

**STAFF SUMMARY SHEET
(MBTA PROCEDURES NO. 1)**

TO		FOR		FROM:		
1	GM		Approval	Dept.: Budget	Author: Mary Runkel	Tel. No. 617-222-3285
			Signature			
2	BD		Vote	Subject: FY2013 Operating Budget	Date: March 30, 2012	
			Info			

Implications: (The implications checked below are involved in this action, are discussed below or in a separate enclosure, and have been considered in the final recommendation.)

Capital Budget
 Operating Budget
 Legal
 Other

PURPOSE

To request that the Board of Directors approve the Authority's budget of current operating expenses and debt service costs for the twelve-month period of fiscal year 2013 (July 1, 2012 through June 30, 2013) and to direct the General Manager to submit the approved budget to the MBTA Advisory Board.

DISCUSSION

At the March 14th Board meeting, the Authority presented a preliminary budget for fiscal year 2013 which contained a deficit of \$159.3 million. Over the past two weeks, the MassDOT and MBTA team have developed a budget gap closing alternative to the two scenarios presented to the public between January and March. This staff summary incorporates MassDOT's and the Authority's recommended revenue measures and expense reductions necessary to close the gap in order to have a statutorily required balanced budget.

As has been well publicized, the Authority's financial challenges have been increasingly daunting over the past several years, exacerbated greatly by the pervasive malaise affecting the local, state, national, and global economies. Transit systems in the United States, indeed many local and state governments, have faced unprecedented budget gaps. One has only to have read the press to see the number of large transits which have imposed service cuts, fare increases, and the use of federal stimulus money to plug budget holes. The MBTA's projected budget deficit of \$161 for fiscal year 2012 was projected to increase to \$330 million by fiscal year 2016.

In some ways, the Authority is fortunate when compared with its peers because it receives dedicated revenues (sales tax and assessments) of \$929.2 million¹ and, as a result of Transportation Reform, the Authority now receives contract assistance from the Commonwealth in the amount of an annual appropriation of \$160 million to support vital transportation services. Nonetheless, in constructing a budget for fiscal year 2013, the Authority was faced with an initial \$185 million deficit. Because the Authority began the fiscal year 2013 budget process with largely depleted reserves and declining revenues, the reserves and own source revenues were not sufficient to cover a projected deficit of this magnitude.

¹ FY 2012

Since Forward Funding took effect on July 1, 2000, the Authority has experienced a cumulative underperformance of sales tax—its primary revenue source—and now faces an upcoming fiscal year in which the sales tax guaranteed revenue amount will provide no more than a 1.3% increase (\$9.8 million). The Authority's other dedicated revenue source—local assessments—will increase by 2.5% (\$3.8 million). Unprecedented strong ridership in the past year has allowed the Authority to increase fare revenue in the fiscal year 2013 budget request by \$10.6 million—a 2.3% increase over fiscal year 2012—and unrelated to any fare increase.

While these three revenue sources in total provide \$24.2 million in new revenue for fiscal year 2013, the Authority's own source revenues actually decreased from fiscal year 2012 levels by \$53.0 million, leaving a net reduction in total revenue of \$28.8 million.² Without significant new revenue, the Authority had no way of balancing the budget without considering massive service reductions and fare increases.

So to continue to provide essential transportation services to our customers and to meet our contractual and statutory obligations, the Authority has identified new revenue sources, including a fare increase, modest service reductions, and other spending reductions. Some of these are one-time only and in certain circumstances require legislative approval. Descriptions of the changes appear in the sections below under FY 2013 Revenue and FY 2013 Operating Expenses.

In addition, and pursuant to Section 11 of Chapter 161A of Massachusetts General Laws and the reporting requirements contained therein, the Authority has established a target net operating investment per passenger mile ratio that it expects to achieve in FY 2013: 40.5 cents, in conjunction with the preparation of this operating budget request. This is a target and not legislatively mandated.³ The legislation stipulates that beginning in FY 2006, the Authority shall seek to achieve and maintain a target ratio of not more than 20 cents for any fiscal year. This target is not achievable in FY 2013 given the cost escalation in operating expenses.

