

**2024 COMBINED CONTINUING DISCLOSURE FILINGS  
PURSUANT TO SEC RULE 15c2-12**

**relating to**

**METROPOLITAN TRANSPORTATION AUTHORITY**

**and**

**TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY  
(MTA BRIDGES AND TUNNELS)**

**Transportation Revenue Bonds  
TBTA General Revenue Bonds  
TBTA Subordinate Revenue Bonds  
TBTA Second Subordinate Revenue Bond Anticipation Notes  
Dedicated Tax Fund Bonds  
Payroll Mobility Tax Obligations  
Sales Tax Revenue Bonds (TBTA Capital Lockbox – City Sales Tax)  
Hudson Rail Yards Trust Obligations**

Dated: April 29, 2024

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## INTRODUCTION

This book contains the 2024 Combined Continuing Disclosure Filings prepared by Metropolitan Transportation Authority (“MTA”) and Triborough Bridge and Tunnel Authority (“TBTA”) pursuant to various written undertakings made to assist the underwriters in complying with their obligations in accordance with SEC Rule 15c2-12 in connection with the following credits:

- Transportation Revenue Bonds,
- TBTA General Revenue Bonds,
- TBTA Subordinate Revenue Bonds,
- TBTA Second Subordinate Revenue Bond Anticipation Notes,
- Dedicated Tax Fund Bonds,
- Payroll Mobility Tax Obligations,
- Sales Tax Revenue Bonds (TBTA Capital Lockbox – City Sales Tax), and
- Hudson Rail Yards Trust Obligations.

A roadmap to the continuing disclosure information that MTA or TBTA has contractually agreed to update, in accordance with the respective continuing disclosure agreements in official statements, describing where the materials required may be found in MTA’s Annual Disclosure Statement is set forth at the end of this Introduction. This Annual Information booklet contains the following information:

**PART I** contains the **MTA Annual Disclosure Statement** (“ADS”). The ADS describes the Related Entities, and includes the information necessary to meet the requirements of the continuing disclosure agreements under MTA and TBTA official statements, offering circulars and remarketing circulars, as applicable, for all credits.

**PART II** includes the following, which are also part of the Annual Continuing Disclosure Filings:

- **Tab 1** lists, by designation, the various issues of securities outstanding for all credits.
- **Tab 2** provides certain details of each series and subseries for MTA and TBTA credits, for the issues listed in Tab 1.
- **Tab 3a** lists any material events that have occurred within the past year for all credits.
- **Tab 3b** lists any voluntary disclosures that have been posted within the past year for all credits.

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- **Appendix A** — See **PART I**.
- **Appendix B** — Metropolitan Transportation Authority Consolidated Financial Statements.
- **Appendix C** — New York City Transit Authority Consolidated Financial Statements.
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- **Appendix E** — History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of Triborough Bridge and Tunnel Authority.

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## Roadmap for Continuing Disclosure to the Annual Information Statement

As part of all the official statements provided under all of the credits, the continuing disclosure agreements (“CDAs”) require the filing of certain Annual Information with the Electronic Municipal Market Access System (“EMMA”). The following roadmap indicates where information under these CDAs may be found in this annual report, specifically in Combined Continuing Disclosure Filings (“CCDF”) PART I - MTA Annual Disclosure Statement (unless otherwise noted). There is additional information incorporated into the **ADS** that may not be reflected in the CDAs, so if it is not listed here, see the **ADS** Table of Contents for the detailed listing.

<b>TRANSPORTATION REVENUE BONDS</b>	<b>ADS Location</b>	
Continuing Disclosure Document	<b><u>Caption(s)</u></b>	<b><u>Heading(s)</u></b>
A. Description of the systems operated by the Related Transportation Entities and their operations.		
Related Transportation Entities	PART 1. BUSINESS – GOVERNANCE AND OPERATIONS	All headings
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Commuter System	PART 4. OPERATIONS – COMMUTER SYSTEM	1. Legal Status and Public Purpose 2. Management 3. Description of the Commuter System 4. Relationships with the State, the City and the Federal Government 5. Safety Initiatives
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B. Description of changes to the fares or fare structures charged to users of the systems operated by the Related Transportation Entities.		
Transit System	PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES	1. Fares and Tolls – <i>Transit System Fares</i>
Commuter System	PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES	1. Fares and Tolls – <i>Commuter System Fares</i>
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Transit System	PART 4. OPERATIONS – TRANSIT SYSTEM	All headings

	PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS	1. MTA New York City Transit and MaBSTOA 2. MTA Bus 3. MTA Staten Island Railway
Commuter System	PART 4. OPERATIONS – COMMUTER SYSTEM	All headings
	PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS	1. Commuter System
MTA Bus	PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS	1. MTA Bus
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TBTA GENERAL REVENUE BONDS	ADS Location	
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	<u>Caption(s)</u>	<u>Heading(s)</u>
A. Certain financial and operating data.	PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY	1. MTA Bridges and Tunnels Facilities 2. Authorized Projects of MTA Bridges and Tunnels 3. Toll Collection 4. MTA Bridges and Tunnels - Total Revenue Vehicles 5. Toll Rates
	PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS	1. MTA Bridges and Tunnels
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C. Presentation of changes to indebtedness issued by TBTA under the TBTA Senior Resolution, as well as information concerning changes to TBTA’s debt service requirements on such indebtedness payable from revenues.	PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – MTA BRIDGES AND TUNNELS GENERAL REVENUE BONDS	1. MTA Bridges and Tunnels Senior Lien Table 1 2. MTA Bridges and Tunnels Senior Lien Table 2
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	PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – MTA BRIDGES AND TUNNELS GENERAL REVENUE BONDS	1. MTA Bridges and Tunnels Senior Lien Table 2
E. Material litigation relating to any of the foregoing.	PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – LITIGATION	1. MTA Bridges and Tunnels

<b>TBTA SUBORDINATE REVENUE BONDS</b>	<b>ADS Location</b>	
	<b><u>Caption(s)</u></b>	<b><u>Heading(s)</u></b>
Continuing Disclosure Document		
A. Certain financial and operating data.	PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY	1. MTA Bridges and Tunnels Facilities 2. Authorized Projects of MTA Bridges and Tunnels 3. Toll Collection 4. MTA Bridges and Tunnels - Total Revenue Vehicles 5. Toll Rates
	PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS	1. MTA Bridges and Tunnels
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C. Presentation of changes to indebtedness issued by TBTA under the TBTA Senior and Subordinate Resolutions, as well as information concerning changes to TBTA’s debt service requirements on such indebtedness payable from revenues.	PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS	1. MTA Bridges and Tunnels Subordinate Table 1 2. MTA Bridges and Tunnels Subordinate Table 2
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<b>TBTA SECOND SUBORDINATE REVENUE BOND ANTICIPATION NOTES</b>	<b>ADS Location</b>	
Continuing Disclosure Document	<u><b>Caption(s)</b></u>	<u><b>Heading(s)</b></u>
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	PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS	<ol style="list-style-type: none"> <li>1. MTA Bridges and Tunnels</li> </ol>
B. Information regarding the TBTA, Transit and Commuter Capital Programs.		
TBTA, Transit and Commuter Systems	PART 2. FINANCIAL INFORMATION – FINANCIAL PLANS AND CAPITAL PROGRAMS	<ol style="list-style-type: none"> <li>1. Oversight and Review of Administration of Capital Programs</li> <li>2. Background and Development of Capital Programs</li> <li>3. Approved 2020-2024 Capital Program</li> <li>4. 2015-2019 Capital Program</li> <li>5. 2010-2014 Capital Program</li> <li>6. 2005-2009 Capital Program</li> </ol>
C. Description of changes to indebtedness issued by TBTA under the TBTA Senior and Subordinate Resolutions, as well as information concerning changes to TBTA’s debt service requirements on such indebtedness payable from revenues.	PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – SECOND SUBORDINATE REVENUE BOND ANTICIPATION NOTES (CBDTP)	<ol style="list-style-type: none"> <li>1. Pledge Affected by the CBDTP Second Subordinate Resolution</li> <li>2. Revenues and Additional Subordinate MTA Bridges and Tunnels Projects</li> <li>3. Flow of Revenues</li> </ol>
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	PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY	<ol style="list-style-type: none"> <li>1. MTA Bridges and Tunnels - Total Revenue Vehicles</li> </ol>
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Continuing Disclosure Document	<u>Caption(s)</u>	<u>Heading(s)</u>
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	PART 1. BUSINESS – ENVIRONMENT AND SUSTAINABILITY	1. MTA Climate Resilience and Sustainability Planning 2. Climate Resilience Planning 3. Climate Sustainability Planning 4. Other Climate Related Matters 5. Environmental Justice 6. Climate Bond Standard and Certification Compliance 7. Climate Change Risks 8. Other Environmental Matters – <i>Transit System</i> 9. Other Environmental Matters – <i>Commuter System</i>
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B. Information regarding the Transit and Commuter Capital Programs.	PART 2. FINANCIAL INFORMATION – FINANCIAL PLANS AND CAPITAL PROGRAMS	1. Oversight and Review of Administration of Capital Programs 2. Background and Development of Capital Programs 3. Approved 2020-2024 Capital Program 4. 2015-2019 Capital Program 5. 2010-2014 Capital Program 6. 2005-2009 Capital Program
	PART 1. BUSINESS – ENVIRONMENT AND SUSTAINABILITY	1. MTA Climate Resilience and Sustainability Planning 2. Climate Resilience Planning 3. Climate Sustainability Planning 4. Other Climate Related Matters 5. Environmental Justice 6. Climate Bond Standard and Certification Compliance 7. Climate Change Risks
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Description of how the State allocates taxes to the MTA Dedicated Tax Fund.	PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – DEDICATED TAX FUND BONDS	1. Sources of Payment – Revenues from Dedicated Taxes 2. DTF Table 2
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<b>PAYROLL MOBILITY TAX OBLIGATIONS</b>	<b>ADS Location</b>	
Continuing Disclosure Document	<b><u>Caption(s)</u></b>	<b><u>Heading(s)</u></b>
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Continuing Disclosure Document	<b><u>Caption(s)</u></b>	<b><u>Heading(s)</u></b>
A. Certain financial and operating data.	PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY	1. MTA Bridges and Tunnels Facilities 2. Authorized Projects of MTA Bridges and Tunnels 3. Toll Collection 4. MTA Bridges and Tunnels - Total Revenue Vehicles 5. Toll Rates
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G. Updated Schedule 1 to the Financing Agreement	See item F above.	

**CUSIP numbers used herein have been assigned by an organization not affiliated with MTA or TBTA and are included solely for the convenience of the holders of the securities listed. Neither MTA nor TBTA is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the securities or as indicated herein.**

## MTA ANNUAL DISCLOSURE STATEMENT

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement (“ADS”) is dated April 29, 2024, and contains information only through that date (or the specific earlier dates noted herein, such as year-end December 31, 2023 financial and statistical information). MTA intends to update and supplement specific information contained herein (1) through additional updated Continuing Disclosure Filings, (2) on a periodic basis, generally corresponding to its July and November financial plan updates and (3) by periodic supplement, as appropriate, in connection with its periodic issuance of bonds, notes and other obligations, or otherwise. MTA expects to file such updated and supplemental information with the Electronic Municipal Market Access system (“EMMA”) and may incorporate such information herein by specific cross-reference. Such information is also posted on the MTA website under “MTA Info – Financial Information” at <https://new.mta.info/investor-info/disclosure-filings> for convenience. Such information is accurate as of its date. MTA retains the right to update and supplement specific information contained herein as events warrant. This ADS may contain information not required by the terms of the various continuing disclosure undertakings made by MTA and MTA Bridges and Tunnels. Inclusion of such information is for the convenience of the reader, and none of MTA, the Related Entities (as defined herein), and MTA Bridges and Tunnels have any obligation under the terms of such continuing disclosure undertakings to update any such information or to include it in any future ADS filings.

***The financial statements for MTA, MTA New York City Transit and MTA Bridges and Tunnels (each as defined herein) for fiscal year ended December 31, 2023 filed with this ADS are unaudited. MTA expects to file supplements to this ADS that include audited financial statements with respect to the foregoing entities when they become available. MTA is still reviewing New York State budget for State Fiscal Year 2024-2025, and could file a supplement to this ADS relating to certain aspects of the budget if necessary.***

- This ADS is not an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction where that would be unlawful. None of MTA or its Related Entities authorized any dealer, salesperson or any other person to give any information or make any representation in connection with any offering of bonds, except as set forth in the related official statement, remarketing circular, offering memorandum, or other offering document. No other information or representations should be relied upon.
- This ADS is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about any securities of MTA or MTA Bridges and Tunnels which may be offered in the future.
- 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 ADS. Neither the delivery of, nor any sale made under, any official statement, remarketing circular, offering memorandum, or other offering document, shall under any circumstances create any implication that there has been no change in MTA's or its Related Entities' affairs or in any other matters described herein since the date of this ADS.
- *Forward-Looking Statements.* Many statements contained in this ADS, including the appendices and documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on MTA and/or MTA Bridges and Tunnels' beliefs, in each case, as well as assumptions made by, and information currently available to, the management and staff of MTA or its affiliates and subsidiaries as of the date of this ADS. 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 ADS. Neither MTA's nor MTA Bridges and Tunnels' 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 they assume no responsibility for, and disclaim any association with, the prospective financial information. Neither MTA's nor MTA Bridges and Tunnels' independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the forward-looking statements set forth in this ADS, which is solely the product of MTA Bridges and Tunnels and MTA and its affiliates and subsidiaries as of the date of this ADS, and the independent auditors assume no responsibility for its content. These forward-looking statements speak only as of the date of this ADS.
- The factors affecting MTA's financial condition are complex. This ADS 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. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions "PART 2. FINANCIAL INFORMATION – FINANCIAL PLANS AND CAPITAL PROGRAMS" and "PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS". 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 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 involve 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 described above, 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. Forward-looking statements in this ADS speak only as of the date of this ADS.
- References to a website or 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 ADS for purposes of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof.
- From time to time, the Governor, the State Comptroller, the Mayor of The City of New York, 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 herein or in budgets or financial plans prepared by MTA. While MTA may not directly respond to each such statement or action, MTA intends to update and supplement specific information contained herein and to prepare the quarterly financial statement reports and financial plan updates described above. Investors and other market participants should refer to MTA's filings on EMMA, from time to time, for information regarding the Related Entities and their financial condition.
- MTA Bridges and Tunnels' independent engineers, Stantec Consulting Services Inc. ("Stantec"), have prepared a report dated April 29, 2024 (the "Stantec Report") entitled "History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of Triborough Bridge and Tunnel Authority" which is attached to MTA's



Combined Continuing Disclosure Filings and is incorporated by specific cross-reference herein. The Stantec Report includes projections of traffic, revenues and expenses for the MTA Bridges and Tunnels Facilities; certain historical revenue, traffic, and toll rate information; and a discussion of the physical condition of MTA Bridges and Tunnels facilities. Readers should understand that the projections set forth in the Stantec Report have been developed based upon methodologies and using assumptions that may be different from the methodologies and assumptions used by MTA and MTA Bridges and Tunnels in connection with preparing their budgets and financial plans, including the 2024 February Plan and the 2024 Adopted Budget. Consequently, the projections set forth in the Stantec Report and in such budgets and financial plans may differ.

- Budget, financial plan, and capital program documents are distributed to certain elected officials and posted on MTA's website for review by the public. These documents are not a part of this ADS and are not filed on the EMMA. They are not prepared with a view to providing disclosure to investors in the securities of MTA or any of the Related Entities, and, accordingly, should not be relied upon by an investor in making an investment decision.
- This document discusses certain risks associated with the investment in or ownership of the public debt securities and other financial instruments of MTA and MTA Bridges and Tunnels, but is not intended to be a dispositive, comprehensive or definitive listing of all risks associated with investment in such securities. Prospective investors in such securities should carefully consider the risks herein and in any related offering document before making an investment decision. If any of the events or circumstances identified as risks actually occur or materialize, an investor's or prospective investor's investment could be materially and adversely affected. Additional risks and uncertainties not presently known to MTA or MTA Bridges and Tunnels, or that are currently deemed immaterial, could also adversely affect MTA and MTA Bridges and Tunnels operations and financial results, and may also impair such investor's investment.
- Information relating to the State, including the Annual Information Statement of the State, as amended or supplemented, is not a part of this ADS. 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 and State-supported bonds, in the manner specified in Rule 15c2-12. Prospective purchasers of MTA or TBTA securities that are payable in whole or in part from State provided revenues 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 MTA or TBTA securities that are payable in whole or in part from State provided revenues. MTA and MTA Bridges and Tunnels make no representations about State information or its continued availability.

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**PART 1. BUSINESS**

## GOVERNANCE AND OPERATIONS

### Legal Status and Public Purpose

The Metropolitan Transportation Authority (“MTA”) was created by New York State legislation in 1965 (the Metropolitan Transportation Authority Act, New York Public Authorities Law, Title 11, Section 1260, et seq.) as a public benefit corporation. MTA is a corporate entity separate and apart from the State of New York (the “State”), without any power of taxation – frequently called a “public authority”. MTA has the responsibility for developing and implementing a unified mass transportation policy for The City of New York (the “City”) and Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties (collectively with the City, the “MTA Commuter Transportation District” or “MCTD”).

MTA carries out these responsibilities directly and through its subsidiaries and affiliates, which are also public benefit corporations. The following table sets forth the legal and popular names of the subsidiaries\* of MTA.

<u>Legal Name</u>	<u>Popular Name</u>
Staten Island Rapid Transit Operating Authority	MTA Staten Island Railway
MTA Bus Company	MTA Bus
The Long Island Rail Road Company	MTA Long Island Rail Road
Metro-North Commuter Railroad Company	MTA Metro-North Railroad
MTA Construction and Development Company <sup>†</sup>	MTA Construction and Development
MTA Grand Central Madison Concourse Operating Company	MTA GCMC

The following table sets forth the legal and popular names of the affiliates of MTA.

<u>Legal Name</u>	<u>Popular Name</u>
New York City Transit Authority	MTA New York City Transit
Manhattan and Bronx Surface Transit Operating Authority	MaBSTOA
Triborough Bridge and Tunnel Authority	MTA Bridges and Tunnels

Throughout this ADS, reference to each agency will be made using its popular name. The Metropolitan Transportation Authority, itself, is referred to as “MTA” or “MTA Headquarters”. MTA and the foregoing subsidiaries and affiliates are collectively referred to herein, from time to time, as the “Related Entities”.

MTA and its subsidiaries are generally governed by the Metropolitan Transportation Authority Act, being Title 11 of Article 5 of the New York Public Authorities Law, as from time to time amended (the “MTA Act”).

MTA Bridges and Tunnels is generally governed by the Triborough Bridge and Tunnel Authority Act, being Title 3 of Article 3 of the New York Public Authorities Law, as from time to time amended (the “MTA Bridges and Tunnels Act”).

MTA New York City Transit and its subsidiary, the MaBSTOA, are generally governed by the New York City Transit Authority Act, being Title 9 of Article 5 of the New York Public Authorities Law, as from time to time amended (the “MTA New York City Transit Act”).

Certain insurance coverage for the Related Entities is provided by a State-licensed captive insurance public benefit corporation subsidiary of MTA, First Mutual Transportation Assurance Company (“FMTAC”). See “PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – INSURANCE”. FMTAC is additionally licensed under the New York Insurance Law. Due to the interrelationship of the Related Entities and FMTAC, certain provisions contained in these three acts (the MTA Act, the MTA Bridges and Tunnels Act and the MTA New York City Transit Act) relate to some or all of the other Related Entities and FMTAC.

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\* The MTA subsidiary Metropolitan Suburban Bus Authority discontinued its provision of transportation services at the end of 2011. Its activities are limited to the winding up of its affairs

<sup>†</sup> MTA formed the MTA Construction and Development Company in 2020 to replace MTA Capital Construction Company. This entity oversees the integration of all MTA capital planning, development and project delivery by planning and prioritizing capital projects across the MCTD.



## Governance

MTA's Board consists of a Chairman and 16 other voting Members, two non-voting Members and four alternate non-voting Members, all of whom are appointed by the Governor with the advice and consent of the State Senate. Of the voting Members, four Members must reside in Dutchess, Orange, Putnam and Rockland counties, respectively, and cast one collective vote. The other voting Members, including the Chairman, cast one vote each (except that in the event of a tie vote, the Chairman shall cast one additional vote). Members of MTA are, *ex officio*, the Members or Directors of the other Related Entities and FMTAC. The Chairman is by statute also the Chief Executive Officer ("CEO") of MTA and is responsible for the discharge of the executive and administrative functions and powers of the Related Entities and FMTAC. The Chairman and CEO of MTA is, *ex officio*, the Chairman and CEO of the other Related Entities and FMTAC.

## Management

The following are brief biographies of certain MTA senior officers.

John N. "Janno" Lieber has been serving as MTA Acting Chair and Chief Executive Officer since July 2021 and was confirmed as Chair and Chief Executive Officer of MTA on January 20, 2022. In this position, Mr. Lieber provides strategic, financial, and operational leadership for MTA. He also heads MTA's Board of Directors, its senior leadership team, and a total workforce of more than 60,000 employees. Mr. Lieber previously served as President of MTA Construction and Development, the organization responsible for planning, developing, and delivering capital projects across MTA. In that position, he led the creation and implementation of MTA's \$51.5 billion 2020-2024 Capital Program. He also managed the integration and transformation of construction and development management practice at MTA. Prior to joining MTA, Mr. Lieber served as President of World Trade Center Properties LLC, where he was responsible for managing all aspects of the Silverstein organization's efforts to rebuild at the World Trade Center site, including planning, design, and construction issues; business, financing, and legal matters; and public affairs, government, and community relations. Earlier in his career, he held positions in the administrations of President Bill Clinton and New York City Mayor Ed Koch and worked as an attorney in private practice.

Kevin Willens was appointed MTA's Chief Financial Officer on January 20, 2022. In that capacity, Mr. Willens is responsible for managing MTA's budget and finances and accountable for developing the agency's annual budget and four-year financial plan. Mr. Willens is a highly accomplished financial industry leader, with more than 35 years of experience in public finance, having served most recently as Managing Director and Co-head of US Public Finance at Goldman Sachs. Mr. Willens has provided investment banking expertise to MTA for more than 30 years, including serving as MTA's financial advisor for 10 years. From the private sector, Willens worked with MTA on developing virtually all of its current financing credits. Throughout the years he has led the implementation of some of the largest and most complex financing transactions for MTA. His work has included developing new revenue sources, such as the regional mobility tax in 2009, and designing the new Capital Lock-Box sales tax credit in 2021. He has also executed complex real estate transactions, such as the Hudson Rail Yards financing. Mr. Willens also served as a Board Member of the Municipal Securities Rulemaking Board from 2009 to 2012. Mr. Willens earned his B.A. in Economics and Computer Studies from Northwestern University.

Paige Graves was appointed MTA's General Counsel on January 20, 2022. In that capacity, Ms. Graves is responsible for developing high-level legal and policy strategies for MTA and senior staff regarding key MTA initiatives and priorities and overseeing a law department of more than 350 attorneys and staff. Ms. Graves previously served for nearly two years as Vice President and General Counsel of MTA Long Island Rail Road, four years as Vice President and General Counsel of MTA Bus and four years in the MTA New York City Transit Law Department. Ms. Graves has over 25 years of legal experience. Prior to joining MTA in 2012, Ms. Graves started her legal career as a prosecutor in the Manhattan District Attorney's Office, before working in the Forensic Litigation Group at KPMG providing investigative and integrity advisory services, and as senior counsel for an insurance defense firm handling complex litigation matters. Ms. Graves holds a B.S. in Economics from the Wharton School of the University of Pennsylvania and a Juris Doctor degree from Hofstra University.

The following are brief biographies of the presidents of the Related Entities:

Richard Davey, President of MTA New York City Transit, President of MTA Bus, and President of MTA Staten Island Railway. As President of MTA New York City Transit, MTA Bus, and MTA Staten Island Railway, Mr. Davey is responsible for the general management and operation of North America's largest mass transit system. Previously, he served as a Partner and Director at the Boston Consulting Group. In 2015, Mr. Davey was CEO of Boston 2024, the organization that sought to bring the 2024 Summer Olympic and Paralympic Games to Boston. From 2011 to 2014, he

served in the governor's cabinet as secretary and CEO of the Massachusetts Department of Transportation. He also served as the Chairman of the Massachusetts Port Authority. Mr. Davey also served in a variety of capacities, including as General Manager, for the Massachusetts Bay Commuter Railroad from 2003 to 2010 and as General Manager of the Massachusetts Bay Transportation Authority from 2010 to 2011. He holds a Bachelor of Arts degree from the College of Holy Cross and a Juris Doctor, *summa cum laude*, from Gonzaga University.

Catherine A. Rinaldi was named President of MTA Metro-North Railroad in February 2018, after serving as Acting President following the retirement of Joseph J. Giulietti in 2017, and is the sixth president of MTA Metro-North Railroad and the first woman to hold that position. Ms. Rinaldi joined MTA Metro-North Railroad in 2015 as Executive Vice President. In that role, she spearheaded the development of MTA Metro-North's 2016-2020 Strategic Plan and "Way Ahead," the customer-facing component of that plan, which aimed to improve system reliability, achieve excellent customer service, and continue the intensive infrastructure work essential to maintaining system safety. Ms. Rinaldi has overseen a host of customer-facing initiatives, from the delivery of real-time service information at Grand Central Terminal and outlying stations to a multimillion-dollar station upgrade at White Plains Station, the railroad's third busiest station. She has also led the effort to implement a federally-required positive train control system across MTA Metro-North. Ms. Rinaldi has worked to improve employee engagement at the railroad, including support for women in MTA Metro-North workforce. Ms. Rinaldi was previously MTA's Chief of Staff from 2011 to 2014, Vice President and General Counsel at MTA Long Island Rail Road from 2008 to 2011, and Deputy Executive Director and General Counsel at MTA Headquarters from 2003 to 2006. Ms. Rinaldi is a *summa cum laude* graduate of Yale College and received her law degree from the University of Virginia School of Law.

Rob Free was named President of MTA Long Island Rail Road on April 11, 2024, having served as Acting President since October 2023. An over 31-year veteran of MTA Long Island Rail Road, Mr. Free started his career from the ground up as a Station Cleaner and later advanced his way to a variety of mission-critical roles, including progressively responsible management positions. As Chief Transportation Officer, he was responsible for over 2,000 employees and maintaining efficient systemwide train operations, coordinating the many track outages that allowed significant projects such as Ronkonkoma Branch Double Track and State of Good Repair maintenance to progress. As Senior Vice President, he was responsible for over 7,000 employees in Rolling Stock Maintenance, Train Movement, Maintenance of Way, Service Planning, Security and Station Operations. Mr. Free led operations through the COVID-19 pandemic, ensuring train service for essential workers, and also helped advance capital megaprojects that have expanded MTA Long Island Rail Road, the Main Line Third Track and start of service to Grand Central Madison.

Catherine T. Sheridan, P.E., was named President of MTA Bridges and Tunnels in March 2023. Ms. Sheridan began her career at the New York State Department of Transportation as a seasonal Transportation Construction Inspector in 1990. She progressed through increasingly responsible positions, rising to Chief Engineer of the New York State Thruway Authority and New York State Canal Corporation. In that role, in addition to overseeing a multi-billion-dollar capital program, she was an executive advisor for the \$3.9 billion Governor Mario M. Cuomo Bridge design-build project. Sheridan joined MTA in 2019 as a Senior Vice President at MTA Construction and Development and was the agency's incident commander through the COVID-19 pandemic, ensuring over 500 essential construction projects safely continued with minimal schedule disruptions, as well as accelerated \$2.3 billion in critical state of good repair and the American with Disabilities Act ("ADA") work during reduced MTA ridership. Ms. Sheridan became MTA Construction and Development's Chief of Staff in 2021. She was instrumental in the development of the organization and provided key leadership to ensure successful progress of MTA's \$55 billion capital program. Ms. Sheridan earned a Master of Science in Civil Engineering and Engineering Mechanics from Columbia University and a Bachelor of Music in Trumpet Performance from Boston University. Sheridan also served in the United States Army as a Combat Engineer, reaching the rank of Captain. She is a member of the American Society of Civil Engineers and WTS International. In 2022, Sheridan was named by Crain's New York Business as one of the 40 Notable Women in Construction, Design and Architecture.

Jamie Torres-Springer joined MTA in 2021 as President of MTA Construction and Development. Mr. Torres-Springer is responsible for better, faster and cheaper delivery of MTA's \$55 billion capital plan through innovative management of construction work for subways, buses, commuter railroads, bridges and tunnels. Prior to joining MTA, Mr. Torres-Springer served as Commissioner of New York City's Department of Design and Construction (DDC), the agency responsible for delivering infrastructure and facilities across New York City government. He led development and implementation of DDC's Strategic Blueprint for Construction Excellence, a comprehensive plan to streamline capital project delivery, and had a leading role in several programs related to the COVID-19 pandemic, New York City's adaptation to climate change, and reform of the criminal justice system. Prior to DDC, he led a national planning practice working on urban infrastructure, open space, and citywide strategic plans for inclusive growth and sustainability.

Biographies of other members of MTA's executive leadership can be found on MTA's website. No portion of MTA's website is included by cross-reference in this ADS.

## Facilities Operations

The following is a summary of the facilities and operations presently conducted by the Related Entities.

*MTA Headquarters.* MTA Headquarters includes the executive staff of MTA, as well as a number of departments that perform largely all-agency functions, including the Business Service Center (“BSC”), information technology, security, audit, budget and financial management, capital programs management, finance, governmental relations, insurance and risk management, legal, planning, procurement, real estate, corporate compliance and ethics, information technology, and treasury. In addition, MTA maintains its own Police Department (“MTA Police Department”) with non-exclusive jurisdiction over all facilities of the Related Entities and is responsible for the costs and expenses of such police department.

*Transit System.* MTA New York City Transit and its subsidiary MaBSTOA operate all subway transportation and most of the public bus transportation within the City (the “Transit System”). Throughout this ADS, unless otherwise noted, the term “Transit System” includes only the operations of MTA New York City Transit and its subsidiary MaBSTOA, and does not include the operations of MTA Staten Island Railway (except for certain capital projects included in the Transit Capital Program, as defined below under “–Capital Programs”), or MTA Bus. See “PART 4. OPERATIONS – TRANSIT SYSTEM”.

*MTA Bus.* MTA Bus operates certain bus routes in the City formerly served by seven private bus operators pursuant to franchises granted by the City (the “MTA Bus System”). See “PART 4. OPERATIONS – MTA BUS COMPANY”.

*MTA Staten Island Railway.* MTA Staten Island Railway operates a single rapid transit line extending from the Staten Island Ferry Terminal at St. George to the southern tip of Staten Island. See “PART 4. OPERATIONS – STATEN ISLAND RAILWAY”.

*Commuter System.* MTA Long Island Rail Road and MTA Metro-North Railroad operate commuter rail services in the MTA Commuter Transportation District (the “Commuter System”). MTA Long Island Rail Road operates commuter rail service between the City and Nassau County and Suffolk County in Long Island and within Nassau County and Suffolk County in Long Island. MTA Metro-North Railroad operates commuter rail service between the City and the northern suburban counties of Westchester, Putnam and Dutchess; from the City through the southern portion of the State of Connecticut (“Connecticut”); through an arrangement with New Jersey Transit Rail Operations, Inc. (“NJ Transit”), the Port Jervis and Pascack Valley commuter rail services to Orange and Rockland Counties; and within such counties and Connecticut. See “PART 4. OPERATIONS – COMMUTER SYSTEM”.

*MTA Bridges and Tunnels.* MTA Bridges and Tunnels operates all nine of the intra-State toll bridges and tunnels in the City (the “MTA Bridges and Tunnels Facilities”). MTA Bridges and Tunnels also operates, pursuant to a management agreement with a private contractor, the Battery Parking Garage located adjacent to the Manhattan portal of the Hugh L. Carey Tunnel. As more fully described herein, MTA Bridges and Tunnels will also operate the Central Business District Tolling Program. See “PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY”.

*MTA Construction and Development.* MTA Construction and Development (formerly MTA Capital Construction Company) is responsible for the planning, design and construction of MTA system expansion, improvement and maintenance projects for the other Related Entities. See “PART 4. OPERATIONS – MTA CONSTRUCTION AND DEVELOPMENT COMPANY (formerly known as MTA CAPITAL CONSTRUCTION COMPANY)”.

*MTA GCMC.* MTA GCMC is responsible for management of the terminal along Madison Avenue between 43rd and 48th Streets, built as part of the East Side Access project, that will accommodate MTA Long Island Rail Road trains.

## Capital Programs

MTA is required to prepare and submit for approval to the CPRB successive five-year capital programs for (1) the Transit System and MTA Staten Island Railway and (2) the Commuter System. MTA Bridges and Tunnels and MTA Bus undertake their own capital planning that is not subject to CPRB approval; however, certain security projects of MTA Bridges and Tunnels and certain capital projects of MTA Bus have been included in CPRB-approved MTA Capital Programs (as defined below).

As used in this ADS, the following terms shall have the following definitions:

- The term “Capital Program”, as used in connection with any five-year period, shall refer to the combined “MTA Capital Program” and “MTA Bridges and Tunnels Capital Program” for that period. For example, the term “2020-2024 Capital Program” shall refer to the combined “2020-2024 MTA Capital Program” and “2020-2024 MTA Bridges and Tunnels Capital Program”.
- The term “MTA Capital Program” as used in connection with any five-year period, shall refer to the combined “Transit Capital Program” and “Commuter Capital Program” for that period. For example, the term “2020-2024 MTA Capital Program” shall refer to the combined “2020-2024 Transit Capital Program” and “2020-2024 Commuter Capital Program”. As described herein, 2020-2024 MTA Capital Program currently consists of the following components: New York City Transit Core Capital Program, Long Island Rail Road Core Capital Program, Metro-North Railroad Core Capital Program, MTA Bus Core Capital Program, MTA Interagency Core Capital Program and MTA Construction and Development Company Capital Program.
- The term “Transit Capital Program”, as used in connection with any five-year period, shall refer to the capital program for MTA New York City Transit, MaBSTOA and MTA Staten Island Railway that is approved by the CPRB for that five-year period.
- The term “Commuter Capital Program”, as used in connection with any five-year period, shall refer to the capital program for MTA Long Island Rail Road and MTA Metro-North Railroad that is approved by the CPRB for that five-year period.
- The term “MTA Bridges and Tunnels Capital Program”, as used in connection with any five-year period, shall refer to the capital program for the MTA Bridges and Tunnels Facilities that is adopted by the MTA Bridges and Tunnels Board. The MTA Bridges and Tunnels Capital Program does not need the approval of the CPRB to become effective.

#### *Five-Year Capital Programs.*

- The MTA Act requires the preparation of five-year capital programs for (1) the Transit System and MTA Staten Island Railway and (2) the Commuter System. MTA has included funding for the MTA Bus Capital Program (as defined below) in approved capital programs as well as certain MTA Bridges and Tunnels security projects which are similarly included in a broader list of security projects in approved Capital Programs.
- Though not required by law, MTA Bridges and Tunnels prepares its own capital program that covers the same time period as the MTA Capital Programs.
- MTA Bus has identified capital projects (the “MTA Bus Capital Program”) that are funded through the overall MTA Capital Program approved by the CPRB.
- The capital programs of MTA Bridges and Tunnels and MTA Bus are not required to be approved by the CPRB.

For information relating to the most recent Capital Programs, see “PART 2. FINANCIAL PLANS AND CAPITAL PROGRAMS”.

### **Financial Operations**

MTA’s fiscal year begins on January 1 of each year. The MTA Board has adopted financial planning and budgeting practices for the Related Entities that require the preparation of four-year financial plans covering the existing and three future fiscal years. The preparation of the financial plans of the Related Entities includes provision for capital spending (including debt service) authorized by the Capital Programs of the Related Entities, including those Capital Programs approved by the CPRB as described above.

The implementation of the financial plans, as adopted from time to time, and the Capital Programs, as submitted and amended from time to time, are interrelated and complex. Any failure to implement an important component of one can adversely affect the implementation of the other. See generally “PART 2. FINANCIAL PLANS AND CAPITAL PROGRAMS”.

### *Financial Plans and Budgetary Practices.*

- The MTA Board’s financial planning and budgeting practices for the Related Entities consist of the following in each year:
  - In July of each year, MTA management will submit to the MTA Board a revised forecast of the current year’s finances, a preliminary budget for the next year and an update to the four-year financial plan (which includes the next year and the three years thereafter) (referred to as the “July Plan”).
  - In September of each year, the MTA Board and the operating committees of the MTA Board will include the July preliminary budget and financial plan on their agendas. Public comments will be solicited at the September meeting.
  - In November of each year, a revised forecast of the current year’s finances and a final proposed budget for the next fiscal year, together with a revised four-year financial plan, will be submitted to the MTA Board (referred to as the “November Plan”).
  - A final budget for the next fiscal year, following public comment, will be adopted by the MTA Board by no later than December 31.
  - No later than February of the following year, MTA Office of Management and Budget will issue the financial tables and supporting schedules for the current year’s budget, as well as the financial plan for the next three years, as adopted by the MTA Board the preceding December, incorporating applicable below-the-line policies and including necessary technical adjustments to the financial plan. The budget is allocated over the 12-month period and becomes the basis on which monthly results are compared.
  - Consistent with the MTA budget process, the financial plans highlight certain policy actions and other adjustments for the benefit of the MTA Board and financial stakeholders. Until these items have been approved by the MTA Board, MTA excludes their financial impact from the “Statement of Operations” (also referred to as the “baseline”). Instead, these items are captured individually, and in total, on the “Plan Adjustments”. Such Plan Adjustments are also referred to as being “below-the-line”.
- The Related Entities (other than MTA Bridges and Tunnels) are each required by law to adopt an annual budget that is self-sustaining on a cash basis, including self-generated fares and other revenues, as well as operating subsidies of various types from numerous sources, including the State and local governments. MTA Bridges and Tunnels transfers surplus funds to finance the Transit and Commuter Systems.
- MTA is required by law each year to update and submit to the Governor a five-year strategic operation plan (that extends by one year the period covered by the four-year financial plan referenced above) that includes not only estimated operating and capital cost information, but also long-range goals and objectives, planned service and performance standards, and strategies to improve productivity.
- The State Comptroller has promulgated regulations that require the Related Entities to follow certain guidelines in reporting certain budget and financial plan information.
- MTA uses a common chart of accounts to present standardized financial reporting among all of the Related Entities.

*Quarterly Financial Statement Reports.* MTA issues unaudited quarterly financial statement reports for the Related Entities on a consolidated basis. The reports are filed with EMMA and are posted on MTA’s website. The review of the quarterly financial statements is conducted in accordance with the standards established by the American Institute of Certified Public Accountants.

### **Investment Policy**

MTA’s Treasury Division is responsible for the investment management of the funds of the Related Entities. The investment activity covers all operating and capital funds, including bond proceeds, and is governed by State statutes, bond resolutions and the MTA Board-adopted investment guidelines (the “Investment Guidelines”). The MTA Act currently permits the Related Entities to invest in the following general types of obligations: obligations issued or guaranteed by the State or the United States Government; obligations issued or guaranteed by certain federal agencies; repurchase agreements fully collateralized by the obligations of the foregoing United States Government and federal

agencies; certain certificates of deposit of banks or trust companies in the State; certain banker's acceptances with a maturity of 90 days or less; certain commercial paper; certain municipal obligations; and certain mutual funds up to \$10 million in the aggregate. Investment obligations and collateral are held by one of MTA's custodians or trustees.

As of December 31, 2023, \$2.836 billion non-bond capital funds were invested in approximately 2.15% repurchase agreements, 1.63% Agency obligations and 96.22% United States Treasury obligations.

As of December 31, 2023, the operating and working capital of the Related Entities (including Payroll Mobility Tax receipts) amounted to \$2.514 billion. Investments included 6.73% repurchase agreements, 5.11% Agency obligations and 88.16% United States Treasury obligations.

A copy of the current Investment Guidelines is posted, for informational purposes only, on MTA's website under "MTA Info – Investor Information". No portion of MTA's website is included by cross-reference in this ADS.

## **ENVIRONMENT AND SUSTAINABILITY**

### **MTA Climate Resilience and Sustainability Planning**

Beginning in 2022, MTA Construction and Development has unified approaches to climate resilience and sustainability planning across MTA. The Climate Resilience and Sustainability Planning team is housed within MTA Construction and Development's Planning Division together with teams responsible for preparing capital plans. Among the goals of this organizational structure is to ensure that climate resilience and sustainability initiatives are factored into MTA's long term capital planning process in a consistent manner across its operating agencies. The topics of climate resilience and sustainability were addressed in the 2025-2044 Twenty Year Needs Assessment, released in October 2023.

#### **Climate Resilience Planning**

Climate Resilience Planning involves the use of future-facing climate risk data to inform the prioritization and design of projects that reduce exposure to climate hazards made more acute by the unavoidable impacts of climate change. The objective of the Climate Resilience Planning team is to anticipate climate change impacts on MTA's transit infrastructure, MTA's workforce, and MTA's customers, and take steps to adapt long term capital planning accordingly. Prolonged disruptions in transit services have compounding impacts on the region's economy and delay the recovery of the most vulnerable New Yorkers from extreme weather events. Minimizing recovery time after an event is therefore of paramount importance to MTA.

Climate Resilience Planning is distinct from the operational responsibilities housed in MTA's Emergency Preparedness functions. Climate Resilience Planning considers how the impacts of climate change, described below, should inform long term capital planning decisions for the MTA's system. Emergency Planning, on the other hand, anticipates specific events and coordinates a real-time response together with other local emergency response authorities. The two groups work in tandem and communicate regularly.

MTA continues to invest in and build flood risk mitigations responsive to extreme events, particularly since Superstorm Sandy hit the New York City region in October 2012. Sandy prompted an \$8 billion capital investment program that was deployed across the Related Entities, with comprehensive coastal flood mitigations installed within assets of all operating branches. These investments have significantly reduced MTA and its Related Entities' exposure to storm surge risks.

The MTA Climate Resilience Planning team is charged with proactively assessing climate risk exposure based on local climate change forecasts, such as those of the New York City Panel on Climate Change. Based on these assessments, the team devises strategies informed by the New York City region's likely climate of the future to be considered in connection with future capital plans. The MTA Climate Resilience Planning team is investigating exposure to the specific climate hazards that are most prevalent in the New York City region, including, but not limited to:

- floods, including those caused by sea level rise, tidal inundation, storm surge, groundwater table rise and precipitation, snow and resulting pluvial floods;
- extreme temperatures, including prolonged heat waves and cold snaps; and

- winds, including gusts sufficiently strong to impact above grade assets or to topple trees adjacent to MTA infrastructure.

Select Climate Resilience Planning initiatives currently underway include:

- **MTA Climate Resilience Roadmap:** given the magnitude of projected climate hazards facing the New York City region, MTA is preparing an MTA Climate Resilience Roadmap. This document outlines a series of goals and strategies to guide capital investments, design requirements, operating practices, and interagency partnerships that will facilitate adaptation of MTA infrastructure in anticipation of climate change. MTA Climate Resilience Roadmap recommendations are based on a system-wide climate vulnerability assessment. Among the goals of this assessment is to identify the magnitude of risk exposure reduced from coastal flood mitigations installed since Superstorm Sandy and to identify areas within the MTA system that should be prioritized for future investments based on future-facing risk information. This MTA climate risk assessment will also be used to inform design standards for infrastructure that is within current or future coastal or pluvial floodplains. The MTA's Climate Resilience Roadmap was released on April 25, 2024.
- **Interagency stormwater management task force:** MTA coordinates regularly with the New York City Departments of Environmental Protection and Transportation, along with local utilities including Con Edison and Verizon, to identify ways to reduce the penetration of rainfall from extreme events into MTA subsurface infrastructure.

### **Climate Sustainability Planning**

Climate Sustainability Planning encompasses programs intended to reduce greenhouse gas emissions caused by burning fossil fuels. MTA's low emissions transportation services underpin the New York City region's greenhouse gas emissions reductions strategies. Average household greenhouse gas emissions in the New York City region are a fraction of national rates because of the magnitude of riders on MTA's low emissions transit services versus those who drive a single-occupancy vehicle in most other U.S. metro areas. MTA carries 40% of the nation's transit riders, and growth of MTA ridership would yield additional sustainability benefits for the region.

Within this context, MTA seeks to further reduce regional greenhouse gas emissions associated with its own operations and capital investment decisions. In April 2023, MTA committed to a goal of reducing the emissions that result from direct operations of the Authority's trains, buses and facilities by at least 85% by 2040 from a 2015 baseline. These efforts are coordinated internally within the Climate Sustainability Planning team and involve the actions of many groups within MTA Construction and Development and in MTA operating agencies. The actions of Climate Sustainability Planning are focused on three strategies to reduce MTA's direct emissions:

1. **Update Facilities:** reduce overall energy consumption in facilities through capital upgrades and on-site renewables. MTA manages several buildings across its service area to support transportation operations. As MTA contemplates state-of-good-repair investments in these facilities in the 20-Year Needs Assessment, MTA will consider low- or no-carbon alternatives for building systems that require repairs or full replacements. MTA will also consider opportunities to install new power generation and power storage within its facilities to reduce the need for power from the grid, provide a measure of operational resilience in the event of a power outage, and participate in peak period energy demand management which will provide energy cost savings and overall grid stability;
2. **Transition Fleets:** reduce fossil fuel use in all fleets as new technologies emerge. For example, MTA operates the largest public bus system in North America with 10% of all the buses in the United States carrying 14% of the nation's bus passengers. In 2018, MTA committed to transition to a 100% zero-emissions bus and non-revenue vehicle fleet by 2040. Achieving this commitment will require that all new buses must be zero-emissions by 2029. Over the transition every bus depot will require infrastructure installation, facility modifications and the addition of new power supply or other fueling infrastructure. Day-to-day processes across depot operations, fleet planning, crew scheduling, maintenance, road operations, and safety and training are being transformed; and
3. **Use Energy Efficiently:** optimize energy use across MTA systems through energy management, regenerative energy, and power storage. For example, MTA has completed nearly 200 energy efficiency projects since 2015 in buildings and infrastructure that sustain its transportation services across all operating agencies. Typical project elements include energy-efficiency components relating to lighting, sensors, motors, compressors, fans, burners, demand control ventilation, combustion controls, and rapid roll-up

doors. The single most impactful project is the multiphase installation of Remote Control Third Rail Heaters, which replaced a manual control system and has the potential to save an estimated 36,000 MWh of electricity annually depending on the weather.

MTA intends to evaluate new opportunities to advance energy efficiency projects in buildings managed by all its operating agencies.

In implementing the climate sustainability programs described above and others, MTA complies with Executive Order 22, signed by Governor Hochul in September of 2022 (“Executive Order 22”). Executive Order 22 contains mandated deadlines for certain sustainability goals, including conversion of fleet to zero-emissions by 2035 for light-duty vehicles and 2040 for medium-and heavy-duty vehicles; decreasing waste by 10% every five years from a 2018 baseline, until a 75% reduction is achieved; tracking of construction-related greenhouse gas emissions by 2023 and avoiding fossil fuel systems in new construction and infrastructure, building systems, and equipment that relies on fossil fuels in construction projects by 2024; implementing energy efficiency targets through 2030; and transitioning to 100% electricity used by MTA generated from a source eligible under the Clean Energy Standard by 2030.

### **Other Climate Related Matters**

*Greenhouse Gas Reduction and Energy Efficiency.* Between 2015 and 2019, MTA reduced its total operational greenhouse gas emissions by 8%, and plans to reduce them further towards a long-term target of 85% absolute reduction over 2015 levels by 2040. Since 2015, MTA has reduced its total energy usage by 777 billion Btu, and based on committed and ongoing energy reduction projects, will further reduce energy by an additional 133 billion Btu by 2025. This is consistent with MTA requirements under the New York State BuildSmart 2025 program that was originally promulgated by New York State Executive Order 88.

*ISO Certification.* MTA Construction and Development organizes and manages its environmental efforts under the structure of an ISO 14001 Environmental Management System (“EMS”). An EMS is a structured framework where environmental impacts can be managed to ensure compliance, helps make proper and appropriate business decisions with the protection of the environment always under consideration, and helps to monitor and measure environmental performance to ensure continuous improvement. The EMS encourages that environmental metrics, such as embodied carbon in concrete which MTA has begun to measure, be developed to help establish goals and targets for carbon footprint reduction.

*Impact of Central Business District Tolling Program.* The Central Business District Tolling Program (“CBD Tolling Program”) was established pursuant to legislation, known as the MTA Reform and Traffic Mobility Act (the “Traffic Mobility Act”), as part of the State budget for Fiscal Year 2019-2020, adopted on April 1, 2019. If the program receives federal approval, the CBD Tolling Program will charge a toll for vehicles entering or remaining in the Central Business District (“CBD”), defined as south of and inclusive of 60th Street in Manhattan, but excluding the FDR Drive, Route 9A (the “West Side Highway”), the Battery Park underpass, and any surface roadway portion of the Hugh L. Carey Tunnel connecting to West Street.

In accordance with the National Environmental Policy Act, an environmental assessment, which evaluated the effect of a range of tolling scenarios, with different tolling rates and toll exemptions, was released on August 10, 2022. The assessment found that, with initiation of the CBD Tolling Program, the number of vehicles entering the CBD would decline between 15.4% to 19.9%, depending on the tolling scenario, with an increase in transit ridership of 1% to 2%. Traffic elsewhere in the region would vary between -1.5% to 0.2%, depending on the location and the tolling scenario. Additionally, the assessment found that air quality would improve overall, with greater beneficial effects within and closer to the CBD.

For a description of the CBD Tolling Program and its current status, see “PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – Central Business District Tolling Program”.

### **Environmental Justice**

MTA provides essential transportation services to low- and moderate-income New Yorkers, the majority of whom are wholly dependent on MTA to access employment and move around the region. Many of these New Yorkers are also those most impacted by climate change and rely on the continuity of MTA services to ensure a timely recovery from an extreme event. MTA not only provides affordable transportation options but also lowers cost barriers even further for vulnerable populations like seniors and residents with disabilities via reduced-fare MetroCards.



In addition to the general importance of MTA services to riders, MTA also prioritizes the needs of frontline and lower income communities in project planning and implementation. For instance, for the transition to zero-emissions buses, MTA is prioritizing the deployment of zero-emission buses, which are quieter and less polluting than fossil fuel buses, in documented environmental justice communities, specifically those most impacted by poor air quality and climate change. MTA developed an Environmental Justice Score to actively incorporate these priorities in the deployment phasing process of the transition and has publicly published these scores to ensure transparent action.

Additionally, MTA will be continuously collaborating with its union partners and staff on their experience and needs during the fleet transition. This engagement will be coupled with robust training and support such that existing and new employees alike are capable and confident in their jobs.

MTA developed a workforce development framework based on extensive stakeholder input and research; the new workforce development program will combine familiarization training and specialized skills training, and MTA has budgeted resources for effective program roll-out. In this way, MTA is contributing to preparing workers in local communities to participate in the green economy.

MTA also acts on its commitment to equal opportunity and inclusion in programs such as the Small Business Development Program (“SBDP”), the Small Business Mentoring Program (“SBMP”) and the Small Business Federal Program (“SBFP”). Through these programs, MTA ensures that, in contracts with MTA and its Related Entities to deliver its projects including climate action projects, MTA is growing minority and women-owned, veteran-owned and other disadvantaged business enterprises. Through the SBDP, the goal is to develop and grow emerging contractors through classroom and on-the-job training and technical assistance in prime contracts with MTA and its Related Entities. The SBMP and SBFP are designed for small businesses, including both emerging and more experienced contractors. These programs provide access to prime construction bidding opportunities up to \$3 million and increased business opportunities through professional development training, technical assistance, and access to capital and bonding. Since inception, 471 contracts totaling over \$502 million have been awarded to small businesses within these programs.

### **Climate Bond Standard and Certification Compliance**

In early 2016, MTA requested, and the Climate Bonds Standard Board approved, the designation of MTA’s Transportation Revenue Bonds, Series 2016A as “Climate Bond Certified” pursuant to the Low Carbon Transport criteria (the “Climate Criteria”) under the Climate Bonds Standard 2.0. As part of the certification requirement, MTA engaged Sustainalytics as an independent verifier to review MTA’s 2010-2014 Capital Program to identify projects with expenditures that met the Climate Criteria. Sustainalytics reviewed \$12.6 billion of spending and concluded that projects totaling \$11.3 billion, or 89.7%, qualified under the Climate Criteria, making them eligible projects for Climate Bonds Initiative (“CBI”) certification. CBI and MTA agreed that while MTA’s pooled funding of its capital projects makes tracking proceeds to specific bond transactions prior to issuance impractical, the inherent benefit of MTA’s Transit and Commuter Systems and the ongoing support and maintenance of them are compatible with an emissions trajectory consistent with the principles underlying the Climate Criteria. Due to the size and complexity of MTA’s Capital Program and difficulty in tracking proceeds to specific projects, it is possible that MTA CBI certified bonds may fund or refund projects not specifically identified by the independent verifier as meeting Climate Criteria but essential to MTA’s core mission. Additionally, some of these projects may have been funded by other pooled resources available for MTA’s Capital Programs. After an analysis of MTA’s Capital Program elements, CBI agreed to certify up to a maximum of \$11.3 billion of bonds issued by MTA for credits that fund the Transit and Commuter Systems portion of its Capital Programs pursuant to an Application and Agreement for Climate Bond Certification dated October 21, 2019.

In January 2017, the CBI implemented the Climate Bonds Standard 2.1, which created a programmatic approach specifying the ability to identify projects as a pool, similar to the approach MTA has taken since its inaugural issuance in 2016. MTA has issued CBI certified bonds pursuant to both Climate Bonds Standard 2.0 and Climate Bonds Standard 2.1.

Subsequently, MTA engaged First Environment, Inc. as an independent verifier to review MTA’s 2015-2019 Capital Program. First Environment, Inc.’s review of MTA’s 2015-2019 Capital Program concluded that 93.2% of the program’s projects, totaling \$28.7 billion, qualify as eligible projects for CBI certification. In 2022, CBI approved the ongoing programmatic certification of future MTA bond issuances supporting certain Capital Programs under the Climate Bonds Standard 3.0 and the sector eligibility requirements of Land Transport Criteria Version 2. Pursuant to an Addendum, by and between CBI, MTA, MTA Bridges and Tunnels, and the State of New York, to the Application for Climate Bond Certification executed in 2022, CBI agreed to certify bonds issued by MTA, MTA Bridges and Tunnels, and the State of New York up to an additional \$28.7 billion of bonds for transit and commuter projects, resulting in an aggregate CBI approval of \$40.0 billion of bonds.

In light of various investor interest in “Green Bonds” and specifically what constitutes a “Green Bond”, MTA asserts the following with regard to its issuances of CBI certified bonds:

- MTA follows a programmatic approach in connection with its MTA CBI certified bond issuances that complies with CBI standards and has been approved by CBI.
- Any certified MTA CBI bond/bond issuance is not tracked on a project specific basis nor is it tied to specific projects or to a specific capital program but rather to the CBI Programmatic Approach Certification.
- MTA has engaged an independent verifier to identify transit and commuter projects eligible for CBI certification under certain Capital Programs and to annually provide post-issuance reports and to verify that issuances conform to the CBI standards and the CBI Programmatic Approach Certification.
- MTA has issued in aggregate a total par amount of bonds with the CBI certification that is less than the aggregate amount of eligible projects verified.

Commencing in 2017 and consistent with the requirements of the Climate Bonds Standard and Certification Process, MTA has undertaken as part of its continuing disclosure filing obligation with respect to Climate Bond Certified bonds to file with EMMA:

- annually, until the maturity or prior redemption of the Climate Bond Certified bonds, a post-issuance compliance certificate as required by the certification process;
- any event of material non-conformance with the certification process and the action MTA is taking or expecting to take to bring the projects and/or assets into conformance; and
- any revocation of the Climate Bond Certification by the Climate Bonds Standard Board.

MTA expects to file with EMMA a copy of its annual compliance certificate pursuant to the Climate Bonds Standard and Certification Process described above on or about the date hereof.

No portion of the websites of the Climate Bonds Standard Board, the ISO, or the benchmarking and knowledge-sharing organizations referenced above are incorporated into this ADS. Such websites were not prepared with the intent to provide disclosure to investors in the securities of MTA or any of the Related Entities, and, accordingly, should not be relied upon by an investor in making an investment decision.

### **Climate Change Risks**

Potential hazards relating to climate change include sea level rise, severe coastal flooding and erosion hazards, heat waves, and severe storm and wind, all of which may have adverse effects on economic activity in MTA’s service area. Any such events, if unmitigated, may also cause damage to the Related Entities’ stations, trackway, traction power, train control and maintenance yard/shops, rail tunnels, buses, rolling stock, wayside facilities, bridge and tunnel crossings and other facilities and assets. Such events may also directly impact patron or staff health and safety, cause service disruptions and require prolonged recovery. Additionally, increased frequency, severity and unpredictability of such events could increase costs associated with recovery.

MTA and the Related Entities are responding to climate change impacts by developing adaption strategies and hardening their infrastructure against such potential hazards. Current efforts include water intrusion mitigation, erosion control, storm drainage treatment, power redundancy, fire suppression and seismic event mitigation. MTA and the Related Entities are also working with regional partners of MTA and its Related Entities to plan for regional adaptation needs. No assurance can be given that such measures will be sufficient to protect against all impacts of climate change.

MTA’s and the Related Entities’ sustainability and resilience plans include transition to renewable power, electric and alternative fuel vehicles, and may in the future include the adoption of new technologies. MTA and the Related Entities could face increased costs for rigorous testing of operating practices and workforce development associated with such alternative fuel vehicles and new technologies. Capital costs during the transition period are also uncertain, subject to highly variable market factors including changes in available products, demand pressures and production capacity and specific locational constraints requiring additional scope for successful rollout.

## Other Environmental Matters

*Transit System.* MTA New York City Transit is currently the subject of an environmental consent order with the New York State Department of Environmental Conservation (“NYSDEC”) pursuant to which underground storage tanks have to be replaced or upgraded. Capital expenditures will continue for site remediations under the current Capital Plan in accordance with the order.

*Commuter System.* MTA Long Island Rail Road and MTA Metro-North Railroad have each incurred and will continue to incur costs of asbestos abatement and lead paint removal on their respective properties. Asbestos and lead abatement are only required in instances when they will be disturbed, such as during an infrastructure improvement project or emergency repairs. The Commuter Capital Programs allocate funds for, among other matters, asbestos abatement, lead paint removal, costs of fuel handling and storage, and wastewater treatment and environmental remediation. MTA Long Island Rail Road and MTA Metro-North Railroad each are required to clean up various conditions on properties they own or operate, and each has established reserves for the clean-up costs.

MTA Long Island Rail Road and MTA Metro-North Railroad are required to file annual reports with the NYSDEC identifying areas of environmental concern. MTA Long Island Rail Road has completed interim remediation on substations for mercury contamination due to the utilization of mercury rectifiers that were removed during the 1970s. Nineteen substations have been fully remediated as per NYSDEC regulations under an existing consent order, with eight having received official NYSDEC closure letters. Remediation on the remaining substations under NYSDEC process oversight is planned for 2024, with the final substation remediation to be projected to be completed by December 31, 2025. These substations have been remediated as part of past and current Capital Programs. Capital expenditures will continue for substation remediation under the current Capital Program in accordance with the consent order.

State environmental agencies are monitoring the remediation of pollutants at certain MTA Long Island Rail Road and MTA Metro-North Railroad facilities. The extent of pollution, the cost of clean-up and MTA Long Island Rail Road’s and MTA Metro-North Railroad’s liability, if any, which may be material, cannot be determined at this time.

*MTA Bridges and Tunnels.* MTA Bridges and Tunnels Capital Programs incorporate the removal and clean-up of lead paint on its bridges and tunnels in compliance with federal, State and local laws, codes and regulations.

## MTA-WIDE SECURITY

### Physical Security

*General.* The MTA Office of Security, under the supervision of the Deputy Chief of Security Management and Deputy Chief of Security Operations, reports to the MTA Chief Safety Officer. The MTA Office of Security works to achieve a secure environment for MTA’s customers and employees, as well as securing MTA’s transportation hubs, infrastructure assets, facilities and rolling stock, and is pledged to the protection of life and property by adopting and incorporating contemporary technology and best practices in its operations and management based on current intelligence and evolving threat scenarios. The MTA Office of Security:

- Assesses risks and vulnerabilities associated with terrorist threats, traditional crime and quality of life issues, develops mitigation strategies to protect ridership, employees and infrastructure;
- Collects intelligence and provides analysis and investigation to counter terrorism or criminal threats;
- Plans, coordinates and manages security mitigation strategies for all MTA physical assets;
- Manages and coordinates emergency planning and response with local, state and federal agencies;
- Develops training initiatives derived from intelligence information collected in coordination with the MTA Police and other law enforcement agencies; and
- Maintains strategic partnerships with city, state and federal agencies and not-for-profit organizations collaborating and coordinating regarding evolving security needs.

*Blue Ribbon Panel on Fare Evasion.* In 2022, MTA established the Blue-Ribbon Panel to investigate the causes of rising fare and toll evasion throughout its facilities and to recommend solutions. On May 17, 2023, the Blue-Ribbon Panel issued its report (the “Blue-Ribbon Report”). According to the report, fare and toll evasion has reached crisis levels, with MTA losing an estimated \$690 million in unpaid fares and tolls in 2022, threatening the economics of mass transit in the New York metropolitan area and tearing at the social fabric of the City and region. Of that amount,

approximately \$285 million was from subways, \$315 million from buses, \$40 million from commuter railroads, and \$46 million from toll evasion on MTA Bridges and Tunnel facilities. Key recommendations include modernizing subway fare gates, better supporting low-income transit riders, and instituting a generational refresh of enforcement that commits to precision policing and civil enforcement for most evaders, and turning fare and toll evaders, whenever possible, into paying customers. The Blue-Ribbon Panel set a goal for MTA of reducing fare and toll evasion by half within three years across the entire system. The complete Blue-Ribbon Report is available on MTA's website. No statement on MTA's website or any other website is included by specific cross-reference herein.

Based on the Report's recommendations, MTA and MTA Bridges and Tunnels intend to increase the presence of fare evasion enforcement officers on its buses, modernize subway station security infrastructure, increase the use of Portable License Plate Readers to combat toll evasion, seek legislation enhancing penalties for toll evasion and license plate obstruction, and promote the importance of fare payment and activation of train tickets prior to boarding trains across commuter lines, among other recommended actions.

*Policing.* The MTA Police Department is responsible for patrolling and securing Grand Central Terminal, Penn Station, and the infrastructure, including tracks, yards, shops, stations, and railroad crossings, of MTA Metro-North, MTA Long Island Rail Road, the MTA Staten Island Railway, and select subway stations throughout the Transit System. The MTA Police Department has nearly 1,245 sworn officers and civilians who work in eleven districts extending across 14 counties in the State and Connecticut.

Policing of the Transit System is also carried out by the New York City Police Department (the "NYPD") at the City's expense. MTA New York City Transit is responsible for certain capital costs and support services related to such police activities.

## **Cybersecurity**

MTA maintains a cybersecurity division within its Information Technology ("IT") department led by the MTA Chief Information Security Officer ("CISO"), who reports to the MTA Chief Technology Officer. CISO is responsible for the cybersecurity program across MTA and its Related Entities. The program is focused on securing the corporate as well Operational Technologies systems that run its trains, buses, revenue collection, physical security and facilities.

MTA utilizes the National Institute of Standards and Technology ("NIST") Cybersecurity Framework to measure the maturity of cybersecurity controls and exposure to cyber risks at MTA and its Related Entities. MTA maintains a multilayered defense utilizing fully maintained unified threat firewalls, anti-virus, anti-malware, patch management and other system security improvements managed centrally. MTA is continuously assessing its cybersecurity resilience and is proactively enhancing processes and adding solutions that strengthen MTA's cybersecurity posture. 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 and secure the operational technology systems. Funding has been provided to cover previously identified cybersecurity investment needs. The 2023 MTA operating budget provided \$60 million for cybersecurity, and an additional \$302.7 million has been allocated over MTA's financial plan period through 2028 to strengthen cybersecurity defenses at MTA and its Related Entities.

MTA Information Technology implements a robust information security program to contend with constantly changing technology, compliance requirements, increasing complexity of information security and evolving threats. MTA Information Technology's security activities involve:

- recommending necessary changes in controls, policies, or procedures;
- maintaining an ongoing risk assessment process with respect to rapidly changing technology and the emergence of new threats;
- making risk management practices an integral part of doing business;
- revisiting information security efforts as needed to maintain their relevance to changes in MTA's mission, operational requirements, threats, environment, or deterioration in the degree of compliance;
- aligning MTA's Cybersecurity Program to applicable laws, regulations, standards, and policies and ensuring compliance therewith;
- achieving industry standard best practices to reduce cyber risk to MTA;

- improving cyber resilience for all MTA critical infrastructure systems in order to protect them from cyber breaches and attacks; and
- assessing the adequacy of cybersecurity controls to protect MTA’s critical infrastructure.

MTA’s cybersecurity division provides regular updates on the risks and risk mitigation program activities to the MTA Board, Chairman, and executive leadership. The MTA Board’s Audit Committee receives updates in March and October; certain members of the executive leadership participate in a monthly meeting; and the Chairman, Agency Presidents are in general updated quarterly. The Chief Cybersecurity Officer reports the risks to the MTA Board.

MTA works closely with several federal entities such as the Department of Homeland Security (“DHS”), the Cybersecurity Infrastructure and Security Agency (“CISA”), the Federal Bureau of Investigation, and the Transportation Security Administration (“TSA”). A TSA directive issued in 2021 requires MTA to report significant incidents to the CISA and TSA within 24 hours. In addition, MTA is required to provide an annual vulnerability assessment report to the Transportation Security Administration. There is also close coordination with the State and City cyber teams. MTA works closely with the NYS Chief Cybersecurity Officer and the DHS and Emergency Management office.

MTA also has a third-party risk management team to minimize cyber risks stemming from its contractors, vendors, and suppliers. Most procurements require the vendors to certify that they have a cybersecurity program in place to protect the MTA data and report any cyber incident to MTA within 24 hours and include cybersecurity terms and conditions and cybersecurity requirements to protect MTA.

MTA is not aware of any significant cyber incidents that materially impacted its finances, operations or the operations of the Related Entities in the past five years.

*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, MTA and its Related Facilities’ information technology and infrastructure have been and may still be subject 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. Furthermore, the tactics, techniques and procedures used by malicious actors to obtain unauthorized access to information technology systems and networks change frequently and often are not recognized until launched against a target. Accordingly, MTA and its Related Entities may be unable to anticipate these techniques or implement adequate preventative measures. It is possible that MTA and its Related Entities may in the future suffer a cyber attack whereby unauthorized parties gain access to MTA and its Related Entities’ information technology networks and systems, including sensitive or confidential financial or operational data, and MTA and its Related Entities may not be able to identify and respond to such an incident in a timely manner.

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.

## **CERTAIN RISK FACTORS**

This section discusses certain of the risks associated with the investment in or ownership of the public debt securities and other financial instruments of MTA and MTA Bridges and Tunnels (collectively, “bonds” in this section), but is not intended to be a dispositive, comprehensive or definitive listing of all risks associated with investment in the bonds. Discussion of additional risks are contextually placed throughout this ADS in the locations listed below. Prospective investors in the bonds should carefully consider the following risks and those risks described elsewhere in this ADS and in any related offering document before making an investment decision.

Although the various risks discussed in this ADS are generally described separately, prospective investors in bonds of MTA or MTA Bridges and Tunnels should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. In addition, certain risks described herein can have multiple effects that are not necessarily limited to the heading or caption under which the risk is described. Prospective investors should consider the full potential effect of each risk.

This ADS also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in greater detail below and elsewhere in this ADS.

When making an investment decision with respect to bonds, a prospective investor can have no assurance, based on the information contained herein, that MTA or its Related Entities will have the capability to meet their respective financial obligations under the agreements or instruments to which it is a party.

In addition to the risks found in this section, additional risks are discussed in the following locations:

- PART 1. BUSINESS – ENVIRONMENT AND SUSTAINABILITY – Climate Change Risks
- PART 1. BUSINESS – THE RELATED ENTITIES – MTA-Wide Security – Cybersecurity Risks
- PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES – Fares and Tolls – *Non-Cash Payment of Tolls and Fares.*
- PART 2. FINANCIAL INFORMATION – FINANCIAL PLANS AND CAPITAL PROGRAMS – Capital Programs – Background and Development
- PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – GENERAL – Creditworthiness and Market Risk
- PART 4. OPERATIONS – TRANSIT SYSTEM – Transit System (MTA New York City Transit), and – Commuter System Ridership
- PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS-LITIGATION

*Pandemics and Other Force Majeure Events.* An outbreak of disease or similar public health threat, such as the COVID-19 pandemic, or fear of such an event, could have an adverse impact on MTA's and its Related Entities' financial condition and operating results. The impact of a new pandemic or a worsening of the COVID-19 pandemic on the operations and finances of MTA and its Related Entities is extremely difficult to predict due to the dynamic nature of public health threats, as well as with regard to actions that may be taken by various governmental authorities and health care providers to contain or mitigate its impact.

Operations of MTA and its Related Entities' transportation facilities, and the amount of fare and toll revenues and the availability of State, City and other subsidies are also at risk from other events of force majeure, such as damaging storms, winds and floods, fires and explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, terrorism, blockades and riots. MTA cannot predict the potential impact of such events on the financial condition of MTA and its Related Entities at this time or the degree to which financial losses or costs of remediation could exceed available insurance coverage or federal disaster assistance.

Adverse impacts from pandemics and other force majeure events could include, but are not limited to, decreases in usage of public transportation and resulting decreases in farebox revenue, disruptions in global supply chains affecting implementation of capital programs, a decrease in economic activity more generally affecting ridership and tax revenues, and actions that may be taken by various governmental authorities and health care providers to contain or mitigate the impact of a public health threat such as "stay at home" or "shelter in place" orders or temporary closures of businesses.

