

MTA ANNUAL DISCLOSURE STATEMENT SUPPLEMENT
May 19, 2020

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Supplement (the “Supplement”) is dated May 19, 2020, supplements the information contained in the Annual Disclosure Statement (the “ADS”) of MTA, dated April 29, 2020, as supplemented by the May 1, 2020 Supplement. *This Supplement provides information relating primarily to an updated assessment of impacts of the COVID-19 pandemic for 2020.* MTA expects to file this Supplement with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access (“EMMA”) system and may incorporate such information herein by specific cross-reference. No statement on MTA’s website or any other website is included by specific cross-reference herein. All of the information in this Supplement is accurate as of its respective date. MTA retains the right to update and supplement specific information contained herein as events warrant.

The factors affecting MTA’s financial condition are complex. This Supplement contains forecasts, projections, and estimates that are based on expectations and assumptions, which existed at the time they were prepared and contains statements relating to future results and economic performance that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “anticipate” or other similar words. The forward-looking statements contained herein are based on MTA’s expectations and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made but that may be incorrect, incomplete, imprecise or not reflective of future actual results. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the preceding paragraph, MTA does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change or events occur that change the conditions or circumstances on which such statements are based. These forward-looking statements speak only as of the date of this Supplement.

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Updated Assessment of Impacts From the COVID-19 Pandemic on MTA and MTA Bridges and Tunnels Finances and Operations

The information set forth under the heading “Update Regarding Impacts from the Global Coronavirus Pandemic and Certain MTA, Federal and State Responses” in the ADS is further supplemented as set forth below. MTA intends to provide periodic updates on EMMA and MTA’s website of the continued impacts of the COVID-19 pandemic on MTA, particularly on its finances and operations.

Status of Federal Aid. Federal emergency legislation, the “Coronavirus Aid, Relief and Economic Security Act” or “CARES Act”, received final passage by Congress and was signed into law by the President on March 27, 2020. The CARES Act through FTA’s formula funding provisions is expected to provide approximately \$4 billion to MTA. Funding will be provided at a 100 percent Federal share, with no local match required, and will be available to support operating, capital and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. MTA’s initial grant under the CARES Act for \$3.9 billion has been approved, and as of May 15, 2020, a total of \$1.3 billion has been released to MTA for operating assistance that occurred from January 20, 2020 through March 31, 2020. MTA is working with FTA to amend the initial CARES Act grant to include approximately \$98 million in additional formula grant allocations to MTA.

On April 16, 2020, MTA Chairman and Chief Executive Officer Patrick J. Foye wrote to the New York State Congressional delegation, urging Congressional action to provide an additional \$3.9 billion in Federal grant assistance “to stem the immediate hemorrhaging in the MTA’s 2020 operating budget”. Such aid would be supplemental to the approximately \$3.9 billion contained and approved in the CARES Act, and was requested to be included in any upcoming new Congressional COVID-19 aid package. Such additional federal assistance, if approved, would be exclusive of any capital infrastructure stimulus funding to be considered by Congress and the Administration. MTA is awaiting Congressional consideration of this request.

Ridership and Traffic Update. As of May 15, 2020 ridership on MTA facilities continue to be dramatically below 2019 year-to-year levels. Compared to 2019 results, ridership is down 90 percent on the subways, 94 percent on MTA Metro-North Railroad, and 94 percent on the Long Island Rail Road, and 70 percent on buses. For the period from May 3rd through May 17th, crossings at MTA Bridges and Tunnels facilities are down by an estimated 53% from 2019 figures. This represents a modest improvement in the year-over-year preliminary results for the period from April 3rd through May 2nd, which showed a decrease in traffic of approximately 65%. Based on the current ridership and crossings information, as well as reasonable forecasts of a slow return to higher (but not pre-COVID-19 pandemic) levels in 2020, MTA, based upon scenarios in the McKinsey Report (as described in the ADS), has projected to see combined losses in fare and toll revenues of between \$4.7 and \$5.9 billion in 2020, and additional impacts in 2021.

MTA Liquidity Resources. MTA currently has liquidity resources in the approximate amount of \$3.985 billion, consisting of a current running cash balance of \$1.59 billion (including the initial CARES Act grant receipts noted above), internal available flexible funds of \$1.158 billion, OPEB resources of \$336 million and applicable commercial bank lines of credit totaling \$901 million (\$704 million of which has been drawn). *Certain of these funds provide a temporary funding “bridge” to a permanent solution to the lost revenue and higher expenses. Such funds must be repaid or replaced. Use of these monies will leave MTA with a significant gap in funding for both the operating budget and capital plan over the longer term and will likely result in additional debt issuance and unfunded operating needs.*

There is no assurance that the full level of support or financial assistance requested as discussed above will be forthcoming from Federal partners, or the timing of any payments to MTA. MTA does not believe that it could sustain the reductions necessary to address the impact of the COVID-19 pandemic without the assistance mentioned above. The status of MTA and its Related Entities operations and finances have become dire, and it remains extremely difficult to predict the course of these impacts due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its (i) duration, (ii) severity and (iii) ultimate geographic spread, as well as with regard to what actions may be taken by other governmental authorities and health care providers to contain or mitigate its impact.