



\$450,720,000

**METROPOLITAN TRANSPORTATION AUTHORITY
Transportation Revenue Bond Anticipation Notes, Series 2020B**

DATED: Date of Delivery

DUE: As Set Forth on the Inside Cover Page

The Transportation Revenue Bond Anticipation Notes, Series 2020B (the Series 2020B Notes) offered hereby are issued in accordance with the terms and provisions of the General Resolution Authorizing Transportation Revenue Obligations of MTA adopted on March 26, 2002 (the Transportation Resolution), as supplemented, including as supplemented by a supplemental resolution adopted by MTA (the BAN Resolution). One or more series of bonds is expected to be issued to retire the Series 2020B Notes (the Take-Out Bonds), in accordance with the Transportation Resolution, as supplemented, including as supplemented by a supplemental resolution adopted by MTA (the Take-Out Bond Resolution, and together with the Transportation Resolution and the BAN Resolution, the Resolution).

The Series 2020B Notes are being issued to (i) pay at maturity certain outstanding Transportation Revenue Bond Anticipation Notes, and (ii) pay certain financing, legal, and miscellaneous expenses. See "APPLICATION OF PROCEEDS" herein.

Principal of and interest on the Series 2020B Notes are payable solely from (1) the proceeds of other notes, (2) the proceeds of the Take-Out Bonds, and (3) with respect to interest payable on the Series 2020B Notes, amounts available for payment of subordinated indebtedness. The Series 2020B Notes are not secured by any other funds, accounts or amounts that are pledged to the payment of bonds or parity obligations issued under the Resolution. See "SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020B NOTES".

The Series 2020B Notes are not a debt of the State of New York (the State), The City of New York (the City) or any other local government unit, and the State, the City and other local government units are not liable thereon. MTA has no taxing power.

In the opinion of Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel to MTA, under existing law and relying on certain representations by MTA and assuming the compliance by MTA with certain covenants, interest on the Series 2020B Notes is:

- *excluded from a noteholder's federal gross income under Section 103 of the Internal Revenue Code of 1986, and*
- *not a specific preference item for a noteholder in calculating the federal alternative minimum tax.*

Also in Co-Bond Counsel's opinion, under existing law, interest on the Series 2020B Notes is exempt from personal income taxes imposed by the State or any political subdivisions of the State, including the City. See "TAX MATTERS" herein for a discussion of certain federal and State income tax matters.

The Series 2020B Notes are subject to redemption prior to maturity on any Business Day, at the option of MTA, as described herein.

After competitive bidding on August 18, 2020, MTA determined to sell to the Municipal Liquidity Facility LLC (the MLFLLC), and the MLFLLC agreed to purchase, all of the Series 2020B Notes.

The Series 2020B Notes are offered when, as, and if issued, subject to certain conditions, and are expected to be delivered through the facilities of The Depository Trust Company, on or about August 26, 2020.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2020B Notes. Investors are advised to read the entire offering memorandum, including all portions hereof included by specific cross-reference, to obtain information essential to making an informed decision.

\$450,720,000
Metropolitan Transportation Authority
Transportation Revenue Bond Anticipation Notes

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number*</u>
August 1, 2023	1.93%	100%	59261A G92

* The CUSIP number has been assigned by an organization not affiliated with MTA and is included solely for the convenience of the holders of the Series 2020B Notes. MTA is not responsible for the selection or uses of the CUSIP number, nor is any representation made as to its correctness on the Series 2020B Notes or as indicated above. The CUSIP number is subject to being changed after the issuance of the Series 2020B Notes as a result of various subsequent actions including, but not limited to, as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2020B Notes.

Metropolitan Transportation Authority
2 Broadway, 4th Floor
New York, New York 10004
(212) 878-7000
Website: www.mta.info

Patrick J. Foye Chair and Chief Executive Officer
Andrew B. Albert..... Non-Voting Member
Jamey Barbas Member
Frank Borrelli, Jr. Member
Norman E. Brown..... Non-Voting Member
Victor Calise Member
Lorraine Cortes-Vazquez Member
Michael Fleischer..... Member
Randolph F. Glucksman Non-Voting Member
Rhonda Herman Member
David R. Jones Member
Linda A. Lacewell..... Member
Kevin S. Law Member
Robert W. Linn Member
David S. Mack Member
Susan G. Metzger..... Member
Haeda B. Mihaltses Member
Robert F. Mujica, Jr. Member
John Samuelsen..... Non-Voting Member
Lawrence S. Schwartz..... Member
Vincent Tessitore, Jr. Non-Voting Member
Neal Zuckerman..... Member

Mario Péroquin Chief Operating Officer
John N. Lieber Chief Development Officer
Robert E. Foran..... Chief Financial Officer
Thomas J. Quigley General Counsel
Patrick J. McCoy..... Director, Finance

NIXON PEABODY LLP
New York, New York

D. SEATON AND ASSOCIATES, P.A., P.C.
New York, New York

Co-Bond Counsel

PUBLIC RESOURCES ADVISORY GROUP, INC.
New York, New York

ROCKFLEET FINANCIAL SERVICES, INC.
New York, New York

Co-Financial Advisors

HAWKINS DELAFIELD & WOOD LLP
New York, New York
Special Disclosure Counsel

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SUMMARY OF TERMS

MTA has prepared this Summary of Terms to describe the specific terms of the Series 2020B Notes. The information in this offering memorandum, including the materials filed with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board and included by specific cross-reference as described herein, provides a more detailed description of matters relating to MTA and to the Transportation Revenue Bonds. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the Series 2020B Notes being offered.

Issuer	Metropolitan Transportation Authority, a public benefit corporation of the State of New York.										
Notes Being Offered.....	Transportation Revenue Bond Anticipation Notes, Series 2020B (the Series 2020B Notes).										
Purpose of Issue	The Series 2020B Notes are being issued to (i) pay at maturity certain outstanding Transportation Revenue Bond Anticipation Notes, and (ii) pay certain financing, legal, and miscellaneous expenses. See “APPLICATION OF PROCEEDS” in Part I .										
Maturity and Rate.....	The Series 2020B Notes mature on the date and bear interest at the rate shown on the inside cover page.										
Denominations	\$5,000 and whole multiples of \$5,000.										
Interest Payment Dates.....	Interest on the Series 2020B Notes shall be paid at maturity. See “DESCRIPTION OF SERIES 2020B NOTES – General – Interest Payments” in Part I .										
Redemption	The Series 2020B Notes are subject to redemption prior to maturity on any Business Day, at the option of MTA, in whole or in part, at par plus accrued interest. See “DESCRIPTION OF THE SERIES 2020B NOTES –Redemption Prior to Maturity” in Part I .										
Sources of Payment and Security	Principal of and interest on the Series 2020B Notes are payable solely from (1) the proceeds of other notes, (2) the proceeds of the Take-Out Bonds and (3) with respect to interest payable on the Series 2020B Notes, amounts available for payment of subordinated indebtedness. The Series 2020B Notes are not secured by any other funds, accounts or amounts that are pledged to the payment of bonds or parity obligations issued under the Resolution. See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020B NOTES” in Part I .										
Impacts of the COVID-19 Pandemic.....	The impact of the COVID-19 pandemic on MTA revenues and operations in 2020 and beyond has been severe. See “SOURCES OF PAYMENT – Factors Affecting Revenues – The COVID-19 Pandemic” for a description of impacts of the COVID-19 pandemic upon MTA revenues, operations and timing of capital projects’ implementation.										
Registration of the Series 2020B Notes.....	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a note will be delivered, except to DTC.										
Trustee.....	The Bank of New York Mellon, New York, New York.										
Co-Bond Counsel	Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York.										
Special Disclosure Counsel	Hawkins Delafield & Wood LLP, New York, New York.										
Tax Status.....	See “TAX MATTERS” in Part III .										
Ratings.....	<table border="0" style="margin-left: 20px;"> <tr> <td style="text-align: left;"><u>Rating Agency</u></td> <td style="text-align: left;"><u>Rating</u></td> </tr> <tr> <td>Fitch:</td> <td>F1</td> </tr> <tr> <td>KBRA:</td> <td>K1+</td> </tr> <tr> <td>Moody’s:</td> <td>MIG 2</td> </tr> <tr> <td>S&P:</td> <td>SP-2</td> </tr> </table> <p style="margin-left: 20px;">See “RATINGS” in Part III.</p>	<u>Rating Agency</u>	<u>Rating</u>	Fitch:	F1	KBRA:	K1+	Moody’s:	MIG 2	S&P:	SP-2
<u>Rating Agency</u>	<u>Rating</u>										
Fitch:	F1										
KBRA:	K1+										
Moody’s:	MIG 2										
S&P:	SP-2										
Co-Financial Advisors.....	Public Resources Advisory Group, Inc., New York, New York, and Rockfleet Financial Services, Inc., New York, New York.										
Purchase Price	See “NOTE PLACEMENT” in Part III . The Series 2020B Notes will be purchased by the Municipal Liquidity Facility LLC.										

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- **No Unauthorized Offer.** This offering memorandum is not an offer to sell, or the solicitation of an offer to buy, the Series 2020B Notes in any jurisdiction where that would be unlawful. MTA has not authorized any dealer, salesperson or any other person to give any information or make any representation in connection with the offering of the Series 2020B Notes, except as set forth in this offering memorandum. No other information or representations should be relied upon.
 - **No Contract or Investment Advice.** This offering memorandum is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this offering memorandum and the Series 2020B Notes being offered, and anything else related to this note issue.
 - **Information Subject to Change.** Information and expressions of opinion are subject to change without notice, and it should not be inferred that there have been no changes since the date of this document. Neither the delivery of, nor any sale made under, this offering memorandum shall under any circumstances create any implication that there has been no change in MTA's affairs or in any other matters described herein since the date of this offering memorandum.
 - **Forward-Looking Statements.** Many statements contained in this offering memorandum, including the appendices and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on MTA's beliefs, as well as assumptions made by, and information currently available to, the management and staff of MTA as of the date of this offering memorandum. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "plan," "forecast," "goal," "budget" or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this offering memorandum. Neither MTA's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the forward-looking statements contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the forward-looking statements set forth in this offering memorandum, which is solely the product of MTA and its affiliates and subsidiaries as of the date of this offering memorandum, and the independent auditors assume no responsibility for its content. These forward-looking statements speak only as of the date of this offering memorandum.
 - **Projections.** The projections set forth in this offering memorandum were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of MTA's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of MTA. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this offering memorandum are cautioned not to place undue reliance on the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the prospective financial information set forth in this offering memorandum, which is solely the product of MTA and its other affiliates and subsidiaries as of the date of this offering memorandum, and the independent auditors assume no responsibility for its content.
 - **Independent Auditor.** Deloitte & Touche LLP, MTA's independent auditor, has not reviewed, commented on or approved, and is not associated with, this offering memorandum. The audit report of Deloitte & Touche LLP relating to MTA's consolidated financial statements for the years ended December 31, 2019 and 2018, which is a matter of public record, is included by specific cross-reference in this offering memorandum. Deloitte & Touche LLP has not been asked to consent to the inclusion, or incorporation by reference, of its audit report in this offering memorandum. Deloitte & Touche LLP has performed a review of the consolidated interim financial information of MTA for the three-month period ended March 31, 2020. As indicated in the review report which accompanies MTA's consolidated interim financial information, because Deloitte & Touche LLP did not perform an audit, Deloitte & Touche LLP expresses no opinion on that information. The consolidated interim financial information of MTA for the three-month period ended March 31, 2020 (except for the auditor's review report accompanying the consolidated

interim financial information) is included in this offering memorandum by specific cross-reference. Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of MTA, including without limitation any of the information contained in this offering memorandum, since the date of such review report which is not included by reference herein.

- *Website Addresses.* References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this offering memorandum for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof.
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TABLE OF CONTENTS

	<u>Page</u>
SUMMARY OF TERMS	iii
INTRODUCTION	1
MTA, MTA Bridges and Tunnels and Other Related Entities.....	1
Information Provided in the MTA Annual Disclosure Statement.....	2
Where to Find Information	2
Anticipated Debt Issuance	2
PART I. SERIES 2020B NOTES AND SECURITY FOR THE SERIES 2020B NOTES	3
APPLICATION OF PROCEEDS.....	3
DESCRIPTION OF SERIES 2020B NOTES.....	3
General.....	3
Redemption Prior to Maturity.....	3
SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020B NOTES.....	4
DEBT SERVICE	4
PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS	6
SOURCES OF PAYMENT.....	6
Pledged Transportation Revenues Gross Lien	6
Description of Pledged Revenues	13
Factors Affecting Revenues.....	19
SECURITY.....	22
General.....	22
Revenue Anticipation Notes Authorized by the Resolution	22
Pledge Effected by the Resolution.....	23
Flow of Revenues	23
Covenants	26
Parity Debt.....	27
PART III. OTHER INFORMATION ABOUT THE SERIES 2020B NOTES	28
TAX MATTERS	28
General.....	28
The Series 2020B Notes	28
Original Issue Discount	29
Information Reporting and Backup Withholding	29
Miscellaneous	29
LEGALITY FOR INVESTMENT	30
LITIGATION	30
CO-FINANCIAL ADVISORS.....	30
NOTE PLACEMENT.....	30
RATINGS.....	31
LEGAL MATTERS	31
CONTINUING DISCLOSURE.....	31
FURTHER INFORMATION	32
Attachment 1 – Book-Entry-Only System	
Attachment 2 – Form of Approving Opinions of Co-Bond Counsel	
Attachment 3 – First Quarterly Update to MTA 2020 ADS	

Information Included by Specific Cross-reference. The following portions of MTA’s 2020 Combined Continuing Disclosure Filings, dated April 29, 2020, as supplemented on May 1, 2020, May 19, 2020, May 27, 2020, June 3, 2020, June 25, 2020, and July 17, 2020 and as updated by a First Quarterly Update, dated August 3, 2020, each filed with the Electronic Municipal Market Access system (EMMA) of the Municipal Securities Rulemaking Board (MSRB), are included by specific cross-reference in this offering memorandum, along with material that updates this offering memorandum and that is filed with EMMA prior to the delivery date of the Series 2020B Notes, together with any supplements or amendments thereto:

- **Part I** – MTA Annual Disclosure Statement (the **MTA Annual Disclosure Statement** or **ADS**)
- **Appendix B** – Audited Consolidated Financial Statements of Metropolitan Transportation Authority for the Years Ended December 31, 2019 and 2018 (including the auditor’s report accompanying the annual financial information)

The following documents have also been filed with EMMA and are included by specific cross-reference in this offering memorandum:

- Summary of Certain Provisions of the Transportation Resolution
- Definitions and Summary of Certain Provisions of the Standard Resolution Provisions
- Form of the Interagency Agreement
- MTA’s Unaudited Consolidated Interim Financial Statements as of and for the Three-month period ended March 31, 2020 (excluding the auditor’s review report accompanying the interim financial information)

For convenience, copies of most of these documents can be found on the MTA website (www.mta.info) under the caption “Transparency–Financial & Investor Information–Investor Information & Disclosures” and “–Financial and Budget Statements”. No statement on MTA’s website is included by specific cross-reference herein. See “FURTHER INFORMATION” in **Part III**. Definitions of certain terms used in the summaries may differ from terms used in this offering memorandum, such as the use herein of the popular names of MTA affiliates and subsidiaries.

The consolidated financial statements of MTA for the years ended December 31, 2019 and 2018, incorporated by specific cross-reference in this offering memorandum, have been audited by Deloitte & Touche LLP, independent certified public accountants, as stated in their audit report appearing therein. Deloitte & Touche LLP has not reviewed, commented on or approved, and is not associated with, this offering memorandum. The audit report of Deloitte & Touche LLP relating to MTA’s consolidated financial statements for the years ended December 31, 2019 and 2018, which is a matter of public record, is included in such consolidated financial statements. Deloitte & Touche LLP has not been asked to consent to the inclusion, or incorporation by reference, of its audit report in this offering memorandum. The consolidated interim financial information for the three-month period ended March 31, 2020 (except for the auditor’s review report accompanying the consolidated interim financial information), has also been incorporated by specific cross-reference in this offering memorandum. Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of MTA, including without limitation any of the information contained in, or incorporated by specific cross-reference in, this offering memorandum, since the date of such review report, which is not included by reference herein.

INTRODUCTION

MTA, MTA Bridges and Tunnels and Other Related Entities

The Metropolitan Transportation Authority (MTA) was created by special New York State (the State) legislation in 1965, as a public benefit corporation, which means that it is a corporate entity separate and apart from the State, without any power of taxation – frequently called a “public authority.” MTA is governed by board members appointed by the Governor, with the advice and consent of the State Senate.

MTA has responsibility for developing and implementing a single, integrated mass transportation policy for MTA’s service region (the MTA Commuter Transportation District or MCTD), which consists of New York City (the City) and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. It carries out some of those responsibilities by operating the Transit and Commuter Systems through its subsidiary and affiliate entities: the New York City Transit Authority and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority; the Staten Island Rapid Transit Operating Authority; The Long Island Rail Road Company; the Metro-North Commuter Railroad Company; the MTA Bus Company; and the MTA Construction and Development Company. MTA issues debt obligations to finance a substantial portion of the capital costs of these systems.

Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels), another affiliate of MTA, is a public benefit corporation empowered to construct and operate toll bridges and tunnels and other public facilities in the City. MTA Bridges and Tunnels issues debt obligations to finance the capital costs of its facilities and is empowered to issue debt obligations to finance the capital costs of the Transit and Commuter Systems operated by other affiliates and subsidiaries of MTA, in each case secured by bridge and tunnel tolls. In the last ten years, MTA Bridges and Tunnels has not issued new money bonds secured by bridge and tunnel tolls to finance capital projects for the benefit of the Transit and Commuter Systems. MTA Bridges and Tunnels’ surplus amounts are used to fund certain transit and commuter operations and capital projects. See “SOURCES OF PAYMENT - Description of Pledged Revenues – *Expectations with Respect to Future Bonding*”.

The board members of MTA serve as the board members of MTA’s affiliates and subsidiaries, which, together with MTA, are referred to herein as the Related Entities. MTA and the other Related Entities are described in detail in **Part I** – MTA Annual Disclosure Statement to MTA’s 2020 Combined Continuing Disclosure Filings (the **MTA Annual Disclosure Statement** or **ADS**), which is included by specific cross-reference in this offering memorandum.

The following table sets forth the legal and popular names of the Related Entities. Throughout this offering memorandum, reference to each agency will be made using the popular names.

<u>Legal Name</u>	<u>Popular Name</u>
Metropolitan Transportation Authority	MTA
New York City Transit Authority Manhattan and Bronx Surface Transit Operating Authority	MTA New York City Transit MaBSTOA
Staten Island Rapid Transit Operating Authority MTA Bus Company	MTA Staten Island Railway MTA Bus
The Long Island Rail Road Company Metro-North Commuter Railroad Company	MTA Long Island Rail Road MTA Metro-North Railroad
MTA Construction and Development Company	MTA Construction and Development
Triborough Bridge and Tunnel Authority	MTA Bridges and Tunnels

Capitalized terms used herein and not otherwise defined have the meanings provided in the **ADS** or the Transportation Resolution.

Information Provided in the MTA Annual Disclosure Statement

From time to time, the Governor, the State Comptroller, the Mayor of the City, the City Comptroller, County Executives, State legislators, City Council members and other persons or groups may make public statements, issue reports, institute proceedings or take actions that contain predictions, projections or other information relating to the Related Entities or their financial condition, including potential operating results for the current fiscal year and projected baseline surpluses or gaps for future years, that may vary materially from, question or challenge the information provided in the ADS. Investors and other market participants should, however, refer to MTA's then current continuing disclosure filings, official statements, remarketing circulars and offering memoranda for information regarding the Related Entities and their financial condition.

Where to Find Information

Information in this Offering Memorandum. This offering memorandum is organized as follows:

- This **Introduction** provides a general description of MTA, MTA Bridges and Tunnels and the other Related Entities.
- **Part I** provides specific information about the Series 2020B Notes.
- **Part II** describes the sources of payment and security for all Transportation Revenue Bonds, including the Take-Out Bonds.
- **Part III** provides miscellaneous information relating to the Series 2020B Notes.
- **Attachment 1** sets forth certain provisions applicable to the book-entry-only system of registration to be used for the Series 2020B Notes.
- **Attachment 2** is the form of approving opinions of Co-Bond Counsel in connection with the issuance of the Series 2020B Notes.
- **Attachment 3** sets forth a copy of the First Quarterly Update to the ADS, dated August 3, 2020.

Information Included by Specific Cross-reference in this offering memorandum and identified under the caption "Information Included by Specific Cross-reference" following the Table of Contents may be obtained, as described below, from the MSRB and from MTA.

Information from the MSRB through EMMA. MTA files annual and other information with EMMA. Such information can be accessed at <http://emma.msrb.org/>.

Information Included by Specific Cross-reference. The information listed under the caption "Information Included by Specific Cross-reference" following the Table of Contents, as filed with the MSRB through EMMA to date, is "included by specific cross-reference" in this offering memorandum. This means that important information is disclosed by referring to those documents and that the specified portions of those documents are considered to be part of this offering memorandum. **This offering memorandum, which includes the specified portions of those filings, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Series 2020B Notes.**

Information Available at No Cost. Information filed with the MSRB through EMMA is also available, at no cost, on MTA's website or by contacting MTA, Attn.: Finance Department, at the address on page (i). For important information about MTA's website, see "FURTHER INFORMATION" in **Part III**.

Anticipated Debt Issuance

Prior to November 15, 2020, MTA expects to issue Transportation Revenue Bonds to refund certain of its outstanding Transportation Revenue Bonds.

PART I. SERIES 2020B NOTES AND SECURITY FOR THE SERIES 2020B NOTES

Part I of this offering memorandum, together with the Summary of Terms, provides specific information about the Series 2020B Notes.

APPLICATION OF PROCEEDS

MTA anticipates that the net proceeds of the Series 2020B Notes (the principal amount thereof) in the total amount of \$450,720,000, will be used as follows: (i) \$450,000,000 to retire all outstanding Transportation Revenue Bond Anticipation Notes, Subseries 2018C-1 maturing on September 1, 2020, (ii) \$450,720 to pay the origination fee to the Municipal Liquidity Facility LLC (the MLFLLC), and (iii) \$269,280 to pay certain financing, legal and miscellaneous expenses.

MTA reserves the right to adjust the application of the net proceeds of the Series 2020B Notes in its discretion.