*Legislative and Governmental Action.* Legislation is introduced from time to time in the State Legislature which, if adopted, may affect MTA and its Related Entities. MTA cannot predict whether or not these bills will be enacted into law or how such legislation may affect the finances, Capital Programs or operations of MTA and its Related Entities. Under the MTA Act, the State has agreed with the holders of the bonds, notes or other obligations of MTA or the Related Entities, among other things, that it will not limit or alter the rights and powers vested by the MTA Act in MTA and its Related Entities to fulfill the terms of any agreements made by any of them with the holders thereof, or in any way impair the rights and remedies of such holders until such notes, bonds or other obligations are fully met and discharged.

Additionally, MTA's finances are influenced by federal public transportation provisions, funding levels and federal tax law. Federal policies on transportation, taxation, and other topics can shift dramatically from one administration to another. Such shifts could result in reductions to levels of federal funding received by MTA and its Related Entities.

*Legislative Risks.* The State is not restricted in its right to amend, repeal, modify or otherwise alter statutes imposing the taxes or appropriations that are a source of revenues for MTA or MTA Bridges and Tunnels bonds. The City is not restricted in its right to amend, repeal, modify or otherwise alter City statutes setting or relating to the City Sales Tax rates, subject to the provisions of the State Tax Law and the City's pledge and agreement with holders of the New York City Transitional Finance Authority (the "TFA") Bonds (which pledge does not extend to holders of the Sales Tax Revenue Bonds or other MTA or MTA Bridges and Tunnels bonds). The City's right to exempt certain sales from the City Sales Tax is subject to applicable State Tax Law.

The financial condition of the State, Connecticut, and the City and counties in the MTA Commuter Transportation District 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, the City to provide subsidies for MTA Bus, SIRTOA, and Paratransit, and the State to continue to make special appropriations.

*Appropriation Risk.* Certain payments by the State and the City, including the MTA Dedicated Tax Fund Revenues described in Part 3 of this ADS, may be made only if and to the extent that appropriations have been made by the State Legislature or the City Council and money is available to fund those appropriations. Neither the State Legislature nor the City Council may 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 fiscal year for which the appropriations are made.

Neither the State Legislature nor the City Council is obligated to make appropriations to fund subsidies to MTA, and there can be no assurance that the State Legislature or the City Council will make any such appropriation. Notwithstanding the foregoing, with respect to certain payments to MTA, the State Legislature has expressed its intent in the State Finance Law to enact for each State fiscal year an appropriation for the current and the next year.

## **PART 2. FINANCIAL INFORMATION**



## REVENUES OF THE RELATED ENTITIES

The following is a general description of certain revenues generated by the Related Entities. While it is not a complete list of all revenues available, it does cover substantially all of the revenues pledged to pay any one or more of the securities described under “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS”. Each MTA or MTA Bridges and Tunnels credit is supported by specific revenue streams. Reference is made to the audited financial statements of the various entities for more information relating thereto. The information in the audited financial statements may differ from the information set forth below in certain respects due to the classification of revenues or timing of receipt thereof. For example, while the Related Entities use a calendar year as their fiscal year, the State has a fiscal year that begins on April 1 of each year. Some of the information set forth below and under the caption “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – DEDICATED TAX FUND BONDS” and “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – SALES TAX REVENUE BONDS (TBTA CAPITAL LOCKBOX – CITY SALES TAX)” relating to the State subsidies reflects revenues received during the State’s fiscal year.

Collections of the different sources of revenues available to the Related Entities have varied, in some cases substantially, for a variety of reasons over the last ten years, including the COVID-19 pandemic. Most of the revenues (including fares and tolls, dedicated taxes and miscellaneous concession and other revenues) are affected by general and local economic factors, including population and employment levels, stock market valuations, motor fuel prices and general economic activity, such as retail sales. The real estate-based revenues (i.e., the mortgage recording taxes, the urban taxes for the Transit System and the City “mansion tax”), which are equal to set percentages of the valuations of taxed transactions, are affected by a varying level of commercial and residential real property transactions, as well as, during certain periods, a generally lower value of real estate. In addition, the State’s and the City’s fiscal condition could affect their ability to subsidize the Related Entities and could affect their willingness to continue to provide revenues at prior or forecasted levels.

### Fares and Tolls

*Ridership and Use of Bridges and Tunnels.* The level of fare revenues depends to a large extent on ridership levels on the Transit System, Commuter System and MTA Bus System. Similarly, the level of toll revenues depends, to a large extent, on use levels on its bridges and tunnels. The ridership and use levels are affected by a range of factors, including, without limitation, service levels, the quality, efficiency and safety of systems operations, and financial and economic conditions in the New York City metropolitan area. Since the COVID-19 pandemic, additional factors affecting ridership include changes to in-person work patterns and an increase in remote work, changes in non-work-related travel, and overall customer sentiment.

*Non-Cash Payment of Tolls and Fares.* Payment of tolls and fares by means other than cash creates potential collection risk and could delay the timing of the actual receipt of payment by the providers. Following the standard industry practice for credit and debit cards, fare and toll payments made by those means will produce cash receipts to the applicable authority and trustee which are net of standard discounts and transaction fees to the merchant processors, card associations and card issuers. Further, the collection of fares and tolls by other governmental entities using an integrated payment system, such as MetroCard, OMNY or E-ZPass, whereby a customer can purchase a card or pass from any of the entities for use on all of the systems, and the use of the Related Entities’ electronic media at commercial establishments, may subject the amounts due to MTA New York City Transit, MTA Bus and MTA Bridges and Tunnels to multiple liens and claims prior to the time that the fares or tolls are actually earned through use of the applicable facilities. The payment of fares and tolls by non-cash methods, including checks and credit and debit cards, is subject to, among other things, collection risk, including, without limitation, bankruptcy, insolvency and other creditor and debtor rights involving both the user of the facilities and the collection and processing entities.

*Fare and Toll Policy.* MTA determines the fares charged to users of the Commuter System and the MTA Bus System; MTA New York City Transit and MaBSTOA, together with MTA, determine the fares for the Transit System; and MTA Bridges and Tunnels determines the tolls for the MTA Bridges and Tunnels Facilities. After adopting operating expense budgets and assessing the availability of governmental subsidies (other than in the case of MTA Bridges and Tunnels), each makes a determination of fares necessary to operate on a self-sustaining cash basis in compliance with State law and covenants in the relevant bond resolutions. After taking into consideration the impact of increased fares on riders and increased tolls on bridge and tunnel users and of both on the regional economy, MTA may attempt to reduce costs or obtain additional revenues from other sources, mainly governmental sources, before increasing fares and/or tolls. As a result, even though MTA does not generally need other governmental approvals before setting fares and MTA Bridges and Tunnels does not generally need other governmental approvals before setting tolls, the amount and timing of fare and toll increases may be affected by the federal, State and local government financial

conditions, as well as by budgetary and legislative processes, including the required holding of public hearings. In the case of the New Haven Line, MTA’s ability to change fares is subject to the approval of the Connecticut Department of Transportation (“CDOT”) pursuant to the terms of the joint service agreement among MTA, MTA Metro-North Railroad and CDOT. At the present time, MTA is exempt from all federal requirements relating to fares charged on interstate travel on the New Haven Line. 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.

*Methods of Payment and Collection.* MTA New York City Transit employs two fare payment systems: MetroCard and OMNY, each more fully described under “PART 4. OPERATIONS – TRANSIT SYSTEM – Description of the Transit System – *Fare Collection*”. Fare payment on the Commuter System is described below under “PART 4. OPERATIONS – COMMUTER SYSTEM – Description of the Commuter System Ridership – *Fare Collection*”. MTA Bridges and Tunnels employs an electronic toll collection system (“E-ZPass”) at all of its bridges and tunnels. As more fully described herein under “PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – Toll Collection”, MTA Bridges and Tunnels has converted to a cashless open road tolling system.

*Transit System Fares.* Revenues are derived from fares charged to users of the Transit System. Fare revenues on an accrual basis (not including reimbursement for student and senior discount fares and for paratransit program costs, all as described below) for the past ten years were as follows:

<u>Year</u>	<u>Fare Revenues (in millions)</u>	<u>Year</u>	<u>Fare Revenues (in millions)</u>
2014	\$4,191.0	2019*	\$4,593.8
2015*	4,371.4	2020**	2,011.5
2016	4,415.0	2021	2,346.7
2017*	4,486.8	2022	2,951.4
2018	4,446.5	2023*†	3,309.2

\* MTA Transit System fares were increased effective in 2015, 2017, 2019 and 2023. See PART 4. OPERATIONS – TRANSIT SYSTEM – Transit System Fares.

\*\* Transit System revenues dropped dramatically during 2020 due to the impacts of the COVID-19 pandemic and increased starting in 2021 as the pandemic abated. Revenues increased in 2023 but remained below pre-pandemic levels.

† 2023 data is preliminary.

MTA New York City Transit may fix and adjust Transit System fares without the approval or consent of any other body or entity. However, as a recipient of federal funding, MTA New York City Transit is obligated to seek public comments prior to raising fares.

For a description of historical fare levels and payment and collection methods and discount programs, see PART 4. OPERATIONS – TRANSIT SYSTEM – Transit System Fares” and “PART 4. OPERATIONS – TRANSIT SYSTEM – Description of the Transit System”.

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 City metropolitan area. Since the COVID-19 pandemic, primary factors affecting ridership include changes to in-person work patterns and an increase in remote work, a decrease in non-work-related travel, and overall customer sentiment.

*Transit System Fare Reimbursements from the City and State.* MTA New York City Transit and MaBSTOA are required by law to permit, upon the request of the Mayor of the City, free or reduced fares for one or more classes of users of their facilities upon the agreement of the City to assume the burden of the resulting differential in fares and the associated administrative costs. Pursuant to Mayoral request, MTA New York City Transit and MaBSTOA offer a free fare program for certain school children. Pursuant to federal regulations, there are also half-fare programs for senior citizens and eligible disabled persons during off-peak hours. The City provides a reimbursement as part of the half-fare program encompassing all service hours. However, the reimbursement has been fixed since 1978.

Beginning in 1996, the State and the City each began paying \$45 million annually to MTA toward the cost of the free program for students. In 2009, the State reduced its reimbursement from \$45 million to \$6.3 million but subsequently increased it to \$25.3 million in 2010. The 2010 reimbursement levels were maintained through 2023 by

both the State and City, with some timing impacts in 2020 during the COVID-19 pandemic. The annual reimbursements from the City and the State cover less than 30% of annual program costs.

*MTA Bus Fares.* Revenues are derived from fares charged to users of the MTA Bus System that are the equivalent of fares charged on the bus systems operated by MTA New York City Transit. Fare revenues on an accrual basis (not including reimbursement for student and senior discount fares and for paratransit program costs, all as described below) for the past ten years are as follows:

<u>Year</u>	<u>Fare Revenues (in millions)</u>	<u>Year</u>	<u>Fare Revenues (in millions)</u>
2014	\$203.6	2019*	\$224.8
2015*	210.3	2020**	93.7
2016	212.5	2021	140.2
2017*	217.2	2022	163.4
2018	220.9	2023*†	176.8

\* MTA Transit System fares were increased effective in 2015, 2017, 2019 and 2023. See PART 4. OPERATIONS – TRANSIT SYSTEM – Transit System Fares.

\*\* MTA Bus revenues dropped dramatically during 2020 due to the impacts of the COVID-19 pandemic and increased starting in 2021 as the pandemic abated. Revenues continued to increase in 2023 but remained below pre-pandemic levels.

† 2023 data is preliminary.

For a description of historical fare levels and payment and collection methods and discount programs, see “PART 4. OPERATIONS – TRANSIT SYSTEM – Transit System Fares” and “PART 4. OPERATIONS – TRANSIT SYSTEM – Description of the Transit System”.

*Commuter System Fares.* Revenues are derived from fares charged to users of the Commuter System. Fare revenues on an accrual basis for the past ten years were as follows:

<u>Year</u>	<u>Fare Revenues (in millions)</u>	<u>Year</u>	<u>Fare Revenues (in millions)</u>
2014*	\$1,308.7	2019*	\$1,525.4
2015*	1,373.0	2020**	515.9
2016*	1,416.1	2021**	558.4
2017*	1,461.0	2022	905.8
2018	1,480.7	2023*†	1,126.9††

\* MTA Commuter System fares were increased effective in 2015, 2017, 2019 and 2023, including for travel on the MTA Metro-North Railroad’s New Haven Line between stations in New York and Connecticut. Connecticut also increased fares for travel between stations in Connecticut and New York, effective in 2014-2016, and in 2018. See PART 4. OPERATIONS – COMMUTER SYSTEM – Commuter System Fares.

\*\* Commuter rail revenues dropped dramatically during 2020 and 2021 due to the impacts of the COVID-19 pandemic and increased starting in 2022 as the pandemic abated. Revenues continued to increase in 2023 but remained below pre-pandemic levels.

† 2023 data is preliminary.

†† Includes \$558.1 million for MTA Metro-North Railroad and \$568.8 million for MTA Long Island Rail Road.

Fares are set in accordance with complex formulae and vary in relation to the distance traveled. Discounts are generally available for travel during off-peak hours, for senior citizens, children and people with disabilities, and for the purchase of weekly or monthly tickets by commuters.

For a description of historical fare levels and payment and collection methods and discount programs, see “PART 4. OPERATIONS – COMMUTER SYSTEM – Commuter System Fares” and “PART 4. OPERATIONS – COMMUTER SYSTEM – Description of the Commuter System”.

*MTA Bridges and Tunnels Toll Revenues.* Revenues are derived from tolls at the MTA Bridges and Tunnels Facilities. Toll revenues on an accrual basis for the past ten years were as follows:

<u>Year</u>	<u>Toll Revenues (in millions)</u>	<u>Year</u>	<u>Toll Revenues (in millions)</u>
2014	\$1,676.4	2019*	\$2,071.4
2015*	1,808.9	2020**	1,639.8
2016	1,869.7	2021*	2,169.9
2017*	1,911.9	2022	2,332.4
2018	1,975.7	2023†*	2,416.9

\* MTA Bridges and Tunnels tolls were increased effective in 2015, 2017, 2019, 2021 and 2023. In July 2023, a toll increase was approved, effective August 6, 2023. See PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – MTA Bridges and Tunnels – Total Revenue Vehicles.

\*\* Toll revenues dropped dramatically during 2020 due to the impacts of the COVID-19 pandemic and increased starting in 2021 as the pandemic abated, as well as from the toll increases implemented on April 11, 2021 and August 6, 2023.

† 2023 data is preliminary.

The average toll in 2023 was \$7.21, which was \$0.06 higher than the average toll of \$7.15 in 2022. The increase was primarily due to the aforementioned toll increase implemented on August 6, 2023.

For more information relating to MTA Bridges and Tunnels’ tolls, see “PART 4. OPERATIONS – TRIBOROUGH – BRIDGE AND TUNNEL AUTHORITY – MTA Bridges and Tunnels – Total Revenue Vehicles”. See also the section in the Stantec Report entitled “TOLL COLLECTION ON THE TBTA FACILITIES”.

### **MTA Bridges and Tunnels Surplus**

*General.* MTA Bridges and Tunnels provides capital and operating assistance to the Transit and Commuter Systems from the tolls collected on the MTA Bridges and Tunnels facilities in three important ways:

- it pays debt service on bonds that were issued to finance Transit and Commuter System capital projects;
- it generates annual MTA Bridges and Tunnels Operating Surplus, as described below, that is distributed to MTA New York City Transit and to MTA for the Commuter System in accordance with a statutorily mandated formula; and
- it generates an annual MTA Bridges and Tunnels Surplus Investment Income, as described below, that is distributed at the discretion of the MTA Board.

Since 2008, MTA Bridges and Tunnels has not issued new money bonds secured by tolls to finance capital projects for the benefit of the Transit and Commuter Systems; however, MTA Bridges and Tunnels has issued its Payroll Mobility Tax Senior Lien Bonds and its Sales Tax Revenue Bonds to finance capital costs of the Transit and Commuter Systems. See “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – PAYROLL MOBILITY TAX OBLIGATIONS” and “– SALES TAX REVENUE BONDS (TBTA CAPITAL LOCKBOX – CITY SALES TAX)”.

The following table sets forth for the past ten years MTA Bridges and Tunnels’ total support to the Transit and Commuter Systems from the tolls collected on the MTA Bridges and Tunnels Facilities, consisting of (a) the debt service paid on MTA Bridges and Tunnels General Revenue Bonds and MTA Bridges and Tunnels Subordinate Revenue Bonds issued for Transit and Commuter System capital projects, (b) the MTA Bridges and Tunnels Operating Surplus and (c) the MTA Bridges and Tunnels Surplus Investment Income.

<u>Year</u>	<u>Total Support to Transit and Commuter Systems (in millions)</u>
2014	\$992.8
2015	1,124.9
2016	1,126.1
2017	1,122.6
2018	1,090.0
2019	1,138.8
2020	830.2
2021	1,390.1
2022	1,508.8
2023 <sup>†</sup>	1,589.4

<sup>†</sup> 2023 data is preliminary.

*MTA Bridges and Tunnels Operating Surplus.* Section 569-c of the MTA Bridges and Tunnels Act and Section 1219-a of the MTA New York City Transit Act require MTA Bridges and Tunnels to transfer, subject to the pledge in favor of the holders of the Transportation Revenue Bonds, its operating surplus (“MTA Bridges and Tunnels Operating Surplus”) to MTA New York City Transit and to MTA for the benefit of the Commuter System in accordance with a statutorily mandated formula hereinafter described.

The MTA Bridges and Tunnels Operating Surplus subject to such transfer is the amount remaining from all tolls and other operating revenues derived from the MTA Bridges and Tunnels Facilities after (1) payment of (a) operating, administrative and other expenses of MTA Bridges and Tunnels properly chargeable to such Facilities, and (b) principal of and sinking fund installments and interest on its bonds, including bonds issued under the MTA Bridges and Tunnels Senior Resolution and the MTA Bridges and Tunnels Subordinate Resolution (as defined under “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS”), and any other bond resolutions established from time to time to finance additional authorized projects of MTA Bridges and Tunnels, including the CBD Tolling Program, to the extent, if any, paid from such sources, and (2) provision for (x) reserves and for all contract provisions with respect to any such bonds and (y) other obligations, including certain swap payments (both regularly scheduled payments and termination payments), incurred in connection with any of its authorized projects. See “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS”. Monies deposited into the CBD Tolling Capital Lockbox Fund (as defined below) are not taken into consideration in the calculation of MTA Bridges and Tunnels Operating Surplus.

The MTA Act provides that the first \$24 million of MTA Bridges and Tunnels Operating Surplus must be allocated to MTA New York City Transit, and any excess is divided equally between MTA New York City Transit and the Commuter System. The foregoing allocations are adjusted to take into account the proportional amounts of MTA Bridges and Tunnels’ debt service reasonably attributable to the bond proceeds used for their respective benefit.

The MTA Chairman is authorized in his discretion to advance to MTA and MTA New York City Transit monthly, from available funds, an aggregate amount not to exceed 90% of the Chairman’s estimate of the sum which that month’s operations will contribute to the MTA Bridges and Tunnels Operating Surplus that he anticipates will or may be certified and transferred for the fiscal year in which such month falls.

As set forth below in the “MTA Bridges and Tunnels Combined Surplus” table, the MTA Bridges and Tunnels Operating Surplus has fluctuated in amount over the past ten years. The Operating Surplus is impacted by changes in the funding of the Necessary Reconstruction Reserve, a reserve established by MTA Bridges and Tunnels primarily for its own capital projects (the “Necessary Reconstruction Reserve”). The balances for the Necessary Reconstruction Reserve were \$374.2 million in 2015, \$421.6 million in 2016, \$416.8 million in 2017, \$410.6 million in 2018, \$411.5 million in 2019, \$398.3 million in 2020, \$388.2 million in 2021, \$391.7 million in 2022, and \$409.2 million in 2023. In 2015 and 2016, the MTA Bridges and Tunnels Operating Surplus increased primarily due to additional toll revenues generated by a 4% growth in traffic volume in 2015, in addition to a toll increase implemented on March 22, 2015, and a 3% growth in traffic volume in 2016. In 2017 and 2018, the MTA Bridges and Tunnels Operating Surplus declined due to higher operating and debt service costs in 2017 and a contribution to the MTA Bridges and Tunnels Capital Program in 2018. In 2019, the MTA Bridges and Tunnels Operating Surplus increased due to higher operating revenue, which was a result of higher traffic volume and a toll increase implemented on March 31, 2019.

In 2020, the MTA Bridges and Tunnels Total Support to Transit and Commuter System declined by \$308.6 million mainly due to the decrease in toll revenues caused by the COVID-19 pandemic. In 2021, the MTA Bridges and Tunnels Total Support to Transit and Commuter System increased by \$559.9 million, mainly due to higher traffic volume and a toll increase implemented on April 11, 2021, in 2022 increased by \$118.7 million mainly due to a 6.2% increase in traffic volume and one full year of increased toll rates from the April 11, 2021 toll increase, and in 2023 increased by \$80.6 million mainly due to a 2.7% increase in traffic from 2022 and an August 6, 2023 toll increase.

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 debt service on its CBDTP Second Subordinate Revenue Bond Anticipation Notes for capital costs of the CBD Tolling Program. See "PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – TRANSPORTATION REVENUE BONDS".

*MTA Bridges and Tunnels Surplus Investment Income.* MTA Bridges and Tunnels generates investment income on funds held by it (the "MTA Bridges and Tunnels Surplus Investment Income"), principally from the debt service funds and operating and capital reserves (including the Necessary Reconstruction Reserve) held by MTA Bridges and Tunnels. The MTA Bridges and Tunnels Surplus Investment Income is not subject to the pledge in favor of the holders of the Transportation Revenue Bonds and is distributed at the MTA Board's discretion.

*Combined Surplus Amounts.* The MTA Bridges and Tunnels Operating Surplus and the MTA Bridges and Tunnels Surplus Investment Income (together, the "MTA Bridges and Tunnels Combined Surplus") are used to fund the operating expenses of the Transit System and the Commuter System and/or to finance the cost of certain capital costs and projects of the Transit System and the Commuter System, including payment of debt service on obligations of MTA issued to finance such costs and projects. As more fully described above, MTA Bridges and Tunnels Operating Surplus is, subject to the pledge in favor of the holders of the Transportation Revenue Bonds, distributed to MTA New York City Transit and MTA for the benefit of the Commuter System in accordance with a statutory formula.

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The MTA Bridges and Tunnels Combined Surplus amounts transferred for each of the past ten years on an accrual basis, set forth in the table below, are net of amounts paid for debt service and other obligations described above.

### MTA Bridges and Tunnels Combined Surplus

<u>Fiscal Year</u>		MTA New York City <u>Transit Share</u>	MTA Share <u>(Commuter System)</u>	MTA Bridges and Tunnels <u>Combined Surplus</u>
2014	Operating Surplus	\$265,569,841	\$371,984,103	\$637,553,944
	Investment Income	-0-	136,988	136,988
	Total	<u>\$265,569,841</u>	<u>\$372,121,091</u>	<u>\$637,690,932</u>
2015	Operating Surplus	\$318,434,758	\$432,281,958	\$750,716,715
	Investment Income	-0-	182,604	182,604
	Total	<u>\$318,434,758</u>	<u>\$432,464,562</u>	<u>\$750,899,319</u>
2016	Operating Surplus	\$312,901,028	\$430,007,919	\$742,908,948
	Investment Income	-0-	634,951	634,951
	Total	<u>\$312,901,028</u>	<u>\$430,642,870</u>	<u>\$743,543,899</u>
2017	Operating Surplus	\$310,366,954	\$429,776,887	\$740,143,841
	Investment Income	-0-	1,476,772	1,476,772
	Total	<u>\$310,366,954</u>	<u>\$431,253,659</u>	<u>\$741,620,613</u>
2018	Operating Surplus	\$290,134,527	\$411,821,544	\$701,956,071
	Investment Income	-0-	2,602,773	2,602,773
	Total	<u>\$290,134,527</u>	<u>\$414,424,317</u>	<u>\$704,558,844</u>
2019	Operating Surplus	\$334,064,042	\$445,011,233	\$779,075,275
	Investment Income	-0-	3,688,754	3,688,754
	Total	<u>\$334,064,042</u>	<u>\$448,699,987</u>	<u>\$782,764,029</u>
2020	Operating Surplus	\$180,670,716	\$292,083,816	\$472,754,532
	Investment Income	-0-	763,475	763,475
	Total	<u>\$180,670,716</u>	<u>\$292,847,291</u>	<u>\$473,518,007</u>
2021	Operating Surplus	\$463,826,536	\$573,208,103	\$1,037,034,639
	Investment Income	-0-	94,397	94,397
	Total	<u>\$463,826,536</u>	<u>\$573,302,500</u>	<u>\$1,037,129,036</u>
2022	Operating Surplus	\$546,415,789	\$640,317,856	\$1,189,733,645
	Investment Income	-0-	3,717,603	3,717,603
	Total	<u>\$546,415,789</u>	<u>\$644,035,459</u>	<u>\$1,193,451,248</u>
2023 <sup>†</sup>	Operating Surplus	\$603,616,214	\$683,358,791	\$1,286,975,005
	Investment Income	-0-	12,369,374	12,369,374
	Total	<u>\$603,616,214</u>	<u>\$695,728,165</u>	<u>\$1,299,344,379</u>

<sup>†</sup> 2023 data is preliminary.

### State and Local General Operating Subsidies

*Section 18-b Program.* The Section 18-b Program, a statewide mass transportation operating assistance program, is administered by the State Commissioner of Transportation (the “Section 18-b Program”). Section 18-b Program payments to MTA for the Transit System and Commuter System are made quarterly on the basis of specific annual appropriations by the State Legislature, rather than pursuant to the formula set forth in the statute that is applicable to other transportation systems throughout the State. The City and the counties served by the Commuter System are required to make matching payments. The level of general operating subsidies paid annually to the Related Entities is not dependent on the level of collection of certain taxes or fees or any statutory formula. Consequently, the amount paid to the Related Entities under the Section 18-b Program is dependent on the willingness and the overall financial ability of the State to make such payments.

Section 18-b Program revenues, on an accrual basis, for the past ten years are as follows:

<u>Year</u>	Section 18-b Program Revenues <u>(in millions)</u>	<u>Year</u>	Section 18-b Program Revenues <u>(in millions)</u>
2014	\$375.8	2019	\$375.8
2015	375.8	2020	375.8
2016	375.8	2021	375.8
2017	375.8	2022	375.8
2018	375.8	2023 <sup>†</sup>	375.8

<sup>†</sup> 2023 data is preliminary.

The State appropriates substantially all of such Section 18-b Program payments from a separate account (the “Transportation District Account”) in a special State fund, the Mass Transportation Operating Assistance Fund (the “MTOA Fund”), the revenues of which are derived from the special taxes described below under “State Special Tax Supported Operating Subsidies”. The remainder of such payments is appropriated from the State’s General Fund. Appropriation from the Transportation District Account reduces the amount that would otherwise be available to be appropriated to (1) MTA New York City Transit and MaBSTOA and (2) MTA for the Commuter System, from such account, as described below under “State Special Tax Supported Operating Subsidies — *MTTF Receipts and MMTOA Receipts*”.

Under the Section 18-b Program:

- Whenever MTA New York City Transit or MaBSTOA receives a Section 18-b Program payment from the State, the City is required to make a matching payment in accordance with amounts established by the State Legislature. In the event the City fails to make any required payment, the State Comptroller is authorized to withhold an equivalent amount from certain State aid to the City and to pay such amount directly to MTA New York City Transit or MaBSTOA.
- Whenever MTA receives a Section 18-b Program payment from the State for the Commuter System, the City and counties served by the Commuter System are required to make a matching payment in accordance with amounts established by the State Legislature. In the event the City and counties fail to make any required payment, the State Comptroller is authorized to withhold an equivalent amount from certain State aid to the City and counties and to pay such amount directly to MTA for the Commuter System.

### **State Special Tax Supported Operating Subsidies**

*MTTF Receipts and MMTOA Receipts.* The Transit System and Commuter System have historically operated at a deficit and have been dependent upon substantial amounts of general operating subsidies from the State as well as the City. Over time, the ongoing needs of mass transportation systems in the State has led the State to supplement the general operating subsidies with additional operating subsidies supported by State special taxes.

In response to anticipated operating deficits of State mass transit systems, the State has enacted legislation dedicating specified portions of statewide and regional taxes and fees to the Related Entities.

*PBT, Motor Fuel Tax and Motor Vehicle Fees (MTTF Receipts).* Under current law, money is apportioned from a State fund, called the Dedicated Tax Funds Pool, by statutory allocation to a State fund, called the Dedicated Mass Transportation Trust Fund (“MTTF”). Currently, portions of the following taxes and fees are deposited into the Dedicated Tax Funds Pool, of which, subject to appropriation, 34% is allocated to the MTTF for the benefit of MTA:

- A business privilege tax imposed on petroleum businesses operating in the State (“PBT”), consisting of: a basic tax that varies based on product type; a supplemental tax on gasoline and highway diesel; and a petroleum business carrier tax. Currently, 80.3% of net PBT receipts from the basic tax (excluding receipts from aviation fuel, which are deposited in an aviation purpose account from which no receipts are directed to MTTF) and all of the supplemental tax and the carrier tax are required by current law to be deposited in the Dedicated Tax Funds Pool.
- Motor fuel taxes on gasoline and diesel fuel.



- Certain motor vehicle fees administered by the State Department of Motor Vehicles (“DMV”), including both registration and non-registration fees.

Subject to appropriation by the State Legislature, money in the MTTF is required by law to be transferred to MTA’s Dedicated Tax Fund, held by MTA. Amounts transferred from the MTTF to MTA’s Dedicated Tax Fund constitute MTTF Receipts. A more detailed description of the MTTF Receipts is set forth below.

*MTA Revenues from Special Tax-Supported Operating Subsidies (MMTOA Receipts).* Portions of the proceeds of various taxes, as listed and described in this section and in the section “*MMTOA Account – Special Tax Supported Operations*” later in this document, are to be deposited in a special State fund, the Mass Transportation Operating Assistance Fund, to fund the operations of mass transportation systems. The Metropolitan Mass Transportation Operating Assistance Account, or “MMTOA Account”, was established in that State fund to support operating expenses of transportation systems in the Metropolitan Commuter Transportation District (MCTD), including MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road and MTA Metro-North Railroad. Since 1994, the State has funded most of its Section 18-b obligations with MMTOA. After payments of Section 18-b, MMTOA funds are available for MTA and other transportation entities in the MCTD. MTA has historically received approximately 85% of the moneys deposited into the MMTOA Account (such deposited funds referred to as the “MMTOA Receipts”), with the remaining funds going to other transportation properties within the MCTD. The portion that goes to MTA Bus is directed to The City of New York and becomes part of the reimbursement to MTA to cover the MTA Bus deficit.

Since the creation of the MMTOA Account, MTA has received significant annual payments from that account in order to meet operating expenses of the Transit and Commuter Systems. It is expected that payments from the MMTOA Account will continue to be essential to the operations of the Transit and Commuter Systems. Although a variety of taxes have been used to fund the special tax-supported operating subsidies, the taxes levied for this purpose, referred to collectively as the “MMTOA Taxes”, currently include:

- *MMTOA PBT.* The products that are subject to the tax, the tax rates, and the transactions excluded from the tax are identical to those of the basic PBT dedicated to the Dedicated Tax Funds Pool and the MTTF Account in that Pool. Pursuant to State law, 10.835% of the PBT basic tax collections is deposited in the MMTOA Account (excluding receipts from aviation fuel, which are deposited in an aviation purpose account from which no receipts are directed to MMTOA).
- *District Sales Tax.* The District Sales Tax consists of a 0.375% sales and compensating use tax imposed on sales and uses of certain tangible personal property and services applicable only within the MTA Commuter Transportation District.
- *Franchise Taxes.* Also deposited in the MMTOA Account is a legislatively allocated portion of the following three taxes imposed on certain transportation and transmission companies (such as trucking, telegraph and local telephone companies and mobile communication services):
  - an annual franchise tax based on the amount of the taxpayer’s issued capital stock (Section 183);
  - an annual franchise tax on the taxpayer’s gross earnings (Section 184) from all sources calculated to have been generated statewide pursuant to statutory formulae; and
  - an additional excise tax (Section 186-e) on the sale of mobile communication services.
- *Franchise Surcharges.* The Franchise Surcharges are imposed on the portion of the franchise and other taxes of certain corporations, insurance, transportation, and transmission companies attributable (according to various complex formulae) to business activity carried on within the MTA Commuter Transportation District. In accordance with the Tax Law, the tax revenue generated under these provisions, after the deduction of administrative costs, is to be deposited to the MMTOA Account, as taxes are received.

MTA receives the equivalent of four quarters of MMTOA Receipts each year, with the first quarter of each succeeding calendar year’s receipts advanced into the fourth quarter of the preceding year. This results in little or no MMTOA Receipts being received during the first quarter of each calendar year; MTA is required to make other provisions to provide for cash liquidity during this period. A more detailed description of the MMTOA Taxes is set forth below.

The following table sets forth the amount of MTTF Receipts and MMTOA Receipts for each of the past ten years.

<u>Year</u>	<u>MTTF Receipts (in millions)</u>	<u>MMTOA Receipts* (in millions)</u>	<u>Total† (in millions)</u>
2014	\$659.4	\$1,560.3	\$2,219.7
2015	616.6	1,560.2	2,176.8
2016	634.1	1,664.0	2,298.1
2017	606.0	1,664.0	2,270.0
2018	632.8	1,682.5	2,315.3
2019	649.1	1,819.0	2,468.1
2020	603.4	1,560.2	2,163.6
2021	525.7	2,242.0	2,767.6
2022	596.7	2,594.7	3,191.4
2023	603.7	2,831.0	3,434.6

\* Excludes MMTOA share for MTA Staten Island Railway.

† Totals may not add due to rounding.

*MTTF Receipts – Dedicated Petroleum Business Tax*

General. The PBT is the business privilege tax, which includes both a base tax and a supplemental tax, imposed on petroleum businesses operating in the State. The base of the PBT is the quantity of various petroleum products refined or sold in the State or imported into the State for sale or use therein.

Tax Rates. The basic and supplemental PBT tax rates are subject to separately computed annual adjustments on January 1 of each year, to reflect the change in the Producer Price Index (“PPI”) for refined petroleum products for the 12 months ended August 31 of the immediately preceding year. The tax rates, therefore, increase as prices rise and decrease as prices fall. Current legislation provides that the PBT rates will be adjusted annually subject to a maximum change of plus or minus 500 basis points (5%) of the current rate in any year. In addition to the rate change cap, the statute also requires basic and supplemental rates to be rounded to the nearest tenth of one cent. Subsequent legislation provided that diesel rates be rounded to the nearest hundredth of one cent. As a result, the tax rates usually do not change by the full 5% allowed under the statutory formula.

The table below shows the changes in the PPI for refined petroleum products and the capped PBT index change over the last ten years.

**Petroleum Business Tax Index Change (percent)**

<u>Year for PPI Change (September 1 to August 31)</u>	<u>PPI for Refined Petroleum Products Change</u>	<u>Year for PBT Index</u>	<u>PBT Index Change (January 1)</u>
2013-14	-3.2	2015	-3.2
2014-15	-29.1	2016	-5.0
2015-16	-30.4	2017	-5.0
2016-17	13.3	2018	5.0
2017-18	26.1	2019	5.0
2018-19	-2.0	2020	-2.0
2019-20	-21.8	2021	-5.0
2020-21	27.8	2022	5.0
2021-22	67.1	2023	5.0
2022-23*	-5.9	2024	-5.0

Source: New York State Division of the Budget.

\*Preliminary, not inclusive of subsequent data revisions by the State.

The table below shows the rates per gallon for the PBT in effect for 2022, 2023, and 2024 respectively.

**PETROLEUM BUSINESS TAX RATES FOR 2022, 2023, and 2024\***  
(cents per gallon)

Petroleum Product	2022			2023			2024		
	Base	Supp	Total	Base	Supp	Total	Base	Supp	Total
Automotive fuel									
Gasoline & other non-diesel	10.3	7.0	<b>17.3</b>	10.8	7.3	<b>18.1</b>	10.3	7.0	<b>17.3</b>
Diesel	10.3	5.25	<b>15.55</b>	10.8	5.55	<b>16.35</b>	10.3	5.25	<b>15.55</b>
Aviation gasoline or Kero-Jet fuel	7.0	0.0	<b>7.0</b>	7.3	0.0	<b>7.3</b>	7.0	0.0	<b>7.0</b>
Non-automotive diesel fuels									
Commercial gallonage	9.5	0.0	<b>9.5</b>	9.9	0.0	<b>9.9</b>	9.5	0.0	<b>9.5</b>
Nonresidential heating	5.1	0.0	<b>5.1</b>	5.3	0.0	<b>5.3</b>	5.1	0.0	<b>5.1</b>
Residual petroleum products									
Commercial gallonage	7.3	0.0	<b>7.3</b>	7.6	0.0	<b>7.6</b>	7.3	0.0	<b>7.3</b>
Nonresidential heating	3.9	0.0	<b>3.9</b>	4.1	0.0	<b>4.1</b>	3.9	0.0	<b>3.9</b>
Railroad diesel fuel	9.0	0.0	<b>9.0</b>	9.5	0.0	<b>9.5</b>	9.0	0.0	<b>9.0</b>

\* The Tax Rates are the net tax rate after credits.

**Tax Base.** Generally, transactions that are excluded from the basic PBT base are also excluded from the supplemental tax base. Exemptions include sales for export from the State, sales of fuel oil for residential heating purposes and manufacturing use, and sales to government entities when such entities buy petroleum for their own use. Sales of kerosene (other than kero-jet fuel) and liquefied petroleum gas and sales of residual fuel oil used as bunker fuel also are exempted. Regulated electric utilities that use petroleum to generate electricity obtain credits or reimbursements to offset a portion of the basic tax. These utilities receive no credit or reimbursement with respect to the supplemental tax.

The State also imposes a petroleum business carrier tax under the PBT on fuel purchased by motor carriers outside the State but consumed within the State. The carrier tax rates are the same as the PBT automotive gasoline and diesel rates listed above.

**Legislative Changes.** The State Legislature has, from time to time, changed the percentage of the PBT basic tax which is available for distribution to the Dedicated Tax Funds Pool. The percentage of the Dedicated Tax Funds Pool which is, subject to appropriation, deposited in MTA’s Dedicated Tax Fund has remained constant at 34%. The changes in the percentage of the PBT basic tax which is available for distribution to the Dedicated Tax Funds Pool have been designed to be, and were, revenue neutral to the Dedicated Tax Funds Pool.

Legislation adopted with the State Fiscal Year 2016-2017 Enacted Budget extended the alternative fuels exemption for five years, conformed the State Tax Law to Federal Aviation Administration regulations regarding taxes on aviation fuel, and required motor fuel wholesalers to register and file informational returns with the State to increase the effectiveness of fuel tax evasion auditing.

Legislation adopted with the State Fiscal Year 2021-2022 Enacted Budget extended the alternative fuels exemption for five years.

Legislation adopted with the State Fiscal Year 2022-2023 Enacted Budget exempted tugboats and towboats from the Petroleum Business Tax.

Legislation adopted with the State Fiscal Year 2023-2024 Enacted Budget required distributors of motor and diesel motor fuel to collect, report, and remit taxes on every gallon of fuel sold, including the additional gallons realized from temperature fluctuations.

**Tax Imposition and Payment.** Imposition of the tax occurs at different points in the distribution chain, depending upon the type of product. The tax is imposed on motor fuels at the same time as the eight-cent-per-gallon motor fuel tax. Gasoline, which represents the preponderance of automotive fuel sales in the State, is taxed upon importation into the State for sale or upon manufacture in the State. Other non-diesel automotive fuels such as compressed natural gas, methanol and ethanol become subject to the tax on their first sale as motor fuel in the State. Automotive diesel motor fuel

is taxed when it leaves a fuel terminal below the rack. Nonautomotive diesel fuel (such as No. 2 fuel oil used for commercial heating) and residual fuel usually become taxable on the sale to the consumer or upon use of the product in the State.

Most petroleum businesses remit this tax on a monthly basis. Taxpayers with yearly motor fuel tax and PBT liability totaling more than \$5 million now remit tax for the first 22 days of the month by electronic funds transfer by the third business day thereafter. Tax for the balance of the month is paid with the monthly returns filed by the 20th of the following month. The Department of Taxation and Finance advises that, in State Fiscal Year 2022-2023, 35 taxpayers, accounting for 95% of all PBT receipts, participated in the electronic funds transfer program.

Historical Summary of PBT Revenue. The following table provides historical information for the last ten years on the basic PBT and the supplemental PBT, the major funding source for the MTTF.

**Basic and Supplemental PBT Collections  
(in millions)**

State Fiscal Year	Basic PBT	Supplemental PBT
2014-15	\$700.4	\$435.9
2015-16	677.2	426.3
2016-17	682.3	423.1
2017-18	663.7	412.9
2018-19	705.3	443.5
2019-20	705.5	436.9
2020-21 <sup>(1)</sup>	568.8	358.0
2021-22	625.6	391.5
2022-23	658.5	418.0
2023-24	669.8	422.9

<sup>(1)</sup>Decrease in receipts for State Fiscal Year 2020-21 reflects the impact of the COVID-19 pandemic.  
Source: Department of Taxation and Finance.

Receipts for State Fiscal Year 2014-2015 reflect the 0.8% decrease in PBT rates effective January 1, 2014 and a 3.2% decrease effective January 1, 2015, offset by slight growth in taxable gallonage. In addition to basic tax and supplemental tax receipts, total PBT collections also include \$21.0 million from the carrier tax.

Receipts for State Fiscal Year 2015-2016 reflect the 3.2% decrease in PBT rates effective January 1, 2015 and a 5.0% decrease effective January 1, 2016. In addition to basic tax and supplemental tax receipts, total PBT collections also include \$20.3 million from the carrier tax.

Receipts for State Fiscal Year 2016-2017 reflect the 5.0% decrease in PBT rates effective January 1, 2016 and a 5.0% decrease effective January 1, 2017. In addition to basic tax and supplemental tax receipts, total PBT collections also include \$18.3 million from the carrier tax.

Receipts for State Fiscal Year 2017-2018 reflect the 5.0% decrease in PBT rates effective January 1, 2017 and a 5.0% increase effective January 1, 2018. In addition to basic tax and supplemental tax receipts, total PBT collections also include \$15.5 million from the carrier tax.

Receipts for State Fiscal Year 2018-2019 reflect the 5.0% increase in PBT rates effective January 1, 2018 and a 5.0% increase effective January 1, 2019. In addition to the basic tax and supplemental tax receipts, total PBT collections also include \$16.3 million from the carrier tax.

Receipts for State Fiscal Year 2019-2020 reflect the 5.0% increase in PBT rates effective January 1, 2019 and a 2.0% decrease effective January 1, 2020. In addition to the basic tax and supplemental tax receipts, total PBT collections also include \$18.3 million from the carrier tax.

Receipts for State Fiscal Year 2020-2021 reflect the 2.0% decrease in PBT rates effective January 1, 2020 and a 5.0% decrease effective January 1, 2021. In addition to the basic tax and supplemental tax receipts, total PBT collections also include \$15.2 million from the carrier tax.

Receipts for State Fiscal Year 2021-2022 reflect the 5.0% decrease in PBT rates effective January 1, 2021 and a 5.0% increase effective January 1, 2022. In addition to the basic tax and supplemental tax receipts, total PBT collections also include \$14.5 million from the carrier tax.

Receipts for State Fiscal Year 2022-2023 reflect the 5.0% increase in PBT rates effective January 1, 2022 and a 5.0% increase effective January 1, 2023. In addition to the basic tax and supplemental tax receipts, total PBT collections also include \$18.3 million from the carrier tax.

Receipts for State Fiscal Year 2023-2024 reflect the 5.0% increase in PBT rates effective January 1, 2023 and a 5.0% decrease effective January 1, 2024. In addition to the basic tax and supplemental tax receipts, total PBT collections also include \$16.4 million from the carrier tax.

*Historical Summary of Dedicated PBT.* The following table provides historical information relating to PBT receipts for the last ten years.

**MTTF Revenues from Petroleum Business Taxes**  
(in millions)

State Fiscal Year	Dedicated Tax Funds Pool	MTTF Total <sup>(1)</sup>	MTA's Share of MTTF <sup>(2)</sup>
2014-15	\$1,021.9	\$378.1	\$347.4
2015-16	991.9	367.0	337.2
2016-17	990.8	366.6	336.9
2017-18	960.3	355.3	326.5
2018-19	1,016.4	376.1	345.6
2019-20	1,011.5	374.3	343.9
2020-21	828.3	306.5	281.6
2021-22	902.7	334.0	306.9
2022-23	957.4	354.2	325.5
2023-24	968.7	358.4	329.3

<sup>(1)</sup> Represents 37% of the Dedicated Tax Funds Pool.

<sup>(2)</sup> Represents 34% of the Dedicated Tax Funds Pool.

Source: New York State Division of the Budget.

*MTTF Receipts – Motor Fuel Tax*

General. Motor fuel and diesel motor fuel taxes (“MFT”) are derived from an eight-cent-per-gallon excise tax levied with respect to gasoline and diesel motor fuels, generally for highway use. The aggregate rate of tax on gasoline was last changed on February 1, 1972, when it was increased from seven cents to eight cents per gallon. The aggregate rate of tax on diesel motor fuel was last changed on January 1, 1996, when it decreased from ten cents per gallon to eight cents per gallon.

Effective April 1, 2003, four cents of the gasoline MFT and eight cents of the diesel MFT are deposited to the Dedicated Tax Funds Pool, of which 34% is deposited in MTA’s Dedicated Tax Fund.

Tax Imposition and Payment. The tax on motor fuel is payable by distributors registered with the State. The gasoline motor fuel tax is imposed when gasoline is imported (or caused to be imported) into the State for sale or use in the State or manufactured in the State. Generally, the tax on other nondiesel motor fuels earmarked to the Dedicated Tax Funds Pool (such as compressed natural gas, propane, methanol, and ethanol) is remitted by the dealer selling them as motor fuels. The tax on diesel motor fuel is imposed on the first non-exempt sale of diesel in the State.

Most petroleum businesses remit these taxes on a monthly basis. Businesses with yearly MFT and PBT liability totaling more than \$5 million remit the PBT and MFT for the first 22 days of the month by electronic funds transfer by the third business day thereafter. Tax for the balance of the month is paid with the monthly returns filed by the 20th of the following month. In State Fiscal Year 2022-2023, 34 taxpayers, accounting for 96% of all motor fuel tax receipts, participated in the electronic funds transfer program.

Although the tax is remitted by distributors, the incidence of the tax falls primarily on final users of the fuel on the highways and waterways of the State. Governmental purchases are exempt from the tax. Fuel purchased for certain

road vehicles (such as fire trucks, buses used in local transit, taxicabs and ambulances), upon which the tax has been paid, may be eligible for full or partial reimbursement of the MFT. Reimbursement of the tax is also available for fuel not used on the highways (e.g., fuel used in farming).

Historical Summary of Dedicated Motor Fuel Tax. The following table provides historical information relating to Motor Fuel Tax receipts for the last ten years.

**MTTF Revenues from Motor Fuel Tax  
(in millions)**

State Fiscal Year	MTTF Portion of Gasoline MFT	MTTF portion of Diesel MFT	MTTF Total <sup>(1)</sup>	MTA's Share of MTTF <sup>(2)</sup>
2014-15	\$79.3	21.6	\$100.9	\$92.7
2015-16	81.1	23.9	105.0	96.5
2016-17	82.7	26.7	109.4	100.5
2017-18	80.2	29.1	109.3	100.4
2018-19	84.4	26.6	111.0	102.0
2019-20	81.2	27.0	108.2	99.4
2020-21	66.5	24.2	90.7	83.4
2021-22	77.6	28.0	105.6	97.0
2022-23 <sup>(3)</sup>	28.2	9.9	38.0	34.9
2023-24	76.6	27.0	103.6	95.2

<sup>(1)</sup> Represents 37% of the Dedicated Tax Funds Pool.

<sup>(2)</sup> Represents 34% of the Dedicated Tax Funds Pool.

<sup>(3)</sup> Receipts reflect the temporary motor fuel excise tax suspension in effect between June 1, 2022 and December 31, 2022. Does not reflect or include \$58.2 million in "hold harmless" transfers from the General Fund.

Source: New York State Division of the Budget.

*MTTF Receipts – Motor Vehicle Fees*

General. Motor vehicle fees are derived from a variety of sources but consist mainly of vehicle registration and driver license fees. A percentage of State motor vehicle registration fees is earmarked to MTA's Dedicated Tax Fund. These motor vehicle fees derive from the registration of passenger vehicles, trucks, vans, motorcycles, trailers, semitrailers, buses and other types of vehicles operating on the public highways of the State.

The DMV administers motor vehicle registration provisions of the State Vehicle and Traffic Law. County clerks in most counties act as agents for the State in administering the issuance of most types of motor vehicle registration. Motor vehicle registration renewals generally are accomplished by mail.

With the exception of buses, which are charged according to seating capacity, and semitrailers, which are registered at a flat fee, motor vehicle registration fees in the State are based on vehicle weight.

Legislation enacted in 1989 mandated biennial registration of all motor vehicles weighing less than 18,000 pounds. Thus, most motor vehicle registrations are issued and renewed for two-year periods. Motor vehicle registrations are staggered evenly throughout the months to ensure an even workload for the DMV.

In the State Fiscal Year 2009-2010 Enacted Budget, fees for licenses and most registrations were increased by 25%. The revenues from this increase were directed to the Dedicated Highway and Bridge Trust Fund. In addition, the fee for plate issuance was increased from \$15 to \$25. The revenues from this increase were included as part of the non-dedicated fees, of which \$169.4 million were transferred to the Dedicated Tax Funds.

Beginning with State Fiscal Year 2014-2015, and each year thereafter, a portion of the Fiscal Year 2013-2014 Motor Vehicle General Fund transfer of \$169.4 million has been replaced with a direct transfer of \$62.7 million from the State General Fund to the MTTF; \$57.6 million of such amount flows to MTA's Dedicated Tax Fund as MTTF Receipts, and the remainder flows to other transportation systems.

To reduce the overall number of funds and improve programmatic efficiencies, legislation enacted in the State Fiscal Year 2016-2017 Enacted Budget dedicated several categories of motor vehicle fees to the Dedicated Highway and

Bridge Trust Fund that had previously flowed to four Special Revenue Funds (“SROs”). The SROs include DMV Compulsory Insurance, DMV Seized Assets, Motorcycle Safety, and the Accident Prevention Course Program.

Historical Summary of Dedicated Motor Vehicle Fees. The following table provides historical information relating to Motor Vehicle Fee receipts for the last ten years.

**MTTF Revenues from Motor Vehicle Fees  
(in millions)**

State Fiscal Year	MTTF Total <sup>(1)</sup>	MTA’s Share of MTTF <sup>(2)</sup>
2014-15	\$131.3	\$120.7
2015-16	138.7	127.4
2016-17	140.1	128.7
2017-18	144.2	132.5
2018-19	142.3	130.7
2019-20	143.6	131.9
2020-21	129.6	119.1
2021-22	140.2	128.9
2022-23	132.7	121.9
2023-24	135.5	124.5

<sup>(1)</sup> Represents 37% of the Dedicated Tax Funds Pool. Does not include SRF Motor Vehicle Fees.

<sup>(2)</sup> Represents 34% of the Dedicated Tax Funds Pool. Does not include SRF Motor Vehicle Fees.

Source: New York State Division of the Budget

*MMTOA Account – Special Tax Supported Operating Subsidies*

General. The table below summarizes the historical amounts appropriated and paid to MTA from the MMTOA Account (including investment income) for the last ten years.

**MMTOA Account  
(\$ in millions)**

State Fiscal Year	Appropriations to MTA <sup>(1)</sup>	Payments to MTA <sup>(1)</sup>
2014-15	\$1,563.9	\$1,563.9
2015-16	1,563.9	1,563.9
2016-17	1,668.0	1,668.0
2017-18	1,668.0	1,668.0
2018-19	1,686.6	1,686.6
2019-20	1,823.7	1,829.7 <sup>(2)</sup>
2020-21	2,143.5	1,895.2 <sup>(3)</sup>
2021-22	1,856.5	1,922.8 <sup>(4)</sup>
2022-23	2,601.0	2,607.0 <sup>(5)</sup>
2023-24	2,838.5	2,838.5

<sup>(1)</sup> Does not include funds appropriated or disbursed through the Section 18-b program.

<sup>(2)</sup> MMTOA appropriations for MTA for State Fiscal Year 2019-2020 amounted to \$1.834 billion, but an additional \$6 million was paid to MTA utilizing existing supplemental MMTOA reappropriations. This payment brought the total MMTOA receipts to \$1.830 billion.

<sup>(3)</sup> MMTOA appropriations for MTA for State Fiscal Year 2020-2021 amounted to \$2.144 billion, but revenue loss in the fund due to the economic effects of COVID-19 reduced payments to \$1.895 billion which includes an additional \$1.5 million paid to MTA utilizing existing supplemental MMTOA reappropriations.

<sup>(4)</sup> MMTOA appropriations for MTA for State Fiscal Year 2021-2022 amounted to \$1.857 billion, but spending of \$1.923 billion included an additional \$61.8 million of April payments related to the prior year's appropriations and \$5 million paid to MTA utilizing existing supplemental MMTOA reappropriations.

<sup>(5)</sup> MMTOA appropriations for MTA for State Fiscal Year 2022-2023 amounted to \$2.601 billion, but an additional \$6 million was paid to MTA utilizing existing supplemental MMTOA reappropriations. This payment brought the total MMTOA receipts to \$2.607 billion.

Source: New York State Division of the Budget.

Although a variety of taxes have been used to fund the special tax supported operating subsidies, the taxes levied for this purpose currently include the MMTOA PBT, the District Sales Tax, the Franchise Taxes and the Franchise Surcharge (“MMTOA Taxes”), all described in more detail below. State law gives State officials the authority to disburse funds to MTA from the MMTOA Account to the extent such officials determine that the funds are necessary to finance operations of the Transit System and MTA Staten Island Railway and the Commuter System. Fluctuations in the economic and demographic conditions of the MTA Commuter Transportation District are directly related to the growth of economically sensitive taxes, including the District Sales Tax and the Franchise Surcharge. Therefore, there can be no assurance that such taxes will generate tax receipts at current levels. If shortfalls are experienced in the collection of MMTOA Taxes, the Commissioner of Transportation is authorized to reduce each recipient’s payment from the MTOA Fund proportionately. MTA has historically received approximately 85% of such amounts deposited in the MMTOA Account. However, starting in 2012 a split in the Franchise Taxes component of the MMTOA Taxes between the upstate Public Transportation Systems Operating Assistance Account (“PTOA Account”) and the MMTOA account diverted 26% of the transportation and transmission taxes that were allotted previously to MMTOA to the upstate PTOA Account.

MMTOA PBT.

*General.* The products that are subject to the tax, the tax rates and the transactions excluded from such tax are identical to the basic PBT as described above under “MTTF Receipts – Dedicated Petroleum Business Tax” which is dedicated to the MTTF.

As of April 1, 2001, the share of the PBT basic tax earmarked to the MMTOA Account is 10.835%.

As described above in “MTTF Receipts – Dedicated Petroleum Business Tax”, aspects relating to the imposition and collection of the MMTOA PBT have from time to time been and may continue to be the subject of administrative claims and litigation by taxpayers.

*Historical Summary of MMTOA PBT.* The following table provides historical information relating to MMTOA PBT receipts deposited into the MMTOA Account for the last ten years.

**MMTOA Petroleum Business Taxes**

State Fiscal Year	Net Receipts (in millions)
2014-15	\$75.1
2015-16	72.6
2016-17	73.1
2017-18	70.8
2018-19	74.1
2019-20	74.1
2020-21	60.4
2021-22	66.0
2022-23	69.3
2023-24	70.4

Source: New York State Division of the Budget.

District Sales Tax.

*General.* The District Sales Tax consists of a 0.375% sales and compensating use tax imposed on sales and uses of certain tangible personal property and services applicable only within the MTA Commuter Transportation District.

District Sales Tax receipts have been a significant source of tax receipts deposited in the MMTOA Account. The level of District Sales Tax receipts is necessarily dependent upon economic and demographic conditions in the MTA Commuter Transportation District, and therefore there can be no assurance that historical data with respect to collections of the District Sales Tax will be indicative of future receipts.

The base of the District Sales Tax is identical to the base of the State’s 4% sales and compensating use tax. The tax now applies to (1) sales and use of most tangible personal property; (2) certain utility service billings; and (3) charges for restaurant meals, hotel and motel occupancy, and for specified admissions and services. The base of the tax has been amended periodically by the State Legislature to exempt various purchases.



Clothing and footwear costing less than \$110 were permanently exempted from State sales tax on April 1, 2006. Localities have an option to also offer this exemption. Pursuant to Tax Law, localities opting to remove their tax must reimburse MTA for one-half of the foregone District Sales Tax revenue, while the State will provide the other half, but these reimbursements are paid to MTA and such reimbursements are not deposited into the MMTOA.

On June 1, 2006, the State placed a cap on the amount of State sales tax collected on motor fuel and diesel motor fuel at eight cents per gallon. Localities have an option to continue to use the percentage rate method or to change to a cents-per-gallon method of computing sales tax. Pursuant to the Tax Law, the State must reimburse MTA for the entire foregone District Sales Tax revenue, but these reimbursements are paid from the State General Fund to MTA and such reimbursements are not deposited into the MMTOA.

MTA is held harmless from the impact of the clothing and footwear exemption and the cap on motor fuel and diesel motor fuel. This entire held harmless amount is reflected in the following table, but such amounts are not deposited into the MMTOA.

In order to address the impact on consumers from the sharp increase in the cost of fuel in the State resulting from geopolitical events, the State Fiscal Year 2022-2023 Enacted Budget included a suspension of the State sales tax imposed on fuel, the motor fuel tax and the MCTD sales tax imposed in respect of the sale of gasoline and highway diesel fuel from June 1, 2022 through December 31, 2022 (the "Fuel Tax Holiday"). However, in order to hold MTA harmless and offset from any lost revenue resulting from the Fuel Tax Holiday, the State made monthly transfers from its General Fund to the MTTF and the MMTOA Account for subsequent transfer to MTA in amounts equal to the tax revenue that would have been distributed to such funds had the Fuel Tax Holiday not been implemented. No such suspension was in effect in State Fiscal Year 2023-2024, and none is expected in State Fiscal Year 2024-2025.

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*Historical Summary of District Sales Tax.* The following table provides historical information relating to District Sales Tax receipts deposited into the MMTOA Account for the last ten years.

**District Sales Tax**  
**(\$ in millions)**

State Fiscal Year	Net Receipts	Held Harmless Amount <sup>(1)</sup>	Total
2014-15	\$854.0	\$50.7 <sup>(2)</sup>	\$904.7
2015-16	874.2	39.2 <sup>(3)</sup>	913.4
2016-17	903.0	35.9 <sup>(4)</sup>	\$938.9
2017-18	942.0	38.4 <sup>(5)</sup>	980.4
2018-19	963.1	41.9 <sup>(6)</sup>	1,005.0
2019-20	1,049.1	38.4 <sup>(7)</sup>	1,087.5
2020-21	873.0	22.4 <sup>(8)</sup>	895.4
2021-22	1,089.0	40.8 <sup>(9)</sup>	1,129.8
2022-23	1,217.0	51.1 <sup>(10)</sup>	1,268.1
2023-24	1,279.0	46.1 <sup>(11)</sup>	1,325.1

- <sup>(1)</sup> This amount includes moneys paid by both the State and the localities. Such amounts are not deposited into the MMTOA.
- <sup>(2)</sup> Includes an estimated \$34.7 million from the State and localities for the clothing exemption and \$16 million from the State for the cap on motor fuel and diesel fuel.
- <sup>(3)</sup> Includes an estimated \$34.1 million from the State and localities for the clothing exemption and \$5.1 million from the State for the cap on motor fuel and diesel fuel.
- <sup>(4)</sup> Includes an estimated \$34.4 million from the State and localities for the clothing exemption and \$1.5 million from the State for the cap on motor fuel and diesel fuel.
- <sup>(5)</sup> Includes an estimated \$34.9 million from the State and localities for the clothing exemption and \$3.5 million from the State for the cap on motor fuel and diesel fuel.
- <sup>(6)</sup> Includes an estimated \$35.6 million from the State and localities for the clothing exemption and \$6.3 million from the State for the cap on motor fuel and diesel fuel.
- <sup>(7)</sup> Includes an estimated \$33.4 million from the State and localities for the clothing exemption and \$5.0 million from the State for the cap on motor fuel and diesel fuel.
- <sup>(8)</sup> Includes an estimated \$22.3 million from the State and localities for the clothing exemption and \$0.1 million from the State for the cap on motor fuel and diesel fuel.
- <sup>(9)</sup> Includes an estimated \$30.9 million from the State and localities for the clothing exemption and \$9.9 million from the State for the cap on motor fuel and diesel fuel.
- <sup>(10)</sup> Includes an estimated \$31.3 million from the State and localities for the clothing exemption and \$19.8 million from the State for the cap on motor fuel and diesel fuel. This does not reflect or include \$15.0 million in “hold harmless” transfers from the General Fund related to the temporary suspension of the MCTD sales tax on gasoline and diesel motor fuel from June 1, 2022 to December 31, 2022.
- <sup>(11)</sup> Includes an estimated \$33.8 million from the State and localities for the clothing exemption and \$12.4 million from the State for the cap on motor fuel and diesel fuel.

Source: New York State Division of the Budget and Department of Taxation and Finance.

Franchise Taxes.

*General.* A legislatively allocated portion of two taxes imposed on certain transportation and transmission companies (such as trucking, telegraph and local telephone companies), consisting of (a) an annual franchise tax based on the amount of the taxpayer’s issued capital stock, and (b) an annual franchise tax on the taxpayer’s gross earnings from all sources calculated to be in the State pursuant to statutory formulae are deposited in the MMTOA Account.

In addition to the two taxes described in the previous paragraph, effective May 1, 2015, Section 186-e was amended to include an additional excise tax of 0.4% (2.9% vs. 2.5%) that is imposed on the sale of mobile communication services. A portion of Section 186-e receipts are deposited in the MMTOA Account using the same statutory formulae as the two franchise taxes described in the previous paragraph. Previously, mobile communication providers were taxed under (b) above.

The percentage of franchise receipts required to be deposited in the MMTOA Account has been modified from time-to-time. At present, this percentage is 54%. These changes were made to preserve the dedicated funds revenue flow subsequent to changes enacted in prior years reducing the base of the gross earnings tax and/or reducing the tax rates.

*Historical Summary of the Franchise Taxes.* The following table provides historical information relating to the portion of Franchise Tax receipts deposited into the MMTOA Account for the last ten years. A one-time election to remain under the taxes imposed on trucking and railroad companies was enacted in 1996 for elections made before March

15, 1998. Companies not electing to remain under Sections 183 and 184 were taxed under the general corporate franchise tax. As part of the same legislation, the Section 184 rate was reduced from 0.75% to 0.6% on gross earnings. The MMTOA revenue distribution was held harmless. Additional rate reductions occurred beginning in 1998 that do not affect MMTOA. Effective State Fiscal Year 2012-2013, the distribution to MMTOA was changed from 80% to 54% of the Franchise Taxes. The remaining 26% is distributed to the Public Transportation Systems Operating Assistance PTOA Account.

The following table provides historical information relating to Franchise Tax receipts deposited into the MMTOA Account for the last ten years.

**Franchise Taxes  
(in millions)**

State Fiscal Year	Net Receipts
2014-15	\$25.7
2015-16	39.4
2016-17	41.4
2017-18	37.2
2018-19	41.3
2019-20	39.3
2020-21	27.5
2021-22	25.3
2022-23	27.3
2023-24	42.7

Source: New York State Division of the Budget.

**Franchise Surcharge.**

*General.* This surcharge, originally imposed in 1982, was extended by the State Legislature in March 2013 and was made permanent in the State Fiscal Year 2014-2015 Enacted Budget. The Franchise Surcharge is imposed on the portion of the franchise and other taxes of certain corporations, insurance, utility, and transportation and transmission companies attributable (according to various complex formulae) to business activity carried on within the MTA Commuter Transportation District. The MTA surcharge rate for corporate franchise taxpayers for Tax Year 2015 was set at 25.6%. For tax years 2015 through 2023, the Department of Taxation and Finance annually determined the corporate franchise tax surcharge tax rate needed to maintain revenue neutrality.

For Tax Year 2023, the surcharge rate for corporate franchise taxpayers was set at 30% and subsequently made permanent as part of the State Fiscal Year 2023-2024 Enacted Budget. Insurance (Article 33) and corporate and utility (Article 9) taxpayers continue to pay a 17% surcharge rate and be subject to the 1997 Tax Law calculation since they were not part of corporate tax reform. Effective May 1, 2015, an additional surcharge rate of 0.721% (17.721% vs. 17.0%) has been imposed on the sale of mobile communication services (this corresponds to the higher excise tax rate described in the Franchise Taxes section). In accordance with Section 171-a of the Tax Law, the tax revenue generated under these provisions, after the deduction of administrative costs, is to be deposited to the MMTOA Account, as such taxes are received.

Aspects relating to the imposition and collection of the Franchise Surcharge have from time to time been, and are currently and may continue to be, the subject of administrative claims and litigation by taxpayers. The financial impact of such challenges commenced to date has not been and is not expected to be material.

*Historical Summary of the Franchise Surcharge.* The following table provides historical information relating to the Franchise Surcharge receipts deposited into the MMTOA Account for the last ten years.

**Franchise Surcharges**  
(\$ in millions)

State Fiscal Year	Net Receipts
2014-15	\$1,032.0
2015-16	1,039.7
2016-17	1,017.1
2017-18	1,087.4
2018-19	1,169.1
2019-20	1,392.4
2020-21	1,379.1
2021-22	1,733.6
2022-23	2,143.1
2023-24	2,103.3

Source: New York State Division of the Budget.

*Use of MTF Receipts and MMTOA Receipts.* MTF Receipts are used first to pay debt service on the Dedicated Tax Fund Bonds described under “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS”. To the extent that MTF Receipts are insufficient, MMTOA Receipts are used to pay the remainder of the debt service on the Dedicated Tax Fund Bonds. After the payment of debt service on the Dedicated Tax Fund Bonds, all MTF Receipts and MMTOA Receipts are pledged to the payment of debt service on the Transportation Revenue Bonds. All remaining MTF Receipts and MMTOA Receipts are then allocated to the Transit System and the Commuter System in accordance with the formula provided by statute (85% to the Transit System and MTA Staten Island Railway and 15% to the Commuter System in the case of MTF Receipts; the relative percentage of that year’s State appropriation to the Transit System and the Commuter System, respectively, in the case of MMTOA Receipts; in each case, in order to establish compliance with the statutory formulae, payments allocated to the Transit System and the Commuter System are adjusted to take into account the respective amounts used to pay debt service on Dedicated Tax Fund Bonds and Transportation Revenue Bonds, if necessary, issued for the Transit System and the Commuter System, respectively).

Collections of each of the above-referenced subsidies vary depending on the level of business activity, either statewide or regionally. In addition, all of these subsidies are subject to State appropriation.

**Payroll Mobility Tax, PMT Offset, and ATA Receipts**

*Mobility Tax Receipts.* The Payroll Mobility Tax (“PMT”) is a tax imposed on certain employers and individuals engaging in business in the MCTD. The PMT is collected by the Commissioner of Taxation and Finance, and deposited to the segregated account held in trust by the State Comptroller for MTA. Revenue from the PMT is not subject to State appropriation, and is payable twice a month (on the 15<sup>th</sup> and the final business day of each month) directly to MTA for deposit into the MTA Finance Fund. Revenues derived from the imposition of the PMT are referred to as “Mobility Tax Receipts”.

The levels of taxation and the entities subject to the PMT have been changed by the State Legislature from time-to-time. In 2011, the PMT was modified to exempt certain taxpayers from paying the PMT and decrease rates paid by others. The PMT currently excludes federal, international, and interstate agencies, certain eligible educational institutions, and certain small businesses. 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” (“PMT Revenue Offset Receipts”).

Most recently, the State Fiscal Year 2023-2024 Enacted Budget increased, effective as of July 1, 2023, the maximum rate of the PMT for employers with payroll expense of over \$437,500 in any calendar quarter engaging in business in the MCTD in the counties of Bronx, Kings, New York, Queens and Richmond (the counties which comprise New York City) from 0.34% to 0.60%. The legislation also increased the rate of the PMT imposed on self-employed individuals, engaging in business in the MCTD in the counties of Bronx, Kings, New York, Queens and Richmond and with net earnings allocated to the MCTD of over \$50,000 for the tax year, from 0.34% to 0.47%, such increase effective at the start of the tax year beginning on or after January 1, 2023, and from 0.47% to 0.60%, such increase effective at the start of the tax year beginning on or after January 1, 2024.

The PMT is imposed on the total payroll expense for all covered employees for each calendar quarter at the following rates:

<u>Payroll Expense for Calendar Quarter</u>	<u>Tax Rate on Payroll Expense</u>	<u>Employers Engage in Business in</u>
Under \$312,500	Not subject to PMT	--
Over \$312,500 but not over \$375,000	0.11%	All counties in MCTD
Over \$375,000 but not over \$437,500	0.23%	All counties in MCTD
Over \$437,500	0.34% <sup>(1)</sup>	Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester
Over \$437,500	0.60% <sup>(2)</sup>	Bronx, Kings, New York, Queens and Richmond

<sup>(1)</sup> No change to the current rate.

<sup>(2)</sup> Increase became effective on July 1, 2023.

The Mobility Tax Receipts and PMT Revenue Offset Receipts in the MTA Finance Fund (1) may be pledged by MTA to secure and be applied to the payment of bonds to fund capital projects of the Related Entities, and (2) can be used by MTA to pay capital costs, including debt service of the Related Entities or (3) can be used to pay operating expenses. As more fully described herein under “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS - PAYROLL MOBILITY TAX OBLIGATIONS”, MTA and MTA Bridges and Tunnels authorized the issuance of bonds, notes and other obligations secured by the Mobility Tax Receipts (but not the PMT Revenue Offset Receipts) and the ATA Receipts (as hereinafter defined) under separate bond resolutions in 2020 and 2021, respectively. Following application under the MTA and MTA Bridges and Tunnels PMT bond resolutions, the Mobility Tax Receipts, together with the PMT Revenue Offset Receipts, are pledged to the payment of debt service on the Transportation Revenue Bonds and revenue anticipation notes (“RANs”) issued under the Transportation Revenue Bonds. Subject to the provisions of such pledges, the Mobility Tax Receipts and the PMT Revenue Offset Receipts can be used by MTA to pay for costs, including operating costs of the Related Entities.

