MOODY'S
RATINGS

Rating Action: Moody's Ratings upgrades NY MTA's Transportation Revenue Bonds to A2; outlook revised to stable

13 Jun 2025

New York, June 13, 2025 -- Moody's Ratings (Moody's) has upgraded to A2 from A3 the rating on the Metropolitan Transportation Authority, NY's (MTA) $17.1 billion of outstanding Transportation Revenue Bond (TRB), and revised the outlook to stable from positive. The upgrade is based on increased political and financial support from New York State (Aa1 stable) and New York City (Aa2 stable) for the system's substantial operating and capital needs.

We have also affirmed the Baa2 rating on the Moynihan Station Project TIFIA loan issued by the New York State Urban Development Corporation d/b/a Empire State Development (ESD) and the A1 rating on the Real Estate Transfer Tax Revenue Bonds, Series 2025A (TBTA Capital Lockbox Fund) issued by the Triborough Bridge and Tunnel Authority (TBTA). The outlooks are stable.

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBM_PBM909225176 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

The upgrade of MTA's TRB rating reflects increased political and financial support from New York State (Aa1 stable) and New York City (Aa2 stable) for the system's substantial operating and capital needs. The state's recent payroll mobility tax (PMT) increase for MTA filled a significant gap in the $68.4 billion 2025-2029 capital program which will accelerate asset investment, protect service quality and support future revenue growth. The new PMT increment will generate $1.4 billion annually, is dedicated to capital projects and will allow MTA to borrow $23 billion, in addition to $10 billion supported by the operating budget, with only moderate growth in leverage metrics and fixed costs.

The A2 rating also incorporates the system's importance as an essential service provider to a vast and economically robust market and MTA's strong budget and financial management, balanced by persistent pressure to manage operating cost growth and significant long-term liabilities and associated costs from debt, pensions and other post-employment benefits.

Like all US transit systems, MTA also benefits from financial support from the US Government (Aa1 stable), which has provided reliable recurring aid and extraordinary support for events like the COVID-19 pandemic. However, potential federal policy changes may increase MTA's budget uncertainty as the US Department of Transportation works to terminate MTA's congestion pricing program and future recurring aid may decline after September 2026.

The Baa2 rating on the Moynihan Station Project TIFIA Loan relies on the credit strength provided by the MTA's absolute and unconditional obligation to make advances to replenish the project's debt service reserve account, while also incorporating the real estate risk to project revenues and the eventual release of the MTA from its commitment. The loan is paid from payments-in-lieu-of-taxes (PILOTs) made by the developers and commercial tenants of the redeveloped space. The MTA's obligation to make DSRA advances will cover regularly scheduled debt service payments until at least 2033. The DSRA advance obligation is on parity with MTA's general operating expenses and subordinate to repayment of TRB debt service.

Given the long duration of MTA's support and the relatively robust criteria that have to be met before MTA's release, the rating primarily reflects the credit quality of the loan during MTA's support period for the next eight years. Should MTA's support be released prior to the underlying project achieving investment grade characteristics, the credit assessment will more heavily weight the project specific risks, which could result in a downward rating change. The Baa2 rating incorporates this transition risk.

The A1 rating on the Real Estate Transfer Tax (RETT) revenue bonds reflects the very narrow revenue pledge and historically volatile taxable base that is sensitive to broader economic conditions, partially balanced by solid debt service coverage, a 100% MADS debt service reserve fund, and strong additional borrowing constraints. Pledged revenue is RETTs on high value residential and non-residential real property sales in New York City that were statutorily allocated to Triborough Bridge and Tunnel Authority (TBTA; Sr lien Aa3 stable) to fund MTA capital projects.

Pledged revenue benefits from the strength and diversity of the New York City economy and healthy real estate market, but the tax base is narrowly limited to the top end of real property sales. The rating also reflects the protections provided by a statutory direction of pledged revenue from the New York State Comptroller to a dedicated, capital-only "lockbox" held by the TBTA.

RATING OUTLOOK

The stable outlook reflects our forecast that MTA will effectively balance relatively small out-year operating budget gaps and fund significant asset investments with a moderate increase in leverage position and fixed costs. The outlook also acknowledges some operating and capital budget uncertainty related to potential federal policy changes.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

TRB:

- Lower debt issuance or faster revenue growth that leads to a sustained net debt to revenue metric below 2.5x and fixed costs below 25%

- Substantial progress in completing capital programs on time and on budget, leading to improved asset condition and service performance

- Sustained positive financial performance that supports stable liquidity above 225 days cash on hand

- Reduced labor-related financial and operating constraints and related fixed costs

Moynihan:

- A demonstrated, successful operating history that supports property assessed values and PILOTs that would provide ample debt service coverage after the fixed-PILOT period

RETT:

- Sustained increase in pledged receipts that maintains over 3x coverage of projected MADS for a multi-year period

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

TRB:

- Reduced capital funding that requires MTA to significantly increase its net debt to revenue metric above 4x and aggregate fixed costs above 35%, or increased short-term debt risk to fully fund its capital program

- Weak financial performance that increases budget gaps and reduces liquidity below 60 days

- Significant capital project delays or cost overruns that increase debt or destabilize public support for the enterprise

- Declines in asset quality, service performance or public confidence that reduce public and/or political support for MTA, its subsidies and future fare increases

Moynihan:

- Significant credit deterioration of credit support provider, the MTA

- A release of the MTA's DSRA Advance obligation prior to the project achieving investment grade credit fundamentals

- Weak real estate fundamentals or other factors that could lead to a failure to pay PILOTs and trigger principal acceleration, which is not covered by the MTA

RETT:

- Sustained decline in coverage of projected MADS below 1.5x

- Significant leveraging of pledged revenues through a subordinate lien, without adequate protections for the senior lien

- Significant credit deterioration at TBTA or MTA

PROFILE

The MTA is a public benefit corporation of New York State, created by the New York State legislature in 1965. The MTA's governing board is appointed by the governor with advice and consent of the state Senate. New York City's mayor recommends four voting board members, and the county executives of Nassau, Suffolk, Westchester, Dutchess, Orange, Rockland, and Putnam counties recommend one each, with the latter four casting one collective vote. The Board also has six non-voting members that represent collective bargaining units, citizens and riders.

The MTA is responsible for developing and implementing a unified mass transportation policy for the Metropolitan Transportation District which includes New York City and the surrounding Duchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties. In addition to these counties, MTA's service area also includes Fairfield and New Haven counties in CT. MTA operations are performed through nine different agencies, including the TBTA. TBTA profits, after paying its own O&M and debt service, are transferred to MTA to subsidize transit, bus and commuter rail operations.

METHODOLOGY

The principal methodology used in the Transportation Revenue Bond and Moynihan Station Project TIFIA loan ratings was Mass Transit Enterprises published in July 2024 and available at https://ratings.moodys.com/rmc-documents/425581. The principal methodology used in the Real Estate Transfer Tax Revenue Bonds, Series 2025A (TBTA Capital Lockbox Fund) rating was US Public Finance Special Tax Debt published in July 2024 and available at https://ratings.moodys.com/rmc-documents/425427. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are all solicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBM_PBM909225176 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Rating Solicitation

- Issuer Participation

- Participation: Access to Management

- Participation: Access to Internal Documents

- Endorsement

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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