FY 2013 Revenue

Total revenue from all sources is projected to increase by \$110.1 million to a total of \$1.766 billion. The major revenue categories follow:

² The reduction in own source revenues is due to the following: (1) the FY12 \$45m income from the North Station Parking is not available in FY13; advertising revenues are projected to be \$2.3 m less in FY13; North Station income is no longer available as a result of the lease transaction in FY12 (\$3.0m); and proceeds from Transit Realty Associates (TRA) are projected to be \$2.5 m less in FY 2013.

³ See Tab C for a history of the net operating investment per passenger mile ratio since the advent of forward funding.

Operating Revenue

The Authority's Operating Revenues come from Revenue from Transportation (fare revenue) and Other Operating Revenue. Total Operating Revenue is projected to increase by \$74.6 million (14.8%) to a total \$579.3 million in FY 2013. The increase is due to a number of the Authority's revenue streams from operations:

	<u>Increase/(Decrease)</u>
• Fare Increase	\$71.8 million
• Fares Due to Ridership Growth/Boat ⁴	\$10.6 million
• Parking	(\$0.1 million)
• Advertising	(\$2.3 million)
• Other Real Estate Operations	<u>(\$5.4 million)</u>
Net Increase:	\$74.6 million

The Authority's proposed fare revenue budget of \$536.9 million achieves a fare recovery ratio of 40.4%—higher than the FY 2012 fare recovery ratio of 35.1%. In addition to the fare increase, strong ridership over the past year as well as the Authority's decision to keep water transportation revenue have yielded an additional \$10.6 million in fare revenue.

The increase in parking fees at MBTA lots in conjunction with the fare increase has produced \$1.1 million in additional income but due to lower utilization, the projected net effect in parking income is a minor loss.

Advertising revenue has remained flat for the Authority. The prolonged economic downturn has had a direct effect on the market for advertising.

The major reasons for the \$5.4 million decrease in other real estate operations is the loss of parking income resulting from the lease of the North Station Parking Garage (\$3.0 million) and lower projected net income from Transit Realty Associates (TRA), the Authority's real estate contractor.

Non-Operating Revenue

The Authority's Non-operating Revenue comprises four major categories—dedicated local assessments, dedicated sales tax, contract assistance, and other income. Non-operating Revenue will increase by \$35.5 million (3.1%) to a total of \$1.187 billion.

Dedicated Local Assessments

The funds from local government will increase by 2.5% (\$3.8 million) to a total of \$155.9 million.

⁴ The Water Transportation contracts in FY 2013 are structured so that the Authority will retain fare revenue.

Dedicated Sales Tax

Revenue receipts from the state sales tax will increase by 1.3% (\$9.8 million) to a total of \$786.9 million.

Contract Assistance

The budget request assumes an appropriation of state contract assistance in the amount of \$160.0 million.

Other Income

The Authority's other income is a combination of miscellaneous revenue sources which include interest income, property sales, funds from federal government, utility reimbursement, and "other" which includes natural gas rebates and structured lease income. The Authority's budget request assumes an increase of \$21.9 million in other income from the following categories:

	<u>Increase/(Decrease)</u>
• MassDOT Motor Vehicle Inspection Trust Fund Transfer*	\$51.0 million
• MassDOT Snow and Ice Removal Surplus Transfer	\$5.0 million
• THE RIDE Federal Reimbursements*	\$5.0 million
• Other—Structured Lease Income	\$1.1 million
• Utility Reimbursements	(\$0.2 million)
• Property Sales/Lease	<u>(\$40.0 million)</u>
Net Increase:	\$21.9 million

The two items above marked by an asterisk require legislative action. MassDOT is in the process of securing the legislative changes. The \$40 million reduction in property sales is the result of the North Station Parking Garage lease transaction which occurred in FY 2012. The budgeted amount in FY 2012 for North Station was \$45 million. The FY 2013 budget request retains \$5 million from the lease transaction for use in FY 2013.