The Mobility Tax Receipts are part of the pledged revenues for the PMT Resolutions. The following table sets forth the amount of Mobility Tax Receipts, on a cash basis, for each of the past ten years.

<u>Year</u>	<u>Mobility Tax Receipts (in millions)</u>
2014	\$1,262.6
2015	1,316.9
2016	1,372.8
2017	1,435.6
2018	1,482.9
2019	1,560.5
2020	1,560.8
2021	1,713.2
2022	1,796.9
2023*†	2,232.9

\* Revisions to the PMT statute effective July 1, 2023, which increased the tax rate for certain taxpayers engaged in business in the counties of Bronx, Kings, New York, Queens and Richmond, increased Mobility Tax Receipts in the second half of 2023 and is expected to increase receipts in future years.

† 2023 data is preliminary.

The following table sets forth the amount of PMT Revenue Offset Receipts for each of the past ten years. The PMT Revenue Offset Receipts are not pledged under these resolutions and continue to flow through the Transportation Revenue credit to be available for capital and operations, including the payment of debt service on RANs.

<u>Year</u>	<u>PMT Revenue Offset Receipts (in millions)</u>
2014	\$309.3
2015	309.3
2016	309.3
2017	244.3
2018	244.3
2019	244.3
2020	195.4
2021	293.1
2022	244.3
2023 <sup>†</sup>	244.3

<sup>†</sup> 2023 data is preliminary.

*ATA Receipts.* The following four taxes and fees (the “ATA Receipts”) are payable quarterly directly to MTA, without appropriation, for deposit in the Corporate Transportation Account (the “Corporate Transportation Account”) of the Metropolitan Transportation Authority Special Assistance Fund created pursuant to the MTA Act.:

- in the MCTD, a supplemental motor vehicle license fee of a dollar per six-month interval, collected as a \$16 surcharge on an 8-year license (effective September 1, 2009);
- in the MCTD, a supplemental motor vehicle registration fee of \$25 for each year that the registration is valid, collected as a \$50 surcharge on a 2-year vehicle registration (effective September 1, 2009);
- a tax of fifty cents on hailed vehicle trips that originate in the City and terminate anywhere within the territorial boundaries of the MCTD (effective November 1, 2009); and
- a supplemental tax of 6% on passenger car rentals in the MCTD; this was originally 5% (effective 2009) but was changed to 6% effective June 1, 2019.

The ATA Receipts may be pledged by MTA or pledged to MTA Bridges and Tunnels to secure debt of MTA or MTA Bridges and Tunnels for the benefit of the Transit and Commuter Systems and MTA Bus. The ATA Receipts have been pledged, together with the Mobility Tax Receipts, but not the PMT Revenue Offset Receipts, under the PMT Bond Resolutions. Subject to the provisions of such pledge, such ATA Receipts can be used by MTA for the payment of operating and capital costs for the benefit of the Transit and Commuter Systems and MTA Bus. Because the ATA Receipts are not “Operating Subsidies” under the Transportation Resolution, they are not pledged to the payment of Transportation Revenue Bonds, but MTA may use the ATA Receipts, in its discretion, to make such debt service payments if it so chooses. MTA has pledged the ATA Receipts to make debt service payments on RANs. For further information related to PMT credit, see “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS - PAYROLL MOBILITY TAX OBLIGATIONS”.

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The following table provides historical information relating to the collection of ATA Receipts based on the calendar year for the past ten years:

**ATA Receipts Collections\***  
(in millions)

Calendar <u>Year</u>	Supplemental License Fees and Registration <u>Fees**</u>	<u>Taxicab Tax</u>	Supplemental <u>Auto Rental Tax</u>	<u>Total</u>
2014	\$171.7	\$84.9	\$44.6	\$301.2
2015	176.5	74.8	46.0	297.3
2016	179.1	66.7	56.8	302.6
2017	189.3	56.9	45.2	291.4
2018	192.5	53.1	50.8	296.4
2019	195.3	47.5	53.1	295.9
2020	184.6	18.6	43.5	246.7
2021	196.1	14.9	57.4	268.4
2022	175.9	21.9	62.8	260.6
2023†	187.5	19.5	64.7	271.7

\* Collection totals may differ from actual receipts (in table below) due to timing of transfers from the State to MTA.

\*\* Supplemental License and Supplemental Registration Fees are provided by the State as a combined number.

† 2023 data is preliminary.

Source: New York State Division of the Budget.

The following table provides historical information relating to ATA Receipts, as received by MTA, on a cash basis for calendar years for the past ten years:

**Historical Annual ATA Receipts**

<u>Calendar Year</u>	<u>ATA Receipts (\$ in millions)</u>
2014	\$313.2
2015*	284.8
2016	300.3
2017	306.2
2018*	272.6
2019	311.0
2020*	248.8
2021	263.3
2022	263.3
2023†	273.6

\* The decline in ATA Receipts from 2014-2015 reflected a decline in taxicab surcharge receipts due to a reduction in pickups by yellow and green-metered taxicabs, which are subject to the taxicab surcharge. This was a result of an increase in the market share of smartphone app-driven providers in the area, such as Uber and Lyft, which are not subject to the \$0.50 taxicab surcharge. The change in 2017-2018 reflects an expansion of For-Hire Vehicle trips (from providers such as Uber and Lyft) taken as acceptance of these providers grew. The decline in 2020 was a result of the impacts of the COVID-19 pandemic.

† 2023 data is preliminary.

**Congestion Zone Surcharges and Rapid Transit Lane Fines.**

*Congestion Zone Surcharges.* Two surcharges, referred to collectively as the “Congestion Zone Surcharges” apply to certain trips which originate, terminate, or travel through the “Congestion Zone”, which is legally distinct from the zone created for the CDB Tolling Program and is defined as the area south of and excluding 96th Street in the Borough of Manhattan.

- 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 ATA Receipts), other than pool vehicles, ambulances and buses, on each trip that (1) originates and terminates in 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; and
- a surcharge of \$0.75 for each person who both enters and exits a pool vehicle (certain carpool arrangements set forth State law) in the State and who is picked up in, dropped off in, or travels through the Congestion Zone.

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

*Rapid Transit Lane Fines.* The Automated Camera Enforcement program or “ACE” is a program involving the use of stationary and mobile (on-bus) bus lane photo devices on more than 50% of bus lane miles across the City to capture violations of certain bus rapid transit lane restrictions. At the end of 2023, ACE covered approximately 55% of existing bus land miles. ACE was previously referred to as the Automated Bus Lane Enforcement (ABLE) program.

*Flow of Funds.* Legislation passed in 2018 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 included in the MTA New York City Transit financial plan, approved by the MTA Board) (the “Subway Action Plan”). 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 (the “Outer Borough Transportation Account”), including two additional rebate programs set forth in State Law. Moneys in the General Transportation Account may be used for funding the operating and capital costs of MTA. In each case, moneys may be used for various operations and capital needs or for debt service and reserve requirements.

The Congestion Zone Surcharges, together with interest and penalties thereon, are deposited daily to the credit of the State Comptroller in trust for MTA. The State Comptroller will retain amounts necessary for refunds and the reasonable amounts for costs incurred to administer, collect and distribute such amounts. If sufficient amounts are collected and available, then the Commissioner of Taxation and Finance 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, 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; 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, and (2) the uncommitted balance at the end of each year in the Outer Borough Transportation Account.

Revenues from Rapid Transit Lane Fines bypass the Subway Action Plan Account and the Outer Borough Transportation Account and flow directly into the General Transportation Account. These funds are to be remitted by the City to MTA on a quarterly basis.



The following table provides information relating to Congestion Zone Surcharge Receipts on an accrual basis since the onset of the surcharge in 2019:

**Congestion Zone Surcharge  
(in millions)**

<u>Year</u>	<u>Subway Action Plan Account*</u>	<u>Outer Borough Transportation Account*</u>	<u>General Transportation Account†</u>
2019	\$336.4	\$0	\$0
2020	223.2	0	1.1**
2021	235.8	0	4.4**
2022	300.0	37.3	4.4**
2023††	300.0	49.9	9.92**

\* The maximum \$300 million annually is set by statute.

† Remainder after deposits to Subway Action Plan Account and Outer Borough Transportation Account.

\*\* ACE fines.

†† 2023 data is preliminary.

**Financial Assistance and Service Reimbursements from Local Municipalities**

*Commuter System Station Maintenance Payments.* The City and each of the seven counties in the MTA Commuter Transportation District outside the City are billed an amount determined by statute for the operation, maintenance and use of Commuter System passenger stations within the City and each county. The amount is adjusted each year for increases or decreases in the consumer price index for wage earners and clerical workers in the New York, Northeastern-New Jersey Consolidated Metropolitan Statistical Area. The State Legislature has not made any changes in the base amounts since 2000. Further modifications may be made by the State Legislature. In the event the City or any of the counties do not make their payments on a timely basis, the statute provides a mechanism whereby the State Comptroller can withhold certain other payments in order to satisfy the payments to MTA. Consequently, the Commuter System station maintenance payments are stable and generally grow gradually with corresponding annual inflation.

The following table sets forth the station maintenance, operation and use assessments received by MTA on an accrual basis in each of the last ten years:

<u>Year</u>	<u>Payments (in millions)</u>	<u>Year</u>	<u>Payments (in millions)</u>
2014	\$163.7	2019	\$171.0
2015	162.0	2020	174.1
2016	161.8	2021	177.6
2017	165.2	2022	187.6
2018	168.5	2023†	196.3

†2023 data is preliminary.

*Reimbursements from the City.* Under an agreement between MTA and the City, the City reimburses MTA Bus the difference between the actual cost of operation of the MTA Bus Routes (other than certain capital costs) and all revenues and subsidies received by MTA Bus and allocable to the operation of the MTA Bus Routes. The annual amounts payable by the City to MTA Bus are subject to review by the City. The amount and timing of payments received from the City could be affected by the financial condition of the City.

MTA Bus reimbursements from the City are reported on a cash basis rather than on an accrual basis. See “PART 4. OPERATIONS – MTA BUS COMPANY”.

The following table sets forth the amounts of MTA Bus operating costs reimbursed by the City in each of the past ten years:

<u>Year</u>	<u>Payments (in millions)</u>	<u>Year</u>	<u>Payments (in millions)</u>
2014	\$460.2	2019	\$667.6
2015	438.3	2020	354.2*
2016	355.0	2021	455.3
2017	519.9	2022	521.5
2018	463.2	2023†	524.8

\* The data provided is the net reimbursement from The City of New York. This includes the impact from CARES Act Funding received and applied to MTA Bus in 2020 and from CRRSAA Federal Aid in 2021 and 2022.

† 2023 data is preliminary.

Certain portions of the MTA Bus Capital Program (as defined below) are included in the capital programs approved by the Metropolitan Transportation Authority Capital Program Review Board (“CPRB”). The City is not responsible for paying debt service on bonds issued by MTA for the benefit of MTA Bus in connection with the 2005-2009 Capital Program. The expense of debt service on bonds issued by MTA for the benefit of MTA Bus in connection with the 2010-2014, 2015-2019 and 2020-2024 Capital Programs described below is submitted to the City for reimbursement. MTA Bus is an “Additional Related Transportation Entity” within the meaning of the Transportation Resolution (as hereinafter defined), which allows MTA Bus to finance its capital projects with Transportation Revenue Bonds. See “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – TRANSPORTATION REVENUE BONDS”.

The City also pays the operating expenses of MTA Staten Island Railway not covered by fares, State and local subsidies, and other amounts.

The City reimburses MTA for the difference between the actual cost of operation of MTA Staten Island Railway and all revenues and subsidies received by MTA and allocable to the operation of MTA Staten Island Railway. The following table sets forth the amounts of MTA Staten Island Railway operating costs reimbursed by the City in each of the past ten years:

<u>Year</u>	<u>Payments (in millions)</u>	<u>Year</u>	<u>Payments (in millions)</u>
2014	\$24.0	2019	\$47.2
2015	33.4	2020	39.5
2016	36.1	2021	18.6
2017	53.0	2022	24.4
2018	58.5	2023†	36.5

\* The data provided is the net reimbursement from The City of New York.

† 2023 data is preliminary.

*Paratransit.* The State Fiscal Year 2023-2024 Enacted Budget included an extension of an increase in the City’s contribution to paratransit from the prior expiration date of June 30, 2024 to June 30, 2030. During the two-year period ending on June 30, 2025, the contribution by the City is increased to 80% of net paratransit operating expenses, provided that the City’s contribution may not exceed the sum of: (i) 50% of the net paratransit operating expenses for each twelve month period; and (ii) \$165 million. The increase in the City’s share of net paratransit expenses is expected to favorably impact MTA by approximately \$165 million annually.

If the State legislation is not extended beyond 2030, the City’s annual subsidy obligation will revert to the terms of the Paratransit Agreement, a 1993 agreement between the City and MTA that required the City to contribute the lesser of (1) 33% of the paratransit program’s operating deficit, calculated after taking into account paratransit passenger revenue, certain Urban Tax revenues (as defined below) and MTA New York City Transit eligible administrative expenses or (2) an amount 20% greater than the amount that was required to be contributed by the City for the preceding calendar year. Pursuant to such arrangement, the balance of the operating deficit was funded by MTA New York City Transit.

There can be no guarantee that the State Legislature will extend the legislation requiring subsidies above the levels established in the Paratransit Agreement beyond 2030; however, historically, the State Legislature has done so at current or increased levels.

The following table sets forth the amount of paratransit program costs that the City funded on an accrual basis in each of the last ten years:

<u>Year</u>	New York City Contribution (in millions)	<u>Year</u>	New York City Contribution (in millions)
2014	\$129.0	2019	\$170.4
2015	126.1	2020	151.4
2016	133.3	2021	177.1
2017	134.1	2022	162.7
2018	150.0	2023 <sup>†</sup>	352.5

<sup>†</sup>2023 data is preliminary.

### Miscellaneous Revenues

*Transit System and MTA Bus.* MTA New York City Transit, MaBSTOA and MTA Bus receive revenues from concessions granted to vendors, revenues from advertising and other space rented in transit vehicles and facilities, and fines collected by the Transit Adjudication Bureau.

The following table sets forth the miscellaneous revenues received by MTA New York City Transit, MaBSTOA and MTA Bus on an accrual basis in each of the last ten years:

<u>Year</u>	Miscellaneous Revenues (in millions)	<u>Year</u>	Miscellaneous Revenues (in millions)
2014	\$133.6	2019	\$144.7*
2015	159.3	2020	101.3 <sup>††</sup>
2016	159.6*	2021	160.2 <sup>††</sup>
2017	153.9*	2022	170.9 <sup>††</sup>
2018	141.6*	2023 <sup>††</sup>	181.1*

\* Miscellaneous revenues for the Transit System include MTA Bus which consists of \$6.1 million of advertising revenues for 2016, \$4.1 million for 2017, \$3.4 million for 2018, \$2.8 million for 2019, \$0.9 million for 2020, \$3.6 million for 2021, \$3.2 million for 2022, and \$3.0 million for 2023.

<sup>†</sup> Note: The 2020 Miscellaneous Revenues exclude FTA CARES Act Funding. The 2021 and 2022 Miscellaneous Revenues exclude CRRSAA Federal Aid and ARPA Federal Aid.

<sup>††</sup> 2023 data is preliminary.

*Commuter System.* MTA Long Island Rail Road and MTA Metro-North Railroad receive revenues from concessions granted to vendors, advertising and other space rented in Commuter System vehicles and facilities, the sale of power and other sundry revenue.

The following table sets forth the miscellaneous revenues (other than rental and concession revenues from Penn Station and Grand Central Terminal, which are not pledged under the Transportation Resolution) received by MTA Long Island Rail Road and MTA Metro-North Railroad on an accrual basis in each of the last ten years:

<u>Year</u>	Miscellaneous Revenues <u>(in millions)</u>	<u>Year</u>	Miscellaneous Revenues <u>(in millions)</u>
2014	\$69.0	2019	\$54.3
2015	74.2	2020	45.1*
2016	73.4	2021	36.8*
2017	64.2	2022†	67.7
2018	60.1	2023††	83.7

\* The 2020 Miscellaneous Revenues exclude FTA CARES Act Funding. The 2021 Miscellaneous Revenues exclude CRRSAA Federal Aid.

† The 2022 Miscellaneous Revenues exclude ARPA Federal Aid.

†† Includes \$36.5 million for MTA Long Island Rail Road and \$47.3 million for MTA Metro-North Railroad. 2023 data is preliminary.

## Mortgage Recording Taxes

*General.* Certain moneys paid to MTA by the City and counties in the MTA Commuter Transportation District pursuant to certain mortgage recording taxes may be used for the operating and capital costs, including debt service and reserve requirements, of or for MTA, MTA New York City Transit and their subsidiaries. Such taxes do not secure any outstanding MTA or MTA Bridges and Tunnels bonds, provided, however, the MTA Board, in its sole discretion may determine from time to time that specific amounts of mortgage recording taxes be applied to the payment of debt service for specific periods of time. Subject to the preceding sentence, neither MTA nor MTA Bridges and Tunnels currently expects to secure future bonds with mortgage recording taxes.

*MRT-1 Receipts.* Pursuant to Section 253(2)(a) of the New York Tax Law (the “Tax Law”), a tax is imposed (the “MRT-1 Tax”) on recorded mortgages of real property situated within the State, subject to certain exclusions (such net MRT-1 Tax collections relating to properties within the MCTD remitted to MTA are referred to as the “MRT-1 Receipts”). The tax is currently 30 cents per \$100 of mortgage recorded. The MRT-1 Tax is paid by the property owner taking out the mortgage loan.

MRT-1 Receipts must be applied by MTA:

- first, to meet MTA Headquarters Expenses (as hereinafter defined), and
- second, to make deposits into the Transit Account (55% of the remaining amount) and the Commuter Railroad Account (45% of the remaining amount) of the Special Assistance Fund.

Since 2008, MRT-1 Receipts have not been sufficient to pay all MTA Headquarters Expenses, and no MRT-1 Receipts have been deposited to the Transit Account and Commuter Railroad Account. Moneys in the Transit Account are required to be used to pay operating and capital costs of MTA New York City Transit, its subsidiaries, and MTA Staten Island Railway, and moneys in the Commuter Railroad Account, after first making the transfers described below under “*Transfers to State Suburban Transportation Fund from MRT-1 Receipts*”, are required to be used to pay operating and capital costs of the commuter railroad operations of MTA, other than MTA Staten Island Railway.

*MRT-2 Receipts.* Pursuant to Section 253(1-a) of the Tax Law, an additional tax is imposed (the “MRT-2 Tax”) on recorded mortgages of real property situated within the State, subject to certain exclusions. The MRT-2 Tax is paid by the institution (or other persons) making the mortgage loan to the property owner(s). The Tax Law requires that the portion of the MRT-2 Tax collected on certain residential dwelling units be remitted to MTA for deposit into the Corporate Transportation Account of the Special Assistance Fund (such net MRT-2 Tax collections relating to properties within the MCTD remitted to MTA are referred to as the “MRT-2 Receipts”).

Moneys deposited into the Corporate Transportation Account from the MRT-2 Tax are applied as follows:

- first, to make deposits into the Dutchess, Orange and Rockland Payment Subaccount described below under “*Transfers to Counties from MRT-2 Receipts*”, and
- second, to make deposits into the Corporate Purposes Subaccount to be used to pay operating and capital costs, including debt service and debt service reserve requirements, if any, of, or incurred for the benefit of, MTA, MTA New York City Transit and their respective subsidiaries.

*MRT-1 and MRT-2 Receipts.* Under existing law, no further action on the part of the State Legislature is necessary for MTA to continue to receive such moneys (i.e., the State is not required to appropriate the moneys to MTA, so the moneys continue to be paid to MTA whether or not the State budget has been adopted). However, the State is not obligated to impose, or to impose at current levels, the MRT-1 Tax or the MRT-2 Tax or to direct the proceeds to MTA as presently provided.

MRT-1 Receipts and MRT-2 Receipts (collectively, “MRT Receipts”) are subject to significant volatility from year-to-year. This volatility reflects the discretionary nature of the transactions that lead to the collection of the tax.

The following charts show the historical annual MRT Receipts, on an accrual basis, available for operations and capital costs for the past ten years.

<u>Year</u>	<u>MRT-1 Receipts (in millions)</u>	<u>Increase/ (Decrease)</u>	<u>Year</u>	<u>MRT-1 Receipts (in millions)</u>	<u>Increase/ (Decrease)</u>
2014	\$271.9	6%	2019	\$332.0	5%
2015	320.6	18	2020	303.4	(9)
2016	330.1	3	2021	419.3	38
2017	314.4	(5)	2022	424.2	1
2018	316.6	0.7	2023*†	229.8	(46)

\* MRT-1 Receipts were down in 2023 due to a slowdown in real estate activity.

† 2023 data is preliminary.

<u>Year</u>	<u>MRT-2 Receipts (in millions)</u>	<u>Increase/ (Decrease)</u>	<u>Year</u>	<u>MRT-2 Receipts (in millions)</u>	<u>Increase/ (Decrease)</u>
2014	\$94.7	(14)%	2019	\$135.6	3%
2015	113.5	20	2020	161.2	19
2016	130.0	15	2021	238.2	48
2017	138.3	6	2022*	200.1	(16)
2018	131.2	(15)	2023*†	116.5	(42)

\* MRT-2 Receipts were down in 2022 and 2023 due to a slowdown in real estate activity.

† 2023 data is preliminary.

*Deductions for Headquarters Expenses.* The general, administrative and operating expenses of MTA, net of reimbursements, recoveries and adjustments (“MTA Headquarters Expenses”), to the extent not paid from other sources, are required to be paid from MRT-1 Receipts prior to making any deposits to the Transit Account or the Commuter Railroad Account. MTA Headquarters Expenses do not include capital expenditures for headquarters operations. Since 2014, all MRT-1 Receipts and MRT-2 Receipts (after legislative deductions) have been utilized for MTA Headquarters Expenses. Among other uses, MTA pays the following annual amounts as MTA Headquarters Expenses:

- expenses of operating MTA Headquarters, including MTA Police Department, and
- an amount paid to MTA Bridges and Tunnels to fund a toll rebate program for residents of Broad Channel and the Rockaway Peninsula when using E-ZPass on the Cross Bay Veterans Memorial Bridge.

The amount of MTA Headquarters Expenses in any year is neither contractually nor statutorily limited. The amount of MTA Headquarters Expenses in future years may be affected by inflation, expansion or contraction of activities the expenses for which are not reimbursable, non-recurring expense items and other circumstances including changes in MTA’s reimbursement practices with respect to the other Related Entities. The amount of MRT-1 Receipts received by MTA each month that is required to be applied to MTA Headquarters Expenses may vary widely based on MTA’s cash flow requirements and the timing of reimbursements from the other Related Entities.

*Transfers to State Suburban Transportation Fund from MRT-1 Receipts.* State law requires MTA in each year to transfer up to \$20 million of MRT-1 Receipts (in equal quarterly installments of \$5 million) deposited in the Commuter Railroad Account to the State Suburban Transportation Fund to pay for or finance certain types of highway capital projects in certain areas of the MTA Commuter Transportation District. In the event the transfer would result in an operating deficit, the amount of the deficit is appropriated to MTA for commuter railroad operating purposes. Due to such a deficit, no transfers have been made since 2008.

*Transfers to Counties from MRT-2 Receipts.* MTA is required to transfer, in equal quarterly installments, in each year from the MRT-2 Tax in the Corporate Transportation Account to the Metropolitan Transportation Authority Dutchess, Orange and Rockland Fund an annual amount of \$1.5 million for each of the counties of Dutchess and Orange, and \$2.0 million for the county of Rockland. Additionally, MTA must transfer from that Account to such fund for each of these three counties, respectively, an amount equal to the product of (1) the percentage by which such county’s mortgage recording tax payment to MTA in the preceding calendar year (calculated as if the 2005 increase in the MRT-1 Tax from 25 cents per \$100 to 30 cents per \$100 did not occur) increased over such payment in calendar year 1989 and (2) \$1.5 million each for Dutchess and Orange Counties and \$2.0 million for Rockland County.

The following table shows the amounts transferred to the counties for the past ten years:

<u>Year</u>	<u>Additional Amounts</u>	<u>Year</u>	<u>Additional Amounts</u>
2014	\$6,182,837	2019	\$10,313,296
2015	7,434,395	2020	13,334,347
2016	8,623,933	2021	20,858,457
2017	9,390,421	2022	17,992,568
2018	9,395,989	2023 <sup>†</sup>	11,423,807

<sup>†</sup> 2023 data is preliminary

### Urban Taxes for Transit System

In addition to the special tax supported subsidies described above under “State Special Tax Supported Operating Subsidies”, a portion of the amounts collected by the City from certain mortgage recording and real property transfer taxes with respect to certain real property located within the City (collectively, the “Urban Taxes”) are, as required by State statute, paid by the City’s Commissioner of Finance directly to MTA New York City Transit on a monthly basis. As in the case of mortgage recording taxes described above, the Urban Taxes can change dramatically from year-to-year depending on the level of real estate activity.

The following table sets forth the amount of Urban Taxes received by MTA New York City Transit on an accrual basis in each of the last ten years.

<u>Year</u>	<u>Urban Taxes (in millions)</u>	<u>Year</u>	<u>Urban Taxes (in millions)</u>
2014	\$852.9	2019	\$684.1
2015	1,040.0	2020	376.2
2016	822.9	2021	546.9
2017	575.1	2022	700.5
2018	746.4	2023 <sup>*†</sup>	411.8

\* Urban Tax receipts were down in 2023 due to a slowdown in real estate activity.

<sup>†</sup> 2023 data is preliminary.

### Capital Program Funding Sources (Mansion Tax and City and State Sales Taxes)

The State Fiscal Year 2019-2020 Enacted Budget established new dedicated revenue streams for MTA that included a new Real Property Transfer Tax Surcharge (sometimes referred to as the “Mansion Tax”), effective July 1, 2019, which increases the transfer tax on an increasing scale by one-quarter of 1% of consideration of at least \$2 million, with a combined top rate of 4.15% on the sale of City residential properties valued at \$25 million or above.

Sales and compensation use taxes are a large component of the operating subsidies for MTA. Starting in State Fiscal Year 2020-2021, portions of State and City sales tax receipts were allocated to MTA Bridges and Tunnels, as follows:

- (i) from State sales tax receipts collected by the New York State Department of Taxation and Finance (the “Department of Taxation and Finance” ), the following annual amounts will be deposited monthly in substantially equal proportion by the State Comptroller in a new State-held fund, the New York Central Business District Trust Fund, and thereafter, subject to appropriation, such funds have been and will be paid into the Central Business District Tolling Capital Lockbox Fund (as defined below):

- State FY 2020-2021 (ended March 31, 2021) - \$150 million.
- State FY 2021-2022 and every year after—an amount equal to 101% of the amount deposited the previous year.

(ii) the State Comptroller has and will withhold from the City, sales tax revenue from the sales tax imposed by the City (“City Sales Taxes”) and deposit such revenues monthly, in substantially equal proportion, without appropriation, into the CBD Tolling Capital Lockbox Fund in the following annual amounts (such statutorily defined portions are referred to herein as the “Sales Tax Receipts”):

- FY 2020-2021 (ended March 31, 2021) - \$170 million
- FY 2021-2022 and every year thereafter—an amount equal to 101% of the amount deposited the year before.

The proceeds from these three new revenue streams (the Mansion Tax, the appropriated portion of the State sales tax receipts and the City Sales Taxes), as well as all monies MTA Bridges and Tunnels receives from the CBD Tolling Program once operational, are deposited into MTA’s Central Business District Tolling Program capital lockbox (the “CBD Tolling Capital Lockbox Fund”) and are used to finance infrastructure and operating costs of the CBD Tolling Program and to support financing for the 2020-2024 Capital Program and later capital programs. See “PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – MTA Bridges and Tunnels – Central Business District Tolling Program”.

Monies in the CBD Tolling Capital Lockbox Fund cannot be commingled with any other MTA Bridges and Tunnel monies and will be held free and clear of claims arising under the CBD Tolling Program and shall be applied to:

- (i) operating, administration and other necessary expenses relating to the CBD Tolling Program, including to NYCDOT pursuant a Memorandum of Understanding; and
- (ii) 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 programs; 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 programs on a pay-go basis; or
- (iii) transferred to MTA and either (x) pledged by MTA to pay MTA bonds issued to pay for costs of MTA capital projects in the 2020-2024 Capital Program or later capital programs, or (y) used by MTA to pay costs of MTA capital projects in the 2020-2024 Capital Program or later capital programs on a pay-go basis.

Since 2022, MTA Bridges and Tunnels has issued its Sales Tax Revenue Bonds (TBTA Capital Lockbox – City Sales Tax), secured by the City Sales Taxes, but not any portion of the sales and compensating use taxes imposed by the State, held in the CBD Tolling Capital Lockbox Fund. See “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – SALES TAX REVENUE BONDS (TBTA CAPITAL LOCKBOX – CITY SALES TAX)”.

The State Fiscal Year 2019-2020 Enacted Budget further provided that capital project costs paid from the CBD Tolling Capital Lockbox Fund are subject to the following revenue split:

- 80% for MTA New York City Transit, MaBSTOA, MTA Staten Island Railway and MTA Bus capital project costs, with priority given to subway system, new signaling, new subway cars, track and car repair, accessibility, buses and bus system improvements and further investments in expanding transit availability in the outer boroughs;

- 10% for MTA Long Island Rail Road capital projects, including parking facilities, rolling stock, capacity enhancements, accessibility and expanding transit availability; and
- 10% for MTA Metro-North Railroad capital projects including parking facilities, rolling stock, capacity enhancements, accessibility and expanding transit availability.

The following table provides information relating to Mansion Tax and statutory allocations of State and City sales tax revenues receipts on an accrual basis since 2019:

**Capital Program Funding Sources  
(\$ in millions)**

<u>Year</u>	<u>Real Property Transfer Tax (Mansion Tax)</u>	<u>Statutory Allocation of State and City Sales Tax Revenues</u>	<u>Transfer to Capital Program</u>
2019	\$73.8	\$85.1*	\$159.0
2020	160.7	260.0	(79.3)†
2021	374.5	344.9	717.0
2022	524.4	325.6	850.0
2023††**	337.2	328.9	666.1

\* The 2019 statutory allocation of State and City sales tax revenues consisted only of the City collections and remittances to MTA. The State portion was not transmitted to MTA in 2019 because the State portion is subject to appropriation by the State Legislature, which did not appropriate the funds in the State Fiscal Year 2019-2020 Enacted Budget. The State appropriated \$150 million in the State Fiscal Year 2020-2021 Enacted Budget and has continued to appropriate the authorized amounts in succeeding State Fiscal Years.

† Public Authorities Law 553-j was amended in the 2020-2021 State Enacted Budget to allow MTA to use monies in the Central Business District Tolling Lockbox Fund through the end of 2021 to offset revenue declines or operating expense increases resulting from the COVID-19 pandemic. Currently, receipts from the Real Property Mansion Tax and the statutory allocation of State and City sales taxes are deposited in the lockbox. In 2021, \$499.9 million of revenue deposited in the lockbox was transferred to the operating budget to fund revenue declines and operating expense increases from the COVID-19 pandemic.

†† 2023 data is preliminary.

\*\* Mansion Tax receipts were down in 2023 due to a slowdown in real estate activity.

**Shared Vehicle Tax**

A 3% tax (the “Shared Vehicle Tax”) is imposed on the driver of a Shared Vehicle when the transfer of such Shared Vehicle takes place within the MTA Commuter Transportation District. “Shared Vehicles” are defined as motor vehicles that are available for rental via a peer-to-peer car sharing program, but are not used exclusively for peer-to-peer sharing and are not part of a rental fleet.

Similar to the ATA Receipts, the Shared Vehicle Taxes are payable directly to MTA for deposit in the Corporate Transportation Account.

The Shared Vehicle Taxes may be pledged by MTA or pledged to MTA Bridges and Tunnels to secure debt of MTA or MTA Bridges and Tunnels for the benefit of the Transit and Commuter Systems and MTA Bus. The Shared Vehicle Taxes have not been so pledged. In addition, because the Shared Vehicle Taxes are not “Operating Subsidies” under the Transportation Resolution, they are not pledged to the payment of Transportation Revenue Bonds, but MTA may use the Shared Vehicle Taxes, in its discretion, to make such debt service payments on the Transportation Revenue Bonds, or any other debt of MTA or MTA Bridges and Tunnels for the benefit of the Transit and Commuter Systems and MTA Bus if it so chooses. Subject to the provisions of any such future pledge or the prior application to debt service payments, such Shared Vehicle Taxes can be used by MTA for the payment of operating and capital costs for the benefit of the Transit and Commuter Systems and MTA Bus.

MTA did not receive any Shared Vehicle Taxes in 2022, and receipts in 2023 totaled \$1.1 million.

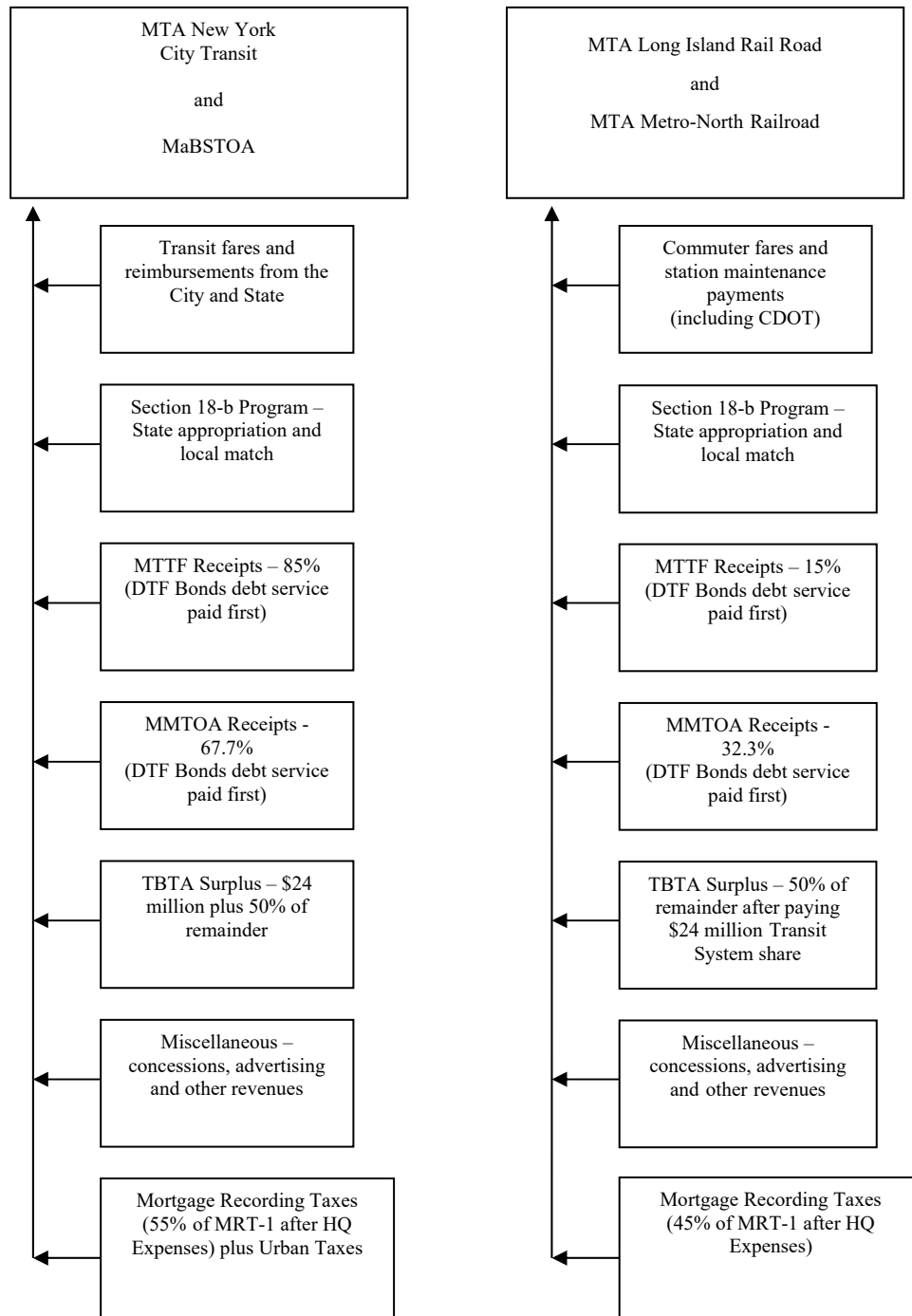


## **Operating Funding for the Transit and Commuter Systems**

The chart on the following page shows the types of revenues and relative percentages of revenue streams that are currently available and required to be used to fund the Transit System (MTA New York City Transit and MaBSTOA) and the Commuter System (MTA Long Island Rail Road and MTA Metro-North Railroad). From time to time, MTA may, in its discretion, additionally subsidize the Transit System and Commuter System operations, or the operations of the other Related Entities, from other available excess moneys, including ATA Receipts, MTA Bridges and Tunnels Surplus Investment Income, moneys on deposit in the Subway Action Plan Account, the Outer Borough Transportation Account and the General Transportation Account, mortgage recording taxes and Shared Vehicle Taxes. All of the revenues listed on the following chart are revenues that are pledged for the payment of Transportation Revenue Bonds (as described in “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – TRANSPORTATION REVENUE BONDS”), with the exception of (1) mortgage recording taxes that do not become pledged revenues (by direction of the MTA Board) until, in the case of MRT-1, after the payment of MTA Headquarters Expenses, and (2) concession revenues at Penn Station and Grand Central Terminal. This chart does not include revenues from the PMT, taxes and fees deposited in the MTA Aid Trust Account, moneys on deposit in the Subway Action Plan Account, the Outer Borough Transportation Account and the General Transportation Account, and Shared Vehicle Taxes, which may be applied to fund operating and capital needs of the Transit and Commuter Systems and/or MTA Bus in amounts and relative percentages determined by MTA consistent with the applicable statutes; to the extent such PMT and General Transportation Account amounts are available to be applied to operating needs of the Transit System and the Commuter System, they constitute revenues that are pledged for the payment of Transportation Revenue Bonds. This chart also does not include revenues deposited into the CBD Tolling Capital Lockbox Fund, none of which moneys can be applied to fund operating needs of the Transit System and the Commuter System.

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The percentages of MMTOA Receipts reflected below for the Transit and Commuter Systems are based upon the State Fiscal Year 2024-2025 Enacted Budget.



## FINANCIAL PLANS AND CAPITAL PROGRAMS

### 2024-2027 Financial Plan (The “2024 February Plan”)

For a description of the 2024 February Plan, see the Third Quarterly Update to the 2023 Annual Disclosure Statement, dated March 6, 2024, which is incorporated herein by specific cross-reference. No other portion of the 2023 Annual Disclosure Statement is incorporated herein.

### Subsequent Developments

*2023 Actual Cash Results and Cash Balance Projections.* MTA’s 2023 preliminary closing indicates a balanced budget. The 2023 year-end balance includes favorable results of \$382 million from operations and debt service. Approximately \$58 million (preliminary) is favorable net cash timing variances that are projected to have an unfavorable impact in 2024. Excluding these timing variances, preliminary operating and debt service results were \$317 million favorable. Taxes and State and Local Subsidies were unfavorable by \$16 million, investment income was favorable by \$3 million, and the MTA Bridges and Tunnels surplus transfer, CDOT subsidy to cover its portion of MTA Metro-North Railroad expenses and New York City subsidy to cover MTA Staten Island Railway expenses were unfavorable by a combined \$5 million. The 2023 final estimate projected \$1,370 million of resources stemming from Federal COVID Aid would be needed to balance the 2023 budget. Preliminary closing estimates indicate only \$1,006 million of such resources will be needed to balance the 2023 budget on a cash basis for a positive variance of \$364 million.

### Challenges to the 2024 February Plan

There are numerous challenges facing MTA over the course of the 2024 February Plan:

*Legislative and Governmental Action and Fiscal Support.* While the 2024 February Plan reflects the significant commitment and contributions from both the State and the City to help stabilize MTA’s fiscal conditions, provide resources for improved services, safety and security, and helps stave off the fiscal crisis due to the effects of the pandemic, MTA faces the ongoing risk of an economic downturn or recession that could have a significant impact on the level of dedicated tax receipts it receives.

One major risk is the approval, and awarding, of downstate casino licenses that is uncertain in both outcome and timing, which risks the \$500 million assumed to be received by MTA in each of 2026 and 2027.

Additionally, MTA’s finances are influenced by federal public transportation provisions, funding levels and federal tax law. The receipt of capital grants by MTA from the Federal Transit Administration (“FTA”) is not assured and is subject to approval by the FTA, the Secretary of Transportation and Office of Management and Budget, as well as appropriation by the U.S. Congress, to the allocation and delivery procedures of the U.S. Department of Transportation (“USDOT”) and the FTA, and to compliance by MTA with conditions required by the grants. If federal funding for transit programs is reduced, whether as a result of sequestration or for other reasons, MTA’s receipt of FTA grant funding, as well as MTA’s substantial recurring revenue from the FTA, could be delayed, not approved or cancelled. Federal policies on transportation, taxation, and other topics can shift dramatically from one administration to another. Such shifts could result in reductions to levels of federal funding received by MTA and its Related Entities.

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*Continued Paid Ridership Recovery.* In April 2020, MTA hired McKinsey & Company (“McKinsey”) to develop an initial financial impact assessment from the COVID-19 pandemic. McKinsey reviewed MTA farebox and toll revenues, along with subsidy receipts and developed forecasts consistent with the likely effect the COVID-19 pandemic would have on the regional and national economies. MTA hired McKinsey to perform additional analyses in 2021 and in 2022. The July 2022 analysis provided revised projections based upon the trends which had developed during the pandemic and which may become permanent or longer lasting in duration. As with the prior McKinsey assessments, MTA incorporated the results of the analysis into its 2024 February Plan.

The Plan assumes a 10 percentage point increase in paid ridership recovery by 2026. However, progress in reducing fare evasion, a major challenge for the MTA, will be a critical component to achieving this target.

*Recessions and High Inflation.* MTA’s finances are highly influenced by economic factors. Passenger and toll revenues, dedicated taxes and subsidies (including real estate transaction revenue), debt service, pensions and energy costs are all impacted by the economic health of the MTA region, the State and nation. In particular, the dedicated taxes MTA relies on to cover its operating budget are sensitive to economic downturns, and a significant and sustained decline in economic activity could reduce dedicated tax receipts. Intervening economic or other factors, or the actions of the Federal Open Markets Committee (“FOMC”) could result in inflation that is higher than assumed. If the economy were to slow or fall into recession, or inflation were to remain higher than expected, the financial plan’s projected results could be materially adversely affected.

*Central Business District Tolling Program (“Congestion Pricing”).* Congestion Pricing is scheduled for implementation in mid-2024. There is a risk that recent litigation could impact this start date and timing of receipt of congestion pricing revenues for the capital program.

*Continuation of the Negotiation of Affordable Labor Contracts.* The transportation services provided by the Related Entities, as well as related maintenance and support services, are labor intensive. Consequently, a major portion of the Related Entities’ expenses consists of the costs of salaries, wages and fringe benefits for employees and retirees, and achieving affordable wage settlements impacts MTA’s financial position. MTA is committed to negotiating affordable collective bargaining agreements with its unions. The 2023 February Plan assumes annual wage increases of 2% following the expiration of existing collective bargaining agreements. Failure to reach agreements with labor unions, or failure to negotiate affordable labor contracts could have a significant adverse impact on the budgets of MTA and its Related Entities.

See “PART 5. EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – EMPLOYEES, LABOR RELATIONS, AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS” for a description of the status of labor negotiations and contracts.

*Implementation of Fare and Toll Yield Increases in 2025 and 2027.* Many costs are dependent on pricing factors outside MTA’s direct control (e.g., energy, health and welfare and pensions), and MTA relies, in part, on regularly recurring fare and toll rate increases to help cover these increasing expenses. MTA’s current financial plan through 2027 assumes additional fare and toll increases in 2025 and 2027. Through 2027, the 2023 February Plan assumes a combined \$1.5 billion in additional fare and toll revenue from the projected 2025 and 2027 fare and toll increases, including an approximate 4% fare and toll increase in 2025, followed by a 4% fare and toll increase in 2027. There is no assurance that such fare and toll increases will be implemented as and when included in the financial plan, or, if implemented, will generate the estimated revenue increases described in this ADS. If projected fare and toll increases are not implemented or realized, MTA’s financial situation may, in the absence of additional subsidies or other funding, deteriorate, as revenue will not be able to keep pace with inflation and other cost growth. 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 on MTA Metro-North Railroad.

*Maintenance of Fiscal Discipline.* MTA has identified and implemented initiatives that are \$14 million in excess of the 2023 savings target, but must remain focused on existing cost control efforts, in order to achieve the operational efficiencies of approximately \$400 million in 2024 and \$500 million annually through the remaining 2024 February Plan years. The Plan could fall short of balance if all savings are not achieved.

Efforts to achieve savings must include addressing overtime. Reports from both the MTA Inspector General and special outside counsel, Morrison and Foerster, emphasized specific recommendations to address existing deficiencies. MTA, through its Overtime Task Force, put those recommendations into effect with certain overtime savings expectations. The most recent Overtime Report concluded that MTA-wide, overtime spending has not been managed to budgeted levels. The 2024 February Financial Plan includes very aggressive overtime budgets that reflect Operating Efficiencies targets to address improving availability of current staff, hiring for critical operating and maintenance titles and changing work processes at shops at MTA New York City Transit, MTA Long Island Rail Road and MTA Metro-North Railroad. These Operating Efficiencies show management engagement to control and manage overtime spending.

## **Oversight and Review of Administration of Capital Programs**

A committee on capital program oversight (which by charter consists of at least six members, including the Chair of the MTA Board and the Chairs of each of the MTA Board operating committees), monitors various capital program actions and activities, including:

- current and future funding availability;
- contract awards;
- program expenditures; and
- timely progress of projects within the programs.

The legislation establishing the committee also requires MTA to submit a five-year strategic operations plan to the Governor and to amend such plan at least annually. Such plan must include, among other things, planned service and performance standards and the projected fare levels for each year covered by the plan and an analysis of the relationship between planned capital elements and the achievement of planned service and performance standards. MTA communicates with the State officials responsible for monitoring the strategic operations plan in order to keep them informed of such matters.

## **Background and Development of Capital Programs**

MTA Construction and Development maintains a website which includes descriptions of the various capital programs, projects, and the status of each. No portion of MTA’s website is included by cross-reference in this ADS.

*Transit and Commuter Systems.* The MTA Act requires MTA to submit to the Capital Plan Review Board (“CPRB”), for its approval, successive five-year capital programs; one for the Transit System and MTA Staten Island Railway and another for the Commuter System. The CPRB approved capital programs for the Transit System and MTA Staten Island Railway and the Commuter System for the five-year periods beginning in the years 1982, 1987, 1992, 1995, 2000 and 2005. The projects included in the 1982-2009 MTA Capital Programs have been substantially completed.

MTA and the CPRB have also approved separate five-year MTA Capital Programs covering the periods 2010-2014, 2015-2019 and most recently 2020-2024. These Capital Programs are described in detail below. The 2020-2024 Capital Programs for both MTA and MTA Bridges and Tunnels were presented to the MTA Board and approved September 2019. The MTA Capital Program was proposed to the CPRB on October 1, 2019, as required by law, and the CPRB approved the MTA 2020-2024 Capital Program in January 2020. Since approval of the new 2020-2024 Capital Program and the amendments to the prior two programs, there was an amendment to the 2020-2024 Capital Program approved by both the Board and CPRB in December 2021 in July 2022, and another in July 2023. MTA anticipates proposing additional amendments to the 2020-2024 Capital Program, the 2010-2014 Capital Program and 2015-2019 Capital Program to the CPRB in Spring 2024 as well as a new capital program covering the period 2025-2029 anticipated to be presented to the MTA Board and the CPRB in the Fall of 2024.

Funding for the MTA Capital Programs comes from a variety of sources, including bonds, pay-as-you-go monies (“PAYGO”), State, City and MTA Bridges and Tunnels assistance, and federal funds. The federal government supplied on average 30% of the funds required for the 1982-2024 Capital Programs. Bonds issued to finance the MTA Capital Programs are subject to a statutory ceiling, as further described in “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS”.

*MTA Bridges and Tunnels Facilities.* Beginning in 1989, MTA Bridges and Tunnels undertook its first multi-year capital program totaling \$160 million for the three-year period 1989-1991. The funds for the program were raised from revenues deposited in its own capital reserve fund and the proceeds of MTA Bridges and Tunnels bonds.

Since then, while not required to do so by statute, MTA Bridges and Tunnels has developed its own five-year capital programs covering the same periods as the MTA Capital Programs to enable MTA Bridges and Tunnels to keep its own facilities in good operating condition while also maintaining its role in MTA’s unified transportation policy. The MTA Bridges and Tunnels Capital Programs are not subject to approval by the CPRB and bonds issued to finance MTA Bridges and Tunnels Facilities and the CBD Tolling Program are not subject to a statutory ceiling.

Although substantial annual investments in major maintenance have regularly been made and additional expenditures are planned, MTA Bridges and Tunnels expects that capital investments in the rehabilitation or reconstruction and painting of its facilities will continue to be necessary as components approach the end of their respective useful lives and require normal replacement.

*Risks Associated with Capital Program Funding.* The receipt of capital grants by MTA from the Federal Transit Administration (“FTA”) is not assured and is subject to approval by the FTA, the Secretary of Transportation and Office of Management and Budget, as well as appropriation by the U.S. Congress, to the allocation and delivery procedures of

the USDOT and the FTA, and to compliance by MTA with conditions required by the grants. If federal funding for transit programs is reduced, whether as a result of sequestration or for other reasons, MTA's receipt of FTA grant funding, as well as MTA's substantial recurring revenue from the FTA, could be delayed, not approved or cancelled.

Additionally, funds to be received from the City and the State could be subject to delay, and the State Legislature and City Council not obligated to make appropriations to fund MTA's capital programs or to pay into the accounts which secure the bonds MTA and MTA Bridges and Tunnels use to fund portions of their capital programs.

In the event that anticipated funds are not made available, MTA and MTA Bridges and Tunnels could be forced to delay or cancel portions of their capital programs, issue additional debt, or seek additional funding sources.

Capital construction projects may be subject to unanticipated delays and cost overruns resulting from, among other things, storms and weather events, supply chain disruptions, pandemics, or labor unrest. Such delays and increased costs could raise the overall cost of MTA and MTA Bridges and Tunnels' capital programs, which could require MTA and MTA Bridges and Tunnels to delay or cancel portions of their capital programs, issue additional debt, or seek additional funding sources.

If MTA does not receive sufficient moneys to fund current and future capital needs, the improvements to the Transit System, MTA Staten Island Railway, the Commuter Rail System, and the MTA Bus System, state of good repair achieved through implementation of previous capital programs could erode.

## **Major Capital Projects**

### *East Side Access*

The East Side Access project consists of construction of a 3.5-mile commuter rail connection between the MTA Long Island Rail Road's Main and Port Washington lines in Queens and a new terminal being constructed beneath Grand Central Terminal. The project also includes upgrades to the Harold Interlocking infrastructure. The new connection increases MTA Long Island Rail Road's capacity into Manhattan, dramatically shortening the travel time for Long Island and eastern Queens commuters traveling to the east side of Manhattan and improving the reliability and operational flexibility of the Harold Interlocking. MTA began construction of certain portions of the East Side Access project in 2001.

The estimated cost to complete the project is \$11.133 billion, which excludes Rolling Stock Reserve of \$463 million and project financing charges. Additional budget for the project, reflecting this estimate to complete, was approved and is a part of the 2020-2024 Capital Program.

Federal funds for the project, primarily received through a Full Funding Grant Agreement with the FTA are \$2.70 billion, all of which have been received. The State has contributed \$450 million in direct funding for this project. MTA is financing the remaining portion of the cost of the East Side Access project using MTA bond proceeds.

MTA's Regional Investment program, which was to be progressed concurrently with the East Side Access program, includes improvements to Harold Interlocking that will benefit the regional transportation network by separating Amtrak and MTA Long Island Rail Road train operations and increase Amtrak train speeds between Penn Station and the New Haven line. The Regional Investment program is funded in the 2010-2014, 2015-2019 and 2020-2024 Capital Programs and is partially funded by the FRA's High Speed Intercity Passenger Rail Program. The balance of funding to complete Regional Investment scope will be requested in the 2025-2029 Capital Program.

The project achieved temporary allowance of occupancy and partial revenue service (shuttle service) on January 25, 2023. Full revenue service was achieved on February 27, 2023. Systems-related contracts, covering installation of traction power, signals and facility systems have all achieved substantial completion, as has the Mid-Day Storage Yard Facility contract. The Grand Central Madison Concourse and Facilities Fit-Out contract and the Passenger Experience & Retail Enhancements contract are expected to achieve substantial completion in 2024.

Work under the Harold Catenary Construction contract is ongoing with substantial completion forecasted in 2024. That contract provides for the design and construction of catenary systems, power systems, civil structures, and trackwork in Harold Interlocking and Sunnyside Yards and will benefit both the East Side Access and the Harold Interlocking High Speed Rail projects. Additionally, work on the Eastbound Reroute contract is approximately 50%

complete and is forecasted to achieve substantial completion in 2024. That contract provides for a grade separated track through the Harold Interlocking as part of the Harold Interlocking High Speed Rail project.

### *Second Avenue Subway*

The Second Avenue Subway is a multi-phased project to provide MTA customers with a new subway service ultimately expected to stretch approximately 8.5 miles under the East Side of Manhattan from 125th Street to Hanover Square.

Under the current plan, the project is expected to be built in four phases.

- *Phase One:* Second Avenue Subway Phase One commenced revenue service on January 1, 2017. Construction was completed through tunnels from 105th Street and 2nd Avenue to 63rd Street and Third Avenue, with new stations along 2nd Avenue at 96th, 86th and 72nd Streets and new entrances to and newly opened portions of the existing Lexington Avenue/63rd Street Station. The service runs from 96th Street and 2nd Avenue to the existing Lexington Avenue/63rd Street Station, where it connects with the N/Q/R Line.
- *Phase Two:* The new subway line will be extended north from 96th Street to 125th Street. Subway service will run from 125th Street to the existing Lexington Avenue/63rd Street Station, where it will connect with the N/Q/R Line.
- *Phase Three:* The new subway line will be extended south to Houston Street. Subway service will run from 125th Street to Houston Street and 2nd Avenue.
- *Phase Four:* In this final phase the new subway line will be extended south to Hanover Square. Subway service will run from 125th Street to Hanover Square in Lower Manhattan.

The capital cost for Phase One was \$4.601 billion. As of December 2022, MTA received from the FTA approximately \$1.54 billion, primarily through an Full Funding Agreement. The State has contributed \$450 million in direct funding for this project. The remainder of the necessary funding for this project has been achieved through the issuance of MTA bonds.

Second Avenue Subway Phase Two, which will complete the project's next operational phase, commenced in December 2016 with the award of the environmental and design contracts. The initial 2015-2019 Capital Program allocation for this project was \$1.735 billion to address environmental work, design, real estate, project support, and preliminary construction work. The January 2020 approved capital program for 2020-2024 included a \$4.555 billion budget for this project bringing the overall, combined budget to \$6.290 billion. On January 6, 2022, FTA approved Phase Two for entry into the Engineering phase of the FTA New Starts Program. FTA has been requiring projects around the country to add contingency in light of global supply chain and other issues. The FTA's March 2023 New Starts Engineering FY 2024 profile and its Annual Report on Funding included nearly \$300 million in added inflation costs, while also requiring the project to carry \$379 million in additional contingency. The August 2023 CPRB approved 2020-2024 Capital Program amendment #3 reflected this \$679 million adjustment, increasing the 2020-2024 budget from \$4.555 billion to \$5.233 billion. As a result, a Full Funding Grant Agreement (FFGA) was issued by the FTA in November 2023. Contract 1 (utility relocation), the first of four contracts to complete Phase Two, was subsequently awarded. And as of January 2024, \$554 million has been committed for Phase Two. The revised FTA cost estimate also includes \$731 million in finance costs that are not part of the capital cost of the project and are paid out of MTA's Operating Budget. As such, the full FTA estimate for Second Avenue Subway Phase Two, between Capital and Operating costs, is \$7.699 billion. Next steps for this project could be impacted by the availability of Congestion Pricing funding.

### *Penn Station Access*

The Penn Station Access project will allow MTA Metro-North Railroad to initiate service between its New Haven Line and Penn Station via Amtrak's Hell Gate Line through the East Bronx and Queens. The project includes construction of new intermediate stations in the East Bronx in the vicinity of Co-op City, Morris Park, Parkchester/Van Nest and Hunts Point.

The project originally came into the MTA Capital Program as part of the 2015-2019 Capital Program and additional budget was added as part of the 2020-2024 capital program. Additional funds were made available at the time of the design-build contract's award in late 2021, bringing the total combined budget at that time to \$1.583 billion. The

2020-2024 Capital Program budget for the Penn Station Access project was further increased in amendments #2 and #3 to that program. The project budget totals \$3.379 billion, including \$430.5 million allocated in MTA's 2015-2019 Capital Program amendment #4, and \$2.948 billion in the amended 2020-2024 Capital Program. As of January 2024, \$2.45 billion has been committed for the project including the award of the design-build contract. In addition to MTA funding, this project is receiving federal and state funding.

#### *MTA Long Island Rail Road Expansion Project*

In December 2017, the MTA Board granted approval to award two contracts for the MTA Long Island Rail Road Expansion project. The first contract, a design-build contract, calls for the awardee to design and construct approximately ten miles of third track on the Main Line, remove eight street-level grade crossings, and provide grade-separated vehicular and pedestrian crossings at five locations. This contract contains options for various completion work and for up to five parking facilities. The second contract is a project management consulting services contract for a period of three years, with options to extend the contract period for two additional one-year terms.

The third track on the Main Line was completed and fully operational as of October 2022. All eight grade crossings have been eliminated and five have re-opened as undergrade crossings; bridge replacements and station improvement work at four stations is ongoing; and two new parking structures have been opened to the public. Substantial completion was achieved in April 2023 and the project is currently moving towards financial closeout.

The total budget for the design-build contract and the project management contract is \$2.489 billion (\$2.050 billion in the 2015-2019 Capital Program and \$438 million in the 2020-2024 Capital Program). The \$438 million represents a \$100 million reduction from the \$538 million in the 2020-24 Capital Program, reflecting cost savings achieved on the project.

#### *Penn Station Reconstruction*

The amended 2020-2024 Capital Program included \$100 million to advance planning, environmental review and design for the Penn Station Reconstruction project, which will be coordinated with Amtrak and NJ Transit to increase concourse capacity and reduce crowding, improve safety, enhance the user experience, and improve station operations by unifying the multiple concourses in the existing Penn Station into a state-of-the-art public space. Funding for this project will be provided by the State with contributions expected from Amtrak and NJ Transit. The initial design contract was approved by the MTA Board in late 2022 and was awarded in mid-2023.

#### *Accessibility Improvements*

The amended 2020-2024 Capital Program includes \$5.2 billion for projects to make subway stations (including MTA Staten Island Railway) newly ADA accessible and more than \$600 million for projects to upgrade existing elevators and make other improvements to improve accessibility. It is expected that, when the projects are completed, subway riders will never be more than two stops away from an ADA accessible station.

Additionally, MTA New York City Transit is currently rolling out an automated audio-visual announcements system on board buses. After a successful pilot, MTA New York City Transit is including this system on new buses and retrofitting buses in the current fleet. As of the end of 2022, more than 60% of the bus fleet included this system. MTA New York City Transit is nearing completion of the implementation of the Key Station Plan that was established under State and federal law for 100 designated stations to be made fully accessible to people with disabilities. Hunter College 68th Street was awarded in late 2022 and this was the last of the Key stations.

It is MTA New York City Transit's position that it is in substantial compliance with the statutory requirements of the ADA related to buses. In 2022, as part of an agreement reached with plaintiffs in two class action lawsuits relating to the accessibility of the subways for those with mobility disabilities, MTA committed, subject to extensions of time based on funding commitment caps and other contingencies, to procure contracts to make accessible 81 stations by 2025, another 85 stations by 2035, another 90 stations by 2045, and the last 90 stations by 2055.

#### **2020-2024 Capital Program**

At its September 25, 2019 meeting, the MTA Board reviewed and authorized a submission to the CPRB of the MTA 2020-2024 Capital Program totaling approximately \$52.2 billion, as well as a five-year capital program for MTA Bridges and Tunnels for the years 2020-2024 (the "2020-2024 MTA Bridges and Tunnels Capital Program") totaling



approximately \$3.3 billion, along with revised 2015-2019 and 2010-2014 MTA Capital Programs, which were not required to be submitted to the CPRB for approval.

The MTA 2020-2024 Capital Program was proposed to the CPRB on October 1, 2019, as required by law. The CPRB approved the MTA 2020-2024 Capital Program in January 2020.

Since its original approval, MTA's 2020-2024 Capital Program has been amended several times:

- In December 2021, the plan was amended to increase the total funding from \$54.799 billion to \$55.334 billion. Changes to the capital program included budget adjustments in the MTA New York City Transit program for a track and structures project, increases to the sizes of the MTA Long Island Rail Road and MTA Metro-North Railroad programs, two new MTA Interagency elements, budget adjustments to support the Penn Station Access project, and elements with 10% increases which require CPRB approval. MTA Board and CPRB approval were obtained in 2022.
- In July 2022 the plan was amended to increase the capital program by \$108 million from \$55.334 billion to \$55.442 billion. Changes to the program included new projects, additional support for existing projects, reflected changes to project budgets based on refined scope, timing and cost estimates and identified elements in the CPRB portion of the program that had 10% budget issues and required CPRB approval to advance critical work. Also included in the program was the MTA Bridges and Tunnels program which remained unchanged at \$3.327 billion and included changes to project budgets. MTA Bridges and Tunnels does not require CPRB approval to amend its program, and MTA Board and CPRB approval were obtained in 2022.
- In July 2023, the plan was amended with no adjustment to the total budget or funding of the \$55.442 billion total. Changes to the program included an \$878 million move of budget from "core" CPRB agencies to Network Expansion, with \$678 million going to Second Avenue Subway Phase Two and \$200 million going to the Penn Station Access Project. Several core projects have been added to address emerging needs like resiliency (such as cable dehumidification at the Verrazzano-Narrows Bridge) and a critical state-of-good repair need (such as Phase Two of Metro-North's Park Avenue Viaduct rehabilitation). This amendment identified CPRB portions of the program that exceeded the 10% budget threshold and require CPRB approval in accordance with Public Authorities Law. On the funding side, this amendment aligns the mix of funding with SAS2 requirements and gives recognition to the additional Federal and state funding while keeping the overall funding envelope of the 2020-2024 Capital Program unchanged.

In late 2023 it became apparent to MTA that the \$15 billion of funding associated with the CBD Tolling program may be delayed due to uncertainty as a result of lawsuits filed by various parties attempting to delay or prevent CBD Tolling program. While the timing of the CBD Tolling program's operational start date and the availability of its funding for \$15 billion worth of projects remains unclear, there are impacts to the capital program now becoming evident. In early 2024, MTA Construction and Development's President shared with the MTA Board that some new contract awards may be delayed or otherwise be put on hold. One immediate impact of this is that MTA has developed and made public a reduced size commitment plan for 2024 of \$2.9 billion.

#### *Changes to MTA's Capital Planning.*

- The State Fiscal Year 2019-2020 Enacted Budget required that, among other things, MTA use a design-build methodology for all contracts over \$25 million. The State Fiscal Year 2022-2023 Enacted Budget increased the threshold from \$25 million for all contracts to \$200 million for new construction contracts and \$400 million for contracts predominantly relating to rehabilitation or replacement of existing assets. Any deviations to this will require a formal waiver from the State Division of Budget.

*Federal Infrastructure Funding.* On November 15, 2021, the Infrastructure Investment and Jobs Act (the "IIJA") was signed into law by President Joe Biden. MTA anticipates that it will benefit from this new legislation. The July 2022 amendment to the 2020-2024 Capital Plan described above added \$1.681 billion to the Plan's Federal Formula assumption, due to the significant increase in funding expected from the IIJA as compared to MTA's initial projections.

**MTA 2020-2024 Capital Program All-Agency Summary**  
**(\$ in millions)**

	2020-2024 Capital Program Amount <u>(in millions)</u>
MTA New York City Transit, MaBSTOA and MTA Staten Island Railway	\$33,964
MTA Long Island Rail Road	3,336
MTA Metro-North Railroad	3,408
MTA Bus	839
MTA Interagency Program	168
MTA Network Expansion	<u>10,291</u>
Total*	\$52,116
MTA Bridges and Tunnels (including the CBD Tolling Program)	<u>\$ 3,326</u>
Total Capital Program *	\$55,442

\* Totals may not total due to rounding

*2020-2024 Capital Program Funding.* The combined funding sources for the 2020-2024 Capital Program, as last amended and approved by the CPRB in July 2023, include \$15 billion in capital from CBD Tolling Program sources, \$10 billion in capital from new revenue sources (State and City sales taxes and Mansion Tax), \$7.393 billion in MTA bonds and PAYGO, \$3.101 billion in funding from the State (including \$0.1 billion for Penn Reconstruction), \$3.007 billion in funding from the City, \$9.984 billion in federal formula funding, \$2.005 billion in federal New Start funding for Second Avenue Subway Phase Two, \$1.084 billion in federal flexible and Other funding, \$0.500 billion from Amtrak for Penn Station Access, \$0.028 billion from CDOT for administrative assets, \$0.014 billion in MTA cash, and \$3.326 billion in MTA Bridges and Tunnels self-funded dedicated funds.

	2020-2024 Capital Program Amount <u>(in millions)</u>	Amounts Received <u>(in millions)</u>
Capital from Central Business District Tolling Sources	\$15,000	\$0
Capital from New Revenue Sources	10,000	2,959
MTA Bonds & PAYGO	7,393	449
Federal Formula	9,984	8,113
State of New York Capital	3,101	511
City of New York Capital	3,007	2,740
Federal New Starts (Second Avenue Subway, Phase Two)*	2,005	2,005
Federal Flexible & Other	1,084	1,082
Other	542	0
CPRB Program Subtotal†	<u>\$52,116</u>	<u>\$17,859</u>
MTA Bridges and Tunnels	<u>3,326</u>	<u>326</u>
Total†	<u>\$55,442</u>	<u>\$18,185</u>

\* Subject to future federal appropriation and guidance.

† As of December 31, 2023. Totals may not add due to rounding.

The receipt of federal, State, and City funds is subject to future appropriation and guidance and other administrative approvals. See “ - *Risks Associated with Capital Program Funding* ” above.

The following table shows, for each of the Related Entities or programs in the 2020-2024 Capital Program, the totals and the amounts budgeted, committed, expended and completed as of December 31, 2023:

As of December 31, 2023 (in billions)

<u>Agency</u>	<u>Total</u>	<u>Committed</u>	<u>Expended</u>	<u>Completed</u>
MTA New York City Transit and MTA Staten Island Railway	\$33.964	\$15.644	\$4.084	\$2.013
MTA Metro-North Railroad and MTA Long Island Rail Road	6.854	3.728	1.365	0.291
MTA Network Expansion	10.291	3.458	1.589	0.437
MTA Bus	0.839	0.656	.026	0.000
MTA Bridges and Tunnels	2.823	1.581	0.369	0.173
MTA Interagency Program	0.168	0.079	0.027	0.005
CBD Tolling Program	0.503	0.402	0.207	0.004

*2020-2024 Transit Core Program.* This 2020-2024 Capital Program totaling \$33.964 billion embodies the major capital investment strategies and priorities of the program:

- Accelerated investments in state-of-the-art signal systems, and associated fleets and infrastructure, to transform the reliability and capacity of the subway system;
- Accelerated investments in accessibility for customers with disabilities;
- Accelerated state of good repair investments in critical subway infrastructure and stations; and
- An enhanced, zero-emission bus fleet to serve a reimagined route network.

The following table represents the capital program, as approved, by category of work for the New York City Transit System and MTA Staten Island Railway under the 2020-2024 Transit Capital Program.

	Transit Authority 2020-2024 Transit Core Program <u>(in millions)*</u>
Subway Cars	\$4,335
Buses	1,8836
Passenger Stations	9,483
Track	2,558
Line Equipment	438
Line Structures	3,116
Signals & Communications	6,714
Power	1,446
Shops & Yards	509
Depots	954
Service Vehicles	228
Miscellaneous/Emergency	1,910
MTA Staten Island Railway	<u>389</u>
Total†	\$33,964

\* Does not include MTA Network Expansion Projects related to the Transit System, which are described below under the “MTA Network Expansion” section.

† Total may not add due to rounding.

Among the projects included in the Transit Core component of the 2020-2024 MTA Capital Program, as approved, are the following:

Subway Cars - For the B Division, MTA New York City Transit will purchase 640 cars to complete the replacement of the R46 fleet, and purchase an additional 437 cars for fleet growth. For the A Division, MTA New York City Transit will purchase cars to replace a portion of the R62/62A fleet. The purchases will be coordinated to support the rollout of advanced signal technology on the A Division. Production of the new cars is anticipated to extend into the 2025-2029 capital program. This category has been reduced from \$6.057 billion to \$4.328 billion since the original plan

was approved, primarily reducing the amount of A Division cars that will be purchased or upgraded in this capital program.

Buses - MTA New York City Transit plans to purchase 1,389 buses. 378 of the standard buses and 90 of the articulated buses will feature all-electric propulsion.

Passenger Stations - Overall, the original 2020-2024 Capital Program planned to perform component or renewal work at approximately 175 stations, representing over 35% of all stations in the system. The 2020-2024 Capital Program's plan for MTA New York City Transit and MTA Staten Island Railway includes accessibility investments at up to 70 selected subway stations, including any stations accelerated into earlier programs, for a total commitment not to exceed \$5.1 billion in the 2020-2024 Capital Program. These projects will increase the percentage of total stations that are accessible to approximately 43%. Since the inception of the 2020-2024 Capital Program there has been a notable addition to the program: a pilot project for Platform Screen Doors at stations.