DESCRIPTION OF SERIES 2020B NOTES

General

Book-Entry-Only System. The Series 2020B Notes will be registered in the name of The Depository Trust Company, New York, New York, or its nominee (together, DTC), which will act as securities depository for the Series 2020B Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. So long as DTC is the registered owner of the Series 2020B Notes, all payments on the Series 2020B Notes will be made directly to DTC. DTC is responsible for disbursement of those payments to its participants, and DTC participants and indirect participants are responsible for making those payments to beneficial owners. See **Attachment 1** – “Book-Entry-Only System.”

Maturity. The Series 2020B Notes shall mature and be payable as to principal as set forth on the inside cover page.

Interest Payments. The Series 2020B Notes will bear interest accrued from the Dated Date at the rate shown on the inside cover page of this offering memorandum. Interest on the Series 2020B Notes shall be paid at maturity. Interest payable on the Series 2020B Notes will be computed on the basis of a 360-day year of twelve 30-day months. So long as DTC is the sole registered owner of all of the Series 2020B Notes, all interest payments will be paid to DTC by wire transfer of immediately available funds, and payment of interest to beneficial owners will occur through the DTC Book-Entry-Only System.

Record Date. The Record Date for the payment of principal of and interest with respect to the Series 2020B Notes shall be fifteen days prior to the maturity of such Series 2020B Notes.

Transfers and Exchanges. So long as DTC is the securities depository for the Series 2020B Notes, it will be the sole registered owner of the Series 2020B Notes, and transfers of ownership interests in the Series 2020B Notes will occur through the DTC Book-Entry-Only System.

Trustee. The Bank of New York Mellon, New York, New York is Trustee and Paying Agent with respect to the Series 2020B Notes.

Redemption Prior to Maturity

The Series 2020B Notes are subject to redemption prior to maturity on any Business Day at the option of MTA, upon not less than 30 nor more than 60 days' written notice to the MLFLLC, in whole or in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) at 100% of the principal amount thereof, together with accrued interest thereupon up to but not including the redemption date.

SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020B NOTES

The Series 2020B Notes are bond anticipation notes issued pursuant to the Transportation Resolution and the BAN Resolution in anticipation of one or more issues of Transportation Revenue Bonds to be designated as the Take-Out Bonds.

Principal of and interest on the Series 2020B Notes are payable solely from (1) the proceeds of other notes issued under the BAN Resolution, (2) the proceeds of the Take-Out Bonds, authorized pursuant to the Take-Out Bond Resolution, and (3) with respect to interest payable on the Series 2020B Notes, amounts available for payment of subordinated indebtedness. The Series 2020B Notes are not secured by any other funds, accounts or amounts that are pledged to the payment of bonds or parity obligations issued under the Resolution.

MTA covenants in the Certificate of Determination to maintain issuance capacity pursuant to the Transportation Resolution to issue the Take-Out Bonds or additional bond anticipation notes in an amount sufficient to pay the principal of and interest on the Series 2020B Notes when due.

DEBT SERVICE

Table 1 on the next page sets forth, on a cash basis, the aggregate debt service on all currently outstanding Transportation Revenue Bonds.

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Table 1
Aggregate Debt Service
(\$ in thousands)⁽¹⁾

Year Ending December 31	Debt Service on Outstanding Bonds ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾
2020	\$ 1,184,114
2021	1,767,549
2022	1,750,908
2023	1,836,288
2024	1,827,686
2025	1,807,940
2026	1,829,804
2027	1,673,655
2028	1,779,375
2029	1,795,580
2030	1,793,772
2031	1,846,146
2032	1,840,747
2033	1,578,001
2034	1,539,765
2035	1,474,224
2036	1,295,613
2037	1,275,300
2038	1,257,657
2039	1,193,942
2040	1,137,923
2041	970,902
2042	918,415
2043	776,576
2044	804,793
2045	698,288
2046	811,863
2047	812,714
2048	788,170
2049	582,580
2050	325,791
2051	282,567
2052	282,812
2053	233,445
2054	233,687
2055	171,225
2056	63,684
2057	10,483
Total	\$42,253,984

⁽¹⁾ Total may not add due to rounding.

⁽²⁾ Includes the following assumptions for debt service: variable rate bonds at an assumed rate of 4.0%; variable rate bonds swapped to fixed at the applicable fixed rate on the swap; floating rate notes at an assumed rate of 4.0% plus the current fixed spread; floating rate notes swapped to fixed at the applicable fixed rate on the swap plus the current fixed spread; Subseries 2002G-1 Bonds at an assumed rate of 4.0% plus the current fixed spread, except Subseries 2002G-1g Bonds at an assumed rate of 4.0%; Series 2011B Bonds at an assumed rate of 4.0% plus the current fixed spread; Series 2020B Bonds at an assumed rate of 4.0%; fixed rate mandatory tender bonds at their respective fixed rates prior to the mandatory tender date; interest paid monthly, calculated on the basis of a 360-day year consisting of twelve 30-day months for variable rate bonds, floating rate notes and direct purchases.

⁽³⁾ Excludes debt service on all outstanding Bond Anticipation Notes and Revenue Anticipation Notes.

⁽⁴⁾ Debt service has not been reduced to reflect expected receipt of Build America Bond interest subsidies relating to certain Outstanding Transportation Revenue Bonds; such subsidies do not constitute pledged revenues under the Transportation Resolution.

⁽⁵⁾ Figures reflect amounts outstanding as of the date of issuance of the Series 2020B Notes.

PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Part II of this offering memorandum describes the sources of payment and security for all Bonds, including the Take-Out Bonds. In connection with the payment of the Series 2020B Notes as described above under “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2020B NOTES”, the Take-Out Bonds are the primary source of the security for the Series 2020B Notes.

SOURCES OF PAYMENT

Pledged Transportation Revenues Gross Lien

Under State law, the Transportation Revenue Bonds are MTA’s special obligations, which means that they are payable solely from a gross lien on the money pledged for payment under the Transportation Resolution. They are not MTA’s general obligations. Summaries of certain provisions of the Transportation Resolution and the form of the Interagency Agreement have been filed with the MSRB through EMMA as described under “INTRODUCTION – Where to Find Information.”

MTA receives “transportation revenues” directly and through certain subsidiaries (currently, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus) and affiliates (currently, MTA New York City Transit and MaBSTOA), and its receipts from many of these sources are pledged for the payment of Transportation Revenue Bonds. MTA and its subsidiaries and affiliates also receive operating subsidies from MTA Bridges and Tunnels and a number of other governmental sources. The Transportation Resolution permits MTA to issue revenue anticipation notes that are secured by operating subsidies prior to the payment of debt service on the Bonds. MTA has entered into three agreements that would permit the issuance of up to \$2.15 billion of revenue anticipation notes, with \$484 million currently outstanding, and MTA has Board approval to enter into agreements for an additional \$850 million. Such agreements have been filed with EMMA, along with periodic notices regarding amounts drawn thereunder. See “Revenue Anticipation Notes Authorized by the Resolution” below. The Transportation Resolution provides that Owners are to be paid from pledged revenues prior to the payment of operating or other expenses, and as described in more detail below. MTA has covenanted to impose fares and other charges so that pledged revenues, together with other available moneys, will be sufficient to cover all debt service and operating and capital costs of the systems. See “Factors Affecting Revenues – Ability to Comply with Rate Covenant and Pay Operating and Maintenance Expenses” below.

Operating Subsidies include general operating subsidies from the State and local governments under the State’s Section 18-b program; special tax-supported operating subsidies (the MTF revenues and MMTOA taxes) after the payment of debt service and certain other obligations relating to MTA’s Dedicated Tax Fund senior and subordinated bonds; PMT Revenues (defined below) after the payment of debt service and certain other obligations relating to senior and subordinated bonds issued under PMT Resolutions adopted by MTA and MTA Bridges and Tunnels; MTA Bridges and Tunnels operating surplus; Commuter System station maintenance payments; certain mortgage recording and real property transfer taxes with respect to certain real property located within the City; and Congestion Zone Surcharges and Rapid Transit Lane Fines deposited into the General Transportation Account.

Table 2a sets forth by general category the amount of pledged revenues, calculated in accordance with the Transportation Resolution, and the resulting debt service coverage for the five years ended December 31, 2019. A general description of the pledged revenues in the general categories referenced in **Table 2a** follows the table, and a more detailed description is set forth in Part 2 of the **ADS** under the heading “REVENUES OF THE RELATED ENTITIES.”

Table 2a is a summary of historical revenues of MTA and its subsidiaries, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus, and MTA New York City Transit and its subsidiary MaBSTOA on a cash basis. This information in **Table 2a** may not be indicative of future results of operations and financial condition. The information contained in **Table 2a** has been prepared by MTA management based upon the historical financial statements and the notes thereto.

Table 2a
Summary of Pledged Revenues (Calculated in Accordance with the Transportation Resolution)
Historical Cash Basis (\$ in millions)⁽¹⁾

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Revenues from Systems Operations</u>					
Fares from Transit System	\$ 4,396	\$ 4,414	\$ 4,487	\$ 4,454	\$ 4,592
Fares from Commuter System	1,373	1,401	1,460	1,481	1,526
Fares from MTA Bus	223	233	236	242	242
Other Income ⁽²⁾	<u>248</u>	<u>248</u>	<u>256</u>	<u>280</u>	<u>278</u>
Subtotal – Operating Revenues	\$6,240	\$6,296	\$6,439	\$6,457	\$6,638
<u>Non-Operating Revenues:</u>					
Revenues from MTA Bridges and Tunnels Surplus	\$740	\$742	\$731	\$692	\$788
State and Local General Operating Subsidies ⁽³⁾	\$370	\$378	\$376	\$375	\$340
Special Tax-Supported Operating Subsidies					
DTF Excess ⁽⁴⁾	277	259	231	250	268
MMTOA Receipts	1,564	1,668	1,668	1,687	1,824
Urban Tax	941	811	585	656	668
Excess Mortgage Recording Taxes	25	25	25	25	12
MTA Aid Trust Account Receipts	285	300	306	273	311
Payroll Mobility Tax Receipts ⁽⁵⁾	<u>1,626</u>	<u>1,682</u>	<u>1,680</u>	<u>1,727</u>	<u>1,805</u>
Subtotal Special Tax-Supported Operating Subsidies	\$4,718	\$4,745	\$4,495	\$4,617	\$4,888
Station Maintenance and Service Reimbursements	599	563	560	530	647
City Subsidy for MTA Bus	439	356	520	464	669
Revenues from Investment of Capital Program Funds ⁽⁶⁾	8	13	24	55	50
Subtotal – Non-Operating Revenues⁽⁷⁾	\$6,874	\$6,797	\$6,706	\$6,734	\$7,382
Total Transportation Resolution Pledged Revenues	\$13,114	\$13,093	\$13,145	\$13,190	\$14,020
Debt Service⁽⁸⁾	\$1,399	\$1,381	\$1,581	\$1,457	\$1,751
Debt Service Coverage from Pledged Revenues	9.4x	9.5x	8.3x	9.1x	8.0x

(1) Totals may not add due to rounding.

(2) Other income in the case of the Transit System includes advertising revenue, interest income on certain operating funds, station concessions, Transit Adjudication Bureau collections, rental income and miscellaneous. Other income in the case of the Commuter System includes advertising revenues, interest income on certain operating funds, concession revenues (excluding Grand Central Terminal and Penn Station concessions), rental income and miscellaneous. Other income does not include Superstorm Sandy reimbursement funds.

(3) State and Local General Operating Subsidies are lower in 2019 due to delay in receipt of the City's December 18-b payment.

(4) Calculated by subtracting the debt service payments on the Dedicated Tax Fund Bonds from the MTTF Receipts described in Part 3 of the ADS under the caption "PART 3. PUBLIC DEBT SECURITIES – DEDICATED TAX FUND BONDS."

(5) Payroll Mobility Tax Receipts include PMT Revenue Offset of \$309 million annually in 2015 through 2016, and \$244.3 million annually in 2017 through 2019.

(6) Represents investment income on capital program funds held for the benefit of the Transit and Commuter Systems on an accrual basis.

(7) Sum of (a) Revenues from MTA Bridges and Tunnels Surplus, (b) Revenues from Governmental Sources (including State and Local General Operating Subsidies and Special Tax-Supported Operating Subsidies), (c) Station Maintenance and Service Reimbursements, (d) City Subsidy for MTA Bus, and (e) Revenues from Investment of Capital Program Funds.

(8) Debt service was reduced by approximately \$54 million in each year of 2015 through 2019 to reflect Build America Bonds interest credit payments relating to certain outstanding bonds. Such payments do not constitute Pledged Revenues under the Transportation Resolution. Debt service includes payments of interest on bond anticipation notes, including \$13 million in 2016, \$13.5 million in 2017, \$101.5 million in 2018, and \$188.6 million in 2019.

The following should be noted in **Table 2a**:

- MTA receives monthly payments beginning in May of MMTOA Receipts, with the first quarter of the State's appropriation for the succeeding year advanced into the fourth quarter of MTA's calendar year. MTA continues to monitor the effect of not having MMTOA Receipts available during the first quarter of the calendar year to determine if working capital borrowings may be necessary for cash flow needs. In 2015, MMTOA Receipts remained at the same level as in 2014, because the State redirected a portion of MMTOA funds from the operating budget to the capital budget.

- “Urban Tax” collection reflects the activity level of certain commercial real estate transactions in the City. Urban Tax revenues declined in 2017 due to fewer significantly large transactions (valued over \$100 million) as compared to 2015 and 2016. In 2018 and 2019, MTA saw an increase in Urban Tax revenues from the prior year, as a result of both an overall stronger commercial real estate economy and an uptick in the value of significantly large transactions.
- Mortgage recording taxes consist of two separate taxes: the MRT-1 Tax, which is imposed on borrowers of recorded mortgages of real property; and the MRT-2 Tax, which is a tax imposed on the institutional lender. These taxes are collected by the City and the seven other counties within MTA’s service area. Mortgage recording taxes are used for Transit and Commuter Systems purposes after the payment of MTA Headquarters’ expenses and MTA Bus debt service (\$25 million annually beginning in 2009). Since 2009, even though mortgage recording tax receipts have grown in seven out of the last eight years, MTA Headquarters expenses and MTA Bus debt service expenses have continued to exceed MRT receipts, resulting in no Excess Mortgage Recording Tax transfers to the Transit and Commuter Systems.
- City Subsidy for MTA Bus was higher in 2017 predominantly due to the timing of payments received. MTA received one extra monthly payment made in 2017 (only 11 payments were made in 2016) and an additional quarterly payment, which is usually reconciled in the following year. In 2018, there was a decrease in receipts for MTA Bus, resulting from the additional quarterly payment that was made in 2017. In 2019, the increase in receipts for MTA Bus is the result of higher monthly fixed payments and an additional quarterly payment made in 2019.
- Revenues from Investment of Capital Program Funds – substantially all of the investment income is generated from bond proceeds, such as funds held in anticipation of expenditure on project costs.
- In 2016, \$45.3 million of revenues on deposit in the Debt Service Fund were replaced with proceeds of certain Transportation Revenue Bonds permitting such revenues to be used together with other available moneys to prepay outstanding 2 Broadway Certificates of Participation. As a result, 2016 Debt Service reported in the above table is lower by \$45.3 million than it would have been if such transaction had not occurred.

Table 2b sets forth, by major category, for the five years ended December 31, 2019, all of the system operating revenues, expenses, adjustments, prior-year carryover and net cash balance. This information contained in **Table 2b** may not be indicative of future results of operations and financial condition. The information in **Table 2b** has been prepared by MTA management based on MTA financial plans.

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Table 2b

MTA Consolidated Statement of Operations by Category
(\$ in millions)

Non-Reimbursable	Actual <u>2015</u>	Actual <u>2016</u>	Actual <u>2017</u>	Actual <u>2018</u>	Actual <u>2019</u>
<u>Operating Revenue</u>					
Farebox Revenue	\$5,961	\$6,170	\$6,172	\$6,155	\$6,351
Toll Revenue	1,809	1,912	1,912	1,976	2,071
Other Revenue	689	653	653	643	706
Capital and Other Reimbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Revenue	\$8,459	\$8,608	\$8,737	\$8,774	\$9,128
<u>Operating Expense</u>					
Labor Expenses:					
Payroll	\$4,696	\$5,019	\$5,021	\$5,211	\$5,311
Overtime	755	934	934	1,066	974
Health & Welfare	1,050	1,209	1,209	1,230	1,339
OPEB Current Payment	502	564	564	604	666
Pensions	1,249	1,345	1,345	1,336	1,493
Other-Fringe Benefits	861	794	792	881	848
Reimbursable Overhead	<u>(380)</u>	<u>(492)</u>	<u>(492)</u>	<u>(528)</u>	<u>(470)</u>
Subtotal Labor Expenses	\$8,732	\$9,238	\$9,373	\$9,799	\$10,161
Non-Labor Expenses:					
Electric Power	\$474	\$430	\$430	\$482	\$444
Fuel	162	150	150	185	174
Insurance	57	(3)	(3)	(29)	2
Claims	331	515	526	438	495
Paratransit Service Contracts	379	393	393	478	477
Maintenance and Other Operating Contracts	579	692	695	678	731
Professional Service Contracts	380	506	507	544	442
Materials & Supplies	543	588	588	637	647
Other Business Expenses	<u>196</u>	<u>217</u>	<u>217</u>	<u>221</u>	<u>231</u>
Subtotal Non-Labor Expenses	\$3,101	\$3,168	\$3,505	\$3,611	\$3,642
Other Expense Adjustments:					
Other	\$37	\$49	\$49	\$129	149
General Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Other Expense Adjustments	\$37	\$47	\$49	\$129	\$149
Total Operating Expense before Non-Cash Liability Adj.	\$11,871	\$12,454	\$12,927	\$13,539	\$13,952
Depreciation	\$2,443	\$2,600	\$2,608	\$2,805	\$2,870
OPEB Liability Adjustment	1,490	1,548	1,567	0	0
GASB 75 OPEB Expense Adjustment	0	0	0	1,048	877
GASB 68 Pension Expense Adjustment	(410)	(234)	(168)	(373)	13
Environmental Remediation	21	13	13	106	42
Total Operating Expense after Non-Cash Liability Adj.	\$15,414	\$16,252	\$16,948	\$17,124	\$17,752
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,543)	(\$3,927)	(\$4,021)	(\$3,585)	(\$3,801)
Debt Service (excludes Service Contract Bonds)	2,373	2,525	2,525	2,541	2,630
Total Operating Expense with Debt Service	\$14,244	\$14,912	\$15,452	\$16,079	\$16,582
Dedicated Taxes and State/Local Subsidies	\$6,595	\$6,429	\$6,416	\$7,177	\$7,290
Net Surplus/(Deficit) After Subsidies and Debt Service	\$810	\$371	(\$300)	(\$128)	(\$164)
Conversion to Cash Basis: GASB Account	0	0	0	0	0
Conversion to Cash Basis: All Other	(660)	129	174	379	277
CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER	\$150	(\$232)	(\$126)	\$251	\$113
ADJUSTMENTS	0	0	0	0	0
PRIOR-YEAR CARRYOVER	330	480	248	121	372
NET CASH BALANCE	\$480	\$248	\$121	\$372	\$485

Table 3a sets forth the Summary of Mid-Year Forecast 2020 and Preliminary Budget 2021. Pledged Revenues are based on the MTA 2021 Preliminary Budget and the July Financial Plan 2021-2024. For a description of impacts of the COVID-19 pandemic upon MTA revenues, operations and timing of capital projects' implementation see "SOURCES OF PAYMENT – Factors Affecting Revenues – *The COVID-19 Pandemic*". The information set forth in **Table 3a** is comparable to that set forth, with respect to the years 2015-2019 in **Table 2a**.

Table 3a
Summary of Mid-Year Forecast 2020 and Preliminary Budget 2021
(Calculated in Accordance with the Transportation Resolution)
(\$ in millions) ⁽¹⁾⁽²⁾

	Mid-Year Forecast 2020	Preliminary Budget 2021
<u>Revenues from Systems Operations:</u>		
Fares from Transit System	\$1,651	\$2,378
Fares from Commuter System	550	825
Fares from MTA Bus	79	115
Other Income ⁽³⁾⁽⁴⁾	<u>226</u>	<u>276</u>
Subtotal – Operating Revenues	\$2,505	\$3,594
<u>Non-Operating Revenues:</u> ⁽⁵⁾		
Revenues from MTA Bridges and Tunnels Surplus	\$37	\$56
State and Local General Operating Subsidies	\$411	\$376
NYC Transportation Assistance Fund – General Transportation Account ⁽⁶⁾	\$0	\$0
Special Tax-Supported Operating Subsidies		
DTF Excess ⁽⁷⁾	86	75
MMTOA Receipts	1,523	1,535
Urban Tax	360	319
Excess Mortgage Recording Taxes	12	12
Aid Trust Account Receipts ⁽⁸⁾	277	273
Payroll Mobility Tax Receipts ⁽⁸⁾	<u>1,595</u>	<u>1,619</u>
Subtotal Special Tax-Supported Operating Subsidies	<u>\$3,853</u>	<u>\$3,834</u>
Station Maintenance and Service Reimbursements	\$776	\$777
City Subsidy for MTA Bus	\$419	\$669
Income from Investments ⁽⁹⁾	\$51	\$51
Subtotal – Non-Operating Revenues	\$5,547	\$5,763
Total Transportation Resolution Pledged Revenues	\$8,053	\$9,357
Budgeted Debt Service ⁽¹⁰⁾	\$1,683	\$1,902
Debt Service Coverage from Pledged Revenues	4.8x	4.9x

(1) Totals may not add due to rounding.

(2) See "PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT – Factors Affecting Revenues – *The Covid-19 Pandemic*" for a description of impacts of the COVID-19 pandemic upon MTA revenues, operations and timing of capital projects' implementation.

(3) Other income for the Transit System includes advertising revenue, interest income on certain operating funds, station concessions, Transit Adjudication Bureau collections, rental income and miscellaneous. Other income for the Commuter System includes advertising revenues, interest income on certain operating funds, concession revenues (excluding Grand Central Terminal and Penn Station concessions), rental income and miscellaneous. Includes MTA Bus Other Income.

(4) Other income does not include CARES Act receipts, which are included in *Other Revenue* under Table 3b for purposes of the July Financial Plan, but do not constitute pledged revenues for the Transportation Resolution. Additionally, while the Internet Sales Tax and Mansion Tax have been made available as a resource for operating expenses for two years, and currently are reflected in the liquidity resources disclosed by MTA, they do not constitute pledged revenues under the Transportation Resolution and are not included in the table above.

