent, and
- the ground lease demising the Open Space Severed Parcel which does not pay any Monthly Ground Rent.

The Severed Parcel Ground Leases require Ground Lease Tenants, at their sole cost and expense, to construct the LIRR Roof over the LIRR tracks in the Hudson Rail Yards, which LIRR Roof will serve as the foundation for substantial portions of the buildings and other improvements being constructed pursuant to each Severed Parcel Ground Lease. As used herein, “Ground Lease Tenant” refers to those entities that are the ground lease tenants under the WRY Balance Lease and each Severed Parcel Ground Lease. See “THE GROUND LEASES – Severance” below.

Each Ground Lease Tenant may purchase the fee interest in its Severed Parcel and related improvements upon substantial completion thereof at the Fee Purchase Payment.

The following is a summary of certain Ground Lease provisions. The below summary is further supplemented by the more comprehensive “Summary of Certain Provisions of the Ground Leases” and the model forms of Severed Parcel Ground Lease and Balance Lease, each attached hereto as **Attachment 4**.

Severance

Upon satisfaction of certain commencement conditions and in accordance with an Authority-approved plan for severance (a “Severed Parcel Plan”), the ERY Balance Lease was, and the WRY Balance Lease will be, severed into one or more separate Severed Parcel Leases prior to the commencement of construction of improvements on a Severed Parcel.

Severance and release to proceed with construction on a Severed Parcel is conditioned upon, among other things, (i) a completion guaranty for the building improvements and associated portion of the LIRR Roof being provided to the Authority by approved guarantors, (ii) evidence of closing of financing sufficient to complete construction of the building improvements and associated portion of the LIRR Roof to be constructed on such Severed Parcel, (iii) Authority and LIRR approval of plans and specifications for the building improvements and the associated portion of the LIRR Roof and Facilities to be constructed on such Severed Parcel, and (iv) a collateral assignment to the Authority of all permits, licenses and contracts relating to construction of the building improvements and the associated portion of the LIRR Roof.

The ERY has been fully severed into development parcels demised under separate Severed Parcel Leases. Ground Lease Tenants under five of the ERY Severed Parcel Leases make Monthly Ground Rent payments to the Authority equal to their respective allocable shares (based on the zoning square footage allocated to development on a particular Severed Parcel) of the ERY Monthly Ground Rent, and those allocable shares add up to 100% of the Monthly Ground Rent due for the ERY under the Ground Leases. The WRY has not been severed and thus the entire western portion of the Hudson Rail Yards continues to be demised under the WRY Balance Lease. Accordingly, the Ground Lease Tenant (Related-Oxford) under the WRY Balance Lease pays 100% of the Monthly Ground Rent for the WRY.

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Summary of Monthly Ground Rent of Ground Leases Currently in Effect*

Parcel	Current Monthly Ground Rent Annualized [†]	Mandatory 100% Rent Commencement Date	Annual Ground Rent at Mandatory 100% Rent Commencement Date
A – 30 Hudson Rail Yards	\$ 3,749,135	12/1/2018	\$ 8,248,097
B – Retail Podium	1,782,656	12/1/2018	3,921,844
Pavilion / Outdoor Plaza	19,568	12/1/2018	43,050
D – 15 Hudson Rail Yards	1,336,753	12/1/2018	2,940,858
E – 35 Hudson Rail Yards	1,533,826	12/1/2018	3,374,417
ERY Total	\$ 8,421,939		\$ 18,528,265
WRY Balance Lease	\$ 0	12/1/2020	\$ 33,042,990
ERY & WRY Total	\$ 8,421,939		\$ 51,571,255

* Does not include the Tower C parcel, also known as 10 Hudson Yards, as to which the Ground Lease Tenant closed on its exercise of its Fee Conversion Option on August 1, 2016.

[†] ERY parcels are currently at 50% of Annual Ground Rent until earlier of receipt of Certificate of Occupancy, or mandatory 100% Rent Commencement Date.

Subparcel Severance

Each Severed Parcel Lease permits the further subdivision and sub-severance (a “Subparcel Severance”) of existing Severed Parcels following substantial completion of the building and the Associated Portion of the LIRR Roof on the applicable Severed Parcel, in order to provide flexibility to the Ground Lease Tenant for long-term financing, ownership and operation of a Building. The Severed Parcel Leases provide that there can be no more than nine Subparcel Severances under all of the Ground Leases in the aggregate at any one time.

Each Subparcel, following Subparcel Severance, will have its own separate lease (a “Severed Subparcel Lease”). The resulting Severed Subparcel Lease will not be cross-defaulted with other Severed Subparcel Leases, and will provide separate Ground Rent and Fee Purchase Options. Each Severed Subparcel Lease will be in the same form as the Severed Parcel Lease from which the Severed Subparcel was severed.

To date, there have not been any Subparcel Severances on the ERY or WRY.

Ground Rent Payments

During the Lease Term, each Ground Lease Tenant is required to pay Annual Ground Rent as set forth in its respective Ground Lease. The Annual Ground Rent for the WRY is currently an aggregate amount set forth in the WRY Original Ground Lease; upon severance of the WRY Balance Lease into separate Severed Parcel Leases, Annual Ground Rent for each Severed Parcel Lease will be equal to the Severed Parcel Allocable Share attributed to the Severed Parcel under the Severed Parcel Plan, multiplied by the Annual Ground Rent due under the WRY Balance Lease.

Annual Ground Rent under each Ground Lease is subject to a fixed 10% increase every five (5) years. Each Ground Lease also provides that fair market value (“FMV”) resets of Annual Ground Rent shall occur in lease years 30, 55 and 80. The FMV reset of Annual Ground Rent is subject to a floor of not less than 100% of the then existing Annual Ground Rent, and subject to a cap of not more than 120% of the then existing Annual Ground Rent. All Annual Ground Rent and FMV rent resets occur on the same date across all Severed Parcel Leases based on the initial Rent Commencement Date of the initial Balance Lease (December 3, 2012 with respect to the ERY Balance Lease, and December 3, 2013 with respect to the WRY Balance Lease), irrespective of the date of the Severed Parcel Lease. See **Attachment 4** – “Summary of Certain Provisions of the Ground Leases and Forms Thereof.”

Annual Ground Rent due under each Ground Lease is subject to initial abatements set forth in the Ground Leases. All Annual Ground Rent initial abatements terminate unconditionally on December 2, 2018 with respect to each ERY Severed Parcel Lease and December 2, 2020 with respect to the WRY Balance

Lease. In addition to specifying the date upon which all initial abatements unconditionally terminate, each Ground Lease states that, other than the initial abatements expressly provided under the Ground Lease, no Ground Lease Tenant shall have the right to an abatement, diminution, reduction, setoff or refund of Annual Ground Rent under any circumstances. Notwithstanding the foregoing, a Ground Lease Tenant could become entitled to a further temporary abatement in the form of a rent credit of no more than fifty percent (50%) of the applicable Ground Lease Rent if the Authority were to commit certain specific acts or omissions in connection with the initial construction of buildings with commercial or retail space, but only to the extent that such acts or omissions delay the substantial completion of the building. The Authority has covenanted to make additional deposits (i.e. the Direct Cost Rent Credit Payments) with the Depository equal to such rent credit amounts, if any, arise. See “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Financing Agreement Payments – *General*” in this official statement; see also **Attachment 4** – “Summary of Certain Provisions of the Ground Leases and Forms Thereof – Base Rent Abatement”.

Fee Purchase Payments

Under each Severed Parcel Ground Lease, following substantial completion of construction of the building on the Ground Leased Property, a Ground Lease Tenant has the option, at any time, to purchase the fee interest in its Ground Leased Property (and thus terminate its Ground Lease) by exercising its Fee Conversion Option and making the required Fee Purchase Payment under its applicable Ground Lease. The required Fee Purchase Payment under each Ground Lease is equal to (a) the present value to the purchase date of all remaining Monthly Ground Rent due for the 99-year lease term, including escalations, plus (b) the present value to the purchase date of a pre-established reversionary value of the property after the 99th year. The calculation of the required Fee Purchase Payment is set forth in each Ground Lease.

The following conditions must be met prior to a Ground Lease Tenant’s exercise of a fee purchase option: (i) all payments in lieu of sales and use taxes (“PILOST”) with respect to improvements must be paid to the Authority, including PILOST on all office fit-out for the anchor tenant in an office building, (ii) Rent must be current, (iii) a Letter of Credit must have been posted to cover any remaining punch list items for LIRR Roof completion, and (iv) there can be no existing Severed Parcel Lease Default.

The Authority must cause fee-converted property to be conveyed free and clear of liens and encumbrances created by the Authority, except to the extent requested or consented to by the Ground Lease Tenant. The applicable Fee Mortgage will be released at the time of the fee conversion upon payment of the Fee Purchase Payment for the Severed Parcel. Where the Fee Conversion Option has been exercised with respect to an individual residential condominium, the Authority will execute and deliver the partial release of the Fee Mortgage on behalf of the Trustee and will deliver a certification of receipt of payment to the Trustee. The Ground Lease Tenant is responsible for all costs associated with fee conversion (transfer taxes, title and survey costs, etc.).

Ground Lease Tenants are not obligated under the Ground Leases to exercise their Fee Conversion Options and the Authority cannot predict the likelihood of when, or whether at all, any Ground Lease Tenants will exercise such options. Any such exercise will result in a mandatory redemption of the allocable portion of the Series 2016A Obligations. In that connection, it should be noted with respect to Severed Parcels that are developed for residential condominium sales that State law does not currently permit the sale of such residential condominium units subject to a ground lease. As a result, the Ground Lease Tenants with respect to such Ground Leases will be required to exercise their Fee Conversion Options following completion in order to be able to sell individual residential units. In such cases, the Fee Conversion Option may be exercised separately for each residential condominium unit. In all cases, unsold residential condominium units for which the Fee Conversion Option has not been exercised will remain subject to the applicable Ground Lease.

Ground Lease Tenant Events of Default

Ground Lease Tenant Events of Default under each Ground Lease include the following: (i) failure to pay Ground Rent and Additional Rent when due, which remains uncured for five business days after written notice from Landlord; (ii) failure to observe or perform one or more of the other terms, conditions, covenants

or agreements contained in the Severed Parcel Lease, which remains uncured for 30 days after written notice from Landlord; (iii) voluntary bankruptcy, or Ground Lease Tenant admitting it is unable to pay debts as such debts become due; general assignment for the benefit of creditors; involuntary bankruptcy which is not dismissed within 90 days; appointment, without the consent or acquiescence of Ground Lease Tenant, of any trustee, receiver, or other similar official for Ground Lease Tenant or of all or any substantial part of its properties which is not vacated within 30 days; (iv) abandonment of the Premises, which remains uncured for 30 days following notice from Landlord; (v) assignment, sublease, transfer, mortgage or encumbrance in violation of the Ground Lease, which remains uncured for 30 days following notice from Landlord; (vi) Ground Lease Tenant Default under the applicable ERY or WRY Restrictive Declaration which remains uncured for 30 days after written notice from Landlord; (vii) Ground Lease Tenant Default under the applicable ERY or WRY Declaration of Easements, any PILOT Agreement or the PILOST Agreement, or a default by the guarantor under a Building Completion Guaranty, a Rent Payment Guaranty, or the LIRR Facilities Guaranty which remains uncured after the expiration of any applicable notice and cure period; and (viii) Ground Lease Tenant Default under the applicable ERY or WRY Construction Agreement which remains uncured after the expiration of any applicable notice and cure period.

Effect of Ground Lease Tenant Leasehold Mortgages

It is a condition to each Ground Lease Tenant's right to enter into a Severed Parcel Ground Lease and commence construction on a building that it close full construction financing to complete the building at the time of severance. For each of the ERY Severed Parcel Ground Leases, the construction financing for the current buildings under construction is secured by, among other things, a leasehold mortgage on the respective Severed Parcel Ground Lease. The same financing structure is anticipated to apply to each Severed Parcel Ground Lease created on the WRY. In all such cases, the respective Ground Lease Tenants' leasehold mortgages encumbers only the Ground Lease Tenant's leasehold interest under its Severed Parcel Ground Lease, and does not encumber the Authority's fee interest in the applicable Severed Parcel. As a result, a Ground Lease Tenant's obligation to pay Monthly Ground Rent is structurally senior to its obligation to pay debt service on its financing. If a Ground Lease Tenant does not timely make its payment of Monthly Ground Rent then, following notice and an additional grace period, the leasehold mortgagee for the affected Ground Lease will have the right to make such payment to the Authority on the Ground Lease Tenant's behalf. If a leasehold mortgagee does not timely exercise such right, then the Authority will have the right to terminate the Ground Lease. If a Ground Lease is terminated as a result of a failure to pay Monthly Ground Rent, then the applicable leasehold mortgagee will lose the collateral for its loan (i.e., the building and improvements constructed on the Ground Leased Property, along with the leasehold interest under the Ground Lease). Each leasehold mortgagee will therefore have a strong incentive to cure a Ground Lease Payment Event of Default.

Primary Authority Remedies Under Ground Leases

If an Event of Default on the part of the applicable Ground Lease Tenant occurs under the terms of a Ground Lease: (i) the Authority may cure and perform Ground Lease Tenant covenants using self-help remedies, and seek reimbursement for all reasonable sums, costs and expenses expended by the Authority; (ii) the Authority may terminate the Ground Lease and repossess the Premises upon 20 days' notice following an Event of Default (subject to the cure rights of the Ground Lease Tenant's leasehold mortgagee); and (iii) upon termination of the Ground Lease, Ground Lease Tenant shall be liable to the Authority for damages, expenses and deficiencies for the remaining original term of the Ground Lease, equal to, at the Authority's option, either: (A) the excess of the rent that would have been payable by Ground Lease Tenant under the Ground Lease over any rent collected from re-letting the premises ("Deficiency"); or (B) in lieu of Deficiency, as liquidated damages, the net present value of the amount by which the remaining rent stream for the balance of the Lease Term exceeds the fair market rental value of the Premises, discounted at 6.5%.

Guaranties

Pursuant to the Ground Leases, certain payment guaranties and completion guaranties are required from affiliates of the Ground Lease Tenants, as described below. Each Guarantor has agreed to maintain specified net worth and liquidity for the terms of the guaranties. While the potential liability under the guaranties may provide incentive for the applicable guarantor to assure performance by the Ground Lease

Tenant of the guaranteed obligations, none of these guaranties directly guaranty payment of interest or principal on the Series 2016A Obligations. Payments under certain payment guaranties, if collected, will be applied in respect of the Series 2016A Obligations, but are not sufficient to pay all amounts due on the Series 2016A Obligations. None of the Ground Leases have the benefit of a non-recourse carve-out or “bad act” guaranty.

The Building Completion Guaranties

Prior to the commencement of construction of each Building under a Severed Parcel Lease, Ground Lease Tenant must deliver a joint and several Completion Guaranty (a “Buildings Completion Guaranty”) from the Related Companies, L.P. (the “Related Guarantor”) and OP USA Debt Holdings Limited Partnership (an Oxford affiliate, hereinafter “OPUSA” or in its capacity as a guarantor, the “OPUSA Guarantor,” and collectively with the Related Guarantor, the “Guarantor”) guarantying timely completion of the applicable Building and Related Improvements. Buildings Completion Guaranty obligations are capped at 115% of budgeted hard construction costs and actual soft costs (architects, engineers, etc.), less any amounts funded (or to be funded) by institutional loans.

Each Buildings Completion Guaranty requires that Guarantor maintain Minimum Liquid Assets and Minimum Net Worth sufficient, in the Authority’s reasonable judgment, to cover Guarantor’s aggregate exposure on all Guaranties given on the ERY and WRY. The Authority has required on all ERY Guaranties a Minimum Net Worth of \$1.2 billion and Minimum Liquid Assets of \$100 million for the Related Guarantor, and a Minimum Net Worth and Minimum Liquid Assets of \$400 million, respectively, for the OPUSA Guarantor. Failure of building completion does not impact the required commencement of Monthly Ground Rent or other remedies under the Ground Leases.