Track & Switch - The 2020-2024 Capital Program includes replacement of nearly 60 miles of mainline track, replacement of approximately 250 mainline switches, and new investments in continuously welded rails.

Line Structures - Since the latest Amendment, MTA New York City Transit plans to undertake \$3,127 million worth of subway component repairs, extensive rehabilitation or replacement of elevated structures, continued installation of netting beneath elevated structures, painting of elevated structures on various elevated lines, and stormwater mitigation. This is a \$743 million increase from the original plan.

Signals & Communications - MTA New York City Transit plans to spend \$5.442 billion on Signal projects including signal modernization and "Communication-based Train Control ("CBTC") investments and \$1.276 billion on communications projects including Public Address and customer information system upgrades, elevator and escalator monitoring systems, closed circuit television systems, and replacement of selected phone and radio system equipment and communications cables. Since the inception of the 2020-2024 Capital Program the overall approved budgets for Signals has been reduced from \$5.936 billion to \$5.442 billion and was impacted by the re-sequencing of CBTC line investments with an emphasis on reliability of service over capacity improvements with the Lexington and Astoria lines being moved out of the program and the 6<sup>th</sup> Avenue Line being added.

Power - MTA New York City Transit expects to make investments for normal replacement and state of good repair investments in traction power.

Miscellaneous/Emergency - The Miscellaneous/Emergency category includes employee facility investments; investments to support the implementation of the 2020-2024 Capital Program; funding for environmental remediation, consultant support services, insurance, and scope development and design for future projects; investments in information technology and fire safety systems; environmental and system safety items, engineering services, insurance; and other program reserves and miscellaneous investments to support the entire 2020-2024 Capital Program.

MTA Staten Island Railway - The MTA Staten Island Railway category includes accessibility investments; stairs, platform and mezzanine repairs up to eight stations; mainline track and switch replacement at locations system-wide; and comprehensive rehabilitation of up to two elevated structures and overcoat painting at up to six additional bridges.

*2020-2024 Commuter Core Program.* MTA Long Island Rail Road and MTA Metro-North Railroad together constitute MTA's Commuter Core program. Each railroad's 2020-2024 Capital Program is discussed separately below. MTA Network Expansion projects that might benefit each railroad are discussed separately in the MTA Network Expansion section below.

The following table represents the capital program by agency and category of work for the Commuter System under the 2020-2024 Capital Program, as approved.

	2020-2024 Commuter Core Program (in millions)*		2020-2024 Commuter Core Program (in millions)*
<u>MTA Long Island Rail Road</u>		<u>MTA Metro-North Railroad</u>	
Rolling Stock	\$ 148	Rolling Stock	\$ 726
Stations	806	Grand Central Terminal, Stations and Parking	885
Track	1,049	Track and Structures	1,385
Line Structures	263	Communications and Signals	107
Communications and Signals	452	Power	162
Shops and Yards	230	Shops and Yards	16
Power	263	Miscellaneous	<u>128</u>
Miscellaneous	<u>235</u>	Total†	\$3,408
Total†	\$3,446		

\* Does not include MTA Network Expansion Projects related to the Commuter System which are described below under “MTA Network Expansion”.

† Total may not add due to rounding.

### MTA Long Island Rail Road

Among the projects included in the Commuter Core Program component of the 2020-2024 MTA Capital Program are the following projects for MTA Long Island Rail Road:

Rolling Stock - This program plans to purchase new dual mode revenue locomotives and 17 coaches to support service to MTA Long Island Rail Road’s non-electrified territory and address peak period service demands.

Stations - The program focuses investment on those stations with the worst rated platforms. Replacement of platforms will be paired with platform extensions where applicable and with ADA elevators, tactile strips and braille signage. Platform level renewal and upgrade for Penn Station will include staircase replacement, platform surface and tactile renewal, architectural column cladding and ceiling treatments, upgraded LED lighting, new signage, and other targeted investments. Also planned for Penn Station is repairs to the HVAC system, upgrades to the radio antenna system, and targeted replacement/upgrade of the complex’s various building systems. With completion of East Side Access bringing MTA Long Island Rail Road into Grand Central Terminal, an allowance has been identified to address various needs of the new Grand Central Madison Concourse. This includes elements such as back of house fit-outs, safety and security equipment, and other station components.

Track - Annual Track Rehabilitation Program. This portion of the track program will include replacement of and upgrades of wood ties with new concrete ties. Right of Way investments will include addressing various culvert, drainage, track stability, and retaining wall state of good repair needs, along with the installation of high security fencing. Rehabilitation of yard track systems will also be included. Finally, this portion of the program includes equipment to be purchased to support the delivery of the Track Rehabilitation Program.

Other Track Improvements. In support of anticipated service demand following the opening of East Side Access, MTA Long Island Rail Road will focus on replacing, upgrading and modernizing the signal system which serves the Jamaica area and will construct a new closed-deck rail bridge over 150th Street to allow for increased train capacity in the Jamaica Complex.

Finally, Amtrak Territory Investments provides funding for MTA Long Island Rail Road’s Baseline Capital Contribution to the Northeast Corridor pursuant to the Passenger Rail Investment and Improvement Act and other major investments in the Penn Station and East River Tunnel including the continuation of the total track replacement work in the East River Tunnels.

Line Structures - Bridge rehabilitation and bridge replacement will include rehabilitation or replacement of bridges. MTA Long Island Rail Road also will rehabilitate three bridges located in Brooklyn and five bridges in Nassau and Suffolk counties.

MTA Long Island Rail Road will consider undertaking a system-wide condition assessment of viaducts, bridges and associated line structures by third party structural engineers, followed by renewal and replacement of selected viaducts, based upon structural condition prioritization.

Tunnels - The 2020-2024 Capital Program will continue structural renewal and improvements by addressing structural components of the Atlantic Avenue Tunnels. Also included are tunnel systems replacement and upgrades to include waterproofing, drainage, and lighting, as well as fire life safety systems.

#### Communications and Signals

Communications - The Communications program includes upgrading fiber optic network, replacement of communication pole lines and other communications components, replacement and upgrades to radio system components, and improving radio coverage. Also included is the roll-out of Help Points, as well as station technology upgrades and the installation of new cameras at MTA Long Island Rail Road grade crossings. Finally, a new Customer Information Technology project has also been established.

Signals - Signals projects will modernize and upgrade segments of MTA Long Island Rail Road's signal systems, including replacement of and upgrades to aging signal equipment, construction of a new signal systems, implementation of centralized train control, and additional Positive Train Control requirements for traditional as well as new East Side Access territory.

Shops and Yards - Shops and Yards investments will support future service increases and planned fleet growth, while upgrading the facilities. Also included is the second phase of enhancing Maintenance of Equipment facilities at Mid-Suffolk Yard in Ronkonkoma and progressing an environmental review for a new East End Maintenance Shop. Investments will also be made to various employee facilities.

Power - The 2020-2024 Capital Program will replace traction power substations and components in Queens and Nassau County. Power investments goals included completing the final phase of the Atlantic Avenue Tunnel Lighting replacement and upgrade between Dunton and Woodhaven and the replacement of station and building electrical systems and platform lighting. Since the inception of the 2020-2024 program there have been several changes to this category including the deferral of Central Branch Electrification (\$230 million) and adjustments to add budget to the Jamaica Substation to reflect increased cost estimates.

Miscellaneous - The Miscellaneous category includes security investments, an allowance for future environmental remediation, along with projects for program administration, insurance, Enterprise Asset Management, program development, MTA Long Island Rail Road's contribution to MTA's Independent Engineer and administration of the Small Business Development Program ("SBDP").

#### MTA Metro-North Railroad

Among the projects included in the Commuter Core Program component of the 2020-2024 MTA Capital Program are the following projects for MTA Metro-North Railroad:

Rolling Stock – In the 2020-2024 Capital Program, MTA Metro-North Railroad will begin replacement of the M-3 fleet with the procurement of new M-9As and will complete the replacement of the Genesis dual-mode locomotive fleet, which provides East of Hudson service.

#### Grand Central Terminal, Stations & Parking

Grand Central Terminal Renewal Projects. The 2020-2024 MTA Capital Program includes priority repairs and initial phases of trainshed replacement. The Park Avenue Tunnel project will construct four additional emergency exits in two new locations. Additional repairs to Grand Central Terminal building will include completing escalator replacement, freight elevator replacement, fire and sprinkler standpipe infrastructure, repairing leaks in the terminal building, renewing elements of the utilities system and allocating funds for the SBDP.

Outlying Stations Projects. Station upgrades may include new platforms, new lighting, improved customer information systems, new platform canopies, modernized passenger waiting areas, and improved mobility access for customers. Upgrades may include new elevators and/or ramps.

The machines and equipment serving MTA Metro-North Railroad's current ticket selling system, which has surpassed its useful life, will be replaced as part of the New Fare Payment Equipment project. Component investments in stations are also planned to be undertaken as part of the SBDP.

**Parking Projects.** The Southeast Parking project includes upgrading and expanding the existing parking to a new parking structure east of the existing station, awarded in late 2023.

Since the inception of the 2020-2024 Capital Program this overall Grand Central Terminal, Stations & Parking category budget has been reduced from \$1.129 billion to \$0.889 billion. This reduction was primarily the result of reductions to the Grand Central Terminal Building Component Repairs/Replacement program (\$77 million), four emergency exits from the Park Avenue Tunnel (\$149 million), and a phase of the overall Grand Central Terminal Trainshed project (\$46 million).

### Track and Structures

**Track.** Track investments include replacement of ties and rail, rail surfacing, the replacement of interlocking switches and turnouts, the replacement of switches and stick/jointed rail in the platform areas, the multi-phased rock slope remediation program to stabilize rock slope at priority locations, and the phased rebuild of the retaining wall near the Marble Hill Station.

**Structures.** The Structures program includes the start of the replacement of the deteriorated Park Avenue Viaduct and repairs to both Moodna and Woodbury viaducts. Also included are investments in undergrade and overhead bridges. The bridge program includes the design and/or repair or replacement of bridges at priority locations primarily sited on the New Haven Lines in the State. Other structure improvement projects include railtop culverts, bridge walkways, timbers on undergrade bridges, tunnels inspection, and right-of-way fencing. In Amendment #3 to this program \$250 million was added to the program in anticipation of addressing additional work on the viaduct between 127th Street and 132nd Street.

**Communications and Signals** - The 2020-2024 Capital Program includes replacement of the existing wayside signal and communication systems and infrastructure between Croton-Harmon and Poughkeepsie. Other communications and signals projects include Private Branch Exchange ("PBX") replacement, voice recorder replacement, station Public Address systems, radio systems, fire alarm and suppression systems, CCTV, grade crossing improvements, hot box and dragging equipment, replacement of high cycle relays, and track circuit reliability. Of note, the Harmon to Poughkeepsie Signal System project was reduced by \$203 million in Amendment #3 and is anticipated to be advanced in the 2025-2029 program. This reduction was based on the assumed timing of the investment which was not expected to be ready prior to 2025.

**Power** - New Haven Line power investments include construction of a permanent substation at Pelham and replacement of two traction power substations. On the Hudson Line, an allowance is included for the preliminary estimate to electrify portions of Track 1 on the Hudson Line. The program to replace motor-alternator sets at all six sites with a signal substation continues as well with one site to be designed and constructed. Power investments also include replacement of deteriorated components, replacement of motor-alternator power supplies for signal power, substation rehabilitation, upgrade of power feeders, replacement of signal power transformers and section switches and transformer rehabilitation work.

**Shops and Yards** - MTA Metro-North Railroad will replace and upgrade certain automotive fuel systems. Component shops and yards investments are also planned to be undertaken as part of the SBDP.

**Miscellaneous** - MTA Metro-North Railroad has included allocations in this category to support two MTA-wide initiatives: administration and support for the SBDP Program and support for the MTA-wide Enterprise Asset Management initiative. Projects are included to support MTA managed insurance coverage for Railroad Protective Liability insurance and Owner Controlled Insurance, as well as MTA Metro-North Railroad scope development and program management and implementation costs.

### *MTA Bus*

The MTA Bus 2020-2024 Capital Program totals \$839 million and includes the purchase of over 700 buses, including over 500 standard buses, 25 standard electric buses, and 250 express buses. Deficient components at up to five MTA Bus depots will be addressed, targeting structural elements, heating/ventilation, and electrical systems. Continued

investment will be made in miscellaneous depot equipment, including bus lifts. The first MTA Bus depot will be modified to support an electric fleet with power upgrades, the chargers, and other improvements necessary to maintain this fleet. Overall, MTA Bus will invest \$870 million.

*MTA Interagency.* The total for the MTA Interagency Program budget is \$168 million.

MTA Police Department - \$39 million. Investments in the 2020-2024 Capital Program focus on achieving a state of good repair at the various district offices. In addition to facility needs, there are allocations to provide for the replacement of communications equipment and systems, other facility requirements, large vehicle replacements (not including patrol cars) and program administration.

MTA Planning Initiatives and Capital Program Support - \$95 million. Projects in Core and Corridor planning and other Capital Support initiatives areas directly provide for the activities needed to support efforts required to invest in the future. Specific activities funded in these projects include upgrades to MTA ridership and transportation models, regional travel surveys, and strategic planning evaluations including a recent award to explore the proposed Interborough Express.

As part of the December 2021 program amendment, new elements and projects for the MTA Mentoring Program Administration (\$8 million) and MTA Construction and Development Administration (\$26 million) were created. These projects will centralize common administrative efforts with contributions from agency budgets which were transferred into these new projects. Both projects are expected to grow during the progression of the 2020-2024 Capital Program as annual needs are transferred from the agencies’ budgets into these administrative projects.

*MTA Network Expansion*

The total Network Expansion budget is \$10.291 billion, allocated to East Side Access, Penn Station Access, Second Avenue Subway Phase Two, the MTA Long Island Rail Road Mainline Expansion Project, Regional Investments, Penn Reconstruction and Miscellaneous projects.

<u>Current MTA Network Expansion Projects</u>	<u>Funding in Prior Capital Program(s)*</u>	<u>Funding in 2020-2024 Capital Program*</u>	<u>Project Total*</u>
East Side Access	\$10,335	\$798	\$11,133
Regional Investments	601	641	1,242
Penn Station Access	431	2,949	3,380
Second Avenue Subway, Phase Two	1,735	5,233	6,968
MTA Long Island Rail Road Mainline Expansion (3rd Track)	2,050	439	2,489
Penn Reconstruction	0	100	100
Miscellaneous	<u>280</u>	<u>132</u>	<u>412</u>
Total	\$15,432	\$10,291	\$25,724

\* Totals may not total due to rounding.

Note: Previously completed expansion projects such as the #7 Line Extension, Fulton Transit Center and Second Avenue Subway, Phase One are not included in the above table.

For descriptions of the East Side Access Project, the Second Avenue Subway project, the Penn Station Access project, the MTA Long Island Rail Road Expansion Project, and the Penn Reconstruction project, see “PART 4. OPERATIONS – MTA CONSTRUCTION AND DEVELOPMENT COMPANY (formerly known as MTA CAPITAL CONSTRUCTION COMPANY)”.

Regional Investment - Regional Investments include work at Harold Interlocking. The introduction of East Side Access service will result in an additional 24 trains in the peak hour traveling through this already busy interlocking. The work includes MTA Metro-North Railroad bringing trains from the Hudson Valley and Connecticut through Harold Interlocking and Sunnyside Yard to Penn Station. The investments include: an East Bound Re-route, which eliminates existing train conflicts between Amtrak and MTA Long Island Rail Road and increases speeds heading east and north; a Westbound Bypass, which will allow Amtrak and MTA Metro-North Railroad to travel through the Harold complex without conflicting with trains heading into or out of Penn Station; and a Loop Track Interlocking, which allows flexibility for access to both Penn Station and the Mid-day Storage yard and increases capacity and speeds for Amtrak and



NJ Transit entering Sunnyside Yard. This project includes two large contracts: the ongoing Eastbound Re-route and the upcoming Westbound Bypass. In 2023, the 2020-2024 Capital Program plan amendment added \$100 million to the Westbound Bypass budget.

Regional Investments also include the purchase of a small number of MTA Long Island Rail Road cars to support East Side Access growth (\$50 million).

Miscellaneous - The 2020-2024 Capital Program includes \$135 million to manage MTA Construction and Development’s 2020-2024 Capital Program.

*MTA Bridges and Tunnels*

*2020-2024 MTA Bridges and Tunnels Capital Program.* This investment program provides for \$3.327 billion in capital commitments, which is expected to be financed with MTA Bridges and Tunnels bonds.

<u>Category of Project</u>	2020-2024 Capital Program <u>(in millions)</u>
Structures	\$1,265
Roadway & Decks	755
Transportation Systems Management Operations	45
Utilities	238
Building & Sites	51
Miscellaneous	105
Structural Painting	364
Sub-total	<u>\$2,823</u>
Central Business District Tolling Program	<u>\$ 503</u>
Total*	<u>\$3,326</u>

\* As of December 31, 2023. The total may not add due to rounding.

Among the major MTA Bridges and Tunnels projects included are the following:

- Verrazzano-Narrows Bridge (“VNB”) - \$1,018 million. The Brooklyn approach ramps will be reconstructed while reconfiguring the non-standard left-exit Belt Parkway off ramps and main cables will be dehumidified. The Belt Parkway is being widened between its east-bound VNB merge ramp and the Bay 8th Street exit, and widened in the west-bound direction along the same section of roadway, and the lower level suspended span deck is being rehabilitated to extend its service life and maintain a state of good repair. In addition, the towers are being painted.
- Robert F. Kennedy Bridge (“RFKB”) - \$769 million. The work at the RFKB includes suspended span structural repairs and upgrades to address flagged conditions, meet modern load criteria for trucks, and eliminate wind vulnerabilities, along with dehumidification of the main cables, painting of the suspended spans, and structural upgrades to the anchorages. The Harlem River Lift Span tower fender systems have been upgraded to improve protection against accidental marine vessel collisions. New Randall’s Island vehicular and bicycle/pedestrian ramps are being constructed. In addition, the south-bound FDR Drive from the Robert F. Kennedy Bridge to 116th street will be widened.
- Throgs Neck Bridge - \$199 million. Work focuses on replacing the tower fender protection system to protect the bridge towers from accidental marine vessel collisions, as well as structural painting, rehabilitation of the tower elevators and inspection of the main cables.
- Bronx-Whitestone Bridge – \$106 million. Work focuses on addressing the electric service reliability and redundancy issues at the Bronx-Whitestone Bridge facility by replacing electrical system components.
- CBD Tolling Program. For a description of the CBD Tolling Program, see “PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – Central Business District Tolling Program”.

For further discussion of the physical condition of MTA Bridges and Tunnels facilities, see the Stantec Report, which is attached to MTA’s Combined Continued Disclosure Filings and, for convenience, has also been posted on the

MTA website under “About the MTA – Financial Information – Investor Information” at <https://new.mta.info/investor-info>. The Stantec Report is incorporated by specific cross-reference herein.

## 2015-2019 Capital Program

*General.* The five-year capital program for the Transit and Commuter Systems, MTA Staten Island Railway, MTA Bus and MTA Bridges and Tunnels for the 2015-2019 period as amended to date (the “2015-2019 Capital Program”) totals approximately \$33.913 billion. This program has not been amended for projects since February 21, 2020. However, the program was amended to adjust funding levels and was approved by the CPRB in 2023.

*Funding.* The combined funding sources for the last MTA Board approved 2015-2019 Capital Program include \$9.118 billion in MTA bonds, \$2.942 billion in MTA Bridges and Tunnels dedicated funds, \$9.064 billion in funding from the State, \$6.802 billion in federal funds, \$2.667 billion in funding from the City, \$2.145 billion in PAYGO capital, and \$1.175 billion from other sources. MTA is continuing to work to secure some of the funding sources for the 2015-2019 Capital Program, as well as prior programs, including approximately \$900 million of funding from the payments for development of the former 347 Madison Ave. site, but except as disclosed elsewhere in this ADS, this has not resulted in any significant project delays in the 2015-2019 or prior capital programs.

	2015-2019 Capital Program Amount (in millions)
Federal Formula, Flexible, Misc.*	\$ 5,161
Federal Core Capacity*	100
Federal New Starts*	1,400
Federal High Speed Rail	122
Federal security	19
City of New York Capital	2,667
State of New York Capital	9,064
MTA Bonds (Not including MTA Bridges and Tunnels)	9,118
PAYGO	2,145
Asset Sales / Leases	959
Other MTA Sources	216
MTA Bridges and Tunnels Bonds & PAYGO	<u>2,942</u>
Total†	<u>\$33,913</u>

\* Subject to future federal appropriation and guidance.

† As of December 31, 2023. Totals may not add due to rounding.

The following table shows, for each of the Related Entities or programs in the 2015-2019 Capital Program, the totals and the amounts committed, expended and completed:

	<u>As of December 31, 2023 (in billions)</u>			
<u>Agency</u>	<u>Total</u>	<u>Committed</u>	<u>Expended</u>	<u>Completed</u>
MTA New York City Transit. and MTA Staten Island Railway	\$16.748	\$16.211	\$12.132	\$9.797
MTA Metro-North Railroad and MTA Long Island Rail Road	6.142	5.621	5.069	3.880
MTA Network Expansion	7.507	5.991	5.383	4.108
MTA Bus	0.376	0.331	0.291	0.248
MTA Bridges and Tunnels	2.710	2.500	2.337	2.428
MTA Interagency Program	0.273	0.153	0.134	0.081

*2015-2019 Transit Core Program.* The following table represents the capital program by category of work for the Transit System and MTA Staten Island Railway under the 2015-2019 Transit Core Capital Program:

	Transit Authority 2015-2019 Transit Core Program (in millions)*
Subway Cars	\$ 1,486
Buses	1,209
Passenger Stations	4,910
Track	1,844
Line Equipment	180
Line Structures	889
Signals & Communications	2,983
Power	734
Shops & Yards	303
Depots	259
Service Vehicles	385
Miscellaneous	973
MTA Staten Island Railway	<u>493</u>
Total†	<u>\$16,748</u>

\* Does not include MTA Network Expansion Projects related to the Transit System, which are described below under “*MTA Network Expansion*”.

† Total may not add due to rounding.

*2015-2019 Commuter Core Program.* The following table represents the capital program by agency and category of work for MTA Long Island Rail Road and MTA Metro-North Railroad under the 2015-2019 MTA Commuter Core Capital Program:

	2015-2019 Commuter Core Program (in millions)*		2015-2019 Commuter Core Program (in millions)*
<u>MTA Long Island Rail Road</u>		<u>MTA Metro-North Railroad</u>	
Rolling Stock	\$ 614	Rolling Stock	\$ 382
Stations	1,232	Stations	480
Track	822	Track and Structures	427
Line Structures	120	Communications and Signals	362
Communications and Signals	363	Shops and Yards	474
Shops and Yards	224	Power	92
Power	134	Miscellaneous	<u>248</u>
Miscellaneous	<u>170</u>	Total†	<u>\$2,464</u>
Total†	<u>\$3,678</u>		

\* Does not include MTA Network Expansion Projects related to the Commuter System which are described below under the “*MTA Network Expansion*” section.

† Total may not add due to rounding.

#### *MTA Bus*

The 2015-2019 MTA Capital Program of \$376 million includes allocations for bus purchases, facility and equipment projects, and program administration and engineering support.

#### *MTA Interagency*

The total for the MTA Interagency Program budget is \$243 million. The interagency program includes planning, police, mentoring administration and support for MTA Construction and Development. In 2022 \$14 million was added to the ongoing project to demolish the former MTA Headquarters complex on Madison Avenue. This project is budgeted in the MTA Planning portion of the program.

### MTA Network Expansion

The current total Network Expansion budget is \$7.507 billion, allocated to East Side Access, Penn Station Access, Second Avenue Subway Phase Two, the MTA Long Island Rail Road Mainline Expansion Project, Regional Investments and program support. For more information regarding the status of certain of the Network Expansion projects, see “PART 4. – OPERATIONS – MTA CONSTRUCTION AND DEVELOPMENT”.

See “PART 1. BUSINESS – CERTAIN RISK FACTORS – *Responding to Developing Economic Environment*”.

### MTA Bridges and Tunnels

*2015-2019 MTA Bridges and Tunnels Capital Program.* Following an administrative reduction to the program in 2023 (which reduced the budget level from \$2.942 billion), this investment program provides \$2.710 billion in capital commitments, which has been financed with MTA Bridges and Tunnels bonds and PAYGO.

<u>Category of Project</u>	<u>2015-2019 Capital Program (in millions)</u>
Structures	\$797
Roadways & Decks	726
Toll Plazas & Traffic Mgmt.	578
Utilities	360
Buildings & Sites	33
Miscellaneous	58
Structural Painting	<u>158</u>
Total*	<u>\$2,710</u>

\* As of December 31, 2023. The total may not add due to rounding.

All of the major projects included in the currently approved 2015-2019 MTA Bridges and Tunnels Capital Program have been completed.

### 2010-2014 Capital Program

*General.* The current five-year capital program for the Transit and Commuter Systems, MTA Staten Island Railway, MTA Bus and MTA Bridges and Tunnels for the 2010-2014 period as amended to date (the “2010-2014 Capital Program”) totals approximately \$31.719 billion (higher than the amount of the last plan amendment in 2019 which was \$31.704 billion). The 2010-2014 Capital Program includes amendments made to add projects for the repair and restoration of MTA agency assets damaged as a result of Superstorm Sandy, which struck the region on October 29, 2012, as well as to include new storm-related resilience/mitigation initiatives.

The 2010-2014 Capital Program consists of the following components:

- Transit Core Program;
- Commuter Core Program;
- MTA Bus Capital Program;
- MTA Network Expansion Program;
- MTA-Wide Security/Disaster Recovery Program (including Bridges and Tunnels);
- MTA Interagency Program; and
- MTA Bridges and Tunnels Program.

*Funding.* The combined funding sources for the last MTA Board approved 2010-2014 Capital Program includes \$11.635 billion in MTA Bonds, \$2.025 billion in MTA Bridges and Tunnels dedicated funds, \$7.376 billion in federal funds, \$0.132 billion in MTA Bus Federal and City Match, \$0.719 billion from the City, \$1.290 billion from other sources (including \$0.250 billion from disposition of real estate assets) and \$0.770 billion in state assistance.

The 2010-2014 Capital Program funding strategy for Superstorm Sandy repair, restoration and resiliency initiatives assumes \$6.697 billion in insurance and federal reimbursement proceeds (including interim borrowing by MTA to cover delays in the receipt of such proceeds), \$171 million in PAYGO capital and asset sale, supplemented, to the extent necessary, by external borrowing of up to \$889 million in additional MTA and MTA Bridges and Tunnels bonds. Given the 2010-2014 Capital Program's predominant reliance on federal governmental programs as the funding source for Superstorm Sandy mitigation efforts, MTA's ability to carry out specific Superstorm Sandy initiatives will depend upon the future award of federal grants to provide funding for proposed repair and resiliency projects.

	2010-2014 Capital Program Amount <u>(in millions)</u>
Federal Formula, Flexible, Misc.	\$ 5,844
Federal Security	89
Federal High Speed Rail	173
Federal New Start	1,271
City	719
MTA Bus Federal and City Match	132
State Assistance	770
MTA Bonds (not including MTA Bridges and Tunnels)	11,635
Other	1,290
MTA Bridges and Tunnels	2,022
Superstorm Sandy Recovery Funds	
• Federal Reimbursement/Insurance Proceeds*	6,697
• Pay-as-you-go capital/Cash	171
• MTA Bonds (including MTA Bridges and Tunnels)	<u>889</u>
Total†	<u>\$31,704</u>

\* Subject to future federal appropriation and guidance.

† As of December 31, 2023. Totals may not add due to rounding.

The following table shows, for each of the Related Entities or programs in the 2010-2014 Capital Program, the totals and the amounts committed, expended and completed:

	<u>As of December 31, 2023 (in billions)</u>			
<u>Agency</u>	<u>Total</u>	<u>Committed</u>	<u>Expended</u>	<u>Completed</u>
MTA New York City Transit and MTA Staten Island Railway	\$11.371	\$11.276	\$10.830	\$10.640
MTA Metro-North Railroad and MTA Long Island Rail Road	3.921	3.838	3.728	3.356
MTA Network Expansion	5.861	5.306	5.233	4.865
MTA Bus	0.297	0.291	0.278	0.243
MTA Bridges and Tunnels	2.022	1.943	1.930	1.941
MTA-Wide Security Program	0.256	0.247	0.236	0.242
MTA-Wide Superstorm Sandy Repair/Mitigation Program	7.709	6.487	5.233	4.817
MTA Interagency Program	0.216	0.213	0.204	0.213

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*2010-2014 Transit Core Program.* The following table represents the capital program by category of work for the Transit System and MTA Staten Island Railway under the 2010-2014 Transit Core Capital Program:

<u>MTA New York City Transit</u>	2010-2014 Transit Core Program (in millions)
Subway Cars	\$ 1,029
Buses	1,349
Passenger Stations	2,147
Track	1,482
Line Equipment	278
Line Structures	434
Signals & Communications	2,715
Power	181
Shops & Yards	232
Depots	479
Service Vehicles	137
Miscellaneous	811
MTA Staten Island Railway	<u>95</u>
Total*	<u>\$11,371</u>

\* As of December 31, 2023. The total may not add due to rounding.

*2010-2014 Commuter Core Program.* The following table represents the capital program by category of work for MTA Long Island Rail Road and MTA Metro-North Railroad under the 2010-2014 Commuter Core Capital Program:

<u>MTA Long Island Rail Road</u>	2010-2014 Commuter Core Program (in millions)	<u>MTA Metro-North Railroad</u>	2010-2014 Commuter Core Program (in millions)
Rolling Stock	\$ 370	Rolling Stock	\$ 242
Passenger Stations	102	Passenger Stations	187
Track	887	Track & Structures	301
Line Structures	132	Communications & Signals	308
Communications & Signals	413	Power	116
Shops & Yards	125	Shops & Yards	323
Power	147	Miscellaneous	<u>84</u>
Miscellaneous	<u>185</u>	Total*	<u>\$1,560</u>
Total*	<u>\$2,361</u>		

\* As of December 31, 2023. The total may not add due to rounding.

*2010-2014 MTA Bus Program.* The primary focus of MTA Bus's \$296 million 2010-2014 Capital Program is meeting the needs of the bus fleet and depots, the core of its service. The 2010-2014 Capital Program includes the purchase of 288 new buses consisting of 75 articulated buses and 213 standard buses.

*2010-2014 MTA Network Expansion Projects.* The \$5.861 billion 2010-2014 Capital Program includes funding for Phase One of the Second Avenue Subway, the East Side Access Project, and Regional Investments to support the East Side Access Project improvements and to enhance travel quality. For more information regarding the status of certain of the Network Expansion projects, see "PART 4. – OPERATIONS – MTA CONSTRUCTION AND DEVELOPMENT".

*2010-2014 MTA-Wide Security/Sandy Disaster Recovery Program.* In the wake of the September 11, 2001 attacks, MTA initiated a comprehensive security review of its infrastructure. Security experts defined critical vulnerabilities and better strategies to protect people and infrastructure. Capital investments included hardening assets and implementing the networks and equipment necessary to conduct targeted surveillance, control access, stop intrusion and provide command and control systems to support incident response. MTA began implementing these investments in the 2000-2004 and 2005-2009 Capital Programs. The 2010-2014 Capital Program continued this commitment.

Amendments to the 2010-2014 Capital Program added projects to repair and restore MTA assets of all the Related Entities damaged by Superstorm Sandy, as well as projects meant to harden the system against future storms or other catastrophic damage.

*2010-2014 Interagency Program.* The MTA Interagency section of the 2010-2014 Capital Program includes several categories of investments related to the MTA Business Service Center initiative and other facilities, a small business development program, a new initiative to install communications equipment and planning studies to support MTA’s Capital Program.

*2010-2014 MTA Bridges and Tunnels Capital Program.* Following the September 25, 2019, amendments approved by the MTA Board, this investment program provides for \$2.022 billion in capital commitments, which has been financed with MTA Bridges and Tunnels bonds.

<u>Category of Project</u>	2010-2014 Capital Program (in millions)
Structures	\$ 437
Roadways & Decks	1,145
Toll Plazas & Traffic Mgmt.	27
Utilities	198
Buildings & Sites	11
Miscellaneous	36
Structural Painting	<u>168</u>
Total*	<u>\$2,022</u>

\* As of December 31, 2023. The total may not add due to rounding.

All of the major projects included in the currently approved 2010-2014 MTA Bridges and Tunnels Capital Program have been completed.

### **2005-2009 Capital Program**

The 2005-2009 Capital Program was last amended by the CPRB in 2008. As of December 31, 2023 this program is 99% committed with \$24.11 billion committed versus a current overall budget of \$24.32 billion. Aside from the ongoing East Side Access project, few projects remain active with 98% having been completed and 73% financially closed out. The MTA Bridges and Tunnels portion of the program is \$1.13 billion with all projects completed.

The projects included in the 1992-1999 and 2000-2004 Capital Program have been substantially completed.

### **FUTURE CAPITAL NEEDS**

In October 2023, MTA released its 20-Year Needs Assessment 2025-2044 (the “Needs Assessment”). The Needs Assessment identified aging infrastructure, climate change, and changing rider needs as major challenges MTA and its Related Entities will face over the next 20 years. In order to address these challenges, the Needs Assessment proposes a three-part plan: rebuilding existing infrastructure; improving the system, with a focus on accessibility, resilience, and sustainability; and expanding the system to support regional development. Long-term investments that improve and expand the system to meet operating goals and strategies are also identified.

This long-term planning will inform sizing and configuring the successive five-year Capital Programs and establish the rationale for the funding levels that are requested to support the program. The MTA Act requires submission of its five-year capital programs (for transit and commuter systems) to the CPRB. The next submission will be the 2025-2029 Capital Program, which is anticipated to be proposed on or before October 1, 2024.

**PART 3. PUBLIC DEBT SECURITIES AND OTHER  
FINANCIAL INSTRUMENTS**



## GENERAL

### Financing of Capital Projects and Statutory Ceiling

Some of the Related Entities are authorized to issue bonds, notes and other obligations to finance capital projects as well as for other purposes. All bonds, notes and other obligations are expected to be issued through either MTA or MTA Bridges and Tunnels. Such obligations are secured by and payable from the revenues and other receipts specified in the bond resolution, indenture or other document authorizing the issuance of such obligations. Generally, bonds, notes and other obligations issued to finance capital projects included in MTA Capital Programs have in the past been, and are currently, subject to a statutory limitation on the principal amount of such obligations (referred to herein as the statutory ceiling). It is anticipated that obligations issued to finance future MTA Capital Programs will also be subject to a statutory ceiling imposed by the State Legislature. Obligations issued by MTA Bridges and Tunnels to fund capital projects relating to its seven bridges and two tunnels (“the MTA Bridges and Tunnels Facilities”), and the CBD Tolling Program, and obligations issued by the Related Entities for purposes other than to finance projects in the MTA Capital Programs, including for working capital purposes, are not subject to the statutory ceiling. In addition, the Hudson Rail Yards (“HRY”) Trust Obligations are not subject to the statutory ceiling.

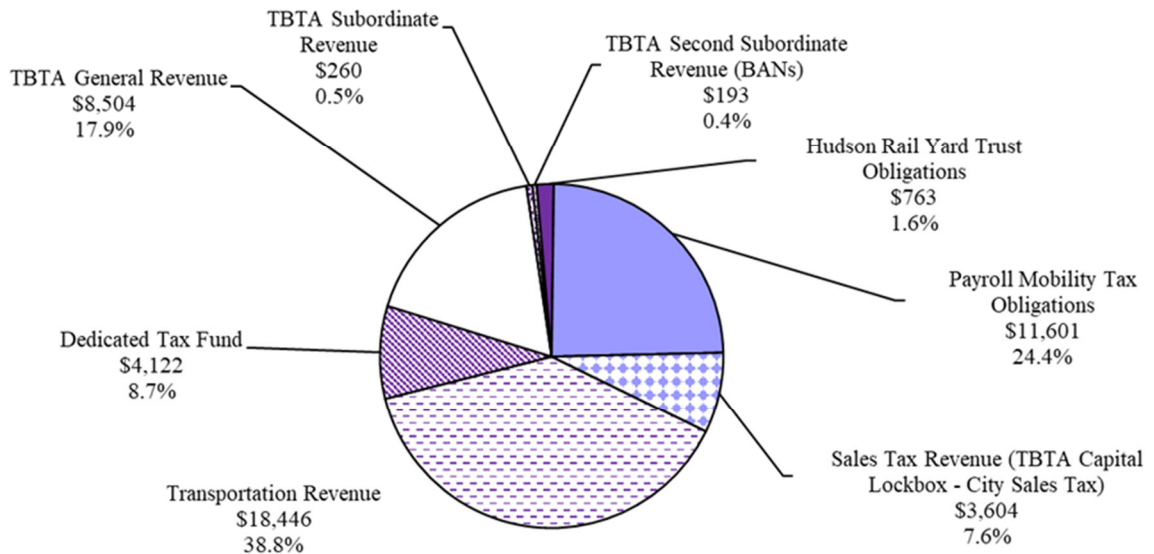
Reflecting the statutory debt ceiling increase passed by the State Legislature on April 3, 2020, for the MTA Capital Programs for the years 1992-2024, the MTA Act permits MTA, MTA Bridges and Tunnels and MTA New York City Transit, collectively, to issue on or after January 1, 1993 an aggregate of \$90.1 billion of bonds, notes and other obligations (net of certain statutory exclusions, including refunding bonds). As of April 29, 2024, MTA and MTA Bridges and Tunnels have issued approximately \$47.095 billion of bonds (not including \$2.7 billion of bond anticipation notes (“BANs”) net of such statutory exclusions under the current statutory ceiling). MTA expects that the current statutory ceiling will allow it to fulfill the bonding requirements of all MTA Capital Programs approved by the CPRB to date, including the 2010-2014 MTA Capital Program, as amended, the 2015-2019 MTA Capital Program, as amended, and the 2020-2024 MTA Capital Program, as amended. Set forth below under “MTA Capital Program Bonds” is a brief summary of the types of obligations issued by the Related Entities to finance or refinance the MTA Capital Programs that are governed by past and current statutory ceilings. Only a portion of the MTA Bridges and Tunnels General Revenue Bonds and MTA Bridges and Tunnels Subordinate Revenue Bonds (as each is described below) were issued to finance or refinance Transit and Commuter projects in such MTA Capital Programs and, consequently, were subject to the statutory ceiling; the remainder were issued to finance capital costs of the MTA Bridges and Tunnels Facilities that are not subject to the statutory ceiling.

### Types of Debt Outstanding

The following pie chart shows, by percentages, the amount of all debt MTA and MTA Bridges and Tunnels have outstanding as of April 29, 2024, under the various bond resolutions of its core credits, inclusive of BANs, as well as HRY Trust Obligations (including HRY Refunding Trust Obligations), all as described below.

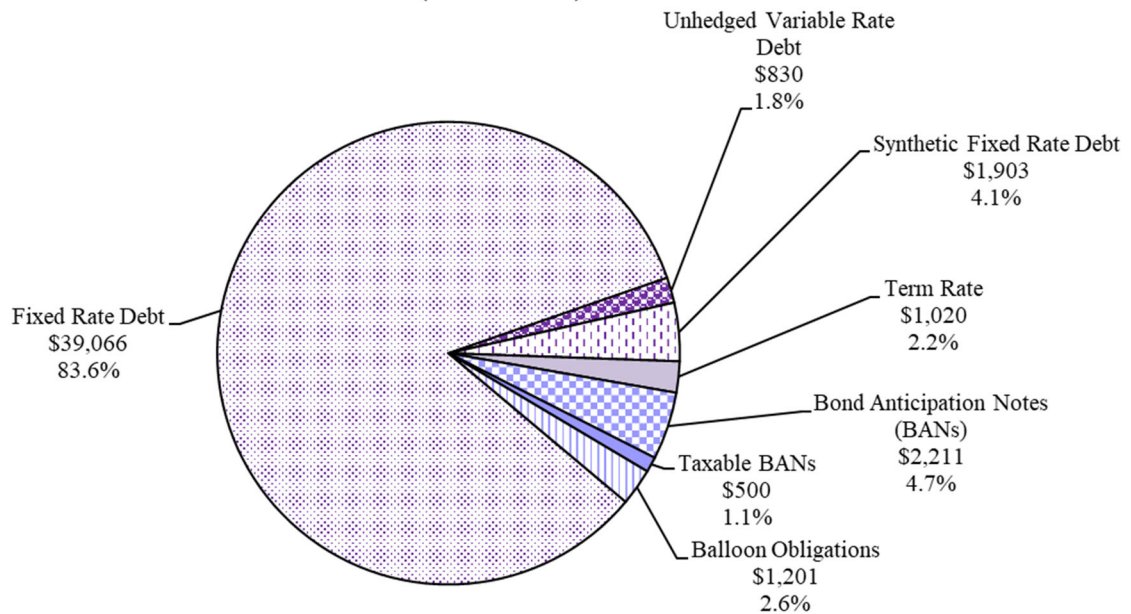
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**All Debt by Resolution  
(\$ in millions)**



The following pie chart shows on an aggregate basis, by percentages, the types of debt MTA and MTA Bridges and Tunnels have outstanding as of April 29, 2024 under the resolutions relating to MTA's core credits, exclusive of BANs, which include MTA Transportation Revenue Bonds, MTA Dedicated Tax Fund Bonds, MTA Bridges and Tunnels General Revenue Bonds, MTA Bridges and Tunnels Subordinate Revenue Bonds, MTA Bridges and Tunnels Second Subordinate Bond Anticipation Notes, MTA Bridges and Tunnels Payroll Mobility Tax Obligations and MTA Bridges and Tunnels Sales Tax Revenue (TBTA Capital Lockbox – City Sales Tax), but not the HRY Trust Obligations.

**MTA Debt by Type on Core Credits  
(\$ in millions)**



## Creditworthiness and Market Risk

*Potential Impediments to Access to Capital Markets or Higher Interest Rates Than Forecasted.* Adverse national and regional economic conditions and MTA financial performance could result in negative ratings actions and constrained access to capital markets, whether from the impacts of increasing inflation, an outbreak of disease or public health emergency, including a resurgence of COVID-19, economic recession or otherwise. Certain economic factors could result in inflationary growth beyond the Federal Open Markets Committee's ("FOMC") inflation target, which in turn could lead to a further increasing of the federal funds rate. Either of the foregoing could lead to an increase in interest rates for MTA or MTA Bridges and Tunnels capital or cash-flow borrowings which are higher than projected in the current MTA financial plan.

A downgrade of MTA's or MTA Bridges and Tunnels' bonds could cause issuance costs to increase. Higher than expected interest rates could have the effect of increasing the borrowing costs on MTA's or MTA Bridges and Tunnels' new fixed rate debt or variable rate debt. Higher than expected interest rates could have the effect of increasing the interest rates on MTA's or MTA Bridges and Tunnels' variable rate debt or new fixed rate debt, and could increase the cost of obtaining credit facilities in support of MTA's or MTA Bridges and Tunnels' variable rate debt. Additionally, MTA and MTA Bridges and Tunnels rely on market access to retire their BANs when they mature. A significant increase in interest rates or a decline in MTA's or MTA Bridges and Tunnels' ratings could prevent or significantly increase the costs associated with the issuance of long-term bonds to retire BANs

*Legislative Risks.* The State is not restricted in its right to amend, repeal, modify or otherwise alter statutes imposing the taxes or appropriations that are the source of revenues supporting certain of MTA's and MTA Bridges and Tunnels' bonds. However, the State has authorized MTA and MTA Bridges and Tunnels to include in their respective bond resolutions, for the benefit of the holders of their respective bonds secured thereby, as applicable, its agreement that the State will not limit or alter the rights vested in MTA or MTA Bridges and Tunnels to fulfill the terms of any agreements made by MTA or MTA Bridges and Tunnels with the holders of such notes, bonds and lease obligations, or in any way impair the rights and remedies of such holders.

The City is not restricted in its right to amend, repeal, modify or otherwise alter City statutes setting or relating to the City Sales Tax rates, subject to the provisions of the State Tax Law and the City's pledge and agreement with holders of the TFA Bonds (which pledge does not extend to holders of the Sales Tax Revenue Bonds or other MTA or MTA Bridges and Tunnels bonds). The City's right to exempt certain sales from the City Sales Tax is subject to applicable State Tax Law.

The financial condition of the State, Connecticut, and the City and counties in the MCTD could affect the ability or willingness of the State and local governments to continue to provide general operating subsidies, the City and local governments to continue to provide reimbursements and station maintenance payments, the City to provide subsidies for MTA Bus, SIRTOA, and Paratransit, and the State to continue to make special appropriations.

If the legislative bodies in the State, Connecticut, the City, or the Counties in the MCTD determined to alter the statutes imposing the relevant taxes or fees, this could adversely affect the pledged revenues available to make payments on bonds. This, in turn, could adversely affect the ratings on MTA or MTA Bridges and Tunnels bonds or their ability to make payments of interest and principal when due.

*Appropriation Risk.* Certain payments by the State and the City, including the MTA Dedicated Tax Fund Revenues, may be made only if and to the extent that appropriations have been made by the State Legislature or City Council and money is available to fund those appropriations. Neither the State Legislature nor the City Council may 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 fiscal year for which the appropriations are made.

Neither the State Legislature nor the City Council is obligated to make appropriations to fund subsidies to MTA, and there can be no assurance that the State Legislature or the City Council will make any such appropriation. Notwithstanding the foregoing, with respect to certain payments to MTA, the State Legislature has expressed its intent in the State Finance Law to enact for each State fiscal year an appropriation for the current and the next year.

If the State or the City were to fail to appropriate funds this could adversely affect the pledged revenues available to make payments on bonds. This, in turn, could adversely affect the ratings on MTA or MTA Bridges and Tunnels bonds or their ability to make payments of interest and principal when due.

*Litigation.* Court challenges to the State and City taxes, tolls, fees, surcharges, fines and other charges 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, tolls, fees, surcharges, fines and other charges. For example, aspects relating to the imposition and collection of the Dedicated Taxes and City Sales Tax have from time to time been and may continue to be the subject of administrative claims and litigation by taxpayers.

*Economic Conditions.* Many of the taxes supporting MTA's and MTA Bridges and Tunnels' bonds, including the sources of PMT Receipts and Dedicated Taxes, are dependent upon economic and demographic conditions in the State and in the MCTD, and therefore there can be no assurance that historical data with respect to collections of the Dedicated Taxes will be indicative of future receipts.

*Swaps.* MTA and MTA Bridges and Tunnels are party to a number of swap contracts associated with certain series of their bonds. Swap agreements may present credit risk, interest rate risk, basis risk, termination risk, and rollover among other risks. Such risks are discussed in Footnote 7 to the unaudited Consolidated Financial Statements of Metropolitan Transportation Authority, annexed hereto.

## **Bonds, Notes and Other Obligations of MTA and MTA Bridges and Tunnels**

*Core Credits.* MTA and MTA Bridges and Tunnels are authorized to issue bonds, notes and other obligations to finance capital projects. Obligations are currently outstanding under the following credits:

- MTA Transportation Revenue Bonds- Referred to as "Transportation Revenue Bonds" and issued pursuant to the General Resolution Authorizing Transportation Revenue Obligations of MTA, adopted on March 26, 2002 (the "Transportation Resolution"). See "TRANSPORTATION REVENUE BONDS" below.
- MTA Transportation Revenue Bond Anticipation Notes- Referred to as "Transportation Revenue Bond Anticipation Notes" or "Transportation Revenue BANs" and issued pursuant to the Transportation Resolution. See "TRANSPORTATION REVENUE BONDS – Transportation Revenue Bond Anticipation Notes" below.
- Subordinated Contract Obligations under the Transportation Resolution- On December 21, 2022, the MTA Board approved and provided authorization for the issuance of a Subordinated Contract Obligation under the Transportation Resolution. See "Alternative Capital Program Financing – ADA Elevator Project – P3 Financing" above and "TRANSPORTATION REVENUE BONDS – Subordinated Obligations – *Subordinated Contract Obligations*" below.
- MTA Bridges and Tunnels General Revenue Bonds- Referred to as "General Revenue Bonds" and issued pursuant to the General Resolution Authorizing General Revenue Obligations of MTA Bridges and Tunnels, adopted on March 26, 2002 (the "MTA Bridges and Tunnels Senior Resolution"). See "MTA BRIDGES AND TUNNELS GENERAL REVENUE BONDS" below.
- MTA Bridges and Tunnels General Revenue Bond Anticipation Notes- Referred to as "General Revenue Bond Anticipation Notes" and issued pursuant to the MTA Bridges and Tunnels Senior Resolution. See "MTA BRIDGES AND TUNNELS GENERAL REVENUE BONDS – MTA Bridges and Tunnels General Revenue Bond Anticipation Notes" below.
- MTA Bridges and Tunnels Subordinate Revenue Bonds- Referred to as "Subordinate Revenue Bonds" and issued pursuant to the 2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations of MTA Bridges and Tunnels, adopted on March 26, 2002 (the "MTA Bridges and Tunnels Subordinate Resolution"). See "MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS" below.
- MTA Bridges and Tunnels Second Subordinate Revenue Bond Anticipation Notes- (CBDTP)- Referred to as "CBDTP Second Subordinate Revenue Bond Anticipation Notes" and issued in accordance with the terms and provisions of the CBDTP Second Subordinate Revenue Resolution authorizing CBDTP Second Subordinate Revenue Obligations adopted on December 18, 2019 (the "CBDTP Second Subordinate Resolution"), as supplemented on February 18, 2021. See "SECOND SUBORDINATE REVENUE BOND ANTICIPATION NOTES (CBDTP)" below.
- MTA Dedicated Tax Fund Bonds- Referred to as "Dedicated Tax Fund Bonds" and issued pursuant to the Dedicated Tax Fund Obligation Resolution of MTA, adopted on March 26, 2002 (the "DTF Resolution"). See "DEDICATED TAX FUND BONDS" below.
- MTA Dedicated Tax Fund Bond Anticipation Notes- Referred to as "Dedicated Tax Fund Bond Anticipation Notes" and issued pursuant to the Dedicated Tax Fund Resolution. As of April 29, 2024, there are no

outstanding DTF BANs. See “DEDICATED TAX FUND BONDS – Dedicated Tax Fund Bond Anticipation Notes” below.

- MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Obligations- Referred to as “TBTA Payroll Mobility Tax Senior Lien Bonds” and issued pursuant to the MTA Bridges and Tunnels PMT Resolution, adopted by the Board on March 17, 2021 (the “TBTA PMT Resolution”). See “PAYROLL MOBILITY TAX OBLIGATIONS” below.
- Payroll Mobility Tax Bond Anticipation Notes- Bond Anticipation Notes referred to as “MTA Payroll Mobility Tax Bond Anticipation Notes” are issued pursuant to the MTA PMT Resolution. Bond anticipation notes referred to as “TBTA Payroll Mobility Tax Bond Anticipation Notes” are issued pursuant to the TBTA PMT Resolution. See “PAYROLL MOBILITY TAX OBLIGATIONS – Payroll Mobility Tax Bond Anticipation Notes” below.
- TBTA Sales Tax Revenue Bonds (TBTA Capital Lockbox – City Sales Tax)- Referred to as “Sales Tax Revenue Bonds” and issued pursuant to the MTA Bridges and Tunnels Special Obligation Resolution Authorizing Sales Tax Revenue Obligations (TBTA Capital Lockbox – City Sales Tax) (the “TBTA Sales Tax Resolution”), adopted by the Board on September 15, 2021. See “SALES TAX REVENUE BONDS (TBTA CAPITAL LOCKBOX – CITY SALES TAX)” below.

#### *Other Credits.*

*Hudson Rail Yards Trust Obligations and Hudson Rail Yard Refunding Trust Obligations.* The Hudson Rail Yard Trust Obligations and Hudson Rail Yard Refunding Trust Obligations (together, the “HRY Trust Obligations”) were issued pursuant to the MTA Hudson Rail Yards Trust Agreement, dated as of September 1, 2016 (the “Original HRY Trust Agreement”), as supplemented by the MTA Hudson Rail Yards First Supplemental Trust Agreement, dated as of March 1, 2020 (the “Supplemental HRY Trust Agreement” and, together with the Original HRY Trust Agreement, the “HRY Trust Agreement”), each by and between MTA and Computershare Trust Company, N.A., as agent for Wells Fargo Bank, National Association, as trustee (the “HRY Trustee”). See “HUDSON RAIL YARDS TRUST OBLIGATIONS” below.

#### **Alternative Capital Program Financing**

*ADA Elevator Project – P3 Financing.* On November 30, 2022, the MTA Board approved the award contract for the design, construction, financing and maintenance, in compliance with the Americans with Disabilities Act (“ADA”), of accessibility upgrades at thirteen MTA New York City Transit subway stations throughout the City (the “ADA Elevator Project”) to Elevated Accessibility Enhancements Operating Company, LLC (“EAE”) in the amount of \$965,257,102.

The ADA Elevator Project is one of a series of ADA projects in support of MTA’s commitment to make stations accessible. The ADA Elevator Project includes designing, constructing, and installing the improvements for ADA compliance at thirteen stations throughout the City, including installation of 20 new elevators, path-of-travel improvements, and associated state of good repair work at eight MTA New York City Transit subway stations. The ADA Elevator Project also includes 14 elevator replacements, path-of-travel improvements and associated state of good repair work at five MTA New York City Transit subway stations. The ADA Elevator Project is the first of the ADA elevator projects to be awarded using the public-private partnership (“P3”) delivery model, which among other things, incorporates into the underlying contract, the requirement for EAE to maintain the 34 new elevators and finance a portion of the ADA Elevator Project. The ADA Project Agreement between EAE and MTA Construction and Development (the “ADA Project Agreement”), was executed on December 28, 2022, and has a 15-year maintenance period, commencing with achievement of substantial completion of the project and two additional five-year option periods, exercisable at MTA’s discretion.

Pursuant to the terms of the ADA Project Agreement, MTA Construction and Development is required to make certain payments to EAE for the design, construction and maintenance of the ADA Elevator Project. These payments are broadly structured as Capital Availability Payments, Maintenance Availability Payments (together, the “Availability Payments”) and Progress Payments and have been pledged by EAE as part of a trust estate benefiting investors in bonds issued as a conduit bond issuance by the Transportation Development Corporation for the benefit of EAE. Notwithstanding EAE’s pledge of the Availability Payments and Progress Payments as security for these bonds, the bonds are not a debt of MTA, however, pursuant to an MTA Board Authorization, MTA has secured some of the payments under the ADA Project Agreement, specifically the Capital Availability Payments, as Subordinated Contract Obligations under the Transportation Resolution.

On December 21, 2022, the MTA Board authorized a Subordinated Contract Obligation under the Transportation Resolution in an amount not to exceed \$350 million to secure the payment of the Capital Availability Payments. The Subordinated Contract Obligation are payable out of, and secured by, a pledge and lien subordinate in all respects to, the lien on and pledge created by the Transportation Resolution for the payment of Transportation Revenue Bonds and Parity Debt issued thereunder, and on parity in all respects with any lien and pledge created by the Transportation Resolution for the payment of interest on obligation anticipation notes issued thereunder. Such lien and pledge will be on parity with or senior to the lien on any Subordinated Contract Obligations and Subordinated Indebtedness issued under the Transportation Resolution while the Subordinated Contract Obligation relating to the Capital Availability Payment is outstanding. Effective May 4, 2023, MTA incurred a Subordinated Contract Obligation of \$160,628,235. See “–TRANSPORTATION REVENUE BONDS – Pledge Affected by the Resolution”.

### **Non-Capital Program Securities**

The Related Entities have also issued other obligations that are not subject to the current or any prior statutory ceiling and that were issued for projects that are not part of the Capital Programs, as follows:

*Revenue Anticipation Notes.* 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.

RANs issued under the Transportation Resolution are secured by a lien on TRB Operating Subsidies (as hereinafter defined) prior to the lien in favor of the owners of Transportation Revenue Bonds, Subordinated Contract Obligations, and Subordinated Indebtedness issued under the Transportation Resolution. The maturity on such RANs may not exceed 18 months. While such notes can be rolled over, the final maturity cannot exceed five years from the date of their original issuance. See “TRANSPORTATION REVENUE BONDS – Revenue Anticipation Notes Authorized by the Resolution” below.

*Revolving Credit Agreements.* As of April 29, 2024, MTA has two available commercial lines of credit totaling \$1.2 billion, both of which are taxable revolving credit agreements. The agreements were entered into pursuant to the Transportation Revenue Anticipation Note Resolution, approved by the MTA Board on July 24, 2013, and amended and restated through April 27, 2022. Draws under the credit agreements will be evidenced by RANs.

1. On August 2, 2022, MTA entered into an \$800 million taxable revolving credit agreement with JPMorgan Chase Bank, National Association, which is active through August 1, 2025 (the “JP Morgan Chase Agreement”).
2. On August 2, 2022, MTA entered into a \$400 million taxable revolving credit agreement with Bank of America, National Association, which is active through August 1, 2025 (the “BANA Agreement”).

Draws under the foregoing agreements are evidenced by RANs issued under the Transportation Resolution. The RANs evidencing draws under the JP Morgan Chase Agreement and the BANA Agreement are additionally secured by the ATA Receipts. For additional information regarding the pledge of security under the Transportation Resolution, see “TRANSPORTATION REVENUE BONDS – Revenue Anticipation Notes Authorized by the Resolution” below. Funds may be used for operational or capital purposes. As of April 29, 2024, there are no outstanding draws on the lines of credit.

*Moynihan Station Development Project Financial Guarantee.* On May 22, 2017, the MTA Board approved entering into various agreements necessary to effectuate Phase Two of the Moynihan Station Development, which entailed the redevelopment of the James A. Farley Post Office Building adjacent to Penn Station to include a new train hall, to be shared by Amtrak, MTA Long Island Rail Road and MTA Metro-North Railroad (the “Train Hall”), as well as providing retail and commercial space.

On July 21, 2017, New York State Urban Development Corporation d/b/a Empire State Development (“ESD”) executed a TIFIA Loan Agreement with the USDOT in an amount of up to \$526 million (the “TIFIA Loan”), the proceeds of which were used to pay for costs of construction of the Train Hall. The TIFIA Loan was secured primarily by payments in lieu of taxes (“PILOTs”) to be made by certain future retail and commercial tenants of the Train Hall, a debt service reserve account (the “TIFIA Debt Service Reserve Account”) and a mortgage (the “Train Hall Mortgage”) on the Train Hall property.

Simultaneously with the execution of the TIFIA Loan Agreement, a Joint Services Agreement (the “JSA”) was entered into among MTA, the USDOT, ESD, and Manufacturers and Traders Trust Company (as PILOT trustee). Under the JSA, MTA is obligated to satisfy deficiencies, if any, in the TIFIA Debt Service Reserve Account. The JSA remains in effect until the earliest to occur of (i) the “MTA JSA Release Date” (as defined in the JSA and summarized below), (ii) the date on which the TIFIA Loan has been paid in full, or (iii) foreclosure by the USDOT under the Train Hall Mortgage. Pursuant to the JSA, the MTA JSA Release Date is the date on which each of the following conditions have been satisfied: (a) substantial completion of (i) the Train Hall and initiation by MTA Long Island Rail Road and Amtrak of transportation service therein, and (ii) the occupancy rate on the retail and commercial units is at least 80%; (b) discharge or settlement of all material construction claims; (c) Debt Service Coverage ratios in three consecutive PILOT years meet levels as provided in the TIFIA Loan Agreement; (d) certain designated defaults or events of default under the TIFIA Loan Agreement have not occurred and are continuing; and (e) two rating agencies have assigned a public rating of at least “A-”. Upon execution of the JSA, MTA set aside \$20 million in the event it is obligated to make deficiency payments into the TIFIA Debt Service Reserve Account. The MTA JSA Release Date is not expected to occur prior to June 30, 2033.

On June 12, 2017, MTA entered into a Memorandum of Understanding with ESD and DOB whereby DOB agreed that, subject to certain conditions, in the event in any given year during the term of the JSA MTA is required to make a deficiency payment to the TIFIA Debt Service Reserve Account, DOB will consider entering into an agreement with MTA that will provide for a reduction in the cost recovery assessment otherwise payable under State law to the State.

On November 18, 2021, ESD and the TIFIA Lender entered into an Amended and Restated TIFIA Loan Agreement (the “Amended and Restated Moynihan TIFIA Loan Agreement”) in an amount of up to \$607 million that, among other things, lowered the interest rate on the loan under the Original Moynihan TIFIA Loan Agreement and provided additional capital financing for the project. In connection therewith, MTA confirmed its agreements under the JSA with respect to the Amended and Restated Moynihan TIFIA Loan Agreement. It is not expected that the Amended and Restated Moynihan TIFIA Loan Agreement will result in a material increase, if any, in MTA’s obligations under the JSA. ESD and the New York State Department of Budget also entered into a new Memorandum of Understanding similar to the one entered into in connection with the Original Moynihan TIFIA Loan Agreement. As of April 29, 2024, MTA has not been required to make any deficiency payments to the TIFIA Debt Service Reserve Account.

### **Interagency Loans**

The Related Entities are authorized to transfer their revenues, subsidies and other moneys or securities to another Related Entity for use by such other Related Entity, provided at the time of such transfer it is reasonably anticipated that the moneys and securities so transferred will be reimbursed, repaid or otherwise provided for by the end of the next succeeding calendar year. The use of such interagency loans allows for cash flow management on a more efficient MTA-wide basis and allows the Related Entities to meet their operating needs and other periodic financial commitments thereby generally reducing the need for public or private cash flow borrowings. There are currently no interagency loans outstanding among the Related Entities.

### **Sale-Leaseback Transactions**

The Related Entities lease real property, facilities, equipment and other personal property in the normal course of business. In addition, the Related Entities had entered into sale-leaseback and lease-leaseback arrangements, pursuant to which existing assets were sold or leased to other parties and leased or subleased back by the Related Entities. Only three such transactions currently remain outstanding. The basic rent payment obligation of the Related Entities under such leases and subleases, together with a purchase option, was economically defeased by a pledge of financial obligations and/or securities of other entities, including, in certain cases, United States government obligations. The expected economic result of such transactions was the receipt by the Related Entities of a net up-front payment, while pursuant to the agreement, the relevant operating agency retained full use of the facility or equipment. If a defeasance obligor were to default on its financial obligations under its respective defeasance instrument, it is possible that the applicable Related Entity would be required to pay the related rent obligations or purchase option amounts from other sources. In addition, the event of loss, default, indemnification, and guaranty provisions of these transactions could create substantial undefeased financial obligations of the Related Entities in the unlikely event that they were triggered; if those financial obligations were, in turn, not timely met, the relevant operating agency could lose use of the leased facilities or equipment. For all of the lease transactions entered into after 1996, MTA has covenanted that all rent and supplemental rent obligations under such lease transactions which are not paid by defeasance obligors shall be paid from those “Revenues” (as defined in the Transportation Resolution) available for release from the lien of the Transportation Resolution in accordance with Section 504(d) of the Transportation Resolution, immediately following all transfers

pursuant to Section 504(a), (b) and (c) of the Transportation Resolution, on a pari passu basis among all such lease transactions and prior to the transfer or use of any such amounts for any other purpose, including the payment of operating and maintenance expenses. The payment obligations of the Related Entities under such leases and subleases are generally subordinate to the payment of debt service on the bonds of the agency obligated to make the payments, but to the extent the undefeased financial obligations were obligations (including guaranties) of MTA Bridges and Tunnels, a reduction in the amount of operating surplus transferred from MTA Bridges and Tunnels could result.

For more information with respect to certain of these leasing and other financial transactions, reference is made to the footnotes in the financial statements of the Related Entities which contain a summary of certain capital lease obligations. See, in particular, Footnote 8 to the unaudited Combined Financial Statements of MTA for the years ended December 31, 2023 and 2022, Footnote 6 to the unaudited Consolidated Financial Statements of MTA New York City Transit for the years ended December 31, 2023 and 2022, and Footnote 14 to the unaudited Financial Statements of MTA Bridges and Tunnels for the years ended December 31, 2023 and 2022.

### **Swap Agreements Relating to Synthetic Fixed Rate Debt**

To achieve cash flow savings through a synthetic fixed rate, MTA and MTA Bridges and Tunnels have entered into separate pay-fixed, receive-variable interest rate swaps at a cost anticipated to be less than what MTA and MTA Bridges and Tunnels would have paid to issue fixed rate debt, and in some cases where federal tax law prohibits an advance refunding to synthetically refund debt on a forward basis.

The Related Entities adopted guidelines governing the use of such swap contracts on March 26, 2002. The guidelines were amended and approved by the MTA Board on March 13, 2013. The guidelines establish limits on the amount of interest rate derivatives that may be outstanding and specific requirements that must be satisfied for a Related Entity to enter into a swap contract, such as suggested swap terms and objectives, retention of a swap advisor or qualified independent representative, credit ratings of the counterparties, collateralization requirements and reporting requirements.

*Fair Value and Mid-Market Value.* Fair value for the swaps is calculated in accordance with GASB Statement No. 72, utilizing the income approach and Level 2 inputs. It incorporates the mid-market valuation, nonperformance risk of either MTA/MTA Bridges and Tunnels or the counterparty, as well as bid/offer. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

A negative mid-market value means that MTA and/or MTA Bridges and Tunnels would have to pay the counterparty that approximate amount to terminate the swap. If a swap has a positive mid-market value, in the event of a termination, MTA and/or MTA Bridges and Tunnels would be entitled to receive a termination payment from the counterparty. Consequently, MTA and/or MTA Bridges and Tunnels would be exposed to the credit risk of the counterparty when a swap has a positive mid-market value.

The terms, fair values and counterparties of the outstanding swaps of MTA and MTA Bridges and Tunnels are set forth in Footnote 7 to the unaudited Consolidated Financial Statements of Metropolitan Transportation Authority, annexed hereto.



## TRANSPORTATION REVENUE BONDS

### General

There is \$18,445,732,500 aggregate principal amount of outstanding Transportation Revenue Bonds as of April 29, 2024. The following **TRB Table 1** sets forth, on a cash basis, the debt service on outstanding Transportation Revenue Bonds as of April 29, 2024.

**TRB Table 1 -- Aggregate Debt Service**  
(**\$ in thousands**)

<u>Year Ending</u> <u>December 31</u>	<u>Aggregate</u> <u>Debt Service<sup>(1)(2)(3)(4)</sup></u>
2024	\$ 1,407,297
2025	1,375,160
2026	1,434,729
2027	1,335,490
2028	1,322,189
2029	1,401,667
2030	1,431,387
2031	1,570,618
2032	1,540,643
2033	1,314,218
2034	1,260,431
2035	1,185,223
2036	1,017,314
2037	1,006,341
2038	1,037,468
2039	958,859
2040	907,500
2041	893,917
2042	875,088
2043	919,869
2044	991,629
2045	891,788
2046	810,662
2047	899,516
2048	875,719
2049	813,414
2050	550,762
2051	282,567
2052	282,812
2053	233,445
2054	233,687
2055	171,225
2056	63,684
2057	10,483
<b>Total</b>	<b>\$31,306,801</b>

<sup>(1)</sup> Totals may not add due to rounding.

<sup>(2)</sup> 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; the applicable fixed rate on certain swapped bonds may adjust as the swap ratio adjusts over time; 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%; fixed rate mandatory tender bonds at their respective fixed rates prior to the mandatory tender date until the final maturity date; interest paid monthly, calculated on the basis of a 360-day year consisting of twelve 30-day months for variable rate bonds and floating rate notes.

<sup>(3)</sup> Excludes debt service on all outstanding RANs.

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

Bonds referred to as “Transportation Revenue Bonds” are issued pursuant to the General Resolution Authorizing Transportation Revenue Obligations of MTA, adopted on March 26, 2002 (the “Transportation Resolution”), and are payable solely from and secured by a gross lien on the items pledged under such bond resolution, which include amounts derived from: fares received for the use of the subway and bus systems operated by MTA New York City Transit and MaBSTOA, the commuter railroads operated by MTA Long Island Rail Road and MTA Metro-North Railroad and buses operated by MTA Bus; certain concession revenues; and operating subsidies, including expense reimbursement payments, from the State, the City, and MTA Bridges and Tunnels surplus. The proceeds from the sale of such bonds are used

solely to finance capital projects set forth in the MTA Capital Programs and certain additional MTA Bus capital projects. MTA is authorized to issue RANs for working capital purposes that are secured by a lien on a portion of the revenues that secure the Transportation Revenue Bonds (referred to as “Operating Subsidies” under the Transportation Resolution), which is senior to the lien on such Operating Subsidies in favor of the owners of the Transportation Revenue Bonds. See “-*Revolving Credit Agreements*” and “- Revenue Anticipation Notes Authorized by the Resolution” below.

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.

The Transportation Resolution and the form of the Interagency Agreement relating thereto have been filed with the MSRB through EMMA, and are incorporated by specific cross-reference herein. In addition, for convenience, copies of the Transportation Resolution and the Interagency Agreement can be obtained at no cost on MTA’s investor website under “Debt Portfolio Information – Bond Resolutions and Interagency Agreements” at <https://new.mta.info/investors>.

Capitalized terms used under this caption “TRANSPORTATION REVENUE BONDS” not otherwise defined herein have the meanings set forth in the Transportation Resolution.

### **Transportation Revenue Bond Anticipation Notes**

Bond anticipation notes referred to as “Transportation Revenue Bond Anticipation Notes” or “Transportation Revenue BANs” are issued pursuant to the Transportation Resolution and are payable solely from the proceeds of other Transportation Revenue BANs or Transportation Revenue Bonds, and though not pledged therefor, notes or other evidences of indebtedness or any other amounts, in each case if and to the extent such amounts may lawfully be used to make such payments. As of April 29, 2024, there are no Transportation Revenue BANs outstanding.

### **Gross Lien on TRB Pledged Revenues**

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.

