



Report to the Finance Committee

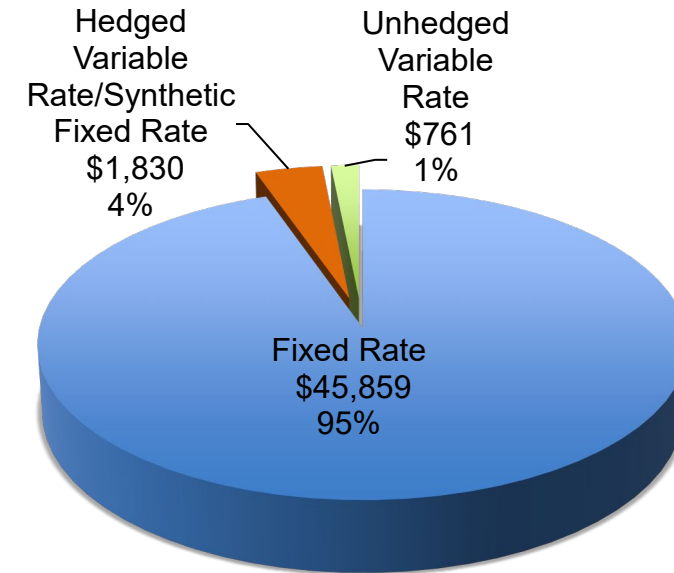
Annual Report on Variable Rate Debt

MTA Finance Department
April 28, 2025



Hedged and Unhedged Variable Rate Debt is a Modest 5% of Total Outstanding Debt

- Variable rate debt is generally debt with nominal long-term maturities that carry interest rates that are reset on a periodic basis (e.g. daily, weekly, etc.) and change in accordance with changes in market interest rates and credit quality of debt
- Variable rate debt accounts for 5% of the portfolio. Unhedged variable rate debt is 1%, which is well within the 25% limit set in the MTA's Variable Rate Debt policy
- 71% of outstanding variable rate bonds are hedged through payment agreements designed to reduce net borrowing costs and/or reduce interest rate volatility