(5) The Transportation Resolution permits MTA to issue revenue anticipation notes that are secured by operating subsidies prior to the payment of debt service on the Bonds. See "PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT – Pledged Transportation Revenues Gross Lien" and "PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SECURITY – Revenue Anticipation Notes Authorized by the Resolution".

(6) The 2018-2019 State Enacted Budget included a new revenue stream for MTA to provide a source of funding for the Subway Action Plan, outer borough transit improvements, and other MTA needs. Such new revenues consist of certain statutory surcharges and fines, including a surcharge beginning January 1, 2019, on for-hire vehicle trips entirely within the State that start or terminate in, or traverse, Manhattan below 96th Street. Revenues from this surcharge will be deposited into a new New York City Transportation Assistance Fund and disbursed to three sub-accounts established in such fund in the following order: a Subway Action Plan account, an Outer Borough Transportation account, and a General Transportation account. See "PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT – Description of Pledged Revenues – Additional Taxes and Fees – *2018 Additional Revenues*". The zero amounts in 2019 reflect lower collection of For-Hire Vehicle fees, as collections were delayed following the filing of a lawsuit and a temporary restraining order, which was lifted at the end of January 2019. See the PART I of the **ADS**.

(7) Calculated by subtracting the debt service payments on Dedicated Tax Fund Bonds from the MTF Receipts described in Part 3 of the **ADS** under the caption "DEDICATED TAX FUND BONDS."

(8) See "PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SOURCES OF PAYMENT – Description of Pledged Revenues – Additional Taxes and Fees – *2018 Additional Revenues*" in the **ADS** for a description of such additional revenues and MTA's current expectations for application of such revenues in the future.

(9) Consists of investment income on capital program funds held for the benefit of the Transit and Commuter Systems on an accrual basis, and also investment income earned on subsidy accounts.

(10) Net of annual Build America Bond interest credit payments on previously issued bonds of approximately \$53.7 million in 2020 and \$52.9 million in 2021. Such payments do not constitute pledged revenues under the Transportation Resolution.

Table 3b sets forth, by major category, for the Mid-Year Forecast 2020 and Preliminary Budget 2021, all of the system operating revenues, expenses, adjustments, prior-year carryover and net cash balance as published in the MTA 2021 Preliminary Budget and the July Financial Plan 2021-2024. For a description of impacts of the COVID-19 pandemic upon MTA revenues, operations and timing of capital projects' implementation see "SOURCES OF PAYMENT – Factors Affecting Revenues – *The COVID-19 Pandemic*". The information contained in **Table 3b** is comparable to that set forth, with respect to the years 2015-2019, in **Table 2b**.

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Table 3b
MTA Consolidated Statement of Operations by Category⁽¹⁾
(\$ in millions)

	Mid-Year Forecast 2020	Preliminary Budget 2021
Non-Reimbursable		
<u>Operating Revenue</u>		
Farebox Revenue	\$2,267	\$3,309
Toll Revenue	1,238	1,396
Other Revenue	4,617	732
Capital and Other Reimbursements	<u>0</u>	<u>0</u>
Total Operating Revenue	\$8,123	\$5,437
<u>Operating Expense</u>		
Labor Expenses:		
Payroll	\$5,455	\$5,670
Overtime	992	926
Health & Welfare	1,420	1,530
OPEB Current Payment	722	786
Pensions	1,529	1,459
Other-Fringe Benefits	964	996
Reimbursable Overhead	<u>(388)</u>	<u>(423)</u>
Subtotal Labor Expenses	\$10,695	\$10,945
Non-Labor Expenses:		
Electric Power	\$411	\$486
Fuel	121	145
Insurance	19	29
Claims	421	420
Paratransit Service Contracts	365	417
Maintenance and Other Operating Contracts	934	779
Professional Service Contracts	710	709
Materials & Supplies	706	709
Other Business Expenses	<u>216</u>	<u>210</u>
Subtotal Non-Labor Expenses	\$3,903	\$3,903
Other Expense Adjustments:		
Other	\$99	\$41
General Reserve	<u>170</u>	<u>175</u>
Subtotal Other Expense Adjustments	\$269	\$216
Total Operating Expense before Non-Cash Liability Adjustments	\$14,867	\$15,065
Depreciation	\$2,846	\$2,913
GASB 75 OPEB Expense Adjustment	1,652	1,792
GASB 68 Pension Expense Adjustment	(237)	(311)
Environmental Remediation	<u>6</u>	<u>6</u>
Total Operating Expense after Non-Cash Liability Adjustments	\$19,133	\$19,464
Conversion to Cash Basis: Non-Cash Liability Adjustments	(\$4,267)	(\$4,400)
Debt Service (excludes Service Contract Bonds)	2,765	3,039
Total Operating Expense with Debt Service	\$17,632	\$18,104
Dedicated Taxes and State/Local Subsidies	\$6,131	\$6,396
Net Surplus/(Deficit) After Subsidies and Debt Service	(\$3,378)	(\$6,271)
Conversion to Cash Basis: GASB Account	0	0
Conversion to Cash Basis: All Other	119	28
CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER	(\$3,260)	(\$6,243)
ADJUSTMENTS	\$3,477	\$399
PRIOR-YEAR CARRYOVER	<u>485</u>	<u>702</u>
NET CASH BALANCE	\$702	(\$5,142)

⁽¹⁾ See "SOURCES OF PAYMENT – Factors Affecting Revenues – *The COVID-19 Pandemic*" for a description of impacts of the COVID-19 pandemic upon MTA revenues, operations and timing of capital projects' implementation.

Description of Pledged Revenues

Each of the following revenues is described in more detail in Part 2 of the ADS under the caption “REVENUES OF THE RELATED ENTITIES.” See also **Tables 2a, 2b, 3a** and **3b** above for both historical and forecasted results for each category of pledged revenues described below.

Revenues from Systems Operations.

- **Fares from the Transit and Commuter Systems.** The previously approved transit and commuter fare increases were implemented on March 19, 2017. At its February 27, 2019 meeting, the MTA Board approved transit and commuter fare increases that became effective on April 21, 2019.

The base subway, local bus and paratransit fares remained unchanged at \$2.75 per trip and the base express bus fare increased from \$6.50 to \$6.75 per trip. The Pay-Per-Ride MetroCard bonus was eliminated. Single ride subway and bus tickets remained unchanged at \$3.00. MTA New York City Transit increased the cost of 30-day and calendar monthly unlimited ride MetroCards from \$121 to \$127, the cost of a 7-day unlimited ride MetroCard from \$32 to \$33, and the 7-day Express Bus Plus unlimited ride MetroCard from \$59.50 to \$62.

At MTA Metro-North Railroad and MTA Long Island Rail Road, all weekly and monthly passes increased 3.85% or less, and monthly tickets no more than \$15. One way tickets had a range of increases due to the need for fares to round to \$0.25 increments. One-way fares into New York City had a range of increases up to 8.00%. Other ticket types such as intermediates, half fares and other discounted tickets had larger increases up to 10%, again due to the need to round to \$0.25 increments on a low ticket price. For these one-way fares, any increase greater than 6.0% was not more than \$0.50 per ride. Increased fares also apply to UniTickets and MTA Metro-North Railroad-managed connecting services. CityTicket increased from \$4.25 to \$4.50.

- **Other Income.** MTA receives revenues from concessions to vendors and from advertising and other space it rents in subway and commuter rail cars, buses, stations and other facilities. Concession revenues from Grand Central Terminal (the main station for MTA Metro-North Railroad) and Penn Station (the main station for MTA Long Island Rail Road), however, are not included within these amounts pledged.

Revenues from MTA Bridges and Tunnels Surplus. MTA Bridges and Tunnels is required by law to transfer its annual operating surpluses (generally, tolls and other operating revenues from bridges and tunnels after payment of operating expenses and debt service costs, but not including moneys deposited into the CBD Tolling Capital Lockbox Fund, as hereinafter described) to MTA, and a statutory formula determines how MTA allocates that money between the Transit and Commuter Systems.

At their February 27, 2019 meeting, the MTA Board approved toll increases that became effective on March 31, 2019, as follows:

- **Cash/Tolls by Mail for Passenger Vehicles.** Toll rates for fare media other than New York Customer Service Center (NYCSC) E-ZPass (which includes cash, Tolls by Mail and non-NYCSC E-ZPass) were increased by \$1.00 at the Robert F. Kennedy, Bronx-Whitestone and Throgs Neck Bridges and Queens Midtown and Hugh L. Carey Tunnels (the major facilities) to \$9.50, by \$2.00 at the Verrazzano-Narrows Bridge (the VNB) (where tolls are collected in the westbound direction only) to \$19.00, by \$1.00 at the Henry Hudson Bridge to \$7.00, and by \$0.50 at the Marine Parkway-Gil Hodges and Cross Bay Veterans Memorial Bridges (the Rockaway Bridges) to \$4.75. Commercial vehicle tolls also increased. Effective September 30, 2017, MTA Bridges and Tunnels completed full implementation of Cashless Tolling at all MTA Bridges and Tunnels Facilities.

- ***E-ZPass Tolls.*** E-ZPass tolls for passenger vehicles using tags issued by the NYCSC increased by \$0.36 at major facilities, \$0.72 at the VNB, \$0.16 at the Henry Hudson Bridge and \$0.13 at the Rockaway Bridges.

Revenues from State and Local Governmental Sources.

- ***General Operating Subsidies from the State and Local Governments.*** Under the State’s Section 18-b program, MTA receives:
 - subsidies for the Transit System from the State and matching subsidies from the City, and
 - subsidies for the Commuter System from the State and matching subsidies from the City and the seven counties within the MCTD.
- ***Special Tax-Supported Operating Subsidies.*** MTA receives subsidies from a number of sources including:
 - portions of the following dedicated taxes pledged but not ultimately needed to pay debt service on MTA’s Dedicated Tax Fund senior and subordinated bonds:
 - a group of business privilege taxes imposed on petroleum businesses operating in the State, referred to as the PBT,
 - motor fuel taxes on gasoline and diesel fuel, and
 - certain motor vehicle fees administered by the State Department of Motor Vehicles, including both registration and non-registration fees; and
 - portions of the following mass transportation operating assistance or MMTOA taxes, which State law requires first be used to pay debt service on MTA’s Dedicated Tax Fund senior and subordinated bonds if the dedicated taxes described above are insufficient:
 - the regional PBT (in addition to the State-wide portion described above), which is referred to as the MMTOA PBT,
 - the sales and compensating use tax within the MCTD,
 - two franchise taxes imposed on certain transportation and transmission companies, and
 - a surcharge on a portion of the franchise tax imposed on certain corporations, banks, insurance, utility and transportation companies attributable to business activities within the MCTD; and
 - a portion of the amounts collected by the City for the benefit of the Transit System from certain mortgage transfer and recording taxes (the Urban Taxes).

Additional Taxes and Fees.

2009 Additional Taxes and Fees. On May 7, 2009, legislation was enacted in the State (the May 2009 Legislation) providing additional sources of revenues, in the form of taxes, fees and surcharges, to address the financial needs of MTA. Certain provisions of the May 2009 Legislation, principally relating to the payroll mobility tax (PMT), have been substantially revised since originally enacted, including provisions exempting additional categories of taxpayers from payment of the PMT, increasing the level of payroll expense at which the PMT becomes applicable, and lowering the tax rate. The May 2009 Legislation, as amended to date, among other things, imposes:

- a PMT on payroll expenses and net earnings from self-employment within the MCTD, subject to certain limitations and exemptions;

- a supplemental fee of one dollar for each six-month period of validity of a learner’s permit or a driver’s license issued to a person residing in the MCTD;
- a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD;
- a tax on taxicab owners of fifty cents per ride on taxicab rides originating in the City and terminating within the MCTD; and
- a supplemental tax of six percent of the cost of rentals of automobiles rented within the MCTD.

Additional amendments made in 2011 to the May 2009 Legislation further provided that any reductions in aid to MTA attributable to the 2011 statutory reductions in the PMT “shall be offset through alternative sources that will be included in the state budget” (the PMT Revenue Offset).

Revenue from the PMT is not subject to appropriation, and is payable directly to MTA. The PMT Revenue Offset, however, is subject to appropriation. Beginning in State Fiscal Year 2019-2020, revenues from other taxes and fees imposed by the May 2009 Legislation (the Aid Trust Account Monies) are no longer subject to appropriation, and will be paid on a quarterly basis to MTA.

2018 Additional Revenues. In April 2018, legislation was enacted in the State (the April 2018 Legislation) providing additional sources of revenues, in the form of surcharges and fines, to address the financial needs of MTA. Among other things, the April 2018 Legislation imposed, beginning January 1, 2019, the following:

- a surcharge of \$2.75 on for-hire transportation trips (the For-Hire Transportation Surcharge) provided by motor vehicles carrying passengers for hire (or \$2.50 in the case of taxicabs that are subject to the \$0.50 tax on hailed trips that are part of the MTA Aid Trust Account Receipts), other than pool vehicles, ambulances and buses, on each trip that (1) originates and terminates south of and excluding 96th Street in the Borough of Manhattan (the Congestion Zone), (2) originates anywhere in the State and terminates within the Congestion Zone, (3) originates in the Congestion Zone and terminates anywhere in the State, or (4) originates anywhere in the State, enters into the Congestion Zone while in transit, and terminates anywhere in the State;
- a surcharge of \$0.75 for each person (the Pool Vehicle Surcharge, which, together with the For-Hire Transportation Surcharge, is referred to herein collectively as the Congestion Zone Surcharges) who both enters and exits a pool vehicle (certain carpool arrangements set forth in the April 2018 Legislation) in the State and who is picked up in, dropped off in, or travels through the Congestion Zone; and
- certain fines relating to bus rapid transit lane restrictions (the Rapid Transit Lane Fines) captured by the use of stationary and mobile (on-bus) bus lane photo devices on up to ten bus rapid transit routes designated by the New York City Department of Transportation.

The Congestion Zone Surcharges do not apply to transportation services administered by or on behalf of MTA, including paratransit services.

The April 2018 Legislation also created the New York City Transportation Assistance Fund, held by MTA, and the following three accounts therein:

- Subway Action Plan Account,
- Outer Borough Transportation Account, and
- General Transportation Account.

Moneys in the Subway Action Plan Account may be used exclusively for funding the operating and capital costs of the Subway Action Plan (such plan developed by MTA New York City Transit and approved by the MTA Board). Moneys in the Outer Borough Transportation Account may be used exclusively for funding (1) the operating and capital costs of MTA facilities, equipment and services in the counties of Bronx, Kings, Queens and Richmond, and any projects improving transportation connections from such counties to Manhattan, or (2) a toll reduction program for any crossing under the jurisdiction of MTA or MTA Bridges and Tunnels. In connection with the enactment of the State budget for Fiscal Year 2019-2020, adopted on April 1, 2019 (the 2019-2020 State Enacted Budget), moneys from the Outer Borough Transportation Account were earmarked to establish two rebate programs relating to certain toll payers of specified MTA Bridges and Tunnels crossings. Moneys in the General Transportation Account may be used to fund the operating and capital costs of MTA. In each case, moneys may be used for PAYGO or for debt service and reserve requirements.

The Congestion Zone Surcharges, together with interest and penalties thereon, will be deposited daily with the State Comptroller in trust for MTA. The State Comptroller will retain such amount as is determined to be necessary for refunds and the State Commissioner of Taxation and Finance (the Commissioner) will deduct reasonable amounts for costs incurred to administer, collect and distribute such amounts. If sufficient amounts are collected and available, then in accordance with the April 2018 Legislation, on or before the 12th day of each month, after reserving amounts for refunds and reasonable costs, the Commissioner will certify to the State Comptroller the amounts collected in the prior month and the following amounts will be transferred to the following accounts by the 15th business day of each succeeding month (except for the Rapid Transit Lane Fines, which are payable quarterly):

- to the Subway Action Plan Account, without appropriation:
 - in calendar year 2020 – the first \$301 million, and
 - in calendar year 2021 and thereafter – the first \$300 million.
- to the Outer Borough Transportation Account, without appropriation, in each year the next \$50 million; provided that any uncommitted balance at the end of each calendar year shall be transferred to the General Transportation Account (the use of any funds paid into the Outer Borough Transportation Account must be unanimously approved by the members of the MTA Capital Program Review Board appointed upon the recommendations of the Temporary President of the Senate and the Speaker of the Assembly and the member appointed by the Governor); and
- to the General Transportation Account, without appropriation, (1) all excess Congestion Zone Surcharges in each calendar year above the amounts required to be deposited to the Subway Action Plan Account and the Outer Borough Transportation Account, (2) the uncommitted balance at the end of each year in the Outer Borough Transportation Account, and (3) Rapid Transit Lane Fines, interest and penalties until expiration on September 20, 2020.

Application of 2009 Additional Taxes and Fees and 2018 Additional Revenues.

- *PMT.* The revenues from the PMT and the PMT Revenue Offset (the PMT Revenues) can be: (i) pledged by MTA to secure and be applied to the payment of bonds to be issued in the future to fund capital projects of MTA, its subsidiaries, and MTA New York City Transit and its subsidiary and (ii) used by MTA to pay capital costs, including debt service on Transportation Revenue Bonds, of MTA, its subsidiaries and MTA New York City Transit and its subsidiary. Subject to the provisions of any such pledge, or in the event there is no such pledge, the PMT Revenues can be used by MTA to pay for costs, including operating costs of MTA, its subsidiaries and MTA New York City Transit and its subsidiary. Under the Transportation Resolution, the PMT Revenues constitute “Operating Subsidies” that are pledged to the payment of principal of and interest on the Transportation Revenue Bonds to the extent not required to be applied to the payment of debt service on bonds issued to fund capital projects of MTA, its subsidiaries, and MTA New York City Transit and its subsidiary, or to fund operation costs, such as the deficit bonds, that may be issued in the future by

MTA or MTA Bridges and Tunnels (with PMT Revenues transferred by MTA) that are secured in whole or in part by the PMT Revenues.

- *Aid Trust Account Monies.* The revenues from other taxes and fees imposed by the May 2009 Legislation (the Aid Trust Account Monies) may be pledged by MTA or pledged to MTA Bridges and Tunnels to secure debt of MTA or MTA Bridges and Tunnels. Subject to the provisions of such pledge, or in the event there is no such pledge, such revenues can be used by MTA for the payment of operating and capital costs of MTA, its subsidiaries and MTA New York City Transit and its subsidiary as MTA shall determine. Under the Transportation Resolution, the Aid Trust Account Monies constitute “Non-Pledged Operating Subsidies” that are not pledged to the payment of principal of and interest on the Transportation Revenue Bonds, unless and until and to the extent MTA allocates such moneys to the payment of debt service on the Transportation Revenue Bonds or Operating and Maintenance Expenses. Although MTA has allocated such monies so as to constitute Pledged Revenues in prior years, no assurances can be given that MTA will allocate any of the Aid Trust Account Monies to the payment of debt service on the Transportation Revenue Bonds or Operating and Maintenance Expenses in the future.
- *Congestion Zone Surcharges and Rapid Transit Lane Fines.* The Congestion Zone Surcharges and the Rapid Transit Lane Fines may be pledged by MTA to secure and be applied to the payment of bonds to be issued in the future to fund capital projects for which moneys in the applicable Account of the New York City Transportation Assistance Fund may be used, as described above, including the payment of debt service of MTA. Subject to the provisions of any such pledge, or in the event there is no such pledge, the Congestion Zone Surcharges and the Rapid Transit Lane Fines may be used by MTA to pay costs, including operating costs of MTA, for which moneys in the applicable Account of the New York City Transportation Assistance Fund may be used.

Under the Transportation Resolution, the Congestion Zone Surcharges deposited into the Subway Action Plan Account and the Outer Borough Transportation Account constitute “Non-Pledged Operating Subsidies” that are not pledged to the payment of principal of and interest on the Transportation Revenue Bonds, unless and until and to the extent MTA allocates such moneys to the payment of debt service on the Transportation Revenue Bonds or to Operating and Maintenance Expenses. Under the Transportation Resolution, the Congestion Zone Surcharges deposited into the General Transportation Account and the Rapid Transit Lane Fines constitute “Operating Subsidies” that are pledged to the payment of principal of and interest on the Transportation Revenue Bonds.

2019 Additional Revenues for MTA Capital Program Costs. The 2019-2020 State Enacted Budget established three additional revenue sources for MTA: (1) the Central Business District Tolling Program, (2) a portion of the collections of new real estate transfer taxes to be imposed in the City, and (3) allocated portions of the State and City sales tax collections based upon projected increases due to legislative changes to collect City-based internet sales tax allocations (appropriations for the State portion of the sales tax collections were included in the 2020-2021 State Enacted Budget). Funds from such additional revenue sources are to be deposited in a newly established CBD Tolling Capital Lockbox Fund held by MTA Bridges and Tunnels, to be used, subject to certain limitations, to fund operating, administration and other necessary expenses relating to the CBD Tolling Program, including costs incurred by MTA Bridges and Tunnels in administering the program and related costs incurred by the City Department of Transportation, and costs of MTA capital projects included in the 2020-2024 Capital Program or any successor capital program. Such funds in the CBD Tolling Capital Lockbox Fund may be:

- (i) pledged by MTA Bridges and Tunnels to pay any bonds issued by MTA Bridges and Tunnels to finance (a) costs of the CBD Tolling Program, including the tolling infrastructure, CBD tolling collection system and CBD tolling customer service center and (b) the costs of any MTA capital projects in the 2020-2024 Capital Program or later capital program; or

(ii) used by MTA Bridges and Tunnels to pay capital costs of the CBD Tolling Program and the costs of any MTA capital projects in the 2020-2024 Capital Program or later capital program on a PAYGO basis; or

(iii) transferred to MTA and either (x) pledged by MTA to pay MTA bonds issued to pay costs of MTA capital projects in the 2020-2024 Capital Program or later capital program, or (y) used by MTA to pay costs of MTA capital projects in the 2020-2024 Capital Program or later capital program on a PAYGO basis.

Notwithstanding the foregoing, however, the State recently enacted legislation that allows MTA, subject to repayment as described therein, to use the moneys in the CBD Tolling Capital Lockbox Fund for 2020 and 2021 to offset decreases in revenue or increases in operating costs due in whole or in part to the State emergency disaster caused by the COVID-19 pandemic. For further information related to the impact of the COVID-19 pandemic on the revenues and operations of MTA and its Related Entities, see “SOURCES OF REVENUE – Factors Affecting Revenue – *Government Assistance*” in **Part II**. See also **Attachment 3** – “First Quarterly Update to the ADS, dated August 3, 2020”, which discusses the effects of the COVID-19 pandemic on MTA’s financial planning.