MTA receives fares, tolls, rentals, rates, charges and other fees 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) from the use and operation of the Transit and Commuter Systems, and portions of its receipts from many of these sources are pledged for the payment of Transportation Revenue Bonds. Such pledged portions are referred to as “TRB Operating Receipts”. MTA and its subsidiaries and affiliates also receive operating surplus from MTA Bridges and Tunnels and operating subsidies from other governmental sources, portions of which are pledged for the payment of Transportation Revenue Bonds. Such pledged receipts are referred to as “TRB Operating Subsidies”. The TRB Operating Receipts and the TRB Operating Subsidies are collectively referred to herein as the “TRB Pledged Revenues.” The Transportation Resolution permits MTA to issue RANs that are secured by certain of such TRB Operating Subsidies prior to the payment of debt service on Transportation Revenue Bonds. Subject to the prior lien on certain TRB Operating Subsidies for the benefit of the owners of the RANs, the Transportation Resolution provides that Owners are to be paid from TRB Pledged Revenues prior to the payment of operating or other expenses, as described in more detail below. MTA has covenanted to impose fares and other charges so that TRB Pledged Revenues, together with other available moneys, will be sufficient to cover all debt service and operating and capital costs of the Transit and Commuter Systems.

TRB Operating Subsidies include: (i) MTA Bridges and Tunnels operating surplus, (ii) operating subsidies from the State and local governments under the State’s Section 18-b program; (iii) Congestion Zone Surcharges (also referred to as the For-Hire Vehicle Surcharges) and Rapid Transit Lane Fines deposited into the General Transportation Account; (iv) special tax-supported operating subsidies, including the MTTF 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; certain mortgage recording and real property transfer taxes with respect to certain real property located within the City (the Urban Taxes); the PMT Revenues (composed of the PMT and the PMT Revenue Offset) and the ATA Receipts, after the payment of debt service and certain other obligations relating to senior and subordinated obligations issued under the PMT Resolutions (defined herein); (v) Commuter System station maintenance payments; and (vi) City subsidy for MTA Bus.

MTA receives additional funds from other entities that are not automatically pledged to the payment of RANs and/or Transportation Revenue Bonds (Non-Pledged Operating Subsidies), but that may be used for the payment of RANs and/or Transportation Revenue Bonds, provided MTA allocates them for such purposes. As more fully described herein, MTA has allocated certain mortgage recording taxes to the payment of Transportation Revenue Bonds and has also allocated ATA Receipts to the payment of RANs and Transportation Revenue Bonds; however, no assurances can be given that MTA will continue to allocate any of the mortgage recording taxes or ATA Receipts to the payment of debt service on the RANs and/or Transportation Revenue Bonds in the future.

Debt service on Transportation Revenue Bonds issued for transit projects is payable from pledged revenues legally available to the respective transit operators, and debt service on Transportation Revenue Bonds issued for commuter projects is payable from pledged revenues legally available to the respective commuter operators. In the event there are insufficient revenues available therefor, MTA may avail itself of Interagency Loans to the extent available.

**TRB 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, 2023. A general description of the pledged revenues in the general categories referenced in **TRB Table 2a** follows the table, and a more detailed description is set forth under the heading “PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES”.

For the years 2019-2022, **TRB Table 2a** is based on the historical audited financial statements 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. For the year 2023, **TRB Table 2a** shows preliminary actuals based on the unaudited financial statements of MTA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus, and MTA New York City Transit and its subsidiary MaBSTOA, on a cash basis. The audited financial statements for MTA and MTA New York City Transit for 2021 and 2022 and the unaudited financial statements for 2023 covered by **TRB Table 2a** are included herein by specific cross-reference and should be read in connection with this information. The information in **TRB Table 2a** may not be indicative of future results of operations and financial condition. The information contained in the table has been prepared by MTA management based upon the historical financial statements and the notes thereto.

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**TRB Table 2a**  
**Summary of Pledged Revenues (Calculated in Accordance with the Transportation Resolution)**  
**Historical Cash Basis (\$ in million)<sup>(1)</sup>**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023<sup>(12)</sup></u>
<b><u>Revenues from Systems Operations</u></b>					
Fares from Transit System	\$ 4,592	\$ 1,939	\$2,332	\$2,944	\$3,341
Fares from Commuter System	1,526	517	557	902	1,124
Fares from MTA Bus	245	100	144	185	142
Other Income <sup>(2)</sup>	<u>278</u>	<u>207</u>	<u>197</u>	<u>215</u>	<u>...290</u>
<b>Subtotal – Operating Revenues</b>	<b>\$6,641</b>	<b>\$2,763</b>	<b>\$3,230</b>	<b>\$4,245</b>	<b>\$4,898</b>
<b><u>Non-Operating Revenues<sup>(3)</sup></u></b>					
Revenues from MTA Bridges and Tunnels Surplus	\$788	\$495	\$928	\$1,193	\$1,256
State and Local General Operating Subsidies <sup>(4)</sup>	\$340	\$365	\$408	\$370	\$381
NYC Transportation Assistance Fund - General Transportation Account <sup>(5)</sup>	\$0	\$2	\$2	\$4	\$10
Special Tax-Supported Operating Subsidies					
DTF Excess <sup>(6)</sup>	268	180	198	174	374
MMTOA Receipts	1,824	1,564	2,247	2,601	2,839
Urban Tax	668	377	429	729	382
MRT-2 Distribution <sup>(7)</sup>	12	12	12	12	12
Payroll Mobility Tax and Aid Trust Account Receipts <sup>(8)</sup>	1,871	1,810	1,931	1,859	2,125
Payroll Mobility Revenue Offset Funds <sup>(9)</sup>	<u>244</u>	<u>195</u>	<u>293</u>	<u>244</u>	<u>244</u>
Subtotal Special Tax-Supported Operating Subsidies	\$4,888	\$4,139	\$5,111	\$5,620	\$5,976
Station Maintenance and Service Reimbursements	647	637	795	797	930
City Subsidy for MTA Bus	669	355	456	522	396
Income from Investments <sup>(10)</sup>	50	22	4	17	22
<b>Subtotal – Non-Operating Revenues</b>	<b>\$7,382</b>	<b>\$6,015</b>	<b>\$7,704</b>	<b>\$8,523</b>	<b>\$8,970</b>
<b>Total Transportation Resolution Pledged Revenues</b>	<b>\$14,023</b>	<b>\$8,778</b>	<b>\$10,934</b>	<b>\$12,768</b>	<b>\$13,868</b>
<b>Debt Service<sup>(11)</sup></b>	<b>\$1,751</b>	<b>\$1,989</b>	<b>\$1,852</b>	<b>\$1,780</b>	<b>\$1,521</b>
<b>Debt Service Coverage from Pledged Revenues</b>	<b>8.0x</b>	<b>4.4x</b>	<b>5.9x</b>	<b>7.2x</b>	<b>9.1x</b>

<sup>(1)</sup> Totals may not add due to rounding

<sup>(2)</sup> 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. MTA Bus other incomes is also included.

<sup>(3)</sup> The Transportation Resolution permits MTA to issue RANs that are secured by TRB Operating Subsidies prior to the payment of debt service on the Transportation Revenue Bonds. See discussion under “Revenue Anticipation Notes Authorized by the Resolution” later in this “TRANSPORTATION REVENUE BONDS” section.

<sup>(4)</sup> For State and Local General Operating Subsidies, the favorable year-over-year change in 2020 primarily reflected a catch-up of a 2019 shortfall in Local 18-b payments, partially offset by an unfavorable State 18-b payment in 2020, due to a timing delay as a result of the COVID-19 pandemic. The 2021 favorable year-over-year change primarily reflected the reversal of the unfavorable 2020 delayed State 18-b payment that was received in 2021.

<sup>(5)</sup> 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 in 2019, on for-hire vehicle trips entirely within the State that start or terminate in, or traverse, Manhattan below 96th Street (the Congestion Zone Surcharge). Revenues from this surcharge are deposited into a 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 the General Transportation Account. The surcharge on for-hire vehicles in excess of the amounts statutorily required to be deposited into the Subway Action Plan Account and the Outer Borough Transportation Account are deposited into the General Transportation Account. The General Transportation Account is also the repository for fines and penalties from the Automated Camera Enforcement (ACE), pursuant to Chapter 59 of the Laws of 2018, which has been receiving such funds since the City began enforcement in 2020. Funds in the General Transportation Account are TRB Operating Subsidies and pledged to the bondholders of Transportation Revenue Bonds.

<sup>(6)</sup> Calculated by subtracting the debt service payments on the Dedicated Tax Fund Bonds from the MTTF Receipts described under the caption “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – DEDICATED TAX FUND BONDS”.

<sup>(7)</sup> MRT-2 funds are Non-Pledged Operating Subsidies; however, pursuant to MTA Board authorization in December 2007, a portion of such funds are allocated for the MTA Bus portion of debt service on the Transportation Revenue Bonds.

<sup>(8)</sup> Calculated by subtracting the debt service payments on Payroll Mobility Tax Resolution Obligations from the combined Payroll Mobility Tax Receipts and ATA Receipts, which are pledged revenues for the Payroll Mobility Tax Resolution Obligations described under the caption “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – PAYROLL MOBILITY TAX OBLIGATIONS”.

- <sup>(9)</sup> In prior Annual Disclosure Statements, PMT Revenue Offset Receipts were included in the PMT Receipts. Beginning with the 2021 Annual Disclosure Statement, PMT Revenue Offset Receipts are presented separately because such revenues do not constitute pledged revenues under the PMT Resolutions.
- <sup>(10)</sup> 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.
- <sup>(11)</sup> Debt service was reduced by approximately \$54 million in 2019 and 2020, \$49 million in 2021 \$48 million in 2022 and \$46 million in 2023 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, \$188.6 million in 2019, \$344.5 million in 2020, \$253.4 million in 2021, \$133.8 million in 2022, and \$8 million in 2023. Additionally, total debt service on Transportation Revenue Bonds has decreased since 2020 primarily due to payment of debt at maturity as well as cross-credit refundings reducing outstanding TRB debt.
- <sup>(12)</sup> The amounts for 2023 are unaudited and preliminary.

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

- Pledged Revenues from System Operations (including Other Income): Revenues constituting TRB Pledged Revenues fell significantly between 2019 and 2020 due primarily to decreased ridership during the pandemic. Ridership and revenues have continued to recover from their low in 2020; as of 2023, pledged revenues from system operations had reached 74% of pre-pandemic 2019 levels. Pledged operating revenues, excluding other income, in 2023 were approximately \$600 million, or 14.3% higher compared to 2022.
- Total Transportation Resolution Pledged Revenues in 2023 are returning closer to the 2019 level, lower by only approximately \$155 million and were \$1.1 billion, or 8.6% higher than 2022 total pledged revenues.
- Federal COVID-19 relief receipts are not included in “Other Income” in **TRB Table 2a**, but are included in Other Revenue under **TRB Table 2b** for 2020 through 2022 because they do not constitute TRB Pledged Revenues under the Transportation Resolution. Additionally, while Internet Sales Tax and Mansion Tax receipts were made available as a resource for operating expenses for two years during the COVID-19 pandemic, they do not constitute TRB Pledged Revenues under the Transportation Resolution and are not included in the table above.
- MTA Bridges and Tunnels Surplus: Revenues from the MTA Bridges and Tunnels Surplus have risen from \$788 million in 2019 to \$1.3 billion in 2023; the increase is attributable to recovering traffic volumes as well as a toll rate increase in April 2021 and August 2023.
- Urban Tax collection reflects the activity level and value of certain commercial mortgage recordings and real estate transactions in the City, including other factors such as unusually high-valued transactions. In 2020, Urban Tax revenues declined significantly from the prior year due to the lower value of commercial real estate transactions and mortgages during the COVID-19 pandemic. In 2021 and 2022, Urban Tax receipts increased, reflecting increased activity in the commercial real estate market in the City, and in 2023 Urban Tax receipts decreased.
- 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 MCTD. Mortgage recording taxes are used to provide funds for MTA’s Transit and Commuter Systems after the payment of MTA Headquarters’ expenses and MTA Bus debt service. The allocation of MRT-2 Tax receipts as TRB Pledged Revenue is made before the funds are used for MTA Headquarters expenses.
- Since 2019, City Subsidy for MTA Bus has increased or decreased primarily due to timing of payments. Since the COVID-19 pandemic, available federal relief funds specifically attributed to the loss of revenue and increase in expenses at MTA Bus have been used to cover deficits that would otherwise be billed to the City for MTA Bus service.

**TRB Table 2b** is the MTA Consolidated Statement of Operations by Category. It sets forth, by major category, for the five years ended December 31, 2023, all of the system operating revenues, expenses, adjustments, prior-year carryover and net cash balance. The information in the table has been prepared by MTA management based on MTA financial plans. The amounts indicated in the “Actual” columns for 2019 to 2022 reflect actual information based on the historical audited financial statements of MTA and its subsidiaries, and amounts for 2023 are preliminary actuals based on unaudited financial statements. The information in **TRB Table 2b** may not be indicative of future results of operations and financial condition.

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**TRB Table 2b**  
**MTA Consolidated Statement of Operations by Category**  
(\$ in millions)

	Actual <u>2019</u>	Actual <u>2020</u>	Actual <u>2021</u>	Actual <u>2022</u>	Actual <u>2023<sup>(1)</sup></u>
<b>Non-Reimbursable</b>					
<b><u>Operating Revenue</u></b>					
Farebox Revenue	\$6,351	\$2,625	\$3,048	\$4,024	\$4,658
Toll Revenue	2,071	1,640	2,170	2,332	2,419
Other Revenue	706	4,571	4,706	7,657	881
Capital and Other Reimbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Operating Revenue</b>	<b>\$9,128</b>	<b>\$8,836</b>	<b>\$9,924</b>	<b>\$14,014</b>	<b>\$7,958</b>
<b><u>Operating Expense</u></b>					
<b>Labor Expenses:</b>					
Payroll	\$5,311	\$5,308	\$5,215	\$5,414	\$5,820
Overtime	974	910	965	1,127	1,152
Health & Welfare	1,339	1,298	1,405	1,423	1,581
OPEB Current Payment	666	633	722	752	827
Pensions	1,493	1,510	1,411	1,339	1,363
Other-Fringe Benefits	848	789	817	1,010	1,059
Reimbursable Overhead	<u>(470)</u>	<u>(380)</u>	<u>(372)</u>	<u>(400)</u>	<u>(474)</u>
<b>Subtotal Labor Expenses</b>	<b>\$10,161</b>	<b>\$10,068</b>	<b>\$10,163</b>	<b>\$10,666</b>	<b>\$11,329</b>
<b>Non-Labor Expenses:</b>					
Electric Power	\$444	\$385	\$430	\$556	\$510
Fuel	174	103	163	283	226
Insurance	2	(5)	26	9	17
Claims	495	237	426	376	399
Paratransit Service Contracts	477	326	346	412	517
Maintenance and Other Operating Contracts	731	773	765	806	908
Professional Service Contracts	442	446	499	545	638
Materials & Supplies	647	543	486	561	641
Other Business Expenses	<u>231</u>	<u>152</u>	<u>200</u>	<u>246</u>	<u>313</u>
<b>Subtotal Non-Labor Expenses</b>	<b>\$3,642</b>	<b>\$2,960</b>	<b>\$3,341</b>	<b>\$3,804</b>	<b>\$4,170</b>
<b>Other Expense Adjustments:</b>					
Other	\$149	\$80	\$21	\$100	\$1
General Reserve	<u>0</u>	<u>335</u>	<u>(335)</u>	<u>0</u>	<u>185</u>
<b>Subtotal Other Expense Adjustments</b>	<b>\$149</b>	<b>\$414</b>	<b>\$317</b>	<b>\$100</b>	<b>\$186</b>
<b>Total Operating Expense before Non-Cash Liability Adj.</b>	<b>\$13,952</b>	<b>\$13,443</b>	<b>\$13,187</b>	<b>\$14,570</b>	<b>\$15,687</b>
Depreciation	\$2,870	\$3,010	\$3,159	\$3,286	\$3,549
OPEB Liability Adjustment	0	0	0	0	0
GASB 68 Pension Expense Adjustment	13	(77)	(917)	(393)	170
GASB 75 OPEB Expense Adjustment	895	978	1,075	1,084	591
GASB 87 Lease Adjustment	0	0	0	21	20
GASB 96 SBITA Adjustment	0	0	0	0	8
Environmental Remediation	42	123	37	26	51
<b>Total Operating Expense after Non-Cash Liability Adj.</b>	<b>\$17,771</b>	<b>\$17,477</b>	<b>\$18,594</b>	<b>\$16,541</b>	<b>\$20,074</b>
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$3,801)	(\$4,034)	(\$3,354)	(\$4,034)	(\$4,388)
Debt Service	2,630	2,703	2,787	2,703	2,631
<b>Total Operating Expense with Debt Service</b>	<b>\$16,582</b>	<b>\$16,146</b>	<b>\$15,974</b>	<b>\$17,691</b>	<b>\$18,317</b>
Dedicated Taxes and State/Local Subsidies	\$7,376	\$6,678	\$7,679	\$8,556	\$8,886
<b>Net Surplus/(Deficit) After Subsidies and Debt Service</b>	<b>(\$79)</b>	<b>(\$632)</b>	<b>\$1,628</b>	<b>\$4,879</b>	<b>(\$1,473)</b>
Conversion to Cash Basis: GASB Account	0	0	0	0	0
Conversion to Cash Basis: All Other	192	646	(961)	(6,045)	1,473
<b>CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER</b>	<b>\$113</b>	<b>\$13</b>	<b>\$668</b>	<b>(\$1,166)</b>	<b>\$0</b>
<b>ADJUSTMENTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PRIOR-YEAR CARRYOVER</b>	<b>372</b>	<b>485</b>	<b>499</b>	<b>1,166</b>	<b>0</b>
<b>NET CASH BALANCE</b>	<b>\$485</b>	<b>\$499</b>	<b>\$1,166</b>	<b>\$0</b>	<b>\$0</b>

<sup>(1)</sup>The amounts for 2023 are preliminary and unaudited.

## Description of Pledged Revenues

Each of the following pledged revenues is described in more detail under the caption “PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES”:

<u>Pledged Revenue</u>	<u>Caption in PART 2</u>
Revenues from Systems Operations	
Fares from Transit System	“Fares and Tolls – <i>Transit System Fares</i> ” “Fares and Tolls – <i>Transit System Fare Reimbursements from the City and the State</i> ”
Fares from Commuter System	“Fares and Tolls – <i>Commuter System Fares</i> ”
Fares from MTA Bus	“Fares and Tolls – <i>MTA Bus Fares</i> ”
Other Income	“Miscellaneous Revenues”
Non-Operating Revenues	
Revenues from MTA Bridges and Tunnels Surplus	“MTA Bridges and Tunnels Surplus”
State and Local General Operating Subsidies	“State and Local General Operating Subsidies”
NYC Transportation Assistance Fund – General Transportation Account – including ABLE fines	“Congestion Zone Charges”
State and Local General Operating Subsidies	
DTF Excess (MTTF) and MMTOA Receipts	“State Special Tax Supported Operating Subsidies”
Urban Tax	“Urban Taxes for Transit System”
MRT-2 Distribution	“Mortgage Recording Taxes”
Payroll Mobility Tax Receipts and ATA Receipts	“Payroll Mobility Tax, PMT Offset, and ATA Receipts”
Payroll Mobility Revenue Offset Funds	“Payroll Mobility Tax, PMT Offset, and ATA Receipts”
Station Maintenance and Service Reimbursements	“Financial Assistance and Service Reimbursements from Local Municipalities” (other than “ <i>MTA Bus Reimbursements from the City</i> ” and “ <i>Paratransit</i> ”)
City Subsidy for MTA Bus	“Financial Assistance and Service Reimbursements from Local Municipalities – <i>MTA Bus Reimbursements from the City</i> ”

Pledged revenues also include payments made by the City under its agreement with MTA Bus to reimburse MTA Bus the difference between the actual cost of operation of the MTA Bus Routes (other than certain capital costs) and all revenues and subsidies received by MTA Bus and allocable to the operation of the MTA Bus Routes, as further described under the caption “PART 4. OPERATIONS – MTA BUS COMPANY”.

## Security

Transportation Revenue 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 the Transportation Revenue Bonds is secured by, among other sources described below, the TRB Operating Receipts



and the TRB Operating Subsidies discussed in the preceding section which are, together with certain other revenues, referred to as “TRB Pledged Revenues”.

The Transportation Resolution has been filed with the MSRB through EMMA and is incorporated by specific cross-reference herein. In addition, for convenience, a copy of the Transportation Resolution can be obtained at no cost on MTA’s investor website under “Debt Portfolio Information –Bond Resolutions and Interagency Agreements” at <https://new.mta.info/investors>.

Holders of Transportation Revenue Bonds are to be paid from TRB Pledged Revenues prior to the payment of 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, but, with respect to TRB Operating Subsidies, subordinate to the payment of RANs. However, MTA’s ability to generate major portions of the TRB 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.

### **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 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. RANs issued under the Transportation Resolution are secured by a lien on TRB Operating Subsidies prior to the lien in favor of the owners of Transportation Revenue Bonds.

Owners of Transportation Revenue Bonds retain a first lien on the other TRB Pledged Revenues, including fares. The maturity date for such RANs may not exceed 18 months. While such RANs can be rolled, the final maturity of the RANs cannot exceed five years from the date of their original issuance.

For a detailed discussion on outstanding RANs see “Non-Capital Program Securities” above.

### **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 TRB 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 resolution for, and excluded by such supplemental resolution from the Trust Estate as security for all Transportation Revenue Bonds, in connection with variable interest rate obligations, put obligations, parity debt, subordinated contract obligations or subordinated debt); and
- the Interagency Agreement dated as of April 1, 2006, among MTA, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus, MTA New York City Transit and MaBSTOA.

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 System, Commuter System and MTA Bus System are obligated to transfer to the Trustee for deposit into the Revenue Fund virtually all TRB 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;
- Debt Service Fund; and
- Proceeds Fund.

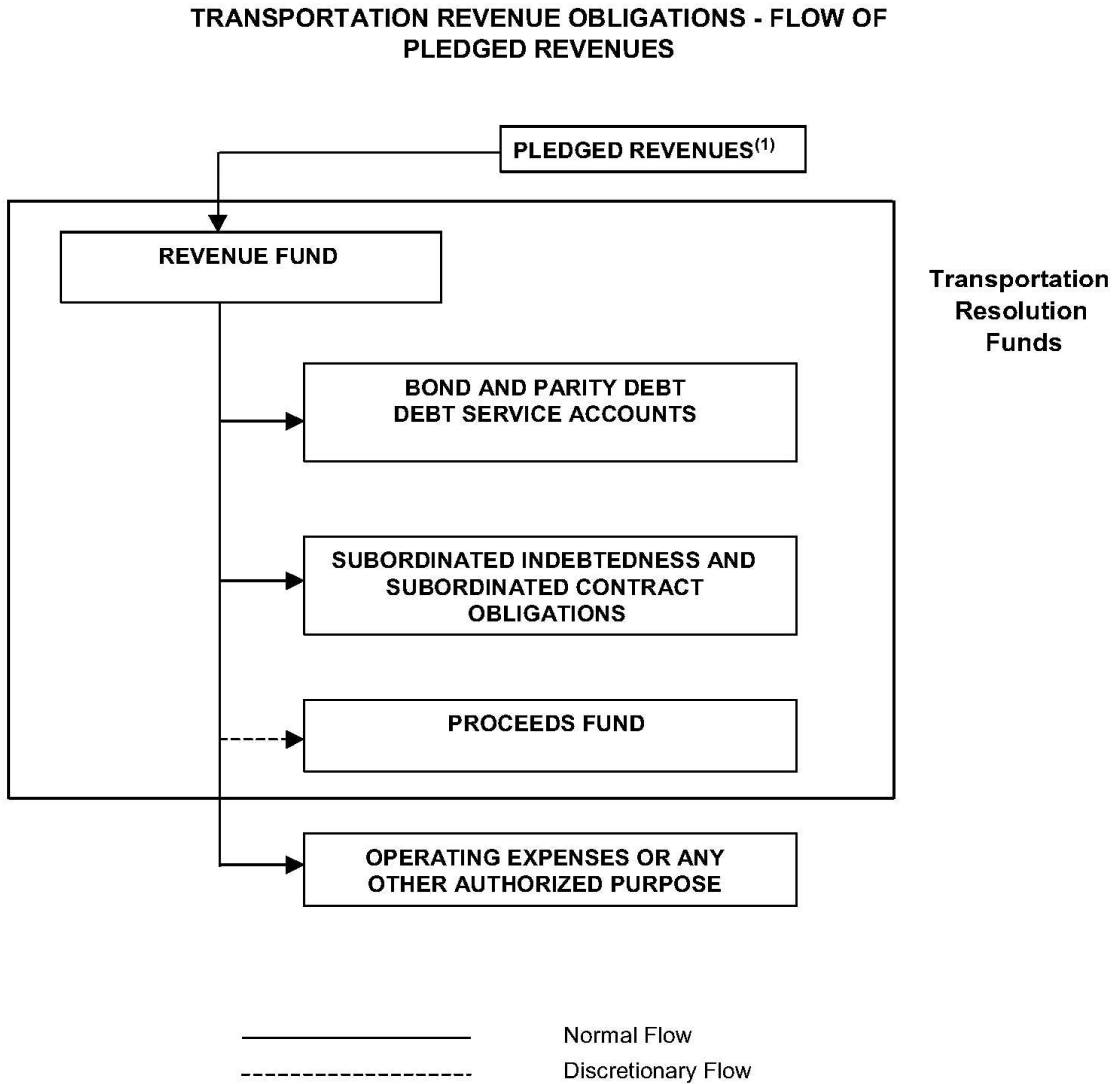
Subject to the payment from the TRB Operating Subsidies of debt service on RANs, the Transportation Resolution requires the Trustee, promptly upon receipt of the TRB Pledged Revenues in the Revenue Fund, to deposit the revenues into the following funds and accounts, in the amounts and in the order of 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 System, Commuter System and MTA Bus System; and
- to accounts held by MTA or any of the other Related 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:



<sup>(1)</sup> Includes TRB Operating Subsidies pledged to the payment of RANs prior to the payment of principal and interest on Transportation Revenue Bonds.

**Covenants**

*Rate Covenants.* MTA must fix the Transit and Commuter and MTA Bus 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.

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 sufficient to cover all capital and operating costs together with other available monies, 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 budget prepared in connection with 2024 and the forecasts prepared in connection with 2025, 2026 and 2027) of collection of dedicated taxes, operating subsidies, and expense reimbursements were to be discontinued or substantially reduced. See “ – Creditworthiness and Market Risk” above.

*Operating and Maintenance Covenants.*

- MTA, MaBSTOA, MTA New York City Transit, MTA Bus, MTA Metro-North Railroad and MTA Long Island Rail Road 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 a CPRB-approved MTA Capital Program, if an approved Capital Program is then required.

There is no covenant with bondholders limiting the aggregate principal amount of RANs 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. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS—GENERAL—Financing of Capital Projects and Statutory Ceiling” above for a description of the current statutory cap.

*Refunding Bonds.* MTA may issue Transportation Revenue Bonds to refund all or any portion of the 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 or the other Related Entities from filing a voluntary bankruptcy petition under Chapter 9 of the 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.

## **Subordinated Obligations**

*Subordinated Contract Obligations.* On December 21, 2022, the MTA Board approved and provided authorization for the issuance of a Subordinated Contract Obligation under the Transportation Resolution to make funds available, in an amount not to exceed \$350 million for the payment of the Capital Availability Payment under the ADA Project Agreement. See “– Alternative Capital Program Financing – ADA Elevator Project – P3 Financing” and “– TRANSPORTATION REVENUE BONDS – Pledge Affected by the Resolution”.

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## MTA BRIDGES AND TUNNELS GENERAL REVENUE BONDS

### General

There is \$8,504,250,000 aggregate principal amount of outstanding MTA Bridges and Tunnels General Revenue Bonds as of April 29, 2024. The following **MTA Bridges and Tunnels Senior Lien Table 1** sets forth, on a cash basis, the debt service on the outstanding MTA Bridges and Tunnels General Revenue Bonds as of April 29, 2024.

**MTA Bridges and Tunnels Senior Lien Table 1**  
**Aggregate Senior Lien Debt Service**  
**(\$ in thousands)**

<u>Year Ending December 31</u>	<u>Aggregate Debt Service<sup>(1)(2)(3)</sup></u>
2024	\$ 610,385
2025	742,199
2026	757,057
2027	756,302
2028	761,871
2029	668,369
2030	661,339
2031	664,573
2032	668,890
2033	456,096
2034	560,633
2035	531,468
2036	473,012
2037	473,198
2038	472,800
2039	340,256
2040	344,474
2041	435,650
2042	328,835
2043	280,532
2044	353,657
2045	317,788
2046	340,935
2047	320,891
2048	300,888
2049	206,998
2050	185,971
2051	172,249
2052	172,246
2053	172,519
2054	148,400
2055	81,986
2056	82,192
2057	<u>34,261</u>
Total	<u>\$13,878,922</u>

<sup>(1)</sup> Totals may not add due to rounding.

<sup>(2)</sup> 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. Series 2001C Bonds and a portion of Series 2005A Bonds at an assumed rate of 4.0%, interest paid monthly, calculated on the basis of a 360-day year consisting of twelve 30-day months.

<sup>(3)</sup> Debt service has not been reduced to reflect expected receipt of Build America Bond interest subsidies relating to certain Outstanding Bonds; such subsidies do not constitute pledged revenues under the MTA Bridges and Tunnels Senior Resolution.

Bonds referred to as “General Revenue Bonds” are issued pursuant to the MTA Bridges and Tunnels Senior Resolution, and are payable from the net revenues collected on the MTA Bridges and Tunnels Facilities described under “PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – MTA Bridges and Tunnels Facilities” after the payment of operating expenses. The proceeds from the sale of such bonds are used to finance capital projects relating to the MTA Bridges and Tunnels Facilities and the MTA Capital Programs (i.e., the Transit System, MTA Bus, MTA Staten Island Railway and the Commuter System). Only that portion of any such bonds issued to finance capital projects of the MTA Capital Programs is subject to the current statutory ceiling.

The MTA Bridges and Tunnels Senior Resolution has been filed with the MSRB through EMMA, and is incorporated by specific cross-reference herein. In addition, for convenience, copies of the MTA Bridges and Tunnels Senior Resolution can be obtained at no cost on MTA’s investor website under “Debt Portfolio Information – Bond Resolutions and Interagency Agreements” at <https://new.mta.info/investors>.

Capitalized terms used under this caption “MTA BRIDGES AND TUNNELS GENERAL REVENUE BONDS” not otherwise defined herein have the meanings set forth in the MTA Bridges and Tunnels Senior Resolution.

### **MTA Bridges and Tunnels General Revenue Bond Anticipation Notes**

Bond anticipation notes referred to as “General Revenue Bond Anticipation Notes” are issued pursuant to the MTA Bridges and Tunnels Senior Resolution and are payable solely from the proceeds of other General Revenue Bond Anticipation Notes or General Revenue Bonds, and though not pledged therefor, notes or other evidences of indebtedness or any other amounts, in each case if and to the extent such amounts may lawfully be used to make such payments. As of April 29, 2024, there are no outstanding MTA Bridges and Tunnels General Revenue Bond Anticipation Notes outstanding.

### **Sources of Payment**

MTA Bridges and Tunnels generates its revenues from all tolls, revenues, rates, fees, charges, rents, and proceeds of use and occupancy insurance on any portion of its tunnels, bridges and other facilities, including the net revenues of the Battery Parking Garage, and of any other insurance which insures against loss of revenues therefrom payable to or for the account of MTA Bridges and Tunnels, and MTA Bridges and Tunnels’ receipts from those sources, after payment of MTA Bridges and Tunnels’ operating expenses, are pledged to the holders of the MTA Bridges and Tunnels General Revenue Bonds for payment, as described below.

MTA Bridges and Tunnels is required to fix and collect tolls for the MTA Bridges and Tunnels Facilities, and MTA Bridges and Tunnels’ power to establish toll rates is not subject to the approval of any governmental entity. For more information relating to MTA Bridges and Tunnels’ power to establish tolls, see “PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – MTA Bridges and Tunnels – Toll Rates”.

**MTA Bridges and Tunnels Senior Lien Table 2** sets forth, by MTA Bridges and Tunnels facility, the amount of revenues for each of the last five years, as well as operating expenses. The audited financial statements for MTA and MTA Bridges and Tunnels for the years 2021 and 2022 and the unaudited financial statements for 2023 covered by **MTA Bridges and Tunnels Senior Lien Table 2** are included herein by specific cross-reference and should be read in connection with this information. The information in **MTA Bridges and Tunnels Senior Lien Table 2** may not be indicative of future results of operations and financial condition. The information contained in the table has been prepared by MTA management based upon the historical financial statements and notes.

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**MTA Bridges and Tunnels Senior Lien Table 2**  
**Historical Revenues, Operating Expenses and Senior Lien Debt Service**  
(\$ in thousands)<sup>(1)</sup>

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023<sup>(6)</sup></u>
Bridge and Tunnel Revenues:					
Robert F. Kennedy Bridge	\$463,134	\$355,004	\$466,908	\$503,541	\$525,748
Verrazzano-Narrows Bridge	453,343	386,978	515,132	544,527	570,710
Bronx Whitestone Bridge	352,093	282,204	379,286	401,877	399,506
Throgs Neck Bridge	356,078	293,274	348,927	368,082	394,314
Henry Hudson Bridge	88,568	59,958	91,874	97,581	100,899
Marine Parkway Gil Hodges Memorial Bridge	18,507	16,560	20,381	21,208	21,196
Cross Bay Veterans' Memorial Bridge	19,543	17,741	21,392	21,626	21,286
Queens Midtown Tunnel	198,866	134,251	192,306	221,532	226,903
Hugh L. Carey Tunnel	121,279	93,783	133,671	152,410	158,193
Total Bridge and Tunnel Revenues:	<u>\$2,071,411</u>	<u>\$1,639,753</u>	<u>\$2,169,877</u>	<u>\$2,332,384</u>	<u>\$2,418,755</u>
Investment Income and Other <sup>(2)</sup>	<u>31,921</u>	<u>22,716</u>	<u>24,726</u>	<u>31,251</u>	<u>53,993</u>
<b>Total Revenues</b>	<b><u>\$2,103,332</u></b>	<b><u>\$1,662,469</u></b>	<b><u>\$2,194,603</u></b>	<b><u>\$2,363,636</u></b>	<b><u>\$2,194,603</u></b>
Operating Expenses <sup>(3)</sup>					
Personnel Costs <sup>(4)</sup>	\$286,792	\$254,547	\$234,823	\$225,071	\$222,989
Maintenance and Other Operating Expenses	257,028	212,188	227,203	247,772	254,612
<b>Total Operating Expenses</b>	<b><u>\$543,820</u></b>	<b><u>\$466,735</u></b>	<b><u>\$462,026</u></b>	<b><u>\$472,843</u></b>	<b><u>\$477,601</u></b>
<b>Net Revenues Available for Debt Service</b>	<b>\$1,559,512</b>	<b>\$1,195,734</b>	<b>\$1,732,577</b>	<b>\$1,890,793</b>	<b>\$1,995,147</b>
<b>MTA Bridges and Tunnels Senior Lien Debt Service<sup>(5)</sup></b>	<b>\$558,253</b>	<b>\$564,261</b>	<b>\$586,373</b>	<b>\$581,186</b>	<b>\$605,574</b>
<b>Senior Lien Coverage</b>	<b>2.79x</b>	<b>2.12x</b>	<b>2.95x</b>	<b>3.25x</b>	<b>3.29x</b>

<sup>(1)</sup> Numbers may not add due to rounding.

<sup>(2)</sup> Includes the net revenues from the Battery Parking Garage, as well as E-ZPass administrative fees and miscellaneous other revenues. Investment earnings include interest earned on bond funds, including debt service funds that were applied to the payment of debt service as follows for the years 2019 through 2023, respectively (in thousands); \$4,793, \$970, \$116, \$3,167 and \$13,537. The amounts set forth in this footnote are derived from MTA Bridges and Tunnels audited financial statements for the years 2019 through 2023.

<sup>(3)</sup> Excludes depreciation, includes GASB 75 OPEB Expense Adjustment, GASB 68 Pension Expense Adjustment, GASB 87 Lease Adjustment and beginning as of 2022, GASB 96 SBITA adjustments.

<sup>(4)</sup> Includes regular and overtime salaries and fringe annual benefits, less capitalized personnel reimbursements.

<sup>(5)</sup> Net of Build America Bond interest subsidies of \$8.4 million in 2019, \$8.6 million in 2020 and \$8.5 million in each of 2021 and 2022 and \$7.6 million in 2023.

<sup>(6)</sup> The 2023 amounts are unaudited and preliminary.

The following should be noted in **MTA Bridges and Tunnels Senior Lien Table 2**:

- Bridge and Tunnel Revenues – In 2020, traffic and revenues were negatively affected during the height of the COVID-19 pandemic. In 2021, paid vehicle crossings rebounded to 307.3 million, an increase of 21.4% from 2020. There were 326.3 million paid vehicle crossings in 2022, an increase of 6.2% compared to 2021. A toll increase was implemented in April 2021. In 2023, traffic volumes increased by 2.7% over 2022, to a record high of 335.1 million vehicles, which also is 1.7% higher than the previous record high of 329.3 million vehicles in 2019. Toll revenue increased by 3.6% from \$2.332 billion in 2022 to \$2.418 billion in 2023. A toll increase was implemented in August 2023.
- Operating Expenses - Personnel Costs – The decrease in 2020 was primarily due to a decrease in salaries and benefits and other post-employment benefits. The decreases in 2021 and 2022 were primarily due to a decrease in salaries and benefits and other post-employment benefits as a result of lower headcount. The decrease in 2023 was primarily due to lower health and welfare costs for retirees, and higher reimbursable overhead credits, as well as vacancies.
- Operating Expenses - Maintenance and Other Operating Expenses – The decrease in 2020 was primarily due to lower major maintenance and bridge painting costs, lower legal expenses, and lower credit card fees. The increase in 2021 was due to higher legal expenses, credit card fees and insurance, offset by lower major maintenance and bridge painting costs. The increase in 2022 was primarily due to higher major maintenance and bridge painting costs, credit card fees and insurance. The increase in 2023 was mainly due to the timing of insurance costs as well as higher maintenance and operating contract expenses.



## Security

MTA Bridges and Tunnels General Revenue Bonds are general obligations of MTA Bridges and Tunnels payable solely from the trust estate (described below) pledged for the payment of the MTA Bridges and Tunnels General Revenue Bonds and Parity Debt pursuant to the terms of the MTA Bridges and Tunnels Senior Resolution, after the payment of Operating Expenses.

The MTA Bridges and Tunnels Senior Resolution has been filed with the MSRB through EMMA, and is incorporated by specific cross-reference herein. In addition, for convenience, a copy of the MTA Bridges and Tunnels Senior Resolution can be obtained at no cost on MTA's investor website under "Debt Portfolio Information –Bond Resolutions and Interagency Agreements" at <https://new.mta.info/investors>.

Capitalized terms used under this caption "MTA BRIDGES AND TUNNELS GENERAL REVENUE BONDS" not otherwise defined herein have the meanings set forth in the MTA Bridges and Tunnels Senior Resolution, except that the term "MTA Bridges and Tunnels" is used herein in place of the defined term "TBTA". So, for example, the term "MTA Bridges and Tunnels Facilities" as used herein is referred to in the MTA Bridges and Tunnels Senior Resolution as "TBTA Facilities".

MTA Bridges and Tunnels General Revenue Bonds are not a debt of the State or the City, or any other local governmental unit. MTA Bridges and Tunnels has no taxing power.

### **Pledge Effected by the MTA Bridges and Tunnels Senior Resolution**

The Bonds and Parity Debt issued in accordance with the MTA Bridges and Tunnels Senior Resolution are secured by a net pledge of Revenues after the payment of Operating Expenses.

Pursuant to, and in accordance with, the MTA Bridges and Tunnels Senior Resolution, MTA Bridges and Tunnels has pledged to the holders of the MTA Bridges and Tunnels General Revenue Bonds a "trust estate", which consists of:

- Revenues;
- the proceeds from the sale of the MTA Bridges and Tunnels General Revenue Bonds; and
- all funds, accounts and subaccounts established by the MTA Bridges and Tunnels Senior Resolution (except those established pursuant to a related supplemental resolution, and excluded by such supplemental resolution from the Trust Estate as security for all MTA Bridges and Tunnels General Revenue Bonds in connection with variable interest rate obligations, put obligations, parity debt, subordinated contract obligations or subordinated debt).

### **Revenues and Additional MTA Bridges and Tunnels Projects**

*Revenues from MTA Bridges and Tunnels Facilities.* For purposes of the pledge under the MTA Bridges and Tunnels Senior Resolution, Revenues of MTA Bridges and Tunnels generally include all tolls, revenues, rates, fees, charges, rents, proceeds of use and occupancy insurance on any portion of the MTA Bridges and Tunnels Facilities (including net revenues derived from the Battery Parking Garage) and of any other insurance which insures against loss of revenues therefrom payable to or for the account of MTA Bridges and Tunnels, and other income and receipts, as received by MTA Bridges and Tunnels directly or indirectly from any of MTA Bridges and Tunnels' operations, including the ownership or operation of any MTA Bridges and Tunnels Facilities, subject to certain exceptions.

The following seven bridges and two tunnels constitute MTA Bridges and Tunnels Facilities for purposes of the MTA Bridges and Tunnels Senior Resolution: Robert F. Kennedy Bridge (formerly the Triborough Bridge); Verrazano-Narrows Bridge; Bronx-Whitestone Bridge; Throgs Neck Bridge; Henry Hudson Bridge; Marine Parkway-Gil Hodges Memorial Bridge; Cross Bay Veterans Memorial Bridge; Hugh L. Carey Tunnel (formerly the Brooklyn-Battery Tunnel), and Queens Midtown Tunnel.

MTA Bridges and Tunnels does not currently derive any significant recurring Revenues from any sources other than the MTA Bridges and Tunnels Facilities and investment income. Income from capital projects for the Transit and Commuter Systems, MTA Bus and MTA Staten Island Railway financed by MTA Bridges and Tunnels is not derived by or for the account of MTA Bridges and Tunnels; consequently, no revenues from any portion of the capital projects for

the Transit and Commuter Systems, MTA Bus and MTA Staten Island Railway financed by MTA Bridges and Tunnels are pledged to the payment of debt service on the MTA Bridges and Tunnels General Revenue Bonds.

*CBD Tolling Capital Lockbox Fund.* Moneys deposited into the CBD Tolling Capital Lockbox Fund include tolls from the CBD Tolling Program (once revenue implementation begins), certain State and City sales taxes and the Mansion Tax. Such moneys are not pledged to the MTA Bridges and Tunnels General Revenue or Subordinate Revenue Bonds, and are statutorily required to be applied to CBD Tolling Program operating and infrastructure costs and transit and commuter capital projects in the 2020-2024 and later MTA Capital Programs. The CBD Tolling Program is an MTA Bridges and Tunnel project for which revenues generated by the MTA Bridges and Tunnels Facilities may be spent (see discussion under “– MTA Capital Program Bonds – *Additional MTA Bridges and Tunnels Projects That Can Become MTA Bridges and Tunnels Facilities*”), but it is not currently a TBTA Facility for which proceeds of bonds issued under the MTA Bridges and Tunnels Senior or Subordinate Resolution may be spent.

*Additional MTA Bridges and Tunnels Projects That Can Become MTA Bridges and Tunnels Facilities.* If MTA Bridges and Tunnels is authorized to undertake another project, whether a bridge or tunnel or the CBD Tolling Program, that project can become an MTA Bridges and Tunnels Facility for purposes of the MTA Bridges and Tunnels Senior Resolution if it is designated as such by MTA Bridges and Tunnels and it satisfies certain conditions more fully described in the MTA Bridges and Tunnels Senior Resolution included by specific cross-reference herein.

### **Flow of Revenues**

The MTA Bridges and Tunnels Senior Resolution establishes the following funds and accounts, each held by MTA Bridges and Tunnels:

- Revenue Fund;
- Proceeds Fund;
- Debt Service Fund; and
- General Fund.

Under the MTA Bridges and Tunnels Senior Resolution, MTA Bridges and Tunnels is required to pay into the Revenue Fund all Revenues as and when received and available for deposit.

MTA Bridges and Tunnels is required to pay out from the Revenue Fund, on or before the 25th day of each calendar month, the following amounts in the following order of priority:

- payment of reasonable and necessary Operating Expenses or accumulation in the Revenue Fund as a reserve (1) for working capital, (2) for such Operating Expenses the payment of which is not immediately required, including amounts determined by MTA Bridges and Tunnels to be required as an operating reserve, or (3) deemed necessary or desirable by MTA Bridges and Tunnels to comply with orders or rulings of an agency or regulatory body having lawful jurisdiction;
- transfer to the Debt Service Fund, the amount, if any, required so that the balance in the fund is equal to Accrued Debt Service to the last day of the current calendar month; provided, however, that in no event shall the amount to be so transferred be less than the amount required for all payment dates occurring prior to the 25th day of the next succeeding calendar month;
- transfer to another person for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligations; and
- transfer to the General Fund any remaining amount.

All amounts paid out by MTA Bridges and Tunnels for an authorized purpose (excluding transfers to any other pledged Fund or Account), or withdrawn from the General Fund in accordance with the MTA Bridges and Tunnels Senior Resolution, are free and clear of the lien and pledge created by the MTA Bridges and Tunnels Senior Resolution.

Under the MTA Bridges and Tunnels Senior Resolution, MTA Bridges and Tunnels is required to use amounts in the General Fund to make up deficiencies in the Debt Service Fund and the Revenue Fund, in that order. Subject to the preceding sentence and any lien or pledge securing Subordinated Indebtedness, the MTA Bridges and Tunnels Senior

Resolution authorizes MTA Bridges and Tunnels to release amounts in the General Fund to be paid to MTA Bridges and Tunnels free and clear of the lien and pledge created by the MTA Bridges and Tunnels Senior Resolution.

MTA Bridges and Tunnels is required by law to transfer amounts released from the General Fund to MTA as operating surplus, and a statutory formula determines how MTA allocates that money between the Transit and Commuter Systems.

### **Rate Covenant**

Under the MTA Bridges and Tunnels Senior Resolution, MTA Bridges and Tunnels is required at all times to establish, levy, maintain and collect, or cause to be established, levied, maintained and collected, such tolls, rentals and other charges in connection with the MTA Bridges and Tunnels Facilities as shall always be sufficient, together with other money available therefor (including the anticipated receipt of proceeds of the sale of Obligations or other bonds, notes or other obligations or evidences of indebtedness of MTA Bridges and Tunnels that will be used to pay the principal of Obligations issued in anticipation of such receipt, *but not including* any anticipated or actual proceeds from the sale of MTA Bridges and Tunnels Facilities), to equal or exceed in each calendar year *the greater of*:

- an amount equal to the sum of amounts necessary in such calendar year:
  - to pay all Operating Expenses of MTA Bridges and Tunnels, plus
  - to pay Calculated Debt Service, as well as the debt service on all Subordinated Indebtedness and all Subordinated Contract Obligations, plus
  - to maintain any reserve established by MTA Bridges and Tunnels pursuant to the MTA Bridges and Tunnels Senior Resolution, in such amount as may be determined from time to time by MTA Bridges and Tunnels in its judgment, or
- an amount such that Revenues less Operating Expenses shall equal at least 1.25 times Calculated Debt Service on all MTA Bridges and Tunnels General Revenue Bonds for such calendar year.

Additionally, the MTA Bridges and Tunnels Senior Resolution sets forth certain minimum toll amounts:

- the minimum undiscounted toll rate for automobiles carrying not more than two persons is at least \$3.00 for each crossing over or through the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, the Throgs Neck Bridge, the Hugh L. Carey Tunnel or the Queens Midtown Tunnel, \$2.50 for each crossing over the Verrazzano-Narrows Bridge, at least \$1.50 for each crossing over the Henry Hudson Bridge, and at least \$1.25 for each crossing over the Marine Parkway-Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge, not including any surcharge imposed in addition to the regular toll;
- in the event MTA Bridges and Tunnels imposes different undiscounted toll rates for vehicles utilizing an electronic toll collection system and based upon time of day, day of week or period of the year mode of pricing, the limits on the maximum discounts shall be measured against the undiscounted toll rate applicable to the particular crossing; and
- the minimum crossing charge, however denominated, and after giving effect to any exemption, exclusion or discount, for automobiles carrying not more than two persons shall be at least \$1.60 for each crossing over the Verrazzano-Narrows Bridge, the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge or the Throgs Neck Bridge or through the Hugh L. Carey Tunnel or the Queens Midtown Tunnel and at least 66.7 cents for each crossing over the Henry Hudson Bridge, the Marine Parkway-Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge.

For a more complete description of the rate covenant and a description of the minimum tolls that can be charged at the MTA Bridges and Tunnels Facilities, see the MTA Bridges and Tunnels Senior Resolution included by specific cross-reference herein.

### **Additional Bonds**

Under the provisions of the MTA Bridges and Tunnels Senior Resolution, MTA Bridges and Tunnels may issue one or more series of Additional Bonds on a parity with the outstanding MTA Bridges and Tunnels General Revenue Bonds to provide for Capital Costs.

*Certain Additional Bonds for MTA Bridges and Tunnels Facilities.* MTA Bridges and Tunnels may issue Additional Bonds without satisfying any earnings or coverage test for the purpose of providing for Capital Costs relating to MTA Bridges and Tunnels Facilities for the purpose of keeping such MTA Bridges and Tunnels Facilities in good operating condition or preventing a loss of Revenues or Revenues after payment of Operating Expenses derived from such MTA Bridges and Tunnels Facilities.

*Additional Bonds for Other Purposes.* MTA Bridges and Tunnels may issue Additional Bonds to pay or provide for the payment of all or part of Capital Costs (including payment when due on any obligation of MTA Bridges and Tunnels or any other Related Entity) relating to any of the following purposes:

- capital projects of the Transit and Commuter Systems, MTA Bus and MTA Staten Island Railway;
- any Additional MTA Bridges and Tunnels Project (that does not become an MTA Bridges and Tunnels Facility); or
- any MTA Bridges and Tunnels Facilities other than for the purposes set forth in the preceding paragraph.

In the case of Additional Bonds issued other than for the improvement, reconstruction or rehabilitation of MTA Bridges and Tunnels Facilities as described under the preceding heading, in addition to meeting certain other conditions set forth in the MTA Bridges and Tunnels Senior Resolution, an Authorized Officer must certify that the historical Twelve Month Period Net Revenues are at least equal to 1.40 times the Maximum Annual Calculated Debt Service on all MTA Bridges and Tunnels General Revenue Bonds, including debt service on the MTA Bridges and Tunnels General Revenue Bonds to be issued.

### **Refunding Bonds**

MTA Bridges and Tunnels General Revenue Bonds may be issued for the purpose of refunding MTA Bridges and Tunnels General Revenue Bonds or Parity Debt if (a) the Maximum Annual Calculated Debt Service (including the refunding MTA Bridges and Tunnels General Revenue Bonds then proposed to be issued but not including the MTA Bridges and Tunnels General Revenue Bonds to be refunded) is equal to or less than the Maximum Annual Calculated Debt Service on the MTA Bridges and Tunnels General Revenue Bonds as calculated immediately prior to the refunding (including the refunded MTA Bridges and Tunnels General Revenue Bonds but not including the refunding MTA Bridges and Tunnels General Revenue Bonds) or (b) the conditions referred to above under Additional Bonds for the category of MTA Bridges and Tunnels General Revenue Bonds being refunded are satisfied.

For a more complete description of the conditions that must be satisfied before issuing refunding Bonds, see the MTA Bridges and Tunnels Senior Resolution included by specific cross-reference herein.

### **Parity Debt**

MTA Bridges and Tunnels may incur Parity Debt pursuant to the terms of the MTA Bridges and Tunnels Senior 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 MTA Bridges and Tunnels Senior Resolution with respect to MTA Bridges and Tunnels General 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 Bridges and Tunnels designated as constituting "Parity Debt" in a certificate of an Authorized Officer delivered to the Trustee.

### **Subordinate Obligations**

The MTA Bridges and Tunnels Senior Resolution authorizes the issuance or incurrence of subordinate obligations. See "MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS" below.

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## MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS

### General

There is \$259,665,000 aggregate principal amount of outstanding MTA Bridges and Tunnels Subordinate Revenue Bonds as of April 29, 2024. The following **MTA Bridges and Tunnels Subordinate Table 1** sets forth, on a cash basis, the debt service thereon and on the MTA Bridges and Tunnels General Revenue Bonds as of April 29, 2024.

**MTA Bridges and Tunnels Subordinate Table 1**  
**Aggregate Senior and Subordinate Debt Service<sup>(1)</sup>**  
**(\$ in thousands)**

Year Ending December 31	MTA Bridges and Tunnels General Revenue Bonds Debt Service <sup>(2)(3)</sup>	MTA Bridges and Tunnels Subordinate Revenue Bonds Debt Service	MTA Bridges and Tunnels Aggregate Debt Service <sup>(2)(3)</sup>
2024	\$610,385	\$18,290	\$628,675
2025	742,199	18,386	760,585
2026	757,057	-	757,057
2027	756,302	-	756,302
2028	761,871	-	761,871
2029	668,369	58,760	727,129
2030	661,339	59,720	721,059
2031	664,573	59,775	724,348
2032	668,890	47,015	715,905
2033	456,096	-	456,096
2034	560,633	-	560,633
2035	531,468	-	531,468
2036	473,012	-	473,012
2037	473,198	-	473,198
2038	472,800	-	472,800
2039	340,256	-	340,256
2040	344,474	-	344,474
2041	435,650	-	435,650
2042	328,835	-	328,835
2043	280,532	-	280,532
2044	353,657	-	353,657
2045	317,788	-	317,788
2046	340,935	-	340,935
2047	320,891	-	320,891
2048	300,888	-	300,888
2049	206,998	-	206,998
2050	185,971	-	185,971
2051	172,249	-	172,249
2052	172,246	-	172,246
2053	172,519	-	172,519
2054	148,400	-	148,400
2055	81,986	-	81,986
2056	82,192	-	82,192
2057	34,261	-	34,261
Total	<u>\$13,878,922</u>	<u>\$261,945</u>	<u>\$14,140,867</u>

(1) Totals 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, MTA Bridges and Tunnels General Revenue Bonds, Series 2001C and a portion of MTA Bridges and Tunnels General Revenue Bonds, Series 2005A at an assumed rate of 4.0%; interest paid monthly, calculated on the basis of a 360-day year consisting of twelve 30-day months.

(3) Debt service has not been reduced to reflect expected receipt of Build America Bond interest subsidies relating to certain Outstanding Bonds; such subsidies do not constitute pledged revenues under the MTA Bridges and Tunnels Senior Resolution.

Bonds referred to as “Subordinate Revenue Bonds“ are issued pursuant to the MTA Bridges and Tunnels Subordinate Resolution, and are payable from the net revenues collected on the MTA Bridges and Tunnels Facilities after the payment of operating expenses and debt service as required by the MTA Bridges and Tunnels Senior Resolution. The proceeds from the sale of such bonds are used to finance capital projects relating to the MTA Bridges and Tunnels Facilities and MTA Capital Programs. Only that portion of any such bonds issued to finance capital projects of the MTA Capital Programs is subject to the current statutory debt ceiling.

The MTA Bridges and Tunnels Subordinate Resolution has been filed with the MSRB through EMMA, and is incorporated by specific cross-reference herein. In addition, for convenience, copies of the MTA Bridges and Tunnels Subordinate Resolution can be obtained at no cost on MTA’s investor website under “Debt Portfolio Information – Bond Resolutions and Interagency Agreements” at <https://new.mta.info/investors>.

Capitalized terms used under this caption “MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS” not otherwise defined herein have the meanings set forth in the MTA Bridges and Tunnels Subordinate Resolution.

### **Sources of Payment**

The revenues that are pledged to pay the MTA Bridges and Tunnels Subordinate Revenue Bonds are the same as the revenues that are pledged to pay the MTA Bridges and Tunnels General Revenue Bonds. See “MTA BRIDGES AND TUNNELS GENERAL REVENUE BONDS – Sources of Payment” above.

**MTA Bridges and Tunnels Subordinate Table 2** sets forth, by MTA Bridges and Tunnels facility, the amount of revenues for each of the last five years, as well as operating expenses. The audited financial statements for MTA and MTA Bridges and Tunnels for 2022 and 2021 and the unaudited financials for 2023 covered by **MTA Bridges and Tunnels Subordinate Table 2** are included herein by specific cross-reference and should be read in connection with this information. This information in **MTA Bridges and Tunnels Subordinate Table 2** may not be indicative of future results of operations and financial condition. The information contained in the table has been prepared by MTA management based upon the historical financial statements and notes.

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**MTA Bridges and Tunnels Subordinate Table 2**  
**Historical Revenues, Operating Expenses and Senior and Subordinate Debt Service**  
**(in thousands)<sup>(1)</sup>**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023<sup>(6)</sup></u>
Bridge and Tunnel Revenues:					
Robert F. Kennedy Bridge	\$ 463,134	\$ 355,004	\$ 466,908	\$ 503,541	\$ 525,748
Verrazzano-Narrows Bridge	453,434	386,978	515,132	544,527	570,710
Bronx-Whitestone Bridge	352,093	282,204	379,286	401,877	399,506
Throgs Neck Bridge	356,078	293,274	348,927	368,082	394,314
Henry Hudson Bridge	88,568	59,958	91,874	97,581	100,899
Marine Parkway Gil Hodges Memorial Bridge	18,507	16,560	20,381	21,208	21,196
Cross Bay Veterans' Memorial Bridge	19,543	17,741	21,392	21,626	21,286
Queens Midtown Tunnel	198,866	134,251	192,306	221,532	226,903
Hugh L. Carey Tunnel	<u>121,279</u>	<u>93,783</u>	<u>133,671</u>	<u>152,410</u>	<u>158,193</u>
Total Bridge and Tunnel Revenues:	\$ 2,071,411	\$ 1,639,753	\$ 2,169,877	\$ 2,332,384	\$ 2,418,755
Investment Income and Other <sup>(2)</sup>	<u>31,921</u>	<u>22,716</u>	<u>24,726</u>	<u>31,251</u>	<u>53,993</u>
<b>Total Revenues</b>	<b><u>\$ 2,103,332</u></b>	<b><u>\$ 1,662,469</u></b>	<b><u>\$ 2,194,603</u></b>	<b><u>\$ 2,363,636</u></b>	<b><u>\$ 2,472,748</u></b>
Operating Expenses <sup>(3)</sup>					
Personnel Costs <sup>(4)</sup>	\$ 286,792	\$ 254,547	\$ 234,823	\$ 225,071	\$ 222,989
Maintenance and Other Operating Expenses	<u>257,028</u>	<u>212,188</u>	<u>227,203</u>	<u>247,771</u>	<u>254,612</u>
<b>Total Operating Expenses</b>	<b><u>\$ 543,820</u></b>	<b><u>\$ 466,735</u></b>	<b><u>\$ 462,026</u></b>	<b><u>\$ 472,842</u></b>	<b><u>\$ 477,601</u></b>
<b>Net Revenues Available for Debt Service</b>	<b>\$ 1,559,512</b>	<b>\$ 1,195,734</b>	<b>\$ 1,732,577</b>	<b>\$ 1,890,793</b>	<b>\$ 1,995,147</b>
<b>MTA Bridges and Tunnels Senior Lien Debt Service<sup>(5)</sup></b>	<b>\$ 558,253</b>	<b>\$ 564,261</b>	<b>\$ 586,373</b>	<b>\$ 581,186</b>	<b>\$ 605,574</b>
<b>Subordinate Bond Fund Investment Earnings</b>	<b>\$ 938</b>	<b>\$ 165</b>	<b>\$ 14</b>	<b>\$ 615</b>	<b>\$ 2,007</b>
<b>Net Revenues Available for Subordinate Debt Service</b>	<b>\$ 1,002,197</b>	<b>\$ 631,638</b>	<b>\$ 1,146,204</b>	<b>\$ 1,310,222</b>	<b>\$ 1,391,580</b>
<b>Debt Service on Subordinate Revenue Bonds</b>	<b>\$ 102,721</b>	<b>\$ 102,234</b>	<b>\$ 102,115</b>	<b>\$ 103,300</b>	<b>\$ 80,949</b>
<b>Total Debt Service (Senior and Subordinate)</b>	<b>\$ 660,974</b>	<b>\$ 666,495</b>	<b>\$ 688,488</b>	<b>\$ 684,486</b>	<b>\$ 686,524</b>
<b>Combined Debt Service Coverage Ratio</b>	<b>2.36x</b>	<b>1.79x</b>	<b>2.52x</b>	<b>2.76x</b>	<b>2.91x</b>

<sup>(1)</sup> Numbers may not add due to rounding.

<sup>(2)</sup> Includes the net revenues from the Battery Parking Garage, as well as E-ZPass administrative fees and miscellaneous other revenues. Investment earnings include interest earned on bond funds, including debt service funds that were applied to the payment of debt service as follows for the years 2018 through 2022, respectively (in thousands); \$4,793, \$970, \$116, \$3,167, and \$13,537. The amounts set forth in this footnote are derived from MTA Bridges and Tunnels audited financial statements for the years 2019 through 2023.

<sup>(3)</sup> Excludes depreciation, includes GASB 75 OPEB Expense Adjustment, GASB 68 Pension Expense Adjustment, GASB 87 Lease Adjustment and beginning as of 2022, GASB 96 SBITA adjustments.

<sup>(4)</sup> Includes regular and overtime salaries and fringe annual benefits, less capitalized personnel reimbursements.

<sup>(5)</sup> Net of Build America Bond interest subsidies of \$8.5 million in 2018, \$8.4 million in 2019, \$8.6 million in 2020, \$8.5 million in 2021 and 2022, and \$7.6 million in 2023.

<sup>(6)</sup> The 2023 amounts are unaudited and preliminary.

The following should be noted in **MTA Bridges and Tunnels Subordinate Table 2**:

- Bridge and Tunnel Revenues – In 2020, traffic and revenues were negatively affected during the height of the COVID-19 pandemic. In 2021, paid vehicle crossings rebounded to 307.3 million, an increase of 21.4% from 2020. There were 326.3 million paid vehicle crossings in 2022, an increase of 6.2% compared to 2021. A toll increase was implemented in April 2021. In 2023, traffic volumes increased by 2.7% over 2022, to a record high of 335.1 million vehicles, which also is 1.7% higher than the previous record high of 329.3 million vehicles in 2019. Toll revenue increased by 3.6% from \$2.332 billion in 2022 to \$2.418 billion in 2023. A toll increase was implemented in August 2023.
- Operating Expenses - Personnel Costs – The decrease in 2020 was primarily due to a decrease in salaries and benefits and other post-employment benefits. The decreases in 2021 and 2022 were primarily due to a decrease in salaries and benefits and other post-employment benefits as a result of lower headcount. The decrease in 2023 was primarily due to lower health and welfare costs for retirees, and higher reimbursable overhead credits, as well as vacancies.
- Operating Expenses - Maintenance and Other Operating Expenses – The decrease in 2020 was primarily due to lower major maintenance and bridge painting costs, lower legal expenses, and lower credit card fees. The increase in 2021 was due to higher legal expenses, credit card fees and insurance,

offset by lower major maintenance and bridge painting costs. The increase in 2022 was primarily due to higher major maintenance and bridge painting costs, credit card fees and insurance. The increase in 2023 was mainly due to the timing of insurance costs as well as higher maintenance and operating contract expenses.

## **Security**

MTA Bridges and Tunnels Subordinate Revenue Bonds are special obligations of MTA Bridges and Tunnels payable solely from the trust estate (described below) pledged for the payment of the MTA Bridges and Tunnels Subordinate Revenue Bonds and subordinate parity debt pursuant to the terms of the MTA Bridges and Tunnels Subordinate Resolution, after the payment of Operating Expenses and after payment of debt service as required by the MTA Bridges and Tunnels Senior Resolution.

The MTA Bridges and Tunnels Subordinate Resolution has been filed with the MSRB through EMMA, and is incorporated by specific cross-reference herein. In addition, for convenience, a copy of the MTA Bridges and Tunnels Subordinate Resolution can be obtained at no cost on MTA's investor website under "Debt Portfolio Information –Bond Resolutions and Interagency Agreements" at <https://new.mta.info/investors>.

Capitalized terms used under this caption "MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS" not otherwise defined herein have the meanings set forth in the MTA Bridges and Tunnels Subordinate Resolution, except that the term "MTA Bridges and Tunnels" is used herein in place of the defined term "TBTA". So, for example, the term "MTA Bridges and Tunnels Facilities" as used herein is referred to in the MTA Bridges and Tunnels Subordinate Resolution as "TBTA Facilities".

MTA Bridges and Tunnels Subordinate Revenue Bonds are not a debt of the State or the City or any local governmental unit. MTA Bridges and Tunnels has no taxing power.

## **Pledge Effected by the MTA Bridges and Tunnels Subordinate Resolution**

The lien on the trust estate described below created by the MTA Bridges and Tunnels Subordinate Resolution is subordinate to the lien created by the MTA Bridges and Tunnels Senior Resolution.

Pursuant to, and in accordance with, the MTA Bridges and Tunnels Subordinate Resolution, MTA Bridges and Tunnels has pledged to the holders of the MTA Bridges and Tunnels Subordinate Revenue Bonds a "trust estate", which consists of:

- Revenues (after the application of those Revenues as required by the MTA Bridges and Tunnels Senior Resolution, including the payment of Operating Expenses and MTA Bridges and Tunnels Senior Resolution debt service);
- the proceeds from the sale of the MTA Bridges and Tunnels Subordinate Revenue Bonds; and
- all funds, accounts and subaccounts established by the MTA Bridges and Tunnels Subordinate Resolution (except those established pursuant to a related supplemental resolution, and excluded by such supplemental resolution from the Trust Estate as security for all MTA Bridges and Tunnels Subordinate Revenue Bonds in connection with variable interest rate obligations, put obligations, parity debt, subordinated contract obligations or subordinated debt).

## **Revenues and Additional Subordinate MTA Bridges and Tunnels Projects**

*Revenues from MTA Bridges and Tunnels Facilities.* MTA Bridges and Tunnels does not currently derive any significant recurring Revenues from any sources other than the MTA Bridges and Tunnels Facilities and investment income. Income from capital projects for the Transit and Commuter Systems, MTA Bus and MTA Staten Island Railway financed by MTA Bridges and Tunnels is not derived by or for the account of MTA Bridges and Tunnels; consequently, no revenues from any portion of the capital projects for the Transit and Commuter Systems, MTA Bus and MTA Staten Island Railway financed by MTA Bridges and Tunnels are pledged to the payment of debt service on the MTA Bridges and Tunnels Subordinate Revenue Bonds.

The following seven bridges and two tunnels constitute MTA Bridges and Tunnels Facilities for purposes of the MTA Bridges and Tunnels Subordinate Resolution: Robert F. Kennedy Bridge (formerly the Triborough Bridge);



Verrazzano-Narrows Bridge; Bronx-Whitestone Bridge; Throgs Neck Bridge; Henry Hudson Bridge; Marine Parkway-Gil Hodges Memorial Bridge; Cross Bay Veterans Memorial Bridge; Hugh L. Carey Tunnel (formerly the Brooklyn-Battery Tunnel), and Queens Midtown Tunnel.

For a discussion of other projects that MTA Bridges and Tunnels is authorized to undertake, see “TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – Authorized Projects of MTA Bridges and Tunnels”.

*Additional Subordinate MTA Bridges and Tunnels Projects.* One or more projects owned or to be owned by MTA Bridges and Tunnels or another Related Entity may become an Additional Subordinate MTA Bridges and Tunnels Project without satisfying any earnings or coverage test if MTA Bridges and Tunnels is authorized to undertake that project, including the CBD Tolling Program, and the project is designated by MTA Bridges and Tunnels to be an Additional Subordinate MTA Bridges and Tunnels Project.

Upon satisfaction of certain conditions, MTA Bridges and Tunnels is authorized to issue Subordinate Revenue Bonds to fund the Capital Costs of Additional Subordinate MTA Bridges and Tunnels Projects. See “—Additional Subordinate Revenue Bonds” below.

### **Flow of Revenues**

The MTA Bridges and Tunnels Subordinate Resolution establishes the following funds and accounts, each held by MTA Bridges and Tunnels:

- Proceeds Fund; and
- Debt Service Fund.

MTA Bridges and Tunnels is required to transfer to the Debt Service Fund under the MTA Bridges and Tunnels Subordinate Resolution, from time to time, but no less frequently than on or before the 25th day of each calendar month, from amounts as shall from time to time be available for transfer from the Revenue Fund under the MTA Bridges and Tunnels Senior Resolution, free and clear of the lien of the MTA Bridges and Tunnels Senior Resolution, the amount, if any, required so that the balance in the fund is equal to Accrued Debt Service to the last day of the current calendar month; provided, however, that in no event shall the amount to be so transferred be less than the amount required for all payment dates occurring prior to the 25th day of the next succeeding calendar month.

### **Rate Covenant**

MTA Bridges and Tunnels is required at all times to establish, levy, maintain and collect, or cause to be established, levied, maintained and collected, such tolls, rentals and other charges in connection with the MTA Bridges and Tunnels Facilities as shall always be sufficient, together with other money available therefor (including the anticipated receipt of proceeds of the sale of Obligations or other bonds, notes or other obligations or evidences of indebtedness of MTA Bridges and Tunnels that will be used to pay the principal of Obligations issued in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of MTA Bridges and Tunnels Facilities), to equal or exceed in each calendar year the greater of:

- an amount equal to the sum of amounts necessary in that calendar year:
  - to pay all Operating Expenses of MTA Bridges and Tunnels, plus
  - to pay Calculated Debt Service on all senior lien and subordinate lien bonds and parity debt, plus
  - to maintain any reserve established by MTA Bridges and Tunnels pursuant to the MTA Bridges and Tunnels Senior Resolution, in such amount as may be determined from time to time by MTA Bridges and Tunnels in its judgment, or
- an amount such that Revenues less Operating Expenses shall equal at least 1.10 times Calculated Debt Service on all senior lien and subordinate lien bonds and parity debt for such calendar year.

