

MTA EMMA Filing

Notice of Variable Rate Bonds Rating Changes

Metropolitan Transportation Authority Transportation Revenue Variable Rate Bonds

As required by its continuing disclosure agreements relating to its Transportation Revenue Variable Rate Bonds and Rule 15c2-12, the Metropolitan Transportation Authority hereby provides notice that, on October 27, 2023 and on November 8, 2023, Fitch Ratings (“Fitch”) upgraded the long-term enhanced ratings on the Transportation Revenue Variable Rate Bonds shown on the table below. Such ratings were published on Fitch’s website and in Fitch’s press release, “Fitch Takes Various Actions on Metropolitan Transportation Authority LOC-Supported VRDOs” dated November 8, 2023, correcting the rating actions taken by Fitch on October 27, 2023, which omitted the rating upgrades on an additional six subseries of Transportation Revenue Variable Rate Bonds due to technical errors in its system. See **Attachment 1** for the press release.

<u>Subseries</u>	<u>Outstanding Amount</u>	<u>CUSIP*</u>	<u>Letter of Credit Provider</u>	<u>New Long-Term Enhanced Rating</u>	<u>Effective Date of New Long-Term Enhanced Ratings</u>
2002G-1g	\$14,020,000	59259Y7Q6	TD Bank, N.A.	AA+	10/27/2023
2005D-2	\$70,600,000	59261AS57	Bank of Montreal, Chicago Branch	AA+	11/8/2023
2005E-1	\$123,465,000	59261AM38	Barclays Bank PLC	AA	11/8/2023
2005E-2	\$52,912,500	59261ASD0	Bank of America, N.A.	AAA	10/27/2023
2012A-2	\$50,000,000	59261AZD2	Bank of Montreal, Chicago Branch	AA+	10/27/2023
2012G-1	\$84,450,000	59261AB22	Barclays Bank PLC	AA	10/27/2023
2012G-2	\$125,000,000	59259Y7S2	TD Bank, N.A.	AA+	10/27/2023
2012G-4	\$70,150,000	59261AS65	Bank of Montreal, Chicago Branch	AA+	11/8/2023
2015E-1	\$147,775,000	59261AM53	Barclays Bank PLC	AA	11/8/2023
2015E-3	\$154,850,000	59261AWK9	Bank of America, N.A.	AAA	10/27/2023
2020B-1	\$51,270,000	59261AL70	PNC Bank, National Association	AA	11/8/2023
2020B-2	\$62,115,000	59261AN37	PNC Bank, National Association	AA	11/8/2023

METROPOLITAN TRANSPORTATION AUTHORITY
November 9, 2023

* The CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of the holders of the bonds. MTA is not responsible for the selection or uses of the CUSIP numbers, nor is any representation made as to their correctness on the bonds or as indicated above. The CUSIP numbers are subject to being changed as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or 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 bonds.



Attachment 1

RATING ACTION COMMENTARY

Fitch Takes Various Actions on Metropolitan Transportation Auth LOC-Supported VRDOs; Corrects Errors

Wed 08 Nov, 2023 - 5:38 PM ET

Fitch Ratings - New York - 08 Nov 2023: THIS PRESS RELEASE CORRECTS THE RATING ACTIONS TAKEN BY FITCH ON OCTOBER 27, 2023.

Fitch Ratings has taken various actions on the Long-Term ratings of six Metropolitan Transportation Authority (MTA) variable rate demand obligations (VRDOs) supported by letters of credit (LOCs). The VRDOs' Short-Term ratings are not affected and remain based solely on the credit quality and liquidity of the LOC providers. The VRDOs' underlying Long-Term ratings are also not affected.