To date, Building Completion Guaranties have been delivered for the benefit of the Authority and LIRR for all ERY Severed Parcel Ground Leases. In addition, a completion guaranty for the ERY LIRR Roof has been delivered to the Authority and LIRR. To the extent any payments are made pursuant to any of the Building Completion Guaranties, such payments are not pledged as collateral for the Series 2016A Obligations and will not constitute Financing Agreement Payments.

WRY Payments Guaranties

WRY Default Payments Guaranty: In connection with the execution of the WRY Balance Lease, the Related Companies and OPUSA on April 10, 2014 jointly and severally guaranteed to the Authority certain Monthly Ground Rent payments if an Event of Default occurs on the WRY Balance Lease prior to commencement of construction on any portion of the WRY LIRR Roof, as follows:

- any unpaid post-closing payments and all installments of Monthly Ground Rent due under the WRY Balance Lease calculated from the Abatement Commencement Date (December 3, 2013) through to the date on which Related-Oxford surrenders possession to the Authority of the Premises, as such Monthly Ground Rent is abated during the abatement periods provided under the WRY Balance Lease; plus
- the additional amount, if any, set forth on the Default Payments Schedule under the column “Guaranteed Additional Amounts Due” corresponding to the Lease Year in which the Event of Default resulting in the termination of the WRY Lease occurred, which additional amounts effectively result in the repayment to the Authority of the entire rent abatement given for the Initial Abatement Period (Years 1 and 2) and Second Abatement Period (Years 3-5).

The WRY Default Payments Guaranty terminates once construction of the first portion of the WRY LIRR Roof begins in connection with a Severed Parcel Ground Lease, and a Completion Guaranty for the portion of the LIRR Roof with respect to the Severed Parcel Ground Lease in question is given to the Authority. To the extent any payments are made pursuant to the WRY Default Payments Guaranty (other than costs of collection), such payments are pledged to the Owners and would be available for Financing Agreement Payments.

WRY Roof/Financial Payments Guaranty: At the time the WRY Default Payments Guaranty terminates, Guarantor must deliver to the Authority the Roof/Financial Payments Guaranty, which guaranties to the Authority the payment of all “Financial Obligations” due to the Authority (i.e., all Monthly Ground Rent, specifically excluding PILOT and PILOST payments) on the yet-to-be-developed portions of the WRY which continue to be leased under the WRY Balance Lease (i.e., not under a WRY Severed Parcel Ground Lease). The Financial Obligations covered by the Roof/Financial Payments Guaranty are capped at a maximum of \$250 million, and the cap declines as segments of the LIRR Roof on the WRY are substantially completed:

1. until 50% of the entire WRY LIRR Roof is substantially completed, an aggregate cap of \$250 million;
2. from and after the date that 50% of the entire WRY LIRR Roof is substantially completed, until 75% of the WRY LIRR Roof is substantially completed, an aggregate cap of \$187.5 million;
3. from and after the date that 75% of the entire WRY LIRR Roof is substantially completed, an aggregate cap of \$125 million; and
4. -0-, once Completion Guaranties for the entire WRY LIRR Roof have been delivered to the Authority.

The Roof/Financial Payments Guaranty cap amounts are not cumulative; once Financial Obligations payments equal to the maximum aggregate cap have been received by the Authority under the WRY Balance Lease, the Roof/Financial Payments Guaranty terminates. All payments covered under the WRY Default Payments Guaranty (i.e., all payments under the WRY Balance Lease prior to commencement of construction of the first WRY Roof Segment) are specifically excluded from the definition of “Financial Obligations” covered under the Roof/Financial Payments Guaranty, such that no credit against the Roof/Financial Payments Guaranty cap is given for payments made under the WRY Balance Lease prior to execution and delivery of the Roof/Financial Payments Guaranty.

Pursuant to the Fee Mortgages, the WRY Default Payments Guaranty and the WRY Roof/Financial Payments Guaranty will be pledged as additional collateral securing the Series 2016A Obligations. To the extent any payments are made pursuant to the WRY Default Payments Guaranty or the WRY Roof/Financial Payments Guaranty (other than costs of collection), such payments are pledged as collateral for the Series 2016A Obligations and would be available for Financing Agreement Payments.

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COLLATERAL VALUE

Overview

All of the ERY parcels are currently under development, and financing (mortgage debt, subordinate financings and equity) is in place for the completion of all of the buildings. All such financing is subordinate to the payment of the Ground Rent under the Ground Leases. Below is a compilation of all filed mortgage liens on each of the parcels on the ERY. With regard to the WRY, JLL was retained by the Authority to provide a broker opinion of value with respect to the value of the development rights on the WRY. Its broker opinion of value is discussed below and set forth in **Attachment 6**.

ERY: Mortgage Financing In Place

Set forth below is information regarding the leasehold mortgage financing obtained by the respective Ground Lease Tenants for construction pursuant to each of the ERY Severed Parcel Ground Leases. Such information is based on the information publicly available on the Automated City Register Information (“ACRIS”) website maintained by the New York City Department of Finance and reflects only the maximum principal amounts secured by recorded mortgages that have been properly filed and uploaded to the ACRIS website. It is possible that other debt has been incurred that is not reflected on ACRIS and that the full amount available under any leasehold mortgage will not be fully drawn. In addition, it is possible that additional debt will be obtained by Ground Lease Tenants in the future.

Mortgage Debt Recorded against Pledged Parcels as of August 22, 2016

Parcel	Name	Use	Zoning Square Feet	Original Principal Amount of Mortgage Debt Filed
<i>Eastern Rail Yard</i>				
A	30 Hudson Yards	Office	2,069,217	\$ 690,000,000
B	Retail Podium*	Retail	983,881	1,500,000,000
	Retail Pavilion*	Retail	10,800	
D	15 Hudson Yards	Residential	737,779	930,000,000 [†]
E	35 Hudson Yards	Mixed Use	846,547	694,500,000
Total – Eastern Rail Yard			6,170,000	\$3,814,500,000

Note: table above excludes (1) Parcel C (10 Hudson Yards) since it is not included in the pledge of the Trust Estate, and (2) the Culture Shed and the Open Space, which do not pay Ground Rent and are not included in the pledge of the Trust Estate.

* The Retail Podium and Retail Pavilion are covered by a single mortgage.

[†] Represents mortgage debt from two sources.

WRY: Jones Lang LaSalle Broker Opinion of Value

The Authority has no independent knowledge of any facts indicating that the information under this subcaption “COLLATERAL VALUE – WRY: Jones Lang LaSalle Broker Opinion of Value” and in Attachment 6 - “Jones Lang LaSalle Broker Opinion of Value for the Western Rail Yards” herein is inaccurate in any material respect, but has not independently verified this information and cannot and does not warrant the accuracy or completeness of this information. The information contained under this subcaption “COLLATERAL VALUE – WRY: Jones Lang LaSalle Broker Opinion of Value” and in Attachment 6 - “Jones Lang LaSalle Broker Opinion of Value for the Western Rail Yards” herein has been included in reliance upon JLL as an expert knowledgeable in the valuation of mixed-use real estate in Manhattan, and has not been independently verified for accuracy or appropriateness of assumptions, although the Authority has no independent knowledge that the information is not materially accurate and complete.

The JLL Broker Opinion of Value for the WRY reflects the gross valuation of development rights if vacant and available for development in accordance with Related-Oxford's currently approved development plan for the WRY before deducting any costs for the platform or Authority or LIRR costs for working over an operating rail network. JLL prepared the JLL Broker Opinion of Value for the WRY properties based upon the approved zoning and land use resolution from the City for the WRY. JLL valued each of the individual components of the overall development based upon the approved use for each individual site and the zoning square feet allocations in any severance lease figures known as of August 22, 2016.

The fair market value of the WRY, on a gross basis before deducting any appropriate penalty costs incurred in the construction of the deck in the WRY, ranges between \$3,263,000,000 and \$3,703,000,000. JLL has expressed its opinion of value in terms of a range, due to the uncertainties surrounding the sequencing and final composition of the development plan on the WRY. The Base Opinion of Value (as defined in the JLL Broker Opinion of Value) of \$3,703,000,000 reflects current market conditions for office, residential, hotel and retail development projects of similar quality and scale in comparable locations in Manhattan. The Conservative Opinion of Value (as defined in the JLL Broker Opinion of Value) of \$3,263,000,000 allows for a number of market changes, most importantly a 10% reduction in the average sales price of condominium units. See **Attachment 6** – “Jones Lang LaSalle Broker Opinion of Value for the Western Rail Yards” for the value ascribed to each individual parcel and the assumed use.

The JLL Broker Opinion of Value was developed using multiple approaches, including a “comparable sales” approach and a “developer return” or “land residual value” approach. The comparable sales approach looks solely to valuations per zoning square foot across multiple development sites of similar nature in the subject markets. Each individual parcel in the comparable sales approach may include development premiums above and beyond a vacant and available for development condition, including the cost to relocate existing tenancies, demolition expenses for existing improvements, or site excavation and dewatering and site remediation premiums for hazardous materials. Developer costs to arrive at a condition ready for development may or may not be similar in scale on a per zoning square foot basis to those currently anticipated to build the WRY LIRR Roof.

The land residual valuation approach did include the current developer estimate of \$1,400,000,000 in total cost for the substructures; decking (LIRR Roof); mechanical, electrical and fire safety; site wide improvements and other developer obligations to complete the WRY development. The cost of construction of the WRY LIRR Roof alone is uncertain. Related has provided guidance that the cost to construct the WRY LIRR Roof and structural support systems with all park and common improvements ranges from \$700 million to \$1.0 billion. The cost to construct the WRY LIRR Roof and associated improvements includes cost items which would normally be incurred in the construction of any project in Manhattan. The developer also avoids portions of any site excavation or foundations and rock removal costs associated with a conventional structure on a fee simple parcel. The actual premium cost on a site-by-site basis may change pending completion of actual building design, the sequencing of the construction program and means and methods of construction. See **Attachment 6** – “Jones Lang LaSalle Broker Opinion of Value for the Western Rail Yards.”

JLL Broker Opinion of Value Assumptions and Limitations

The JLL Broker Opinion of Value for the Western Rail Yards is subject to numerous assumptions and limitations. The opinions and conclusions set forth in the JLL Broker Opinion of Value are not guarantees, nor necessarily accurate predictions of future real estate market or the City real estate market behavior or trends over the life of the Series 2016A Obligations or the Ground Leases. Investors should read the JLL Broker Opinion of Value in its entirety in **Attachment 6** to understand the assumptions and limitations in the report.

PLAN OF FINANCE AND APPLICATION OF PROCEEDS

The Authority anticipates that the net proceeds of the Series 2016A Obligations (the principal amount thereof, plus original issue premium of \$132,205,722.60, and less certain financing, legal and miscellaneous expenses of \$9,279,350.27) in the amount of \$1,180,356,372.33, combined with other funds of the Authority in the amount of \$22,523,221, will be used to (i) retire the outstanding Transportation Revenue Bond Anticipation Notes, Series 2016A, which were issued to provide interim financing of transit and commuter capital projects, (ii) finance approved capital program transit and commuter projects of the Related Transportation Entities (other than the Authority), (iii) fund an Interest Reserve Requirement of \$8,811,916.67 in an amount equal to one-sixth (1/6) of the greatest amount of Interest Components in the current or any future year, (iv) fund the Capitalized Interest Fund requirement of \$120,389,514, and (v) finance certain costs of issuance.

DESCRIPTION OF SERIES 2016A OBLIGATIONS

General

Interest Component Payments. The Series 2016A Obligations (the Principal Component) will bear interest at the rates and mature in the amounts and on the dates shown on the inside cover page of this official statement. The Interest Component will be paid on each May 15 and November 15, beginning May 15, 2017, calculated based on a 360-day year comprised of twelve 30-day months.

Record Date. The record date for the payment of principal of, and interest on the Series 2016A Obligations (and related Principal Components and Interest Components) shall be the May 1 or November 1 immediately preceding an Interest Payment Date, whether or not such day is a Business Day.

Book-Entry-Only System. The Series 2016A Obligations will be registered in the name of The Depository Trust Company or its nominee (together, DTC), New York, New York, which will act as securities depository for the Series 2016A Obligations. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. So long as DTC is the registered owner of the Series 2016A Obligations, all payments on the Series 2016A Obligations will be made directly to DTC. DTC is responsible for disbursement of those payments to its participants, and DTC participants and indirect participants are responsible for making those payments to beneficial owners. See **Attachment 7** – “Book-Entry-Only System.”

Transfers and Exchanges. So long as DTC is the securities depository for the Series 2016A Obligations, it will be the sole registered owner of the Series 2016A Obligations, and transfers of ownership interests in the Series 2016A Obligations will occur through the DTC Book-Entry-Only System.

Trustee and Paying Agent. Wells Fargo Bank, National Association is Trustee and Paying Agent with respect to the Series 2016A Obligations.

Redemption Prior to Maturity

Early Mandatory Redemption. The Series 2016A Obligations shall be subject to mandatory redemption prior to their maturity in whole or in part in connection with a redemption of the related Principal Component of the MTA Financing Agreement Amount from moneys deposited in the Principal Redemption Account. Such moneys will be derived primarily from Fee Purchase Payments and moneys deposited monthly to the Rent Payment Fund in excess of the Interest Account Requirement. Such Early Mandatory Redemption shall occur on the next Eligible Early Mandatory Redemption Date at the Applicable Redemption Price (as set forth in **Schedule 1** attached to this official statement), plus the accrued Interest Component, if any, to the date of redemption. Such Early Mandatory Redemption shall be subject to the Early Mandatory Redemption Priority and the Early Mandatory Redemption Amount Minimum.

The Applicable Redemption Prices set forth in **Schedule 1** are, prior to a Series 2016A Obligation's Optional Redemption Date, calculated to equal the amortized value of the Series 2016A Obligation on such redemption date, plus accrued interest, based on the original offering yield (as shown on the inside cover) of such Series 2016A Obligation. On and after a Series 2016A Obligation's Optional Redemption Date, the Applicable Redemption Price shall equal 100% plus accrued interest to the date of redemption.

"Early Mandatory Redemption Amount Minimum" means, for each Eligible Early Mandatory Redemption Date, the lesser of five million dollars (\$5,000,000) or the Principal Component related to the Series 2016A Obligations then Outstanding that is subject to such Early Mandatory Redemption.

"Early Mandatory Redemption Priority" means the November 15, 2046 maturity, followed by the November 15, 2051 maturity, followed by the November 15, 2056 maturity.

"Eligible Early Mandatory Redemption Date" means, as of any date, either the next February 15, May 15, August 15 or November 15 that is no earlier than 20 days from such date of determination; provided, however, notwithstanding the foregoing, if the amount of the Principal Component of Series 2016A Obligations to be redeemed on a particular date is equal to or greater than fifty million dollars (\$50,000,000), the next Eligible Early Mandatory Redemption Date for such redemption shall be the 15th day of the next succeeding calendar month provided such Redemption Date is no earlier than 20 days from the date of determination.

For Series 2016A Obligations subject to Early Mandatory Redemption, the Trustee will give notice to the Owners of the Series 2016A Obligations, subject to the further provisions of this paragraph, which notice will specify the Eligible Early Mandatory Redemption Date and the place or places where amounts due upon such redemption will be payable. The notice will further state that on the Eligible Early Mandatory Redemption Date the Applicable Redemption Price thereof, including the Interest Component accrued to the Eligible Early Mandatory Redemption Date, will be payable upon presentation of the Series 2016A Obligation to the Trustee, and that from and after the Eligible Early Mandatory Redemption Date the Interest Component with respect to the Series 2016A Obligation called for redemption will cease to accrue. The Trustee will mail a copy of the notice, postage prepaid, not less than twenty (20) days nor more than ninety (90) days before the Eligible Early Mandatory Redemption Date, to the Owner of each Series 2016A Obligation which is to be prepaid, at the address appearing on the Register. So long as all of the Series 2016A Obligations remain immobilized in the custody of DTC, any such notice of redemption of the Series 2016A Obligations will be delivered only to DTC. Any defect in the giving of notice to a particular Owner will not affect the validity of the redemption of the Series 2016A Obligations.