Additionally, the MTA Bridges and Tunnels Senior Resolution sets forth certain minimum toll amounts:

- the minimum undiscounted toll rate for automobiles carrying not more than two persons is at least \$3.00 for each crossing over or through the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge, the Throgs

Neck Bridge, the Hugh L. Carey Tunnel or the Queens Midtown Tunnel, \$2.50 for each crossing over the Verrazzano-Narrows Bridge, at least \$1.50 for each crossing over the Henry Hudson Bridge, and at least \$1.25 for each crossing over the Marine Parkway-Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge, not including any surcharge imposed in addition to the regular toll;

- in the event MTA Bridges and Tunnels imposes different undiscounted toll rates for vehicles utilizing an electronic toll collection system and based upon time of day, day of week or period of the year mode of pricing, the limits on the maximum discounts shall be measured against the undiscounted toll rate applicable to the particular crossing; and
- the minimum crossing charge, however denominated, and after giving effect to any exemption, exclusion or discount, for automobiles carrying not more than two persons shall be at least \$1.60 for each crossing over the Verrazzano-Narrows Bridge, the Robert F. Kennedy Bridge, the Bronx-Whitestone Bridge or the Throgs Neck Bridge or through the Hugh L. Carey Tunnel or the Queens Midtown Tunnel and at least 66.7 cents for each crossing over the Henry Hudson Bridge, the Marine Parkway-Gil Hodges Memorial Bridge or the Cross Bay Veterans Memorial Bridge.

For a more complete description of the rate covenant and a description of the minimum tolls that can be charged at the MTA Bridges and Tunnels Facilities, see the MTA Bridges and Tunnels Subordinate Resolution included by specific cross-reference herein.

### **Additional Subordinate Revenue Bonds**

Under the provisions of the MTA Bridges and Tunnels Subordinate Resolution, MTA Bridges and Tunnels may issue one or more series of Additional Subordinate Revenue Bonds to pay or provide for the payment of all or part of Capital Costs relating to any of the following purposes:

- MTA Bridges and Tunnels Facilities;
- capital projects of the Transit and Commuter Systems, MTA Bus and MTA Staten Island Railway; or
- any Additional Subordinate MTA Bridges and Tunnels Project.

In addition to meeting certain other conditions set forth in the MTA Bridges and Tunnels Subordinate Resolution, an Authorized Officer must certify that the historical Twelve Month Period Net Revenues are at least equal to 1.10 times the Combined Maximum Annual Calculated Debt Service for all MTA Bridges and Tunnels Subordinate Revenue Obligations, subordinate parity debt, MTA Bridges and Tunnels Senior Obligations and senior parity debt.

In addition, MTA Bridges and Tunnels covenants that, prior to the issuance of MTA Bridges and Tunnels General Revenue Bonds, an Authorized Officer must certify that the historical Twelve Month Period Net Revenues are at least equal to 1.10 times the Combined Maximum Annual Calculated Debt Service for all MTA Bridges and Tunnels Subordinate Revenue Obligations, subordinate parity debt, MTA Bridges and Tunnels Senior Obligations and senior parity debt. See the MTA Bridges and Tunnels Subordinate Resolution included by specific cross-reference herein.

### **Refunding Subordinate Revenue Bonds**

MTA Bridges and Tunnels Subordinate Revenue Bonds may be issued for the purpose of refunding MTA Bridges and Tunnels Subordinate Revenue Bonds, subordinate parity debt, MTA Bridges and Tunnels General Revenue Bonds or senior parity debt if:

- the Combined Maximum Annual Calculated Debt Service (including the refunding MTA Bridges and Tunnels Subordinate Revenue Bonds then proposed to be issued, but not including the MTA Bridges and Tunnels Subordinate Revenue Bonds, subordinate parity debt, MTA Bridges and Tunnels General Revenue Bonds or senior parity debt to be refunded) is equal to or less than the Combined Maximum Annual Calculated Debt Service as calculated immediately prior to the refunding (including the refunded MTA Bridges and Tunnels Subordinate Revenue Bonds, subordinate parity debt, MTA Bridges and Tunnels General Revenue Bonds or senior parity debt, but not including the refunding MTA Bridges and Tunnels Subordinate Revenue Bonds), or
- the conditions referred to above under “— Additional Subordinate Revenue Bonds” are satisfied.

For a more complete description of the conditions that must be satisfied before issuing refunding MTA Bridges and Tunnels Subordinate Revenue Bonds, see the MTA Bridges and Tunnels Subordinate Resolution included by specific cross-reference herein.

**Subordinate Parity Debt**

MTA Bridges and Tunnels may incur subordinate parity debt pursuant to the terms of the MTA Bridges and Tunnels Subordinate 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 MTA Bridges and Tunnels Subordinate Resolution with respect to MTA Bridges and Tunnels Subordinate Revenue Bonds. Such subordinate 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 Bridges and Tunnels designated as constituting “Parity Debt” under the MTA Bridges and Tunnels Subordinate Resolution in a certificate of an Authorized Officer delivered to the Trustee.

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## SECOND SUBORDINATE REVENUE BOND ANTICIPATION NOTES (CBDTP)

The Central Business District Tolling Program (“CBD Tolling Program” or “CBDTP”) was established pursuant to legislation, known as the MTA Reform and Traffic Mobility Act (the “Traffic Mobility Act”), as part of the State budget for Fiscal Year 2019-2020, adopted on April 1, 2019. Pursuant to Public Authorities Law Section 553-J that was created by the Traffic Mobility Act, monies in the CBD Tolling Capital Lockbox Fund can be used to pay expenses of MTA Bridges and Tunnels, “including the planning, designing, constructing, installing or maintaining of the central business district tolling program, including, without limitation, the central business district tolling infrastructure, the central business district tolling collection system and the central business district tolling customer service center”. See “PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY –Central Business District Tolling Program”. MTA Bridges and Tunnels expects that capital costs associated with the planning, design, installation, and construction of the CBD Tolling Program will be paid or reimbursed from funds available in the CBD Tolling Capital Lockbox Fund, which includes certain City and State Sales Taxes and the Mansion Tax, and will also include all revenues received by MTA Bridges and Tunnels from the CBD Tolling Program.

On February 18, 2021, the MTA Bridges and Tunnels Board authorized the Second Subordinate Revenue Resolution and related documents to fund costs in an amount not to exceed \$506 million related to the design, build, and installation of infrastructure, tolling systems and allowable implementation expenses necessary for the operation of CBDTP plus an amount necessary to fund certain financing costs. In June 2021, MTA Bridges and Tunnels issued an initial amount of \$192.835 million of Second Subordinate Revenue BANs, Series 2021A (the “Series 2021A BANs”) for such purposes.

As of April 29, 2024, there are \$192.835 million of Second Subordinate Revenue BANs outstanding, and as budgeted in the 2023 February Plan, these BANs are expected to be retired by the maturity date of November 1, 2025, with proceeds of bonds secured by, or available funds in, the CBD Tolling Capital Lockbox Fund.

<b><u>Bond Anticipation Notes Series</u></b>	<b><u>Principal Amount Outstanding (\$ in millions)</u></b>	<b><u>Maturity Date</u></b>
TBTA CBDTP Second Subordinate 2021A BANs	\$192.835	11/1/2025

MTA Bridges and Tunnels Second Subordinate Revenue Bonds, issued under the CBDTP Second Subordinate Resolution will, when and if issued, be payable after the payment of debt service on obligations issued under the existing MTA Bridges and Tunnels Senior Resolution and the MTA Bridges and Tunnels Subordinate Resolution. The financing of CBDTP costs is not currently authorized under MTA Bridges and Tunnel’s Senior Resolution or under the MTA Bridges and Tunnels Subordinate Resolution. The Series 2021A BANs constitute CBDTP Second Subordinate Obligation Anticipation Notes under the CBDTP Second Subordinate Resolution, and unlike the Bridges and Tunnels Second Subordinate Revenue Bonds, are not secured or payable from the trust estate described below.

MTA Bridges and Tunnels Second Subordinate Revenue Bonds are special obligations of MTA Bridges and Tunnels payable solely from the trust estate (described below) pledged for the payment of the Second Subordinate Revenue Bonds, after the payment of Operating Expenses, and payment of debt service as required by the MTA Bridges and Tunnels Senior Resolution and the MTA Bridges and Tunnels Subordinate Resolution. The payment of principal of and interest on the Second Subordinate Revenue Bonds is prior to the payment of termination payments on certain derivatives entered into by MTA Bridges and Tunnels in connection with obligations issued under the MTA Bridges and Tunnels Senior Resolution and the MTA Bridges and Tunnels Subordinate Resolution.

Any Second Subordinate Revenue BANs, including the Series 2021A BANs, and any Second Subordinate Revenue Bonds, when and if issued, are not a debt of the State or the City or any local governmental unit. MTA Bridges and Tunnels has no taxing power.

### **Pledge Effected by the CBDTP Second Subordinate Resolution**

The lien on the trust estate described below created by the CBDTP Second Subordinate Resolution is subordinate to the lien created by the MTA Bridges and Tunnels Senior Resolution and the MTA Bridges and Tunnels Subordinate Resolution.

Pursuant to, and in accordance with, the CBDTP Second Subordinate Resolution, MTA Bridges and Tunnels has pledged to the holders of the MTA Bridges and Tunnels Second Subordinate Revenue Bonds a “trust estate”, which consists of:

- Revenues (after the application of those Revenues as required by the MTA Bridges and Tunnels Senior Resolution, first to the payment of Operating Expenses, and secondly to MTA Bridges and Tunnels Senior Resolution debt service and MTA Bridges and Tunnels Subordinate Resolution debt service);
- the proceeds from the sale of the Second Subordinate Revenue Bonds; and
- all funds, accounts and subaccounts established by the CBDTP Second Subordinate Resolution (except those established pursuant to a related supplemental resolution, and excluded by such supplemental resolution from the Trust Estate as security for all Second Subordinate Revenue Bonds in connection with variable interest rate obligations, put obligations, parity debt, subordinated contract obligations or subordinated debt).

### **Revenues and Additional Subordinate MTA Bridges and Tunnels Projects**

*Revenues from MTA Bridges and Tunnels Facilities.* For purposes of the pledge under the MTA Bridges and Tunnels Senior Resolution, the MTA Bridges and Tunnels Subordinate Resolution and CBDTP Second Subordinate Resolution, Revenues of MTA Bridges and Tunnels generally include all tolls, revenues, rates, fees, charges, rents, proceeds of use and occupancy insurance on any portion of the MTA Bridges and Tunnels Facilities (including net revenues derived from the Battery Parking Garage) and of any other insurance which insures against loss of revenues therefrom payable to or for the account of MTA Bridges and Tunnels, and other income and receipts, as received by MTA Bridges and Tunnels directly or indirectly from any of MTA Bridges and Tunnels’ operations, including the ownership or operation of any MTA Bridges and Tunnels Facilities, subject to certain exceptions.

MTA Bridges and Tunnels does not currently derive any significant recurring Revenues from any sources other than the MTA Bridges and Tunnels Facilities and investment income. Income from capital projects for the Transit and Commuter Systems, MTA Bus and MTA Staten Island Railway financed by MTA Bridges and Tunnels is not derived by or for the account of MTA Bridges and Tunnels; consequently, no revenues from any portion of the capital projects for the Transit and Commuter Systems, MTA Bus and MTA Staten Island Railway financed by MTA Bridges and Tunnels are pledged to the payment of debt service on the Second Subordinate Revenue Bonds.

For a discussion of other projects that MTA Bridges and Tunnels is authorized to undertake, see “Part 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – Authorized Projects of MTA Bridges and Tunnels”.

### **Flow of Revenues**

The CBDTP Second Subordinate Resolution establishes the following funds and accounts, each held by MTA Bridges and Tunnels:

- Proceeds Fund; and
- Debt Service Fund.

Under the CBDTP Second Subordinate Resolution, MTA Bridges and Tunnels is required to transfer to the Debt Service Fund, from time to time, but no less frequently than on or before the 25th day of each calendar month, from amounts as shall from time to time be available for transfer from the Revenue Fund under the MTA Bridges and Tunnels Senior Resolution, free and clear of the lien of the MTA Bridges and Tunnels Senior Resolution and the MTA Bridges and Tunnels Subordinate Resolution, the amount, if any, required so that the balance in the Debt Service Fund is equal to Accrued Debt Service to the last day of the current calendar month; provided, however, that in no event shall the amount to be so transferred be less than the amount required for all payment dates occurring prior to the 25th day of the next succeeding calendar month.

### **Rate Covenant**

The rate covenant contained in the MTA Bridges and Tunnels Senior Resolution is incorporated by reference in the CBDTP Second Subordinate Resolution, such that MTA Bridges and Tunnels is required at all times to establish, levy, maintain and collect, or cause to be established, levied, maintained and collected, such tolls, rentals and other

charges in connection with the MTA Bridges and Tunnels Facilities as shall always be sufficient, together with other money available therefor (including the anticipated receipt of proceeds of the sale of Obligations or other bonds, notes or other obligations or evidences of indebtedness of MTA Bridges and Tunnels that will be used to pay the principal of Obligations issued in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of MTA Bridges and Tunnels Facilities), to equal or exceed in each calendar year the greater of:

- an amount equal to the sum of amounts necessary in that calendar year
  - o to pay all Operating Expenses of MTA Bridges and Tunnels, plus
  - o to pay Calculated Debt Service on all senior lien, subordinate lien and second subordinate lien bonds and related parity debt, plus
  - o to maintain any reserve established by MTA Bridges and Tunnels pursuant to the MTA Bridges and Tunnels Senior Resolution, in such amount as may be determined from time to time by MTA Bridges and Tunnels in its judgment, or
- an amount such that Revenues less Operating Expenses shall equal at least 1.10 times Calculated Debt Service on all senior lien and subordinate lien bonds and parity debt for such calendar year.

#### **Additional Second Subordinate Revenue Bonds**

Under the provisions of the CBDTP Second Subordinate Resolution, MTA Bridges and Tunnels may issue one or more series of Additional Second Subordinate Revenue Bonds to pay or provide for the payment of all or part of Capital Costs relating to the CBDTP.

In addition to meeting certain other conditions, all as more fully described under the section “Special Provisions for Issuance of Capital Cost CBDTP Second Subordinate Revenue Obligations” in the CBDTP Second Subordinate Resolution included by specific cross-reference herein, an Authorized Officer must certify that the aggregate principal amount of all Second Subordinate Revenue Bonds and second subordinate parity debt of all series to be outstanding immediately after such authentication and delivery shall not exceed \$506 million.

#### **Refunding Second Subordinate Revenue Bonds**

MTA Bridges and Tunnels Second Subordinate Revenue Bonds may be issued for the purpose of refunding MTA Bridges and Tunnels Second Subordinate Revenue Bonds if:

- Calculated Debt Service (including the refunding Second Subordinate Revenue Bonds then proposed to be issued but not including the Second Subordinate Revenue Bonds or second subordinate parity debt to be refunded) in each year that the Second Subordinate Revenue Bonds or second subordinate parity debt to be refunded were Outstanding following the refunding is less than before the refunding, or
- the conditions referred to above under “— Additional Second Subordinate Revenue Bonds” are satisfied.

For a more complete description of the conditions that must be satisfied before issuing refunding MTA Bridges and Tunnels Second Subordinate Revenue Bonds, see the section “Refunding CBDTP Second Subordinate Revenue Obligations” in the CBDTP Second Subordinate Resolution included by specific cross-reference herein.

#### **Second Subordinate Parity Debt**

MTA Bridges and Tunnels may incur second subordinate parity debt pursuant to the terms of the CBDTP Second Subordinate 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 CBDTP Second Subordinate Resolution with respect to MTA Bridges and Tunnels Second Subordinate Revenue Bonds. Such second subordinate 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 Bridges and Tunnels designated as constituting “Parity Debt” under the CBDTP Second Subordinate Resolution in a certificate of an Authorized Officer delivered to the Trustee.

## DEDICATED TAX FUND BONDS

### General

There is \$4,122,340,000 aggregate principal amount of outstanding Dedicated Tax Fund Bonds as of April 29, 2024. The following **DTF Table 1** sets forth, on a cash basis, the debt service thereon as of April 29, 2024.

**DTF Table 1 – Aggregate Debt Service  
(\$ in thousands)**

<u>Year Ending December 31</u>	<u>Aggregate Debt Service<sup>(1)(2)(3)</sup></u>
2024	\$335,140
2025	320,238
2026	321,073
2027	332,331
2028	375,959
2029	329,425
2030	418,383
2031	318,968
2032	402,312
2033	409,559
2034	326,743
2035	328,161
2036	399,681
2037	422,477
2038	404,144
2039	385,803
2040	102,369
2041	66,320
2042	66,319
2043	66,319
2044	66,314
2045	66,324
2046	66,319
2047	66,320
2048	49,610
2049	49,608
2050	49,607
2051	49,609
2052	49,607
2053	21,448
2054	21,447
2055	21,451
2056	21,448
2057	<u>13,425</u>
Total	\$6,744,259

<sup>(1)</sup> Totals may not add due to rounding.

<sup>(2)</sup> 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; interest paid monthly, calculated on the basis of a 360-day year consisting of twelve 30-day months.

<sup>(3)</sup> Debt service has not been reduced to reflect expected receipt of Build America Bond interest subsidies relating to certain Outstanding Bonds; such subsidies do not constitute pledged revenues under the DTF Resolution.

Bonds referred to as “Dedicated Tax Fund Bonds” are issued pursuant to the DTF Resolution, and are payable solely from and secured by the MTF Receipts and the MMTOA Receipts described below under “– Sources of Payment – Revenues from Dedicated Taxes”, subject to appropriation by the State Legislature. The proceeds from the sale of such bonds are used solely to finance capital projects of MTA New York City Transit, MaBSTOA, MTA Staten Island Railway, MTA Long Island Rail Road and MTA Metro-North Railroad set forth in the MTA Capital Programs.

The DTF Resolution has been filed with the MSRB through EMMA, and is incorporated by specific cross-reference herein. In addition, for convenience, copies of the DTF Resolution can be obtained at no cost on MTA’s

investor website under “Debt Portfolio Information – Bond Resolutions and Interagency Agreements” at <https://new.mta.info/investors>.

Capitalized terms used under this caption “DEDICATED TAX FUND BONDS” not otherwise defined herein have the meanings set forth in the DTF Resolution.

### **MTA Dedicated Tax Fund Bond Anticipation Notes**

Bond anticipation notes referred to as “Dedicated Tax Fund Bond Anticipation Notes” are issued pursuant to the Dedicated Tax Fund Resolution and are payable solely from the proceeds of other Dedicated Tax Fund Bond Anticipation Notes or Dedicated Tax Fund Revenue Bonds, and though not pledged therefor, notes or other evidences of indebtedness or any other amounts, in each case if and to the extent such amounts may lawfully be used to make such payments. As of April 29, 2024, there are no outstanding DTF Bond Anticipation Notes.

### **Sources of Payment – Revenues from Dedicated Taxes**

Under State law, MTA receives money from certain dedicated taxes and fees described in this section (the “Dedicated Taxes”). This money is deposited into MTA’s Dedicated Tax Fund and is pledged by MTA for the payment of its Dedicated Tax Fund Bonds.

*MTA Revenues from PBT, Motor Fuel Tax and Motor Vehicle Fees (MTTF Receipts).* In 1991, as part of a program to address the need for continued capital investment in the State’s transportation infrastructure, the State Legislature established a State fund, called the Dedicated Tax Funds Pool, from which money is apportioned by statutory allocation under current Tax Law to a State fund, called the Dedicated Mass Transportation Trust Fund (“MTTF”). Currently, portions of the following taxes and fees are deposited into the Dedicated Tax Funds Pool, of which 34% is allocated to the MTTF for the benefit of MTA:

- A business privilege tax imposed on petroleum businesses operating in the State (“PBT”), consisting of: a basic tax that varies based on product type; a supplemental tax on gasoline and highway diesel; and a petroleum business carrier tax. Currently, 80.3% of net PBT receipts from the basic tax (excluding receipts from aviation fuel, which are deposited in an aviation purpose account from which no receipts are directed to MTTF) and all of the supplemental tax and the carrier tax are required by current law to be deposited in the Dedicated Tax Funds Pool.
- Motor fuel taxes on gasoline and diesel fuel.
- Certain motor vehicle fees administered by the State Department of Motor Vehicles (“DMV”), including both registration and non-registration fees.

34% of the Dedicated Tax Funds Pool is currently deposited in the MTTF for MTA’s benefit. Subject to appropriation by the State Legislature, money in the MTTF is required by law to be transferred to MTA’s Dedicated Tax Fund, held by MTA. Amounts transferred from the MTTF to MTA’s Dedicated Tax Fund constitute MTTF Receipts.

A more detailed description of the MTTF Receipts is set forth in “PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES - State Special Tax Supported Operating Subsidies – *PBT, Motor Fuel Tax and Motor Vehicle Fees (MTTF Receipts)*”.

*MTA Revenues from Special Tax-Supported Operating Subsidies (MMTOA Receipts).* Starting in 1980, in response to anticipated operating deficits of State mass transportation systems, the State Legislature enacted a series of taxes, portions of the proceeds of which have been and are to be deposited in a special State fund – the Mass Transportation Operating Assistance Fund – to fund the operations of mass transportation systems. The Metropolitan Mass Transportation Operating Assistance Account, or “MMTOA Account”, was established in that State fund to support operating expenses of transportation systems in the MCTD, including MTA New York City Transit, MaBSTOA and the commuter railroads operated by MTA’s subsidiaries, MTA Long Island Rail Road and MTA Metro-North Railroad. After payment of Section 18-b general operating assistance to the various transportation systems, MTA receives 85.0% of the moneys deposited into the MMTOA Account, with the remaining 15.0% available to other transportation properties within the MTA Commuter Transportation District, such as MTA Bus, which currently operates the routes formerly operated by the City private franchise bus lines.



Since the creation of the MMTOA Account, MTA has requested and received in each year significant payments from that account in order to meet operating expenses of the Transit and Commuter Systems. It is expected that payments from the MMTOA Account will continue to be essential to the operations of the Transit and Commuter Systems. Although a variety of taxes have been used to fund the special tax-supported operating subsidies, the taxes levied for this purpose, which MTA refers to collectively as the “MMTOA Taxes”, currently include:

- *MMTOA PBT.* The products that are subject to the tax, the tax rates, and the transactions excluded from the tax are identical to those of the basic PBT dedicated to the Dedicated Tax Funds Pool and the MTTF Account in that Pool. Pursuant to State law, 10.835% of the PBT basic tax collections is deposited in the MMTOA Account (excluding receipts from aviation fuel, which are deposited in an aviation purpose account from which no receipts are directed to MMTOA).
- *District Sales Tax.* The District Sales Tax consists of a 0.375% sales and compensating use tax imposed on sales and uses of certain tangible personal property and services applicable only within the MTA Commuter Transportation District.
- *Franchise Taxes.* Also deposited in the MMTOA Account is a legislatively-allocated portion of the following three taxes imposed on certain transportation and transmission companies (such as trucking, telegraph and local telephone companies and mobile communication services):
  - an annual franchise tax based on the amount of the taxpayer’s issued capital stock (Section 183);
  - an annual franchise tax on the taxpayer’s gross earnings (Section 184) from all sources calculated to have been generated statewide pursuant to statutory formulae; and
  - an additional excise tax (Section 186-e) on the sale of mobile communication services.
- *Franchise Surcharges.* The Franchise Surcharges are imposed on the portion of the franchise and other taxes of certain corporations, insurance, transportation and transmission companies attributable (according to various complex formulae) to business activity carried on within the MTA Commuter Transportation District. In accordance with the Tax Law, the tax revenue generated under these provisions, after the deduction of administrative costs, is to be deposited to the MMTOA Account, as taxes are received.

MTA receives the equivalent of four quarters of MMTOA Receipts each year, with the first quarter of each succeeding calendar year’s receipts advanced into the fourth quarter of the preceding year. This results in little or no MMTOA Receipts being received during the first quarter of each calendar year; MTA is required to make other provisions to provide for cash liquidity during this period.

A more detailed description of the MMTOA Taxes is set forth “PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES – State Special Tax Supported Operating Subsidies – *MTA Revenues from Special Tax-Supported Operating Subsidies (MMTOA Receipts)*”.

*Five-Year Summary of MTTF Receipts and MMTOA Receipts.* **DTF Table 2** sets forth a five-year summary (based on the State’s fiscal year ending March 31) of the following:

- actual collections by the State of receipts for each of the sources of revenues that, subject to appropriation and allocation among MTA and other non-MTA transportation agencies, could become receipts of MTA’s Dedicated Tax Fund;
- amount of MTTF Receipts and MMTOA Receipts; and
- debt service coverage ratio based upon MTTF Receipts, and MTTF Receipts plus MMTOA Receipts.

The information in the following **DTF Table 2** relating to MTTF Receipts and MMTOA Receipts was provided by the New York State Division of the Budget and the remaining information was provided by MTA.

**DTF Table 2**  
**Summary of MTF Receipts and MMTOA Receipts<sup>(1)</sup>**  
**State Fiscal Year ending March 31 (\$ millions)**

<b>Dedicated Taxes (\$ millions)</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Projection <sup>(10)</sup></b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>MTTF<sup>(2)</sup></b>					
PBT	\$ 281.6	\$ 306.9	\$ 325.5	\$ 329.3	\$ 316.8
Motor Fuel Tax	83.4	97.0	34.9 <sup>(8)</sup>	95.2	96.4
Motor Vehicle Fees <sup>(3)</sup>	119.1	128.9	121.9	124.5	128.8
<b>Total Available</b>	<b>\$ 484.1</b>	<b>\$ 532.8</b>	<b>\$ 482.3</b>	<b>\$ 549.0</b>	<b>\$ 542.0</b>
<b>MMTOA<sup>(2)</sup></b>					
PBT	\$ 60.4	\$ 66.0	\$ 69.3	\$ 70.4	\$ 68.9
District Sales Tax	873.0	1,089.0	1,217.0 <sup>(8)</sup>	1,279.0	1,303.0
Franchise Taxes <sup>(4)</sup>	27.5	25.3	27.3	42.7	29.7
Franchise Surcharges	1,379.1	1,733.6	2,143.1	2,103.3	2,120.0
<b>Total Available</b>	<b>\$ 2,340.0</b>	<b>\$ 2,913.9</b>	<b>\$ 3,456.7</b>	<b>\$ 3,495.4</b>	<b>\$ 3,521.6</b>
<b>Disbursements</b>					
<b>MTTF<sup>(3)(5)</sup></b>	\$ 527.9	\$ 624.3	\$ 575.2	\$ 611.3	\$ 593.2
<b>MMTOA<sup>(6)</sup></b>	1,895.2	1,922.8	2,607.0	2,838.5	3,000.1
<b>Total Disbursed</b>	<b>\$ 2,423.1</b>	<b>\$ 2,547.1</b>	<b>\$ 3,182.2</b>	<b>\$ 3,449.8</b>	<b>\$ 3,593.3</b>
<b>Debt Service<sup>(7)</sup></b>	\$ 385.8	\$ 394.8	\$ 385.2 <sup>(9)</sup>	\$ 280.6 <sup>(9)</sup>	\$ 272.4
<b>Debt Service Coverage Ratio – MTF Receipts Only</b>	1.37x	1.58x	1.49x	2.18x	2.18x
<b>Debt Service Coverage Ratio – MTF and MMTOA Receipts</b>	6.28x	6.45x	8.26x	12.29x	13.19x

<sup>(1)</sup> Totals may not add due to rounding.

<sup>(2)</sup> As used in this Table, MTF Receipts and MMTOA Receipts have the meaning given such terms in the DTF Resolution.

<sup>(3)</sup> Pursuant to legislation enacted in 2014, beginning with State Fiscal Year 2014-2015 and each year thereafter, a portion of the Fiscal Year 2013-2014 Motor Vehicle General Fund transfer of \$169.4 million has been replaced with a direct transfer of \$62.7 million from the State General Fund to the Dedicated Mass Transportation Trust Fund and \$57.6 million of such amount flows to MTA's Dedicated Tax Fund as MTF Receipts; the remainder flows to other transportation systems.

<sup>(4)</sup> Beginning with State Fiscal Year 2012-2013, the distribution to the MMTOA Account was changed from 80% to 54% of the taxes collected from Franchise Taxes. The remaining 26% is distributed to the Public Transportation Systems Operating Assistance Account.

<sup>(5)</sup> Represents the amount in the MTF that was, subject to appropriation, paid to MTA by deposit into MTA's Dedicated Tax Fund, thereby becoming MTF Receipts. The amount of MTF Receipts in any State fiscal year may be greater than the amount collected for deposit into the MTF due to, among other things, investment earnings or surplus amounts retained in the MTF that were not paid out in prior years.

<sup>(6)</sup> Represents the amount in the MMTOA Account that was, subject to appropriation, paid to MTA by deposit into MTA's Dedicated Tax Fund, thereby becoming MMTOA Receipts. The difference between Total Available MMTOA Taxes and MMTOA Receipts generally represents the amount appropriated for operating expenses of the various non-MTA systems in the MTA Commuter Transportation District, as well as the amounts appropriated to MTA and other transportation agencies, primarily in accordance with the Section 18-b Program as described under the caption "PART 2. PUBLIC DEBT SECURITIES – REVENUES OF THE RELATED ENTITIES – State and Local General Operating Subsidies".

<sup>(7)</sup> Net of Build America Bond interest subsidies in each calendar year. Amounts may vary, but generally range between approximately \$24.0 to \$26.0 million. Actuals are budgeted actuals calculated for the State fiscal year. Projections for State Fiscal Year 2025 are based on projections in the 2024 February Financial Plan.

<sup>(8)</sup> The State Fiscal Year 2022-2023 Enacted Budget suspended the State and MCTD sales taxes imposed on gasoline and diesel motor fuel, as well as the motor fuel tax, from June 1, 2022, through December 31, 2022. Additionally, a "hold harmless" General Fund transfer provision was included to transfer the projected revenue amounts that would have been distributed to the MTF component of the Motor Fuel Tax (\$58.2 million) and the MMTOA component of the District Sales Tax (\$15.0 million) as though the suspension of such taxes was not in effect. The referenced actuals in the table above do not reflect the noted "hold harmless" General Fund transfer amounts.

<sup>(9)</sup> Budgeted actual debt service for State Fiscal Year 2023 excludes a December 1, 2022 redemption of certain DTF Bonds that was paid with available moneys. Budgeted actual debt service in State Fiscal Year 2024 and projected debt service for State Fiscal Year 2025 reflect reductions in debt service due to refundings of certain DTF Bonds in 2023. State Fiscal Years 2023, 2024 and 2025 reflect the impact of interest pre-payment escrows established in March 2023.

<sup>(10)</sup> The State Fiscal Year 2024-2025 projections are based on the State Fiscal Year 2024-2025 Executive Budget Financial Plan Updated for the Governor's Amendments and Forecast Revisions.

## Security

The Dedicated Tax Fund Bonds are MTA's special obligations payable as to principal, redemption premium, if any, and interest solely from the security, sources of payment and funds specified in the DTF Resolution. Payment of principal of or interest on the Dedicated Tax Fund Bonds may not be accelerated in the event of a default.

Dedicated Tax Fund Bonds are secured primarily by the sources of payment described above, and are not secured by:

- the general fund or other funds and revenues of the State; or
- the other funds and revenues of MTA or any of its affiliates or subsidiaries.

The Dedicated Tax Fund Bonds are not a debt of the State or the City or any other local governmental unit. MTA has no taxing power.

## Pledge Effected by the DTF Resolution

*Trust Estate.* The DTF Resolution provides that there are pledged to the payment of principal and redemption premium of, interest on, and sinking fund installments for, the Dedicated Tax Fund Bonds and Parity Debt, in accordance with their terms and the provisions of the DTF Resolution, subject only to the provisions permitting the application of that money for the purposes and on the terms and conditions permitted in the DTF Resolution, the following, referred to as the "Trust Estate":

- the proceeds of the sale of the Dedicated Tax Fund Bonds, until those proceeds are paid out for an authorized purpose;
- the Pledged Amounts Account in MTA's Dedicated Tax Fund (which includes MTF Receipts and MMTOA Receipts), any money on deposit in that Account and any money received and held by MTA and required to be deposited in that Account; and
- all funds, accounts and subaccounts established by the DTF Resolution (except funds, accounts and subaccounts established pursuant to Supplemental Resolution, and excluded by such Supplemental Resolution from the Trust Estate as security for all Dedicated Tax Fund Bonds, in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof.

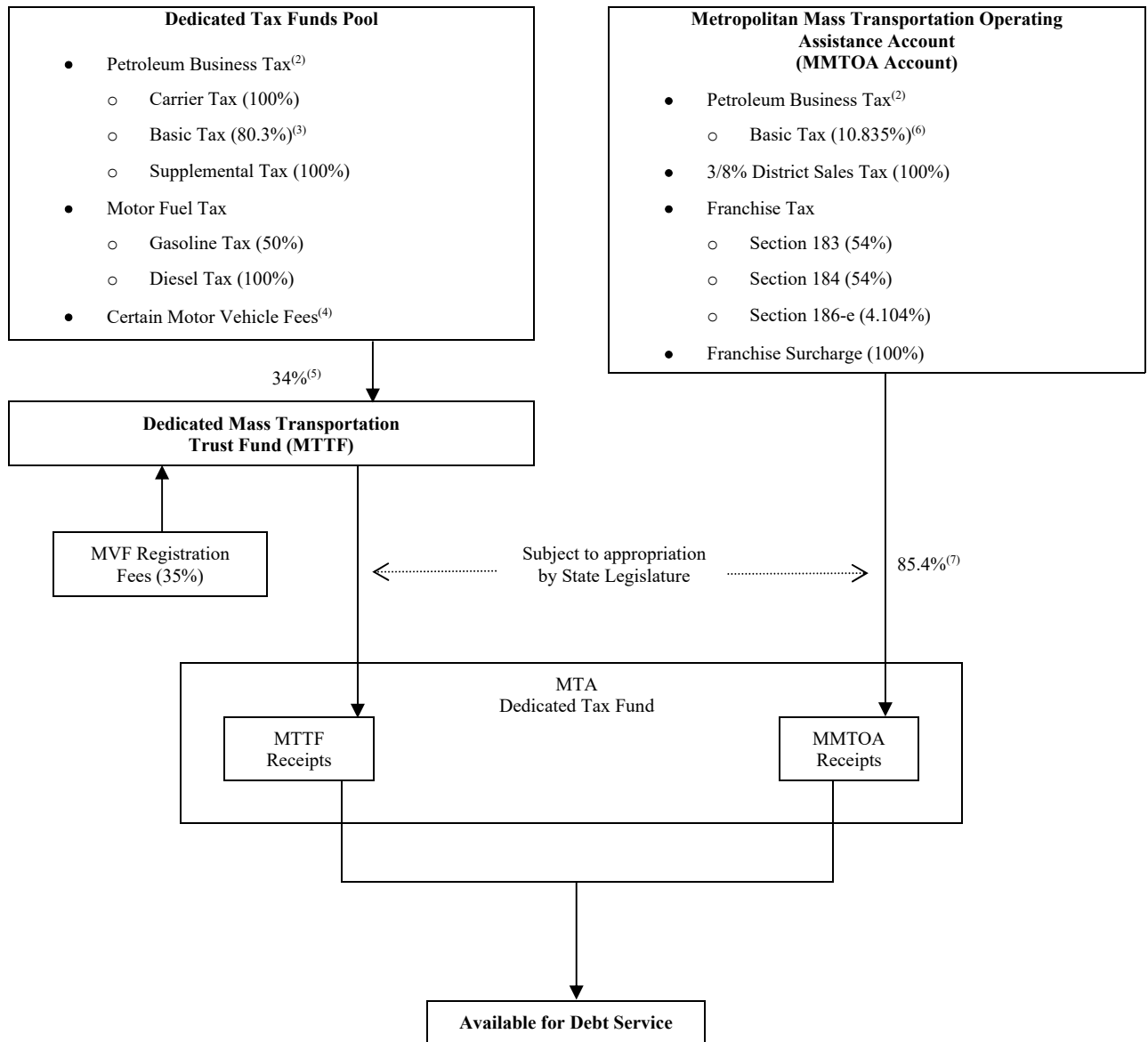
The DTF Resolution provides that the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the DTF Resolution, and all corporate action on the part of MTA to that end has been duly and validly taken.

## Flow of Funds

The DTF Resolution establishes a Proceeds Fund held by MTA and a Debt Service Fund held by the Trustee. See the DTF Resolution regarding the provisions of such resolution governing the deposits to and withdrawals from the Funds and Accounts. Amounts held by MTA or the Trustee in any of such Funds shall be held in trust separate and apart from all other funds and applied solely for the purposes specified in the DTF Resolution or any Supplemental Resolution thereto.

The following two charts summarize: (1) the flow of taxes into MTA's Dedicated Tax Fund, and (2) the flow of MTA Dedicated Tax Fund Revenues through MTA's Dedicated Tax Fund and the Funds and Accounts established under the DTF Resolution.

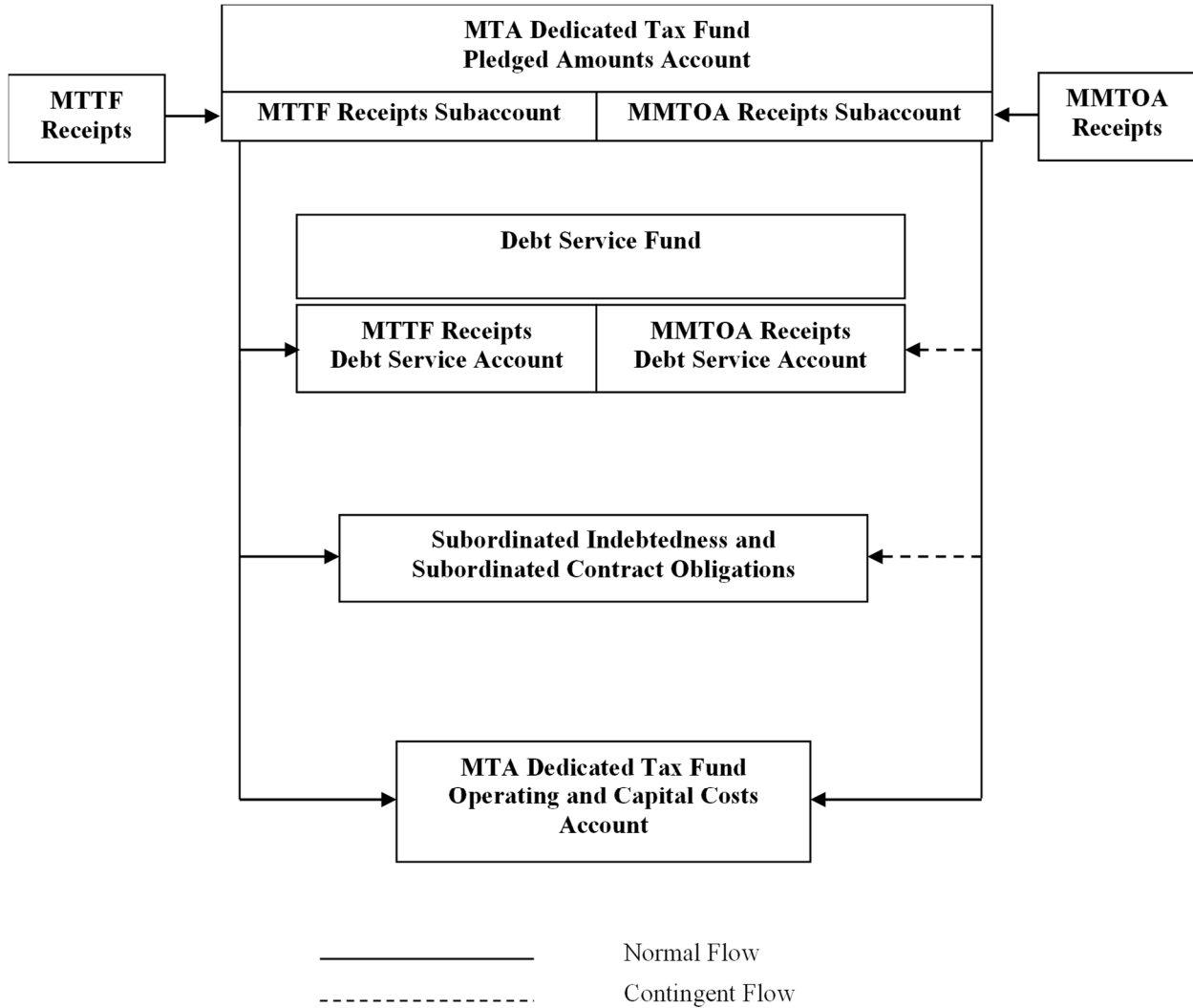
**MTA DEDICATED TAX FUND REVENUES  
(Through March 31, 2025)<sup>(1)</sup>**



**Notes**

- (1) Parenthetical amounts and percentages, as well as flow of fund percentages, indicate the amount or percent of that tax or fund to be deposited for the year ending March 31, 2025 in the respective fund or account. The allocations shown may be changed at any time by the State Legislature.
- (2) Effective December 1, 2017, all receipts from aviation fuel are directed to an aviation purpose account, from which no revenue is directed to MTTF or MMTOA. However, beginning in Fiscal Year 2018-2019 the enacted statutory “hold-harmless” provision directs transfers from the State General Fund to MTTF and MMTOA. In 2023-2024, these transfers totaled \$6.1 million of which \$3.4 million flowed to MTA’s Dedicated Tax Fund as MTTF Receipts and \$1.3 million flowed to MMTOA for downstate transit systems including MTA.
- (3) In addition, the first \$7.5 million of the Basic Tax is appropriated to the Dedicated Tax Funds Pool prior to any percentage split of the Dedicated Tax Funds Pool.
- (4) Beginning with the State Fiscal Year 2014-2015, and each year thereafter, a portion of the State Fiscal Year 2013-2014 Motor Vehicle General Fund transfer of \$169.4 million has been replaced with a direct transfer of \$62.7 million from the State General Fund to the MTTF; \$57.6 million of such amount flows to MTA’s Dedicated Tax Fund as MTTF Receipts as defined in the DTF Resolution.
- (5) Percentage of Dedicated Tax Funds Pool.
- (6) The remaining 8.865% share of the Basic Tax is deposited in an account for certain upstate transportation entities.
- (7) Percentage based upon Executive Budget appropriations for State Fiscal Year 2024-2025, including Section 18-b assistance.

**DEDICATED TAX FUND BONDS – RESOLUTION FLOW OF FUNDS**



All amounts on deposit in the Pledged Amounts Account – MTF Receipts Subaccount are paid out before any amounts on deposit in the Pledged Amounts Account – MMTOA Receipts Subaccount are paid out.

Amounts paid out from any fund or account for an authorized purpose (excluding transfers to any other pledged fund or account) are free and clear of the lien and pledge created by the DTF Resolution.

**Debt Service Fund**

Pursuant to the DTF Resolution, the Trustee holds the Debt Service Fund, consisting of the MTF Receipts Debt Service Account and the MMTOA Receipts Debt Service Account. Moneys in the Debt Service Fund are applied by the Trustee to the payment of Debt Service on the Dedicated Tax Fund Bonds in the manner, and from the accounts and subaccounts, as set forth in the DTF Resolution included by specific cross-reference herein.

MTA is required to make monthly deposits to the appropriate account of the Debt Service Fund of interest (1/5<sup>th</sup> of the next semiannual payment) and principal (1/10<sup>th</sup> of the next annual payment), first from MTF Receipts and then, to the extent of any deficiency, from MMTOA Receipts.

**Covenants**

*Additional Bonds.* The DTF Resolution permits MTA to issue additional Dedicated Tax Fund Bonds from time to time to pay or provide for the payment of Capital Costs and to refund outstanding Dedicated Tax Fund Bonds.

Under the DTF Resolution, MTA may issue one or more Series of Dedicated Tax Fund Bonds for the payment of Capital Costs, provided, in addition to satisfying certain other requirements, MTA delivers a certificate that evidences MTA's compliance with the additional bonds test set forth in the DTF Resolution.

Such certificate must set forth:

- (A) for any 12 consecutive calendar months ended not more than six months prior to the date of such certificate: (i) MTTF Receipts, (ii) MMTOA Receipts, and (iii) investment income received during such period on amounts on deposit in the Pledged Amounts Account, the MTTF Receipts Subaccount, the MMTOA Receipts Subaccount and the Debt Service Fund; and
- (B) the greatest amount for the then current or any future Debt Service Year of the sum of (a) Calculated Debt Service on all Outstanding Dedicated Tax Fund Obligations, including the proposed Capital Cost Obligations and any proposed Refunding Obligations being treated as Capital Cost Obligations, but excluding any Obligations or Parity Debt to be refunded with the proceeds of such Refunding Obligations, plus (b) additional amounts, if any, payable with respect to Parity Debt; and then state:
  - (x) that the sum of the MTTF Receipts and investment income (other than investment income on the MMTOA Receipts Subaccount) set forth in clause (A) above is not less than 1.35 times the amount set forth in accordance with clause (B) above, and
  - (y) that the sum of the MTTF Receipts, MMTOA Receipts and investment income set forth in clause (A) above is not less than 2.5 times the amount set forth in clause (B) above.

See the DTF Resolution for a description of further provisions which apply to the additional bonds test if the percentage of available existing taxes deposited into MTA's Dedicated Tax Fund is increased or additional taxes are added to the amounts so deposited.

For a discussion of the requirements relating to the issuance of Refunding Dedicated Tax Fund Bonds, see the DTF Resolution, included by specific cross-reference herein.

### **Parity Debt**

MTA may incur Parity Debt pursuant to the terms of the DTF 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 DTF Resolution with respect to Dedicated Tax Fund 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.

### **Appropriation by the State Legislature**

The State Constitution provides that the State may not disburse funds from the state treasury or any of the funds under its management without an appropriation, except for the payment of debt service on general obligation bonds or notes issued by the State. An appropriation is an authorization approved by the State Legislature to expend money. The State Constitution requires all appropriations of State funds, including funds in the MTTF and the MMTOA Account, to be approved by the State Legislature at least every two years. In addition, the State Finance Law provides that appropriations shall cease to have force and effect, except as to liabilities incurred thereunder, at the close of the State Fiscal Year for which they were enacted. To the extent liabilities are incurred thereunder, such appropriations shall lapse on the succeeding June 30th or September 15th, depending upon the nature of the appropriation. The State Legislature may not be bound in advance to make any appropriation, and there can be no assurances that the State Legislature will appropriate the necessary funds as anticipated. MTA expects that the State Legislature will make appropriations from amounts on deposit in the MTTF and the MMTOA Account in order to make payments when due. Until such time as payments pursuant to such appropriation are made in full, revenues in the MTTF shall not be paid over to any entity other than MTA.

The State Legislature has expressed its intent in the State Finance Law to enact for each State Fiscal Year in the future in an annual budget bill an appropriation from the MTTF (with respect to the PBT portion only) to MTA's Dedicated Tax Fund for the then current State Fiscal Year and an appropriation of the amounts projected by the Director of the Budget to be deposited in MTA's Dedicated Tax Fund from the MTTF (with respect to the PBT portion only) for the next succeeding State Fiscal Year. In any State Fiscal Year, if the Governor fails to submit or if the State Legislature

fails to enact a current year appropriation from the MTTF (with respect to the PBT portion) to MTA's Dedicated Tax Fund, or such appropriation has been delayed, MTA is required to notify the State of amounts required to be disbursed from the appropriation made during the preceding State Fiscal Year for payment in the current State Fiscal Year. The State Comptroller may not make any payments from the MTTF to MTA's Dedicated Tax Fund from such prior year appropriation prior to May 1<sup>st</sup> of the current State Fiscal Year.

The State Fiscal Year 2023-24 Enacted Budget included two appropriations from the MTTF to the MTA Dedicated Tax Fund. One such appropriation is for the State Fiscal Year that ends March 31, 2024, and the other such appropriation is for the succeeding State Fiscal Year that ends March 31, 2025. MTA may avail itself of the latter appropriation to meet operating costs in response to delays in the adoption of the State budget in such years.

A budgetary imbalance in the present or any future State Fiscal Year could affect the ability and willingness of the State Legislature to appropriate and the availability of moneys to make the payments from the MTTF and the MMTOA Account. However, MTA believes that any failure by the State Legislature to make appropriations as contemplated would have a serious impact on the ability of the State and its public benefit corporations to raise funds in the public credit markets.

### **Agreement of the State**

The MTA Act prohibits MTA from filing a voluntary petition in bankruptcy under Chapter 9 of the Federal Bankruptcy Code or such successor chapters or sections as may from time to time be in effect and the State has pledged that so long as any notes, bonds or lease obligations of MTA are outstanding, it will not limit or alter the denial of authority to MTA to so file.

Under the MTA Act, the State pledges to and agrees with the holders of any notes, bonds or lease obligations issued or incurred by MTA, including the Dedicated Tax Fund Bonds, that the State will not limit or alter the rights vested in MTA to fulfill the terms of any agreements made by MTA with the holders of its notes, bonds and lease obligations, including the Dedicated Tax Fund Bonds, or in any way impair the rights and remedies of such holders. Notwithstanding the foregoing, in accordance with State law, nothing in the DTF Resolution shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the MTA Dedicated Tax Fund Revenues or the taxes or appropriations which are the source of such Revenues. No default under the DTF Resolution would occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter such taxes or appropriations.

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## PAYROLL MOBILITY TAX OBLIGATIONS

### General

There is \$9,083,290,000 aggregate principal amount of outstanding MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds as of April 29, 2024. The following **PMT Senior Lien Table 1** sets forth, on a cash basis, the debt service on the outstanding PMT Senior Lien Obligations as of April 29, 2024.

**PMT Senior Lien Table 1**  
**Aggregate Debt Service**  
**(\$ in thousands)<sup>(1)</sup>**

Year Ending December 31	Aggregate Debt Service <sup>(2)(3)(4)</sup>
2024	\$623,468
2025	506,089
2026	654,711
2027	607,002
2028	633,855
2029	663,221
2030	549,339
2031	573,415
2032	461,850
2033	507,421
2034	537,962
2035	565,898
2036	561,135
2037	597,351
2038	568,772
2039	519,841
2040	734,611
2041	630,700
2042	597,732
2043	527,069
2044	421,939
2045	450,943
2046	464,381
2047	516,796
2048	524,411
2049	524,004
2050	523,683
2051	509,849
2052	400,801
2053	163,887
2054	163,823
2055	137,864
2056	137,799
2057	106,174
2058	29,564
2059	29,568
Total	\$16,726,926

<sup>(1)</sup> Totals may not add due to rounding.

<sup>(2)</sup> Includes the following assumption for debt service: floating rate notes at an assumed rate of 4.0% plus the current fixed spread; fixed rate mandatory tender bonds bear interest at their respective fixed interest rates prior to the mandatory tender date, until the final maturity date; interest paid monthly, calculated on the basis of a 360-day year consisting of twelve 30-day months for floating rate notes.

<sup>(3)</sup> Excludes debt service on all outstanding Bond Anticipation Notes, which constitute PMT Obligation Anticipation Notes the principal of which is not secured by PMT Receipts and interest on which is secured by PMT Receipts on a subordinate basis to PMT Senior Lien Indebtedness.

<sup>(4)</sup> For bonds that are designated as “Balloon Obligations” under the TBTA PMT Resolution (which totals \$1,300,200,000 principal amount of the Series 2022E Bonds and Series 2023B Bonds), figures assume interest only on the aggregate principal amount at their respective fixed interest rates or assumed interest rates, as applicable, through their respective maturity dates, and thereafter, estimated debt service on the refinancings of the Balloon Obligations.

Bonds referred to as “TBTA Payroll Mobility Tax Senior Lien Bonds” or TBTA PMT Bonds” are issued pursuant to the TBTA PMT Resolution. Each of the TBTA PMT Senior Lien Obligations and any MTA PMT Senior Lien Obligations issued pursuant to the MTA PMT Resolution, adopted by the Board on November 18, 2020, are secured



by a first lien on, and parity pledge of, the PMT Receipts, consisting of two distinct revenue streams: Mobility Tax Receipts and ATA Receipts. MTA and MTA Bridges and Tunnels have entered into the Financing Agreement, dated as of April 9, 2021, to provide the mechanism by which MTA and MTA Bridges and Tunnels share PMT Receipts on a parity basis (i) first with respect to the PMT Senior Lien and then (ii) with respect to the PMT Second Lien.

The TBTA PMT Resolution authorizes the issuance of TBTA PMT Bonds to finance MTA-approved Capital Program transit and commuter projects. The MTA PMT Resolution permits MTA to issue bonds for approved Capital Program transit and commuter projects and for working capital purposes; however, CPRB approval would be required prior to the issuance of bonds for approved Capital Program transit and commuter projects, but not for obligations issued for working capital purposes, under the MTA PMT Resolution. MTA has no plans to seek CPRB approval in the immediate future for issuances under the MTA PMT Resolution.

Under State law, the MTA PMT Senior Lien Indebtedness and the MTA Bridges and Tunnels PMT Senior Lien Indebtedness are special obligations of MTA and MTA Bridges and Tunnels, respectively, which means that they are payable solely from a gross lien on the money pledged for payment under the MTA PMT Resolution and the TBTA PMT Resolution. Such bonds are not general obligations of MTA or MTA Bridges and Tunnels.

The MTA PMT Bonds are special obligations of MTA payable from and secured by the revenues described below (1) on a parity basis with the obligation of MTA Bridges and Tunnels to pay debt service on senior lien bonds, other obligations and parity debt (“TBTA PMT Senior Lien Indebtedness”) issued under the TBTA PMT Resolution, and (2) senior to the obligations of MTA or MTA Bridges and Tunnels to pay debt service on second lien bonds and second lien parity debt (“MTA PMT Second Lien Indebtedness“ or “TBTA PMT Second Lien Indebtedness“ and, collectively, “PMT Second Lien Indebtedness”) issued under the MTA PMT Resolution or the TBTA PMT Resolution, respectively. The TBTA PMT Bonds are special obligations of MTA Bridges and Tunnels payable from and secured by the revenues described below (1) on a parity basis with the obligation of MTA to pay debt service on senior lien bonds, other obligations and parity debt (“MTA PMT Senior Lien Indebtedness”) issued under the MTA PMT Resolution, and (2) senior to PMT Second Lien Indebtedness issued under the TBTA PMT Resolution or the MTA PMT Resolution.

Copies of the TBTA PMT Resolution, the MTA PMT Resolution and the executed Financing Agreement have each been filed with the MSRB through EMMA, all of which are incorporated by specific cross-reference herein. In addition, for convenience, copies of the TBTA PMT Resolution, the MTA PMT Resolution and the Financing Agreement can be obtained at no cost on MTA’s investor website under “Bond Resolutions and Interagency Agreements” at <https://new.mta.info/investor-info/bond-resolutions-interagency-agreements>.

Capitalized terms used under this caption “PAYROLL MOBILITY TAX OBLIGATIONS” not otherwise defined herein have the meanings set forth in the MTA PMT Resolution or the TBTA PMT Resolution, as applicable.

**Payroll Mobility Tax Bond Anticipation Notes**

Bond anticipation notes referred to as “MTA Payroll Mobility Tax Bond Anticipation Notes” (“MTA PMT BANs”) are issued pursuant to the MTA PMT Resolution.

Bond anticipation notes referred to as “TBTA Payroll Mobility Tax Bond Anticipation Notes” (“TBTA PMT BANs”) are issued pursuant to the TBTA PMT Resolution. For more information regarding the MTA and TBTA PMT Obligations see “PAYROLL MOBILITY TAX OBLIGATIONS” above.

As of April 29, 2024, \$500 million of MTA PMT BANs and \$2.018 billion of TBTA PMT BANs for an aggregate amount of \$2.518 billion of PMT BANs are outstanding:

<u>Bond Anticipation Notes Series</u>	<u>Principal Amount Outstanding (\$ in millions)</u>	<u>Maturity Date</u>
TBTA PMT 2022A BANs	\$951.37	8/15/2024
TBTA PMT 2022B BANs	766.54	12/16/2024
MTA PMT 2024A BANs (Federally Taxable)	500.00	12/19/2024
TBTA PMT 2024B BANs	300.00	3/15/2027

## PMT Receipts

Under State law, TBTA PMT Bonds are MTA Bridges and Tunnels’ special obligations, which means that they are payable solely from monies pledged therefor (“PMT Receipts”) in the Obligations Trust Estate under the TBTA PMT Resolution. TBTA PMT Bonds are not MTA Bridges and Tunnels’ general obligations. PMT Receipts are comprised of Mobility Tax Receipts and ATA Receipts.

### *Mobility Tax Receipts*

*The Payroll Mobility Tax.* The Payroll Mobility Tax (“PMT”) is a tax imposed on certain employers and individuals engaging in business in the Metropolitan Commuter Transportation District (“MCTD”). The MCTD, which is subject to the imposition of the PMT, includes New York City (the counties of New York (Manhattan), Bronx, Kings (Brooklyn), Queens and Richmond (Staten Island)) and the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester. The PMT is administered by the Department of Taxation and Finance and collected by the Commissioner of Taxation and Finance and deposited to the segregated account held in trust by the State Comptroller for MTA. Revenue from the PMT is not subject to appropriation, and is payable monthly directly to MTA. Immediately upon their receipt, MTA is required to transfer the Mobility Tax Receipts to the Mobility Tax Receipts Subaccount in accordance with the terms of the Financing Agreement.

Legislation was enacted in the State in 2009 (the “May 2009 Legislation”), providing additional sources of revenues, in the form of taxes, fees and surcharges, to address the financial needs of MTA. The PMT on payroll expenses and net earnings from self-employment within the MCTD initially imposed a 0.34% tax collected from private (for-profit and not-for-profit) and public sector employers in the MCTD.

The PMT was modified in 2011 to exempt certain taxpayers from paying the PMT and decrease rates paid by others. The PMT currently excludes federal, international, interstate agencies, certain eligible educational institutions, and certain small businesses. 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” (“PMT Revenue Offset Receipts”). The PMT Revenue Offset Receipts are not pledged to the payment of TBTA PMT Indebtedness or MTA PMT Indebtedness.

MTA, along with the State and various officials of the State, successfully defended several actions challenging the constitutionality of the legislation that enacted the Payroll Mobility Tax (Chapter 25 of the Laws of 2009). These cases were conclusively resolved in 2014 when the New York Court of Appeals declined to hear an appeal of the appellate court decision, thereby confirming that the PMT is constitutional.

*PMT Legislation in the State Fiscal Year 2023-2024 Enacted Budget.* The State Fiscal Year 2023-2024 Enacted Budget included legislation which increased, effective as of July 1, 2023, the maximum rate of the PMT for employers with payroll expense of over \$437,500 in any calendar quarter engaging in business in the MCTD in the counties of Bronx, Kings, New York, Queens and Richmond (the counties which comprise New York City) from 0.34% to 0.60%. The legislation also increased the rate of the PMT imposed on self-employed individuals with net earnings allocated to the MCTD of over \$50,000 for the tax year engaging in business in the MCTD in the counties of Bronx, Kings, New York, Queens and Richmond from 0.34% to 0.47%, such increase effective at the start of the tax year beginning on or after January 1, 2023, and from 0.47% to 0.60%, such increase effective at the start of the tax year beginning on or after January 1, 2024. No change was made to the existing rates of the PMT on employers and self-employed individuals engaging in business in the MCTD in the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester.

*Current Payroll Mobility Tax Rates.* The PMT is imposed on the total payroll expense for all covered employees for each calendar quarter at the following rates:

<u>Payroll Expense for Calendar Quarter</u>	<u>Tax Rate on Payroll Expense</u>	<u>Employers Engaged in Business in</u>
Under \$312,500	Not subject to PMT	--
Over \$312,500 but not over \$375,000	0.11%	All counties in MCTD
Over \$375,000 but not over \$437,500	0.23%	All counties in MCTD
Over \$437,500	0.34%	Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester
Over \$437,500	0.60%	Bronx, Kings, New York, Queens and Richmond

Payroll expenses subject to the PMT includes all wages or compensation (as defined under sections 3121 or 3231 of the Internal Revenue Code), including back pay, sick pay, deferred compensation, and bonuses if the payroll payment is attributable to services performed while the employee is or was a covered employee (described below). Section 3121 of the Internal Revenue Code defines wages and compensation as those subject to federal social security taxes and section 3231 of the Internal Revenue Code defines wages and compensation as those subject to the federal railroad retirement tax. However, in computing payroll expense subject to the PMT, the caps on wages subject to either social security taxes or railroad retirement taxes do not apply. Accordingly, for most employers, payroll expense is the amount of the employee wages or other compensation that is subject to the Medicare portion of the federal social security taxes.

*Employers Subject to the Payroll Mobility Tax.* The PMT is imposed on certain employers within the MCTD, as described below. Subject to the exemptions described below, an employer engaging in business within the MCTD is subject to the PMT for each calendar quarter they are required to withhold New York State income tax from wages paid to employees and their payroll expense for all covered employees exceeds \$312,500 for that calendar quarter. An employer whose payroll expense does not exceed \$312,500 for that calendar quarter is not subject to the PMT for that calendar quarter.

*Employers Exempt from the Payroll Mobility Tax.* The following employers are exempt from the PMT: agencies and instrumentalities of the United States; the United Nations; interstate agencies and public corporations created pursuant to an agreement or compact with another state or Canada (such as the Port Authority of New York and New Jersey). The following educational institutions are also exempt from the PMT: any public school district; a board of cooperative educational services; a public elementary or secondary school; schools which serve students with disabilities of school age; and nonpublic elementary or secondary school that provides instruction in grade one or above.

*Covered Employees Subject to Payroll Mobility Tax.* An employee is considered to be a covered employee (whose wages are then subject to the PMT) if the employee's services are allocated to the MCTD. An employee's services are allocated to the MCTD if any one of the following are true:

- 1) *Localization* - If an employee's services are either (a) performed entirely within the MCTD or (b) performed both inside and outside the MCTD, but the services performed outside the MCTD are incidental (i.e., temporary or transitory or consist of isolated transactions).
- 2) *Base of Operations* - If the employee's base of operations is in the MCTD. Base of operations generally means where the employee customarily starts out to perform his or her functions within or outside the MCTD or where the employee customarily returns to receive instruction, replenish stock and materials, repair equipment, or perform any other necessary function. This test is not applied if an employee has no base of operations or has more than one base of operations.
- 3) *Place of Direction and Control* – If the employee's direction and control emanates only from within the MCTD, and the employee performs some services within the MCTD.
- 4) *Residence* – If the employee resides in the MCTD and performs some services in the MCTD.

If an employee is considered, a covered employee based on any one of these tests, then all of the payroll expense for that employee is included in the payroll expense for purposes of the PMT.

*Individuals with Net Earnings from Self-Employment.* Individuals who have net earnings from self-employment allocated to the MCTD are also subject to the PMT. However, if total net earnings from self-employment allocated to the MCTD are \$50,000 or less for the tax year, no PMT is due. Net earnings from self-employment engaged in business in the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester are taxed at a flat rate of 0.34% of total net earnings allocated to the MCTD, and net earnings from self-employment engaged in business in the counties of Bronx, Kings, New York, Queens and Richmond are taxed at a flat rate of 0.60% of total net earnings allocated to the MCTD (in each case, subject to the minimum \$50,000 annual earnings threshold described in the preceding sentence). Self-employed individuals which may be subject to the PMT include sole proprietors, partners in partnerships, members of limited liability companies (LLCs) treated as partnerships for federal income tax purposes and single-member LLCs. Certain church employees, members of the clergy and Christian Science practitioners (those who are not subject to federal self-employment taxes) are also not subject to the PMT. See "SOURCES OF PAYMENT – PMT Receipts- Mobility Tax Receipts – PMT Legislation in the State Fiscal Year 2023-2024 Enacted Budget".

Net earnings from self-employment allocated to the MCTD means net earnings from self-employment that are attributable to a business carried on within the MCTD. Business activity is considered carried on in the MCTD for purposes of the PMT if an individual maintains, operates, or occupies desk space, an office, a shop, a store, a warehouse, a factory, an agency, or other place located in the MCTD where the individual’s business matters are systematically and regularly carried on.

If a self-employed individual carries on business both in and outside the MCTD, only a portion of the individual’s self-employed earnings are allocated to the MCTD, and thus subject to the PMT. Allocation for PMT purposes is required to be done using the same rules that apply for purposes of the allocation of business income in and out of New York State under the personal income tax rules.

*Method of Payments of the PMT.* The PMT is paid concurrently with regular periodic payroll by large employers required to use the State’s prompt payment system (payrolls in excess of \$100,000) and quarterly by sole proprietors and other smaller employers. The PMT is audited and enforced by the Department of Taxation and Finance and collected by the Commissioner of Taxation and Finance for the sole benefit of MTA and deposited to a segregated account held in trust by the State Comptroller for MTA.

*Certain MCTD Employment and Wage Base Information*

The PMT and the collection thereof are related to, among other things, employment and wages in the MCTD. The following table sets forth estimated employment in the MCTD and in New York State (by place of work) since 2013, and employment in the MCTD as a percent of New York statewide employment. The employment numbers in the following table include all employment reported by the U.S. Bureau of Economic Analysis (“U.S. BEA”) and does not exclude any employees that may be exempt from the PMT and, therefore, is provided only as a proxy of the gross employment base which may be subject to the PMT.

**Historical MCTD and Statewide Full-Time and Part-Time Employment**

<b>Calendar Year</b>	<b>MCTD Employment<sup>(1)</sup></b>	<b>NY Statewide Employment<sup>(1)</sup></b>	<b>MCTD Employment as a % of NY Statewide Employment</b>
2013	8,122,658	11,619,011	69.9%
2014	8,350,259	11,865,761	70.4
2015	8,561,914	12,099,197	70.8
2016	8,706,929	12,259,166	71.0
2017	8,827,321	12,391,361	71.2
2018	9,059,644	12,655,123	71.6
2019	9,159,573	12,745,758	71.9
2020	8,498,672	11,871,619	71.6
2021	8,774,380	12,227,874	71.8
2022	9,311,744	12,892,046	72.2

Source: U.S. BEA

<sup>(1)</sup> Employment estimates based on data last updated by U.S. BEA on November 16, 2023.

The following table sets forth estimated wages, salaries and proprietors’ income in the MCTD (by place of work) since 2013, and the MCTD’s wages, salaries and proprietors’ income as a percent of New York statewide wages, salaries and proprietors’ income. The wages, salaries and proprietors’ income in the following table include all wages, salaries and proprietors’ income reported by the U.S. BEA and does not exclude any wages, salaries and proprietors’ income that may be exempt from the PMT, and therefore, is provided only as a proxy of the gross wages, salaries and proprietors’ income base, which may be subject to the PMT.

**Historical MCTD and Statewide Wages, Salaries and Proprietors' Income**

<b>Calendar Year</b>	<b>MCTD Wages, Salaries and Proprietors' Income (\$ in millions)<sup>(1)</sup></b>	<b>MCTD as a % of NY Statewide Wages and Salaries and Proprietors' Income</b>
2013	\$531,988	79.0%
2014	556,571	79.5
2015	576,886	79.6
2016	602,086	79.9
2017	641,352	80.3
2018	674,537	80.6
2019	699,899	80.6
2020	690,543	80.4
2021	749,690	80.6
2022	785,392	80.3

Source: U.S. BEA

<sup>(1)</sup> Wages, salaries and proprietor's income estimates based on data last updated by U.S. BEA on November 16, 2023. Proprietors' income includes the inventory valuation adjustment and the capital consumption adjustment.

Statistical information and calculations contained in the above tables are based on data obtained from the U.S. BEA. Neither MTA nor MTA Bridges and Tunnels can guarantee the accuracy of such information, assure its completeness or warrant that such information will not be changed, modified or otherwise revised subsequent to the date thereof. Neither MTA nor MTA Bridges and Tunnels has any obligation to update any or all of such information nor does MTA or MTA Bridges and Tunnels make any express or implied warranties or representations as to its accuracy or completeness.

*ATA Receipts*

*The ATA Receipts.* The May 2009 Legislation also provided additional support for MTA in the form of revenues comprised of the supplemental fee on learner's permits and driver's licenses, supplemental fees on the registration and renewal of motor vehicles, the taxicab surcharge, and the supplemental tax on auto rentals, collectively referred to as the "ATA Receipts". The ATA Receipts are collected by the Commissioner of Taxation and Finance or the Commissioner of Motor Vehicles, as applicable, on behalf of MTA, and deposited to the segregated account held in trust by the State Comptroller for MTA. Revenue from the ATA Receipts is not subject to appropriation, and is payable quarterly directly to MTA. Immediately upon their receipt, MTA is required to transfer the ATA Receipts to the ATA Receipts Subaccount in accordance with the terms of the Financing Agreement.

ATA Receipts are derived from activities conducted in the MCTD at the collection rates listed in the following table. For a historical breakdown of ATA Receipts by category, see "Revenues of the Related Entities – Payroll Mobility Tax, PMT Offset, and ATA Receipts – *ATA Receipts*" in Part 2 of this ADS.

<b>Source</b>	<b>Collection Rate</b>	<b>Collection Area</b>
Driver's License Fee	\$1.00 per 6 months <sup>(1)</sup>	MCTD
Auto Registration Fee	\$25 every year <sup>(2)</sup>	MCTD
Taxicab Surcharge	\$0.50 per ride	Any taxi ride starting in New York City and ending within the MCTD
Auto Rental Tax	6% of the cost of the rental <sup>(3)</sup>	MCTD

Source: MTA, Department of Taxation and Finance, State Division of the Budget

<sup>(1)</sup> Collected as a \$16 surcharge on an 8-year license.

<sup>(2)</sup> Collected as a \$50 surcharge on a 2-year vehicle registration.

<sup>(3)</sup> Raised from 5% in 2019.

*Historical PMT Receipts*

**PMT Senior Lien Table 2** set forth on a cash basis, actual PMT Receipts for each of the last five years, as well as the debt service paid beginning in 2021. The information in PMT Senior Lien Table 2 may not be indicative of future results of receipts or coverage. The information contained in the table has been prepared by MTA management based upon the historical financial statements and notes.