The Authority's projected total own source revenue, i.e. all revenue except dedicated revenue, achieves a revenue recovery ratio of 49.9%—higher than the FY 2012 revenue recovery ratio of 39.0%.

FY 2013 Operating Expenses

Operating expenses will increase by 2.7% in FY 2013. The need for \$35.3 million in additional resources falls into two categories: (1) ongoing operations and quality of service and (2) contractual and statutory obligations. The Authority has generated significant cost reductions, which have helped minimize the overall operating expense increase.

Ongoing Operations and Quality of Service

The Authority will require \$28.6 million in additional funds in FY 2013 for the following, largely non-controllable, costs:

- \$14.3 million for Purchased Commuter Rail Service which include the following: \$6.4 million for train fuel; \$2.0 million for other expenses: \$1.3 million for amortization for mobilization; \$1.2 million for the revenue incentive service improvement account; \$1.2 million for CSX Conrail; \$0.9 million for MBCR penalties and incentives; \$0.5 million for MBCR fixed price capital initiatives; \$0.3 million for MBCR extra work; \$0.2 million for MBCR FELA third party claims; and \$0.2 for Amtrak FELA insurance claims
- \$7.6 million for materials, services and supplies across all Authority operations
- \$4.3 million for gasoline and diesel fuel in Bus Operations
- \$1.9 million for contract cleaning of MBTA stations, vehicles and facilities
- \$0.4 for Authority financial service charges

Contractual and Statutory Obligations

The Authority will require \$36.3 million in additional funds in FY 2013 as a result of wage and payroll costs and existing contractual and statutory obligations as follows:

- \$14.3 million for contract rate increases, fuel costs, and higher ridership for the Authority's paratransit service THE RIDE⁵
- \$11.9 million for the Commuter Rail 4.5% contractual fixed price contract increase with MBCR (includes base contract plus Greenbush)
- \$4.6 million for Water Transportation contracts, largely associated with the MBTA retention of fare revenue and its reclassification to fare revenue and not a direct offset to the Local Service Subsidy line item

⁵ The cost of THE RIDE has grown from \$21.4 million in FY 2000 to \$100.8 million in the FY 2012 budget.

- \$4.3 million for a 2% pattern bargaining increase in FY 2013; this increase is net of the cost of a wage settlement and the reduction of 20 employees as a result of the Bus and Light Rail service reductions⁶
- \$1.1 million for payroll taxes (\$327 thousand for FICA and \$747 thousand for unemployment costs)

Cost Reductions

Offsetting the requested budget increases associated with ongoing operations and quality of service and contractual and statutory obligations are cost reductions largely attributable to Transportation Reform and modest service reductions, which collectively total \$29.6 million:

- \$7.7 million for decreased healthcare expenses as a result of the remaining unionized employees and unionized retirees transferring to the Group Insurance Commission (GIC) by January 2013⁷
- \$7.4 million for lower pension costs associated with lower actuarially-required employer contribution rates in both the MBTA Retirement Fund and the MBTA Police Association Retirement Plan
- \$6.8 million for utilities and power contract savings
- \$4.0 million for tort reform savings in the injuries and damages portion of the casualty and liability line item⁸
- \$2.8 million in service reductions on Commuter Rail
- \$0.5 million in services reductions in the following subsidy programs: Suburban Bus,⁹ Water Transportation (Quincy Ferry Service), and Private Carrier Bus¹⁰
- \$309 thousand in group life as a result of the remaining unions transferring to the GIC

⁶ The reductions will be handled through attrition.

⁷ The remaining unionized employees and unionized retirees will go into the GIC as soon as they have successor collective bargaining agreements to the ones which have expired. The expectation is that the remaining ten unions with expired contracts will settle by January 2013.

⁸ This item requires legislative action.

