

**Minutes of the
Metropolitan Transportation Authority
Finance Committee Meeting
2 Broadway, 20th Floor Board Room
New York, NY 10004
Monday March 25, 2024
2:00 p.m.**

The following Finance Committee Members were present:

Hon. Neal Zuckerman, Chair
Hon. Andrew Albert
Hon. Jamey Barbas
Hon. Norman E. Brown
Hon. Samuel Chu
Hon. David R. Jones
Hon. Blanca P. López
Hon. Haeda B. Mihaltses
Hon. Lisa Sorin

The following Finance Committee Members were absent:

Hon. John Samuelsen
Hon. Vincent Tessitore, Jr.

The following Board Members were also present:

Hon. Marc Herbst
Hon. Meera Joshi
Hon. Midori Valdivia

Secretary's note 5/7/2024: In the minutes originally posted, Hon. Marc Herbst and Hon. Meera Joshi were incorrectly listed as Finance Committee Members present; their appointment to the Finance Committee was effective 4/25/24 and should have been listed as Board Members present. Hon. Midori Valdivia was incorrectly listed as a Finance Committee member and should have been listed as a Board Member present. Hon. Gerard Bringmann and Hon. Michael Fleischer are not members of the Finance Committee and should not have been listed as Finance Committee Members absent.

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
David Keller, Acting Co-Deputy Chief, Management & Budget, Consolidated Analysis
Jaibala Patel, Deputy Chief Financial Officer
Steve Weiss, Acting Co-Deputy Chief, Management & Budget, Agency Analysis

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/march-2024>

1. **CALL TO ORDER**

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

2. **PUBLIC COMMENTS**

There were three public speakers (*attended remotely):

Matthew Buchys Hyland*

Charlton D'Souza, Passengers United*

Jason Anthony

3. **MINUTES**

The minutes of the meeting held on February 26, 2024, were approved.

4. **FINANCIAL PERFORMANCE REPORT**

Highlights of the Financial Performance Report were presented.

Finance Summary

David Keller, Acting Co-Deputy Chief, Management & Budget, Consolidated Analysis presented the Budget portion. Mr. Keller reported YTD February 2024 preliminary results, compared with the Adopted Budget, were unfavorable by \$6 million, or 1%, while the month of February was unfavorable by \$29 million, or 10%.

Operating Revenues on a YTD basis were \$7 million, or 1% favorable. While passenger revenues were \$26 million unfavorable, this was offset by favorable toll revenue of \$21 million and favorable other operating revenue of \$11 million, or 8%. Mr. Keller stated, as a reminder, the Adopted Budget includes, below-the-line, a Farebox Revenue Loss Provision of \$100 million for 2024 to offset unfavorable passenger revenue results. For February, operating revenues were \$25 million, or 4%, favorable. Passenger revenues were \$8 million unfavorable, while toll revenue was \$17 million favorable and other operating revenue was \$16 million favorable. Passenger revenues through February remain \$229 million (24%) below passenger revenue in 2019, while toll revenue exceeded 2019 toll revenue by \$32 million (11%). These changes from 2019 are adjusted to account for rate changes in fares and tolls during this period.

Operating Subsidies on a YTD basis were \$6 million, or 1%, favorable. This reflects favorable Petroleum Business Tax of \$47 million, of which \$36 million was due to a delay until January in the transfer of December 2023 receipts. Additionally, Investment Income was favorable by \$11 million and CDOT Subsidy was favorable by \$7 million. However, unfavorable results were recorded for Urban Tax of \$10 million, Mortgage Recording Tax of \$28 million, the For-Hire Vehicle Surcharge of \$4 million and City Subsidy for MTA Bus of \$2 million. Additionally, the Payroll Mobility Tax was unfavorable, by \$28 million, and Local Operating Assistance was favorable by \$5 million, although both are timing related. For February, operating subsidies were \$21 million, or 3% unfavorable. Capital Subsidies YTD through February were \$3 million

unfavorable due to receipts from the Real Property Transfer Tax Surcharge, often referred to as the Mansion Tax.

Operating Expenses YTD February were unfavorable by \$26 million (1%), reflecting higher labor expenses of \$38 million and other expense adjustments of \$13 million, offset by favorable non-labor expenses of \$24 million. Overruns were at NYCT, Metro-North and FMTAC, with other agencies reporting favorable results for expenses. For February, operating expenses were \$40 million, or 3%, unfavorable. Labor expenses were \$24 million unfavorable, non-labor expenses were \$6 million unfavorable, and other expense adjustments were \$10 million unfavorable.

Debt Service Expense was \$8 million (2%) favorable YTD February, primarily due to the timing of debt service accruals. For February, debt service expense was favorable by \$7 million (3%), primarily due to the timing of debt service accruals, the reversal of a prior negative timing variance, and lower than budgeted variable rates.

Chief Financial Officer Kevin Willens spoke briefly on ridership, revenues, and expenses to date.

