



Report to the Finance Committee 2025 Year End Review

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Capital Program Funding & Innovation – 2025 Key Highlights

Innovating Capital Program Funding – One New Credit Developed, Another on Its Way

- **RETT Bonds (New Credit Launched)**
 - \$1.6B issued in January 2025 to fund 2020-2024 and future transit and commuter projects
 - Strong ratings: Moody's A1, S&P A+, KBRA AA
 - Additional approximately \$800M capacity expected in 2026 or later
- **Congestion Relief Zone (CRZ) Revenues:**
 - Bond resolution approval is paving way to issue debt to fund \$15 billion of transit and commuter projects in the 2020-2024 Capital Program

Supporting Credit Strength – Two Rating Upgrades Achieved

- **Transportation Revenue Bonds (TRB) Ratings Upgrade**
 - June 2025 – Moody's: A3 → A2
 - August 2025 – S&P: A- → A
 - Ratings reflect MTA's essential role, post-COVID financial stability, and fully funded 2025-2029 Capital Program. Higher ratings help broaden investor participation and potentially reduce borrowing costs

Impact Summary

- \$4.3 billion of bonds, notes, and loans to finance capital projects
- \$146 million saved in debt service over the financial plan period by refinancing \$2.7 billion of outstanding bonds
- \$1.1 billion in long-term debt paid off at maturity



2025 Market Recap and 2026 Outlook

2025 in Summary

- **Interest Rates:** Short-term rates inside 10 years fell after 75 bps of Fed cuts; 30-year UST roughly flat, 30-year MMD higher
- **Investor Sentiment:** Influenced by tariff uncertainty, mixed economic outlooks, Fed rate cut expectations, government shutdown, and geopolitical risks
- **Yield Movements:** UST and MMD yields fluctuated <1%, excluding April rate spike; year-end yields mostly below 2025 averages: UST (10 Year/30 Year): 4.17% and 4.84%; MMD (10 Year/30 Year): 2.76% and 4.24%
- **Municipal Market:** Issuance reached a record \$579.9 billion (+12.9% YoY); municipal bond funds saw strong inflows (\$26.6 billion net)

Looking Ahead to 2026

- **Fed Actions:** Market expects ~2 modest Fed rate cuts; with economic, fiscal, and geopolitical uncertainties affecting rates
- **New Issuance:** Municipal issuance projected at about \$600 billion

2026 U.S. Treasury Rate Projections

	<u>Q1 2026</u>	<u>Q2 2026</u>	<u>Q3 2026</u>	<u>Q4 2026</u>
2-Yr Median	3.45%	3.35%	3.30%	3.29%
5-Yr Median	3.65%	3.60%	3.60%	3.60%
10-Yr Median	4.10%	4.10%	4.10%	4.14%
30-Yr Median	4.70%	4.70%	4.66%	4.65%

Note: MMD = Municipal Market Data; UST = U.S. Treasury; bps = basis points; YoY = year over year
Sources: Bloomberg, LSEG Data & Analytics and Lipper. Treasury Rate Projections from Bloomberg as of January 6, 2026



2026 Financing Quarterly Calendar

(\$ in millions)

	Q1	Q2	Q3	Q4	TOTAL
Total New Money Issuance*	\$750	\$1,928	\$1,910	\$1,062	\$5,650

2026 New Debt Issuance Offset

- Debt repayment of \$2.1 billion will offset new money issuance

2026 Refunding Opportunities

- \$3.1 billion of MTA & TBTA bonds eligible to be refunded for savings (market-dependent)

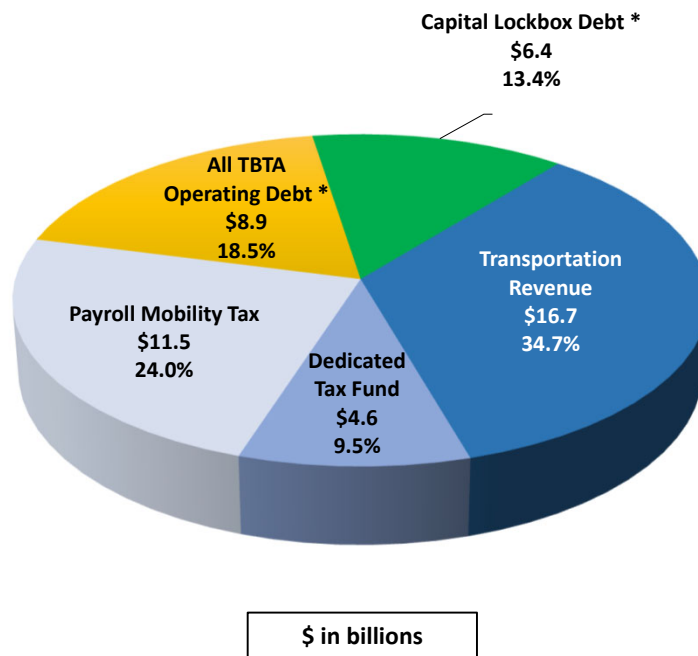
Note: All information on this slide is preliminary and subject to change

* New money values reflect expected par amount, and new money obligations may be issued as bonds or BANs on various credits. Totals reflect debt to be repaid by the Operating Budget as well as the Capital Lockbox



MTA Debt Overview

As of 12/31/2025, \$48.1 billion debt outstanding



Outstanding Debt Trends

- **2024 -> 2025:** Net increase of \$2.9 billion(+6.4%) following three years of minimal or no annual net increases
 - \$2 billion of the net increase due to growth in Capital Lockbox Fund debt
 - \$917 million increase in Operating Budget debt
- **Projected 2026:** Debt Outstanding is projected to increase by \$3.6 billion

Note: Excludes \$740.98 million Hudson Rail Yards Trust Obligations (Series 2016A and Series 2020A). Includes Bond Anticipation Notes (BANs)

* Capital Lockbox Debt includes: TBTA City Sales Tax, TBTA Real Estate Transfer Tax, 2025 Term Loan on CBDTP credit, TBTA Sub Rev BANs 2025A, and TBTA Second Sub Rev BANs 2025A. Latter two BANs are excluded from All TBTA Operating Debt as MTA intends to pay these BANs with Capital Lockbox Fund monies and debt.