See "MTA HUDSON RAIL YARDS TRUST OBLIGATIONS STRUCTURING ASSUMPTIONS AND METHODOLOGY- Table C: Scenario 1" and "—Table C: Scenario 2", which are included in this official statement for illustrative purposes only to show potential early mandatory redemption outcomes applicable to the Series 2016A Obligations.

Optional Redemption. The Series 2016A Obligations (and the related Principal Components) may be redeemed prior to their maturity, at the option of the Authority from any available moneys, whether or not Financing Agreement Payments, on or after the dates as indicated in the table below, in whole or in part on any date (each, an "Optional Redemption Date") at a redemption price of one hundred per centum (100%) of the Principal Amount of the Series 2016A Obligation and the Principal Component of the MTA Financing Agreement Amount to be redeemed, plus accrued interest, if any, to the date of redemption in connection with a redemption of the Principal Component of the MTA Financing Agreement Amount.

Optional Redemption Table

Maturity	First Optional Redemption Date
November 15, 2046	November 15, 2019
November 15, 2051	November 15, 2021
November 15, 2056	November 15, 2023

For Series 2016A Obligations being redeemed pursuant to Optional Redemption, the Trustee will give notice to the Owners of the Series 2016A Obligations, subject to the further provisions of this paragraph, which notice will specify the Optional Redemption Date and the place or places where amounts due upon such redemption will be payable. The notice will further state that on the Optional Redemption Date, the redemption price thereof, including the Interest Component accrued to the Optional Redemption Date, will be payable upon presentation of the Series 2016A Obligation to the Trustee, and that from and after the Optional Redemption Date, the Interest Component with respect to the Series 2016A Obligation called for redemption will cease to accrue. The Trustee will mail a copy of the notice, postage prepaid, not less than twenty (20) days nor more than sixty (60) days before the Optional Redemption Date, to the Owner of each Series 2016A Obligation which is to be redeemed, at the address appearing on the Register. So long as all of the Series 2016A Obligations remain immobilized in the custody of DTC, any such notice of redemption of the Series 2016A Obligations will be delivered only to DTC. Any defect in the giving of notice to a particular Owner will not affect the validity of the redemption of the Series 2016A Obligations.

Partial Redemption. If the Hudson Rail Yards Trust Obligations are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the Hudson Rail Yards Trust Obligations, partial redemptions will be done in accordance with DTC procedures. If the Hudson Rail Yards Trust Obligations are not registered in book-entry-only form, any redemption of less than all of the Hudson Rail Yards Trust Obligations will be allocated as described in **Attachment 2** - “Summary of Certain Provisions of the Trust Agreement – Redemption”.

Effect of Redemption. Notice having been given as aforesaid, and the moneys sufficient for redemption having been set aside in the Principal Redemption Account within the Rent Payment Fund (in the amount set forth in the notice of redemption) in connection with a redemption of the Principal Component of the MTA Financing Agreement Amount, the related Hudson Rail Yards Trust Obligations shall become due and payable on the date fixed for redemption, and, upon presentation and surrender thereof at the office or offices specified in such notice, the Hudson Rail Yards Trust Obligations shall be paid together with any unpaid and accrued Interest Component to the date fixed for redemption.

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MTA HUDSON RAIL YARDS TRUST OBLIGATIONS STRUCTURING ASSUMPTIONS AND METHODOLOGY

General

As shown in the following tables, the Series 2016A Obligations (and Principal Components) are structured such that (1) each maturity would be fully repaid prior to their stated maturities either through the timely receipt of all Monthly Ground Rent due or Fee Purchase Payments (if Ground Lease Tenants elect to exercise their Fee Conversion Options at any time) or any combination of the two and (2) in every period, the total redemption cost (applicable redemption price plus accrued interest) of outstanding Series 2016A Obligations (and Principal Components) is less than the sum of: (i) the remaining Fee Purchase Payments which would be paid upon full exercise of all remaining Fee Conversion Options on ERY and WRY parcels, (ii) the balance in the Capitalized Interest Fund, (iii) the balance in the Interest Reserve Fund, (iv) the balance in the Interest Account, and (v) the balance in the Principal Redemption Account.

As described in further detail below, the tables set forth in this heading assume two illustrative revenue scenarios and resulting debt service, redemptions and asset coverage under each scenario and set of assumptions.

Scenario 1 assumes that no Ground Lease Tenants exercise their Fee Conversion Options at any time.

Scenario 2 assumes that all Ground Lease Tenants exercise their Fee Conversion Option following substantial completion of the building on such parcel based on an assumed schedule shown in the table below. Scenario 2 further assumes that:

- ERY Fee Purchase Payments will be received from each parcel from 2018 through 2020, as described in the table “Scenario 2: ERY Assumed Schedule of Fee Conversion Options” below, and
- WRY Fee Purchase Payments, constituting prepayments on 20% of the total WRY zoning area, will be received on January 1 of each year from 2022 through 2026, as described in the table “Scenario 2: WRY Assumed Schedule of Fee Conversion Options” below.

The two scenarios described herein are illustrative presentations based only on assumed alternative results of Ground Lease Tenant and Hudson Rail Yards Project behavior and activity to assist the investor in understanding the range of potential revenue outcomes and resulting redemption schedule assuming full payment of amounts due under the Ground Leases. Given the uncertain timing of development and construction and the uncertainty of Ground Lease Tenants’ decisions with respect to exercising Fee Conversion Options, actual results could differ significantly from what is presented herein and therefore there is no assurance that the tabular results of any of the presented scenarios will occur or be realized. In addition, neither of the scenarios presented herein show the impact of any payment defaults under the Ground Leases.

Table A for Scenarios 1 and 2: Ground Lease Revenues available for Debt Service

For Scenario 1, the Ground Lease revenues shown in Table A include only Monthly Ground Rent due under the Ground Leases (assuming maximum abatements in the early years) and No Fee Purchase Payments since it is assumed no Ground Lease Tenants will exercise their Fee Conversion Options at any time.

For Scenario 2, the Ground Lease revenues shown in Table A include both Monthly Ground Rent due under the Ground Leases (assuming maximum abatements in the early years) and 100% of Fee Purchase Payments that would be payable assuming the following hypothetical Fee Conversion Option exercise schedule:

Scenario 2: ERY Assumed Schedule of Fee Conversion Options

ERY Parcel	Percent of Aggregate ERY Ground Leases pledged	Assumed Exercise of Fee Conversion Option and Receipt of Fee Purchase Payment
A – 30 Hudson Yards	44.5%	10/1/2019
B – Retail Podium Retail Pavilion	21.2 0.2	10/1/2018 10/1/2018
D – 15 Hudson Yards	15.9	10/1/2018
E – 35 Hudson Yards	18.2	4/1/2020

Scenario 2: WRY Assumed Schedule of Fee Conversion Options

WRY Parcel	Percent of Aggregate WRY Ground Leases pledged	Assumed Exercise of Fee Conversion Option and Receipt of Fee Purchase Payment
TBD	20.0%	1/1/2022
TBD	20.0	1/1/2023
TBD	20.0	1/1/2024
TBD	20.0	1/1/2025
TBD	20.0	1/1/2026

Table B for Scenarios 1 and 2: Revenues, Debt Service and Interest Coverage

Table B shows amounts which would be available for interest and principal redemptions of the Series 2016A Obligations (and related Principal Components and Interest Components) based on the scenario assumptions and the application thereof. Amounts transferred from the Capitalized Interest Fund will offset reduced Ground Lease Revenue through 2020, assuming the maximum allowable abatements of Monthly Ground Rent under the Ground Leases. As described herein, Monthly Ground Rent in excess of the Interest Account Requirement of the Series 2016A Obligations and Fee Purchase Payments received will be used to redeem Series 2016A Obligations (and related Principal Components) pursuant to the Early Mandatory Redemption provisions.

Table C for Scenarios 1 and 2: Redemption and Average Life Calculations

Table C shows the amount of Series 2016A Obligations that would be redeemed in every year pursuant to the Early Mandatory Redemption Provisions from Monthly Ground Rent in excess of the Interest Account Requirement assumed to be received (Scenario 1) and Fee Purchase Payments assumed to be received (Scenario 2). The Series 2016A Obligations are not subject to a fixed sinking fund redemption schedule. Rather, they are subject to Early Mandatory Redemption in the amounts and at the times revenues are available for such purpose (in addition to the Optional Redemption provisions described herein).

Table D for Scenarios 1 and 2: Indicative Asset Coverage Calculations

Table D sets forth the indicative asset value (remaining Fee Purchase Payment amounts plus Trust Estate account balances) compared to the total remaining redemption cost of Series 2016A Obligations (and related Principal Components) outstanding. In every year, total assets available, consisting of the sum of (i) the aggregate remaining Fee Purchase Payments if Ground Lease Tenants elect to exercise their Fee Conversion Options on ERY and WRY parcels, (ii) the balance in the Capitalized Interest Fund, (iii) the balance in the Interest Reserve, (iv) the balance in the Interest Account, and (v) the balance in the Principal Redemption Account is structured to exceed the total redemption cost of outstanding Series 2016A Obligations (and related Principal Components) at such time (applicable redemption price plus accrued interest).

Table A: Scenario 1
Indicative Ground Lease Revenues Available For Debt Service Assuming No Exercise Of Fee Purchase Options And Full And Timely Payment Of All Ground Rent

12-Month Period Ending November 15	ERY Ground Rent Payments⁽¹⁾	WRY Ground Rent Payments⁽¹⁾	ERY Fee Purchase Option Payments	WRY Fee Purchase Option Payments	Ground Lease Payments Available for Debt Service
2016	\$ 701,828	\$ 0	\$ 0	\$ 0	\$ 701,828
2017	8,421,939	0	0	0	8,421,939
2018	9,193,950	13,767,912	0	0	22,961,862
2019	17,756,254	16,396,332	0	0	34,152,586
2020	18,528,265	16,521,495	0	0	35,049,760
2021	18,528,265	31,666,198	0	0	50,194,463
2022	18,528,265	33,042,990	0	0	51,571,255
2023	20,226,689	33,042,990	0	0	53,269,679
2024	20,381,092	36,071,930	0	0	56,453,022
2025	20,381,092	36,347,289	0	0	56,728,380
2026	20,381,092	36,347,289	0	0	56,728,380
2027	20,381,092	36,347,289	0	0	56,728,380
2028	22,249,358	36,347,289	0	0	58,596,647
2029	22,419,201	39,679,123	0	0	62,098,324
2030	22,419,201	39,982,018	0	0	62,401,218
2031	22,419,201	39,982,018	0	0	62,401,218
2032	22,419,201	39,982,018	0	0	62,401,218
2033	24,474,294	39,982,018	0	0	64,456,312
2034	24,661,121	43,647,036	0	0	68,308,157
2035	24,661,121	43,980,219	0	0	68,641,340
2036	24,661,121	43,980,219	0	0	68,641,340
2037	24,661,121	43,980,219	0	0	68,641,340
2038	26,921,723	43,980,219	0	0	70,901,943
2039	27,127,233	48,011,739	0	0	75,138,972
2040	27,127,233	48,378,241	0	0	75,505,474
2041	27,127,233	48,378,241	0	0	75,505,474
2042	27,127,233	48,378,241	0	0	75,505,474
2043	27,127,233	48,378,241	0	0	75,505,474
2044	27,127,233	48,378,241	0	0	75,505,474
2045	27,127,233	48,378,241	0	0	75,505,474
2046	27,127,233	48,378,241	0	0	75,505,474
2047	27,127,233	48,378,241	0	0	75,505,474
2048	29,613,896	48,378,241	0	0	77,992,137
2049	29,839,956	52,812,913	0	0	82,652,869
2050	29,839,956	53,216,065	0	0	83,056,021
2051	29,839,956	53,216,065	0	0	83,056,021
2052	29,839,956	53,216,065	0	0	83,056,021
2053	32,575,285	53,216,065	0	0	85,791,351
2054	32,823,952	58,094,205	0	0	90,918,156
2055	32,823,952	58,537,672	0	0	91,361,624
2056	32,823,952	58,537,672	0	0	91,361,624
Total	\$ 979,542,438	\$ 1,669,336,742	\$ 0	\$ 0	\$ 2,648,879,180

⁽¹⁾ Monthly Ground Rent payments escalate by 10% every 5-years as described in “THE GROUND LEASES” herein, except for an assumed 0% increase for the FMV Reset in Lease Year 30.

Table B: Scenario 1
Indicative Revenues, Debt Service And Interest Coverage Assuming No Exercise Of Fee Purchase Options And Full And Timely Payment Of All Ground Rent⁽¹⁾

12-Month Period Ending November 15	Ground Lease Revenue Available for Debt Service ⁽²⁾	Capitalized Interest	Funds Available for Debt Service ⁽³⁾	Obligation Interest	Excess Funds Available for Early Mandatory Redemption ⁽⁴⁾	Early Mandatory Redemption of Principal	Applicable Redemption Premium	Principal Redemption Account Balance ⁽⁴⁾	Interest Coverage (%)
2016	\$ 701,828	\$ 7,082,032	\$ 7,783,860	\$ 0	\$ 7,783,860	\$ 0	\$ 0	\$ 7,783,860	100%
2017	8,421,939	44,449,561	60,655,360	60,655,360	0	0	0	0	100
2018	22,961,862	29,909,638	52,871,500	52,871,500	0	0	0	0	100
2019	34,152,586	18,718,914	52,871,500	52,871,500	0	0	0	0	100
2020	35,049,760	17,821,740	52,871,500	52,871,500	0	0	0	0	100
2021	50,194,463	2,677,037	52,871,500	52,871,500	0	0	0	0	100
2022	51,571,255	1,300,245	52,871,500	52,871,500	0	0	0	0	100
2023	53,269,679	108,354	53,378,033	52,871,500	506,533	0	0	506,533	101
2024	56,453,022	0	56,959,555	52,871,500	4,088,055	0	0	4,088,055	108
2025	56,728,380	0	60,816,435	52,682,125	8,134,310	5,050,000	0	3,084,310	115
2026	56,728,380	0	59,812,690	52,490,625	7,322,065	5,135,000	0	2,187,065	114
2027	56,728,380	0	58,915,445	52,294,000	6,621,445	5,460,000	0	1,161,445	113
2028	58,596,647	0	59,758,092	52,014,313	7,743,780	5,995,000	0	1,748,780	115
2029	62,098,324	0	63,847,104	51,620,750	12,226,354	12,225,000	0	1,354	124
2030	62,401,218	0	62,402,572	51,038,000	11,364,572	11,360,000	0	4,572	122
2031	62,401,218	0	62,405,790	50,462,750	11,943,040	11,940,000	0	3,040	124
2032	62,401,218	0	62,404,258	49,858,375	12,545,883	12,545,000	0	883	125
2033	64,456,312	0	64,457,195	49,200,000	15,257,195	15,255,000	0	2,195	131
2034	68,308,157	0	68,310,351	48,317,313	19,993,039	19,990,000	0	3,039	141
2035	68,641,340	0	68,644,379	47,226,375	21,418,004	21,415,000	0	3,004	145
2036	68,641,340	0	68,644,344	46,135,313	22,509,031	22,505,000	0	4,031	149
2037	68,641,340	0	68,645,371	44,988,813	23,656,559	23,655,000	0	1,559	153
2038	70,901,943	0	70,903,502	43,744,938	27,158,564	27,155,000	0	3,564	162
2039	75,138,972	0	75,142,536	42,284,438	32,858,099	32,855,000	0	3,099	178
2040	75,505,474	0	75,508,573	40,596,688	34,911,885	34,910,000	0	1,885	186
2041	75,505,474	0	75,507,359	38,818,250	36,689,109	36,685,000	0	4,109	195
2042	75,505,474	0	75,509,583	36,949,250	38,560,333	38,560,000	0	333	204
2043	75,505,474	0	75,505,807	34,984,938	40,520,870	40,520,000	0	870	216
2044	75,505,474	0	75,506,344	32,920,625	42,585,719	42,585,000	0	719	229
2045	75,505,474	0	75,505,542	30,751,125	44,755,068	44,755,000	0	68	246
2046	75,505,474	0	75,506,193	28,471,000	47,034,542	47,030,000	0	4,542	265
2047	75,505,474	0	75,510,016	26,074,938	49,435,078	49,435,000	0	78	290
2048	77,992,137	0	77,992,215	23,513,938	54,478,278	54,475,000	0	3,278	332
2049	82,652,869	0	82,656,147	20,653,813	62,002,335	61,905,000	0	97,335	400
2050	83,056,021	0	83,153,356	17,481,125	65,672,231	65,670,000	0	2,231	476
2051	83,056,021	0	83,058,253	14,139,188	68,919,065	68,915,000	0	4,065	587
2052	83,056,021	0	83,060,087	10,628,188	72,431,899	72,430,000	0	1,899	782
2053	85,791,351	0	85,793,250	6,891,313	78,901,937	78,900,000	0	1,937	1,245
2054	90,918,156	0	90,920,094	2,778,563	88,141,531	88,115,000	0	26,531	3,272
2055	91,361,624	0	91,388,155	0	91,388,155	0	0	0	0
2056	91,361,624	0	91,361,624	0	91,361,624	0	0	0	0
Total	\$ 2,648,879,180	\$ 122,067,521	\$ 2,791,686,970	\$ 1,530,766,922	\$ 1,260,920,048	\$ 1,057,430,000	\$ 0	\$ 0	0

⁽¹⁾ Assumes 0% interest rate on all account balances held by the Trustee.