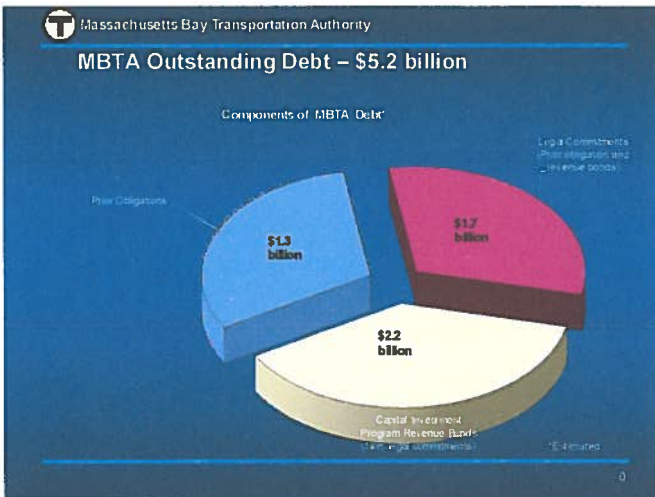
⁹ The reduction equates to a 50% reduction in the current subsidy.

¹⁰ Private Carrier Route 710, weekday and Saturday, operated by Joseph's Transportation

FY 2013 Debt Service

Interest and Principal Expenses

The FY 2013 budget continues to reflect increases in principal and interest payments as the bill on the Authority's \$5.2 billion in outstanding debt comes due. This \$5.2 billion in outstanding MBTA debt originates directly from three sources: "prior obligation debt" inherited by the MBTA at the onset of Forward Funding in 2000, projects required to be built and funded by MBTA as legal commitments associated with the Central Artery project permitting process, and the Authority's commitment to act as a good steward of the system and fund at least \$470 million per year in capital investment necessary to maintain the approximately \$3 plus billion dollar backlog in much needed State of Good Repair projects. The Authority's share of this capital investment continues to be drawn from bond funds due to the persistent lack of growth in sales tax revenues and the corresponding scarcity of available pay-as-you-go capital. The following chart summarizes the components comprising the MBTA's overall outstanding debt.



Currently, no dedicated funding source exists to pay for the Authority's portion of the Capital Investment Program. As a result, sales tax, assessment, and the Authority's own source revenues must cover both operating and capital expenses. The Authority's five-year Capital Investment Program is funded by five sources: revenue bonds, federal grants, state infrastructure funds, grant anticipation notes, and pay-as-you-go capital. In FY 2013, as in past years, the MBTA's non-federal portion of the capital program will be funded primarily

by the issuance of new revenue bonds which will only further contribute to the unsustainable pattern of escalating principal and interest costs.

Since FY 2001, the MBTA has attempted to implement a "pay-as-you-go" capital funding structure, but that has been made impossible due to the limited growth in sales tax revenues. It is unlikely that the Authority will be able to increase "pay-as-you-go" funding in the future given the economic outlook for both the overall economy and sales tax revenue growth. The Authority is committed to a minimum average annual investment of \$470 million per year to the State of Good Repair program and to allocate the vast majority of the Capital Investment Program toward State of Good Repair investments in the core system even in light of the organization's financial condition. Failure to invest at least this amount would result in degradation of the core transit system and a deterioration of service. Such an outcome would likely result in lower ridership and other real economic costs given the importance of transit to the local economy.

Total debt service in FY 2013 is \$437 million, which represents an increase of approximately \$75 million over the FY 2012 debt service budget. The lower FY 2012 debt budget included a \$33 million debt restructuring which delays the payment of principal but costs the Authority more in interest costs over the long term. No debt restructuring is included in the FY 2013 budget. Principal and interest will continue to remain high over the next several years. Much of the current debt has been refinanced at a lower cost over the past ten years, but those savings opportunities no longer exist.

Lease Payments

Lease payments for revenue and non-revenue vehicles will decrease due to expiring leases by \$3.7 million to \$5.6 million. These payments provide funding for tax-exempt vehicle leases that support vehicle purchases for THE RIDE program, the MBTA's police department, system-wide maintenance, and service delivery.

Debt Management

The MBTA has refunded over \$2.0 billion in debt in order to achieve economic savings and reduce principal and interest costs. Debt management also includes defeasance of debt and hedge agreements in order to manage financing costs and volatility in an uncertain economic environment.