Expectations with Respect to Future Bonding. On January 13, 2020, MTA submitted to the Capital Program Review Board a proposed MTA Bridges and Tunnels Special Obligation Resolution Authorizing Sales Tax Revenue Obligations (Statewide and Citywide Sales Tax) (the MTA Bridges and Tunnels Sales Tax Bond Resolution) for review and approval. The MTA Bridges and Tunnels Sales Tax Bond Resolution was deemed approved upon completion of the statutory 15-day review period following such submission and subsequently approved by the MTA Bridges and Tunnels’ Board. However, as described in the preceding paragraph, recent legislation authorized the use of the moneys in the CBD Tolling Capital Lockbox Fund during 2020 and 2021 for other purposes and, as a consequence, the timing of the issuance of obligations under the MTA Bridges and Tunnels Sales Tax Bond Resolution for capital costs of the transit and commuter systems relating to projects in the 2020-2024 Capital Program is unknown.

The 2020-2021 State Enacted Budget creates new authorization for MTA to issue a total of up to \$10 billion of bonds during the three year period from 2020-2022, to offset decreases in revenue (i.e. lost taxes, fees, charges, fares and tolls) or increases in operating costs of the MTA and its Related Entities due in whole or in part to the State disaster emergency caused by the COVID-19 pandemic. MTA may seek the approval of new bond resolutions that could be secured by any or all of its available revenues.

Anti-Diversion Legislation. Effective December 28, 2018, the Executive Law of the State was amended to, among other things, prohibit, subject to limited exceptions requiring the adoption of future State legislation, any diversion of revenues derived from taxes and fees payable to MTA (including, but not limited to taxes and fees paid to the MTA Dedicated Tax Fund, the PMT and other taxes and fees imposed by the May 2009 Legislation, as amended) into the State’s general fund or any other fund maintained for support of another governmental purpose.

Station Maintenance and Service Reimbursements. MTA is reimbursed by the City and the seven counties in the MCTD with respect to commuter stations located in each respective jurisdiction for the cost of staffing the stations, maintaining the stations and appurtenant land and buildings, and insurance. In addition, the City provides for the policing of the Transit System and contributes to support MTA New York City Transit’s paratransit, senior citizen and school children programs. Also, MTA Metro-North Railroad receives certain payments from the Connecticut Department of Transportation (CDOT) for its share of the operating deficits of the New Haven rail line.

City Agreement with MTA Bus. In December 2004, the MTA Board approved a letter agreement with the City (the MTA Bus Letter Agreement) with respect to MTA Bus’ establishment and operation of certain bus routes (the MTA Bus System) in areas then served by seven private bus companies pursuant to franchises granted by the City. The City’s payments under the MTA Bus Letter Agreement are pledged to holders of the

Transportation Revenue Bonds and are reflected in **Tables 2a, 2b, 3a and 3b** above. The MTA Bus Letter Agreement with the City provides for the following:

- A lease by the City to MTA Bus of the bus assets to operate the MTA Bus System.
- The City agrees to pay MTA Bus the difference between the actual cost of operation of the MTA Bus System (other than certain capital costs) and all revenues and subsidies received by MTA Bus and allocable to the operation of the MTA Bus System.
- If the City fails to timely pay any of the subsidy amounts due for a period of 30 days, MTA Bus has the right, after an additional 10 days, to curtail, suspend or eliminate service and may elect to terminate the agreement. The City can terminate the agreement on one year's notice.

Revenues from Investment Income and Miscellaneous. MTA earns income, as do its subsidiaries and affiliates, from the temporary investment of money held in those of MTA's various funds and accounts that are pledged to holders of Transportation Revenue Bonds.

Factors Affecting Revenues

The COVID-19 Pandemic. The COVID-19 pandemic has had a substantially adverse impact on MTA revenues, operations and the timing of its capital projects' implementation. The impacts of the COVID-19 pandemic on MTA's financial condition have been, and continue to be severe and may deteriorate further. For further information related to the impact of the COVID-19 pandemic on the operations of MTA and its Related Entities, see "BUSINESS – UPDATE REGARDING IMPACTS FROM THE CORONAVIRUS PANDEMIC AND CERTAIN MTA, FEDERAL AND STATE RESPONSES" in Part I of the **ADS**, including the supplements thereto. See also **Attachment 3** – "First Quarterly Update to the ADS, dated August 3, 2020", which discusses the effects of the COVID-19 pandemic on MTA's financial planning.

Ridership. The level of fare revenues depends to a large extent on MTA's ability to maintain and/or increase ridership levels on the Transit, Commuter and MTA Bus Systems. Those ridership levels are affected by safety and the quality and efficiency of systems operations, as well as by financial and economic conditions in the New York metropolitan area, and the severe impact of the COVID-19 pandemic, as noted above.

Fare Policy. MTA determines the rate or rates of fares charged to users of the Commuter System and MTA Bus System, and MTA New York City Transit and MaBSTOA, together with MTA, do the same for the Transit System. After adopting operating expense budgets and assessing the availability of governmental subsidies, each makes a determination of fares necessary to operate on a self-sustaining cash basis in compliance with State law and covenants in the Transportation Resolution. Considering the impact of increased fares on riders and on the regional economy, MTA may attempt to reduce costs or obtain additional revenues from other sources, mainly governmental sources, before increasing fares. As a result, even though MTA does not generally need other governmental approvals before setting fares, the amount and timing of fare increases may be affected by the federal, State and local government financial conditions, as well as by budgetary and legislative processes. MTA's obligation to obtain approval of fare increases on the New Haven line from CDOT can also affect the amount and timing of fare increases.

Ability to Comply with Rate Covenant and Pay Operating and Maintenance Expenses. The Transit, Commuter and MTA Bus Systems have depended, and are expected to continue to depend, upon government subsidies to meet capital and operating needs. Thus, although MTA is legally obligated by the Transportation Resolution's rate covenant to raise fares sufficiently to cover all capital and operating costs, there can be no assurance that there is any level at which Transit, Commuter and MTA Bus Systems fares alone would produce revenues sufficient to comply with the rate covenant, particularly if the current level (or the assumed level in the Mid-Year Forecast 2020 and Preliminary Budget 2021 and the forecasts in the July Financial Plan 2021-2024 prepared in connection with 2022, 2023 and 2024) of collection of dedicated taxes, operating subsidies, and expense reimbursements were to be discontinued or substantially reduced.

Operating Results and Projections. Based upon the Mid-Year Forecast 2020 and the July Financial Plan 2021-2024, the budgets of the Related Entities reflect substantial projected deficits through 2024. Any of the Transit System, the Commuter System or MTA Bus System or all of them may be forced to institute additional cost reductions (which, in certain circumstances, could affect service which, in turn, could adversely affect revenues) or take other additional actions to close projected budget gaps, which could include additional fare increases.

MTA Liquidity Resources. As of August 18, 2020, MTA had liquidity resources in the approximate amount of \$5.835 billion, consisting of a current running cash balance of \$2.481 billion, internal available flexible funds totaling \$1.166 billion, OPEB resources of \$336 million, commercial bank lines of credit plus interest earnings totaling \$1.852 billion (total commercial bank lines of credit are \$2.150 billion, of which \$484 million have been drawn by MTA, with \$186 million of that remaining unspent, together with \$1.666 billion undrawn). *These funds provide a temporary funding “bridge” to a permanent solution to lost revenues and higher expenses. Certain of these 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.*

Financial Plans. The July Financial Plan 2021-2024, the 2010-2014 Capital Program, the 2015-2019 Capital Program, the 2020-2024 Capital Program and prior and future Capital Programs are interrelated, and any failure to fully achieve the various components of these plans could have an adverse impact on one or more of the other proposals contained in the July Financial Plan 2021-2024, the 2010-2014 Capital Program, the 2015-2019 Capital Program, the 2020-2024 Capital Program and prior and future Capital Programs, as well as on pledged revenues.

MTA Transformation Plan. The 2019-2020 State Enacted Budget required a series of MTA reforms, including the mandate to develop an organizational restructuring plan with the goal of streamlining the organization and providing safe and reliable service. MTA remains committed to meeting the needs of its customers in a more cost efficient and trustworthy manner. To that end, MTA procured the services of a management consulting firm to aid in this transformation. That firm presented its report to MTA (the MTA Transformation Plan) and initial anticipated fiscal impacts of the report’s recommendations are included in the Mid-Year Forecast 2020 and the July Financial Plan 2021-2024. The MTA Transformation Plan was approved as a blueprint plan by the MTA Board at its July 24, 2019 meeting.

In light of the COVID-19 pandemic, Transformation Plan efforts will proceed, but on a different timeline that (i) focuses on employee and customer health and safety, (ii) prioritizes ensuring continued operation of MTA through the pandemic, and (iii) addresses immediate financial challenges. Layoffs related to Transformation Plan are not contemplated in 2020. During the pandemic, the Transformation Plan’s leadership team has shifted its focus to providing support to ensure that back-office and administrative processes are operationally efficient, effective and resilient. In addition, there will be a renewed focus on implementing continuous improvement opportunities that do not impact resource levels and do not require any cash or capital outlays at this time.

MTA Bridges and Tunnels Operating Surplus. The amount of MTA Bridges and Tunnels operating surplus to be used for the Transit and Commuter Systems is affected by a number of factors, including traffic volume, the timing and amount of toll increases, the operating and capital costs of MTA Bridges and Tunnels Facilities, and the amount of debt service payable from its operating revenues, including debt service on obligations issued for the benefit of MTA’s affiliates and subsidiaries and for MTA Bridges and Tunnels’ own capital needs, including its bridges and tunnels and the CBD Tolling Program.

Government Assistance. The level and timing of government assistance to MTA may be affected by several different factors, such as:

- Subsidy payments by the State may be made only if and to the extent that appropriations have been made by the Legislature and money is available to fund those appropriations.

- The Legislature may not bind or obligate itself to appropriate revenues during a future legislative session, and appropriations approved during a particular legislative session generally have no force or effect after the close of the State fiscal year for which the appropriations are made.
- The State is not bound or obligated to continue to pay operating subsidies to the Transit, Commuter or MTA Bus Systems or to continue to impose any of the taxes currently funding those subsidies.
- The financial condition of the State and the State of Connecticut, and the City and counties in the MCTD could affect the ability or willingness of the States and local governments to continue to provide general operating subsidies, the City and local governments to continue to provide reimbursements and station maintenance payments, and the State to continue to make special appropriations.
- Court challenges to the State taxes that are the sources of various State and City operating subsidies to MTA, if successful, could adversely affect the amount of pledged revenues generated by such State taxes.
- The State released its Fiscal Year 2021 Enacted Budget Financial Plan (the “State Fiscal Year 2021 Financial Plan”) on April 25, 2020 in connection with the State Fiscal Year 2020-2021 Enacted Budget. The State Fiscal Year 2021 Financial Plan cautioned that the wide-ranging economic, health, and social disruptions caused by the COVID-19 pandemic are having an adverse impact not only on the State’s finances but also on aid directed to State authorities and localities, including MTA and the City. The State’s aid-to-localities (“ATL”) disbursements reductions that will need to be taken in the State Fiscal Year 2021 Financial Plan may materially and adversely affect the financial position of MTA, the City, and other localities. The State Fiscal Year 2021 Financial Plan included \$8.2 billion in recurring reductions in ATL disbursements, resulting in total ATL disbursements of \$61.7 billion in fiscal year 2021, as part of a plan to address the financial impacts of the COVID-19 pandemic. The State’s Division of the Budget expects to submit a detailed plan itemizing the appropriations and disbursements that will be reduced or withheld. Depending on the programs included in the reduction, the level of targeted reductions achievable, and the availability of unrestricted federal aid received by the State, average programmatic reductions could range from 20 to 50 percent. Prior to this exercise, MTA expected to receive approximately \$3.2 billion in ATL disbursements during the State’s 2021 fiscal year which ends on March 31, 2021.

For further information related to the impact of the COVID-19 pandemic on government assistance and relating to the revenues and operations of MTA and its Related Entities, see “BUSINESS – UPDATE REGARDING IMPACTS FROM THE CORONAVIRUS PANDEMIC AND CERTAIN MTA, FEDERAL AND STATE RESPONSES” in PART 1 of the ADS. See also **Attachment 3** – “First Quarterly Update to the ADS, dated August 3, 2020”, which discusses the effects of the COVID-19 pandemic on MTA’s financial planning.

Information Relating to the State. Information relating to the State, including the Annual Information Statement of the State, as amended or supplemented, is not a part of this offering memorandum. Such information is on file with MSRB through EMMA with which the State was required to file, and the State has committed to update that information to the holders of its general obligation bonds in the manner specified in Rule 15c2-12. Prospective purchasers of Transportation Revenue Bonds and Notes wishing to obtain that information may refer to those filings regarding currently available information about the State. The State has not obligated itself to provide continuing disclosure in connection with the offering of Transportation Revenue Bonds or Notes. MTA makes no representations about State information or its continued availability.

SECURITY

General

The Transportation Revenue Bonds, including the Take-Out Bonds, are MTA's special obligations payable as to principal (including sinking fund installments), redemption premium, if any, and interest from the security, sources of payment, and funds specified in the Transportation Resolution.

- The payment of principal (including sinking fund installments, if any), redemption premium, if any, and interest on Transportation Revenue Bonds is secured by, among other sources described below, the transportation revenues discussed in the preceding section "SOURCES OF PAYMENT," which are, together with certain other revenues, referred to as "pledged revenues."
- Holders of Transportation Revenue Bonds are to be paid after the payment of debt service on revenue anticipation notes and prior to the payment, from pledged revenues, of operating or other expenses of MTA, MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus. However, MTA's ability to generate major portions of the pledged revenues depends upon its payment of operating and other expenses.
- Transportation Revenue Bonds are not a debt of the State or the City, or any other local governmental unit.
- MTA has no taxing power.

Summaries of certain provisions of the Transportation Resolution and the form of the Interagency Agreement have been filed with the MSRB through EMMA. See "INTRODUCTION – Where to Find Information."

Revenue Anticipation Notes Authorized by the Resolution

MTA and MTA New York City Transit have in the past and may, from time to time, in the future issue revenue anticipation notes (RANs) for their working capital needs and the needs of their respective affiliates and subsidiaries occasioned by delays in the receipt of subsidies or other irregularities in the timing of receipt of revenues. See "PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SECURITY – Pledged Transportation Revenues Gross Lien." RANs issued under the Transportation Resolution are secured by a lien on Operating Subsidies (as defined in the Transportation Resolution) prior to the lien in favor of the owners of Transportation Revenue Bonds. Owners of the Transportation Revenue Bonds retain a first lien on the other Pledged Revenues, including fares. The maturity on such RANs may not exceed 18 months. While such notes can be rolled, the final maturity of the notes cannot exceed five years from the date of their original issuance.

Operating Subsidies include general operating subsidies from the State and local governments under the State's Section 18-b program; special tax-supported operating subsidies (the MTF revenues and MMTOA taxes) after the payment of debt service and certain other obligations relating to MTA's Dedicated Tax Fund senior and subordinated bonds; PMT Revenues after the payment of debt service and certain other obligations relating to senior and subordinated bonds issued under a PMT Resolution that may be adopted by MTA and/or MTA Bridges and Tunnels; MTA Bridges and Tunnels operating surplus; Commuter System station maintenance payments; certain mortgage recording and real property transfer taxes with respect to certain real property located within the City referred to as the "urban taxes"; and Congestion Zone Surcharges and Rapid Transit Lane Fines deposited into the General Transportation Account.

Pledge Effected by the Resolution

The Transportation Resolution provides that there are pledged to the payment of principal and redemption premium of, interest on, and sinking fund installments for, the Transportation Revenue Bonds and Parity Debt, in accordance with their terms and the provisions of the Transportation Resolution the following, referred to as the “Trust Estate”:

- all pledged revenues as described above;
- the net proceeds of certain agreements pledged by MTA to the payment of transit and commuter capital projects;
- the proceeds from the sale of Transportation Revenue Bonds, until those proceeds are paid out for an authorized purpose;
- all funds, accounts and subaccounts established by the Transportation Resolution (except those established by a supplemental obligation resolution for variable interest rate obligations, put obligations, parity debt, subordinated contract obligations or subordinated debt); and
- the Amended and Restated Interagency Agreement dated as of April 1, 2006, among MTA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA New York City Transit, MaBSTOA and MTA Bus.

The Trustee may directly enforce an undertaking to operate the Transit System, the Commuter System or the MTA Bus System to ensure compliance with the Transportation Resolution.

Under the Transportation Resolution, the operators of the Transit, Commuter and MTA Bus Systems are obligated to transfer to the Trustee for deposit into the Revenue Fund virtually all pledged revenues as soon as practicable following receipt or, with respect to revenues in the form of cash and coin, immediately after being counted and verified. The pledge of money located in the State of Connecticut may not be effective until that money is deposited under the Transportation Resolution.

Flow of Revenues

The Transportation Resolution creates the following funds and accounts:

- Revenue Fund (held by the Trustee),
- Debt Service Fund (held by the Trustee), and
- Proceeds Fund (held by MTA).

Subject to the payment from the operating subsidies of debt service on RANs, the Transportation Resolution requires the Trustee, promptly upon receipt of the pledged revenues in the Revenue Fund, to deposit the revenues into the following funds and accounts, in the amounts and in the order of priority, as follows:

- to the debt service accounts, the net amount, if any, required to make the amount in the debt service accounts equal to the accrued debt service for Transportation Revenue Bonds and Parity Debt to the last day of the current calendar month;
- to pay, or accrue to pay, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation;
- to MTA for deposit in the Proceeds Fund, as directed by one of MTA’s authorized officers, to fund Capital Costs of the Transit, Commuter and MTA Bus Systems; and

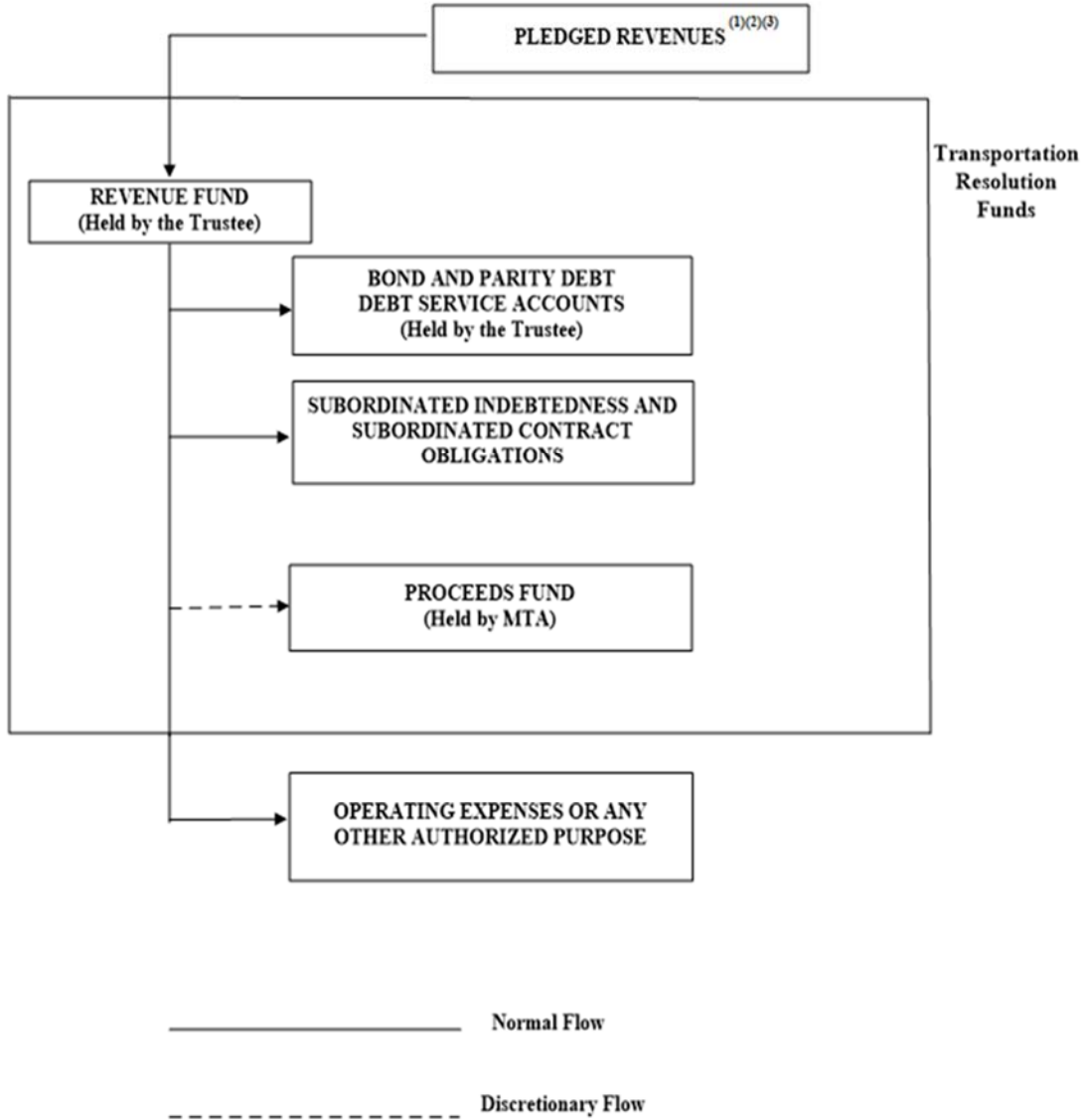
- to accounts held by MTA or any of the Related Transportation Entities for payment of operating expenses or any other authorized purpose.

All amounts paid out by MTA or the Trustee either for an authorized purpose (excluding transfers to any other pledged fund or account) or under the last bullet point above are free and clear of the lien and pledge created by the Transportation Resolution.

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The following chart illustrates the basic elements of the flow of revenues described above:

TRANSPORTATION REVENUE OBLIGATIONS – FLOW OF PLEDGED REVENUES



⁽¹⁾ Includes “Operating Subsidies” pledged to the payment of RANs prior to the payment of principal and interest on Transportation Revenue Bonds.

⁽²⁾ MTA may seek the approval of new bond resolutions that could be secured by any or all of its available revenues.

⁽³⁾ MTA is authorized to issue deficit bonds payable from numerous sources, including PMT Revenues.