⁽²⁾ Represents "Grounds Lease Payments Available for Debt Service" reported in "Table A: Scenario 1".

⁽³⁾ Includes Ground Lease Revenue Available for Debt Service, Capitalized Interest, and the prior period Redemption Fund balance.

⁽⁴⁾ Balance for period ending November 15, 2016 reflects balance in the Interest Account for payment of first coupon on May 15, 2017.

Table C: Scenario 1
Indicative Redemption And Average Life Calculations Assuming No Exercise Of Fee Purchase Options
And Full And Timely Payment Of All Ground Rent

12-Month Period Ending November 15	Total Redemption by Year			Total
	Obligation Maturing 11/15/2046	Obligation Maturing 11/15/2051	Obligation Maturing 11/15/2056	
2016	\$ 0	\$ 0	\$ 0	\$ 0
2017	0	0	0	0
2018	0	0	0	0
2019	0	0	0	0
2020	0	0	0	0
2021	0	0	0	0
2022	0	0	0	0
2023	0	0	0	0
2024	0	0	0	0
2025	5,050,000	0	0	5,050,000
2026	5,135,000	0	0	5,135,000
2027	5,460,000	0	0	5,460,000
2028	5,995,000	0	0	5,995,000
2029	12,225,000	0	0	12,225,000
2030	11,360,000	0	0	11,360,000
2031	11,940,000	0	0	11,940,000
2032	12,545,000	0	0	12,545,000
2033	15,255,000	0	0	15,255,000
2034	19,990,000	0	0	19,990,000
2035	21,415,000	0	0	21,415,000
2036	22,505,000	0	0	22,505,000
2037	23,655,000	0	0	23,655,000
2038	27,155,000	0	0	27,155,000
2039	32,855,000	0	0	32,855,000
2040	34,910,000	0	0	34,910,000
2041	36,685,000	0	0	36,685,000
2042	38,560,000	0	0	38,560,000
2043	32,305,000	8,215,000	0	40,520,000
2044	0	42,585,000	0	42,585,000
2045	0	44,755,000	0	44,755,000
2046	0	47,030,000	0	47,030,000
2047	0	49,435,000	0	49,435,000
2048	0	54,475,000	0	54,475,000
2049	0	60,505,000	1,400,000	61,905,000
2050	0	0	65,670,000	65,670,000
2051	0	0	68,915,000	68,915,000
2052	0	0	72,430,000	72,430,000
2053	0	0	78,900,000	78,900,000
2054	0	0	88,115,000	88,115,000
2055	0	0	0	0
2056	0	0	0	0
Total	\$ 375,000,000	\$ 307,000,000	\$ 375,430,000	\$ 1,057,430,000
Estimated Average Life (years)	20.8	30.4	35.9	29.0

Table D: Scenario 1
Indicative Asset Coverage Schedule Assuming No Exercise Of Fee Purchase Options And Full And Timely Payment Of All Ground Rent

Series 2016A Obligations

12-Month Period Ending November 15	Remaining ERY Fee Purchase Option Price	Remaining WRY Fee Purchase Option Price	Funds in Trust Accounts ⁽¹⁾	Total Asset Value Based on Aggregate Remaining Fee Purchase Price and Balance in Trust Accounts	Amortized Value of 2046 Maturity ⁽²⁾	Amortized Value of 2051 Maturity ⁽²⁾	Amortized Value of 2056 Maturity ⁽²⁾	Total Redemption Price of Outstanding Obligations	Asset as a % of Outstanding Obligations' Redemption Price
2016	\$ 393,387,737	\$ 687,496,866	\$ 131,581,265	\$ 1,212,465,868	\$ 409,667,500	\$ 345,459,937	\$ 433,045,991	\$ 1,188,173,427	102%
2017	402,331,783	702,421,804	79,347,844	1,184,101,431	398,515,000	338,242,367	425,552,408	1,162,309,775	102
2018	410,209,526	717,094,664	49,438,206	1,176,742,396	387,156,250	330,849,807	417,859,847	1,135,865,904	104
2019	417,767,962	731,115,773	30,719,292	1,179,603,027	376,562,500	323,285,327	409,964,554	1,109,812,381	106
2020	426,656,314	745,942,356	12,897,552	1,185,496,222	376,562,500	315,536,647	401,862,775	1,093,961,922	108
2021	436,139,936	760,385,111	10,220,516	1,206,745,563	376,562,500	308,279,167	393,547,000	1,078,388,667	112
2022	446,258,693	777,264,122	8,920,270	1,232,443,086	376,562,500	308,279,167	385,009,722	1,069,851,389	115
2023	455,146,088	795,273,552	9,318,449	1,259,738,090	376,562,500	308,279,167	376,994,292	1,061,835,958	119
2024	464,628,688	811,084,568	12,899,971	1,288,613,228	376,562,500	308,279,167	376,994,292	1,061,835,958	121
2025	474,746,356	827,954,477	11,896,227	1,314,597,060	371,491,458	308,279,167	376,994,292	1,056,764,917	124
2026	485,541,623	845,954,195	10,998,982	1,342,494,800	366,335,063	308,279,167	376,994,292	1,051,608,521	128
2027	497,059,868	865,159,388	9,973,362	1,372,192,618	360,852,313	308,279,167	376,994,292	1,046,125,771	131
2028	507,249,575	885,650,787	10,560,696	1,403,461,058	354,832,333	308,279,167	376,994,292	1,040,105,792	135
2029	518,121,704	903,769,541	8,950,145	1,430,841,391	342,556,396	308,279,167	376,994,292	1,027,829,854	139
2030	529,721,961	923,101,742	8,960,239	1,461,783,941	331,149,063	308,279,167	376,994,292	1,016,422,521	144
2031	542,099,108	943,728,656	8,965,957	1,494,793,721	319,159,313	308,279,167	376,994,292	1,004,432,771	149
2032	555,305,175	965,736,992	8,971,550	1,530,013,718	306,562,042	308,279,167	376,994,292	991,835,500	154
2033	567,085,746	989,219,268	9,009,487	1,565,314,501	291,243,479	308,279,167	376,994,292	976,516,938	160
2034	579,655,284	1,010,154,703	8,944,706	1,598,754,693	271,170,188	308,279,167	376,994,292	956,443,646	167
2035	593,066,627	1,032,492,223	8,951,296	1,634,510,145	249,665,958	308,279,167	376,994,292	934,939,417	175
2036	607,376,152	1,056,325,728	8,959,198	1,672,661,078	227,067,188	308,279,167	376,994,292	912,340,646	183
2037	622,644,013	1,081,755,407	8,964,101	1,713,363,520	203,313,625	308,279,167	376,994,292	888,587,083	193
2038	636,393,466	1,108,888,159	8,989,606	1,754,271,231	176,045,479	308,279,167	376,994,292	861,318,938	204
2039	651,063,746	1,133,306,600	9,026,516	1,793,396,861	143,053,583	308,279,167	376,994,292	828,327,042	217
2040	666,716,521	1,159,360,389	9,036,052	1,835,112,962	107,998,125	308,279,167	376,994,292	793,271,583	231
2041	683,417,591	1,187,159,049	9,049,526	1,879,626,167	71,160,271	308,279,167	376,994,292	756,433,729	248
2042	701,237,164	1,216,819,437	9,057,750	1,927,114,351	32,439,604	308,279,167	376,994,292	717,713,063	269
2043	601,088,634	1,049,294,539	9,070,787	1,659,453,960	0	300,029,938	376,994,292	677,024,229	245
2044	613,394,484	1,069,721,885	9,083,761	1,692,200,130	0	257,267,500	376,994,292	634,261,792	267
2045	626,524,479	1,091,517,289	9,096,985	1,727,138,752	0	212,326,021	376,994,292	589,320,313	293
2046	640,533,814	1,114,772,371	9,115,834	1,764,422,018	0	165,100,063	376,994,292	542,094,354	325
2047	655,481,380	1,139,584,888	9,126,745	1,804,193,014	0	115,459,083	376,994,292	492,453,375	366
2048	668,634,996	1,166,059,146	9,163,445	1,843,857,587	0	60,757,104	376,994,292	437,751,396	421
2049	682,669,533	1,189,321,849	9,304,127	1,881,295,509	0	0	375,588,458	375,588,458	501
2050	697,643,989	1,214,142,498	9,231,648	1,921,018,136	0	0	309,644,833	309,644,833	620
2051	713,621,313	1,240,625,432	9,254,732	1,963,501,477	0	0	240,442,688	240,442,688	817
2052	730,668,667	1,268,881,977	9,274,941	2,008,825,586	0	0	167,710,896	167,710,896	1,198
2053	745,783,196	1,299,030,916	9,317,729	2,054,131,841	0	0	88,482,146	88,482,146	2,322
2054	761,909,973	1,325,715,940	9,401,823	2,097,027,736	0	0	0	0	0
2055	779,116,790	1,354,188,111	8,811,917	2,142,116,817	0	0	0	0	0
2056	797,475,979	1,384,567,115	8,811,917	2,190,855,010	0	0	0	0	0

⁽¹⁾ Includes funds in the Rent Revenue Account, Capitalized Interest Fund, Interest Reserve Account, Interest Fund and Principal Redemption Account.

⁽²⁾ Includes par outstanding of the maturity multiplied by the Applicable Redemption Price plus accrued interest through the next Eligible Redemption Date.

Table A: Scenario 2
Indicative Ground Lease Revenues Available For Debt Service Assuming Full Exercise Of Fee Purchase Options from 2018 through 2026

12-Month Period Ending November 15	ERY Ground Rent Payments⁽¹⁾	WRY Ground Rent Payments⁽¹⁾	ERY Fee Purchase Option Payments⁽²⁾	WRY Fee Purchase Option Payments⁽³⁾	Ground Lease Payments Available for Debt Service
2016	\$ 701,828	\$ 0	\$ 0	\$ 0	\$ 701,828
2017	8,421,939	0	0	0	8,421,939
2018	8,908,004	13,767,912	151,975,621	0	174,651,537
2019	10,492,157	16,396,332	186,343,852	0	213,232,341
2020	1,423,945	16,521,495	78,010,681	0	95,956,120
2021	0	31,666,198	0	0	31,666,198
2022	0	27,535,825	0	153,175,286	180,711,111
2023	0	20,927,227	0	156,587,758	177,514,985
2024	0	15,585,277	0	160,173,400	175,758,677
2025	0	8,481,034	0	163,369,954	171,850,988
2026	0	1,211,576	0	166,780,586	167,992,162
2027	0	0	0	0	0
2028	0	0	0	0	0
2029	0	0	0	0	0
2030	0	0	0	0	0
2031	0	0	0	0	0
2032	0	0	0	0	0
2033	0	0	0	0	0
2034	0	0	0	0	0
2035	0	0	0	0	0
2036	0	0	0	0	0
2037	0	0	0	0	0
2038	0	0	0	0	0
2039	0	0	0	0	0
2040	0	0	0	0	0
2041	0	0	0	0	0
2042	0	0	0	0	0
2043	0	0	0	0	0
2044	0	0	0	0	0
2045	0	0	0	0	0
2046	0	0	0	0	0
2047	0	0	0	0	0
2048	0	0	0	0	0
2049	0	0	0	0	0
2050	0	0	0	0	0
2051	0	0	0	0	0
2052	0	0	0	0	0
2053	0	0	0	0	0
2054	0	0	0	0	0
2055	0	0	0	0	0
2056	0	0	0	0	0
Total	\$ 29,947,872	\$ 152,092,876	\$ 416,330,154	\$ 800,086,984	\$ 1,398,457,886

⁽¹⁾ Monthly Ground Rent payments escalate by 10% every 5-years as described in “THE GROUND LEASES” herein, except for an assumed 0% increase for the FMV Reset in Lease Year 30.

⁽²⁾ ERY Fee Purchase Payments assumed to be received of each parcel from 2018 through 2020 as described in the table titled “Scenario 2: ERY Assumed Schedule of Fee Conversion Options” herein.

⁽³⁾ WRY Fee Purchase Payments received assuming 20% of the total WRY zoning area is prepaid on January 1 of each year from 2022 through 2026, as described in the table titled “Scenario 2: WRY Assumed Schedule of Fee Conversion Options” herein.