With the continuing slow growth in sales tax revenue, principal and interest costs are consuming an ever increasing amount of revenue each year. Unless corrected or mitigated, this will continue to compromise the Authority's ability to provide the anticipated service levels included in the FY 2013 budget and in future years. The Authority could decide to curtail the Capital Investment Program, with the accompanying negative impact on the system's State of Good Repair. However, since the majority of the debt has been issued, this would provide very little relief in the short term. As there is no dedicated funding source for capital spending, continued reliance on bonds to finance the Authority's portion of the Capital Investment Program will only further exacerbate this situation.

SUMMARY

The FY 2013 budget request of \$1.766 billion reflects a \$110.1 million (6.6%) increase over FY 2012. A summary of the major line item increases appears in Tab B.

RECOMMENDATION

It is recommended that the Board of Directors approve the proposed FY 2013 annual operating budget and authorize the General Manager to submit the budget to the MBTA Advisory Board.

ATTACHMENTS

- Tab A Recommended Vote
- Tab B Statement of Revenue and Expenses
 Major Reasons for Increases in FY 2013 Budget Request
- Tab C Net Operating Investment per Passenger Mile: FY 2001—FY 2013

COORDINATION

Wesley G. Wallace, Jr., Treasurer/Controller

RECOMMEND APPROVAL

Mary E. Runkel
Director of Budget

Date: _____

RECOMMEND APPROVAL

Rachael Rollins
General Counsel

Date: _____

RECOMMEND APPROVAL

Jonathan R. Davis
Deputy General Manager and
Chief Financial Officer

Date: _____

APPROVAL

Jonathan R. Davis
Acting General Manager and Rail &
Transit Administrator

Date: _____

RECOMMENDED VOTE

That the Board of Directors approve the Authority's budget of current operating expenses and debt service costs for a one year period—July 1, 2012 through June 30, 2013—in the amount of \$1,766,263,405 in the form submitted to this Meeting; and that the General Manager is hereby authorized and directed to submit the budget, in the name and on behalf of the Authority, to the MBTA Advisory Board no later than April 15, 2012 in accordance with Section 20 of Chapter 161A of the Massachusetts General Laws.