Covenants

Rate Covenants. MTA must fix the transit and commuter fares and other charges and fees to be sufficient, together with other money legally available or expected to be available, including from government subsidies –

- to pay the debt service on all the Transportation Revenue Bonds;
- to pay any Parity Debt;
- to pay any Subordinated Indebtedness and amounts due on any Subordinated Contract Obligations; and
- to pay, when due, all operating and maintenance expenses and other obligations of its transit and commuter affiliates and subsidiaries.

See “SOURCES OF PAYMENT – Factors Affecting Revenues” above.

Operating and Maintenance Covenants.

- MTA, MaBSTOA, MTA New York City Transit, MTA Metro-North Railroad, MTA Long Island Rail Road and MTA Bus are required at all times to operate, or cause to be operated, the systems properly and in a sound and economical manner and maintain, preserve, reconstruct and keep the same or cause the same to be maintained, preserved, reconstructed and kept in good repair, working order and condition.
- Nothing in the Transportation Resolution prevents MTA from ceasing to operate or maintain, or from leasing or disposing of, all or any portion of the systems if, in MTA’s judgment it is advisable to do so, but only if the operation is not essential to the maintenance and continued operation of the rest of the systems and this arrangement does not materially interfere with MTA’s ability to comply with MTA’s rate covenants.

Additional Bonds. The Transportation Resolution permits MTA to issue additional Transportation Revenue Bonds and to issue or enter into Parity Debt, from time to time, to pay or provide for the payment of qualifying costs, without meeting any specific debt-service-coverage level, as long as MTA certifies to meeting the rate covenant described above for the year in which the additional debt is being issued. Under the Transportation Resolution, MTA may only issue additional Transportation Revenue Bonds if those bonds are issued to fund projects pursuant to an approved MTA Capital Program, if an approved capital program is then required.

There is no covenant with Owners limiting the aggregate principal amount of revenue anticipation notes or additional Transportation Revenue Bonds or Parity Debt that MTA may issue. There is a limit under current State law that covers the Transportation Revenue Bonds and certain other securities. See Part 3 of the ADS under the caption “GENERAL – Financing of Capital Projects and Statutory Ceiling” for a description of the current statutory cap.

Refunding Bonds. MTA may issue Transportation Revenue Bonds to refund all or any portion of outstanding Transportation Revenue Bonds or Parity Debt. Transportation Revenue Bonds may also be issued to refund any pre-existing indebtedness of any Related Entity issued to fund transit and commuter projects. The MTA Board has adopted a refunding policy which must be complied with prior to the issuance of any refunding Bonds.

Non-Impairment. Under State law, the State has pledged to MTA that it will not limit or change MTA’s powers or rights in such a way that would impair the fulfillment of MTA’s promises to holders of the Transportation Revenue Bonds.

No Bankruptcy. State law specifically prohibits MTA, its Transit System affiliates, its Commuter System subsidiaries or MTA Bus from filing a bankruptcy petition under Chapter 9 of the U.S. Federal Bankruptcy Code. As long as any Transportation Revenue Bonds are outstanding, the State has covenanted not to change the law to permit MTA or its affiliates or subsidiaries to file such a petition. Chapter 9 does not provide authority for creditors to file involuntary bankruptcy proceedings against MTA or other Related Entities.

Parity Debt

MTA may incur Parity Debt pursuant to the terms of the Transportation Resolution that, subject to certain exceptions, would be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by the Transportation Resolution with respect to Transportation Revenue Bonds. Parity Debt may be incurred in the form of a Parity Reimbursement Obligation, a Parity Swap Obligation or any other contract, agreement or other obligation of MTA designated as constituting “Parity Debt” in a certificate of an Authorized Officer delivered to the Trustee.

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PART III. OTHER INFORMATION ABOUT THE SERIES 2020B NOTES

Part III of this offering memorandum provides miscellaneous additional information relating to the Series 2020B Notes.

TAX MATTERS

General

Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C. are Co-Bond Counsel for the Series 2020B Notes. Each Co-Bond Counsel is of the opinion that, under existing law, relying on certain statements by MTA and assuming compliance by MTA with certain covenants, interest on the Series 2020B Notes is:

- excluded from a noteholder's federal gross income under Section 103 of the Internal Revenue Code of 1986, and
- not a specific preference item for a noteholder in calculating the federal alternative minimum tax.

Each Co-Bond Counsel is also of the opinion that, under existing law, interest on the Series 2020B Notes is exempt from personal income taxes imposed by the State or any political subdivisions of the State, including the City. See **Attachment 2** to this offering memorandum for the form of the opinions that Co-Bond Counsel each expect to deliver when the Series 2020B Notes are delivered.

The Series 2020B Notes

The Internal Revenue Code of 1986 imposes requirements on the Series 2020B Notes that MTA must continue to meet after the Series 2020B Notes are issued. These requirements generally involve the way that Series 2020B Note proceeds must be invested and ultimately used, and the way that assets financed and refinanced with proceeds of the Series 2020B Notes must be used. If MTA does not meet these requirements, it is possible that a noteholder may have to include interest on the Series 2020B Notes in its federal gross income on a retroactive basis to the date of issue. MTA has covenanted to do everything necessary to meet the requirements of the Internal Revenue Code of 1986.

A noteholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2020B Notes. This is possible if a noteholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit, or
- a borrower of money to purchase or carry the Series 2020B Notes.

Prospective holders, particularly those in any of these categories, should consult their tax advisors.

Co-Bond Counsel are not responsible for updating their respective opinions in the future. It is possible that future events could change the tax treatment of the interest on the Series 2020B Notes or affect the market price of the Series 2020B Notes. See also "Miscellaneous" below under this heading.

Co-Bond Counsel express no opinion regarding any other federal, state, local or foreign tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020B Notes. Co-Bond Counsel express no opinion regarding the federal, state, local or foreign tax consequences of any action taken or not taken in reliance upon an opinion of other counsel with respect to the Series 2020B Notes.

Original Issue Discount

The excess of the “stated redemption price at maturity” of the Series 2020B Notes over the “issue price” of such Series 2020B Notes constitutes “original issue discount” which is excluded from gross income for federal income tax purposes to the same extent as interest on such Series 2020B Notes described above. The “stated redemption price at maturity” of the Series 2020B Notes equals the amount due at maturity of such Series 2020B Notes. To the extent interest is paid only at maturity of the Series 2020B Notes, the “stated redemption price at maturity” will include the amount of that interest. The “issue price” of the Series 2020B Notes is the first price at which price a substantial amount of the Series 2020B Notes was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers). Such original issue discount accrues actuarially on a constant interest rate basis over the term of the Series 2020B Notes and the basis of each Series 2020B Notes acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Series 2020B Notes, even though there will not be a corresponding cash payment. In addition, original issue discount on these Series 2020B Notes as it accrues is exempt from personal income taxes of the State and its political subdivisions, including the City. Owners of the Series 2020B Notes are advised that they should consult with their own tax advisors with respect to the accrual of original issue discount, and related tax consequences of owning or disposing of the Series 2020B Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, such as the Series 2020B Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the interest recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Internal Revenue Code of 1986. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If a noteholder purchasing a Series 2020B Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2020B Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the noteholder’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Legislative or administrative actions and court decisions, at either the federal or state level, may cause interest on the Series 2020B Notes to be subject, directly or indirectly, in whole or in part, to federal, state or local income taxation, and thus have an adverse impact on the value or marketability of the Series 2020B Notes. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion or exemption of the interest on the Series 2020B Notes from gross income for federal or state income tax purposes, or otherwise. Prospective purchasers of the Series 2020B Notes should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2020B Notes. Co-Bond Counsel have not undertaken

to advise in the future whether any events after the date of issuance of the Series 2020B Notes may affect the tax status of interest on the Series 2020B Notes.

Prospective purchasers of the Series 2020B Notes should consult their own tax advisors regarding the foregoing matters.

LEGALITY FOR INVESTMENT

The MTA Act provides that the Series 2020B Notes are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

- all public officers and bodies of the State and all municipalities and political subdivisions in the State,
- all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business,
- all administrators, guardians, executors, trustees and other fiduciaries, and
- all other persons whatsoever who are now or who may hereafter be authorized to invest in the obligations of the State.

Certain of those investors, however, may be subject to separate restrictions that limit or prevent their investment in the Series 2020B Notes.

LITIGATION

There is no pending litigation concerning the Series 2020B Notes.

MTA is the defendant in numerous claims and actions, as are its affiliates and subsidiaries, including MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus and MTA Bridges and Tunnels. Certain of these claims and actions, either individually or in the aggregate, are potentially material to MTA, or its affiliates or subsidiaries. MTA does not believe that any of these claims or actions would affect the application of the sources of payment for the Series 2020B Notes. A summary of certain of these potentially material claims and actions is set forth in Part 6 of the **ADS** under the caption “LITIGATION,” as that filing may be amended or supplemented to date.

CO-FINANCIAL ADVISORS

Public Resources Advisory Group, Inc. and Rockfleet Financial Services, Inc., are MTA’s Co-Financial Advisors for the Series 2020B Notes. The Co-Financial Advisors have provided MTA advice on the plan of financing and reviewed the competitive bidding of the Series 2020B Notes. The Co-Financial Advisors have not independently verified the information contained in this offering memorandum and do not assume responsibility for the accuracy, completeness or fairness of such information.

NOTE PLACEMENT

After competitive bidding on August 18, 2020, MTA determined to sell to the MLFLLC, and the MLFLLC agreed to purchase, all of the Series 2020B Notes, at a purchase price of 100% of the principal amount thereof. MTA will be obligated to pay to the MLFLLC an origination fee equal to 0.10% of the principal amount

of any Series 2020B Notes purchased by the MLFLLC. Such purchase is subject to certain conditions contained in a Series 2020B Note purchase agreement between the MLFLLC and MTA.

RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies that are assigned to the Series 2020B Notes. Those ratings reflect only the views of the organizations assigning them. An explanation of the significance of the ratings or any outlooks or other statements given with respect thereto from each identified agency may be obtained as follows:

Fitch Ratings
Hearst Tower
300 W. 57th Street
New York, New York 10019
(212) 908-0500

Kroll Bond Rating Agency, Inc.
805 Third Avenue, 29th Floor
New York, New York 10022
(212) 702-0707

Moody's Investors Service, Inc.
7 World Trade Center
New York, New York 10007
(212) 553-0300

S&P Global Ratings
55 Water Street
New York, New York 10041
(212) 438-2000

MTA has furnished information to each rating agency rating the notes being offered, including information not included in this offering memorandum, about MTA and the notes. Generally, rating agencies base their ratings on that information and on independent investigations, studies and assumptions made by each rating agency. A securities rating is not a recommendation to buy, sell or hold securities. There can be no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of that rating agency, circumstances warrant the revision or withdrawal. Those circumstances may include, among other things, changes in or unavailability of information relating to MTA or the notes. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the notes.

LEGAL MATTERS

All legal proceedings in connection with the issuance of the notes being offered are subject to the approval of Nixon Peabody LLP and D. Seaton and Associates, P.A., P.C., Co-Bond Counsel to MTA. The form of the opinions of Co-Bond Counsel in connection with the issuance of the Series 2020B Notes is **Attachment 2** to this offering memorandum.

Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, Special Disclosure Counsel to MTA.

Certain legal matters regarding MTA will be passed upon by its General Counsel.

CONTINUING DISCLOSURE

In connection with the Series 2020B Notes, MTA delivered to MLFLLC a continuing disclosure undertaking in the form requested by MLFLLC.

MTA is not responsible for any failure by EMMA or any nationally recognized municipal securities information repository to timely post disclosure submitted to it by MTA or any failure to associate such submitted disclosure to all related CUSIPs.

FURTHER INFORMATION

MTA may place a copy of this offering memorandum on MTA's website at <http://web.mta.info/mta/investor/>. No statement on MTA's website or any other website is included by specific cross-reference herein.

Although MTA has prepared the information on its website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and MTA assumes no liability or responsibility for errors or omissions contained on any website. Further, MTA disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. MTA also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

METROPOLITAN TRANSPORTATION AUTHORITY

By: /s/ Patrick J. McCoy

Patrick J. McCoy
Director, Finance

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ATTACHMENT 1

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Series 2020B Notes. The Series 2020B Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020B Note will be issued for the Series 2020B Notes, in the aggregate principal amount of the Series 2020B Notes, and will be deposited with DTC. If, however, the aggregate principal amount of the Series 2020B Notes exceeds \$500 million, one note will be issued with respect to each \$500 million of principal amount, and an additional note will be issued with respect to any remaining principal amount.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has a S&P rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2020B Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020B Notes on DTC's records. The ownership interest of each actual purchaser of each Series 2020B Note (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020B Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2020B Notes, except in the event that use of the book-entry system for the Series 2020B Notes is discontinued.

4. To facilitate subsequent transfers, all Series 2020B Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020B Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020B Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020B Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020B Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020B Notes, such as defaults, and proposed amendments to the Series 2020B Note documents. For example, Beneficial Owners of the Series 2020B Notes may wish to ascertain that the nominee holding the Series 2020B Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020B Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to MTA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2020B Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Principal and interest payments on the Series 2020B Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from MTA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or MTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of MTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. DTC may discontinue providing its services as depository with respect to the Series 2020B Notes at any time by giving reasonable notice to MTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2020B Notes are required to be printed and delivered.

9. MTA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2020B Notes will be printed and delivered to DTC.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT MTA BELIEVES TO BE RELIABLE, BUT MTA TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

ATTACHMENT 2

FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

Upon delivery of the Series 2020B Notes in definitive form, each of Nixon Peabody LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Bond Counsel to MTA, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

Metropolitan Transportation Authority
New York, New York

Ladies and Gentlemen:

We have examined a certified copy of the record of proceedings of the Metropolitan Transportation Authority (“MTA”) and other proofs submitted to us relative to the issuance of \$450,720,000 aggregate principal amount of Metropolitan Transportation Authority Transportation Revenue Bond Anticipation Notes, Series 2020B (the “Series 2020B Notes”).

All terms defined in the Resolution (hereinafter defined) and used herein shall have the respective meanings assigned in the Resolution, except where the context hereof otherwise requires.

The Series 2020B Notes are issued under and pursuant to the Constitution and statutes of the State of New York (the “State”), including the Metropolitan Transportation Authority Act, being Title 11 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date of this opinion letter (herein called the “Issuer Act”), and under and pursuant to proceedings of MTA duly taken, including a resolution adopted by the members of MTA on March 26, 2002 entitled “General Resolution Authorizing Transportation Revenue Obligations”, as supplemented by the Multiple Series 2018 Bond Anticipation Notes and Related Subordinated Indebtedness Transportation Revenue Bond Supplemental Resolution adopted on December 13, 2017, as amended, and the Multiple Series 2018 Transportation Revenue Bond Supplemental Resolution adopted on December 13, 2017 (collectively, the “Resolution”).

The Series 2020B Notes are dated, mature, are payable and bear interest, all as provided in the Resolution.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2020B Notes in order that interest on the Series 2020B Notes be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of MTA, dated the date hereof (the “Arbitrage and Use of Proceeds Certificate”), in which MTA has made representations, statements of intention and reasonable expectation, certifications of fact and covenants relating to the federal tax status of interest on the Series 2020B Notes, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2020B Notes and the investment of certain funds. The Arbitrage and Use of Proceeds Certificate obligates the MTA to take certain actions necessary to cause interest on the Series 2020B Notes to be excluded from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code could cause interest on the Series 2020B Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained. MTA has covenanted in the Resolution to maintain the exclusion of the interest on the Series 2020B Notes from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the exclusion of interest on the Series 2020B Notes from gross income for federal income tax purposes pursuant to Section 103 of the Code, and compliance by the MTA with procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

We have also examined one of said Series 2020B Notes as executed and, in our opinion, the form of said Series 2020B Note and its execution are regular and proper.

We are of the opinion that:

1. MTA is duly created and validly existing under the laws of the State, including the Constitution of the State and the Issuer Act.

2. MTA has the right and power under the Issuer Act to adopt the Resolution. The Resolution has been duly and lawfully adopted by MTA, is in full force and effect, is valid and binding upon MTA, and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The Series 2020B Notes have been duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Issuer Act, and in accordance with the Resolution, and are valid and binding special obligations of MTA, enforceable in accordance with their terms and the terms of the Resolution, payable solely from (i) the proceeds of notes, including renewal notes, issued under the BAN Resolution, (ii) the proceeds of the Take-Out Bonds (as defined in the Resolution) and (iii) with respect to interest payable on the Series 2020B Notes, amounts available for payment of subordinated indebtedness in accordance with the Resolution. The Series 2020B Notes are not secured by any other funds, accounts or amounts that are pledged to the payment of Obligations or Parity Debt issued under the Resolution. MTA has no taxing power and the Series 2020B Notes are not debt of the State or of any other political subdivision thereof.

4. MTA, the holders of the Series 2020B Notes, or the holders of any evidence of indebtedness of MTA do not and will not have a pledge or lien on (i) the dedicated mass transportation trust fund established by Section 89-c of the State Finance Law, (ii) the metropolitan transportation authority financial assistance fund established by Section 92-ff of the State Finance Law, (iii) the metropolitan mass transportation operating assistance account established in the mass transit operating assistance fund pursuant to Section 88-a of the State Finance Law, or (iv) the taxes or moneys deposited therein.

5. The Series 2020B Notes are securities in which all public officers and bodies of the State and all municipalities and political subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are or may be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them to the extent that the legality of such investment is governed by the laws of the State; and which may be deposited with and shall be received by all public officers and bodies of the State and all municipalities and political subdivisions for any purpose for which the deposit of bonds or other obligations of the State is or may be authorized.

6. Under existing statutes and court decisions, interest on the Series 2020B Notes (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) is not treated as a preference item in calculating the alternative minimum tax under the Code.

7. Under existing statutes, interest on the Series 2020B Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

The opinions expressed in paragraphs 2 and 3 above are subject to applicable bankruptcy, insolvency, receivership, reorganization, arrangements, fraudulent conveyances, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 6 and 7, we express no opinion regarding any other federal, state, local or foreign tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020B Notes. We express no opinion regarding the federal, state, local or foreign tax consequences of any action hereafter taken or not taken in reliance upon an opinion of other counsel with respect to the Series 2020B Notes.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2020B Notes. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Offering Memorandum or other offering material relating to the Series 2020B Notes and express no opinion with respect thereto.

This opinion letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any future actions, facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any reason whatsoever.

Very truly yours,

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ATTACHMENT 3

FIRST QUARTERLY UPDATE TO ADS, DATED AUGUST 3, 2020

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MTA ANNUAL DISCLOSURE STATEMENT UPDATE
(2020 ADS First Quarterly Update)
August 3, 2020

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Update (including Attachment A hereto, the “First Quarterly Update”), dated August 3, 2020, is the first quarterly update to the Annual Disclosure Statement (the “ADS”) of MTA, dated April 29, 2020, as supplemented on May 1, 2020, May 19, 2020, May 27, 2020, June 3, 2020, June 25, 2020 and July 17, 2020, and contains information only through its date. MTA expects to file this First Quarterly Update with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system and may incorporate such information herein by specific cross-reference. Such information, together with the complete July Plan hereinafter referred to, is also posted on the MTA website: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>. No statement on MTA’s website or any other website is included by specific cross-reference herein. All of the information in this First Quarterly Update 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 First Quarterly Update 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 First Quarterly Update.

MTA ANNUAL DISCLOSURE STATEMENT UPDATE
(2020 ADS First Quarterly Update)
August 3, 2020

Introduction

This update, dated August 3, 2020 (the “First Quarterly Update”), is the first quarterly update to the Annual Disclosure Statement (the “ADS”) of the Metropolitan Transportation Authority (“MTA”), dated April 29, 2020, as supplemented on May 1, 2020, May 19, 2020, May 27, 2020, June 3, 2020, June 25, 2020 and July 17, 2020. This First Quarterly Update contains information only through August 3, 2020, and should be read in its entirety, together with the ADS as so previously supplemented. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the ADS.

In this First Quarterly Update, readers will find:

1. A summary of recent events and changes to MTA’s 2020-2024 Financial Plan released by MTA in February 2020 (the “February Plan”), made since the date of the ADS, to reflect provisions of the 2020 MTA July Financial Plan presented to the MTA Board on July 22, 2020 (the “July Plan”). The complete July Plan is posted on MTA’s website: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>. No statement on MTA’s website or any other website is included by specific cross-reference herein. The updated information reflected in the July Plan includes revised February Plan projections for fiscal years 2020 (2020 Mid-Year Forecast) through 2024, including a preliminary budget for 2021.
2. **Attachment A** to this First Quarterly Update, which presents the July Plan in tabular form and includes Financial Plan tables that summarize MTA’s July Plan projected receipts and expenditures for fiscal years 2020 (adopted budget), 2021 (preliminary budget) through 2024, in each case prepared by MTA management.

Overview

The July Plan, which includes the 2020 Mid-Year Forecast, the 2021 preliminary budget and a financial plan for the years 2021-2024, updates the February Plan. Since 2010, MTA financial plans have included the impact of MTA management’s pursuit of operational efficiencies and recurring cost reductions which have been used to lower the amount of revenues needed from biennial fare and toll increases and governmental subsidies, and have provided funding for the capital program and enhanced maintenance. When sustainable, MTA multi-year financial plans have reflected added service, while at the same time addressing long-term costs such as pensions, health care, paratransit, and debt service. The July Plan has, of necessity, departed from previous MTA multi-year financial plans as the novel coronavirus (“COVID-19”) outbreak and the ensuing pandemic has caused widespread social and economic disruption to the MTA region, with extreme adverse impacts on MTA finances.

MTA management identified staggering losses for the nation’s largest transportation agency, with COVID-19 pandemic-related losses totaling a projected 45.3% of MTA’s 2020 adopted budget and projected 2-year deficits totaling \$10.3 billion through 2021. The July Plan requires MTA’s

analysis and forecasts of the full five-year period. A key conclusion of such forecasts is that the COVID-19 pandemic can be expected to have an extended impact over the entire July Plan period.

Without further federal action and major additional budget relief, MTA management now projects total deficits attributable to COVID-19 pandemic impacts for the July Plan period of approximately \$16.2 billion. Actions identified to date will not be sufficient to fully address these forecast deficits. As further discussed below, future actions being reviewed by MTA management include the following: (i) reductions or delays in Capital Program implementation; (ii) fare and toll increases (above the planned 4% biennial adjustments); (iii) delay in pension contributions; (iv) wage freezes; (v) reductions in work force; (vi) service reductions; and (vii) long-term deficit financing.