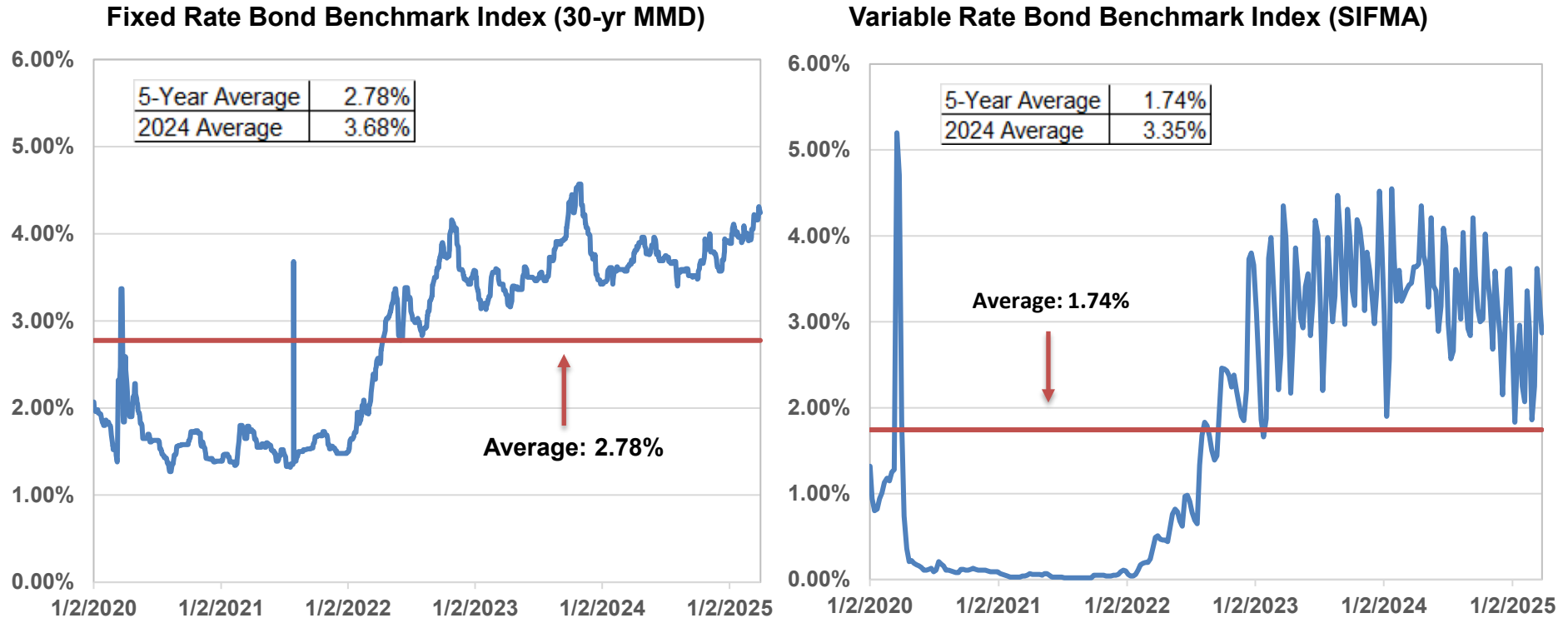
\$ in millions

Notes:

- (1) Fixed Rate includes \$2.4 billion Bond Anticipation Notes, \$1.3 billion Fixed Rate Balloon Obligations, and \$800 million Term Rate bonds which have a fixed rate for a defined period (until the mandatory tender date) but do not have a fixed rate for the entire life of the bonds.
- (2) Excludes \$748.2 million Hudson Rail Yard Trust Obligations
- (3) Data as of 4/28/2025



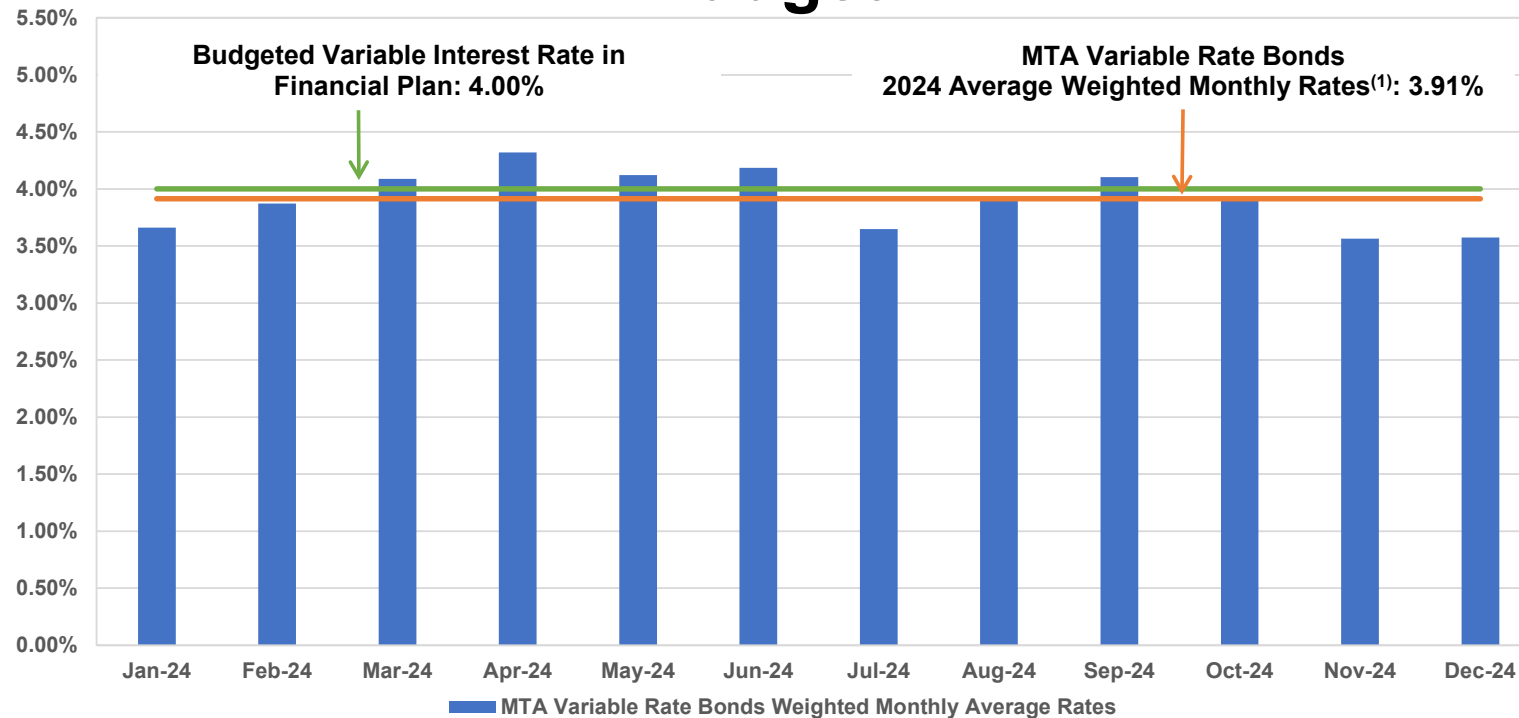
Diminished Variable Rate Benefit and Increased Volatility in 2024