**Massachusetts Bay Transportation Authority
Statement of Revenue and Expenses**

	FY11 Actuals	FY12 Budget	FY13 Preliminary Budget Request	Increased/ (Decreased)	FY13 Final Budget Request	FY13 % Incr/Decr over FY12 Budget	FY13 \$ Incr/Decr over FY12 Budget
REVENUE							
Operating Revenues							
Revenue from Transportation	448,813,678	454,467,000	465,018,373	71,841,966	536,860,339	18.1%	82,393,339
Other Operating Revenue	62,392,121	50,291,603	41,385,576	1,097,354	42,482,930	-15.5%	(7,808,673)
Total Operating Revenue	511,205,799	504,758,603	506,403,949	72,939,320	579,343,269	14.8%	74,584,666
Non-Operating Revenues							
Dedicated Local Assessments	150,429,215	152,100,139	155,902,644	0	155,902,644	2.5%	3,802,505
Dedicated Sales Tax	767,056,684	777,028,421	786,866,936	2	786,866,938	1.3%	9,838,517
Contract Assistance	159,999,996	160,000,000	160,000,000	0	160,000,000	0.0%	0
Other Income	24,490,782	62,256,041	16,150,554	68,000,000	84,150,554	35.2%	21,894,513
Total Non-Operating	1,101,976,677	1,151,384,601	1,118,920,134	68,000,002	1,186,920,136	3.1%	35,535,535
TOTAL REVENUES	1,613,182,476	1,656,143,204	1,625,324,083	140,939,322	1,766,263,405	6.6%	110,120,201
EXPENSES							
Operating Expenses							
Wages	398,341,653	410,938,780	416,402,712	(1,190,495)	415,212,218	1.0%	4,273,438
Fringe Benefits							
Pensions	59,665,520	72,741,177	65,494,399	(167,873)	65,326,526	-10.2%	(7,414,651)
Healthcare	115,868,416	129,196,207	125,305,779	(3,833,331)	121,472,448	-6.0%	(7,723,760)
Group Life	1,328,451	1,116,451	807,539	0	807,539	-27.7%	(308,913)
Disability Insurance	23,791	16,851	46,048	0	46,048	173.3%	29,197
Workers' Comp	9,432,901	10,376,524	10,352,125	0	10,352,125	-0.2%	(24,399)
Other Fringe Benefits	108,592	237,719	225,479	0	225,479	-5.1%	(12,240)
Total Fringe Benefits	186,427,671	213,684,928	202,231,367	(4,001,204)	198,230,164	-7.2%	(15,454,765)
Payroll Taxes	30,344,223	31,436,817	31,854,807	(91,073)	31,763,735	1.0%	326,918
FICA	1,886,874	1,168,764	1,915,645	0	1,915,645	63.9%	746,881
Unemployment							
Total Payroll Taxes	32,231,097	32,605,581	33,770,453	(91,073)	33,679,380	3.3%	1,073,799
Materials, Supplies and Services	182,741,475	195,142,197	203,072,429	(1,011,550)	202,060,879	3.5%	6,918,682
Casualty and Liability	15,300,405	15,435,693	15,435,693	(4,000,000)	11,435,693	-25.9%	(4,000,000)
Purchased Commuter Rail Service	297,911,135	313,914,177	339,150,435	(1,816,871)	337,333,564	7.5%	23,419,387
Purchased Local Service Subsidy	102,351,579	107,079,468	131,950,837	(6,223,693)	125,727,144	17.4%	18,647,676
Financial Service Charges	4,636,325	5,157,569	5,560,000	0	5,560,000	7.8%	402,431
Total Operating Expenses	1,219,941,340	1,293,958,393	1,347,573,926	(18,334,865)	1,329,239,041	2.7%	35,280,649
Debt Service Expenses							
Interest	253,590,062	237,521,709	244,149,663	0	244,149,663	2.8%	6,627,954
Principal Payments	126,886,949	115,356,121	187,281,197	0	187,281,197	62.4%	71,925,076
Lease Payments	12,751,316	9,306,981	5,593,504	0	5,593,504	-39.9%	(3,713,477)
Total Debt Service Expenses	393,228,326	362,184,811	437,024,364	0	437,024,364	20.7%	74,839,553
TOTAL EXPENSES	1,613,169,666	1,656,143,204	1,784,598,290	(18,334,865)	1,766,263,405	6.6%	110,120,202
Net Revenue	12,810	0	(159,274,207)	159,274,207	0		
Net Revenue in Excess of Expenses	12,810	0	(159,274,207)	159,274,207	0		
Revenue Recovery Ratio	43.9%	43.8%	38.8%		49.9%		
Fare Recovery Ratio	36.8%	35.1%	34.5%		40.4%		

Massachusetts Bay Transportation Authority

Major Reasons for Increases in the FY 2013 Budget Request

Major Line Item Category	Line Item Increase	% of Total FY 2013 Increase	Line Item Increase over FY 2012
Debt Service	\$74,839,553	68.0%	20.7%
Commuter Rail	23,419,387	21.3%	7.5%
Local Service Subsidy	18,647,676	16.9%	17.4%
THE RIDE	14,329,740		
Water Transportation	4,649,967		
Private Carrier Bus	(146,531)		
Suburban Bus	(185,500)		
Materials, Services, Supplies	6,918,682	6.3%	3.5%
Wages	4,273,438	3.9%	1.0%
Payroll Taxes (FICA and Unemployment)	1,073,799	1.0%	3.3%
Financial Service Charges	402,431	0.4%	7.8%
Casualty and Liability	(4,000,000)	-3.6%	-25.9%
Fringe Benefits Savings	(15,454,765)	-14.0%	-7.2%
Healthcare	(7,723,760)		
Pensions	(7,414,561)		
Group Life Insurance	(308,913)		
Workers' Compensation	(24,399)		
Other Fringe Benefits	(12,240)		
Disability Insurance	29,197		
Total Increase in Expenses	\$110,120,201	100.0%	6.6%

Increases are expressed as a percentage increase over the FY 2012 budget. The highlighted categories account for the total increase.