Table B: Scenario 2
Indicative Revenues, Debt Service And Interest Coverage Assuming Full Exercise Of Fee Purchase Options From 2018 Through 2026⁽¹⁾

12-Month Period Ending November 15	Ground Lease Revenue Available for Debt Service ⁽²⁾	Capitalized Interest	Funds Available for Debt Service ⁽³⁾	Obligation Interest	Excess Funds Available for Early Mandatory Redemption ⁽⁴⁾	Early Mandatory Redemption of Principal	Applicable Redemption Premium	Principal Redemption Account Balance ⁽⁴⁾	Interest Coverage (%)
2016	\$ 701,828	\$ 7,082,032	\$ 7,783,860	\$ 0	\$ 7,783,860	\$ 0	\$ 0	\$ 7,783,860	
2017	8,421,939	44,449,561	60,655,360	60,655,360	0	0	0	0	100%
2018	174,651,537	29,909,638	204,561,175	52,871,500	151,689,675	147,155,000	0	0	387
2019	213,232,341	18,718,914	231,952,085	45,513,750	186,438,335	186,435,000	4,533,846	830	510
2020	95,956,120	17,821,740	113,781,195	34,263,625	79,517,570	77,135,000	1,373,626	1,008,944	332
2021	31,666,198	2,677,037	35,352,179	32,335,250	3,016,929	0	0	3,016,929	109
2022	180,711,111	1,300,245	185,028,285	26,480,000	158,548,285	156,140,000	0	2,408,285	699
2023	177,514,985	108,354	180,031,623	18,592,938	161,438,686	158,275,000	754,087	2,409,599	968
2024	175,758,677	0	178,168,276	10,497,875	167,670,401	163,110,000	0	4,560,401	1,697
2025	171,850,988	0	176,411,389	2,127,500	174,283,889	169,180,000	0	5,103,889	8,292
2026	167,992,162	0	173,096,051	0	173,096,051	0	0	0	
2027	0	0	0	0	0	0	0	0	
2028	0	0	0	0	0	0	0	0	
2029	0	0	0	0	0	0	0	0	
2030	0	0	0	0	0	0	0	0	
2031	0	0	0	0	0	0	0	0	
2032	0	0	0	0	0	0	0	0	
2033	0	0	0	0	0	0	0	0	
2034	0	0	0	0	0	0	0	0	
2035	0	0	0	0	0	0	0	0	
2036	0	0	0	0	0	0	0	0	
2037	0	0	0	0	0	0	0	0	
2038	0	0	0	0	0	0	0	0	
2039	0	0	0	0	0	0	0	0	
2040	0	0	0	0	0	0	0	0	
2041	0	0	0	0	0	0	0	0	
2042	0	0	0	0	0	0	0	0	
2043	0	0	0	0	0	0	0	0	
2044	0	0	0	0	0	0	0	0	
2045	0	0	0	0	0	0	0	0	
2046	0	0	0	0	0	0	0	0	
2047	0	0	0	0	0	0	0	0	
2048	0	0	0	0	0	0	0	0	
2049	0	0	0	0	0	0	0	0	
2050	0	0	0	0	0	0	0	0	
2051	0	0	0	0	0	0	0	0	
2052	0	0	0	0	0	0	0	0	
2053	0	0	0	0	0	0	0	0	
2054	0	0	0	0	0	0	0	0	
2055	0	0	0	0	0	0	0	0	
2056	0	0	0	0	0	0	0	0	
Total	\$ 1,398,457,886	\$ 122,067,521	\$ 1,546,821,477	\$ 283,337,797	\$ 1,263,483,679	\$ 1,057,430,000	\$ 6,661,559		

(1) Assumes 0% interest rate on all account balances held by the Trustee.
(2) Represents "Grounds Lease Payments Available for Debt Service" reported in "Table A: Scenario 2".
(3) Includes Ground Lease Revenue Available for Debt Service, Capitalized Interest, and prior periods Redemption Fund balance.
(4) Balance for period ending November 15, 2016 reflects balance in the Interest Account for payment of first coupon on May 15, 2017.

Table C: Scenario 2
Indicative Redemption And Average Life Calculations Assuming Full Exercise Of Fee Purchase Options
From 2018 Through 2026

<u>Total Redemption by Year</u>				
<u>12-Month Period</u> <u>Ending November 15</u>	<u>Obligation Maturing</u> <u>11/15/2046</u>	<u>Obligation Maturing</u> <u>11/15/2051</u>	<u>Obligation</u> <u>Maturing</u> <u>11/15/2056</u>	<u>Total</u>
2016	\$ 0	\$ 0	\$ 0	\$ 0
2017	0	0	0	0
2018	147,155,000	0	0	147,155,000
2019	186,435,000	0	0	186,435,000
2020	41,410,000	35,725,000	0	77,135,000
2021	0	0	0	0
2022	0	156,140,000	0	156,140,000
2023	0	115,135,000	43,140,000	158,275,000
2024	0	0	163,110,000	163,110,000
2025	0	0	169,180,000	169,180,000
2026	0	0	0	0
2027	0	0	0	0
2028	0	0	0	0
2029	0	0	0	0
2030	0	0	0	0
2031	0	0	0	0
2032	0	0	0	0
2033	0	0	0	0
2034	0	0	0	0
2035	0	0	0	0
2036	0	0	0	0
2037	0	0	0	0
2038	0	0	0	0
2039	0	0	0	0
2040	0	0	0	0
2041	0	0	0	0
2042	0	0	0	0
2043	0	0	0	0
2044	0	0	0	0
2045	0	0	0	0
2046	0	0	0	0
2047	0	0	0	0
2048	0	0	0	0
2049	0	0	0	0
2050	0	0	0	0
2051	0	0	0	0
2052	0	0	0	0
2053	0	0	0	0
2054	0	0	0	0
2055	0	0	0	0
2056	0	0	0	0
Total	\$ 375,000,000	\$ 307,000,000	\$ 375,430,000	\$ 1,057,430,000
Estimated Average Life (years)	2.8	5.6	7.7	5.4

Table D: Scenario 2
Indicative Asset Coverage Schedule Assuming Full Exercise Of Fee Purchase Options From 2018 Through 2026

Series 2016A Obligations

12-Month Period Ending November 15	Total Asset Value Based on Aggregate										Total Redemption Price of Outstanding Obligations	Asset as a % of Outstanding Obligations' Redemption Price
	Remaining ERY Fee Purchase Option Price	Remaining WRV Fee Purchase Option Price	Funds in Trust Accounts ⁽¹⁾	Remaining Fee Purchase Price and Balance in Trust Accounts	Amortized Value of 2046 Maturity ⁽²⁾	Amortized Value of 2051 Maturity ⁽²⁾	Amortized Value of 2056 Maturity ⁽²⁾	Total Redemption Price of Outstanding Obligations		Asset as a % of Outstanding Obligations' Redemption Price		
2016	\$ 393,387,737	\$ 687,496,866	\$ 131,581,265	\$ 1,212,465,868	\$ 409,667,500	\$ 345,459,937	\$ 433,045,991	\$ 1,188,173,427	\$ 1,188,173,427	102%		
2017	402,331,783	702,421,804	79,347,844	1,184,101,431	398,515,000	338,242,367	425,552,408	1,162,309,775	1,162,309,775	102		
2018	258,271,639	717,094,664	53,117,911	1,028,484,214	235,230,975	330,849,807	417,859,847	983,940,629	983,940,629	105		
2019	77,055,690	731,115,773	35,383,502	843,554,965	41,582,542	323,285,327	409,964,554	774,832,423	774,832,423	109		
2020	0	745,942,356	13,906,496	759,848,852	0	278,818,254	401,862,775	680,681,028	680,681,028	112		
2021	0	760,385,111	13,237,445	773,622,556	0	272,405,313	393,547,000	665,952,313	665,952,313	116		
2022	0	621,811,298	11,328,555	633,139,853	0	115,614,729	385,009,722	500,624,451	500,624,451	126		
2023	0	477,164,131	11,221,515	488,385,647	0	0	333,674,542	333,674,542	333,674,542	146		
2024	0	324,433,827	13,372,318	337,806,145	0	0	169,884,917	169,884,917	169,884,917	199		
2025	0	165,590,895	13,924,305	179,515,201	0	0	0	0	0	0		
2026	0	0	8,811,917	8,811,917	0	0	0	0	0	0		
2027												
2028												
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2031												
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(1) Includes funds in the Rent Revenue Account, Capitalized Interest Fund, Interest Reserve Fund, Interest Account and Principal Redemption Account..

(2) Includes par outstanding of the maturity multiplied by the Applicable Redemption Price plus accrued interest through the next Eligible Redemption Date.

CERTAIN RISK FACTORS

This section discusses certain risks associated with the Series 2016A Obligations and the repayment of the Principal and Interest Components relating thereto, but is not intended to be a dispositive, comprehensive or definitive listing of all risks associated with investment in the Series 2016A Obligations. Prospective investors in the Series 2016A Obligations should carefully consider the following risks and those risks described elsewhere in this official statement before making an investment decision. In particular, the timely payment of the Interest Components will depend on payments received with respect to the Financing Agreement Payments, including, in particular, the timely payment of Monthly Ground Rent, and the Authority's payment of Interest Reserve Advances, and the timing and amount of Principal Components will depend on payments received with respect to the Financing Agreement Payments including, in particular, the timely payment of Monthly Ground Rent and the decisions of Ground Lease Tenants to exercise or not to exercise their Fee Conversion Options. Therefore, prospective investors should carefully consider the risk factors relating to the Ground Leases, Monthly Ground Rent, Fee Purchase Payments, the Fee Mortgages and, additionally with respect to the Interest Components, the Authority's obligation to make Interest Reserve Advances.

If any of the following events or circumstances identified as risks actually occur or materialize, prospective investors' investment could be materially and adversely affected. Additional risks and uncertainties not presently known to the Authority may also impair such investment.

Although the various risks discussed in this official statement are generally described separately, prospective investors should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased.

In addition, certain risks described herein can have multiple effects that are not necessarily limited to the heading or caption under which the risk is described. Prospective investors must consider the full potential effect of each risk.

This official statement also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this official statement.

When making an investment decision with respect to the Series 2016A Obligations, a prospective investor can have no assurance, based on the information contained herein, that any Person will have the capability to meet its financial obligations under the agreements or instruments to which it is a party.

General Risks Relating to the Series 2016A Obligations

The Series 2016A Obligations Are Special Limited Obligations

Neither the Authority nor any of the other Related Transportation Entities are obligated to make any payment with respect to the MTA Financing Agreement Amount or the Series 2016A Obligations (and the related Principal Components and Interest Components) from any source other than the Trust Estate (which includes the Financing Agreement Payments) and, with respect to Contingent Support Payments only, Available Transportation Revenues. See "SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS" in this official statement. Payments from Available Transportation Revenues, however, are on a parity with operating expenses of the Related Transportation Entities and are subordinate to the Authority's obligation to pay debt service on its Transportation Revenue Bonds. See "THE AUTHORITY" in this official statement. The Series 2016A Obligations are not obligations of the City or the State.

The Principal Source of Funds for Payment of the Series 2016A Obligations (and the related Principal and Interest Components) is Monthly Ground Rent and Fee Purchase Payments

The Series 2016A Obligations are not secured by any obligation of the Ground Lease Tenants except for the Authority's pledge of the payments of Monthly Ground Rent and Fee Purchase Payments under the applicable Ground Leases and the Fee Mortgages, as well as its pledge of payments pursuant to the obligation of certain related-party guarantors under the WRY Payment Guaranty and the WRY Roof/Financial Payments Guaranty with respect to the timely payment of Monthly Ground Rent and certain additional amounts. Similarly, the Series 2016A Obligations are not secured by any interest in the rents payable by space tenants or other user occupants of the improvements on the Ground Lease or related Severed Parcels. The principal source of funds for payment of the Series 2016A Obligations (and the related Principal and Interest Components) will be the Monthly Ground Rent paid by the Ground Lease Tenants under the Ground Leases and by such Fee Purchase Payments, if any, that any Ground Lease Tenants elect to make in their sole discretion.

The Ground Lease Tenants' obligations to pay Monthly Ground Rent commence as of a date certain and are not contingent upon successful development of any portion of the Hudson Rail Yards Project. While a failure by any Ground Lease Tenant to make its Monthly Ground Rent payments could result in termination of the applicable Ground Lease and loss of the Ground Lease Tenant's entire investment, there are circumstances under which one or more of the Ground Lease Tenants may be unable or unwilling to continue to make scheduled Monthly Ground Rent payments. The initial impact of any such failure may be mitigated by Interest Reserve Advances made by the Authority, payments under the WRY Payment Guaranty and the WRY Roof/Financial Payments Guaranty, the exercise of Authority cure rights by the Authority or, if construction of the applicable parcel has commenced, the exercise of cure rights by the Ground Lease Tenant's leasehold mortgagee that is financing such construction. However, a Ground Lease Tenant's failure to timely make its Monthly Ground Rent payment could adversely affect the timing or ultimate receipt of the Principal and Interest Components relating to the Series 2016A Obligations.

Risks Related to Fee Purchase Options

Each Ground Lease Tenant has the right under its Ground Lease to purchase the fee interest in its parcel at any time following completion of development. In the event any such Ground Lease Tenant exercises such right, the applicable Ground Lease will terminate and an allocable share of the Series 2016A Obligations (and Principal Components related thereto) will be redeemed. Where a parcel has been subdivided by the creation of separate condominium units, the Fee Conversion Option applies to each condominium unit. Upon each condominium unit purchase, an allocable share of the Series 2016A Obligations (and the Principal Components related thereto) will be redeemed, and the remaining Ground Leases, with a proportionately reduced Monthly Ground Rent stream, will remain in effect as to the condominium units not so purchased. Other than in connection with the owners of residential condominium units which are required by current law to exercise their Fee Conversion Options prior to sale, there can be no assurance as to whether or when any other Ground Lease Tenants will exercise such rights.

In addition, in the event that only certain Ground Lease Tenants exercise their Fee Conversion Option, the cash flows under the remaining Ground Leases may, in aggregate, present a different credit risk than the credit risk presented by all of the Ground Leases in place at the time of execution and delivery of the Series 2016A Obligations.

The Authority's Obligations Upon A Ground Lease Payment Event of Default Are Limited

Upon the occurrence of a Ground Lease Payment Event of Default, the Authority's obligation to make Interest Reserve Advances on the Series 2016A Obligations in respect of the applicable Ground Lease is limited to seven (7) years. See "SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Interest Reserve Advances." There can be no assurance that the applicable Ground Lease Tenant (or its successor under the Ground Lease) will resume Monthly Ground Rent payments within such seven-year period or that the applicable parcel can be relet to a rent equivalent to

Monthly Ground Rent or sold for an amount equal to the then-applicable Fee Purchase Price. In addition, the Authority will not be obligated to make payments in respect of Principal Components during that period.

Except as set forth in the next paragraph, the Authority's obligation to make the Interest Reserve Advances is unconditional under the Financing Agreement. However, the Authority's obligation to make the Interest Reserves Advances is a liquidity source limited to the difference between the Interest Account Requirement and the Financing Agreement Payments available monthly to be deposited into the Interest Account. As Monthly Ground Rent escalations occur under the Ground Leases, there are increasing amounts of Financing Agreement Payments available to satisfy the Interest Account Requirement. In addition, as Principal Components are redeemed (whether due to Monthly Ground Rent in excess of the Interest Account Requirement and as Ground Lease Tenants exercise their respective Fee Conversion Options), the Interest Account Requirement decreases. Consequently, assuming no defaults by Ground Lease Tenants in the timely payment of Monthly Ground Rent, the Authority's obligation to make Interest Reserve Advances in dollar amounts generally decreases with the passage of time.

The Authority's obligation to make Contingent Support Payments will be subordinate to debt service on the Authority's Transportation Revenue Bonds and will be a parity obligation with the operating expenses of the Authority and the Related Transportation Entities under the Transportation Revenue Bond Resolution. See "THE AUTHORITY" in this official statement. The Authority also has the option to cure a Ground Lease Payment Event of Default but has no obligation to do so. See "SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Amounts Recovered Under the Trust Agreement and/or the Fee Mortgages in the Exercise of Remedies Following a Trust Agreement Event of Default or a Ground Lease Payment Event of Default – *Ground Lease Payment Event of Default.*" The Authority is not obligated to make payments in respect of the Principal Component of the Series 2016A Obligations.

Mandatory Early Redemptions May Affect Income Realized on the Series 2016A Obligations and Result in Reinvestment Risk

Mandatory early redemption of some or all of the Series 2016A Obligations (and related Principal Components) is likely to occur due to Fee Purchase Payments and Monthly Ground Rent payments in excess of the Interest Account Requirement. The timing and amount of payments that would require early mandatory redemptions are not within the Authority's control, however, and cannot be predicted. Such mandatory early redemptions may result in Owners realizing less of a benefit from their investments in the Series 2016A Obligations than they had expected. In addition, if and when such mandatory early redemptions occur, Owners may be unable to reinvest the proceeds thereof in a manner that replaces the expected return on the Series 2016A Obligations.

The Series 2016A Obligations May Not Be a Suitable Investment

The Series 2016A Obligations are not suitable investments for all investors. The security for, and redemption features of, the Series 2016A Obligations are complex. In addition, the timing of the repayment of Principal Components relating to the Series 2016A Obligations is subject to certain factors not within the Authority's control. An investor should not invest in the Series 2016A Obligations unless it understands and is able to bear the credit, liquidity and market risks associated with the Series 2016A Obligations, including both the likelihood of early mandatory redemption of Principal Components and the possible loss of the investment.