The rating actions reflect corrections to the Long-Term ratings on the following bonds due to an error in the input of Fitch's internal coding, where both the borrower's and LOC provider's Long-Term credit rating should have been considered in assigning the VRDO's Long-Term rating. The corrections have resulted in upgrades to the Long-Term ratings of the following bonds:

---Metropolitan Transportation Authority (NY) transportation revenue variable rate refunding bonds subseries 2012G-4 (LOC: Bank of Montreal). Upgrade to 'AA+' from 'AA-'.

---Metropolitan Transportation Authority (NY) transportation revenue variable rate refunding bonds subseries 2020B-1 (LOC: PNC Bank, National Association). Upgrade to 'AA' from 'A+'.

---Metropolitan Transportation Authority (NY) transportation revenue variable rate refunding bonds subseries 2020B-2 (LOC: PNC Bank, National Association). Upgrade to 'AA' from 'A+'.

---Metropolitan Transportation Authority (NY) transportation revenue variable rate bonds subseries 2005D-2 (LOC: Bank of Montreal). Upgrade to 'AA+' from 'AA-'.

---Metropolitan Transportation Authority (NY) transportation revenue variable rate bonds subseries 2005E-1 (LOC: Barclays Bank plc). Upgrade to 'AA' from 'A+'.

---Metropolitan Transportation Authority (NY) transportation revenue variable rate bonds subseries 2015E-1 (LOC: Barclays Bank plc). Upgrade to 'AA' from 'A+'.

KEY RATING DRIVERS

In cases where Fitch's criteria permits both the borrower's and LOC provider's Long-Term credit rating to be considered when assigning the VRDO's Long-Term rating, the Long-Term rating is based on the higher of the underlying Long-Term rating assigned to the bonds by Fitch and the Long-Term rating assigned by Fitch to the bank providing the irrevocable direct-pay LOC securing the bonds. In cases where Fitch's criteria permits the application of Fitch's dual-party pay approach, the Long-Term rating is based jointly on the underlying rating assigned to those bonds by Fitch and the rating assigned by Fitch to the bank, which provides the irrevocable direct-pay LOC supporting the bonds.

Fitch's dual-party pay criteria consider the likelihood of the failure of both a rated obligor and a bank LOC provider. The methodology results in a Long-Term rating that is up to two notches higher than the stronger of the two credits if the following conditions are met: (1) both entities have a rating of 'A' or higher; (2) the transaction is structured such that payments from both the municipal issuer and the bank are in the flow of funds and both entities would have to fail to perform before the bonds defaulted; and (3) the interest rate modes to be covered by Fitch's rating provide for either a mandatory purchase at the end of each interest rate period, or a purchase demand option. A one or two notch uplift will apply to the Long-Term rating depending on the frequency of the purchase demand option or the duration of the interest rate period which concludes with a mandatory tender.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

The Long-Term rating is tied to the Long-Term rating assigned to the bonds and the Long-Term rating that Fitch maintains on the bank providing the LOC. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds. Additionally, if either the underlying bond rating or the bank rating were downgraded to 'A-' or lower, the dual-party pay criteria could no longer be applied, and the Long-Term rating assigned to the

bonds would then be adjusted to the higher of the bank rating and the underlying bond rating.

The Short-Term rating is exclusively tied to the Short-Term rating that Fitch maintains on the bank providing the LOC and will reflect all changes to that rating.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

The Long-Term rating is tied to the Long-Term rating assigned the bonds and the Long-Term rating that Fitch maintains on the bank providing the LOC. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds.

The Short-Term rating is exclusively tied to the Short-Term rating that Fitch maintains on the bank providing the LOC and will reflect all changes to that rating.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

Ratings are based on the underlying bond ratings and the bank ratings.

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[U.S. Public Finance Letter of Credit-Supported Bonds and Commercial Paper Rating Criteria \(pub. 02 Feb 2021\) \(including rating assumption sensitivity\)](#)

[U.S. Public Finance Structured Finance Rating Criteria \(pub. 12 Feb 2021\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

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Metropolitan Transportation Authority (NY)

EU Endorsed, UK Endorsed

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