

FinanceWatch

April 23, 2012

Recent Market Activity

New Money and Refunding

\$727,430,000 Transportation Revenue Bonds, Series 2012C

On April 17, 2012, MTA successfully priced \$727.43 million of MTA Transportation Revenue Bonds, Series 2012C. This transaction had two financing components: \$553.38 million in new money for approved capital projects, and \$174.05 million to advance refund a portion of the Series 2002F bonds. This transaction will close on May 3, 2012.

Pricing was driven by an orderly combination of both retail and institutional orders with the final price levels being determined by demand from both classes of investors. Based on the strong results at favorable spreads during the retail order period, the MTA decided to pursue an advance refunding of Transportation Revenue Bonds, Series 2002F to capitalize on low absolute rates and tight spreads.

The refunding achieved the following results:

- (1) level annual savings of \$670,000 in years from 2013 to 2027 and \$3.55 million from 2028 to 2031, for a total annual gross savings of \$24.32 million (NPV savings of \$14.82 million),
- (2) aggregate NPV savings of 7.95% of the par amount of the refunded bonds, which well exceeded MTA's Bond and Other Debt Obligations Refunding Policy of 3.0%.

The transaction was led by book-running senior manager Wells Fargo Securities together with special co-senior manager M.R. Beal & Co. Hawkins Delafield & Wood served as bond counsel and Lamont Financial Services served as financial advisor.

Bond Summary Statistics

	<u>TRB 2012C (Combined)</u>	<u>TRB 2012C (New Money)</u>	<u>TRB 2012C (Refunding)</u>
<i>Par Amount:</i>	<i>\$727.430 million</i>	<i>\$553.380 million</i>	<i>\$174.050 million</i>
<i>Premium:</i>	<i>\$68.311 million</i>	<i>\$48.810 million</i>	<i>\$19.501 million</i>
<i>All-in TIC:</i>	<i>4.23%</i>	<i>4.24%</i>	<i>4.20%</i>
<i>Average Life:</i>	<i>19.99 years</i>	<i>20.59 years</i>	<i>18.09 years</i>
<i>Average Coupon:</i>	<i>4.85%</i>	<i>4.81%</i>	<i>4.97%</i>
<i>Benchmark:</i>			
<i>30-year "AAA" Late MMD:</i>	<i>3.31%</i>	<i>3.31%</i>	<i>3.31%</i>
<i>PV Savings (\$):</i>	<i>N/A</i>	<i>N/A</i>	<i>\$14.819 million</i>
<i>PV Savings (%):</i>	<i>N/A</i>	<i>N/A</i>	<i>7.95%⁽¹⁾</i>
<i>Final Maturity:</i>	<i>11/15/2047</i>	<i>11/15/2047</i>	<i>11/15/2031</i>
<i>Underwriter's Discount:</i>	<i>5.05 (\$3,670,817)</i>	<i>5.00 (\$2,769,405)</i>	<i>5.18 (\$901,411)</i>
<i>State Bond Issuance Fee:</i>	<i>8.33 (\$4,609,671)</i>	<i>8.33 (\$4,609,671)</i>	<i>\$8.33 (\$1,449,841)⁽²⁾</i>
<i>Cost of Issuance:</i>	<i>1.00 (\$729,115)</i>	<i>1.00 (\$553,575)</i>	<i>1.01(\$175,539)</i>
<i>Ratings (S&P/Moody's/Fitch)</i>	<i>A/A2/A</i>	<i>A/A2/A</i>	<i>A/A2/A</i>
<i>Senior Manager:</i>	<i>Wells Fargo</i>	<i>Wells Fargo</i>	<i>Wells Fargo</i>
<i>Special Co-Senior Manager</i>	<i>M.R. Beal</i>	<i>M.R. Beal</i>	<i>M.R. Beal</i>

⁽¹⁾ MTA's Bond and Other Debt Obligations Refunding Policy states that a refunding must achieve an aggregate NPV savings of 3.0% of the par amount of the refunded bonds.

⁽²⁾ MTA is currently awaiting to receive positive confirmation from the State Division of the Budget that the MTA has received a waiver from making this payment.