Massachusetts Bay Transportation Authority
Net Operating Investment Per Passenger Mile
FY 2000 - FY 2013 (Estimate)

	Operating Expenses	Fare Revenue*	Nontransportation Income	Net Investment	Passenger Miles	Investment Ratio
FY 00	\$710,709,000	\$250,311,546	\$30,018,357	\$430,379,097	1,677,781,807	\$0.257
FY 01	743,142,996	304,111,591	45,281,818	393,749,587	1,818,140,290	0.217
FY 02	777,599,108	306,055,452	35,091,440	436,452,216	1,823,179,910	0.239
FY 03	807,022,088	301,573,334	36,245,793	469,202,961	1,874,755,722	0.250
FY 04	841,426,948	324,495,868	40,868,642	476,062,438	1,862,072,081	0.256
FY 05	893,131,388	346,616,883	38,626,474	507,888,031	1,738,697,937	0.292
FY 06	944,126,332	365,981,713	51,831,571	526,313,048	1,767,605,772	0.298
FY 07	987,148,623	421,216,492	45,924,913	520,007,218	1,734,986,303	0.300
FY 08	1,045,213,616	474,555,710	32,976,932	537,680,974	1,808,234,000	0.297
FY 09	1,143,483,506	488,787,278	41,425,192	613,271,036	1,880,345,528	0.326
FY 10	1,179,805,066	481,684,788	31,338,787	666,781,491	1,704,706,344	0.391
FY 11	1,222,769,952	491,567,973	37,231,177	693,970,802	1,826,691,501	0.380
FY 2012 (Budget)	1,293,662,089	477,586,117	82,329,194	733,746,778	1,918,026,076	0.383
FY 2013 (Estimate)	1,330,346,641	559,836,481	35,764,942	734,745,218	1,814,452,668	0.405

* Fare Revenue includes Parking Lot Proceeds.

Note: Section 11 of Chapter 161A of Massachusetts General Laws stipulates that beginning in FY2006, the Authority should seek to achieve and maintain a target ratio of not more than 20 cents for any fiscal year. The legislation instructs the Authority to calculate the ratio using for the values of the variables the data reported each year to the Federal Transit Administration for the National Transit Database. As such, the data in the above chart differs slightly from the Authority's Statement of Revenue and Expenses.



Deval L. Patrick, Governor
Timothy P. Murray, Lt. Governor
Richard A. Davey, Secretary & CEO



I, Paula Fallon, Recording Secretary of the Board of Directors of the Massachusetts Bay Transportation Authority, hereby certify that, at a Meeting of the Board of Directors of the Massachusetts Bay Transportation Authority, under the provisions of Chapter 161A of the General Laws, as amended to date, duly called and held on the fourth day of April 2012, at which all members were present, the following Vote was adopted:

VOTED:

That the Board of Directors approve the Authority's budget of current operating expenses and debt service costs for a one year period-July 1, 2012 through June 30, 2013- in the amount of \$1,766,263,405 in the form submitted to this Meeting; and that the General Manager is hereby authorized and directed to submit the budget, in the name and on behalf of the Authority, to the MBTA Advisory Board no later than April 15, 2012 in accordance with Section 20 of Chapter 161A of the Massachusetts General Laws.

VOTED:

That the Secretary to the Board is authorized to certify the preceding vote immediately after the close of this meeting.

A true copy.

Attest: April 5, 2012

Paula Fallon
Recording Secretary
Board of Directors of the
Massachusetts Bay Transportation
Authority

Board of Directors

John R. Jenkins, Chair • Ferdinand Alvaro, Jr. • Elizabeth Levin • Janice Loux • Andrew Whittle