- In 2024, the average benefit between short-term rates (SIFMA) and long-term rates (MMD) narrowed to one third of a percentage point
- Short-term rates also continued to experience greater volatility driven by significant periodic inflows and outflows of assets into the market for tax-exempt variable rate securities



2024 Variable Rate Bonds Came in Slightly Under Budget



2024 Performance: MTA's Variable Rate Bonds weighted monthly average rates fluctuated significantly in 2024, consistent with the volatility of the SIFMA index, from a high of 4.32% in April to a low of 3.56% in November. The Average Weighted Monthly Rate in 2024 was 3.91%⁽¹⁾, below the MTA's budgeted variable interest rate of 4% in the Financial Plan.

2025 YTD Performance: MTA's Variable Rate Bonds weighted daily average rates continued to be volatile in the first quarter of 2025. The Average Weighted Monthly Rate in the first quarter of 2025 was 2.97%⁽¹⁾

Notes:

(1) Weighted Monthly Average Rates are inclusive of remarketing and LOC fees

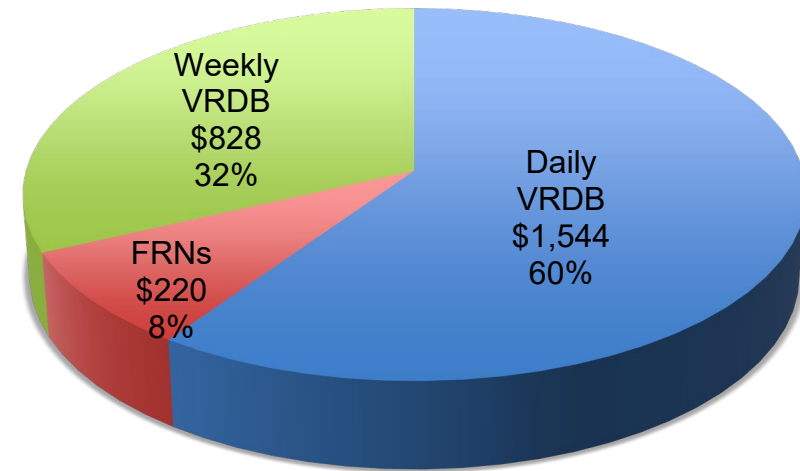


Appendix



Most of MTA's Variable Rate Debt Portfolio is Structured as Variable Rate Demand Bonds

- **Variable Rate Demand Bonds ("VRDBs"), \$2.372 billion outstanding**
 - Interest rate is determined daily or weekly, depending on the interest rate mode; Remarketing Agent markets bonds tendered, and sets the interest rate on each reset date
 - VRDBs are supported by bank Letters of Credit (LOCs)
- **Floating Rate Notes ("FRNs"), \$220 million outstanding**
 - Interest rate is determined based on a set spread to a floating index (SIFMA or a % of SOFR)