A Market May Not Develop for the Series 2016A Obligations

There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2016A Obligations. Moreover, if a secondary market does develop, there can be no assurance that it will provide Owners with liquidity of investment or that it will continue for the life of the Series 2016A Obligations. Lack of liquidity could result in a drop in the market value of the Series 2016A Obligations. In addition, the market value of such Series 2016A Obligations at any time may be affected by many factors, including but not limited to then-prevailing interest rates, and no representation can be made as to the market value of any Series 2016A Obligations at any time.

Project Completion Risks

The Hudson Rail Yards Project is a complex, large-scale, mixed-use real estate development project. Its ultimate success depends on many factors and the actions of many parties. Failures or delays in accomplishing each of the necessary steps could adversely affect the incentive or ability of one or more Ground Lease Tenants to meet its payment obligations under its respective Ground Leases. Among the factors that can affect the timing and cost of completion and ultimate success of the project are:

- Certain legal approvals and consents may still be required, particularly with respect to the Western Rail Yard, and could result in increased development costs or delays in starting construction.
- Construction of the various components of the Hudson Rail Yards Project is complicated and requires timely performance by a large number of suppliers, contractors, subcontractors and other participants. Delays and defaults by any such parties could increase the cost of construction and delay completion of the affected components. Site conditions, regulatory compliance, labor matters, disputes, changes in the local or national economy, shortages in materials, and force majeure events, among other things, can also lead to increased costs or delays. While such matters do not affect the applicable Ground Lease Tenants' rental obligations under the Ground Leases they may adversely affect the project revenue available to such Ground Lease Tenants and, if such revenues are not sufficient to cover Monthly Ground Rent, the incentive of the applicable Ground Lease Tenant to preserve its Ground Lease by continuing to pay Monthly Ground Rent.
- While the ERY Balance Lease has been fully severed pursuant to the ERY Severed Parcel Plan and financing for the development of each such Severed Parcel is in place, there have not yet been any parcels severed from the WRY Balance Lease, nor is any construction financing currently in place for WRY. There is no assurance as to whether or when the WRY Balance Lease will be severed for development. A delay in the WRY development could significantly affect the value of the WRY and could adversely affect the incentive of the applicable Ground Lease Tenants to continue paying Monthly Ground Rent.
- Construction is taking place over an active rail yard and in most instances requires construction of a platform above the train tracks. As a result, progress and responses to unexpected construction developments may be more difficult, costly and time-consuming than is typical.
- While various guaranties are or will be in place as development progresses, they are not guaranties of payment in respect of the Series 2016A Obligations and will not be sufficient to cover all payments required in respect of the Series 2016A Obligations. In addition, to the extent that such guaranties relate to completion of any portion of the development the liability of the respective guarantors is capped and may not be sufficient to cover the costs of all delays and cost over-runs.

Post-Completion Risks

Once the Hudson Rail Yards Project is completed, its ability to maintain sufficient value and generate adequate revenues to assure that the respective Ground Lease Tenants will make their Monthly Ground Rent payments will be subject to a number of risks, including:

- The ability of the respective Ground Lease Tenants to procure and retain space tenants or other occupancy leases sufficient to generate adequate levels of rent payments over the term of the Ground Leases. Among the factors that can adversely affect such leases are changes in local and national economic conditions, competition from other real estate developments, and financial difficulties experienced by individual occupants (including bankruptcies).
- The ability of the Ground Lease Tenants developing residential condominiums to procure unit buyers at prices sufficient to pay the applicable Fee Purchase Payments.
- Proper building management, including ongoing repair, replacement and capital improvement programs and access to sufficient capital.

- Force majeure events, including terrorist attacks and significant flooding.
- It is expected that Related-Oxford entities will not always be the Ground Lease Tenant under each Ground Lease. While in instances of voluntary transfers there are certain standards that must be met or Authority approvals that must be obtained, there is no assurance that any successor Ground Lease Tenant will be sufficiently successful to continue Monthly Ground Rent payments. In addition, there may be circumstances, such as a mortgage foreclosure, where the Ground Lease may be transferred involuntarily where again, there is no assurance that any successor Ground Lease Tenant will be sufficiently successful to continue Monthly Ground Rent payments.

Limitations of Broker's Opinion of Value

Each Ground Lease represents a significant long-term investment by the respective Ground Lease Tenant. Accordingly, Ground Lease Tenants may continue to make Monthly Ground Rent payments notwithstanding short-term fluctuations in the actual net revenue derived from the respective leased parcels if they believe that the applicable Parcel remains sufficiently valuable. The JLL Broker Opinion of Value, a copy of which is attached to this official statement as **Attachment 6**, discusses the current value of the WRY and its development potential and contains a broker opinion of value. The JLL Broker Opinion of Value is, however, based on numerous assumptions and limitations set forth therein, some or all of which may prove to be incorrect. If any of the assumptions prove to be incorrect at any time during the term of the Ground Leases for the WRY, the JLL Broker Opinion of Value may turn out to be inaccurate. If at any point Ground Lease Tenants do not believe that the value of their parcel justifies continued Monthly Ground Rent payments, they may decide to discontinue making them, even though it would likely lead to a default and termination of their Ground Lease. Each prospective investor should read the JLL Broker Opinion of Value in its entirety and reach their own conclusion regarding the reasonableness of the assumptions on which it is based and the recovery of its conclusions.

Risks Related to Commercial Condominium Regimes

Due to the nature of commercial condominiums, under which there are multiple distinct units all of which are governed by a condominium declaration and bylaws, a default on the part of a Ground Lease Tenant whose leasehold interest is in a condominium form would not allow the Trustee the same flexibility in realizing on the collateral pursuant to its Fee Mortgage as is generally available with respect to commercial properties that are not condominiums. The rights of other unit owners, the documents governing the management of the condominium units and the state and local laws applicable to condominium units must be considered. Consequently, realizing upon the collateral that is the subject of a condominium regime could result in greater delay, expense and risk than would be the case with respect to a mortgage loan secured by a commercial property that is not a condominium and could result in a reduction in the net proceeds realized from foreclosure.

Because current State law does not permit residential leasehold condominiums at Hudson Yards, Ground Lease Tenants developing residential condominiums will have to exercise their Fee Conversion Option before selling any individual units. Following any such sale such units will no longer form part of the security for the Series 2016A Obligations. As a result, the residential condominium parcels do not present the same risk to Owners as potential commercial condominiums.

Insurance Risks

General

Although the Ground Lease Tenant under each Ground Lease will be required to maintain insurance against certain risks, there is a possibility of casualty loss with respect to the Hudson Rail Yards Project for which insurance proceeds may not be adequate to fully restore the damaged property or which may result from risks not covered by insurance. There can be no assurance that the respective Ground Lease Tenants will in the future be able to comply with requirements to maintain adequate insurance with respect to the Ground Leases. Any uninsured or inadequately insured loss could have a material adverse impact on the amount available to make Monthly Ground Rent payments or on a Ground Lease Tenant's willingness to make such

payments, and, consequently, the Series 2016A Obligations. As with all real estate, if reconstruction (for example, following fire or other casualty) or any major repair or improvement is required to the damaged property, changes in laws and governmental regulations may be applicable and may materially affect the cost to, or ability and timing of, such Ground Lease Tenant to effect such reconstruction, major repair or improvement. As a result, the respective Ground Lease Tenants' ability or incentive to make Monthly Ground Rent payments could be adversely affected.

There can be no assurance that any loss incurred with respect to the Hudson Rail Yards Project, including losses relating to floods or acts of terrorism, will be of a type covered by such insurance and will not exceed the limits of such insurance. Should an uninsured loss or a loss in excess of insured limits occur, a Ground Lease Tenant could experience a disruption of income, potentially for an extended period of time, impairing its ability or incentive to make Monthly Ground Rent payments. In addition, the Authority and each Ground Lease Tenant is relying on the creditworthiness of the insurers providing insurance with respect to the Hudson Rail Yards Project.

The Fee Mortgages Will Not be Covered by Title Insurance

No mortgagee title insurance will be obtained with respect to the Fee Mortgage(s). Accordingly, there is no third-party source of payment to cover defects in title or intervening liens, nor is there any third party obligated to defend the respective liens of the Fee Mortgages.

In the judgment of the Authority, title insurance would not provide a cost-effective benefit to the Owners in light of the fact that there has been substantial title work done on the Hudson Rail Yards in connection with the various governmental approval processes, the Ground Leases, the leasehold financings, and the legal limitations on the rights of third parties to impose liens on public property.

In addition, if recording of the Fee Mortgages is delayed, there is no protection against liens, judgments or other encumbrances upon the Authority's fee interest that might arise prior to the acceptance of the Fee Mortgages for recording by the City Register.

Legal and Regulatory Risks

Litigation May Adversely Affect the Ability of Relevant Parties to Meet Their Respective Obligations

With the exception of the litigation described in "LITIGATION" in this official statement, there are no legal proceedings pending, or, to the knowledge of the Authority, threatened, against the Authority challenging (i) the execution and delivery of the Series 2016A Obligations, (ii) the validity or enforceability of the Trust Agreement or the Financing Agreement, or (iii) the validity or enforceability of the Ground Leases. There can be no assurance, however, that judicial or administrative actions or investigations challenging the execution and delivery of the Series 2016A Obligations, the validity or enforceability of the Trust Agreement or the Financing Agreement, the construction, operation or financing of the Hudson Rail Yards Project or any of the other transactions contemplated by this official statement will not be filed or commenced in the future or, if they are filed or commenced, that they will not adversely affect the Hudson Rail Yards Project or the ability of the Authority to pay Financing Agreement Payments or to make Interest Reserve Advances to the Trustee. See "LITIGATION."

No assurance can be given that litigation involving the Ground Lease Tenants, the Guarantors or their affiliates will not arise, or that such litigation would not have an adverse effect on the Hudson Rail Yards Project or on the ability of the Authority, the Ground Lease Tenants and/or the Guarantors to perform their respective obligations under the applicable agreements to which they are a party.

Risks Related to Ground Lessee Bankruptcy

Under the Federal Bankruptcy Code, a lessee under a Ground Lease has the statutory right to assume or reject the lease if such party becomes a debtor in bankruptcy. Section 365(e) of the Federal Bankruptcy Code generally invalidates clauses that terminate contracts automatically upon the filing by one of the parties

of a bankruptcy petition or that are conditioned upon a party's insolvency, but the Federal Bankruptcy Code allows the debtor to assume or reject a lease in full. Following the filing of a bankruptcy petition, a debtor would ordinarily be required to perform its obligations under each such lease until the debtor decides whether to assume or reject the lease. Thus, the lessor under a Ground Lease faces a risk that any such Ground Lease may be rejected by a Ground Lease Tenant upon the filing of a bankruptcy petition. Alternatively, if a Ground Lease Tenant under a Ground Lease elects to assume a Ground Lease in connection with bankruptcy proceedings, the lessor under such Ground Lease may be required under the Federal Bankruptcy Code to continue to satisfy its obligations, as lessor, under the Ground Lease, despite the uncertain financial condition of its Ground Lease Tenant.

Under the Federal Bankruptcy Code, subject to certain exceptions, once a lease is rejected by a lessee in connection with a bankruptcy petition, such lease is deemed breached, and the non-debtor lessor will have a claim for lease rejection damages calculated under section 502(b)(6) of the Federal Bankruptcy Code. Section 502(b)(6) limits such claim to the (a) rent reserved by the lease, without acceleration, for the greater of one year, or 15 percent, not to exceed three years, of the remaining term of such lease, following the earlier of the date of the bankruptcy petition and the date on which the lessor regained possession of the real property, plus (b) any unpaid rent due under such lease, without acceleration, on the earlier of such dates.

If a lease agreement is terminated prior to bankruptcy and appears not to be subject to the Federal Bankruptcy Code, a bankruptcy court may nevertheless determine that the lease agreement was improperly terminated and, therefore, remains part of the debtor's bankruptcy estate. Therefore, a mutual effort on the part of a lessee and lessor to terminate a lease prior to the commencement of bankruptcy proceedings may prove ineffective. A termination of a lease by either party before the lessee becomes a debtor in bankruptcy proceedings may also be unwound for the benefit of the debtor or its creditors. The debtor can also seek bankruptcy court approval to "assume and assign" the lease to a third party, and to modify the lease in connection with such assignment. Prior to an assumption of the lease, the debtor or assignee would need to cure outstanding defaults and provide "adequate assurance of future performance" in addition to satisfying other requirements imposed under the Federal Bankruptcy Code; however, such assurance would not necessarily assure timely payment of Monthly Ground Rent for the remaining term of the applicable Ground Lease.

The Authority May Be Subject to Environmental Liabilities

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of investigation, removal or remediation of hazardous or toxic substances on, under, adjacent to, or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefor could exceed the value of the property and/or the aggregate assets of the owner. In addition, the presence of hazardous or toxic substances, or the failure to properly remediate environmental conditions of such property, may adversely affect the owner's or operator's ability to refinance using such property as collateral or the owner's ability to sell such property. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of such substances at the disposal or treatment facility. For all of these reasons, the presence of, or potential for contamination by, hazardous or toxic substances at, on, under, adjacent to, or in the Hudson Rail Yards Project could materially adversely affect the value of the Hudson Rail Yards Project and the Ground Lease Tenant's incentive to continue paying Monthly Ground Rent, which could adversely affect the Authority's ability to pay the Financing Agreement Payments.

Under some environmental laws, such as the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), as well as certain state laws, a secured lender may be liable, as an "owner" or "operator," for the costs of responding to a release or threat of a release of hazardous substances on or from the Authority's property regardless of whether the Authority or a previous owner caused the environmental damage, if (i) agents or employees of a lender are deemed to have participated in the management of the Authority or (ii) the lender actually takes possession of a Authority's property or control of its day-to-day operations, as for example, through the appointment of a receiver. Although recent

legislation clarifies the activities in which a lender may engage without becoming subject to liability under CERCLA and similar federal laws, such legislation has no applicability to state environmental law.

In consideration of the potential environmental liabilities, each Ground Lease and the agreement for the construction of the ERY LIRR Roof provide that the developer of such improvements agrees to accept the leased property and construct improvements on the Ground Leased Property as-is, without any representations from or recourse to the Authority with respect to the existence or absence of hazardous or toxic substances, except to the extent the existence of hazardous or toxic substances results from an act of the Authority after the date of the Agreements between the Authority and the Tenants to Enter into the WRY and WRY Ground Leases (May 26, 2010) (the “Contract Date”). Upon commencement of construction of each building under a Ground Lease, the Ground Lease Tenant must deliver to the Authority a Building Completion Guaranty from a creditworthy guarantor, which covers, among other things, environmental remediation costs associated with the construction of the applicable building and improvements. To date, there has not been any assertion that an act of the Authority has resulted in the existence of hazardous or toxic substances on any portion of the Hudson Rail Yards Project site since the Contract Date, and the Authority has received Building Completion Guaranties for all portions of the Hudson Rail Yards Project upon which construction has commenced. However, there are still portions of the Hudson Rail Yards Project for which a Building Completion Guaranty has not yet been provided because construction has not yet commenced. In the event that contamination by hazardous or toxic substances is discovered, at, on, under, adjacent to, or in a portion of the Hudson Rail Yards Project for which the Authority does not have a Building Completion Guaranty, the Authority’s ability to pay the Financing Agreement Payments may be delayed or impaired to the extent that the Ground Lease Tenant does not perform the necessary remediation and/or defaults in the payment of Monthly Ground Rent as a result of the contamination.