**PMT Senior Lien Table 2**  
**Historical Mobility Tax Receipts and ATA Receipts and PMT Debt Service**  
**Cash Basis (\$ in millions)<sup>(1)</sup>**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>PMT Receipts</b>					
Mobility Tax Receipts <sup>(2)</sup>	\$1,560.5	\$1,560.8	\$1,713.2	\$1,796.9	\$2,232.9
ATA Receipts	311.0	248.8	263.3	263.3	273.6
<b>Total PMT Receipts</b>	<u>\$1,871.5</u>	<u>\$1,809.7</u>	<u>\$1,976.6</u>	<u>\$2,060.2</u>	<u>\$2,506.6</u>
<b>PMT Debt Service<sup>(3)</sup></b>	<b>\$0</b>	<b>\$0</b>	<b>\$31.2</b>	<b>\$176.6</b>	<b>\$382.7</b>
<b>Debt Service Coverage Ratio</b>	<b>N/A</b>	<b>N/A</b>	<b>63.4x</b>	<b>11.7x</b>	<b>6.6x</b>

Source: MTA Management

<sup>(1)</sup> Numbers may not total due to rounding.

<sup>(2)</sup> The change in Mobility Tax Receipts from 2019 to 2020 reflects the impacts of the COVID-19 pandemic. Revisions to the PMT statute effective July 1, 2023, which increased the tax rate for certain taxpayers engaged in business in the counties of Bronx, Kings, New York, Queens and Richmond, increased Mobility Tax Receipts in the second half of 2023 and is expected to increase receipts in future years.

<sup>(3)</sup> PMT Debt Service payments did not begin until 2021 after the launch of the credit.

Additional details on MTA’s total annual Mobility Tax Receipts and ATA Receipts for the past ten years, on a cash basis, as well as the percentage change from the preceding calendar year can be found under “PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES – Payroll Mobility Tax, PMT Offset, and ATA Receipts”

**Pledge Effected by the MTA PMT Resolution and the TBTA PMT Resolution**

*Trust Estate.* The MTA PMT Resolution and the TBTA PMT Resolution each provide that there are pledged to the payment of principal and redemption premium of, interest on, and sinking fund installments for, the PMT Senior Lien Obligations, in accordance with their terms and the provisions of the MTA PMT Resolution and the TBTA PMT Resolution, as applicable, subject only to the provisions permitting the application of that money for the purposes and on the terms and conditions permitted in the MTA PMT Resolution and the TBTA PMT Resolution, the following, referred to as the “Trust Estate”:

- (i) the proceeds of the sale of the MTA PMT Bonds and the TBTA PMT Bonds;
- (ii) all right, title and interest of MTA and MTA Bridges and Tunnels in, to and under the Financing Agreement;
- (iii) the ATA Receipts and the Mobility Tax Receipts and the funds and accounts established under the Financing Agreement into which the ATA Receipts and PMT Receipts are deposited;
- (iv) the Obligations Proceeds Fund and the Senior Debt Service Fund, any money on deposit therein and any money received and held by MTA and MTA Bridges and Tunnels required to be deposited therein;
- (v) all funds, accounts and subaccounts established by the MTA PMT Resolution and the TBTA PMT Resolution, as applicable (other than (a) the Second Lien Obligations Proceeds Fund and the Second Lien Debt Service Fund, and any accounts and subaccounts therein and (b) funds and any accounts and subaccounts therein established pursuant to a supplemental resolution in connection with Variable Interest Rate Obligations, Put Obligations or Parity Debt; provided, however, that, in the case of funds described in clause (b) hereof, such funds, accounts and subaccounts are specifically excepted from the Obligations Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations or Parity Debt), including the investments, if any, thereof; and

- (vi) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, that may from time to time be conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the MTA PMT Resolution and the TBTA PMT Resolution for the PMT Senior Obligations by MTA or MTA Bridges and Tunnels, or by anyone on their behalf, or with its written consent, to the applicable trustee.

The MTA PMT Resolution and the TBTA PMT Resolution each provide that the respective trust estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the MTA PMT Resolution and TBTA PMT Resolution, respectively, other than the PMT Senior Obligations, and all corporate action on the part of MTA and MTA Bridges and Tunnels to that end have been duly and validly taken.

### **Flow of PMT Receipts**

MTA and MTA Bridges and Tunnels entered into the Financing Agreement to provide the mechanism by which MTA and MTA Bridges and Tunnels share PMT Receipts on a parity basis. As described below, the statutes providing for the imposition and collection of the PMT Receipts, together with the Financing Agreement and the PMT Resolutions provide the procedures for the deposit and transfer of amounts constituting PMT Receipts to ensure that sufficient amounts will be available for MTA to (i) provide MTA Bridges and Tunnels, or the Trustee on behalf of MTA Bridges and Tunnels, with the PMT Receipts necessary for MTA Bridges and Tunnels to timely perform its obligations under the TBTA PMT Resolution, and (ii) retain, or provide to the trustee under the MTA PMT Resolution on its own behalf, the PMT Receipts necessary for MTA to timely perform its obligations under the MTA PMT Resolution, in each case on the terms and conditions and in the priority set forth in the applicable statutes and financing documents.

#### *Deposit and Application of PMT Receipts Required by Statute*

*Mobility Tax Receipts.* The Mobility Tax Receipts collected or received by the Commissioner of Taxation and Finance on behalf of MTA are deposited daily into a segregated account held in trust by the State Comptroller for the credit of MTA. Mobility Tax Receipts are not subject to appropriation, and are payable twice a month (on the 15<sup>th</sup> and the final business day of each month) by the State Comptroller directly to MTA for deposit in the MTA Finance Fund held by MTA in accordance with each of Section 805(b) of the State Tax Law and Section 1270-h of the MTA Act. Immediately upon their receipt, MTA transfers the Mobility Tax Receipts to the Mobility Tax Receipts Subaccount in accordance with the terms of the Financing Agreement described below.

*ATA Receipts.* The ATA Receipts are collected or received by the Commissioner of Taxation and Finance or the Commissioner of Motor Vehicles, as applicable, on behalf of MTA and are deposited daily into a segregated account held in trust by the State Comptroller for the credit of MTA. ATA Receipts are not subject to appropriation, and are payable quarterly (by the 15<sup>th</sup> day of the last month of each calendar quarter) by the State Comptroller directly to MTA for deposit in the Corporate Transportation Account within the Special Assistance Fund held by MTA for application in accordance with Section 1270-a of the MTA Act. Immediately upon their receipt, MTA transfers the ATA Receipts to the ATA Receipts Subaccount in accordance with the terms of the Financing Agreement described below.

#### *Deposit and Application of PMT Receipts Under Financing Agreement*

The statutory lien in favor of the holders of PMT Indebtedness is effective immediately upon receipt by MTA of the Mobility Tax Receipts and the ATA Receipts, prior to the deposit of such moneys into the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount, respectively. All PMT Receipts received by MTA are required to be immediately deposited into the applicable Subaccount established under the Financing Agreement. Such Subaccounts are separate bank accounts established for the purpose of segregating and investing the receipts deposited therein prior to transfer to the respective Trustee under the MTA PMT Resolution and the TBTA PMT Resolution, as described below. Amounts held at any time by MTA in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount are held in trust separate and apart from all other funds of MTA for the benefit of holders of PMT Indebtedness.

MTA Bridges and Tunnels and MTA have entered into the Financing Agreement for the purposes of establishing the procedures pursuant to which MTA will deposit, allocate and transfer the PMT Receipts in order to ensure the parity allocation of such PMT Receipts between the TBTA PMT Resolution and the MTA PMT Resolution.

- In every month, at such time or times as MTA in its discretion shall determine (but in no event later than the last Business Day of every month), MTA shall transfer PMT Receipts from the Mobility Tax Receipts

Subaccount or the ATA Receipts Subaccount or both (as determined by MTA) in the following order of priority and to the extent available for application, as follows:

- *first*, to the applicable Trustee for deposit in the applicable Senior Lien Debt Service Fund, an amount equal to the applicable Monthly Senior Lien Deposit Requirement (generally, one-fifth (1/5<sup>th</sup>) of the interest due and payable on the next interest payment date and one-tenth (1/10<sup>th</sup>) of the next Principal Installment) plus an amount equal to the amount required to cure any deficiency in prior transfers made; *provided, however*, if on the date of any such transfer the amount of PMT Receipts available for transfer is less than the amount required to be transferred, the amount actually available shall be transferred, first, on a *pro rata* basis (in proportion to the amount of any deficiencies relative to each other) to each applicable Trustee to cure any deficiencies in prior deposits or transfers, and then, on a *pro rata* basis to each applicable Trustee in proportion to the amount of the respective current applicable Monthly Senior Lien Debt Service Requirement; and
- *second*, to the applicable Trustee for deposit in the applicable Second Lien Debt Service Fund, an amount equal to the applicable Monthly Second Lien Deposit Requirement plus an amount equal to the amount required to cure any deficiency in prior transfers made; *provided, however*, if on the date of any such transfer the amount of PMT Receipts available for transfer is less than the amount required to be so transferred, the amount actually available shall be transferred, first, on a *pro rata* basis (in proportion to the amount of any deficiencies relative to each other) to each applicable Trustee to cure any deficiencies in prior deposits or transfers, and then, on a *pro rata* basis to each applicable Trustee in proportion to the amount of the respective current applicable Monthly Second Lien Deposit Requirement; and
- *third*, to the applicable Trustee or another Person, the amount necessary for the payment of Other Subordinated Obligations or obligations payable from PMT Receipts in the priority set forth in the applicable PMT Resolution or other authorizing document for such obligations; and
- *fourth*, to the applicable Trustee or another Person, for the payment of fees and expenses due and payable under the related PMT Indebtedness and PMT Resolutions, to the extent payable from PMT Receipts in the priority set forth in the applicable authorizing document; and
- *fifth*, after the amounts actually transferred under clauses *first* through *fourth* above equal the amounts required to have been so transferred on a cumulative basis as of the end of each month, to MTA or for expenditure by MTA, PMT Receipts and investment income, if any, on deposit in the Mobility Tax Receipts Subaccount and the ATA Receipts Subaccount free and clear of any lien, pledge or claim of the TBTA PMT Resolution and the MTA PMT Resolution, to be applied by MTA as provided in the MTA Act.

If, after the date or dates of any transfers made by MTA in a particular month described above, there continues to be a deficiency in the cumulative amounts required to be transferred and MTA receives additional PMT Receipts later in such month, MTA will apply those additional PMT Receipts as soon as practicable (but no later than the last Business Day of such month) in the same priority as set forth above to cure such deficiencies to the greatest extent possible.

If on any Business Day no later than two Business Days preceding any Applicable Debt Service Payment Date, MTA receives notice from an applicable Trustee that there are insufficient funds on deposit to pay Debt Service on PMT Indebtedness on such payment date, MTA shall transfer, to the extent moneys are available, any or all PMT Receipts on deposit in the Subaccounts in the amount necessary to cure such deficiency. Amounts so transferred shall be applied in the same priority as set forth above; *provided, however*, that no transfers shall be made to an applicable Second Lien Trustee if there is a deficiency that has not been cured in the amounts transferred for the payment of Senior Lien Debt Service.

For a more detailed description of the flow of funds, see the Financing Agreement, a copy of which is available on MTA's website at <https://new.mta.info/investor-info/bond-resolutions-interagency-agreements>.

### **Pledge Effected by the TBTA PMT Resolution**

#### *Application of PMT Receipts Under TBTA PMT Resolution*

The TBTA PMT Resolution establishes an Obligations Proceeds Fund held by MTA Bridges and Tunnels and a Senior Lien Debt Service Fund held by the Trustee. A copy of the TBTA PMT Resolution may be found on MTA's website (<https://new.mta.info/investor-info/bond-resolutions-interagency-agreements>) "TBTA Payroll Mobility Tax Obligation Resolution", included herein by specific cross-reference for TBTA PMT Resolution provisions governing the deposits to and withdrawals from the Funds and Accounts. Amounts held by MTA Bridges and Tunnels or the Trustee in



any of such Funds shall be held in trust separate and apart from all other funds and applied solely for the purposes specified in the TBTA PMT Resolution or any Supplemental Resolution thereto.

*Obligations Trust Estate.* The TBTA PMT Resolution provides that there are pledged to the payment of principal and redemption premium of, interest on, and sinking fund installments for, the TBTA PMT Bonds, and other Obligations and Parity Debt, in accordance with their terms and the provisions of the TBTA PMT Resolution, subject only to the provisions permitting the application of that money for the purposes and on the terms and conditions permitted in the TBTA PMT Resolution, and subject also to the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the PMT Receipts as described in “—Agreements of the State” below, the following, referred to as the “Obligations Trust Estate”:

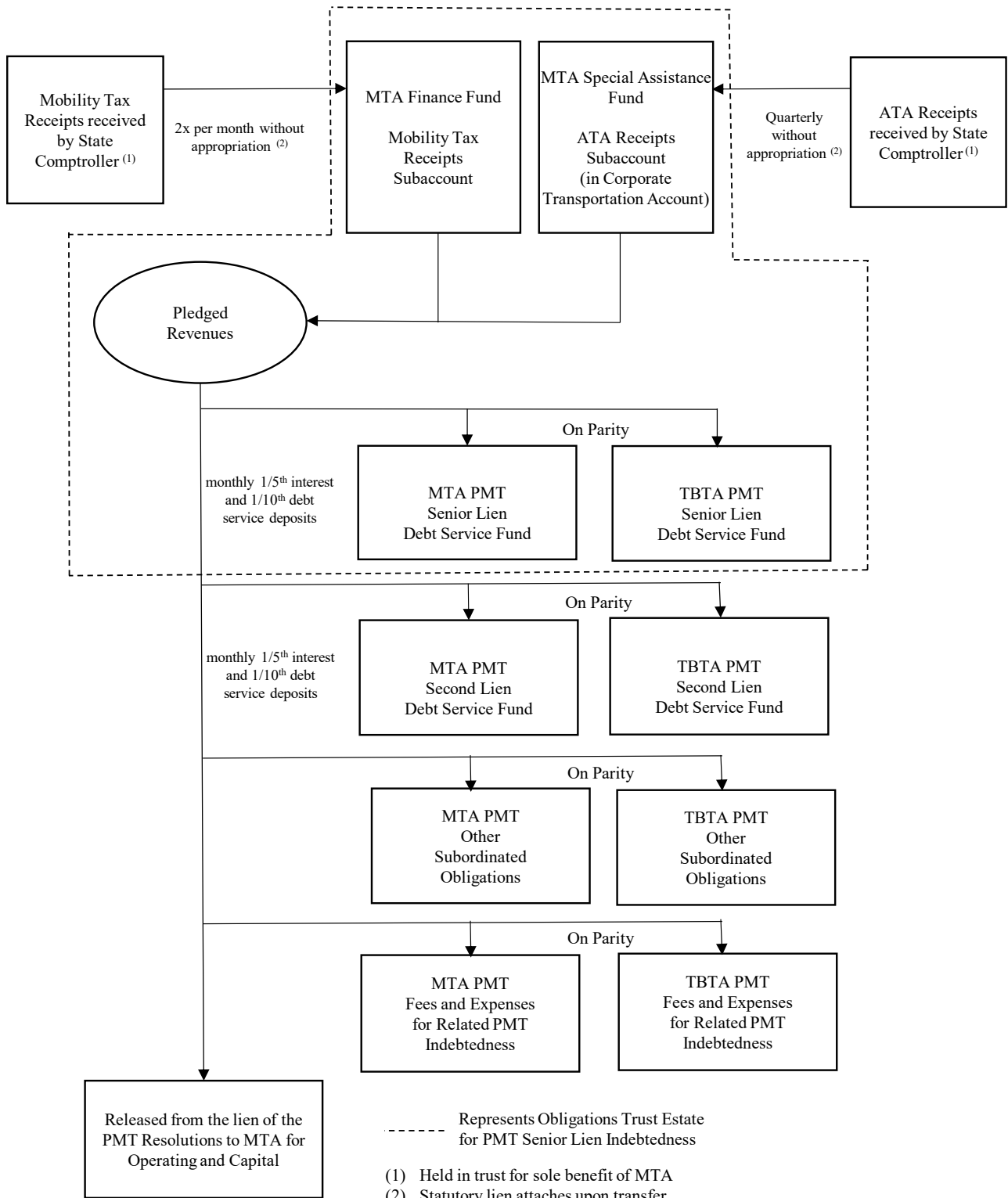
- (i) the proceeds of the sale of the TBTA PMT Bonds, until those proceeds are paid out for an authorized purpose;
- (ii) all right, title and interest of MTA Bridges and Tunnels in (x) the Financing Agreement, including the right of MTA Bridges and Tunnels to receive the PMT Receipts thereunder and (y) the funds and accounts established under the Financing Agreement into which the PMT Receipts are to be deposited; provided, however, that, all right, title and interest of MTA Bridges and Tunnels in and to the Financing Agreement and receipt of amounts payable thereunder for the benefit of TBTA PMT Bonds, other Obligations and Parity Debt is of equal rank with all right, title and interest of MTA in and to the Financing Agreement and receipt of amounts payable thereunder for the benefit of MTA PMT Bonds, other Obligations and Parity Debt;
- (iii) the Obligations Proceeds Fund and the Senior Lien Debt Service Fund, any money on deposit therein and any money received and held by MTA Bridges and Tunnels which is required to be deposited therein;
- (iv) all Funds, Accounts and Subaccounts established by the TBTA PMT Resolution (other than (a) the Second Lien Obligations Proceeds Fund and the Second Lien Debt Service Fund, and any accounts and subaccounts therein and (b) funds and any accounts and subaccounts therein established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Obligations, Put Obligations or Parity Debt; provided, however, that, in the case of funds described in clause (b) hereof, such funds, accounts and subaccounts are specifically excepted from the Obligations Trust Estate by the Supplemental Resolution authorizing such Variable Interest Rate Obligations, Put Obligations or Parity Debt), including the investments, if any, thereof; and
- (v) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the TBTA PMT Resolution for the TBTA PMT Bonds by MTA Bridges and Tunnels, or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms of the TBTA PMT Resolution.

The TBTA PMT Resolution provides that the Obligations Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the TBTA PMT Resolution, other than the TBTA PMT Senior Lien Indebtedness, and all corporate action on the part of MTA Bridges and Tunnels to that end has been duly and validly taken.

The following chart summarizes (i) the flow of taxes, fees and surcharges into the MTA Finance Fund and the MTA Special Assistance Fund, and (ii) the flow of the PMT Receipts pursuant to the terms of the Financing Agreement through the Funds and Accounts established under the TBTA PMT Resolution and the MTA PMT Resolution.

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## SOURCES OF REVENUE AND FLOW OF FUNDS



## **Debt Service Fund**

Pursuant to the TBTA PMT Resolution, the Trustee holds the Senior Lien Debt Service Fund. Moneys deposited in the Senior Lien Debt Service Fund are applied by the Trustee to the payment of Debt Service on the TBTA PMT Bonds in the manner, and from the accounts and subaccounts, more fully described under the heading “Senior Lien Debt Service Fund” in the TBTA PMT Resolution.

MTA is required under the Financing Agreement to make transfers no less frequently than monthly to the Trustee for deposit in the appropriate account of the Senior Lien Debt Service Fund of interest (1/5th of the next semiannual payment) and principal (1/10th of the next annual payment) from PMT Receipts. See “— Flow of PMT Receipts — *Deposit and Application of PMT Receipts Under Financing Agreement*” above.

## **Covenants**

*Additional PMT Senior Lien Indebtedness including Parity Debt.* The TBTA PMT Resolution permits the issuance or incurrence of additional Senior Lien Indebtedness from time to time to pay or provide for payment of Capital Costs for any Transportation District Project that may be financed with obligations the payment of which may be secured by and paid from the PMT Receipts and to refund Outstanding TBTA PMT Bonds.

Additional PMT Senior Lien Indebtedness, including additional Series of TBTA PMT Bonds, may be issued provided that, in addition to satisfying certain other requirements, MTA Bridges and Tunnels delivers a certificate that evidences MTA Bridges and Tunnels’ compliance with the additional bonds test set forth in the TBTA PMT Resolution. The additional bonds test for either the issuance of TBTA PMT Senior Lien Indebtedness or MTA PMT Senior Lien Indebtedness requires that the amount of PMT Receipts (Mobility Tax Receipts and ATA Receipts) for any 12 consecutive calendar months ended not more than six months prior to the date of such calculation, as set forth in a certificate of an Authorized Officer, is at least 2.25 times the combined maximum annual Calculated Debt Service (as defined in the TBTA PMT Resolution) on all Outstanding TBTA PMT Senior Lien Indebtedness and MTA PMT Senior Lien Indebtedness then outstanding (including the TBTA or MTA PMT Senior Lien Indebtedness then proposed to be issued).

With respect to any Obligations of a series designated as “Balloon Obligations” under the TBTA PMT Resolution, Calculated Debt Service will be determined based on (i) principal installments assumed to amortize over a 30-year period from their date of issuance based on substantially level debt service as estimated by MTA Bridges and Tunnels and (ii) interest based on the actual interest rate or the Estimated Average Interest Rate (as defined in the TBTA PMT Resolution), as applicable, or for both (i) and (ii) above as otherwise set forth in a supplemental resolution or certificate of determination with respect to such Obligations.

Each of the TBTA PMT Resolution and the MTA PMT Resolution also provides that additional PMT Senior Lien Indebtedness may be issued to refund Outstanding PMT Senior Lien Indebtedness, either by meeting the additional bonds test described above, or, in the alternative, by demonstrating that (1) combined maximum annual Calculated Debt Service on all PMT Senior Lien Indebtedness for any future debt service year, and (2) combined maximum annual (a) Calculated Debt Service on all PMT Senior Lien Indebtedness and (b) Calculated Second Lien Debt Service on all PMT Second Lien Indebtedness for any future debt service year, will not increase as a result of such refunding. If additional PMT Senior Lien Indebtedness is issued to refund or refinance indebtedness or obligations of MTA or MTA Bridges and Tunnels other than Outstanding PMT Senior Lien Indebtedness, then MTA or MTA Bridges and Tunnels, as the case may be, must satisfy the additional bonds test described above.

For the requirements relating to the issuance of Refunding Bonds under the TBTA PMT Resolution and under the MTA PMT Resolution, see “— Special Provisions for Refunding Obligations” in “ANNEX C” to the TBTA PMT Resolution.

## **Parity Debt**

Subject to compliance with the additional bonds test for PMT Senior Lien Indebtedness described above, MTA Bridges and Tunnels and MTA may incur Parity Debt pursuant to the terms of the respective PMT Resolution. Such PMT Senior Lien Indebtedness would, subject to certain exceptions, be secured by a pledge of, and a lien on, the Obligations Trust Estate on a parity with the lien created by the applicable PMT Resolution. 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 Bridges and Tunnels designated as constituting “Parity Debt” in a certificate of an Authorized Officer delivered to the applicable Trustee.

## **Subordinate Obligations**

The TBTA PMT Resolution and the MTA PMT Resolution each authorize the issuance or incurrence of subordinate obligations, including PMT Second Lien Indebtedness and Obligation Anticipation Notes (PMT Obligation Anticipation Notes).

The payment of principal on PMT Obligation Anticipation Notes is not secured by revenues under the PMT Resolutions, and the payment of interest on the PMT Obligation Anticipation Notes is payable on a subordinate basis to PMT Senior Lien Indebtedness. MTA or MTA Bridges and Tunnels may issue take-out bonds under the PMT Resolutions to retire PMT Obligation Anticipation Notes.

## **Agreements of the State**

The MTA Act provides that, so long as MTA has any outstanding bonds, notes or other obligations, none of MTA, MTA Bridges and Tunnels or any of the other Related Entities has the authority to file a voluntary petition under Chapter 9 of the United States Bankruptcy Code, and neither any public officer nor any organization, entity or other person shall authorize MTA, MTA Bridges and Tunnels or any of the other Related Entities to be or become a debtor under Chapter 9 during any such period. In addition, under the MTA Act, the State pledges and agrees that it will not limit or alter the denial of authority to file a voluntary petition under Chapter 9 as provided in the preceding sentence during any such period. The Financing Agreement is an MTA obligation that extends the protections of this provision through the final maturity of PMT Senior Lien Indebtedness.

Chapter 9 does not provide authority for creditors to file involuntary bankruptcy proceedings against MTA, MTA Bridges and Tunnels or the other Related Entities.

Under the MTA Act and the MTA Bridges and Tunnels Act, the State pledges to and agrees with the holders of any notes, bonds or lease obligations issued or incurred by MTA and MTA Bridges and Tunnels, including the MTA PMT Bonds and the TBTA PMT Bonds, that the State will not limit or alter the rights vested in MTA or MTA Bridges and Tunnels to fulfill the terms of any agreements made with the holders of their respective notes, bonds and lease obligations, or in any way impair the rights and remedies of such holders. Notwithstanding the foregoing, in accordance with State law and the MTA PMT Resolution and the TBTA PMT Resolution, nothing in the MTA PMT Resolution or the TBTA PMT Resolution restricts the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes, fees or appropriations which are the source of PMT Receipts. No default under the MTA PMT Resolution or the TBTA PMT Resolution would occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter such taxes, fees or appropriations.

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**SALES TAX REVENUE BONDS (TBTA CAPITAL LOCKBOX – CITY SALES TAX)**

**General**

There is \$3,604,045,000 aggregate principal amount of outstanding Sales Tax Revenue Bonds as of April 29, 2024. The following **Sales Tax Revenue Bonds Table 1** sets forth, on a cash basis, the debt service thereon as of April 29, 2024.

**Sales Tax Revenue Bonds Table 1  
Aggregate Debt Service  
(\$ in thousands)**

<u>Year Ending December 31</u>	<u>Aggregate Debt Service<sup>(1)</sup></u>
2024	\$153,328
2025	174,053
2026	174,381
2027	180,216
2028	181,967
2029	183,728
2030	185,507
2031	187,298
2032	189,108
2033	190,930
2034	192,770
2035	194,624
2036	196,489
2037	198,371
2038	200,268
2039	202,177
2040	204,106
2041	206,044
2042	207,997
2043	209,965
2044	211,948
2045	214,117
2046	216,170
2047	218,175
2048	220,233
2049	222,219
2050	224,389
2051	226,493
2052	228,610
2053	230,808
2054	232,989
2055	235,068
2056	237,241
2057	239,423
2058	241,446
2059	243,419
2060	245,812
2061	248,026
2062	250,249
2063	252,510
2064	<u>254,650</u>
Total	\$ 8,707,323

<sup>(1)</sup> Totals may not add due to rounding.

Bonds referred to as “Sales Tax Revenue Bonds” are issued pursuant to the TBTA Sales Tax Resolution. The Sales Tax Revenue Bonds are secured by Sales Tax Receipts in the amount of \$170 million in State Fiscal Year 2020-2021 and an amount equal to 101% of the Sales Tax Receipts in the previous State Fiscal Year every year thereafter (not

subject to appropriation) deposited by the State Comptroller into the CBD Tolling Capital Lockbox Fund and transferred by the MTA Bridges and Tunnels into the Revenue Fund established under the TBTA Sales Tax Resolution.

Sales Tax Revenue Bonds are MTA Bridges and Tunnels' special obligations, which means that they are payable solely from a gross lien on the money pledged for payment under the TBTA Sales Tax Resolution. They are not MTA Bridges and Tunnels' general obligations.

The TBTA Sales Tax Resolution has been filed with the MSRB through EMMA, and is incorporated by specific cross-reference herein. In addition, for convenience, a copy of the TBTA Sales Tax Resolution can be obtained at no cost on MTA's investor website under "Debt Portfolio Information – Bond Resolutions and Interagency Agreements" at <https://new.mta.info/investors>.

Capitalized terms used under this caption "SALES TAX REVENUE BONDS (TBTA CAPITAL LOCKBOX – CITY SALES TAX)" not otherwise defined herein have the meanings set forth in the TBTA Sales Tax Resolution.

### **Sources of Payment**

In April 2019, legislation was enacted in the State to provide additional sources of revenue to address the capital needs of MTA (the "2019 Authorizing Legislation"), including a statutorily defined portion of sales and compensating use taxes authorized by the State and imposed by the City (such taxes referred to herein as the "City Sales Taxes") in the amount of \$170 million in State Fiscal Year 2020-2021 and an amount equal to 101% of the amount authorized the previous State Fiscal Year every year thereafter. For State Fiscal Year 2024-2025, this amount equals \$176.9 million. Such statutorily defined portions are referred to herein as the "Sales Tax Receipts". The City Sales Taxes are collected by the New York Commissioner of Taxation and Finance (the "Commissioner of Taxation and Finance") and deposited daily with banks as may be designated by the New York State Comptroller (the "State Comptroller"), to the credit of the State Comptroller, in trust for the intended beneficiaries. The 2019 Authorizing Legislation, among other things, provides that, after withholding certain administrative and other expenses, the State Comptroller shall withhold in substantially equal amounts the Sales Tax Receipts for monthly deposit in the CBD Tolling Capital Lockbox Fund held by MTA Bridges and Tunnels, as established in Section 553-j of the New York Public Authorities Law, and applied to (i) the payment of operating, administration, and other necessary expenses allocable to the CBD Tolling Program, including the planning, designing, constructing, installing or maintaining of CBD Tolling Program tolling infrastructure, collection system and customer service center and (ii) the costs of any transit and commuter capital projects included in MTA's 2020-2024 Capital Program, or its successor programs.

Pursuant to the 2019 Authorizing Legislation, the State Comptroller is required to transfer the Sales Tax Receipts to the CBD Tolling Capital Lockbox Fund, which by statute is held separate from and not commingled with any other monies of MTA Bridges and Tunnels, prior to the transfer to the City of any City Sales Taxes. Sales Tax Receipts are not subject to appropriation. The Sales Tax Receipts and actual amounts received are described below under "*Revenues from Sales Tax Receipts*".

Promptly after receipt of the Sales Tax Receipts, MTA Bridges and Tunnels is required by the TBTA Sales Tax Resolution to transfer such Sales Tax Receipts from the CBD Tolling Capital Lockbox Fund to the Trustee for deposit into the Revenue Fund established under the TBTA Sales Tax Resolution, which Revenue Fund is pledged by MTA Bridges and Tunnels for the payment of its Sales Tax Revenue Bonds as further described in this section.

**Other than Sales Tax Receipts, monies in the CBD Tolling Capital Lockbox Fund, including, but not limited to, sales and compensating use taxes imposed by the State and deposited in the CBD Tolling Capital Lockbox Fund, are not pledged as security for the MTA Bridges and Tunnels Sales Tax Revenue Obligations.** Other than the Sales Tax Receipts, holders of MTA Bridges and Tunnels Sales Tax Revenue Obligations have no security interest in or claim on any revenues of MTA Bridges and Tunnels, MTA or any of its affiliates or subsidiaries. See "SECURITY".

#### *Sources of Sales Tax Receipts*

*General.* Sales Tax Receipts are derived from the tax on the sale and use of tangible personal property and services in the City imposed by the City (the "City Sales Tax"). Sales Tax Receipts, collected by the State and payable by the State Comptroller to the CBD Tolling Capital Lockbox Fund are not subject to City or State appropriation.

*City Sales Tax.* Section 1210 of the New York Tax Law (the State Tax Law) authorizes certain cities and counties, including the City, to impose sales and compensating use taxes, up to certain maximum rates. Based on such authorization, the City has imposed the City Sales Tax, levied on a variety of economic activities including retail sales, utility and communication sales, services and manufacturing at a rate of 4.5%. The City Sales Tax includes a 6.0% tax on receipts from parking, garaging or storing motor vehicles in the City. As authorized by Section 1212-a of the State Tax Law, the City also imposes an additional parking tax of 8.0% in counties with a population density in excess of fifty thousand persons per square mile, currently only New York County (Manhattan). Residents of such county satisfying certain requirements are exempt from this additional tax. The 8% parking tax in Manhattan is also included in the Sales Tax Receipts derived from City Sales Taxes.

City Sales Taxes are collected from consumers by vendors and service providers doing business in the City, who pay the collected taxes to the Department of Taxation and Finance on a monthly, quarterly or annual basis, depending on volume of sales. The Department of Taxation and Finance deposits collected City Sales Taxes in banks designated by the State Comptroller, to the credit of the State Comptroller, in trust for the intended beneficiaries, subject to the payment of expenses and other claims generally set forth below.

Prior to remitting collected City Sales Taxes to the City, the State Tax Law directs the State Comptroller, after withholding certain administrative and other expenses, to withhold a portion of such taxes, penalties and interest sufficient to deposit (i) the Sales Tax Receipts into the CBD Tolling Capital Lockbox Fund on a monthly basis in substantially equal amounts, and (ii) \$250 million in State Fiscal Year 2021 and \$150 million for each of State Fiscal Years 2022 through 2025 on a quarterly basis into the New York State Agency Trust Fund, Distressed Provider Assistance Account. Such provisions of the State Tax Law further provide that, during the period that the State Comptroller is required to withhold amounts and make payments so described in clause (i) of the preceding sentence, the City has no right, title or interest in or to those taxes, penalties and interest required to be paid into the CBD Tolling Capital Lockbox Fund. In addition, as described below, under certain circumstances, the State Comptroller shall pay to the TFA from City Sales Taxes an amount necessary to provide debt service coverage.

The TFA has issued its Future Tax Secured Bonds (“TFA Bonds”) that are primarily secured by personal income taxes imposed by the City. The TFA authorizing act requires that, in the event that personal income tax receipts are projected to be insufficient in the City’s next Fiscal Year to provide at least 150% of maximum annual debt service on the outstanding TFA Bonds, the State Comptroller shall pay to TFA from alternative revenues, as defined in the TFA authorizing act, an amount necessary to provide at least 150% of maximum annual debt service on the TFA Bonds. Alternative Revenues is defined to include sales and compensating use taxes that the City is authorized by the State to impose, primarily pursuant to Section 1210 of the State Tax Law. To date, a transfer of such Alternative Revenues has never been required.

For a discussion regarding the claims on City Sales Taxes, see “*Factors Affecting Sales Tax Receipts – Claims on City Sales Taxes*”.

*Taxable Sales in the City.* The City is a major retail trade market. The City Sales Tax is levied on a variety of economic activities including retail sales, utility and communication sales, services and manufacturing.

The following table sets forth the volume of sales and purchases subject to the City Sales Tax for 2014 through 2023. The yearly data presented in this paragraph and in the table below covers the period from March 1 of the year prior to the listed year through the last day of February of the listed year. Between 2014 and 2020, the total taxable sales volume annual growth rate averaged 4.6%. In 2021, total taxable sales declined 23.2% due to the COVID-19 pandemic, but rebounded above pre-pandemic levels in 2022, and by 2023, total taxable sales increased 17.7% from the pre-pandemic levels of 2020.

**Taxable Sales and Purchases Subject to City Sales Tax  
(\$ in billions)<sup>(1)</sup>**

<b>Year<sup>(2)</sup></b>	<b>Retail<sup>(3)</sup></b>	<b>Utilities &amp; Information<sup>(3)</sup></b>	<b>Services<sup>(3)</sup></b>	<b>Manufacturing<sup>(3)</sup></b>	<b>Other<sup>(3)</sup></b>	<b>Total</b>
2014	46.1	22.8	43.9	5.6	20.7	139.1
2015	47.4	23.1	47.4	5.8	21.9	145.7
2016	47.8	22.1	51.0	5.7	23.3	149.9
2017	48.3	22.8	53.1	6.1	25.2	155.5
2018	49.8	23.2	55.3	6.7	27.5	162.4
2019	52.1	24.1	58.4	7.1	30.6	172.3
2020	55.4	25.5	61.0	7.6	33.1	182.6
2021	48.8	26.6	31.0	7.9	25.9	140.2
2022 <sup>(4)</sup>	62.3	29.6	50.4	8.1	33.2	183.7
2023 <sup>(4)</sup>	66.9	32.4	67.2	8.9	39.7	215.0

Source: State Department of Taxation and Finance: “Taxable Sales and Purchases Quarterly Data”. Last updated on October 20, 2023.

<sup>(1)</sup> Totals may not add due to rounding.

<sup>(2)</sup> The yearly data is for the period from March 1 of the year prior to the listed year through the last day of February of the listed year.

<sup>(3)</sup> Data are presented using the NAICS industry group code. Retail includes sector with industry code beginning in 44 and 45 (Retail Trade); Utilities & Information include sector with industry code beginning in 22 (Utilities) and 51 (Information); Services include sector with industry code beginning in 54 (Professional, Scientific, and Technical Services), 56 (Administrative Support and Waste Management and Remediation Services), 61 (Educational Services), 72 (Accommodation and Food Services) and 81 (Other Services); Manufacturing includes sector with industry code beginning in 31-33 (Manufacturing); Other includes agriculture, mining, construction, wholesale trade, transportation and warehousing, finance and insurance, real estate and rental and leasing, management of companies, healthcare and social assistance, arts and entertainment, public administration, and others.

<sup>(4)</sup> Preliminary, subject to revision.

Statistical information and calculations contained in the table above are based on data obtained from the Department of Taxation and Finance. MTA Bridges and Tunnels cannot guarantee the accuracy of such information, assure its completeness or warrant that such information will not be changed, modified or otherwise revised subsequent to the date thereof. MTA Bridges and Tunnels has no obligation to update any or all of such information and does not make any express or implied warranties or representations as to its accuracy or completeness.

*Revenues from Sales Tax Receipts*

Under the provisions of the State Tax Law, the State Comptroller is directed, after withholding certain administrative and other expenses, to withhold, prior to the payment of receipts from City Sales Taxes to or at the direction of the City, a portion of such taxes, penalties and interest sufficient to deposit \$170 million into the CBD Tolling Capital Lockbox Fund in State Fiscal Year 2020-2021 and in every succeeding State Fiscal Year thereafter, an amount equal to 101% of the amount deposited into the CBD Tolling Capital Lockbox Fund in the immediately preceding State Fiscal Year. Such funds (the “Sales Tax Receipts”) are required to be deposited by the State Comptroller monthly in equal installments, without appropriation by the State or the City, in the CBD Tolling Capital Lockbox Fund.

The following **Sales Tax Revenue Bonds Table 2** sets forth City Sales Taxes, Sales Tax Receipts deposited to the CBD Tolling Capital Lockbox Fund from City Sales Taxes, and coverage of Sales Tax Receipts for State Fiscal Years 2021 through 2023. Total City Sales Tax for State Fiscal Year 2023-2024 is not yet available by the State Department of Taxation and Finance, but Sales Tax Receipts deposited to the CBD Tolling Capital Lockbox Fund for State Fiscal Year 2023-2024 totaled \$175.2 million.



**Sales Tax Revenue Bonds Table 2**  
**Historical City Sales Taxes, Sales Tax Receipts and Coverage of Sales Tax Receipts**  
**(State Fiscal Year ending March 31)**  
**(\$ in millions)**

	State Fiscal Year 2020-2021	State Fiscal Year 2021-2022	State Fiscal Year 2022-2023
City Sales Taxes <sup>(1)</sup>	\$6,620	\$8,069	\$9,709
Sales Tax Receipts deposited to the CBD Tolling Capital Lockbox Fund	\$170.0	\$171.7	\$173.4
Coverage of Sales Tax Receipts <sup>(2)</sup>	38.9x	47.0x	56.0x

<sup>(1)</sup> Amounts as reported by the State Department of Taxation and Finance.

<sup>(2)</sup> Coverage of Sales Tax Receipts does not reflect the reduction of \$150 million of City Sales Taxes for each of State Fiscal Years 2022 through 2025 withheld for the New York State Agency Trust Fund, Distressed Provider Assistance Account. See “– Factors Affecting Sales Tax Receipts – *Claims on City Sales Taxes*” below

*Factors Affecting Sales Tax Receipts*

*Claims on City Sales Taxes.* As described above under “Sources of Payment – *Revenues from Sales Tax Receipts*,” under the provisions of the State Tax Law, the State Comptroller is directed, after withholding certain administrative and other expenses, to withhold, prior to the payment of receipts from City Sales Taxes to or at the direction of the City, a portion of such taxes, penalties and interest sufficient to deposit (i) the Sales Tax Receipts into the CBD Tolling Capital Lockbox Fund, and (ii) as described under “Sources of Payment – *Sources of Sales Tax Receipts – City Sales Tax*,” the amount of \$150 million for each of State Fiscal Years 2022 through 2025 into the New York State Agency Trust Fund, Distressed Provider Assistance Account. Such provisions of the State Tax Law further provide that, during the period that the State Comptroller is required to withhold amounts and make payments so described in clause (i) of the preceding sentence, the City has no right, title or interest in or to those taxes, penalties and interest required to be paid into the CBD Tolling Capital Lockbox Fund.

As described under “Sources of Payment – *Sources of Sales Tax Receipts – City Sales Tax*,” TFA has issued its TFA Bonds that are primarily secured by personal income taxes imposed by the City. The TFA authorizing act requires that, in the event that personal income tax receipts are projected to be insufficient in the City’s next Fiscal Year to provide at least 150% of maximum annual debt service on the outstanding TFA Bonds, the State Comptroller shall pay to TFA from Alternative Revenues an amount necessary to provide at least 150% of maximum annual debt service on the TFA Bonds, whether or not such payments from Alternative Revenues are necessary to pay that year’s principal and interest payments on such TFA Bonds. The State Tax Law authorizing the City to impose taxes and the City local laws imposing such taxes are complex and, with respect to certain provisions, can lead to alternative interpretations. For example, the TFA authorizing act does not establish a priority as to whether such City Sales Taxes are to be paid by the State Comptroller before, after or concurrently with the Sales Tax Receipts described in the preceding paragraph or determine how deficiencies in collections would be distributed among the intended recipients if they were entitled to payment at the same priority level.

Personal income tax receipts alone have historically been more than sufficient to provide payment of debt service on TFA Bonds; however, no assurances can be given that such debt service coverage will be maintained.

No assurances can be given that the City, TFA bondholders, MTA Bridges and Tunnels, holders of MTA Bridges and Tunnels’ Sales Tax Revenue Bonds or others will not challenge the priority of payment of the City Sales Taxes, if required under the TFA Indenture (defined below), to provide for the payment from Alternative Revenues for the benefit of the TFA Bonds prior to the deposits into the CBD Tolling Capital Lockbox Fund and/or the New York State Agency Trust Fund, Distressed Provider Assistance Account, or challenge the scope of Alternative Revenues available to pay TFA Bonds, and MTA Bridges and Tunnels cannot predict how a court would rule in the event of any such challenge.

TFA’s Amended and Restated Original Indenture, as restated and supplemented, (the “TFA Indenture”), pursuant to which the TFA Bonds were issued, provides that, after payment of debt service on the TFA Bonds and certain other expenses, monies deposited under such indenture are paid to the City. Given the State Tax Law’s provision that the City has no right, title or interest in or to City Sales Taxes required to be deposited into the CBD Tolling Capital Lockbox Fund, it is unclear whether such monies should be paid by the State Comptroller to TFA prior to necessary deposits being

paid into the CBD Tolling Capital Lockbox Fund, and MTA Bridges and Tunnels cannot predict how a court would rule in the event that City Sales Taxes paid to TFA were released from the TFA Indenture and paid to the City prior to such necessary deposits into the CBD Tolling Capital Lockbox Fund.

The TFA Indenture includes events of default, certain of which (relating to failure to pay debt service, insolvency, State actions impacting security for the bonds and failure to meet specified coverage levels) could result in acceleration of TFA Bonds if so directed by a majority in interest of senior lien TFA bondholders. There are currently no senior lien TFA Bonds outstanding, but TFA may issue senior lien bonds in the future. If an acceleration of the TFA Bonds were to occur, no assurances can be given that the City, TFA bondholders, MTA Bridges and Tunnels, holders of MTA Bridges and Tunnels' Sales Tax Revenue Bonds or others will not challenge the applicability of the payment of City Sales Taxes to an increased maximum annual debt service due to such acceleration of the TFA Bonds.

As described herein under "Security – *Agreement of the State*," the State has entered into a pledge and agreement for the benefit of holders of MTA Bridges and Tunnels' Sales Tax Revenue Bonds. As authorized by the TFA authorizing act, TFA also has included for the benefit of the holders of TFA Bonds a similar pledge and agreement of the State that the State pledges and agrees with the holders of any issue of TFA Bonds and/or bond anticipation notes secured by such a pledge that the State will not limit or alter the rights vested in TFA to fulfill the terms of any agreements made with such holders, or in any way impair the rights and remedies of such holders or the security for such bonds and/or bond anticipation notes until such bonds and/or bond anticipation notes, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully paid and discharged.

MTA Bridges and Tunnels cannot predict what actions the State legislature or State Comptroller might take or how any resulting litigation would be resolved.

A discussion of additional risks associated with the Sales Tax Revenue Bonds and other of MTA's securities can be found in PART 1 – BUSINESS – CERTAIN RISK FACTORS and PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – GENERAL – Creditworthiness and Market Risk.

*Information Relating to the City and TFA.* Prospective purchasers of MTA Bridges and Tunnels' Sales Tax Revenue Bonds wishing to obtain currently available information about the City or TFA may refer to information on file with the MSRB through EMMA. Neither the City nor TFA has obligated itself to provide continuing disclosure in connection with the offering of MTA Bridges and Tunnels' Sales Tax Revenue Bonds. MTA Bridges and Tunnels makes no representations about City or TFA information or its continued availability.

## **Security**

The Sales Tax Revenue Bonds are MTA Bridges and Tunnels' special obligations payable as to principal, redemption premium, if any, and interest solely from the security, sources of payment and funds specified in the TBTA Sales Tax Resolution. Payment of principal of or interest on the Sales Tax Revenue Bonds may not be accelerated in the event of a default.

The Sales Tax Revenue Bonds are secured primarily by the sources of payment described under the caption "Sources of Payment", and are not secured by:

- the general fund or other funds and revenues of the State, or
- the general fund or other funds and revenues of the City, or
- the other funds and revenues of MTA Bridges and Tunnels or MTA or any of their affiliates or subsidiaries.

The Sales Tax Revenue Bonds are not a debt of the State or the City, or any other local governmental unit. MTA Bridges and Tunnels has no taxing power.

### *Pledge Effected by the TBTA Sales Tax Resolution*

*Obligations Trust Estate.* The TBTA Sales Tax Resolution provides that there are pledged to the payment of principal and redemption premium of, interest on, and sinking fund installments for, the Sales Tax Revenue Bonds and Parity Debt, in accordance with their terms and the provisions of the TBTA Sales Tax Resolution, subject only to the provisions permitting the application of that money for the purposes and on the terms and conditions permitted in the TBTA Sales Tax Resolution, the following, referred to as the "Obligations Trust Estate":

- the proceeds of the sale of the Sales Tax Revenue Bonds, until those proceeds are paid out for an authorized purpose,
- the Revenue Fund, any money on deposit therein and any money received and held by MTA Bridges and Tunnels and required to be deposited in such fund, including the Sales Tax Receipts deposited by the State Comptroller into the CBD Tolling Capital Lockbox Fund, and
- all funds, accounts and subaccounts established by the TBTA Sales Tax Resolution (except funds, accounts and subaccounts established pursuant to Supplemental Resolution, and excluded by such Supplemental Resolution from the Obligations Trust Estate as security for all Sales Tax Revenue Bonds, in connection with Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof.

The TBTA Sales Tax Resolution provides that the Obligations Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the TBTA Sales Tax Resolution, and all corporate action on the part of MTA Bridges and Tunnels to that end has been duly and validly taken.

#### *Flow of Funds*

Pursuant to the 2019 Authorizing Legislation, the State Comptroller is required to transfer the Sales Tax Receipts to the CBD Tolling Capital Lockbox Fund created by Section 553-J of the New York Public Authorities Law and required to be held separate from and not commingled with any other monies of MTA Bridges and Tunnels. The Sales Tax Receipts are not subject to appropriation and are required to be paid monthly in equal installments by the State Comptroller directly to the CBD Tolling Capital Lockbox Fund. The lien in favor of Sales Tax Revenue Bondholders is effective immediately upon receipt by MTA Bridges and Tunnels of the Sales Tax Receipts in the CBD Tolling Capital Lockbox Fund, prior to the deposit in the Revenue Fund.

Beginning on April 1 of each State Fiscal Year, promptly after receipt of the Sales Tax Receipts in the CBD Tolling Capital Lockbox Fund, MTA Bridges and Tunnels shall transfer all such Sales Tax Receipts to the Trustee for deposit into the Revenue Fund.

Sales Tax Receipts in the Revenue Fund, when received by the Trustee, will be promptly transferred for the following purposes and in the following order of priority:

- (a) transfer to the Senior Lien Debt Service Fund the amount, if any, required so that the amount on deposit in said fund shall equal the Senior Lien Debt Service Fund Balance Requirement;
- (b) transfer, free and clear of any lien, pledge or claim of the TBTA Sales Tax Resolution securing Obligations or Parity Debt, in accordance with any Supplemental Resolution or other authorizing document creating Obligation Anticipation Notes, Subordinated Indebtedness or Subordinated Contract Obligations the amount, if any, required for payment of or accrual for payment of principal of and interest on any Obligation Anticipation Notes, Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligation; and
- (c) after the transfers made in (a) and (b) above, transfer all monies to the Excess Revenues Fund, which monies shall be released from the lien of the TBTA Sales Tax Resolution.

“Senior Lien Debt Service Fund Balance Requirement” means the remaining Annual Net Debt Service payable through the end of the Bond Year corresponding to the State Fiscal Year at the time of calculation, which shall include any Annual Net Debt Service yet unpaid in the current Bond Year.

“Annual Net Debt Service” means Annual Debt Service less the amount, if any, set aside in any account within the Senior Lien Debt Service Fund or the Obligations Proceeds Fund or otherwise in trust for the payment of Debt Service on Obligations or Parity Debt in the applicable Bond Year.

“Annual Debt Service” means the amount of Debt Service payable during each Bond Year.

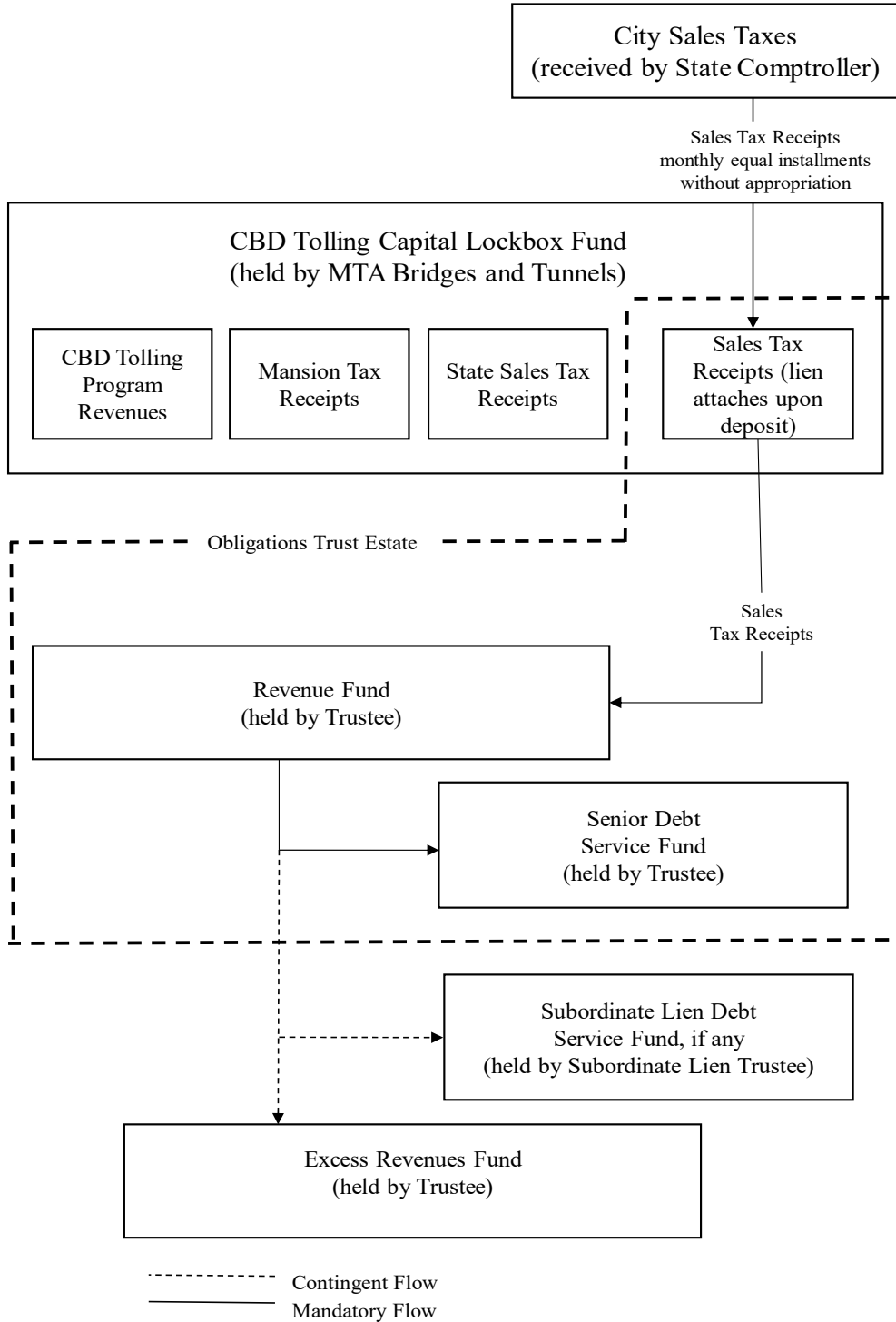
“Bond Year” means the 12-month period beginning on May 16 through the following May 15 and a Bond Year shall correspond to the State Fiscal Year ending immediately prior to each May 15.

The TBTA Sales Tax Resolution establishes an Obligations Proceeds Fund held by MTA Bridges and Tunnels and a Senior Lien Debt Service Fund held by the Trustee. Amounts held by MTA Bridges and Tunnels or the Trustee in any of such Funds shall be held in trust separate and apart from all other funds and applied solely for the purposes specified in the TBTA Sales Tax Resolution or any Supplemental Resolution thereto.

The following chart summarizes (i) the flow of the Sales Tax Receipts into the CBD Tolling Capital Lockbox Fund, and (ii) the flow of amounts on deposit in the Revenue Fund and the Funds and Accounts established under the TBTA Sales Tax Resolution.

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**SOURCES OF REVENUE AND FLOW OF FUNDS**



*Senior Lien Debt Service Fund*

Pursuant to the TBTA Sales Tax Resolution, the Trustee holds the Senior Lien Debt Service Fund, consisting of the Sales Tax Receipts transferred monthly from the CBD Tolling Capital Lockbox Fund to the Revenue Fund and then promptly transferred to the Senior Lien Debt Service Fund, as described above under "Flow of Funds". The Trustee is

required to apply monies in the Senior Lien Debt Service Fund to the payment of Debt Service on the Sales Tax Revenue Bonds in the manner, and from the accounts and subaccounts, more fully described in the TBTA Sales Tax Resolution.

#### Covenants

*Additional Bonds.* The TBTA Sales Tax Resolution permits MTA Bridges and Tunnels to issue additional Sales Tax Revenue Bonds from time to time to pay or provide for the payment of Capital Costs for the CBD Tolling Program or transit and commuter projects in the 2020-2024 Capital Program or successor programs and to refund Outstanding Obligations.

Under the TBTA Sales Tax Resolution, in order to issue Sales Tax Revenue Bonds for purposes other than refunding Outstanding Sales Tax Revenue Bonds, MTA Bridges and Tunnels, in addition to satisfying certain other requirements, must deliver a certificate that evidences its compliance with the additional bonds test set forth in the TBTA Sales Tax Resolution.

Such certificate must set forth the following for the then current and each future Bond Year during which the Sales Tax Revenue Bonds to be authenticated and delivered will be Outstanding:

- (A) the aggregate principal amount of all Obligations and Parity Debt of all Series to be Outstanding;
- (B) the Annual Debt Service for such Obligations and Parity Debt for each Bond Year; and
- (C) the Statutory Annual Deposit Amount corresponding to each Bond Year that the Obligations and Parity Debt being issued will be Outstanding.

In the case of (A) and (B) above, amounts attributable to the proposed Capital Cost Obligations and any proposed Refunding Obligations being treated as Capital Cost Obligations are included, but the calculation excludes any Obligations or Parity Debt to be refunded with the proceeds of such Refunding Obligations.

The certificate is required to further state:

the Statutory Annual Deposit Amounts set forth in (C) above (plus the amounts, if any, funded from the proceeds of Obligations to be issued or other available monies of MTA Bridges and Tunnels that will be applied to the payment of Annual Debt Service) are equal to or greater than the corresponding Annual Debt Service for such Obligations and Parity Debt set forth in (B) above for the then current and each future Bond Year.

If MTA Bridges and Tunnels determines to issue Refunding Obligations and does not deliver the certificate set forth above, then MTA Bridges and Tunnels must deliver a certificate that evidences its compliance with the Refunding Obligations additional bonds test set forth in the TBTA Sales Tax Resolution.

Such certificate must set forth the following for the then current and each future Bond Year during which the Sales Tax Revenue Bonds to be authenticated and delivered will be Outstanding:

- (A) the Annual Debt Service on the Obligations and Parity Debt (including the Refunding Obligations then proposed to be issued, but not including the Obligations and Parity Debt to be refunded); and
- (B) the Annual Debt Service on the Obligations and Parity Debt as calculated immediately prior to the issuance of the Refunding Obligations (including the Obligations and Parity Debt to be refunded but not including the Refunding Obligations).

The certificate shall further state that for the then current and each future Bond Year the Annual Debt Service set forth pursuant to (A) above is not greater than the Annual Debt Service set forth pursuant to (B) above.

All bonds issued under the TBTA Sales Tax Resolution shall bear interest at fixed rates.

See "Section 203. Special Provisions for Capital Cost Obligations" in the TBTA Sales Tax Resolution for a description of further provisions which apply to the additional bonds test. See "Section 204. Refunding Obligations" in the TBTA Sales Tax Resolution for a description of the requirements relating to the issuance of Refunding Bonds.

### *Parity Debt*

MTA Bridges and Tunnels can incur Parity Debt pursuant to the terms of the TBTA Sales Tax Resolution that, subject to certain exceptions, would be secured by a pledge of, and a lien on, the Obligations Trust Estate on a parity with the lien created by the TBTA Sales Tax Resolution with respect to the Sales Tax Revenue Bonds. Parity Debt may be incurred in the form of a contract, agreement or other obligation of MTA Bridges and Tunnels designated as constituting Parity Debt in a certificate of an Authorized Officer delivered to the Trustee.

All Parity Debt incurred under the TBTA Sales Tax Resolution shall bear interest at fixed rates, thereby effectively eliminating the ability of MTA Bridges and Tunnels to incur variable rate obligations under the TBTA Sales Tax Resolution.

### *Subordinate Obligations*

The TBTA Sales Tax Resolution authorizes the issuance or incurrence of subordinate obligations. No such subordinate obligations have been issued, and MTA Bridges and Tunnels has no current expectations of issuing subordinate obligations. Any references thereto in Annex A – Standard Resolution Provisions filed with EMMA and should be ignored until MTA Bridges and Tunnels establishes provisions relating thereto and posts them on EMMA.

### *Agreement of the State*

Under the MTA Bridges and Tunnels Act, the State pledges to and agrees with the holders of any bonds, that the State will not limit or alter the rights vested in MTA Bridges and Tunnels to fulfill the terms of any agreements made by MTA Bridges and Tunnels with the holders of its bonds or in any way impair the rights and remedies of such holders.

In addition, the MTA Act provides that, so long as MTA has any outstanding bonds, notes or other obligations, none of MTA, MTA Bridges and Tunnels or any of the other Related Entities has the authority to file a voluntary petition under Chapter 9 of the United States Bankruptcy Code, and neither any public officer nor any organization, entity or other person shall authorize MTA, MTA Bridges and Tunnels or any of the other Related Entities to be or become a debtor under Chapter 9 during any such period. In addition, under the MTA Act, the State pledges and agrees that it will not limit or alter the denial of authority to file a voluntary petition under Chapter 9 as provided in the preceding sentence during any such period. MTA and MTA Bridges and Tunnels have entered into an agreement, which constitutes an “obligation” in accordance with the foregoing, that extends the bankruptcy protections of the MTA Act to MTA Bridges and Tunnels as long as any Sales Tax Revenue Bonds remain outstanding.

Chapter 9 does not provide authority for creditors to file involuntary bankruptcy proceedings against MTA, MTA Bridges and Tunnels or the other Related Entities.

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## HUDSON RAIL YARDS TRUST OBLIGATIONS

### Hudson Rail Yards Trust Obligations

MTA owns the land in Manhattan generally bounded by West 30th Street on the south, West 33rd Street on the north, 10th Avenue on the east and 12th Avenue on the west (and including rights to operate under 11th Avenue), on which MTA Long Island Rail Road operates its layup and maintenance yard (the “West Side Yard”) for trains not in service pending travel from Penn Station, its Manhattan hub. The Eastern Rail Yard (“ERY”) portion of the West Side Yard, located between 10th and 11th Avenues, was rezoned by the City in 2005 and the Western Rail Yard (“WRY”) portion of the West Side Yard, located between 11th and 12th Avenues, was rezoned by the City in December 2009. The zoning on these sites permits extensive mixed-use development.

In July 2007, MTA issued two separate Requests for Proposals for the sale of and/or long-term leasing of air space and related real property interests for development at the ERY and the WRY, respectively. In 2010, the MTA Board adopted environmental findings with respect to the development and MTA entered into agreements to enter into leases for the WRY and ERY, respectively, with a joint venture of The Related Companies L.P. and its joint venture partner, Oxford Properties Group, Inc., a subsidiary of the Ontario Municipal Employees Retirement System (together, “Related-Oxford”). The closing with respect to the ERY lease occurred on April 10, 2013, with retroactive effect to December 3, 2012 and the closing with respect to the WRY occurred on April 10, 2014. Related-Oxford proceeded with the entire project, at which time it was projected that the leases and related purchase options relating to the ERY and WRY would provide a net present value of approximately \$1 billion to support the 2005-2009 and the 2010-2014 MTA Capital Programs.

On September 22, 2016, \$1,057.43 million Hudson Rail Yards Trust Obligations, Series 2016A were issued to finance and refinance approved capital program transit and commuter projects for the Related Entities. The HRY Trust Obligations are payable in part by amounts due under the Ground Leases described below. As of April 29, 2024 there are \$762,545,000 aggregate principal amount of outstanding HRY Trust Obligations. In 2020, MTA purchased the then outstanding principal amount of the 2046 maturity as described below.

During 2019 and 2020, several early mandatory redemptions occurred in connection with Fee Purchase Payments on commercial units in 30 Hudson Yards (Tower A) and a portion of residential condominiums in 15 Hudson Yards (Tower D). The redemptions were on the earliest maturity of the Series 2016A Obligations, the 2046 maturity. A total of \$212,340,000 was redeemed via early mandatory redemptions on the Series 2016A as follows:

- May 15, 2019, \$105,500,000;
- July 15, 2019, \$67,960,000;
- November 15, 2019, \$12,225,000; and
- February 15, 2020, \$26,655,000.

On March 27, 2020, the remaining principal amount of the 2046 maturity of the Series 2016A Obligations, \$162,660,000, was redeemed via an optional redemption. In conjunction with the redemption, the Trustee (Computershare Trust Company, N.A., as agent for Wells Fargo Bank, N.A.) issued \$162,660,000 principal amount of Hudson Rail Yards Refunding Trust Obligations, Series 2020A, with the same maturity date and bearing the same interest rate as the Series 2016A Obligations maturing on November 15, 2046, and delivered the Series 2020A Obligations to MTA in return for MTA providing sufficient moneys to redeem the 2046 maturity of the Series 2016A Obligations.

Early mandatory redemptions continue on the earliest maturity of the aggregate HRY Obligations, therefore on HRY Refunding Trust Obligations, Series 2020A. The following early mandatory redemptions have been made on the Series 2020A as follows:

- February 16, 2021, \$8,430,000;
- August 15, 2021, \$6,830,000;
- February 15, 2022, \$5,000,000;
- August 15, 2022, \$14,340,000;
- November 15, 2022, \$6,205,000;



- August 15, 2023, \$8,470,000; and
- February 15, 2024, \$33,270,000.

For additional information and a description of the parcels and ground leases related to MTA’s HRY Trust Obligations see CCDF Part II – Tab 2 – “Details of Each Issue of Obligations – Hudson Rail Yards Trust Obligations (Schedule 1 to Financing Agreement)” of MTA’s 2024 Combined Continuing Disclosure Filings.

## Security

The HRY Trust Obligations are MTA’s special limited obligations, payable solely from the trust estate (the “HRY Trust Estate”) established under the HRY Trust Agreement. The HRY Trust Estate consists principally of (i) monthly Ground Lease rent payments (the “Monthly Ground Rent”) to be paid by any tenants of Ground Leases (the “Ground Lease Tenants”) of certain parcels being developed on and above the Eastern Rail Yard and Western Rail Yard portions of the John D. Caemmerer West Side Yards (“Hudson Rail Yards”) currently operated by MTA Long Island Rail Road, (ii) monthly scheduled transfers from the capitalized interest fund established by the HRY Trust Agreement (the “Capitalized Interest Fund”) during the limited period that the Monthly Ground Rent is abated under the applicable Ground Lease, (iii) payments made by the Ground Lease Tenants if they elect to exercise their option to purchase the fee interest in such parcels (“Fee Purchase Payments”), (iv) certain Contingent Support Payments (as discussed below) made by MTA, (v) rights of MTA to exercise certain remedies under the Ground Leases and (vi) rights of the HRY Trustee to exercise certain remedies under the Ground Leases and the separate fee mortgages (the “Fee Mortgages”) from MTA in favor of the HRY Trustee. Pursuant to the HRY Trust Agreement, MTA has unconditionally and irrevocably assigned and transferred to the HRY Trustee its rights in the HRY Trust Estate and the HRY Trustee has agreed to execute and deliver HRY Trust Obligations, each evidencing the interests of the Owners thereof in the MTA Financing Agreement Amount (consisting of the principal components (the “Principal Components”) and the interest components (the “Interest Components”) of the MTA Financing Agreement Amount payable by MTA pursuant to the Interagency Financing Agreement dated as of September 1, 2016 (the “Financing Agreement”), by and among MTA, MTA New York City Transit, MaBSTOA, MTA Long Island Rail Road, MTA Metro-North Railroad, and MTA Bus (collectively, the “HRY Related Transportation Entities”) and the HRY Trustee.

### *Overview of the Ground Leases*

Both the Eastern Rail Yard (“ERY”) and Western Rail Yard (“WRY”) are ground leased for 99 years by MTA to limited liability entities controlled by Related-Oxford (collectively, the “Ground Lease”). The property that is ground leased by MTA consists of the airspace above a limiting plane above the tracks (from 31st to 33rd Streets) and the area where there are no rail tracks (from 30th to 31st Streets) within the boundary of the Hudson Rail Yards (collectively, the “Ground Leased Property”). The commencement date of the ERY Original Ground Lease was December 3, 2012 and the expiration date is December 2, 2111\*. The commencement date of the WRY Original Ground Lease was December 3, 2013 and the expiration date is December 2, 2112. Five of the eight individual ground-leased parcels (each, a “Severed Parcel Ground Lease”) on the ERY (and on the WRY, when entered into) have the same commencement date, expiration date and rent adjustment dates as the respective ERY and WRY Original Ground Lease. Each Ground Lease Tenant has the option to purchase fee title to the Ground Leased Property at any time following completion of construction of the building on the Ground Leased Property.

The Ground Leases do not encumber the railroad tracks, which will continue to be used for transportation purposes. Related-Oxford, or a limited liability development entity created by them for developing an individual parcel, is responsible for constructing a platform over the railroad tracks and improvements on, in and under such platform, and for the development of buildings on the Ground Leased Property, including designing, financing, constructing, leasing, selling, and operating such buildings.

The primary sources of revenue available for the payment of the Principal Components and Interest Components represented by the HRY Trust Obligations will be the Monthly Ground Rent and any Fee Purchase Payments payable by the Ground Lease Tenants under the Ground Leases. These Ground Lease revenues are being pledged to the HRY Trustee by MTA under the Financing Agreement and the HRY Trust Agreement, and Ground Lease Tenants are directed to pay the revenues directly to the Depository (as defined under “–Flow of Funds” below) for deposit into a deposit account with the HRY Trustee (the “Dedicated Deposit Account”). Such payments are then transferred daily from the Depository to the HRY Trustee for deposit into the rent payment fund established under the HRY Trust Agreement (the “Rent Payment Fund”).

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\* The ERY Original Ground Lease has since been terminated and substituted with separate Severed Parcel Ground Leases.

### *Monthly Ground Rent under the Ground Leases*

Monthly Ground Rent is due on the first day of each month from each of the Ground Lease Tenants. A failure to timely pay Monthly Ground Rent following the applicable notice and grace period is an event of default under the affected Ground Lease (a “Ground Lease Payment Event of Default”). The amount of Monthly Ground Rent due under each Ground Lease is a fixed dollar amount established in each Ground Lease, subject to a 10% escalation every five years, except for the 30th, 55th and 80th years when the escalations will be based on fair market value (but no less than a 0% increase and no greater than a 20% increase from the previous year’s amount). The timing of each escalation is calculated from the commencement date for the Original Ground Lease.

### *Fee Purchase Payments*

Under each Severed Parcel Ground Lease, following substantial completion of construction of the building on the Ground Leased Property, a Ground Lease Tenant has the option to (a) continue to pay Monthly Ground Rent due on a monthly basis or (b) at any time, purchase the fee interest in its Ground Leased Property (and thus terminate its Ground Lease) by exercising its option to purchase the fee interest in its Severed Parcel and related improvements upon substantial completion thereof (a “Fee Conversion Option”) and making the required Fee Purchase Payment under its applicable Ground Lease. The required Fee Purchase Payment under each Ground Lease is equal to (a) the present value to the purchase date of all remaining Monthly Ground Rent due for the 99-year ground lease term, including escalations, plus (b) the present value to the purchase date of a pre-established reversionary value of the property after the 99th year. The calculation of the required Fee Purchase Payment is set forth in each Ground Lease. The required Fee Purchase Payments set forth by the terms of the Ground Leases increase approximately 2.2% per year for at least the first 30 years of each Ground Lease. The receipt of a Fee Purchase Payment will result in a redemption of the HRY Trust Obligations. In addition, upon MTA’s receipt of a Fee Purchase Payment, the fee interest purchased by the Ground Lease Tenant will be released from the applicable Fee Mortgage.

Ground Lease Tenants are not obligated to exercise their Fee Conversion Options but can instead continue to pay Monthly Ground Rent for the full 99-year ground lease term.