\$ in millions

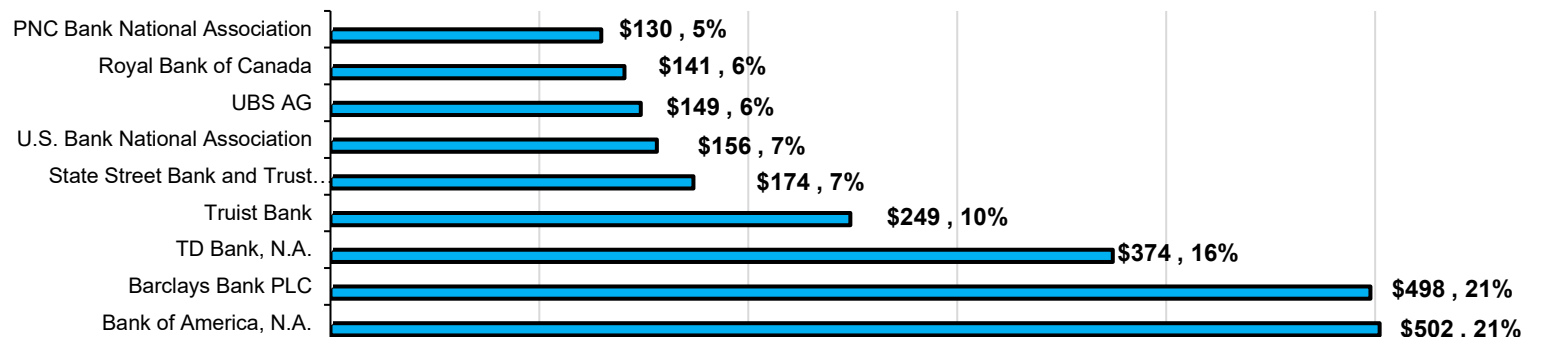
Notes:

(1) Data as of 4/28/2025

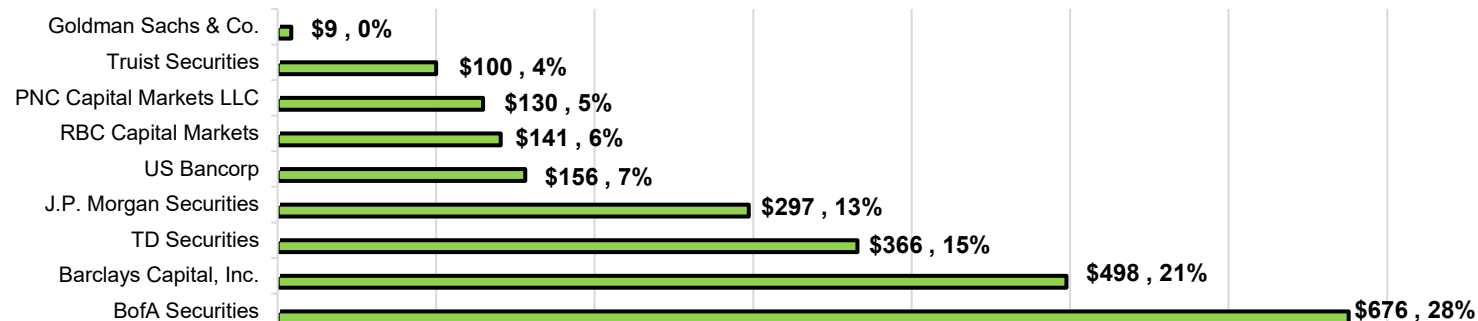


Variable Rate Demand Bonds Are Supported and Remarketed by a Diverse Group of Banks (9) and Remarketing Agents (9)