The February Plan

The February Plan projected cash balances of \$134 million in 2019, \$81 million in 2020, \$273 million in 2021, and \$157 million in 2022, with a deficit of \$130 million in 2023. The February Plan also reflected significant favorable impacts of \$1.6 billion in estimated savings from implementation of the MTA Transformation Plan. Without the projected Transformation Plan savings, the 2023 deficit was expected to have grown to an estimated \$762 million. In addition to the Transformation Plan savings, the February Plan was based on three key inter-related elements: (i) fare and toll price increases that were projected to net 4% yield in annual revenue in both 2021 and 2023; (ii) annually recurring cost reduction and containment targets that were projected to provide annual savings of nearly \$2.8 billion per year by 2023; and (iii) maintaining major on-going initiative investments for the MTA Long Island Rail Road “Forward” plan, the “Bus Plans” at MTA New York City Transit and MTA Bus, the MTA Metro-North Railroad “Way Ahead” plan, and the Subway Action Plan for MTA New York City Transit.

The February Plan included the financial impact of the approved settlement with Local 100 of the Transport Workers Union (“TWU”), and the incremental cost of \$165 million over the February Plan period above the assumed annual two percent increases for the TWU and for TWU-pattern settlements with the remaining represented workforce. The February Plan also reflected an additional \$11 million in 2020 expected from the Petroleum Business Tax, and an additional \$775 million over the February Plan period in Metropolitan Mass Transportation Operating Assistance (“MMTOA”) funds, reflecting the fiscal year 2021 New York State Executive Budget released by Governor Cuomo in mid-January. The February Plan also reflected a significant increase in debt issuance and debt service for the 2020-2024 Capital Program, with financial support coming from a projected \$7.3 billion of bonds supported by Central Business District Tolling lockbox revenues, including Internet Marketplace Sales Tax and Mansion Tax receipts. The debt service of \$742 million over the February Plan period was to be paid directly from those capital lockbox revenues with no impact on the operating budget.

MTA’s 2020 adopted budget was balanced with the use of non-recurring actions, including the release of the \$165 million General Reserve for 2019 and the carryover of the 2019 surplus of \$134 million. The February Plan also included the expectation that the City of New York (“City”) would increase its contribution to fund paratransit and equally share with MTA the operating deficit of the paratransit program. Lastly, the February Plan included \$35 million in funding for a re-estimate of 2020 MTA New York City Transit maintenance expenses.

Changes Since the February Plan

As noted earlier, the July Plan is unlike any prior MTA financial plan. The COVID-19 pandemic was declared an international public health emergency on January 30, 2020 by the World Health Organization. In the MTA region, the first confirmed case was in Manhattan on March 1st, and it was subsequently followed by a second case the next day in New Rochelle. Within days, 225 additional positive cases were confirmed as officials conducted contact tracing.

As COVID-19 cases rapidly increased, Governor Cuomo ordered all nonessential businesses closed statewide, effective March 22, 2020. The New York State on PAUSE (Policies that Assure Uniform Safety for Everyone) Executive Order banned gatherings of individuals who were not considered essential workers, required social distancing of at least six feet, encouraged the wearing of masks or other personal protective equipment, and discouraged the use of mass transit.

The Executive Order charged MTA with providing transportation for only essential travel and, in response, MTA implemented a reduced service schedule across the operating agencies to ensure service to and from work for frontline workers. On March 20, 2020, compared with one year earlier, subway ridership was down 76%, combined MTA New York City Transit bus and MTA Bus ridership was down 63%, MTA Metro-North Railroad ridership was down 94%, MTA Long Island Rail Road ridership was down 76%, and MTA Bridges and Tunnels traffic was down 42%. On March 25, 2020, MTA began phasing in an “Essential Service Plan” for the subway, buses and the MTA Long Island Rail Road and MTA Metro-North Railroad. While reducing scheduled service, the Essential Service Plan continued to provide the service necessary for first responders and essential personnel travel to and from hospitals and other critical locations.

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), a \$2 trillion economic relief package to address the financial impacts caused by the pandemic. The CARES Act provided \$25 billion nationally to assist transit agencies with providing transportation to essential workers. Of that amount, MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus, and Staten Island Railway will receive payments totaling \$4.009 billion to assist with covering expenses for operating service during the pandemic.

Throughout March and April, 2020, measures were taken to aggressively clean and sanitize stations and the rail and bus fleets. By the last week of April, utilization had fallen even further: subway ridership was down 91%; MTA Long Island Rail Road ridership was down 97%; MTA Metro-North Railroad ridership was down 95%, and; MTA Bridges and Tunnels traffic was down 57%. After March 20th, bus ridership was no longer counted, as rear-door only boarding was instituted as a measure to improve bus driver safety.

Beginning May 6, 2020, in anticipation of a gradual reopening of the City, subway service was suspended each overnight from 1 a.m. to 5 a.m. to allow for a complete disinfecting of the system, with bus and third-party alternative transportation services provided to essential workers during hours of closure.

On June 8, 2020, the City entered Phase 1 of the State’s gradual re-opening protocols. As the City and the metropolitan region gradually moved through subsequent phases (the City entered Phase 2 on June 22nd, Phase 3 on July 6th and Phase 4 on July 20th), service was moderately increased

to provide social distancing on subways, buses and the commuter railroads for returning customers. As of the date of this First Quarterly Update, all areas in the MTA region are in Phase 4 of reopening. Ridership, however, remains significantly below levels from one year ago. As of July 15, 2020, ridership was down 77% on the subway, 79% on the MTA Long Island Rail Road, and 83% on Metro-North Railroad. On buses operated by MTA New York City Transit and MTA Bus, combined ridership is down 42%. With rear-door only boarding of buses allowed, fares have not been collected for most trips. Traffic on MTA Bridges and Tunnels facilities have been rebounding at a faster pace, but remains 15% below traffic levels from one year ago. *There is no assurance that positive gains in the fight against the COVID-19 pandemic in the MTA region will not be impaired in the near or intermediate term, which could cause the reimposition of more restrictive phases with worsening impacts on MTA.*

In April 2020, MTA hired McKinsey & Company (“McKinsey”) to develop a financial impact assessment of impacts on MTA and its Related Entities from the COVID-19 pandemic. McKinsey reviewed MTA farebox and toll revenues, and subsidy receipts, and developed forecasts of the likely effect the pandemic would have on the regional and national economies. The results of the McKinsey analysis were a baseline scenario (“earlier containment and recovery”), where ridership and traffic was to resume in June, but with a resurgence in cases in the fall of 2020, and an alternative scenario (“delayed containment and recovery”) where the initial return is slower due to countervailing factors such as personal preferences to avoid public transit and continue working remotely, followed by a resurgence of the pandemic more severe than the base scenario. For the July Plan, ridership, traffic, and subsidy forecasts are based on the midpoint of these two scenarios.

While the February Plan projected surpluses in 2020 and 2021, COVID-19 has and is expected to further severely impact MTA finances

	2020	2021	2-Year Total
		(billions)	
2020 Adopted Budget			
Total Operating Expenses + Debt Service	\$17.12	\$17.41	\$34.53
McKinsey COVID-19 Analysis *			
Fare and Toll Revenue	\$(5.30)	\$(3.90)	\$(9.20)
Subsidies	(1.70)	(1.90)	(3.60)
Additional Expenses	(0.75)	(0.75)	(1.50)
Total COVID-19 Loss	\$(7.75)	\$(6.55)	\$(14.30)
Percent of Total Budget	-45.3%	-37.6%	-41.4%
Federal CARES Act	\$4.00	\$0.00	\$4.00
Remaining Budget Loss	\$(3.75)	\$(6.55)	\$(10.30)
Percent of Total Budget	-21.9%	-37.6%	-29.8%

*Estimates by McKinsey & Company are as of May 1, 2020. The McKinsey report can be found on the MTA website, in the Financial and Budget Statements section under Transparency (<https://new.mta.info/document/16951>).

For the 2020 to 2021 period, McKinsey estimated that MTA would have a budgetary loss of \$10.3 billion, or 30 percent, after factoring in the full \$4 billion in aid to be made available through

the CARES Act. The full McKinsey analysis can be found at <https://new.mta.info/document/16951>. McKinsey performed a follow up review in early July and concluded their estimates remain valid.

Over the July Plan period, the impact of the pandemic is projected to adversely affect MTA’s finances by a total of \$16.2 billion, with farebox and toll revenues reduced by a combined \$10.3 billion, advertising and rental income reduced by \$397 million, expenses \$2.7 billion higher, and subsidies \$6.9 billion lower than the February Plan estimates. The federal CARES Act funds of \$4 billion partially offset these losses.

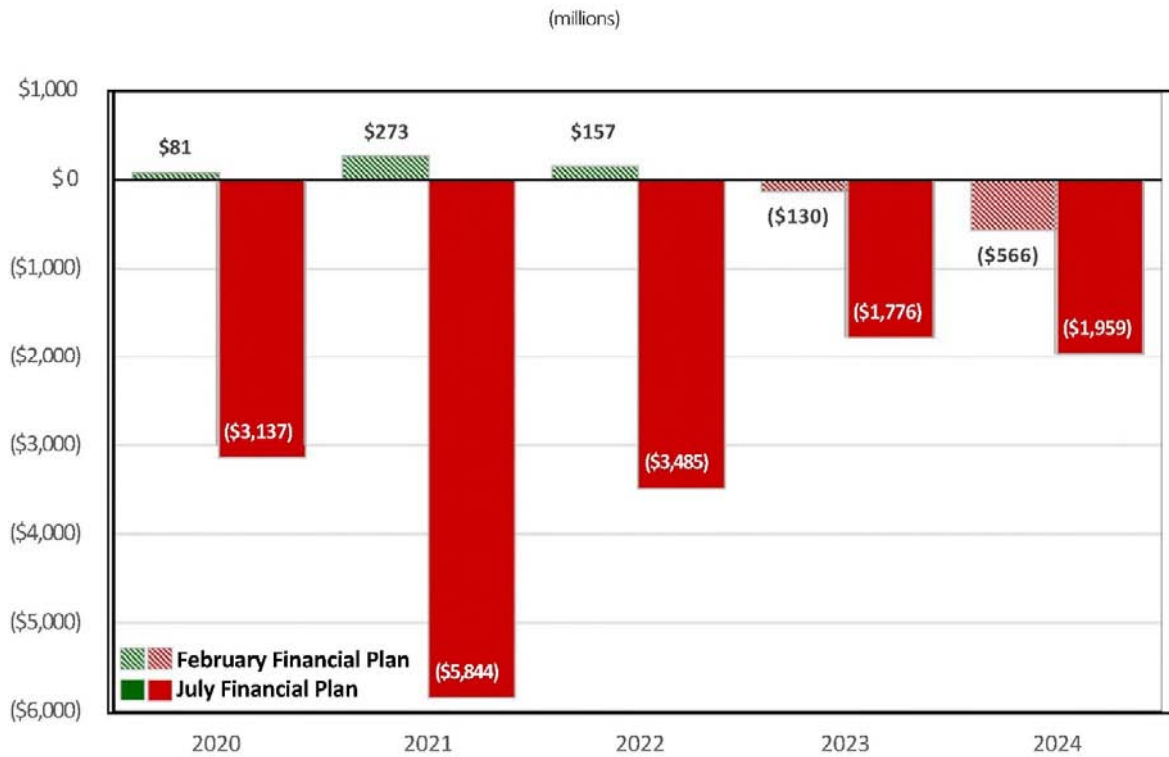
The impact from COVID-19 is expected to be felt over the entire July Plan period

	2020	2021	2022	2023	2024
	(millions)				
Operating Forecasts:					
Farebox Revenue	(\$4,200)	(\$3,130)	(\$1,157)	(\$13)	\$0
Toll Revenue	(\$880)	(\$730)	(\$164)	\$0	\$0
Advertising/Rental Revenue	(\$120)	(\$65)	(\$71)	(\$72)	(\$69)
Direct COVID-related Expenses	(\$500)	(\$531)	(\$518)	(\$496)	(\$496)
Net Indirect COVID Expenses	(\$67)	(\$45)	\$0	(\$2)	\$0
Subsidy Forecasts	(\$2,069)	(\$1,928)	(\$1,263)	(\$850)	(\$791)
CARES Act Funds	\$4,009	--	--	--	--
Total Net Impact⁽¹⁾	(\$3,826)	(\$6,429)	(\$3,172)	(\$1,431)	(\$1,356)

⁽¹⁾July Plan period total projected deficit is \$16.2 billion.

These impacts, along with other changes, severely altered the July Plan from estimates in the February Plan.

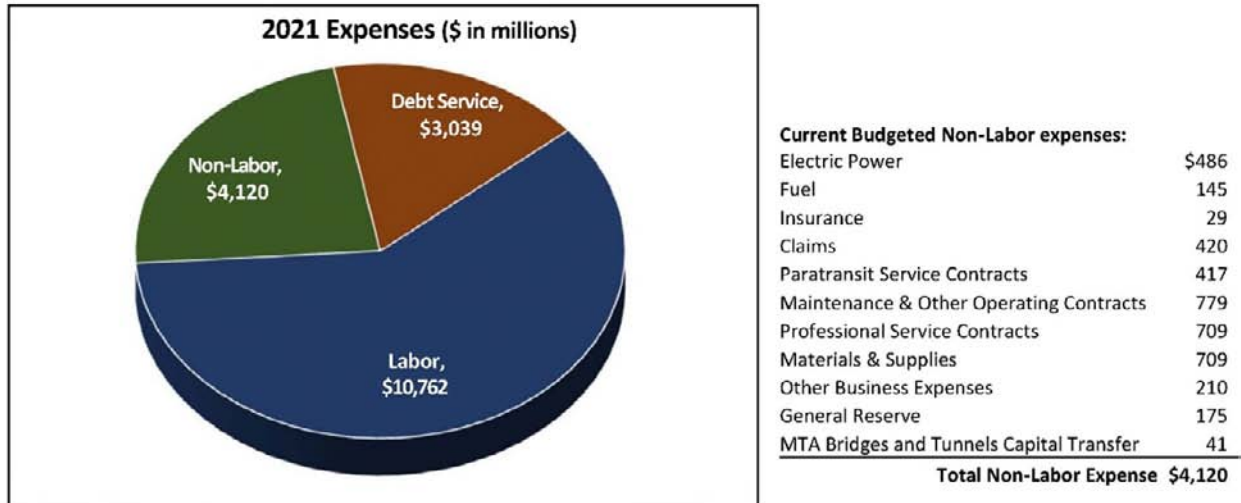
Projected Deficits for the July Financial Plan total \$16.2 billion through 2024



On May 12, 2020, the U.S. House of Representatives passed and sent on to the U.S. Senate the Health and Economic Recovery Omnibus Emergency Solutions Act (“HEROES Act”), which if enacted, would be the fourth phase of federal COVID-19-related response. Among the many provisions in this \$3 trillion relief bill is the provision of \$15.75 billion in operating assistance funding for the nation’s transit agencies, with \$11.8 billion distributed by formula and another \$4 billion available via grants. This funding would be in addition to the monies provided in the CARES Act. MTA has requested, both directly and by others on its behalf, \$3.9 billion in additional aid to cover the remainder of its 2020 COVID-19 related losses.

However, HEROES Act funding, if enacted in the form passed by the House of Representatives, will not address the unprecedented deficits MTA faces in 2021 and beyond. The non-labor portion of the budget is \$4.1 billion, as shown in the chart below, and even if eliminated would not fully cover the anticipated deficit.

The \$5.8 billion deficit in 2021 cannot be addressed by non-labor expense reductions only



MTA is continuing its efforts to identify and enact expense reductions. To this end, the July Plan already includes \$1.75 billion in projected savings from the current Budget Reduction Program (“BRPs”), \$1.85 billion in projected savings from the existing Transformation Plan, and \$153 million in projected savings from MTA-wide hiring freeze.

Additional savings, however, are urgently needed. If no further aid is made available from the federal government, over and above the HEROES Act funding for MTA, if it materializes, MTA will need to solve the deficit problem internally. *There is no assurance that all or any part of the MTA’s requested \$3.9 billion currently included in the House-passed HEROES Act, will be provided by the next enacted federal COVID-19 aid legislation.*

While the 2020-21 New York State Enacted Budget includes a provision enabling MTA to borrow up to \$10 billion for long-term deficit financing, the financial capacity to cover debt service for such borrowing will need to be identified and dedicated to repayment of such financing. In its drive to operate efficiently and streamline costs, MTA has revisited areas of operations where spending reductions can be initiated, such as overtime, consulting contracts, and other non-personnel expenses.

While this initial list of prospective savings totals \$1.375 billion over the July Plan period, it would be insufficient to cover the debt service incurred from \$10 billion of long-term deficit financing. Other actions are necessary and critical to the sustainability of MTA. Without additional aid, MTA would have to resort to extreme measures, including some or all of the actions noted in the following table.

Actions will depend on Federal Funding

	(dollar in millions)				
<i>Actions Already in the Financial Plan:</i>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Budget Reduction Program (2019 BRP)	\$350	\$350	\$350	\$350	\$350
Savings from existing Transformation program	0	430	472	475	475
Hiring Freeze	88	17	16	16	16
Sub-total	\$438	\$797	\$838	\$841	\$841
<i>Potential Additional Federal Funding</i>	\$3,900	\$0	\$0	\$0	\$0
 <i>New Actions initially identified:</i>					
Overtime Spending Reduction	\$35	\$105	\$105	\$105	\$105
Consulting Contract Reductions	115	135	70	55	70
Other Non-Personnel Expenses Reductions	85	100	95	95	100
Sub-total	\$235	\$340	\$270	\$255	\$275

Actions identified to date will not be sufficient; future actions being reviewed include:

Reduce or Delay Capital Program	Wage Freeze
Fare and Toll increases (above 4% biennial)	Reductions in Workforce
Delay in Pension Contributions	Service Reductions
	Long-Term Deficit Financing

A reduction or delay in the 2020-2024 Capital Program will have a limited impact on MTA’s operating budget. MTA’s contribution to the Capital Program is back-ended, with initial funding being covered by receipts from the Mansion Tax, the Internet Marketplace Sales Tax and Congestion Pricing, and from State and City contributions to the Capital Plan. If MTA uses the Mansion Tax and Internet Marketplace Sales Tax revenues to assist in covering the MTA operating budget (as is permitted by State law for the next two years) such action would consume cash and reduce liquidity.

Fare and toll increases, beyond the 4% biennial increases proposed for 2021 and 2023 already incorporated in the July Plan, will not generate sufficient revenue, particularly with ridership and traffic at materially reduced levels due to the pandemic. In addition, while permissible, a cash management action to reduce or delay pension contributions will not reduce this MTA liability. A wage freeze is also a potential short-term cash management action. Reductions in workforce and service reductions are undesirable actions. None of the potential actions are attractive and hard decisions will have to be made.

The July Plan Summary and Changes from the February Plan

Consistent with the MTA budget process and, as presented in tabular form in **Attachment A**, the February and July Plans are formatted to highlight certain policy actions and other adjustments for the benefit of the Board and financial stakeholders. Until these items have been approved by the Board, MTA excludes their financial impact from the “Statement of Operations” (see **Attachment A** at page II-4, also referred to as “the baseline”). Instead, these items are captured individually, and in total, on the Plan Adjustments page that follows the Statement of Operations (see **Attachment A** at page II-3). These Plan Adjustments are also referred to as being “below-the-line”. Analyzed together,

the Statement of Operations and Plan Adjustments tabular presentations in **Attachment A** produce the cash balance and gap projections set forth in **Attachment A**.

Beyond COVID-19 impacts, changes in the July Plan from the February Plan include:

Changes and re-estimates improving financial results over the July Plan period (2020-2024):

- Assumed receipt of additional federal COVID-19 aid (\$3.9 billion in addition to CARES Act grant receipts),
- Lower debt service costs (\$585 million),
- Savings from lower electric power and fuel rates (\$191 million), and
- Savings from hiring freeze in 2020 and deferring hiring (\$137 million).

Changes and re-estimates worsening financial results over the July Plan period (2020-2024):

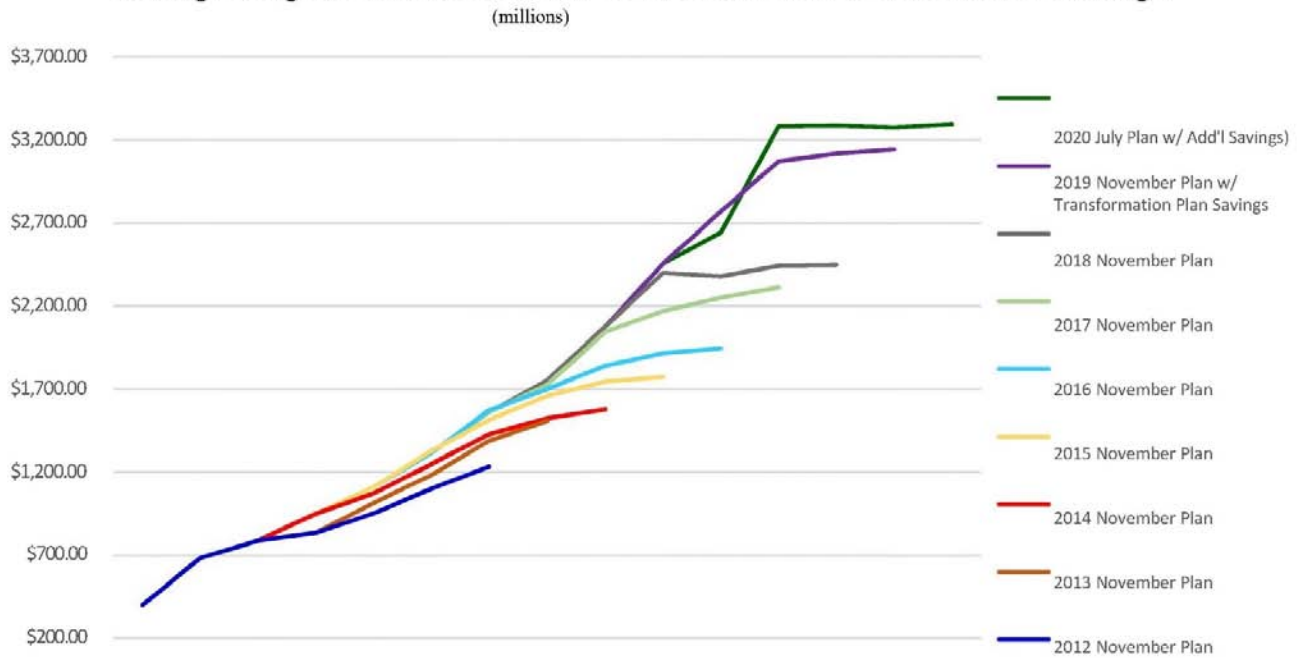
- Lower revenue from proposed 2021/2023 fare and toll increases (\$190 million),
- Higher expenses for new Juneteenth holiday (\$128 million),
- Higher operating capital (\$89 million),
- Higher expenses for technology enhancements (\$85 million),
- Higher expenses for pension liabilities (\$48 million),
- Lower savings from revised timing of Transformation Plan (\$32 million),
- Higher expenses for maintenance (\$29 million), and
- Repayment of revolving bank line of credit (\$300 million).

