

**Minutes of the
Metropolitan Transportation Authority
Finance Committee Meeting
2 Broadway, 20th Floor Board Room
New York, NY 10004
Monday January 29, 2024
2:00 p.m.**

The following Finance Committee Members were present:

Hon. Neal Zuckerman, Chair
Hon. Andrew Albert
Hon. Gerard Bringmann
Hon. Samuel Chu
Hon. Michael Fleischer*
Hon. David R. Jones
Hon. Blanca P. López*
Hon. Haeda B. Mihaltses
Hon. Lisa Sorin

The following Finance Committee Members were absent:

Hon. Jamey Barbas
Hon. Norman E. Brown
Hon. John Samuelsen
Hon. Vincent Tessitore, Jr.

The following staff members attended:

Kevin Willens, Chief Financial Officer
Lisette Camilo, Chief Administrative Officer
Olga Chernat, Deputy Chief, Financial Services
David Florio, Chief Real Estate Transactions and Operations Officer
Paige Graves, General Counsel
James McGovern, Acting Deputy Chief, Controller's Office
Robert Paley, Senior Director, Transit-Oriented Development
Jaibala Patel, Deputy Chief Financial Officer
Rafail Portnoy, Chief Technology Officer
Steve Weiss, Acting Co-Deputy Chief, Management & Budget, Agency Analysis

**Attended remotely via Zoom.*

To hear the content of public comments, details of Committee presentations, and Committee Members' comments and questions as well as any part of the Finance Committee meeting, please refer to the video recording of the meeting produced by the MTA, available and maintained on the MTA website:

<https://new.mta.info/transparency/board-and-committee-meetings/january-2024>

1. CALL TO ORDER

Chair Zuckerman called to order the meeting of the Finance Committee.

2. **PUBLIC COMMENTS**

There were five public speakers (*attended remotely):

Jason Anthony, Amazon Labor Union
Joseph Morales
Matthew Buchys Hyland*
Charlton D'Souza*, Passengers United
Aleta Dupree*, Team Folds

3. **FINANCIAL PERFORMANCE REPORTS**

This month the Committee introduced the Financial Performance Report, which replaced Budget Watch and Finance Watch.

Budget

Steve Weiss, Acting Co-Deputy Chief, Management & Budget, Agency Analysis presented the Budget portion. Mr. Weiss reported preliminary results for 2023, compared with the November Forecast, ended the year favorable by \$517 million. Expenses were \$539 million favorable, approximately 3.3% of the expense budget; based on a preliminary review, MTA estimated approximately half of the favorable expense variance was timing related. The real/timing variance analysis will be revised as 2023 financials are finalized.

Operating revenues were \$20 million, or 0.2% unfavorable, with passenger revenue unfavorable by \$16 million, toll revenue favorable by \$17 million and other operating revenue unfavorable by \$20 million. The unfavorable passenger revenue variance primarily reflected lower paid ridership for NYCT Bus, with Subway and Staten Island Railway also lower. Commuter rail passenger revenue, however, was \$23 million, or 2.1%, favorable. While mostly on budget, 2023 passenger revenue was \$1.7 billion, or 28%, lower than 2019 passenger revenue, when adjusted for fare increases. Operating expenses in 2023 reflected favorable labor expenses of \$255 million (2%), favorable non-labor expenses of \$254 million (6%), and favorable other expense adjustments of \$30 million (15%). Operating subsidies, including Investment Income, were \$27 million, or 0.3% unfavorable, primarily due to a timing delay of Petroleum Business Tax receipts. The Urban Tax was \$8 million unfavorable, the Mortgage Recording Taxes were \$9 million unfavorable, and MTA Aid was \$6 million unfavorable. The Payroll Mobility Tax was \$39 million favorable. Debt service ended the year favorable by \$24 million, or 0.9%, due to higher offsetting investment income in debt service-related accounts.

Finance

Olga Chernat, Deputy Chief, Financial Services, reported that on January 25, 2024, TBTA issued \$296.34 million of Triborough Bridge and Tunnel Authority Payroll Mobility Tax Senior Lien Green Bonds, Series 2024A. Proceeds from the transaction were used to finance approved transit and commuter projects. The Series 2024A bonds were sold competitively. A total of nine bids were received and Jefferies was the winning bidder.

Next month, TBTA expects to issue \$800 million of Triborough Bridge and Tunnel Authority Sales Tax Revenue Bonds, Series 2024A (TBTA Capital Lockbox - City Sales Tax). Proceeds from the transaction will be used to finance approved 2020-2024 Capital Program transit and commuter projects and capital costs necessary for implementation of CBDTP. This transaction will be led by book-running senior manager Goldman Sachs together with special co-senior

managers: Academy Securities (SDVOB); Loop Capital Markets (MBE); and Stern Brothers (WBE).

4. **ADMINISTRATIVE ITEMS**

I. Approval of Minutes

The minutes of the meeting held on December 18, 2023, were approved.

Secretary's notes: After the meeting, a correction was noted for the approved December 2023 minutes, which incorrectly listed the affiliation for one of the public speakers. Christopher Greif's affiliation should have reflected "private citizen".

II. Committee Work Plan

The 2024 Committee Work Plan was approved.

5. **MTA HEADQUARTERS AND ALL-AGENCY ITEMS**

Procurements

Lisette Camilo, Chief Administrative Officer, reported three procurement action items for consideration and approval for MTAHQ totaling \$63.3 million.