Capital Financing

Olga Chernat, Deputy Chief, Financial Services, reported on the results of three transactions sold earlier in the month. Two of the transactions were competitively sold tax-exempt and taxable bond anticipation notes and the third was the negotiated sale of \$1.289 billion Transportation Revenue Refunding Bonds.

With respect to the Transportation Revenue Refunding Bonds refunding, this was the first sizable issuance of fixed rate Transportation Revenue Bonds in three years. Three out of the four rating agencies which rate these bonds assigned upgraded ratings last year. Fitch Ratings again upgraded the Transportation Revenue Bonds under their revised criteria from A to AA just before this sale and provided a good news momentum for the pricing. The refunding resulted in net present value savings of approximately \$99 million or 9% of the par amount of the refunded bonds. Ms. Chernat stated MTA believes a significant portion of these savings could be attributable to the improved ratings and the sale also benefited from the relatively low supply in the market and availability of investor cash when the transaction priced. This transaction was scheduled to close on March 27, 2024.

Mr. Willens spoke briefly on strength of MTA's finances and the ability of MTA to bring the Transportation Revenue Bond credit back to the market.

5. MTA HEADQUARTERS AND ALL-AGENCY ITEMS

Action Items

Mr. Keller stated the Finance Committee workplan anticipated for March a request for authorization to file for and accept federal grants for Federal Fiscal Year 2024. This request will come before the Finance Committee and the Board next month.

Mr. Keller then presented an action item seeking approval to authorize the filing with the State of New York the annual MTA All-Agency Procurement report for the period January 1, 2023 to December 31, 2023, as required under Section 2879 of the Public Authorities Law. The report provides contract information by each Agency for which payments were made in 2023.

The Committee voted to recommend the action item before the Board for approval.

Lisette Camilo, Chief Administrative Officer, reported one procurement action item for consideration and approval for MTAHQ totaling \$19.4 million. This item is a two-year extension of a contract awarded to Action Carting Environmental Services Inc. to continue refuse removal and recycling services for NYC Transit, MTA Bus, and Staten Island Railway stations, yards, barns, depots, and administrative facilities. This extension is needed to allow the MTA to develop a solicitation for a consolidated procurement of services through a category management approach that will aggregate requirements across the Agencies in common geographic regions, potentially generating cost savings.

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

6. INFORMATION ITEMS

I. 2023 Annual MTA Prompt Payment Report

Mr. Keller informed the Committee of the 2023 Annual MTA Prompt Payment Report, which is required to be filed with the State Comptroller, State Budget, the Senate Finance Committee and the Assembly Ways and Means Committee. Prompt payment legislation requires MTA to make interest payments on invoices not paid within 30 days. In 2023, MTA made interest payments of \$58,324 for the January 2023 to July 2023 period, and payments of \$118,920 will be made for the August 2023 to December 2023 period.

II. Procurements

Ms. Camillo reported two procurement information items for Long Island Rail Road, approved by its respective committee. The first was a request that the Board formally ratify the declaration of an Immediate Operating Need and approve the award of a 10-year Original Manufacturer purchase agreement for M7 Propulsion System Equipment Upgrade Overhaul and Bench Test Equipment to Mitsubishi Electric Power Products, Inc. The second item, also to Mitsubishi, was a request that the Board formally ratify the declaration of an Immediate Operating Need and approve a five-year contract for HVAC and propulsion replacement parts utilized on LIRR's M-7 electric railcars and Metro-North's M-7 and M-8 electric railcars. This will also include NYC Transit's subway car needs. Immediate Operating Needs were declared, and awards were made due to the delay resulting from the lack of the required number of voting members in attendance at the February 2024 MTA Board meeting.

Ms. Camillo reported one information item for Metro-North Railroad, approved by its respective committee. This item was a request for Board approval to award a five-year miscellaneous service contract to retain prequalified vendors to furnish emergency and scheduled bus services on an as-needed basis for railroad passengers and/or crews between stations throughout the Railroads' New York and Connecticut operating territories during scheduled and emergency track outages and service disruptions.

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 three action items for consideration and approval and four information items.

Action Items– Administrative

MTA

1. The All-Agency Real Property Disposition Guidelines and All-Agency Personal Property Disposition Guidelines required by Public Authorities Law Sections 2895-28.

Action Items– Transactional

MTA

2. A lease with 3030 Equities, LLC for an MTA Police Department training facility in 30-30 Northern Boulevard, Queens.

MTA Grand Central Madison

3. A lease with Trackback LLC for a bar/café in Grand Central Madison.

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

Information Items

NYC Transit

1. A lease between NYCT and J. W. Mays, Inc. for office space in support of the relocation of the Jamaica Bus Terminal in Queens.

Long Island Rail Road

2. A temporary license between with the City of Long Beach for a maintenance trailer adjacent to the Long Beach Station.
3. A license with the Town of Islip for the operation of a signal hut near the railroad crossing at Carleton Avenue in Central Islip.

Reports

4. A report on agreements entered directly by the Real Estate Department pursuant to board policy.

9. ADJOURNMENT

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

Respectfully submitted,

Joanne S. Feld,
Deputy Director, Finance