The Hudson Rail Yards Project has been subject to “Phase I” Environmental Assessments performed by Parsons Brinckerhoff and Langan Engineering, and various “Phase II” Environmental Assessments of various portions of the property, including one of the Former Metals Building dated December 13, 2000, prepared by TRC Environmental Corporation for MTA New York City Transit. The assessments were intended to evaluate the environmental condition of the Hudson Rail Yards Project by identifying the presence or likely presence of hazardous substances or petroleum products on the property and identifying conditions that indicate an existing release, a past release, or a material threat of a release of hazardous substances or petroleum products into structures on the subject property or into the ground, groundwater or surface of the subject property. The “Phase I” report included observation of the Hudson Rail Yards Project and adjacent properties and a review of publicly available general information, historical information and environmental records related to the Hudson Rail Yards Project. The “Phase II” environmental assessments included a sampling or analysis of soil, groundwater or other environmental media or subsurface investigations in the portions of the property where the analysis. All known environmental conditions identified in the Phase I and Phase II reports were assumed by the Ground Lease Tenants under the Ground Leases. No assurance can be given that all environmental conditions and risks relating to the Hudson Rail Yards Project have been identified in the environmental assessments. In addition, no assurance can be given that any environmental indemnity, insurance or reserve amounts will be sufficient to remediate the environmental conditions or that operation and maintenance plans will be put in place and/or followed. Additionally, no assurance can be given that actions of Ground Lease Tenants at the Hudson Rail Yards Project will not adversely affect the environmental condition of the Hudson Rail Yards Project.

Risks Related to Mortgage Foreclosure

Limitations on Trustee’s Remedies Upon Occurrence of Ground Lease Payment Event of Default

The Authority, as mortgagor, has secured and will secure its payment obligations under the Financing Agreement by granting the Fee Mortgages to the Trustee, as mortgagee, encumbering the Authority’s fee interest in all properties subject to the Ground Leases. If there is a Ground Lease Payment Event of Default, the Trustee may seek to pursue foreclosure under the terms of the applicable Fee Mortgage, including allowing the Authority twelve (12) months in which to determine whether to exercise its Authority Cure Rights. Such delay may adversely affect the Trustee’s recovery under the Fee Mortgages. In any event, there can be no assurance that the exercise of remedies under the Fee Mortgages will result in timely or satisfactory recovery

of amounts sufficient to pay Financing Agreement Payments on the Series 2016A Obligations. See SOURCES OF PAYMENT AND SECURITY FOR THE HUDSON RAIL YARDS TRUST OBLIGATIONS – Amounts Recovered Under the Trust Agreement and/or the Fee Mortgages in the Exercise of Remedies Following a Trust Agreement Event of Default or a Ground Lease Payment Event of Default.

Foreclosure of Fee Mortgages Securing Monthly Ground Rent Payments May Be A Time-Consuming, Complex Process From Which Adequate Proceeds May Not Be Realized

Foreclosure is a legal procedure that allows a mortgagee to recover on its secured obligations by enforcing its rights, and available legal remedies, under a mortgage. Upon a Ground Lease Payment Event of Default, the Trustee has the right under, and subject to the terms of, the applicable Fee Mortgage to institute foreclosure proceedings and subsequently sell the mortgaged property at public auction to satisfy the obligations secured by the Fee Mortgage. Foreclosure of a mortgage in New York is generally accomplished by judicial action and is subject to delays and expenses applicable to lawsuits generally if defenses are raised or counterclaims are interposed, and may require several years to complete.

In addition, certain other parties, such as judgment creditors and subordinate lienholders, have the right to challenge a foreclosure. The delay involved in concluding a foreclosure action could exacerbate a decline in the value of the mortgaged property under a Fee Mortgage and could adversely affect the prospects for recovery out of a foreclosure sale of the mortgaged property.

Since each Fee Mortgage is subordinate to the respective Ground Lease Tenants' leasehold estates under the applicable Ground Leases, the foreclosure of a Fee Mortgage will not extinguish the applicable Ground Lease; rather, the purchaser at foreclosure on a Fee Mortgage will acquire the fee interest subject to such Ground Lease Tenant's interest under the applicable Ground Lease and will become the lessor under such Ground Lease, unless it has previously been terminated. If the applicable Ground Lease has not theretofore been terminated, or if the Ground Lease Tenant is still in possession of the leased premises, the purchaser, as new fee owner, will have to take additional action to terminate such Ground Lease and regain possession of the leased premises (see "Risks Related to Termination of the Ground Leases Upon Lease Payment Event of Default" below). The need to take such additional actions may further delay, and increase the costs of, acquiring possession of the leased premises following a Ground Lease Event of Default.

A buyer may be unwilling to purchase a mortgaged property at a public sale for any number of reasons, including the difficulty in determining the value of such mortgaged property at the time of sale, due to the possibility of protracted litigation with a Ground Lease Tenant under the Ground Lease over the status of such Ground Lease Tenant's leasehold interest and the possibility of physical deterioration of the mortgaged property during the foreclosure and lease termination and possession proceedings. In such instance, the mortgagee typically purchases the mortgaged property by "bidding in" the debt secured by the mortgage. As a result, a purchase by the mortgagee will not typically result in sales proceeds that can be applied toward repayment of the debt. Instead, to the extent the debt gets repaid it is through revenues that the mortgagee is able to generate from the mortgaged property or from a subsequent sale by the mortgagee. In either event, if the Trustee ends up purchasing the Authority's fee interest in any parcel at a foreclosure sale it will likely adversely affect the likelihood and timing of repayment of the Series 2016A Obligations.

After a foreclosure in which the mortgagee purchases the mortgaged property, the mortgagee will assume the burdens of ownership, including administration of the Ground Lease, and prosecution of actions following a Ground Lease Payment Event of Default to terminate and regain possession of the leased premises. Once the owner regains possession of the leased premises, it will bear expenses of operation of the property, including obtaining casualty insurance and making such repairs and improvements as are necessary to render the property operable and/or suitable for sale. Frequently, a mortgagee employs a third party management company to manage and operate the property. The costs of operating and maintaining property may be significant and may be greater than the income derived from that property. The mortgagee will commonly obtain the services of a real estate broker and pay the broker's commission in connection with the sale of the property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the amount secured by the mortgage.

The Enforceability of an Assignment of Ground Leases is Subject to Procedural Requirements

The Fee Mortgages include a collateral assignment of leases and rents, pursuant to which the Authority will collaterally assign its right, title and interest under the Ground Leases of the applicable mortgaged property and the income derived therefrom as further security for the Authority's payment obligations under the Financing Agreement. Subject to the assignment of leases and rents, the Authority will retain a license to collect Monthly Ground Rent under the Ground Leases so long as no Ground Lease Payment Event of Default has occurred and is continuing. Upon a Ground Lease Payment Event of Default, the Authority's license will terminate and the collateral assignment of Monthly Ground Rent becomes a present, perfected assignment. Notwithstanding the language of assignment, however, New York law may require that the mortgagee take possession of applicable Mortgaged Property and obtain judicial appointment of a receiver before being entitled to collect rents pursuant to an assignment of leases and rents. Such requirements could delay the ability of the mortgagee to collect rents from the Ground Lease Tenant during the pendency of a Ground Lease Payment Event of Default.

Risks Related to Termination of the Ground Leases Upon Ground Lease Payment Event of Default

Events of Default Under a Ground Lease Could Result in Termination of such Ground Lease and Loss of the Primary Source of Revenue for the Series 2016A Obligations

If an Event of Default occurs under a Ground Lease, the Authority will have the right, upon written notice to the Ground Lease Tenant and its leasehold mortgagee, to terminate a Ground Lease and re-enter upon the premises demised under the Ground Lease. The Authority's rights to terminate such letting and re-enter upon the premises are expressly subject to the rights of the Ground Lease Tenant's leasehold mortgagee to receive notice of and cure such defaults. In the event of any such termination and re-entry, the Authority may relet the applicable parcel (subject to the right of the leasehold mortgagee to a replacement Ground Lease) but there can be no assurance that a new Ground Lease Tenant will be available and willing to enter into a new Ground Lease that provides for rent sufficient to replace the Monthly Ground Rent provided for under the terminated Ground Lease. See "**Attachment 4** — Summary of Certain Provisions of the Ground Leases and Forms Thereof".

Termination May Be Delayed if Lessee Contests a Default Pursuant to a Yellowstone Injunction

The Authority's principal remedy following an Event of Default under the Ground Lease, including a Ground Lease Payment Event of Default, is to terminate the applicable Ground Lease. Exercising such remedy, however, requires issuing a series of notices to the Ground Lease Tenant prior to the effectiveness of any termination. Where a Ground Lease Tenant elects to dispute the basis for terminating the Ground Lease it may seek judicial protection by means of a so-called "Yellowstone injunction" to judicially enjoin the Authority from issuing the final termination notice. If a lessee under a Ground Lease is able to obtain a Yellowstone injunction, the cure period provided under the applicable Ground Lease would be tolled and the lessor would be enjoined from taking action to terminate the lease. Courts routinely grant Yellowstone injunctions for non-monetary defaults and, though a Yellowstone injunction will not nullify a lessor's remedies under a Ground Lease, it may delay termination of a Ground Lease.

New York Courts Are Reluctant to Declare an Event of Default Under a Ground Lease Where Lessee Has Made a Substantial Investment in the Property

As a matter of policy, New York courts adjudicating claims between lessors and lessees are loathe to enforce a lease termination before first giving a lessee the opportunity to obtain a judicial determination as to whether there are sufficient grounds for lease termination and the opportunity to cure and avoid forfeiture of the leasehold. That policy preference for preserving a leasehold is especially applicable when, as is the case with the Ground Leases, the Ground Lease Tenant has made a substantial investment in the leased property. In the event that the lessor seeks to terminate a Ground Lease, the court's preference for not enforcing a lease termination prior to giving a Ground Lease Tenant the opportunity to cure and avoid forfeiture of the leasehold may delay termination of the applicable Ground Lease.

Ground Lessor's Right to Terminate May Be Delayed by Leasehold Lender's Cure Rights

Each of the Ground Leases makes a distinction between a “Monetary Default” and a “Non-Monetary Default.” A Monetary Default is defined as a default arising out of a failure to pay rent, insurance premiums, and other impositions associated with the Ground Lease, and a Non-Monetary Default is defined as a default under the Ground Leases other than a Monetary Default. The Ground Leases further provide that, notwithstanding any applicable cure periods, no Non-Monetary Default by a Ground Lease Tenant under a Ground Lease shall be deemed to exist if a leasehold lender is promptly and continuously using reasonable diligence to cure the Non-Monetary Default, within thirty days after the expiration of the applicable cure period afforded to the lessee under the applicable Ground Lease. Ground Lease Tenants’ lenders also have extensive notice and cure rights requiring that the Authority give the applicable lender(s) notice of a lessee default and an opportunity to cure such default within a reasonable time period; provided that the lender continues to perform (or causes to be performed) all of the other lessee obligations under the applicable Ground Lease while undertaking to cure the default, including the payment of Monthly Ground Rent. The foregoing provisions in the Ground Leases preserving leasehold lender’s cure rights may delay a termination of the Ground Leases beyond the cure periods specified in the applicable Ground Lease.

Conflicts of Interest Risks

Potential Conflicts of Interest of Related-Oxford and Affiliates

Related-Oxford or their affiliates currently own, lease and/or manage, and in the future may develop or acquire, additional properties and lease space in other properties in the same market areas where the Hudson Rail Yards Project is located which could compete for leasing with the space at the Hudson Rail Yards Project. Related or its affiliates also manage and may in the future manage competing properties on behalf of certain affiliates and other third parties. Such other properties, similarly to other third-party owned real estate, may compete with the Hudson Rail Yards Project for existing and potential tenants. Neither Related-Oxford nor any of their affiliates or employees will have any duty to favor the leasing of space in the Hudson Rail Yards Project over the leasing of space in other properties, one or more of which may be adjacent to, or near, the Hudson Rail Yards Project. No assurance can be given that the activities of any entity owned or controlled by Related-Oxford and their affiliates with respect to such other properties will not adversely impact the performance of the Hudson Rail Yards Project or the willingness of any Ground Lease Tenant to continue making Monthly Ground Rent payments.

Potential Conflicts of Interest of JLL

JLL is a large and diversified provider of real estate services that is a significant participant in the New York City commercial real estate market. It provides leasing or other services to prospective occupants of the Hudson Rail Yard Project, including Related-Oxford and their affiliates, as well as to competitors of the Hudson Rail Yards Project, both within the Hudson Rail Yards Project and adjacent to it. There can be no assurance that these current or potential relationships do not have an impact on the results of the JLL Broker Opinion of Value.

Miscellaneous Risks

Climate Change Impact

Climate change poses long-term threats to physical and biological systems. Potential hazards and risks related to climate change for Manhattan and the metropolitan area include, among other things, rising sea levels, more severe coastal flooding and erosion hazards, and more intense storms. For example, on October 29, 2012, Superstorm Sandy struck the East Coast causing widespread infrastructure damage and economic losses to the greater New York region, including in areas of Manhattan adjacent to the Hudson River. The Hudson Rail Yards Project, in particular, the Western Rail Yards, is located in close proximity to the Hudson River. The Authority is unable to predict the impact of continued climate change-related severe weather events and sea-level changes on the Hudson Rail Yards, or the related infrastructure, including the LIRR storage and maintenance yard and other facilities immediately below the ERY and WRY roof platforms.

THE AUTHORITY

The Authority was created by special State legislation in 1965, as a public benefit corporation, which means that it is a corporate entity separate and apart from the State, without any power of taxation – frequently called a “public authority.” The Authority is governed by board members appointed by the Governor, with the advice and consent of the State Senate.

The Authority has responsibility for developing and implementing a single, integrated mass transportation policy for the Authority’s service, which consists of the City and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. It carries out some of those responsibilities by operating the Transit and Commuter Systems through the Related Transportation Entities.

As noted above under “SOURCES OF PAYMENT AND SECURITY FOR THE MTA HUDSON RAIL YARDS TRUST OBLIGATIONS – Interest Reserve Advances”, the Authority has an absolute and unconditional obligation to make Contingent Support Payments, but such Contingent Support Payments are payable solely from Available Transportation Revenues. The Authority’s obligation to make Contingent Support Payments is on a parity with operating expenses of the Related Transportation Entities and subordinate to the Authority’s obligation to pay debt service on its Transportation Revenue Bonds.

As more fully described under “FURTHER INFORMATION” in this official statement, the Authority has filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”) its Annual Disclosure Statement (“ADS”) that includes substantial information relating to the Transportation Revenue Bonds and the revenues securing such Transportation Revenue Bonds. See particularly in the ADS the following captions: “TRANSPORTATION REVENUE BONDS – Pledged Transportation Revenues – Description of Pledged Revenues – Factors Affecting Revenues – Security – General and Flow of Revenues”.

The Available Transportation Revenues that are available to the Authority for purposes of making Contingent Support Payments consist of the difference reflected in the Table entitled “Summary of Pledged Revenues (Calculated in Accordance with the Transportation Revenue Bond Resolution) and Expenses – Historical Cash Basis (in millions)” located at page 98 of the ADS between the line designated “Total Transportation Resolution Pledged Revenues” and the line designated “Debt Service”. In the Authority’s 2016 Budget, the difference between those two amounts is approximately \$11.542 billion. Such amount would be available to pay Related Transportation Entities’ operating expenses as well as the Contingent Support Payments.

In addition, though the Authority is not obligated to use such moneys to make the Contingent Support Payments, the Authority may, in its sole discretion, apply other amounts that it receives that are not pledged to the payment of the Transportation Revenue Bonds.

TAX MATTERS

General

Nixon Peabody LLP and D. Seaton and Associates P.A., P.C. are Co-Bond Counsel for the Series 2016A Obligations. Their opinion is that, under existing law, relying on certain statements by the Authority and assuming compliance by the Authority with certain covenants, the Interest Component of the MTA Financing Agreement Amount paid to Owners of the Series 2016A Obligations is:

- excluded from an Owner’s federal gross income under Section 103 of the Internal Revenue Code of 1986, and
- not a specific preference item for an Owner in calculating the federal alternative minimum tax, but
- included in the adjusted current earnings of certain corporations in calculating the federal corporate alternative minimum tax.

Their opinion is also that, under existing law, the Interest Component of the MTA Financing Agreement Amount paid to Owners of the Series 2016A Obligations is exempt from personal income taxes of the State and any political subdivisions of the State, including the City. See **Attachment 9** to this official statement for the form of the opinion that Co-Bond Counsel expect to deliver when the Series 2016A Obligations are delivered.