In total, these re-estimates, as well as the COVID-19 pandemic impacts and other minor changes, are \$14 billion unfavorable for the 2020 through 2023 portion of July Plan period. A reconciliation of plan-to-plan changes can be found in **Attachment A** of this First Quarterly Update, with further details provided in Volume 2 of the July Plan.

- *Assumed receipt of additional federal aid.* The July Plan is projected to be balanced in 2020 from an additional \$3.9 billion infusion of federal funds (HEROES Act or other federal legislation enacted) to offset the financial pandemic impacts not previously covered by the CARES Act.
- *Continue to implement the Transformation Plan to streamline MTA internal processes.* MTA is undertaking fundamental changes in an effort to more effectively deliver to its patrons a modern and efficient system. This transformation includes the centralization of all operating support functions and focuses the operating agencies on core service delivery. The Transformation Plan includes the reduction of up to 2,700 primarily administrative positions relying on attrition, as much as possible, to meet this goal. While delayed at the onset of the COVID-19 pandemic, most centralization is expected to occur by the end of 2020, and Transformation Plan net savings over the July Plan period are estimated at \$1.9 billion.

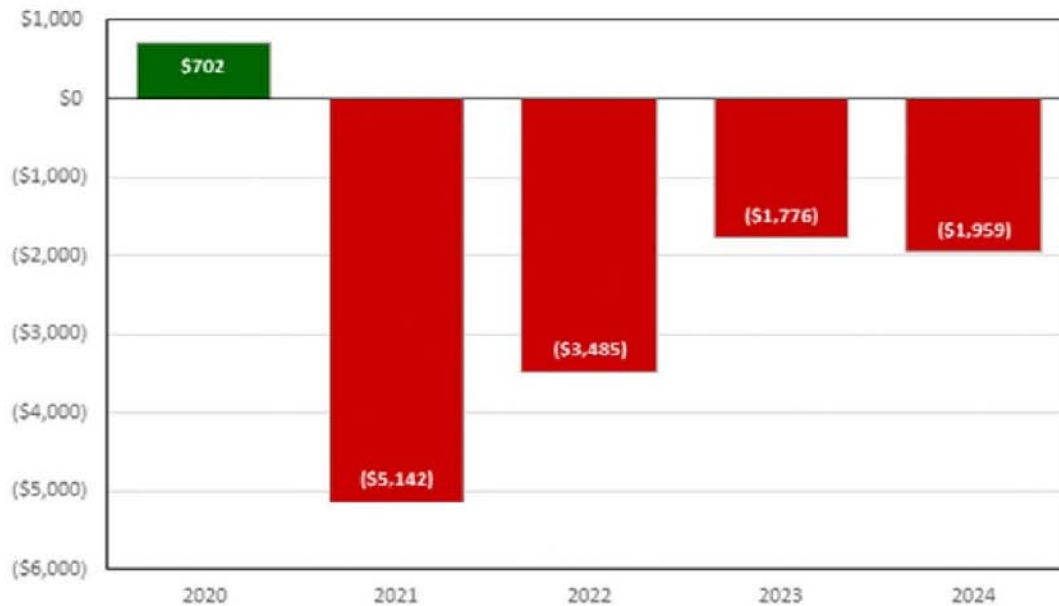
- *Maintain prior plan investments.* The July Plan maintains major on-going investment initiatives, including the MTA Long Island Rail Road “Forward” plan, the “Bus Plans” at MTA New York City Transit and MTA Bus, and the MTA Metro-North Railroad “Way Ahead” plan. The July Plan also sustains and expands upon the improvements of the Subway Action Plan, which was initiated with funding jointly provided by the State and the City, and is now funded from revenues from the for-hire vehicle surcharge.
- *Hold projected fare/toll increases to 4% in 2021 and 2023.* The July Plan continues to project net 4% biennial fare/toll increases (the equivalent of 2% per year), which is lower than the projected two-year inflation rates of 4.7% and 4.9% in 2021 and 2023, respectively. Consistent with recent MTA financial plans, a March 1st implementation is assumed for both the 2021 and 2023 increases. The revenue from these increases is projected to be significantly less than projected in prior MTA financial plans, as a result of lower ridership and traffic due to the COVID-19 pandemic.
- *Non-Recurring Actions.* At the end of 2019, a favorable year-end balance of \$351 million, including the unspent 2019 General Reserve, was carried over into 2020. The July Plan assumes the \$165 million 2019 General Reserve will be reserved and carried forward to cover 2021 expenses.
- *Maintain annually recurring savings that have been achieved and meet new targets.* The chart below identifies cost reduction/cost containment targets included in past years’ November Plans and the July Plan. Through 2019, MTA has implemented initiatives with annualized savings of \$2.5 billion, and by the end of the July Plan period the recurring savings, together with the savings from the Transformation Plan, are projected to total \$3.1 billion. MTA is engaged in a review of all spending prompted by the challenges caused by the COVID-19 pandemic. These reductions and additional savings initiatives to be identified, after being appropriately vetted, will be incorporated into an adjusted financial plan presented to the Board later this summer.

MTA has a track record of identifying and achieving annually recurring savings targets and continues to work towards additional savings



MTA’s financial forecast over the July Plan period has severely eroded since the February Plan. The July Plan assumes the 2020 Mid-Year Forecast will be balanced with the infusion of additional federal financial aid, either from the HEROES Act or from similar legislation. However, even with additional federal assistance, 2021 and the remaining years of the July Plan remain severely out of balance and will require further actions before the 2021 Final Proposed Budget is presented to the Board in November. See the currently projected deficits in the July Plan period presented below in tabular form.

\$3.9 billion from additional federal funding would balance 2020, but a \$5.1 billion deficit will remain in 2021, requiring hard decisions



Challenges and Significant Risks Remain

There are a variety of challenges and significant risks affecting MTA and implementation of the July Financial Plan and the ability to address the severe deficits included in the July Plan:

- *Receive the additional \$3.9 billion in federal aid for 2020 assumed in the July Plan.* Without this aid, which is expected to be determined in August when the U.S. Senate returns from its recess, 2020 will not be in balance and further actions will be required. The situation is being closely monitored; without the additional funds, the July Plan will need to be revised and a replacement financial plan will be presented to the Board.
- *Achieve the revised Transformation Plan savings targets assumed in the July Plan.* Without the savings from the Transformation Plan, the July Plan would worsen by \$1.9 billion over the July Plan period.
- *Maintain cost reductions and identify and implement further savings actions.* MTA must remain focused on existing cost control efforts. Further savings must be identified to create financial flexibility.
- *Implement biennial fare and toll increases which yield 4% increases in revenues.* While MTA strives to control costs, it is reliant on combined fares and tolls which have historically covered approximately half of its operating costs (“Farebox Operating Ratio”) and a little more than a third of total costs, including capital costs (“Farebox Recovery Ratio”). Moreover, many costs are dependent on pricing factors outside MTA’s direct control (e.g., energy, health and welfare and pensions). If projected fare and toll increases are not implemented, MTA financial

situation will deteriorate further as revenue will be outpaced by inflation and other cost growth.

- *Respond to developing economic environment.* As evident from the deteriorating financial situation over the first half of 2020, the finances of MTA are highly influenced by economic and other factors out of its control. Passenger and toll revenues, dedicated taxes and subsidies (including real estate transaction revenue), debt service, pensions and energy costs are all impacted by the health of the economy nationally and particularly in the MTA region. If the economic assumptions reflected in the July Plan are unrealized, the July Plan's projected results will further deteriorate.
- *Cybersecurity Risks.* In the course of its daily business, MTA and its Related Entities collect and store sensitive data, including fare and toll collection data, financial information, security information, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to many of MTA and its Related Entities' operations, including operations of the Transit and Commuter Systems and MTA Bridges and Tunnels' facilities. Despite security and other technical measures currently in place and those which may be adopted in the future, information technology and infrastructure may be vulnerable to attacks by hackers or other breaches, including as a result of error, malfeasance or other disruptions or failures. Any such breach, disruption or other failure could compromise networks, facility operations and the information stored there could be accessed, disrupted, publicly disclosed, lost or stolen. Any such access, disruption, disclosure, theft or other loss of information could result in disruptions to MTA and its Related Entities' operations and financial or other activities, including as they relate to the Transit and Commuter Systems and MTA Bridges and Tunnels' facilities or otherwise, or legal claims or proceedings, including pursuant to laws that protect the privacy of personal information, or regulatory penalties.

MTA maintains a cybersecurity division within its IT department lead by the MTA Chief Information and Security Officer who reports to the MTA Chief Technology Officer. MTA uses National Institute of Standards and Technology Cybersecurity Framework to measure the maturity of cybersecurity controls and exposure to cyber risks at MTA and its Related Entities. The current focus is on improving detection, response and recovery capabilities along with a continual review of critical controls for systems which process MTA and its Related Entities corporate/IT data. Funding has been provided to cover previously identified cybersecurity investment needs. While the 2020 MTA budget provides \$52.3 million for cybersecurity, an additional \$188.2 million is forecast over the July Plan period to strengthen cybersecurity defenses at MTA and its Related Entities.

While MTA cybersecurity and operational safeguards are periodically tested, no assurances can be given by MTA that such measures will ensure against all potential cybersecurity threats and attacks, and accompanying disruptions and costs.

- *Potential Impact of Changes in Federal Law.* MTA's finances are also influenced by federal public transportation provisions, funding levels and federal tax law. The Presidential administration and Congress are considering budgetary and programmatic changes in law relating to federal public transportation and infrastructure finance. Enacted federal tax reform

includes changes in personal and corporate tax rates and deductions, which adversely impact MTA's opportunities for federal tax-exempt financing, particularly the prohibition of advance refundings for debt service savings which became effective in 2018. The limitation of itemized deductions for state and local income and property taxes to \$10,000 may also adversely impact the New York region's real estate market and levels of MTA real estate related tax subsidies. Although MTA management is monitoring federal legislative activity, at this time it is not possible to assess the financial or programmatic impacts upon MTA's finances of current federal proposals and enacted tax law changes.

- *Potentially Higher Interest Rates than Forecast.* The July Plan includes interest rate assumptions consistent with the Federal Open Markets Committee's ("FOMC"). However, recent actions and policy statements on future actions or a sudden and unexpected increase in economic activity may result in inflationary growth beyond the FOMC's inflation target, which in turn could lead to a further increasing of the federal funds rate. Such an increase could lead to an increase in interest rates for MTA capital borrowing higher than projected in the July Plan.

Additional Matters

Governance. On June 10, 2020, the New York State Senate confirmed the following five new members to the MTA Board: Jamey Barbas, nominated by Governor Cuomo, Frank Borelli Jr., recommended by the Rockland County Executive, Michael Fleischer, recommended by the Dutchess County Executive, Victor Calise, recommended by City Mayor de Blasio and Lorraine Cortes-Vazquez, recommended by Mayor de Blasio.

Central Business District Tolling Program. On October 18, 2019, MTA Bridges and Tunnels announced the selection of TransCore to design, build, operate and maintain the toll system equipment and infrastructure required to implement the Central Business District ("CBD") Tolling Program in New York City. MTA Bridges and Tunnels will work closely with TransCore and the City's Department of Transportation to install the toll system and infrastructure for the CBD Tolling Program that is expected to reduce congestion and generate net revenue sufficient to fund an estimated \$15 billion for the MTA 2020-2024 Capital Plan. The City would be the first in North America to have a CBD Tolling Program.

Authorization is required from the Federal Highway Administration ("FHWA") under its Value Pricing Pilot Program ("VPPP") to implement the CBD Tolling Program on federal-aid roadways within the CBD. FHWA approval to participate in the VPPP makes this project subject to National Environmental Policy Act review. Because FHWA regulations provide that final design and construction cannot proceed before FHWA issues an environmental finding, the project will proceed in two phases, subject to receipt of FHWA approval. There is no assurance when or if FHWA approval will be secured. In light of the delays caused by the absence of FHWA approval, MTA Bridges and Tunnels' implementation of the CBD Tolling Program could be delayed until 2022.

Climate Change Adaptation. As noted in the ADS under the heading "THE RELATED ENTITIES – Climate Change Adaptation", MTA continues to monitor and plan for potential climate change impacts on its Transit and Commuter Systems and MTA Bridges and Tunnels' facilities, including the implementation of infrastructure resiliency projects through its capital planning process. On November 7, 2019, MTA joined the United Nations sponsored Science Based Targets initiative

(“SBTI”) to reduce greenhouse gas emissions in line with the Paris Climate Agreement. Through the SBTI, a joint-partnership between U.N. Global Compact, the World Resources Institute, World Wide Fund for Nature, and CDP, MTA will develop a defined set of emissions reduction targets using the most up-to-date climate science, in an effort to help keep the increase in global temperatures below 2 degrees Celsius this century. MTA is the second government agency in the United States to commit to a science based target to drive down greenhouse gas emissions.

MTA is also committed to reducing its energy consumption. Through Governor Cuomo’s BuildSmartNY clean energy initiative, MTA expects to complete more than 75 energy efficiency projects with New York Power Authority by the end of 2020. MTA also plans to achieve a significant emissions reduction by converting its diesel bus fleets to electric, with the current plan calling for MTA to have all electric buses by 2040. This process is well under way highlighted by the inclusion of 500 electric buses in the 2020-2024 Capital Plan. On July 22, 2020, the Board approved a contract to purchase 25 electric-diesel hybrid locomotives for use on MTA New York City Transit work trains, which help to reduce or eliminate fuel emissions during subway construction and repairs. Funding for this approximately \$233 million contract is expected to come from the 2015-2019 Capital Plan.

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Attachment A to MTA Annual Disclosure Statement
First Quarterly Update
August 3, 2020

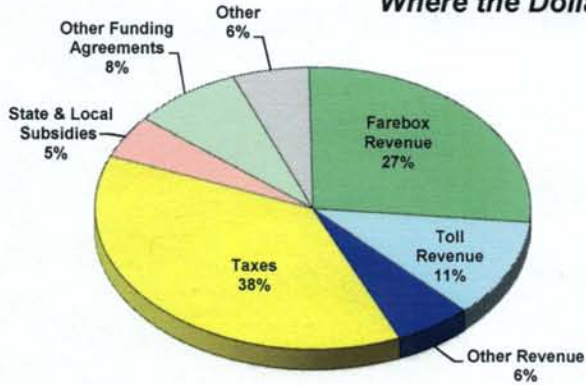
MTA July Financial Plan

This **Attachment A** to the 2020 ADS First Quarterly Update sets forth the July Plan in tabular form and includes Financial Plan tables that summarize MTA's July Plan projected receipts and disbursements for fiscal years 2020 (adopted budget) through 2024, in each case prepared by MTA management. The complete July Plan is posted on MTA's website: <https://new.mta.info/transparency/financial-information/financial-and-budget-statements>. No statement on MTA's website or any other website is included by specific cross-reference herein.

In general, the MTA's July Plan provides the opportunity for MTA to present a revised forecast of the current year's finances, a preliminary presentation of the following year's proposed budget, and a three-year re-forecast of out-year finances. The July Plan may include a series of gap closing proposals necessary to maintain a balanced budget and actions requiring public hearings. The Mid-Year Forecast becomes the basis on which monthly results are compared for the remainder of the year.

MTA 2021 Preliminary Budget
Baseline Expenses After Below-the-Line (BTL) Adjustments
Non-Reimbursable

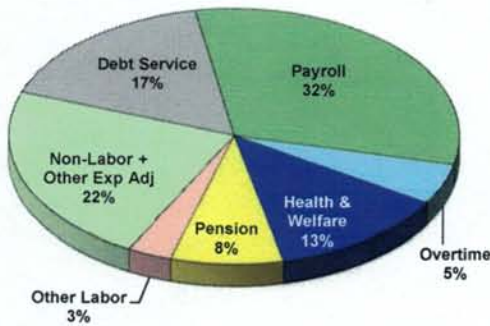
Where the Dollars Come From ...



By Revenue Source (\$ in millions)	
Farebox Revenue	\$3,419
Toll Revenue	1,439
Other Revenue	732
Taxes	4,798
State and Local	629
Other Funding Agreements	1,032
Other ¹	730
Total ²	\$12,778

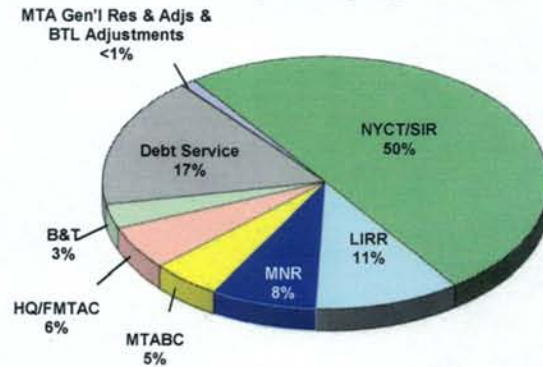
Where the Dollars Go ...

By Expense Category



By Expense Category ³ includes below-the-line adjustments (\$ in millions)	
Payroll	\$5,670
Overtime	926
Health & Welfare	2,316
Pension	1,459
Other Labor	574
Total Labor	\$10,945
Non-Labor + Other Exp Adj	4,120
Debt Service	3,039
BTL Adjustments for Expenses ⁴	(184)
Total ²	\$17,920

By MTA Agency



By MTA Agency ³ includes below-the-line adjustments (\$ in millions)	
NYCT/SIR	\$9,099
LIRR	1,907
MNR	1,388
MTABC	900
HQ/FMTAC	1,031
B&T	565
Debt Service	3,039
MTA Gen'l Res & Adjs	175
BTL Adjustments for Expenses ⁴	(184)
Total ²	\$17,920

¹ Includes cash adjustments and prior-year carryover.

² Totals may not add due to rounding.

³ Expenses exclude Depreciation, OPEB Liability Adjustment, GASB 68 Pension Adjustment and Environmental Remediation. MTA Capital Construction is not included, as its budget contains reimbursable expenses only.

⁴ In the pie chart "By Expense Category," the below-the-line adjustments are grouped together with "Non-Labor + Other Exp Adj." In the pie chart "By MTA Agency," the below-the-line adjustments are grouped with "MTA General Reserve," as the dollars have not been allocated to specific Agencies as yet.

Note: The revenues and expenses reflected in these charts are on an accrued basis.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2021 - 2024
MTA Consolidated Accrued Statement of Operations By Category
(\$ in millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
Non-Reimbursable						
Operating Revenues						
Farebox Revenue	\$6,351	\$2,267	\$3,309	\$5,287	\$6,435	\$6,492
Toll Revenue	2,071	1,238	1,396	1,962	2,127	2,130
Other Revenue	706	4,617	732	820	853	950
Capital and Other Reimbursements	0	0	0	0	0	0
Total Revenues	\$9,128	\$8,123	\$5,437	\$8,069	\$9,415	\$9,572
Operating Expenses						
Labor:						
Payroll	\$5,311	\$5,455	\$5,670	\$5,821	\$5,925	\$6,101
Overtime	974	992	926	947	967	987
Health and Welfare	1,339	1,420	1,530	1,626	1,721	1,844
OPEB Current Payments	666	722	786	858	937	1,022
Pension	1,493	1,529	1,459	1,470	1,467	1,467
Other Fringe Benefits	848	964	996	1,045	1,081	1,122
Reimbursable Overhead	(470)	(388)	(423)	(422)	(418)	(421)
Total Labor Expenses	\$10,161	\$10,695	\$10,945	\$11,345	\$11,679	\$12,121
Non-Labor:						
Electric Power	\$444	\$411	\$486	\$501	\$518	\$532
Fuel	174	121	145	149	154	164
Insurance	2	19	29	47	56	71
Claims	495	421	420	432	447	461
Paratransit Service Contracts	477	365	417	532	566	603
Maintenance and Other Operating Contracts	731	934	779	811	818	832
Professional Services Contracts	442	710	709	651	611	614
Materials and Supplies	647	706	709	696	693	724
Other Business Expenses	231	216	210	226	236	236
Total Non-Labor Expenses	\$3,642	\$3,903	\$3,903	\$4,045	\$4,099	\$4,237
Other Expense Adjustments:						
Other	\$149	\$99	\$41	\$28	\$28	\$23
General Reserve	0	170	175	185	185	205
Total Other Expense Adjustments	\$149	\$269	\$216	\$213	\$213	\$228
Total Expenses Before Non-Cash Liability Adjs.	\$13,952	\$14,867	\$15,065	\$15,603	\$15,991	\$16,585
Depreciation	\$2,870	\$2,846	\$2,913	\$2,982	\$3,056	\$3,115
GASB 75 OPEB Expense Adjustment	877	1,652	1,792	1,886	1,982	2,043
GASB 68 Pension Expense Adjustment	13	(237)	(311)	(300)	(241)	(348)
Environmental Remediation	42	6	6	6	6	6
Total Expenses After Non-Cash Liability Adjs.	\$17,752	\$19,133	\$19,464	\$20,176	\$20,795	\$21,401
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,801)	(\$4,267)	(\$4,400)	(\$4,573)	(\$4,803)	(\$4,816)
Debt Service (excludes Service Contract Bonds)	2,630	2,765	3,039	3,424	3,938	4,078
Total Expenses with Debt Service	\$16,582	\$17,632	\$18,104	\$19,026	\$19,929	\$20,663
Dedicated Taxes & State and Local Subsidies	\$7,290	\$6,131	\$6,396	\$7,118	\$7,637	\$7,855
Net Surplus/(Deficit) After Subsidies and Debt Service	(\$164)	(\$3,378)	(\$6,271)	(\$3,840)	(\$2,876)	(\$3,236)
Conversion to Cash Basis: GASB Account	\$0	\$0	\$0	\$0	\$0	\$0
Conversion to Cash Basis: All Other	277	119	28	122	119	134
Cash Balance Before Prior-Year Carryover	\$113	(\$3,260)	(\$6,243)	(\$3,718)	(\$2,757)	(\$3,102)
Below the Line Adjustments	\$0	\$3,477	\$399	\$233	\$981	\$1,143
Prior Year Carryover Balance	372	485	702	0	0	0
Net Cash Balance	\$485	\$702	(\$5,142)	(\$3,485)	(\$1,776)	(\$1,959)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2021 - 2024
Plan Adjustments
(\$ in millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
Cash Balance Before Prior-Year Carryover	\$113	(\$3,260)	(\$6,243)	(\$3,718)	(\$2,757)	(\$3,102)
Fare and Toll Increases:						
<i>Fare and Toll Increase on 3/1/21 (4% Yield)</i>		\$0	\$153	\$276	\$326	\$329
<i>Fare and Toll Increase on 3/1/23(4% Yield)</i>		0	0	0	289	341
<i>Subsidy Impacts of 2021/2023 Fare/Toll Increase</i>		<u>0</u>	<u>(8)</u>	<u>(10)</u>	<u>(23)</u>	<u>(20)</u>
Subtotal:		\$0	\$145	\$267	\$592	\$650
Management and Policy Actions:						
<i>Delay Use of the 2019 General Reserve to 2021</i>		(\$165)	\$165	\$0	\$0	\$0
<i>MTA Transformation Plan (as of 2020 Feb Financial Plan)</i>		0	462	472	475	475
<i>MTA Transformation Plan - Revised Timing</i>		0	(32)	0	0	0
<i>Change in State Aid for the 2015-19 Capital Program</i>		0	76	205	325	428
<i>Repayment of Revolving Bank Line of Credit</i>		<u>0</u>	<u>0</u>	<u>(300)</u>	<u>0</u>	<u>0</u>
Subtotal:		(\$165)	\$671	\$377	\$800	\$903
MTA Re-Estimates:						
<i>Reduced State Aid to Localities</i>		(\$276)	(\$5)	\$0	\$0	\$0
<i>May/June Actual Revenues</i>		143	0	0	0	0
<i>Additional Sanitization Expenses</i>		<u>(94)</u>	<u>(379)</u>	<u>(379)</u>	<u>(379)</u>	<u>(377)</u>
Subtotal:		(\$227)	(\$384)	(\$379)	(\$379)	(\$377)
Other:						
<i>Juneteenth Holiday Expense Impact</i>		(\$32)	(\$32)	(\$32)	(\$32)	(\$33)
<i>Additional Federal Funding</i>		<u>3,900</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal:		\$3,868	(\$32)	(\$32)	(\$32)	(\$33)
TOTAL ADJUSTMENTS		\$3,477	\$399	\$233	\$981	\$1,143
<i>Prior Year Carryover Balance</i>	\$372	\$485	\$702	\$0	\$0	\$0
Net Cash Surplus/(Deficit)	\$485	\$702	(\$5,142)	(\$3,485)	(\$1,776)	(\$1,959)