The first item was the award of two competitively negotiated miscellaneous service contracts to (1) International Business Machines Corporation and (2) Accenture LLP in the estimated aggregate amount of \$40 million for consulting services for Kronos Systems Integration and Implementation. These retainer contracts are for a period of three years with two 1-year Options.

The next item was a modification to an all-agency competitively negotiated personal services contract with DiRAD Technologies to expand the existing MTA implementation of Contact Center as a Service to NYC Transit's Paratransit Department. The estimated price of this modification is \$23.3 million.

The Committee voted to recommend the three procurement action items before the Board for approval.

6. **INFORMATION ITEMS**

I. Finance Year-End Report

Ms. Chernat presented the Finance Department's 2023 Year-End Special Report with an overview of debt and capital market activities. MTA ended 2023 with a \$3.6 million net reduction in outstanding debt. This is largely attributable to the repayment of \$2.907 billion of notes placed with the Municipal Liquidity Facility to support MTA liquidity at the onset of the pandemic, \$651 million of bond redemptions from cash and NYS GO bond proceeds, and \$993 million of long-term debt paid at maturity. MTA debt is continued to be managed in a prudent manner. Most MTA debt is in fixed rate reducing portfolio exposure to interest rate volatility. Transportation Revenue Bonds remain the largest portion of the outstanding debt portfolio. Payroll Mobility Tax Bonds are now almost 25% of the outstanding debt portfolio. In the current year and in the next two fiscal years, debt service costs payable from the operating budget have been kept low by paying off bonds with cash, and due to debt service prepayments and refundings. Debt service costs increase in fiscal year 2027 and stay elevated through fiscal year 2032 and then start to decline in 2033. In the coming year, MTA will work to address these peaks in debt service through refundings, possible restructurings and structuring of new debt. MTA only recently started issuing bonds payable

from the Lockbox Account, but significant additional issuance is expected in the future, including the issuance of bonds payable from the congestion pricing revenues. Market conditions in 2023 were volatile. Interest rates increased from the start of 2023 and peaked in October, then came down in November and December. For 2024, the Fed dot plot projects three rate cuts, while market consensus calls for up to six cuts. Given the divergent expectations, volatility is likely to continue in 2024. Highlights of 2023 activity included issuing almost \$2 billion fixed rate bonds issued for the ongoing capital programs, \$3 billion of refunding bonds realizing net present value savings of \$259 million and executing on-going portfolio maintenance transactions totaling almost \$600 million. Bond proceeds funded \$2.4 billion of project costs for projects ranging from station improvements, signal and communications, line structures and track. It was a great year for the MTA in terms of its bond ratings. Rating agencies took positive actions in 2023 with respect to the Transportation Revenue Bonds, which are now rated in the “A” category or higher, and Moody’s and S&P each assigned a positive outlook to the credit. The 2024 financing calendar assumes \$4.7 billion of proceeds raised for the capital programs, issuing \$500 million of notes for working capital, refinancing \$1.7 billion of notes with long term bonds, and taking advantage of market conditions to refinance bonds for debt service savings.

II. Financial Statements

Draft MTA Financial Statements for the nine months ending September 2023. James McGovern was available to answer any questions regarding the financial statements.

III. Procurements

There was one information item for NYC Transit, approved by its respective committee, requesting the Board to approve the award of a three-year contract to provide maintenance and support services for the MTA’s Bus Camera Security System to Seon Design [USA] Corporation, which includes up to three 2-year Options.

There was one information item for Bridges and Tunnels, approved by its respective committee, requesting the Board to amend the contract with TransCore LP for All Electronic Open Road Tolling and exercise three 1-year option renewals for cashless tolling maintenance services at the Authority’s toll facilities.

7. MTA CONSOLIDATED REPORTS

The Monthly Consolidated Reports were available in the Committee Book.

8. REAL ESTATE AGENDA

David Florio, Chief Real Estate Transactions and Operations Officer reported two action items for consideration and approval and seven information items.

Action Item– Administrative

Metro-North

1. The determination and findings pursuant to the eminent domain procedures law for the acquisition of property interests for the Brewster Yard Improvements Project, in Southeast, NY.

Action Item– Transactional

Long Island Rail Road

2. A license with VPCT Realty LLC for access and parking on property adjacent to 465 Johnson Avenue, Brooklyn, NY.

Information Items

Metro-North Railroad

1. A short-term parking permit between MNR and the Town of Cortlandt for use of the parking lot at the Cortlandt Station.
2. A short-term access permit between MNR and the County of Westchester for use of an access road and staging area to replace a substation in Willson’s Woods Park, Mount Vernon.

MTA

3. A license between the MTA and the Board of Managers of 1776 Eastchester Condominium to facilitate preliminary construction work in connection with the Penn Station Access project in the Bronx.
4. A license between the MTA and RLF II Bassett, LLC, to facilitate preliminary construction work, also in connection with the Penn Station Access Project in the Bronx.

MTA and Metro North Railroad

5. Report on the transfer of the right to purchase MTA property interests from Webster Development to MADD Equities associated with Block 3272, Lot 101, Bronx, NY

Reports

6. A report on agreements entered directly by the Real Estate Department.
7. A report on events in Vanderbilt Hall in Grand Central Terminal.

9. **ADJOURNMENT**

Upon motion duly made and seconded the Committee voted to adjourn the meeting.

Respectfully submitted,

Joanne S. Feld,
Deputy Director, Finance