LOC Providers



Remarketing Agents



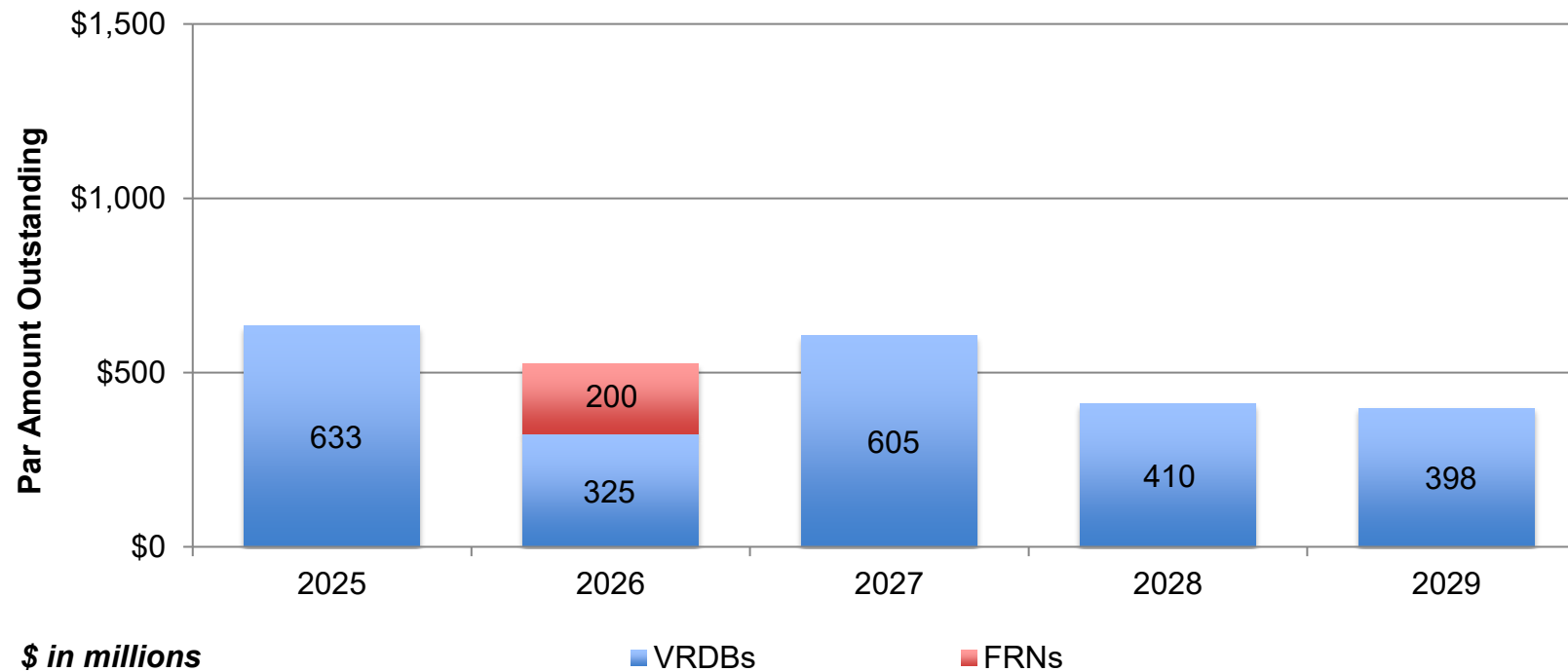
\$ in millions

Notes:

(1) Data as of 4/28/25



LOC Expiration/FRN Put Risk is Spread Out over 5 Years



2025 Calendar: \$633 million VRDBs with expiring LOCs for the remainder of 2025

Notes:

(1) Data as of 4/28/2025

(2) \$20 million of outstanding FRNs are expected to be paid off at maturity and are excluded from the chart



Outstanding Counterparty Exposure is Diversified Across Multiple Counterparties

Swap Counterparty	Ratings Moody's/S&P/Fitch	Notional Amount (\$000)	% of Total Notional	Mark-to Market (\$000)
AIG Financial Products ⁽¹⁾	Baa2/BBB+/BBB+	\$65,865	4%	-\$3,567
Bank of New York	Aa2/AA-/AA	\$207,025	12%	-\$5,798
BNP Paribas ⁽²⁾	Aa3+/A+/AA-	\$173,700	9%	-\$4,765
Citibank NA	Aa3+/A+/A+	\$173,700	9%	-\$4,765
JP Morgan Chase Bank NA	Aa2/A+/AA	\$727,800	40%	-\$49,147
UBS	Aa3/A+/A+	\$371,295	20%	-\$15,468
US Bank NA	A2/A+/A+	\$55,488	3%	-\$1,257
Wells Fargo Bank NA	Aa2/A+/AA-	\$55,488	3%	-\$1,257
Total		\$1,830,360		-\$86,024

- Mark-to-Market (MTM) values represent the theoretical mid-market termination amounts as of a given valuation date and do not impact capital or operating budgeting. MTM of the MTA swap portfolio declined by over 5% over the last year from a negative \$81.4 million.

Notes:

¹ Guaranteed by AIG Inc. (AIG Financial Products Corp. parent company).

² Guaranteed by BNP Paribas

Totals may not add due to rounding