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2021 - 2024
Cash Receipts and Expenditures
(\$ in millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
Cash Receipts and Expenditures						
Receipts						
Farebox Revenue	\$6,380	\$2,282	\$3,322	\$5,291	\$6,435	\$6,491
Other Revenue	757	4,653	874	838	872	971
Capital and Other Reimbursements	2,323	2,236	2,062	1,987	1,964	1,987
Total Receipts	\$9,460	\$9,171	\$6,258	\$8,116	\$9,271	\$9,449
Expenditures						
Labor:						
Payroll	\$5,823	\$5,979	\$6,174	\$6,310	\$6,403	\$6,587
Overtime	1,226	1,189	1,102	1,122	1,141	1,164
Health and Welfare	1,379	1,452	1,576	1,671	1,763	1,886
OPEB Current Payments	652	711	778	849	928	1,012
Pension	1,549	1,590	1,514	1,524	1,521	1,523
Other Fringe Benefits	930	967	984	1,021	1,048	1,084
Contribution to GASB Fund	0	0	0	0	0	0
Reimbursable Overhead	0	0	0	0	0	0
Total Labor Expenditures	\$11,559	\$11,887	\$12,128	\$12,497	\$12,804	\$13,257
Non-Labor:						
Electric Power	\$459	\$424	\$493	\$509	\$526	\$539
Fuel	172	118	143	146	151	161
Insurance	23	16	29	47	56	72
Claims	392	282	280	291	303	315
Paratransit Service Contracts	484	363	415	530	564	601
Maintenance and Other Operating Contracts	738	939	712	710	716	725
Professional Services Contracts	595	870	766	676	634	634
Materials and Supplies	875	867	868	807	800	831
Other Business Expenses	199	224	194	200	205	218
Total Non-Labor Expenditures	\$3,935	\$4,103	\$3,900	\$3,916	\$3,954	\$4,096
Other Expenditure Adjustments:						
Other	\$112	\$218	\$187	\$196	\$236	\$231
General Reserve	0	170	175	185	185	205
Total Other Expenditure Adjustments	\$112	\$388	\$362	\$381	\$421	\$436
Total Expenditures	\$15,607	\$16,378	\$16,389	\$16,794	\$17,178	\$17,788
Net Cash Balance before Subsidies and Debt Service	(\$6,147)	(\$7,208)	(\$10,131)	(\$8,678)	(\$7,907)	(\$8,339)
Dedicated Taxes & State and Local Subsidies	\$8,223	\$6,003	\$6,142	\$7,543	\$8,089	\$8,301
Debt Service (excludes Service Contract Bonds)	(1,963)	(2,055)	(2,254)	(2,582)	(2,938)	(3,064)
Cash Balance Before Prior-Year Carryover	\$113	(\$3,260)	(\$6,243)	(\$3,718)	(\$2,757)	(\$3,102)
Adjustments	\$0	\$3,477	\$399	\$233	\$981	\$1,143
Prior-Year Carryover Balance	372	485	702	0	0	0
Net Cash Balance	\$485	\$702	(\$5,142)	(\$3,485)	(\$1,776)	(\$1,959)

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2021-2024

MTA Consolidated July Financial Plan Compared with February Financial Plan Cash Reconciliation after Below-the-Line Adjustments (Page 1 of 2)

(\$ in millions)

	Fav orable/(Unfav orable)			
	2020	2021	2022	2023
FEBRUARY FINANCIAL PLAN 2020-2023				
NET CASH SURPLUS/(DEFICIT)	\$81	\$273	\$157	(\$130)
COVID-19 Impacts	(\$1,533)	(\$4,039)	(\$1,532)	(\$203)
Revenue Loss				
Farebox Revenue	(4,200)	(3,130)	(1,157)	(13)
Toll Revenue	(880)	(730)	(164)	-
All Other (including Advertising, Rental, Freight, etc.)	(120)	(65)	(71)	(72)
Expenses				
Direct COVID-19 Response Expenses	(410)	(158)	(141)	(117)
Net Other Expense Impacts ¹	67	45	0	(2)
Federal Aid from the CARES Act	4,009	-	-	-
Agency Baseline Re-estimates	\$82	\$46	(\$26)	(\$37)
Wage Adjustments (including TWU Pattern)	(10)	(39)	(47)	(55)
Rates & Related Assumptions ²	73	55	0	(37)
Paratransit Reimbursement - Increase from NYC	43	92	96	100
Timing (including 2019 Year-End Impact)	94	(35)	(40)	2
Reimbursable Adjustments	(96)	(19)	(18)	(18)
Other Baseline Re-estimates ³	(22)	(8)	(17)	(30)
New Needs/Other Investments	(\$18)	(\$44)	(\$46)	(\$47)
Technology Enhancements	(9)	(26)	(26)	(24)
Maintenance	(6)	(17)	(19)	(22)
All Other	(3)	(1)	(1)	(0)
Savings Programs	\$114	\$1	(\$14)	(\$12)
Impact of Hiring Freeze ⁴	88	17	16	16
BRPs/BRP Re-estimates	26	(16)	(31)	(28)
B&T Adjustments	\$886	\$723	\$155	(\$10)
B&T Net Baseline Impacts ⁵	886	723	155	(10)
Debt Service	\$68	\$80	\$133	\$304
Subsidies (Cash)	(\$2,442)	(\$2,298)	(\$1,234)	(\$1,053)
Metropolitan Mass Transportation Operating Assist (MMTOA)	(621)	(611)	(413)	(195)
Petroleum Business Tax (PBT) Receipts	(161)	(152)	(15)	25
Real Estate Taxes	(380)	(490)	(470)	(416)
Payroll Mobility Tax (PMT)/PMT Replacement Funds	(281)	(331)	(182)	(91)
MTA Aid	(41)	(46)	(15)	(11)
For-Hire Vehicle (FHV) Surcharge	(93)	(95)	-	-
2020-24 Capital Program Funding from Lockbox for Debt Service	(31)	(64)	(182)	(463)
City Subsidy for MTA Bus	(150)	134	190	62
City Subsidy for Staten Island Railway	(9)	(13)	3	8
CDOT Subsidy for Metro-North Railroad	163	129	61	24
B&T Surplus Transfer	(749)	(746)	(236)	(61)
Other Subsidies and Subsidy Adjustments	(89)	(14)	25	65

METROPOLITAN TRANSPORTATION AUTHORITY

July Financial Plan 2021-2024

MTA Consolidated July Financial Plan Compared with February Financial Plan Cash Reconciliation after Below-the-Line Adjustments (Page 2 of 2)

(\$ in millions)

	Fav orable/(Unfav orable)			
	2020	2021	2022	2023
Below-the-Line Adjustments	\$3,113	(\$505)	(\$804)	(\$432)
Fare and toll Increases:				
Adjustments to 2021 and 2023 Fare/Toll Increases	-	(127)	(52)	(10)
Management and Policy Actions:				
Reversal of Below-the-Line Adjustments for MTA Transformation Plan	(190)	-	-	-
Reversal of Below-the-Line Adjustment for Paratransit Subsidy-50/50 Share	(47)	(99)	(103)	(111)
Reversal of Below-the-Line Adjustment for TWU Wage Settlement Over 2%	3	8	22	32
Reversal of Below-the-Line Adjustment for Re-estimated NYCT Maintenance	35	-	-	-
Reversal of Below-the-Line Adjustment for 2019 General Reserve	(165)	-	-	-
Delay Use of the 2019 General Reserve to 2021	(165)	165	-	-
MTA Transformation Plan - Revised Timing	-	(32)	-	-
Change in State Aid for the 2015-19 Capital Plan	-	(3)	41	70
Repayment of Revolving Bank Line of Credit	-	-	(300)	-
MTA Re-estimates:				
Reduced State Aid to Localities	(276)	(5)	-	-
May/June Actual Revenues	143	-	-	-
Additional Sanitization Expenses	(94)	(379)	(379)	(379)
Other:				
Juneteenth Holiday Expense Impact	(32)	(32)	(32)	(32)
Potential Additional Federal Funding	3,900	-	-	-
Prior Year Carryover	\$351	\$620	(\$273)	(\$157)
JULY FINANCIAL PLAN 2021-2024 NET CASH SURPLUS/(DEFICIT)	\$702	(\$5,142)	(\$3,485)	(\$1,776)

* Totals may not add due to rounding

¹ Includes savings resulting from operating on a reduced service schedule; e.g., lower consumption of electricity and fuel.

² Includes plan-to-plan rate adjustments for health & welfare (including retirees), pension, energy, etc.

³ Changes in this category include updated operating capital, cash and General Reserve.

⁴ Ongoing savings from hiring freeze on non-essential positions have remained in place, since 2017.

⁵ While B&T Operating Surplus Transfer is captured as a subsidy, B&T's baseline impacts are captured in individual reconciliation categories in the Agency Baseline Adjustments above; to avoid duplication, the total baseline impacts are eliminated within this line. Included within B&T's baseline changes are COVID-related toll revenue losses projected at \$880 million in 2020, \$730 million in 2021, and \$164 million in 2022, partially offset by timing of capitalized assets, and overall lower costs projected in areas, such as pensions, business expense, and maintenance contracts.

METROPOLITAN TRANSPORTATION AUTHORITY
July Financial Plan 2021 - 2024
Consolidated Subsidies
Cash Basis
(\$ in Millions)

	Actual 2019	Mid-Year Forecast 2020	Preliminary Budget 2021	2022	2023	2024
MMTOA, PBT & Real Estate Taxes						
Metropolitan Mass Transportation Operating Assistance (MMTOA)	\$1,823.7	\$1,522.5	\$1,534.8	\$1,795.2	\$2,090.2	\$2,118.4
Petroleum Business Tax (PBT)	648.6	477.7	467.3	601.2	640.7	640.7
Mortgage Recording Tax (MRT)	461.7	354.9	288.0	313.3	340.7	370.6
MRT Transfer to Suburban Counties	(4.9)	(5.8)	(6.4)	(6.8)	(7.1)	(7.5)
Reimburse Agency Security Costs	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
MTA Bus Debt Service	(12.3)	(12.3)	(12.3)	(12.3)	(12.3)	(12.3)
Interest	5.3	5.3	5.3	5.3	5.3	5.3
Urban Tax	668.5	360.5	319.5	347.5	377.9	411.0
Other Investment Income	<u>1.3</u>	<u>1.3</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>
	\$3,581.9	\$2,694.2	\$2,587.6	\$3,034.9	\$3,426.9	\$3,517.6
PMT and MTA Aid						
Payroll Mobility Tax (PMT)	\$1,560.5	\$1,399.6	\$1,375.1	\$1,596.2	\$1,762.5	\$1,840.6
Payroll Mobility Tax Replacement Funds	244.3	195.4	244.3	244.3	244.3	244.3
MTA Aid	<u>311.0</u>	<u>276.7</u>	<u>273.2</u>	<u>305.0</u>	<u>310.5</u>	<u>310.9</u>
	\$2,115.8	\$1,871.7	\$1,892.6	\$2,145.4	\$2,317.3	\$2,395.8
New Funding Sources						
SAP Support and For-Hire Vehicle Surcharge:						
NYS Operating Support for SAP	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	0.0	0.0	0.0	0.0	0.0	0.0
For-Hire Vehicle (FHV) Surcharge	<u>336.4</u>	<u>292.0</u>	<u>290.3</u>	<u>385.0</u>	<u>385.0</u>	<u>385.0</u>
Subway Action Plan Account	336.4	292.0	290.3	300.0	300.0	300.0
Outerborough Transportation Account	0.0	0.0	0.0	50.0	50.0	50.0
Less: Assumed Capital or Member Project	0.0	0.0	0.0	(50.0)	(50.0)	(50.0)
General Transportation Account	0.0	0.0	0.0	85.0	85.0	85.0
Less: Transfer to Committed to Capital for SAP	0.0	0.0	0.0	0.0	0.0	0.0
2020-24 Capital Program Funding from Lockbox for Debt Service:	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>2.4</u>	<u>24.5</u>
Central Business District Tolling Program (CBDTP)	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Real Property Transfer Tax Surcharge (Mansion Tax)	58.1	215.0	185.7	202.0	219.7	239.0
Internet Marketplace Tax	85.1	226.3	322.3	325.5	328.7	332.0
Less: Transfer Lockbox Revenues to Committed to Capital	(143.2)	(441.2)	(508.0)	(527.5)	(1,546.0)	(1,546.5)
	\$336.4	\$292.0	\$290.3	\$385.0	\$387.4	\$409.5
State and Local Subsidies						
State Operating Assistance	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9	\$187.9
Local Operating Assistance	152.5	222.9	187.9	187.9	187.9	187.9
Station Maintenance	<u>171.8</u>	<u>175.2</u>	<u>178.8</u>	<u>183.0</u>	<u>187.5</u>	<u>192.1</u>
	\$512.2	\$586.1	\$554.7	\$558.9	\$563.3	\$568.0
Other Subsidy Adjustments						
NYCT Charge Back of MTA Bus Debt Service	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)	(\$11.5)
Forward Energy Contracts Program - Gain/(Loss)	1.0	(32.6)	(15.9)	(0.1)	0.0	0.0
Fuel Hedge Collateral	40.0	0.0	0.0	0.0	0.0	0.0
MNR Repayment of 525 North Broadway	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)
Committed to Capital Program Contributions	0.0	(186.7)	(180.6)	(120.2)	(114.1)	(108.8)
Drawdown of GASB 45 OPEB Reserves	<u>0.8</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	\$27.9	(\$233.3)	(\$210.4)	(\$134.2)	(\$128.1)	(\$122.8)
Subtotal: Taxes & State and Local Subsidies	\$6,574.2	\$5,210.7	\$5,114.8	\$5,989.9	\$6,566.9	\$6,768.2
Other Funding Agreements						
City Subsidy for MTA Bus Company	\$667.6	\$418.9	\$668.7	\$734.4	\$637.2	\$638.1
City Subsidy for Staten Island Railway	47.2	39.5	43.8	62.8	77.0	90.8
CDOT Subsidy for Metro-North Railroad	<u>145.8</u>	<u>296.4</u>	<u>258.9</u>	<u>201.4</u>	<u>169.3</u>	<u>175.0</u>
	\$860.6	\$754.9	\$971.5	\$998.6	\$883.6	\$903.9
Subtotal, including Other Funding Agreements	\$7,434.8	\$5,965.6	\$6,086.3	\$6,988.5	\$7,450.4	\$7,672.0
Inter-agency Subsidy Transactions						
B&T Operating Surplus Transfer	<u>\$788.5</u>	<u>\$37.1</u>	<u>\$55.8</u>	<u>\$554.5</u>	<u>\$638.1</u>	<u>\$628.9</u>
	\$788.5	\$37.1	\$55.8	\$554.5	\$638.1	\$628.9
TOTAL SUBSIDIES	\$8,223.3	\$6,002.7	\$6,142.1	\$7,543.0	\$8,088.5	\$8,300.9

METROPOLITAN TRANSPORTATION AUTHORITY
Summary of Changes Between July and February Financial Plans
Consolidated Subsidies
Cash Basis
(\$ in Millions)

	2020	2021	2022	2023
MMTOA, PBT and Real Estate Taxes				
Metropolitan Mass Transportation Operating Assistance (MMTOA)	(\$621.0)	(\$610.9)	(\$412.6)	(\$194.9)
Petroleum Business Tax (PBT)	(160.9)	(152.3)	(15.1)	25.1
Mortgage Recording Tax (MRT)	(102.1)	(187.1)	(170.0)	(148.9)
MRT Transfer to Suburban Counties	0.2	0.0	0.0	0.0
Reimburse Agency Security Costs	0.0	0.0	0.0	0.0
Interest	0.0	0.0	0.0	0.0
Urban Tax	(278.0)	(302.8)	(300.3)	(267.5)
Other Investment Income	<u>(0.9)</u>	<u>(0.9)</u>	<u>(0.9)</u>	<u>(0.9)</u>
	(\$1,162.7)	(\$1,254.0)	(\$898.9)	(\$587.2)
PMT and MTA Aid				
Payroll Mobility Tax (PMT)	(\$232.3)	(\$330.6)	(\$182.4)	(\$90.8)
Payroll Mobility Tax Replacement Funds	(48.9)	0.0	0.0	0.0
MTA Aid	<u>(41.4)</u>	<u>(46.0)</u>	<u>(15.2)</u>	<u>(10.7)</u>
	(\$322.5)	(\$376.6)	(\$197.6)	(\$101.5)
New Funding Sources				
SAP Support and For-Hire Vehicle Surcharge:				
NYS Operating Support for SAP	\$0.0	\$0.0	\$0.0	\$0.0
NYC Operating Support for SAP	0.0	0.0	0.0	0.0
For-Hire Vehicle (FHV) Surcharge	<u>(93.0)</u>	<u>(94.7)</u>	0.0	0.0
Subway Action Plan Account	(9.0)	(9.7)	0.0	0.0
Outerborough Transportation Account	(50.0)	(50.0)	0.0	0.0
Less: Assumed Capital or Member Project	50.0	50.0	0.0	0.0
General Transportation Account	(84.0)	(85.0)	0.0	0.0
Less: Transfer to Committed to Capital for SAP	0.0	0.0	0.0	0.0
2020-24 Capital Program Funding from Lockbox for Debt Service:	(31.3)	(63.9)	(181.5)	(463.1)
Central Business District Tolling Program (CBDTP)	0.0	(1,000.0)	(1,000.0)	0.0
Real Property Transfer Tax Surcharge (Mansion Tax)	(158.5)	(198.3)	(194.3)	(191.3)
Internet Marketplace Tax	(56.2)	0.0	0.0	0.0
Less: Transfer Lockbox Revenues to Committed to Capital	183.4	1,134.3	1,012.8	(271.9)
	(\$124.3)	(\$158.7)	(\$181.5)	(\$463.1)
State and Local Subsidies				
State Operating Assistance	\$0.0	\$0.0	\$0.0	\$0.0
Local Operating Assistance	35.0	0.0	0.0	0.0
Station Maintenance	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.3)</u>	<u>(0.3)</u>
	\$34.8	(\$0.2)	(\$0.3)	(\$0.3)
Other Subsidy Adjustments				
NYCT Charge Back of MTA Bus Debt Service	\$0.0	\$0.0	\$0.0	\$0.0
Forward Energy Contracts Program - Gain/(Loss)	(23.8)	(13.9)	(0.1)	0.0
MNR Repayment of 525 North Broadway	0.0	0.0	0.0	0.0
Committed to Capital Program Contributions	<u>(63.9)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	(\$87.8)	(\$13.9)	(\$0.1)	\$0.0
Subtotal: Taxes & State and Local Subsidies	(\$1,662.6)	(\$1,803.4)	(\$1,278.3)	(\$1,152.1)
Other Funding Agreements				
City Subsidy for MTA Bus Company	(\$149.7)	\$134.0	\$190.0	\$61.6
City Subsidy for Staten Island Railway	(8.9)	(13.3)	3.1	8.1
CDOT Subsidy for Metro-North Railroad	<u>162.7</u>	<u>129.2</u>	<u>61.0</u>	<u>24.1</u>
	\$4.1	\$250.0	\$254.2	\$93.9
Subtotal, including Other Funding Agreements	(\$1,658.5)	(\$1,553.4)	(\$1,024.2)	(\$1,058.2)
Inter-agency Subsidy Transactions				
B&T Operating Surplus Transfer	<u>(\$748.6)</u>	<u>(\$746.0)</u>	<u>(\$235.5)</u>	<u>(\$60.9)</u>
	(\$748.6)	(\$746.0)	(\$235.5)	(\$60.9)
TOTAL SUBSIDIES	(\$2,407.1)	(\$2,299.4)	(\$1,259.7)	(\$1,119.1)

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