The Series 2016A Obligations

The Internal Revenue Code of 1986 imposes requirements on the Series 2016A Obligations and the related Principal Components that the Authority must continue to meet after the Series 2016A Obligations and the related Principal Components are issued. These requirements generally involve the way that proceeds of the Series 2016A Obligations and the related Principal Components must be invested and ultimately used and the way that assets financed and refinanced with proceeds of the Series 2016A Obligations and the related Principal Components must be used. If the Authority does not meet these requirements, it is possible that an Owner may have to include the Interest Component of the MTA Financing Agreement Amount in its federal gross income on a retroactive basis to the date of issue. The Authority has covenanted to do everything necessary to meet the requirements of the Internal Revenue Code of 1986.

An Owner who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2016A Obligations. This is possible if an Owner is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit, or
- a borrower of money to purchase or carry the Series 2016A Obligations.

If an Owner is in any of these categories, it should consult its tax advisor.

Co-Bond Counsel are not responsible for updating their opinion in the future. It is possible that future events could change the tax treatment of the Interest Component of the MTA Financing Agreement Amount paid to Owners of the Series 2016A Obligations or affect the market price of the Series 2016A Obligations. See also “Miscellaneous” below under this heading.

Co-Bond Counsel express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of the Interest Component of the MTA Financing Agreement Amount paid to Owners of the Series 2016A Obligations, or under State, local or foreign tax law.

Bond Premium

If an Owner purchases a Series 2016A Obligation (and related Principal Component) for a price that is more than the principal amount, generally the excess is “bond premium” on that Series 2016A Obligation (and related Principal Component). The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized an Owner’s tax basis in that Series 2016A Obligation will be reduced. The Owner of a Series 2016A Obligation that is callable before its stated maturity date (and the stated maturity date of the related Principal Component) may be required to amortize the premium over a shorter period, resulting in a lower yield on such Series 2016A Obligation. An Owner in certain circumstances may realize a taxable gain upon the sale of a Series 2016A Obligation with bond premium, even though the Series 2016A Obligation is sold for an amount less than or equal to the Owner’s original cost. If an Owner owns any Series 2016A Obligations with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, such as the Series 2016A Obligations (and related Principal Components). In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the interest recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Internal Revenue Code of 1986. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an Owner purchasing a Series 2016A Obligation through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the Interest Component with respect to the Series 2016A Obligations from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the Owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Legislative or administrative actions and court decisions, at either the federal or state level, may cause the Interest Component with respect to the Series 2016A Obligations to be subject, directly or indirectly, in whole or in part, to federal, state or local income taxation, and thus have an adverse impact on the value or marketability of the Series 2016A Obligations. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the Interest Component with respect to the Series 2016A Obligations from gross income for federal or state income tax purposes, or otherwise. We note that in each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Internal Revenue Code of 1986 (including the Series 2016A Obligations (and related Principal Components)) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Owners of the Series 2016A Obligations may occur. Prospective purchasers of the Series 2016A Obligations should consult their own tax advisors regarding the impact of any change in law on the Series 2016A Obligations.

Prospective Owners of the Series 2016A Obligations should consult their own tax advisors regarding the foregoing matters.

LITIGATION

There is no pending litigation concerning (i) the Series 2016A Obligations, (ii) the validity or enforceability of the Trust Agreement or the Financing Agreement, or (iii) the validity or enforceability of the Ground Leases to which the Authority is a party.

The Authority is the defendant in numerous claims and actions, as are its affiliates and subsidiaries, including MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus and MTA Bridges and Tunnels. Certain of these claims and actions, either individually or in the aggregate, may impact the amount of Available Transportation Revenues, thereby affecting the Authority's ability to make Interest Reserve Advances, and could be potentially material to holders of the obligations. A summary of certain of these potentially material claims and actions is set forth in Part 6 of the ADS under the caption "LITIGATION," as that filing may be amended or supplemented to date. See "CERTAIN RISK FACTORS – Legal and Regulatory Risks" in this official statement for an analysis of potential other legal matters.

FINANCIAL ADVISOR

Public Financial Management, Inc. is the Authority's financial advisor for the Series 2016A Obligations. The financial advisor has provided the Authority advice on the plan of financing and reviewed the pricing of the Series 2016A Obligations. The financial advisor has not independently verified the information contained in this official statement and does not assume responsibility for the accuracy, completeness or fairness of such information. The financial advisor's fees for serving as financial advisor are contingent upon the issuance of the Series 2016A Obligations.

UNDERWRITING

The Underwriters for the Series 2016A Obligations, acting through Goldman, Sachs & Co. as Representative, have jointly and severally agreed, subject to certain conditions, to purchase from the Authority the Series 2016A Obligations described on the inside cover pages of this official statement at an aggregate purchase price of \$1,182,980,266.08, reflecting an original issue premium of \$132,205,722.60 and an Underwriters' discount of \$6,655,456.52, and to reoffer such Series 2016A Obligations at the public offering prices or yields set forth on the inside cover pages.

The Series 2016A Obligations may be offered and sold to certain dealers (including dealers depositing such Series 2016A Obligations into investment trusts) at prices lower or yields higher than such public offering prices or yields and prices or yields may be changed, from time to time, by the Underwriters.

The Underwriters' obligations to purchase the Series 2016A Obligations are subject to certain conditions precedent, and they will be obligated to purchase all such Series 2016A Obligations if any Series 2016A Obligations are purchased.

The Underwriters appearing on the cover of this official statement include certain joint-venture arrangements. Each of the joint-venture arrangements provides for sharing of underwriter's discount in connection with orders for the Series 2016A Obligations.

In addition, certain of 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 2016A Obligations at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, financing, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have, from time to time, provided, and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association is serving as Co-Managing Underwriter, Trustee, and Depositary for the Series 2016A Obligations and will be compensated separately for serving in each capacity.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments (including bank loans) 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 trading activities may involve or relate to assets, securities and/or instruments of the Authority, the Tenants, the Guarantors or Related-Oxford (directly, as collateral securing other obligations or otherwise) and/or persons

and entities with relationships with the Authority, the Tenants, the Guarantors or Related-Oxford. The Underwriters and their respective 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.

RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies that are assigned to the Series 2016A Obligations. Those ratings reflect only the views of the organizations assigning them. An explanation of the significance of the ratings or any outlooks or other statements given with respect thereto from each identified agency may be obtained as follows:

Moody's Investors Service, Inc.
7 World Trade Center
New York, New York 10007
(212) 553-0300

Kroll Bond Ratings Agency
845 Third Avenue, 4th Floor
New York, New York 10022
(212) 702-0707

The Authority has furnished to each rating agency rating the Series 2016A Obligations information, including information not included in this official statement, about the Authority and the Series 2016A Obligations. Generally, rating agencies base their ratings on that information and on independent investigations, studies and assumptions made by each rating agency. A securities rating is not a recommendation to buy, sell or hold securities. There can be no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of that rating agency, circumstances warrant the revision or withdrawal. Those circumstances may include, among other things, changes in or unavailability of information relating to the Authority or the Series 2016A Obligations. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2016A Obligations.

LEGAL MATTERS

All legal proceedings in connection with the issuance of the bonds being offered are subject to the approval Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel. The form of the opinion of Co-Bond Counsel is **Attachment 9** to this official statement.

The Underwriters have appointed Winston & Strawn LLP and Law Offices of Joseph C. Reid, P.A. as co-counsel to the Underwriters in connection with the underwriting of the Series 2016A Obligations, which firms will pass upon certain legal matters.

Certain legal matters will be passed upon by Paul, Weiss, Rifkind, Wharton & Garrison LLP, real estate counsel to the Authority.

Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, special disclosure counsel to the Authority.

Certain legal matters regarding the Authority and the other Related Transportation Entities will be passed upon by its General Counsel.

CONTINUING DISCLOSURE

As more fully stated in **Attachment 8**, the Authority has agreed to provide certain financial information and operating data by no later than 120 days following the end of each fiscal year. That information is to include, among other things, information concerning the Authority's annual audited financial statements prepared in accordance with generally accepted accounting principles, or if such audited financial

statements are unavailable, unaudited financial statements will be delivered until audited statements become available. The Authority has undertaken to file such information (the Annual Information) with EMMA.

The Authority has further agreed to deliver notice to EMMA of any failure to provide the Annual Information. The Authority is also obligated to deliver, in a timely manner not in excess of ten business days after the occurrence of each event, notices of the following events to EMMA:

- principal and interest payment delinquencies;
- non-payment related defaults, if material;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions, the issuance by the IRS 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;
- modifications to the rights of security holders, if material;
- bond calls, if material, and tender offers;
- defeasances;
- release, substitution, or sale of property securing repayment of the Bonds, if material;
- rating changes;
- bankruptcy, insolvency, receivership or similar event;
- consummation of a merger, consolidation or acquisition involving an obligated person or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- appointment of a successor or additional trustee or the change in name of a trustee, if material.

The Authority has not failed to comply, in any material respect, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12).

The Authority is not responsible for any failure by EMMA or any nationally recognized municipal securities information repository to timely post disclosure submitted to it by the Authority or any failure to associate such submitted disclosure to all related CUSIPs.

The Authority has additionally agreed in the Financing Agreement that, upon the exercise by any Ground Lease Tenant of its Fee Conversion Option in an amount that is equal to or greater than fifty million dollars (\$50,000,000) wherein the next Eligible Early Mandatory Redemption Date for such redemption shall be the 15th day of the next succeeding calendar month, the Authority shall promptly, and in any event within five (5) Business Days of the closing of the Fee Conversion Option, file with EMMA a notice detailing (a) the approximate amount to be redeemed, (b) the date of the expected redemption, and (c) the Ground Lease the fee title to which is being purchased by the Ground Lease Tenant. Such a filing is not required by Rule 15c2-12 and any failure of the Authority to comply, in any material respect, with such agreement to file is not a failure to comply with an undertaking specified in paragraph (b)(5)(i) of Rule 15c2-12.

FURTHER INFORMATION

The following documents are included by specific cross reference in this official statement, along with material that updates this official statement and that is either filed with or, in the case of official statements,

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Schedule 1

<u>11/15/2046 Maturity</u>		<u>11/15/2051 Maturity</u>		<u>11/15/2056 Maturity</u>	
Early Mandatory Redemption Date	Applicable Redemption Prices	Early Mandatory Redemption Date	Applicable Redemption Prices	Early Mandatory Redemption Date	Applicable Redemption Prices
10/15/2016	\$ 109.318	10/15/2016	\$ 112.497	10/15/2016	\$ 115.258
11/15/2016	109.074	11/15/2016	112.306	11/15/2016	115.096
12/15/2016	108.828	12/15/2016	112.111	12/15/2016	114.930
1/15/2017	108.581	1/15/2017	111.916	1/15/2017	114.764
2/15/2017	108.335	2/15/2017	111.721	2/15/2017	114.599
3/15/2017	108.088	3/15/2017	111.527	3/15/2017	114.435
4/15/2017	107.843	4/15/2017	111.333	4/15/2017	114.271
5/15/2017	107.597	5/15/2017	111.140	5/15/2017	114.107
6/15/2017	107.348	6/15/2017	110.942	6/15/2017	113.939
7/15/2017	107.099	7/15/2017	110.745	7/15/2017	113.771
8/15/2017	106.850	8/15/2017	110.548	8/15/2017	113.603
9/15/2017	106.602	9/15/2017	110.352	9/15/2017	113.437
10/15/2017	106.354	10/15/2017	110.156	10/15/2017	113.270
11/15/2017	106.106	11/15/2017	109.960	11/15/2017	113.105
12/15/2017	105.854	12/15/2017	109.760	12/15/2017	112.934
1/15/2018	105.603	1/15/2018	109.560	1/15/2018	112.764
2/15/2018	105.352	2/15/2018	109.361	2/15/2018	112.595
3/15/2018	105.101	3/15/2018	109.162	3/15/2018	112.426
4/15/2018	104.851	4/15/2018	108.964	4/15/2018	112.257
5/15/2018	104.600	5/15/2018	108.766	5/15/2018	112.089
6/15/2018	104.347	6/15/2018	108.563	6/15/2018	111.916
7/15/2018	104.093	7/15/2018	108.361	7/15/2018	111.744
8/15/2018	103.840	8/15/2018	108.160	8/15/2018	111.572
9/15/2018	103.587	9/15/2018	107.958	9/15/2018	111.401
10/15/2018	103.334	10/15/2018	107.758	10/15/2018	111.231
11/15/2018	103.081	11/15/2018	107.557	11/15/2018	111.060
12/15/2018	102.825	12/15/2018	107.352	12/15/2018	110.885
1/15/2019	102.569	1/15/2019	107.148	1/15/2019	110.711
2/15/2019	102.313	2/15/2019	106.944	2/15/2019	110.537
3/15/2019	102.058	3/15/2019	106.740	3/15/2019	110.363
4/15/2019	101.802	4/15/2019	106.537	4/15/2019	110.191
5/15/2019	101.547	5/15/2019	106.335	5/15/2019	110.018
6/15/2019	101.288	6/15/2019	106.127	6/15/2019	109.841
7/15/2019	101.030	7/15/2019	105.920	7/15/2019	109.664
8/15/2019	100.771	8/15/2019	105.714	8/15/2019	109.488
9/15/2019	100.514	9/15/2019	105.508	9/15/2019	109.312
10/15/2019	100.256	10/15/2019	105.302	10/15/2019	109.137
11/15/2019	100.000	11/15/2019	105.097	11/15/2019	108.962
<i>And thereafter</i>		12/15/2019	104.888	12/15/2019	108.782
		1/15/2020	104.678	1/15/2020	108.603
		2/15/2020	104.469	2/15/2020	108.425
		3/15/2020	104.261	3/15/2020	108.247
		4/15/2020	104.053	4/15/2020	108.069
		5/15/2020	103.845	5/15/2020	107.892
		6/15/2020	103.633	6/15/2020	107.710
		7/15/2020	103.421	7/15/2020	107.529
		8/15/2020	103.210	8/15/2020	107.348
		9/15/2020	102.999	9/15/2020	107.168
		10/15/2020	102.789	10/15/2020	106.988
		11/15/2020	102.578	11/15/2020	106.808
		12/15/2020	102.364	12/15/2020	106.624
		1/15/2021	102.150	1/15/2021	106.440

<u>11/15/2046 Maturity</u>		<u>11/15/2051 Maturity</u>		<u>11/15/2056 Maturity</u>	
Early Mandatory Redemption Date	Applicable Redemption Prices	Early Mandatory Redemption Date	Applicable Redemption Prices	Early Mandatory Redemption Date	Applicable Redemption Prices
		2/15/2021	101.936	2/15/2021	106.257
		3/15/2021	101.722	3/15/2021	106.074
		4/15/2021	101.509	4/15/2021	105.892
		5/15/2021	101.297	5/15/2021	105.710
		6/15/2021	101.078	6/15/2021	105.524
		7/15/2021	100.861	7/15/2021	105.337
		8/15/2021	100.644	8/15/2021	105.152
		9/15/2021	100.429	9/15/2021	104.966
		10/15/2021	100.214	10/15/2021	104.782
		11/15/2021	100.000	11/15/2021	104.598
		<i>And thereafter</i>		12/15/2021	104.409
				1/15/2022	104.220
				2/15/2022	104.032
				3/15/2022	103.844
				4/15/2022	103.657
				5/15/2022	103.470
				6/15/2022	103.279
				7/15/2022	103.088
				8/15/2022	102.897
				9/15/2022	102.707
				10/15/2022	102.518
				11/15/2022	102.329
				12/15/2022	102.135
				1/15/2023	101.941
				2/15/2023	101.748
				3/15/2023	101.555
				4/15/2023	101.363
				5/15/2023	101.172
				6/15/2023	100.974
				7/15/2023	100.777
				8/15/2023	100.581
				9/15/2023	100.386
				10/15/2023	100.192
				11/15/2023	100.000
				<i>And thereafter</i>	