All Fee Purchase Payments received are pledged by MTA and directed to be paid to the Depository and are required to be applied by the HRY Trustee on a no less than quarterly basis to redeem Principal Components of HRY Trust Obligations at the then applicable redemption price plus accrued interest. The aggregate par amount of HRY Trust Obligations issued is limited such that at any time after issuance there is calculated to be sufficient funds (assuming Ground Lease Tenants meet all their obligations) to redeem prior to the scheduled maturity dates all outstanding Principal Components of HRY Trust Obligations at the applicable redemption price plus accrued interest in the event all Ground Lease Tenants decide to exercise their respective Fee Conversion Options and pay their required Fee Purchase Payments.

### *Limitations on Related Entities’ Obligations*

Neither MTA nor any of the other HRY Related Transportation Entities are obligated to make any payment with respect to the MTA Financing Agreement Amount or the HRY Trust Obligations (and the related Principal Components and Interest Components) from any source other than the HRY Trust Estate (which includes the Financing Agreement Payments) and Contingent Support Payments. Contingent Support Payments consist of Interest Reserve Advances and Direct Cost Rent Credit Payments. Under the Financing Agreement, MTA has an obligation to make advances to replenish the Interest Reserve Fund (an “Interest Reserve Advance”) upon the occurrence of a Ground Lease Payment Event of Default, which obligation is generally limited to seven years after the Ground Lease Payment Event of Default. “Direct Cost Rent Credit Payments” are made upon determination that the Ground Lease Tenant is entitled to a Direct Cost Rent Credit (a partial credit against Monthly Ground Rent under certain limited circumstances as a result of an action or failure to take certain action by MTA or MTA Long Island Rail Road). Contingent Support Payments are subordinate to debt service on MTA’s Transportation Revenue Bonds and payable from the same pool of revenues that are available to pay operating and maintenance expenses of the Related Entities.

### **Flow of Funds**

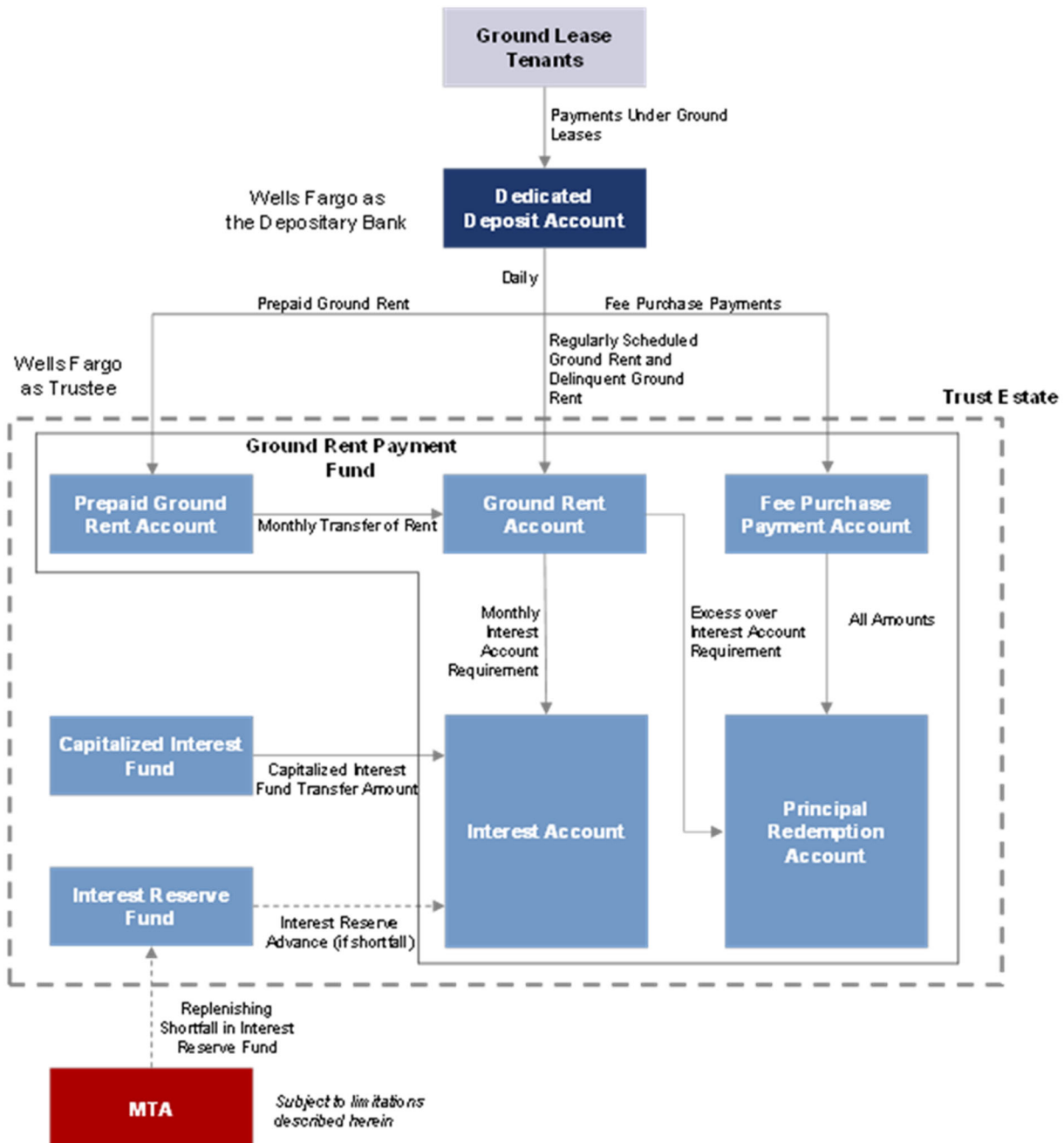
MTA has established a deposit account with the HRY Trustee, as depository (the “Depository”), and MTA has directed all Ground Lease Tenants to make Monthly Ground Rent and Fee Purchase Payments directly to the Depository, which deposits will be transferred daily to the Trustee.

The chart which follows describes the flow of funds from the payments by Ground Lease Tenants of Monthly Ground Rent and Fee Purchase Payments to the Depositary for deposit to the Dedicated Deposit Account to the account and fund flow under the HRY Trust Agreement for payment of the Principal Components and Interest Components relating to the HRY Trust Obligations.

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# MTA Hudson Rail Yards Trust Obligations

## Illustrative Flow of Funds



## **Covenants of MTA with respect to the HRY Trust Obligations**

MTA has undertaken, among others, the following covenants and agreements in the HRY Trust Agreement:

- MTA covenants and agrees, on behalf of itself and the other HRY Related Transportation Entities, with the Owners of the HRY Trust Obligations to perform all obligations and duties imposed on them, as applicable, under the HRY Trust Agreement, the Financing Agreement, certain instructions requiring the Depository to transfer the amounts deposited into the Dedicated Deposit Account to the HRY Trustee, the Fee Mortgages and the Ground Leases.
- MTA covenants and agrees that it shall use commercially reasonable efforts to timely pursue any and all actions to enforce its rights to collect (or to direct the payment to the Depository of) all amounts due under the Ground Leases, the completion guaranties (the “Completion Guaranties”) and the payment guaranties (the “Payment Guaranties”) described in the Ground Leases.
- MTA covenants and agrees that it shall not take any action and will use its best efforts not to permit any action to be taken by others under the Ground Leases, the Completion Guaranties, the Payment Guaranties and the Fee Mortgages that would result in a Prohibited Modification.

Prohibited Modifications means (i) any modification to the Ground Leases or to the Severed Parcel Pro Forma Rent Schedule attached to a Ground Lease which reduces the annual base rent payable thereunder, (ii) any modification to the Ground Leases which reduces the Fee Purchase Payments and/or the Residential Unit Purchase Price payable in connection with a Fee Purchase Payment, (iii) any modification to the Ground Leases which increases or extends abatements set forth in the Ground Leases, (iv) any waiver of a Ground Lease Tenant’s obligation to make payments of Annual Base Rent and/or the Fee Purchase Payments in the amounts and at the times due as set forth in the Ground Leases, (v) any acceleration of a Ground Lease Tenant’s right to exercise the Fee Conversion Option earlier than the Fee Conversion Closing Date set forth in the Ground Leases, (vi) any modification of the Ground Leases which would grant a Ground Lease Tenant an express right to deduction, counterclaim, set-off or offset against the Annual Base Rent, or constitute a Ground Lease not to be a “triple net lease” as set forth in the Ground Leases, (vii) any modification to the application of funds to be used to restore the premises following a casualty pursuant to the Ground Leases, (viii) any modification to the apportionment or application of condemnation proceeds pursuant to the Ground Leases, and (ix) any modification to the Ground Leases with respect to Ground Lease Tenant Events of Default (as further described in the Ground Leases) and landlord remedies relating thereto.

## **PART 4. OPERATIONS**

## TRANSIT SYSTEM

(popular names – MTA New York City Transit and MaBSTOA)

### Legal Status and Public Purpose

MTA New York City Transit was created in 1953 pursuant to the MTA New York City Transit Act for the purposes of acquiring the transit facilities then operated by the City and operating them for the convenience and safety of the public.

MaBSTOA was created as a public benefit corporation in 1962 as a statutory subsidiary of MTA New York City Transit to operate the bus routes that had been operated by Surface Transit, Inc. and Fifth Avenue Coach Lines, Inc. prior to their acquisition by the City.

Pursuant to the MTA New York City Transit Act, MTA New York City Transit and the City entered into an agreement of lease, dated June 1, 1953, providing for the lease to MTA New York City Transit of the transit facilities then owned or thereafter to be acquired or constructed by the City for use in the fulfillment of MTA New York City Transit's corporate purposes. In connection with the creation of MaBSTOA, MTA New York City Transit agreed that bus lines acquired by the City would be leased to MaBSTOA by the City for operation and maintenance by MaBSTOA. Such lease with MaBSTOA was entered into on March 20, 1962.

MTA New York City Transit became an affiliate of MTA in 1968. The Chairman and Members of MTA, by statute, are also the Chairman and Members of MTA New York City Transit and Directors of MaBSTOA, and the CEO of MTA is, *ex officio*, CEO of MTA New York City Transit. The CEO is responsible for the discharge of the executive and administrative functions and powers of MTA New York City Transit. The President of MTA New York City Transit is primarily responsible for the general management and operation of MTA New York City Transit. The executive personnel of MTA New York City Transit and MaBSTOA report to the President of MTA New York City Transit.

### Management

A brief biography of MTA New York City Transit's president, who also serves as MaBSTOA's president, can be found in "PART 1. BUSINESS – GOVERNANCE AND OPERATIONS – Management".

### Description of the Transit System

*Subway System.* The City's rapid transit system is by far the largest in the nation. Few cities in the world have a subway system comparable in physical size and ridership. The subway system has over 665 miles of mainline track extending 248 route miles. In calendar year 2023, 1.152 billion revenue passengers used the subway. It currently has a fleet of 6,539 subway cars, two major subway car overhaul shops, 14 maintenance shops, 24 subway car storage yards and 472 active passenger stations. As of December 31, 2023, MTA New York City Transit employed 29,020 full-time workers in rapid transit.

*Bus System.* MTA New York City Transit and MaBSTOA presently operate bus service on 243 local, select bus service and express routes throughout the City. The majority of bus routes are designed to serve passengers traveling within a particular borough or to serve as feeders to the subway system. In calendar year 2023, 341 million revenue passengers used the bus system. The bus system operates on a continuous basis, although certain bus routes are not in service the entire day and frequency of service varies by route and time of day. As of December 31, 2023, the bus system employed 14,376 full-time persons and operated 4,491 buses, including 15 all-electric buses.

*Paratransit.* On July 1, 1993, MTA New York City Transit assumed responsibility from the City for the Access-A-Ride paratransit service, in order to increase the efficiency of providing such services by vesting responsibility in a single entity. Access-A-Ride service is provided by private vendors under contract with MTA New York City Transit. Paratransit fares are currently equivalent to the regular undiscounted passenger fare rate of \$2.90. Paratransit operations are also supported by 6.25% of the revenue from the Urban Tax (a portion of a mortgage recording tax and a portion of a property transfer tax imposed upon commercial property in the City).

*Fare Collection.* MTA New York City Transit employs two fare collection systems in all subway stations and on all MTA New York City Transit, MaBSTOA, and MTA Bus routes. The MetroCard system includes, among other elements, subway turnstiles and bus fare boxes that accept a magnetic farecard ("MetroCard") in payment. The

MetroCard system provided the technical capability to eliminate two-fare zones as well as to implement flexible intermodal and interagency fare structures. MetroCard enables passengers to purchase multiple rides and use the MetroCard to enter the Transit System through automated fare collection turnstiles that automatically deduct the cost of each use. The subway turnstiles are designed to be tamper-resistant and to inhibit fare evasion by being more difficult to pass without payment. The bus fareboxes issue magnetically encoded transfers that are designed to reduce fare evasion resulting from the use of invalid transfers.

OMNY is an account-based system at transit point-of-entry gates that accepts payments made with contactless credit and debit bank cards and digital wallets in smartphones and watches (known as open loop media) and MTA-issued OMNY cards (known as closed loop media). As of December 31, 2023, OMNY is accepted on the subway system, buses and the Staten Island Railway, and MTA has begun offering an OMNY discount fares program in the form of a weekly fare cap. It is anticipated that OMNY, including an OMNY app for mobile ticketing, will be rolled out for MTA Long Island Rail Road and MTA Metro-North Railroad by 2025. Additional features will continue to be added to the OMNY system, including, but not limited to, a Paratransit Access A-Ride I.D. Card and reduced fare cards for public school students and Fair Fares customers and other special programs. It is currently anticipated that MetroCard will be decommissioned in the near future.

In 2023, 54.5% of non-student trips were made with MetroCard, 28.9% of 2023 non-student trips were made with Pay-Per-Ride MetroCards, and 26.6% were made with unlimited-ride MetroCards (13.4% with 30-day cards and 12.2% with 7-day cards). Also, in 2023, 43.1% of trips were made using OMNY, an increase of 10.9% from 32.2% in 2022. The market share of all non-MetroCard and non-OMNY fare media (cash and single-ride tickets) was 2.4% in 2023.

Out-of-system sales outlets, including over 3,300 active retail locations, generated approximately \$256 million in MetroCard sales in 2023, a 9% increase from 2022. Market share for MetroCard out-of-system sales is approximately 14%. During 2023, sales of nearly 993,000 MetroCards valued at \$104.7 million were made to transit benefit companies delivering tax-advantaged transportation benefits through MetroCard to their client employers/employees. Unlimited ride products accounted for approximately 51% of these sales in 2023, including total annual card sales of \$58 million, with more than 35,000 employees enrolled in this annual card program at year's end. In 2023, the amount that mass transit commuters were permitted for monthly payroll deductions was \$300.

MetroCard Vending Machines ("MVMs") allow riders to purchase MetroCards using cash, credit, debit or Electronic Benefits Transfer ("EBT") cards. A total of 1,773 MVMs were in service in 441 active stations by the end of 2023. The MetroCard Express Machine ("MEM") is a compact vending unit that accepts only credit, debit or EBT cards for payment. A total of 597 MEMs were in service in 305 active stations by the end of 2023. MVM and MEM sales totaled \$ 1.56 billion in 2023, accounting for 99% of total in-system sales. In October 2023, ten pilot OMNY Configurable Vending Machines ("CVMs") were rolled out in five active stations. To date, CVM sales have totaled \$2,423,889.

Purchasers of a 30-day or 7-day express unlimited ride MetroCard with a credit or debit card through the MVMs and MEMs are the beneficiaries of a free replacement if their MetroCards are lost or stolen, subject to a limit of two per holder per calendar year.

## **Relationships with the State, the City and the Federal Government**

*State and City.* MTA New York City Transit and MaBSTOA receive substantial amounts of funding for the operating costs of the Transit System from subsidies provided by the State and the City. In the calendar year 2023, State and City operating assistance, special tax supported subsidies and reimbursements for the Transit System constituted, on a cash basis, approximately 54% of the total pledged revenues of MTA New York City Transit and MaBSTOA; down from 55% in 2022. To the extent that future operating assistance from the State and City are subject to their receipt of tax revenues, the level of such funding may be affected by the general economic conditions in, and the financial condition of, the State and City. No assurance can be made that the State and City will continue to provide subsidies at the current level. See "PART 2. FINANCIAL INFORMATION – FINANCIAL PLANS AND CAPITAL PROGRAMS – Background and Development of Capital Programs – *Risks Associated with Capital Program Funding*".

In addition to the operating and capital assistance received by MTA New York City Transit and MaBSTOA from the City, MTA New York City Transit and MaBSTOA are dependent upon the City for the maintenance and repair of City-maintained bridges, streets and other infrastructure necessary for the operation of the Transit System. Water main breaks and other infrastructure problems, including problems on bridges, have in the past and may in the future cause service disruptions.



City infrastructure problems that restrict or preclude service on the Transit System could decrease ridership and revenue levels of the Transit System. The materiality of any such decrease would depend on the nature, severity and duration of the service interruptions.

*Federal.* MTA New York City Transit and MaBSTOA also receive substantial amounts of funding for the capital costs of the Transit System from grants provided by the federal government. The federal government also supplied substantial capital funds for prior Transit Capital Programs. Federal operating assistance is not currently authorized by federal law for mass transit operations, including the Transit System. See “PART 2. FINANCIAL INFORMATION – FINANCIAL PLANS AND CAPITAL PROGRAMS – Background and Development of Capital Programs – *Risks Associated with Capital Program Funding*”.

*Other.* Officials of the State, City and federal governments and the Inspector General of MTA periodically conduct audits and reviews of the operations of MTA New York City Transit and MaBSTOA. Officers of MTA New York City Transit and MaBSTOA respond to these reports and adopt some of the recommendations made therein or take other appropriate remedial actions.

MTA New York City Transit and MaBSTOA are subject to regulation by federal and State agencies with responsibilities for safety. In general, they must maintain and equip their tracks and rolling stock in compliance with minimum standards, file reports with respect to certain accidents and incidents and respond to recommendations for improving transit system safety.

### **Safety Initiatives**

The MTA New York City Transit’s safety program is overseen by the Office of System Safety (OSS). Major goals of the safety program include the development, dissemination, and oversight of a comprehensive system safety program and Safety Management System (SMS). OSS issues policies and interpretations that define transit-wide and departmental safety requirements and provides technical support to ensure optimal safety performance. The OSS division’s major activities are:

1. Investigating major industrial, rail and bus incidents
2. Reducing Subway Fires and Assessing Engineering Designs
3. Assessing Employee and Customer Hazards
4. Ensuring Compliance with Safety Regulations
5. Controlling Hazardous Materials
6. Analyzing and Reporting Key Performance Indicators (KPI)
7. Chair the Joint Labor/Management Track Safety Task Force

In 2023, significant safety initiatives included creating (1) the Safety Oversight & Compliance Support Division to support the significantly expanded State Safety Oversight activity and evolving FTA requirements; and (2) a joint labor-management Safety Committee per Bipartisan Infrastructure Law changes to 49 U.S.C. § 5329(d) to identify safety deficiencies, recommend risk-based mitigations to improve safety analysis, and review the effectiveness of existing mitigations, as well as performing hazard analyses in support of the platform barrier initiative to improve customer safety. MTA New York City Transit also implemented a number of pilot initiatives to improve the safety of its customers and front line employees including (1) fixed platform barriers, (2) installation of bollards on platform at the conductor’s position, (3) installation of cameras within customer cabin of subway cars, and (4) installation of cameras both in the conductor’s cab and on platforms directed at the location of the conductor’s position.

### **Transit System (MTA New York City Transit and MaBSTOA) Ridership**

*Factors Affecting Ridership.* Some of the Transit System ridership changes in the past few years have been attributable to the changes in the economy, including work from home and commuting patterns, and the COVID-19 pandemic. Overall ridership changes are also attributable to a number of other factors as follows:

New bus routes and subway stations, and increased frequency of service, can lead to increased ridership. Since 2014, levels of service have changed based on financial circumstances and demand. For example, in 2013 and 2014, MTA New York City Transit restored some of the bus service eliminated due to financial circumstances in 2010 and added four new bus routes. In 2015, service on the No. 7 line was extended to 34th Street-Hudson Yards and two new Select Bus Service routes were established. In 2016, an additional two Select Bus Service routes were added, followed by two additional routes added in 2017, one in 2018 and two in 2019. On January 1, 2017, Phase One of the Second Avenue Subway began service, with Q train service running from three newly opened stations (96th Street, 86th Street, 72nd

Street) to 63rd Street, and continuing through Manhattan and into Brooklyn. In November 2018, the WTC Cortlandt Street station reopened for the first time since 2001.

Competing transportation modes, such as taxis, services such as Uber and Lyft, licensed and unlicensed vanpools, private car and bus services and charter operators, and Citi Bike can all result in lower ridership, depending on their respective costs and levels of service.

Ridership is also affected by the public's perception of security and order in the Transit System. Security around the Transit System has been increased since the terrorist attacks on the World Trade Center. The public's perception of security and order is also affected by the presence of homeless people, illegal vendors and fare evaders in the Transit System. MTA New York City Transit, MTAPD and the NYPD have taken significant steps over the past three decades to address these problems. These include instituting an outreach program to transport the homeless from the Transit System to City shelters, increasing the uniformed police presence throughout the Transit System and reducing fare evasion and serious crimes. Police presence has been important to reductions in subway crime and fare evasion. The fare evasion rate fell to 9.6% in 2021, which was considerably lower than the 12.5% rate in the second half of 2020. The fare evasion survey had been suspended during most of 2020 and the first half of 2020. In 2023, the fare evasion rate declined to 12.68%, a decrease of 0.23% from 12.9% in 2022.

City employment levels generally have a significant impact on the level of subway ridership. From 2015 to 2019, City employment increased 8.2%, compared to a 3.5% subway ridership decrease over the same period. In 2020 both employment and ridership decreased from 2019, largely due to the impacts on restaurants, retail stores, entertainment and recreation businesses caused by the COVID-19 pandemic, and the extensive adoption of remote working. The 2021 subway ridership increase over 2020 was due to a decline in remote working caused in significant part to the return of workers to the office in person and far exceeded employment growth, which was up only 0.73% from 2020. In 2022, there was a 7% increase in employment, which partly contributed to a subway ridership increase. The ridership increase was mainly due to an increase in workers returning to their offices in the City. Subway ridership continued to increase (by 13.7%) as a result of additional workers returning to their offices in the City in 2023 despite a moderate 2.6% increase in employment for the same period.

Interruptions to service or temporary closures of lines resulting from major capital improvement projects to the Transit System by MTA Construction and Development or service disruptions caused by City infrastructure problems not under the control of MTA Construction and Development or from repairs to or rehabilitation of City infrastructure by the City or its agencies could adversely impact ridership and revenues. The effect would depend on the nature, severity and duration of the service interruptions. For example, among the factors contributing to the 2017 and 2018 subway ridership declines were several major construction projects underway in 2017 and 2018 and more maintenance work resulting in off-peak and weekend service changes.

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*Historical Ridership.* The following table sets forth annual ridership on the Transit System since 2014 and the percentage increase or decrease in each year.

**Revenue Passengers<sup>(1)</sup>**  
**(in thousands)**

Years	Subway	Subway Increase/ (Decrease)	Bus	Bus Increase/ (Decrease)	Para- Transit <sup>(2)</sup>	Paratransit Increase/ (Decrease)	Total Revenue Passengers <sup>(3)</sup>	Total Increase/ (Decrease)
2014	1,751,288	2.6	667,051	(1.6)	8,884	(4.1)	2,427,223	1.4
2015	1,762,565	0.6	650,682	(2.5)	8,829	(0.6)	2,422,076	(0.2)
2016	1,756,815	(0.3)	638,413	(1.9)	8,938	1.2	2,404,166	(0.7)
2017	1,727,367	(1.7)	602,620	(5.6)	8,585	(3.9)	2,338,572	(3.4) <sup>(4)</sup>
2018	1,680,060	(2.7)	569,361	(5.5)	9,867	14.9	2,259,288	(3.4) <sup>(4)</sup>
2019	1,697,787	1.1	557,037	(2.2)	10,918	10.6	2,265,742	0.3
2020	639,541	(62.3)	208,847	(62.5)	7,117	(34.8)	855,505	(62.2) <sup>(5)</sup>
2021	759,977	18.8	311,894	49.2	7,813	9.8	1,079,684	26.2
2022	1,013,425	33.3	343,093	10	9,100	16.5	1,365,618	26.5
2023	1,151,998	13.7	340,766	(0.7)	11,066	20.9	1,503,830	10.1

- (1) “Revenue Passengers” are defined as all passengers for whom revenue is received, either through direct fare payment (cash, MetroCards, OMNY) or fare reimbursements (senior citizens, school children and the physically disabled). “Revenue Passengers” statistics count passengers that use a free intermodal or bus-to-bus transfer as an additional passenger though they are not paying an additional fare.
- (2) Paratransit ridership includes trips made by personal care attendants and guests.
- (3) Includes subway, bus and paratransit.
- (4) Factors contributing to the 2017 and 2018 subway ridership declines include several major construction projects underway in 2017 and 2018 and more maintenance work resulting in off-peak and weekend service changes.
- (5) Ridership decline in 2020 reflects the COVID-19 pandemic.

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## Transit System Fares

Since September 1975 when the base fare was 50 cents, the base fare charged for use of the Transit System has been raised twelve times. The most recent fare increase, which became effective August 20, 2023, increased the base fare to \$2.90.

### Historical Fare Information

Year	CPI <sup>(1)</sup>	Base Fare	Base Fare Real Fare \$ <sup>(2)</sup>	Average Fares <sup>(3)</sup>	Non-Student Average Fares <sup>(4)</sup>
2014	260.2	2.50	0.916	1.704	1.799
2015 <sup>(6)</sup>	260.6	2.75	1.006	1.773	1.867
2016	263.4	2.75	0.995	1.803	1.896
2017 <sup>(7)</sup>	268.5	2.75	0.976	1.886	1.980
2018	273.6	2.75	0.958	1.936	2.026
2019 <sup>(8)</sup>	278.2	2.75	0.942	1.998	2.09
2020	282.9	2.75	0.927	2.259	2.338
2021	292.3	2.75	0.897	2.118	2.192
2022	310.1	2.75	0.845	2.130	2.244
2023 <sup>(9)</sup>	322.0	2.90	0.859	2.191	2.294

<sup>(1)</sup> CPI All Urban Consumers, New York, N.Y. – Northeastern N.J.; 1982-84=100.0. The Consumer Price Index (“CPI”) levels listed are the annual average for each year.

<sup>(2)</sup> Base fare after adjusting for inflation since 1982 (1982 CPI = 95.3).

<sup>(3)</sup> Total farebox revenue divided by revenue passenger trips (including students). Average fares in the table are for the full year.

<sup>(4)</sup> Non-student revenue divided by revenue passenger trips (excluding students).

<sup>(5)</sup> Effective March 3, 2013, the base fare increased from \$2.25 to \$2.50, the express bus fare increased from \$5.50 to \$6.00, the bonus on Pay-Per-Ride MetroCards was changed from 7% on purchases of \$10.00 or more to 5% on purchases of \$5.00 or more and 7-day and 30-day unlimited-ride MetroCard fares increased. Average fare shown in table is for full year.

<sup>(6)</sup> Effective March 22, 2015, the base fare increased from \$2.50 to \$2.75, the express bus fare increased from \$6.00 to \$6.50, the bonus on Pay-Per-Ride MetroCards was changed from 5% on purchases of \$5.00 or more to 11% on purchases of \$5.50 or more, 7-day and 30-day unlimited-ride MetroCard fares increased, and the 7-day Express Bus Plus MetroCard increased. Average fare shown is for full year.

<sup>(7)</sup> Effective March 19, 2017, 7-day and 30-day unlimited-ride MetroCard fare increased, the 7-day Express Bus Plus MetroCard increased, and the MetroCard bonus on purchases of \$5.50 or more decreased from 11% to 5%.

<sup>(8)</sup> Effective April 21, 2019, the express bus fare increased from \$6.50 to \$6.75, 7-day and 30-day unlimited-ride MetroCard fares increased, the 7-day Express Bus Plus MetroCard increased, and the 5% MetroCard bonus on purchases of \$5.50 or more were eliminated.

<sup>(9)</sup> Effective August 20, 2023, the base fare increased from \$2.75 to \$2.90, the express bus fare increased from \$6.75 to \$7.00 and 7-day and 30-day unlimited-ride MetroCard fares increased and the 7-day Express Bus MetroCard increased.

MTA New York City Transit currently offers the following OMNY discount program: a weekly fare cap which provides that, once a customer has used OMNY (with the same card or electronic device) to pay for 12 trips during a one week period (beginning on any day), they ride free for the rest of the 7-day period.

MTA New York City Transit offers the following MetroCard discount programs as of April 21, 2019, which was the last day such discount programs were adjusted:

- free intermodal (subway-to-bus and bus-to-subway) transfers;
- unlimited-ride 7-day and 30-day passes;
- unlimited-ride 7-day combined express bus and regular bus and subway pass;
- free fare student program;
- half-fare programs for senior citizens and persons with disabilities; and
- free replacement of lost or stolen unlimited-ride 30-day and 7-day express passes (limit of two per calendar year per holder) if the holder paid by credit or debit card.

## Transit System Performance and Level of Service

*Subway System Performance and Level of Service.* A number of measures are used to quantify Transit System performance and the level of Transit System service, including total vehicle miles traveled (“VMT”), on-time performance and mean distance between failures (“MDBF”), which are discussed in further detail below.

Beginning in 2018, MTA New York City Transit reversed recent declines in system performance, and these improvements continued in 2022, with 2023 reaching a 10-year high in on time performance when excluding the years affected by the COVID-19 pandemic. 2023 weekday terminal on-time performance was 82.9%, a dramatic improvement compared to 63.4% for the year 2017. These improvements reflect many factors, including improved asset condition from the Subway Action Plan that began in 2017, faster emergency response when incidents do occur, and numerous strategies to speed service, and reduce delays.

The following table shows the VMT for subways since 2014.

### Vehicle Miles Traveled by Subways

Year	Subway VMT (in millions)	% Increase / (Decrease)
2014	356	0.0
2015	356	0.0
2016	358	0.6
2017	360	0.6
2018	359	(0.3)
2019	355	(1.1)
2020	325	(8.5)
2021	345	6.2
2022	349	1.1
2023	355	1.7

Subway vehicle miles traveled ranged above 350 million vehicle miles in pre-pandemic years. The pronounced decrease observed in 2020 was primarily due to reduced service operated across the system between March and June due to the COVID-19 pandemic. The pandemic adversely impacted staff availability which resulted in lower VMT in 2022 compared to 2019. VMT increased in 2021 and again in 2022. In 2019, the decline in vehicle service miles was attributable to the Hurricane Sandy related repairs on the L line, which reduced evening and weekend service. In 2016, the increase in VMT was mostly due to the 7 Line Extension functioning on a full year basis, versus a partial year basis in 2015.

The Transit Capital Program has necessitated and will continue to necessitate temporary service disruptions that adversely affect certain aspects of Transit System performance. These disruptions are required to facilitate work on certain capital projects. Such disruptions include the rerouting of subway trains, the closing of either part or all of certain passenger stations, cessation of either local or express service, train delays and reduction of train speeds.

Subway MDBF represents total revenue car miles divided by the number of car failures. A car failure is any incident, including delays, relating to equipment in revenue service that is attributable to that equipment and/or its maintenance.

The following table shows subway MDBF since 2014.

**Subway MDBF**

Year	(in miles)	% Increase/ (Decrease)
2014	141,202	(7.9)
2015	131,325	(7.0)
2016	112,208	(14.6)
2017	121,220	8.0
2018	121,116	(0.1)
2019	127,743	5.5
2020	146,297	14.5
2021	150,363	2.8
2022	139,081	(7.5)
2023	124,877	(10.2)

Subway MDBF improvements are attributable to many factors, including increased supervision and management control of the MTA New York City Transit work force, improved maintenance and inspection procedures, better training of employees, and the influx of replacement and overhauled subway cars funded through the capital program. The Scheduled Maintenance System (the “Scheduled Maintenance System”) program is the agency’s primary means of maintaining fleet reliability. Under the Scheduled Maintenance System, important car components and subsystems are overhauled or replaced at regular intervals – every six years for most subsystems.

In 2023, MDBF decreased after peaking in 2021. Some of the fluctuation in MDBF was due to the timing of car purchases, which led to an increase in the average age of the fleet between 2011 and 2016, prior to the introduction of new R179 and R188 cars. Improvements in MDBF are attributable to a variety of factors, including focus on replacing specific car components with high failure rates, and initiatives included in the Subway Action Plan such as more frequent Scheduled Maintenance System cycles. In 2020, the remaining R42 cars were retired and the R32 fleet ended regular service, removing the two oldest fleets with the lowest MDBF from service. By the end of 2020, all 318 R-179 rail cars were delivered and in service. In January 2018, a contract was awarded for the purchase of 535 new R-211 rail cars for both the subway and Staten Island Railway, with options for additional rail cars; delivery of these rail cars began in late 2022. The first R211 cars began operating in 2023, but they are not yet included in MDBF calculations. As more cars are delivered and the R46s cars, which are currently the oldest in MTA New York City Transit’s fleet, are retired, MDBF is expected to increase.

*Bus System Performance and Level of Service.* Bus MDBF measures the average rate of bus failure in terms of miles of operation. While declining bus MDBF affects the quality of bus service, it generally is not expected to have as significant an impact on bus ridership as subway MDBF has on subway ridership, since the breakdown of one bus generally does not affect the operations of other buses on the same route.

There was an overall increase in bus MDBF from the beginning of the capital program process through 2020, with MDBF reaching record levels before declining in 2021 and 2022. MDBF improved from an average of 4,618 miles in 2015 to 8,390 miles in 2020, a cumulative improvement of 81.7% during that period. The MDBF performance improvements since 2014 resulted from a variety of factors, including improved maintenance practices, a focus on data-driven solutions, and integrating new buses into the fleet. A large number of overage buses (i.e., older than their twelve-year expected useful life, resulting in lower reliability) were replaced in 2015 and 2016 under the 2010-2014 Capital Program, with additional buses delivered between 2017 to 2019. The new buses have improved reliability relative to the models they replaced, thanks to focused efforts by MTA New York City Transit to review new fleets and introduce new technologies.

MDBF declines in 2021 and 2022 were due to COVID-19 related quality issues new buses with lower performance than expected. In addition, the remaining deliveries from the 2015-2019 Capital Program anticipated to replace over-age busses was delayed due to COVID-19 resulting in buses operating beyond their expected life and with reduced reliability.

MDBF for new buses showed improvements in year 2023, however it had not yet reached its desired level. Continued delays in new bus deliveries led to multiple over-age buses remaining in service which contributed to a slight decline in overall 2023 NYCT MDBF performance compared to 2022. Furthermore, the Maintenance Shop Program was

revised due to the pandemic which has resulted in buses entering the Maintenance Shop Program later than planned. New York City Transit is working closely with the manufacturers to address these issues and maintain sustainability on the remaining and new deliveries under the 2020-2024 Capital Program.

The following table shows bus MDBF since 2014.

<b>Bus MDBF</b>		
Year	(in miles)	% Increase/ (Decrease)
2014	4,221	(14.6)
2015	4,618	9.4
2016	5,957	29.0
2017	6,225	4.5
2018	6,244	0.3
2019	7,967	27.6
2020	8,390	5.3
2021	7,647	(8.9)
2022	6,963	(8.9)
2023	6,843	(1.7)

Numerous schedule and route adjustments have been and continue to be made to better match bus availability to passenger demand. The following table shows the VMT for buses since 2014.

<b>Vehicle Miles Traveled by Buses</b>		
Year	(in millions)	% Increase/ (Decrease)
2014	116	(0.5)
2015	117	0.9
2016	118	0.9
2017	118	0.0
2018	118	0.0
2019	120	1.7
2020	110	(8.9)
2021	112	1.8
2022	114	1.8
2023	115	0.9

From 2014 to 2019 VMT was quite stable, with values within a range of 116 to 120 million vehicle miles traveled. The lower VMT in 2022 as compared to 2019 is due to less revenue operator availability resulting from the lingering impacts of the COVID-19 pandemic and a lengthy agency hiring freeze. After the significant decline in 2020, VMT has continued to increase from 2021 to 2023.

Additional performance metrics can be found on the “MTA performance metrics” page on MTA’s website at <https://metrics.mta.info/>. No portion of MTA’s website is included by cross-reference in this ADS.

**MTA BUS COMPANY**

**(popular name – MTA Bus)**

**Legal Status and Public Purpose**

MTA Bus was created as a public benefit corporation subsidiary of MTA in 2004. At its meeting in December 2004, the MTA Board approved a letter agreement with the City with respect to MTA Bus’s establishment and operation of certain bus routes (the “MTA Bus Routes”) in areas then served by seven private bus companies pursuant to franchises granted by the City. The 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 Routes;
- The City pays MTA Bus the difference between the actual cost of operation of the MTA Bus Routes (other than certain capital costs) and all revenues and subsidies received by MTA Bus and allocable to the operation of the MTA Bus Routes; and
- 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.

MTA Bus completed the consolidation of the seven bus lines in the first quarter of 2006. As discussed under “PART 2. FINANCIAL INFORMATION – FINANCIAL PLANS AND CAPITAL PROGRAMS”, the CPRB and MTA have included certain capital funding for MTA Bus in the 2000-2004 and subsequent MTA Capital Programs.

Effective as of April 1, 2006, MTA Bus pledged its operating revenues to the Trustee under the Transportation Resolution and became a signatory to the Interagency Agreement securing the Transportation Revenue Bonds. All or a portion of MTA Bus's capital needs may be financed from the proceeds of the Transportation Revenue Bonds. The City is not responsible for paying debt service on bonds issued by MTA for the benefit of MTA Bus in connection with the 2000-2004 and 2005-2009 MTA Capital Programs. However, the debt service expense associated with bonds issued by MTA for the benefit of MTA Bus in connection with the 2010-2014 and 2015-2019 Capital Programs is billable to the City. In addition, debt service expenses relating to the approved 2020-2024 Capital Program will be submitted to the City for reimbursement to MTA Bus and MTA.

## **Management**

The President of MTA New York City Transit is also the President of MTA Bus. A brief biography of MTA New York City Transit's president can be found in “PART 1. BUSINESS – GOVERNANCE AND OPERATIONS – Management”.

## **Description of the MTA Bus System**

MTA Bus presently operates bus service on 44 local routes in the Bronx, Brooklyn and Queens, 43 express routes between Manhattan and the Bronx, Brooklyn and Queens and three Select Bus Service routes in Queens. In calendar year 2023, over 86 million revenue passengers used the MTA Bus System. As of December 31, 2023, the MTA Bus System employed 3,663 persons. MTA Bus currently operates 513 express buses, 355 low-floor hybrid electric local buses, 220 low-floor compressed natural gas standard buses, 125 clean diesel standard buses and 141 articulated clean diesel local buses. The bus fleet age fluctuates based on the number of new buses being purchased and how many over-age buses remain in service. The MTA Bus System operates on a continuous basis, although certain bus routes are not in service the entire day and frequency of service varies by route and time of day.

*Fare Collection.* For a description of MTA Bus fare collection, see “– TRANSIT SYSTEM – Description of the Transit System – *Fare Collection*” above.

## **MTA Bus Ridership**

*Factors Affecting Ridership.* The factors affecting MTA Bus ridership are similar to those affecting MTA New York City Transit. For a description of such factors, see “– TRANSIT SYSTEM – Transit System (MTA New York City Transit and MaBSTOA) Ridership – *Factors Affecting Ridership*” above.

*Historical Ridership.* The following table sets forth annual ridership for MTA Bus since 2014 and the percentage increase or decrease in each year.



**Revenue Passengers<sup>(1)</sup>**  
**(in thousands)**

<u>Years</u>	<u>Ridership</u>	<u>Bus Increase/ (Decrease)</u>
2014	125,581	0.5
2015	125,400	(0.01)
2016	125,617	0.2
2017	122,214	(2.7)
2018	121,448	(0.6)
2019	120,552	(0.8)
2020	45,921	(61.9) <sup>(2)</sup>
2021	71,431	55.6
2022	82,601	15.6
2023	86,216	4.4

- <sup>(1)</sup> “Revenue Passengers” are defined as all passengers for whom revenue is received, either through direct fare payment (cash, MetroCards, OMNY) or fare reimbursements (senior citizens, school children and the physically disabled). “Revenue Passengers” statistics count passengers that use a free intermodal or bus-to-bus transfer as an additional passenger though they are not paying an additional fare.
- <sup>(2)</sup> Ridership decline in 2020 reflects the COVID-19 pandemic.

**Fares**

MTA Bus offers the same discount and bonus programs as MTA New York City Transit and adheres to the same fare structure, including pricing for passes, as MTA New York City Transit. See “Transit System (MTA New York City Transit and MaBSTOA) — *Fares*” above.

**MTA Bus Performance and Level of Service.**

Buses ran an average of 7,169 miles between mechanical breakdowns during 2023, a 6% increase over a 6,766 average MDBF for 2022.

The following table shows MTA Bus MDBF for the past ten years.

**Bus MDBF**

<u>Year</u>	<u>(in miles)</u>	<u>Increase/ (Decrease)</u>
2014	5,366	(3.3)
2015	5,741	7.0
2016	7,271	26.7
2017	7,479	2.9
2018	7,506	0.4
2019	7,117	(5.2)
2020	7,893	10.9
2021	7,001	(11.3)
2022	6,766	(3.4)
2023	7,169	6.0

The following table shows total actual vehicle miles traveled by MTA Bus for the past ten years.

**Total Actual Vehicle Miles Traveled by MTA Bus  
(in millions)**

<u>Year</u>	<u>VMT</u>	<u>Increase/ (Decrease)</u>
2014	36.4	0.0
2015	36.8	1.1
2016	37.1	0.8
2017	36.9	(0.5)
2018	36.9	0.0
2019	37.0	0.3
2020	35.4	(4.4)
2021	35.9	1.4
2022	35.9	0.0
2023	36.0	0.1

Additional performance metrics can be found on the “MTA performance metrics” page on MTA’s website at <https://metrics.mta.info/>. No portion of MTA’s website is included by cross-reference in this ADS.

**STATEN ISLAND RAPID TRANSIT OPERATING AUTHORITY**

**(popular name – MTA Staten Island Railway)**

**Legal Status and Public Purpose**

MTA Staten Island Railway was created as a public benefit corporation subsidiary of MTA in 1970. MTA Staten Island Railway is responsible for the operation of a rapid transit railroad system on Staten Island pursuant to a lease and operating agreement with the City.

**Management**

The President of MTA New York City Transit is also the President of MTA Staten Island Railway. A brief biography of MTA New York City Transit’s president can be found in “PART 1. BUSINESS – GOVERNANCE AND OPERATIONS – Management”.

**Description of MTA Staten Island Railway**

MTA Staten Island Railway service runs 24 hours daily between the St. George and Tottenville stations. At the St. George station, customers can make connections with Staten Island Ferry service. Fares are charged only to customers exiting at the St. George or Tompkinsville stations. Farebox revenue was \$6,661,698 for 2019, \$2,343,411 for 2020, \$2,375,948 in 2021, \$3,174,012 in 2022 and \$3,618,365 in 2023. MTA Staten Island Railway’s capital needs are funded as a part of the Transit Capital Program approved by the CPRB and its operating losses are funded by the City and/or MTA.

**COMMUTER SYSTEM**

**(popular names – MTA Long Island Rail Road and MTA Metro-North Railroad)**

**Legal Status and Public Purpose**

*MTA Long Island Rail Road.* Through MTA Long Island Rail Road, MTA operates commuter railroad service between the City and Long Island and within Long Island (the “MTA Long Island Rail Road Commuter Service”).

MTA Long Island Rail Road was incorporated as a privately-held railroad company in 1834. In 1966, MTA acquired all of the capital stock of MTA Long Island Rail Road from its parent, the Pennsylvania Railroad Company. In February 1980, MTA Long Island Rail Road’s Certificate of Incorporation was amended to convert it into a subsidiary public benefit corporation of MTA. MTA Long Island Rail Road owns, leases or has easements or other rights to the

rolling stock, physical plant and equipment material to its operations. It is noted that the lease between the Atlantic Avenue Railroad Company of Brooklyn and MTA Long Island Rail Road, dated March 26, 1877 (the “Atlantic Avenue Lease”) expired by its terms in 2000 and has not been renewed. MTA Long Island Rail Road continues to operate service on the tracks covered by the Atlantic Avenue Lease.

*MTA Metro-North Railroad.* Through MTA Metro-North Railroad, MTA operates the New Haven Line (pursuant to a service agreement with CDOT) and the Harlem and Hudson commuter rail services (collectively, the “MTA Metro-North Commuter Service”) and subsidizes and performs certain other services relating to the State portion of the Port Jervis and Pascack Valley Lines operated, pursuant to a service agreement, by NJ Transit. The MTA Metro-North Commuter Service provides service between the City and the northern New York suburban counties of Westchester, Putnam and Dutchess and from the City through New Haven and Fairfield Counties in the southern portion of Connecticut to New Haven, Connecticut. The Port Jervis and Pascack Valley Lines provide service from the northern New York suburban counties of Orange and Rockland to northern New Jersey and the City (known as “West of Hudson“ service). MTA Metro-North Railroad also contracts out ferry services connecting to Rockland County and Orange County.

MTA Metro-North Railroad was incorporated on September 22, 1982 as a subsidiary public benefit corporation of MTA. MTA or MTA Metro-North Railroad owns, leases or has easements or other rights to the rolling stock, physical plant and equipment material to the operation of the Harlem and Hudson Lines, and to the physical plant and equipment material to the operation of the State portion of the New Haven Line. On February 28, 2020, MTA closed on the purchase of Grand Central Terminal, and the Harlem and Hudson railroad lines for approximately \$33 million. These properties were formerly held under a long-term lease. With respect to the New Haven Line, MTA or MTA Metro-North Railroad owns approximately 35% of the non-diesel rolling stock and CDOT owns the remainder.

The New Haven Line is operated by MTA Metro-North Railroad pursuant to the terms of an Amended and Restated Service Agreement dated as of June 21, 1985, among Connecticut (by CDOT), MTA and MTA Metro-North Railroad (the “ARSA”). Under the provisions of the ARSA, at the expiration of each term, it is automatically extended for five years, subject to the right of CDOT or MTA to terminate the ARSA on 18 months’ written notice. The current term of the ARSA expires December 31, 2024.

The Port Jervis and Pascack Valley Lines are operated by NJ Transit pursuant to the terms of an Agreement for Operation dated as of July 27, 2006, and amended as of February 8, 2022, between NJ Transit and MTA Metro-North Railroad (the “AFO”), the initial term of which expired on June 30, 2012. Under the provisions of the AFO, at the expiration of each term, it is automatically extended for an additional year, subject to the right of NJ Transit or MTA Metro-North Railroad to terminate the AFO by no later than March 15, in which case the AFO will terminate on June 30 of that same year.

## **Management**

A brief biography of MTA Long Island Rail Road’s and MTA Metro-North Railroad’s presidents can be found in “PART 1. BUSINESS – GOVERNANCE AND OPERATIONS – Management”.

## **Description of the Commuter System**

MTA Long Island Rail Road Commuter Service and MTA Metro-North Commuter Service are the two largest commuter railroad services in the nation. MTA Long Island Rail Road uses 19 yards, two major repair shops and one support facility. In providing the Metro-North Commuter Railroad Service, MTA Metro-North Railroad uses 10 yards, Grand Central Terminal, two major repair shops and four support facilities. The commuter services operate every day of the year, although frequency of service varies by route, day of the week and time of day. The following table further details the MTA Long Island Rail Road Commuter Service and the MTA Metro-North Commuter Service.

**MTA Long Island Rail Road and MTA Metro-North Commuter Service  
as of December 31, 2023<sup>(1)</sup>**

	Stations	Actual Route Miles	Main Line Track Miles	Passenger Cars
MTA Long Island Rail Road	126	332.9 <sup>(2)</sup>	757.4 <sup>(3)</sup>	1,216 <sup>(4)</sup>
MTA Metro-North Railroad	<u>112</u>	<u>285.5</u>	<u>708.0<sup>(5)</sup></u>	<u>1,084</u>
Totals	238	618.4	1,465.4	2,300

- (1) Certain of the stations, track and passenger cars are not owned by MTA, MTA Long Island Rail Road or MTA Metro-North Railroad.
- (2) Revenue Guideway Segment totals updated to include Grand Central Madison by adding 3.86 route miles and 10.65 track miles. Confirmation of updated milepost start/end points may change the numbers. Total Track Miles is 530.5.
- (3) MTA Long Island Rail Road track miles total include all MTA Long Island Rail Road branches and track types (main, yards, sidings, freight, and secondary) as well as track that is owned by Amtrak or maintained by New York and Atlantic Railway.
- (4) The number of MTA Long Island Rail Road passenger cars includes 10 M-7s that are not usable and all 100 M3 cars available at the end of 2023.
- (5) Includes 40.96 miles along the Beacon Line, which has now been railbanked and is not in service.

**Relationships with the State, Certain Local Governments and the Federal Government**

*State and Local Governments.* MTA receives substantial amounts of funding for the operating and capital costs of the Commuter System from appropriations and subsidies provided by the State and certain local governments; typically, that support provides between 45% – 49% of the Commuter System’s revenues. To the extent that future operating assistance and the funding of the capital costs of subsequent capital programs projected to be funded by the State are subject to its receipt of tax revenues and the making of annual appropriations, the level of such funding may be affected by the current economic conditions in, and the financial condition of, the State.

*Federal.* MTA also receives substantial amounts of funding for the capital costs of the Commuter System from grants provided by the federal government.

*Other.* Officials of the State, and federal governments and the Inspector General of MTA periodically conduct audits and reviews of the operations of MTA Long Island Rail Road and MTA Metro-North Railroad. Officers of MTA Long Island Rail Road and MTA Metro-North Railroad respond to these reports and adopt some of the recommendations made therein or take other appropriate remedial actions.

MTA Long Island Rail Road and MTA Metro-North Railroad are subject to regulation by federal and State agencies. In general, they must maintain and equip their roadbed and rolling stock in compliance with minimum standards, file reports with respect to certain accidents and incidents and respond to recommendations for improving Commuter System safety.

**Safety Initiatives**

In 2023, MTA Metro-North Railroad continued to implement safety initiatives to enhance its efforts to ensure a safe work environment. MTA Metro-North Railroad’s goal is a 100% incident-free operation, and it focuses on continuous safety improvement to achieve this through its System Safety Program Plan. MTA Metro-North Railroad has a robust safety program over the past decade, including cameras on rolling stock, Positive Train Control, public outreach, and employee training.

The MTA Metro-North Railroad’s safety program is overseen by The Office of System Safety. In 2022, MTA Metro-North Railroad’s System Safety Program Plan (“SSPP”) was submitted to the FRA for approval as required by FRA regulations. The System Safety Program Plan (“SSPP”) was approved by the FRA on April 28, 2022.

Examples of recent safety initiatives at MTA Metro-North Railroad include:

- **Cameras on Rolling Stock:** On-board camera systems have capacity for 30 days of continuous recording. The on-board cameras assist MTA Metro-North Railroad in accident/incident investigation and are also used by management in carrying out efficiency testing and system-wide performance monitoring programs.

- **First Responder Training:** The program teaches first responders how to respond to incidents involving MTA Metro-North Railroad and provides guidance on safe operations around railroad equipment and the right-of-way. In 2023, 1,400 first responders were trained in Passenger Train Emergency Response procedures.
- **Public Safety Outreach:** MTA Metro-North Railroad continued its ongoing public safety outreach efforts. TRACKS (Together Railroads and Communities Keeping Safe) is a community outreach program focused on educating people about safety on and near railroad grade crossings and tracks. It includes delivery of programs on-site (to schools, community groups, etc.), communications campaigns, and provision of materials/resources through the TRACKS website. During 2023, the program delivered outreach to over 69,000 individuals through in-person TRACKS events and making over 900,000 contacts via the TRACKS website and social media. As one example of a special rail safety event, MTA Metro-North Railroad participated in the 6th Annual U.S. Rail Safety Week (September 18-24, 2023); activities included customer safety day, safety outreach to the public at stations and grade crossings, as well as through virtual platforms and social media.
- **Safety Leadership Structure:** Safety Committees covering all six districts throughout MTA Metro-North Railroad's territory ensure continuity of communication from the district level to the local level. In 2023, the Office of System Safety addressed and closed out 127 employee safety concerns. The overall goal of the safety leadership structure is to ensure communication and safety awareness at all levels of MTA Metro-North Railroad, from the President to front-line employees.
- **Grade Crossing Safety:** Through MTA Metro-North Railroad's partnership with the WAZE GPS application, drivers using the app are alerted to railroad crossings along their route with a real-time verbal alert and/or a hazard icon displayed on screen when the driver comes within 500 feet of the crossing.

The continuing goal of MTA Long Island Rail Road's corporate safety program is to work towards an accident-free workplace through the implementation of a comprehensive, sustainable, and measurable safety initiative designed to engage every level of the organization in promoting the value of safety. This initiative is a collaborative effort between the Corporate Safety Department; all MTA Long Island Rail Road operating, support, and administrative departments; and labor partners. Communication of safety as a core agency value begins at the highest executive levels and is constantly reinforced to all employees.

The Corporate Safety Department develops and oversees MTA Long Island Rail Road's comprehensive Safety Management System. On March 4, 2021, MTA Long Island Rail Road's SSPP was concurred upon by Senior Staff and submitted to the FRA for approval as required by the regulation. The SSPP was approved by the FRA on January 31, 2022. The MTA Long Island Rail Road Corporate Safety Department maintains and updates the plan, in addition to performing annual internal assessments in compliance with federal regulations.

Key 2023 safety initiatives included:

- Continued participation in CRS, a collaborative effort between management, labor, and the FRA, that provides a mechanism for employees to confidentially report "close calls" that could have resulted in operating and safety incidents.
- Continued working with MTA Headquarters, NYSDOT, Nassau and Suffolk counties, local government authorities, and a third-party consultant to develop improved safety measures at railroad grade crossings.
- Continued implementation of a "Safety Management Systems" approach to MTA Long Island Rail Road's overall safety program. The Safety Management Systems approach, which has been endorsed by the FTA, the FRA, the USDOT and other transportation authorities, supplements an engineering-centered process with increased attention to the "human element", data sharing, and measurements of safety performance.
- Continued screening of locomotive engineers for sleep disorders, including Obstructive Sleep Apnea.
- MTA Long Island Rail Road Safety program: T.R.A.C.K.S. (Together Railroads And Communities Keeping Safe) is a joint venture between MTA Long Island Rail Road's Corporate Safety Department and the MTA Police Department to reach out to schools, camps, day care and community groups. The programs stress the importance of safety at grade crossings and the dangers of being on or near the tracks. The T.R.A.C.K.S. program is a free program open to all schools, daycare centers, professional driver groups, civic, senior and fraternal organizations. Additionally, due to the COVID-19 pandemic, virtual social media technology was utilized to help keep the public informed of information pertaining to the T.R.A.C.K.S. program.

- Right of Way Task Force: The MTA Long Island Rail Road Corporate Safety department, in partnership with MTA Police Department combats trespassers, illegal debris dumping and encroachments along the right of way system wide. The Task Force conducts biannual inspections, performs trend analysis, and coordinates immediate responses to complaints along the tracks.
- Continued Customer Safety Awareness Days in partnership with NJ Transit, Amtrak, and MTA New York City Transit at Penn Station. Messaging focuses on “Let’s Travel Safely Together” highlighting how customer behaviors can help reduce customer accidents and injuries. Launched social media campaign focused on customer safety.
- MTA Long Island Rail Road has collaborated with the Long Island Suicide Coalition which includes NYS Office of Mental Health, Response Long Island and the Long Island Crisis Center. The group has worked together to engage customers at select stations throughout the years. Together the group designed a suicide awareness sign that has been installed at all 125 MTA Long Island Rail Road stations. In addition to the signage, the MTA Long Island Rail Road initiated a blue light strategy at select stations to deter suicide attempts at these locations.
- Quarterly “Safety FOCUS Days” across MTA Long Island Rail Road, each attended by approximately 4,000 employees. The President and Vice President of Corporate Safety also meet with a small group of frontline supervisors from various departments to discuss how they are experiencing safety in the field. The Corporate Safety Department also began issuing newsletters to help with promoting the awareness of rail incidents and the SSPP implementation.

### **Commuter System Ridership**

*Factors Affecting Ridership.* In recent years, the COVID-19 pandemic and its impact on the State and regional economy, the subsequent economic recovery, and changes in work-from-home and commuting patterns have had a significant impact on Commuter System Ridership. Also important are fare levels, which are discussed below.

Regional employment levels, primarily in the City, have a significant impact on commuter railroad ridership. See “TRANSIT SYSTEM – Transit System (MTA New York City Transit and MaBSTOA) Ridership – *Employment*” above.

Interruptions to service or temporary closures of lines resulting from major capital improvement projects to the Commuter System or service disruptions caused by infrastructure problems or projects not under the control of MTA Metro-North Railroad or MTA Long Island Rail Road could adversely impact ridership and revenues. The effect would depend on the nature, severity and duration of the service interruptions. For example, recent projects at Penn Station, including Penn Station Access and Penn Station Reconstruction, have required significant coordination between MTA Construction and Development, the commuter railroads, NJ Transit, and Amtrak.

Additionally, severe coastal flooding and erosion hazards and severe storm and wind, have had adverse effects on the Commuter System. Such events have impacted stations, trackway, traction power, train control and maintenance yard/shops, rail tunnels, wayside facilities and bridge and tunnel crossings, causing service disruptions.

Characteristics of performance potentially affecting ridership include on-time performance, the fleet’s MDBF, the number of standees and platform waiting time. Since implementation of the capital program began in early 1982, Commuter System performance as measured by those indicia has, on the whole, improved, although some of those indicia have shown declines during certain periods. In addition, as the Commuter Capital Program for rolling stock replacement progresses from its normal system replacement and the rolling stock is retired at the end of its useful life, further fluctuations may appear in various measures of Commuter System performance.

*Historical Ridership.* From 2014 to 2023, ridership on MTA Metro-North Railroad decreased by 27.7% and ridership on MTA Long Island Rail Road decreased by 28.7%. In 2023, MTA Metro-North Railroad ridership increased 23.6% from 2022, to 59.1 million and MTA Long Island Rail Road ridership increased 24.2% from 2022 to 65.2 million.

The following table details annual commuter services ridership over the last ten years and the percentage increase/(decrease) each year.

**Revenue Passengers<sup>(1)</sup>**  
**(in thousands)**

Year	MTA Long Island Rail Road	MTA Long Island Rail Road Percent Increase/(Decrease)	MTA Metro-North Railroad <sup>(2)</sup>	MTA Metro-North Railroad Percent Increase/(Decrease)
2014	85,868	3.0	82,975	1.4
2015	87,648	2.1	84,272	1.5
2016	89,352	1.9	84,808	0.6
2017	89,159	(0.2)	84,879	0.1
2018	89,773	0.7	84,911	0.0
2019	91,105	1.5	84,980	0.1
2020	30,310	(66.7)	26,577	(68.7) <sup>(3)</sup>
2021	35,037	15.6	30,102	13.3
2022	52,540	50.00	47,959	59.3
2023	65,239	24.2	59,127	23.6

<sup>(1)</sup> A single rider traveling to and from the same destination is counted as two revenue passengers. The number of revenue passengers is determined in part by ascribing an assumed frequency of use to holders of weekly and monthly commutation tickets.

<sup>(2)</sup> MTA Metro-North Railroad ridership totals do not include West of Hudson riders. In 2023, West of Hudson ridership on MTA Metro-North Railroad totaled 1,014,567 passengers.

<sup>(3)</sup> Ridership decline in 2020 reflects the COVID-19 pandemic.

In 2023, MTA Metro-North Railroad ridership increased by 11,303,160 customers, or 23.6% more than 2022, due to the availability of vaccines and testing and the continuation of return-to-work policies through most of the year. Ridership on the Hudson, Harlem and New Haven lines was up 21.2%, 22.6%, and 25.4%, respectively, from 2022. MTA Metro-North Railroad's annual West of Hudson ridership increased by 12.9% with the Port Jervis line up 9% and the Pascack Valley line up 18.5%.

In 2023, MTA Long Island Rail Road total ridership increased by 24.2%, or 12.7 million ridership gain from 2022. Non-Commutation ridership was up 25.6% with 39.5 million customers, and commutation ridership increased 22% with 25.7 million customers.

**Commuter System Fares**

The chart below identifies the years in which the base fares charged for the use of the Commuter System within the State have been raised. The most recent increase became effective on August 20, 2023, following the MTA Board's approval of an increase in fares for travel on MTA Long Island Rail Road and the State portion of MTA Metro-North Railroad. The following chart shows historical fare information from 2014.

Year	CPI <sup>(1)</sup>	MTA Long Island Rail Road		Harlem		MTA Metro-North Railroad Hudson		New Haven	
		Average Nominal Fare <sup>(2)</sup>	Real Fare 1982\$	Average Nominal Fare	Real Fare 1982\$	Average Nominal Fare	Real Fare 1982\$	Average Nominal Fare	Real Fare 1982\$
2014	260.2	7.67	2.81	7.08	2.59	8.65	3.17	8.00	2.93
2015	260.6	7.93	2.90	7.34	2.68	8.94	3.27	8.14	2.98
2016	263.4	7.97	2.88	7.39	2.68	9.00	3.26	8.27	2.99
2017	268.5	8.16	2.90	7.63	2.71	9.31	3.31	8.70	3.09
2018	273.6	8.25	2.89	7.69	2.68	9.38	3.27	8.78	3.06
2019	278.2	8.44	2.89	7.93	2.72	9.64	3.52	8.89	3.04
2020	282.9	8.99	3.03	8.09	2.76	10.31	3.52	8.94	3.05
2021	294.6	8.44	2.75	7.58	2.47	9.91	3.22	8.53	2.78
2022	310.1	8.71	2.68	8.15	2.40	10.33	3.17	9.33	2.87
2023	322.0	8.72	2.58	8.26	2.44	10.40	3.08	9.45	2.80

<sup>(1)</sup> CPI All Urban Consumers, New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, 1982-84=100.0. The CPI levels listed are the annual average for each year. This CPI value is sourced from the U.S. Bureau of Labor Statistics.

<sup>(2)</sup> Average Nominal Fare means the fare paid per ride, determined by dividing total passenger revenues by total revenue passengers.

CDOT, with the MTA Board's approval, has authorized implementation of increased fare levels for travel to and from Connecticut stations on a number of occasions. A cumulative increase of approximately 16.2% for New Haven Line fares for travel to or from stations located in Connecticut was phased in, beginning January 1, 2012 (5.3%), with additional increases on January 1, 2013 (5.04%) and January 1, 2014 (5.04%). Another cumulative fare increase was phased in, which commenced as of January 1, 2015 (1.0%), with an additional increase on January 1, 2016 (1.0%). On

December 1, 2016, a 6% increase was implemented, which subsumed the previously planned 1.0% increase that was to have occurred on January 1, 2017. Another 1.0% was implemented on January 1, 2018. Effective November 1, 2023, CDOT implemented a fare increase of up to 4.5% on Monthly and Weekly tickets and up to 10% increase on all other ticket types. This increase was consistent with the August 20, 2023 increase for travel in the State of New York.

MTA Long Island Rail Road and MTA Metro-North Railroad offer several discounts that enable customers to purchase transportation at fares below the cost of a one-way peak ticket. Discounted fares are available based on the ticket type (e.g., Monthly, Weekly, 10-Trip Off Peak, One-Way Off-Peak, Group, Family, Child, CityTicket, and Military) and the purchase option selected (e.g., Commuter Benefit Programs, Buy Before Boarding).

**Commuter System Performance and Level of Service**

The following table shows on-time performance for MTA Long Island Rail Road and MTA Metro-North Railroad for the last ten years.

**On-Time Performance (%)**

Year	MTA Metro-North Railroad	
	MTA Long Island Rail Road	MTA Metro-North Railroad
2014	92.0	91.5
2015	91.6	93.5
2016	92.7	93.7
2017	91.4	93.4
2018	90.4	90.1
2019	92.4	94.4
2020	95.9	97.9
2021	96.3	97.1
2022	95.8	97.1
2023	93.9	98.2

For MTA Metro-North Railroad, on-time performance (“OTP”) for 2023 was 98.2%, 4.2% higher than the goal of 94%.

MTA Long Island Rail Road’s OTP in 2023 was 93.9% and was 0.1% below the goal of 94%. 2023 saw a decrease of 1.9% from 2022, but this includes the introduction of 77,000 more trains operating in the system as part of new service introduced to Grand Central Madison.

The following table shows the fleet’s MDBF for MTA Long Island Rail Road and MTA Metro-North Railroad for the last ten years.

**MDBF**

Year	MTA Long Island Rail Road		MTA Metro-North Railroad	
	MDBF (in miles)	Increase/ (Decrease)%	MDBF (in miles)	Increase/ (Decrease)%
2014	206,226	0.2	147,063	(6.1)
2015	208,383	1.0	199,838	35.9
2016	211,975	1.7	216,772	8.0
2017	205,270	(3.2)	193,883	(10.6)
2018	185,217	(9.8)	144,017	(25.7)
2019	185,829	0.3	239,188	66
2020	241,175	29.8	278,951	17
2021	231,337	(4.1)	190,518	(31.7)
2022	229,824	(0.7)	233,617	22.6
2023	170,752	(25)	331,964	42.1

In 2023, MTA Metro-North Railroad’s fleet Mean Distance Between Failure (“MDBF”) was 331,964 miles, 89.1% higher than the goal of 175,000 miles. Car availability continued to be positive with a 99.9% “consistent compliance rate”, which is the percentage of cars required for service to provide customers with seats each day.



For MTA Long Island Rail Road, the MDBF for the entire fleet in 2023 was 170,752 miles, above the railroad's 2023 goal of 170,000 miles, and represents a 25% decrease from 2022.

## **TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY**

**(popular name – MTA Bridges and Tunnels)**

### **Legal Status and Public Purpose**

MTA Bridges and Tunnels, a public benefit corporation, became an affiliate of MTA effective March 1, 1968. MTA Bridges and Tunnels is empowered, among other things, to construct and operate certain vehicular bridges, tunnels and highways and other public facilities in the City. MTA Bridges and Tunnels also operates, pursuant to a management agreement with a private contractor, the Battery Parking Garage located adjacent to the Manhattan portal of the Hugh L. Carey Tunnel. The garage opened in 1950, has since been renovated, and has space for 2,100 vehicles.

Title to the MTA Bridges and Tunnels Facilities and the Battery Parking Garage is vested in the City, but MTA Bridges and Tunnels has the use and occupancy of such facilities so long as its corporate existence continues.

As more fully described herein under “PART 4. OPERATIONS – TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – Central Business District Tolling Program”, MTA Bridges and Tunnels is also statutorily authorized to operate the CBD Tolling Program.

### **Management**

A brief biography of MTA Bridges and Tunnels' president can be found in “PART 1. BUSINESS – GOVERNANCE AND OPERATIONS – Management”.

### **MTA Bridges and Tunnels Facilities\***

The following is a brief description of the MTA Bridges and Tunnels Facilities, listed in order of revenue generation:

Robert F. Kennedy Bridge - Crosses the East River and the Harlem River and connects the Boroughs of Queens, The Bronx and Manhattan. Opened to traffic in 1936, it generally carries eight traffic lanes between Queens and The Bronx via Wards Island and Randall's Island except where the Wards Island Viaduct has been widened to nine lanes; the bridge also generally carries six traffic lanes between Randall's Island and Manhattan. These three major crossings are interconnected by viaducts.

Verrazzano-Narrows Bridge - Connects the Boroughs of Brooklyn and Staten Island. It is a double deck structure with the upper-level deck carrying seven traffic lanes including a reversible lane and the lower-level deck carrying six lanes. The upper deck was opened to traffic in 1964 and the lower deck in 1969. The fully reversible lane on the upper level was implemented in September 2017.

Throgs Neck Bridge - Crosses the upper East River between the Boroughs of Queens and The Bronx approximately two miles east of the Bronx-Whitestone Bridge. Opened in 1961, it carries six traffic lanes.

Bronx-Whitestone Bridge - Crosses the East River and connects the Boroughs of Queens and The Bronx. The roadways of the bridge, which was opened to traffic with four lanes in 1939, were widened so as to carry six traffic lanes commencing in 1946.

Queens Midtown Tunnel - Crosses under the East River and connects the Boroughs of Queens and Manhattan. Opened to traffic in 1940, it consists of twin tubes, carrying an aggregate of four traffic lanes.

Hugh L. Carey Tunnel - Crosses under the East River at its mouth and connects the Boroughs of Brooklyn and Manhattan. Opened to traffic in 1950, it consists of twin tubes, carrying an aggregate of four traffic lanes.

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\* For purposes of the bond resolutions, the MTA Bridges and Tunnels Facilities are referred to as the “TBTA Facilities”.

Henry Hudson Bridge - Crosses the Harlem River between the Spuyten Duyvil section of The Bronx and the northern end of Manhattan. It has two roadway levels, each level carrying three traffic lanes, the lower level having been opened to traffic in 1936 and the upper level in 1938. The operation of this bridge includes the maintenance of a small part of the Henry Hudson Parkway.

Cross Bay Veterans Memorial Bridge - Crosses Beach Channel in Jamaica Bay to Rockaway Peninsula, and is located in Queens. Reconstructed and opened to traffic in May 1970, this bridge carries three traffic lanes in each direction, dropping to two lanes in each direction just before the Cashless Tolling gantry. Its operation includes the maintenance of a small part of Cross Bay Boulevard.

Marine Parkway-Gil Hodges Memorial Bridge - Crosses Rockaway Inlet and connects Rockaway Peninsula in Queens, with Brooklyn. Opened in 1937, it carries four traffic lanes. The operation of this bridge includes the maintenance of the Marine Parkway from the Cashless Tolling gantries to Jacob Riis Park.

MTA Bridges and Tunnels also operates the Battery Parking Garage. Only the bridges and tunnels constitute MTA Bridges and Tunnels Facilities under the MTA Bridges and Tunnels bond resolutions, though the net revenues derived from the operation of the Battery Parking Garage are included as net revenues that are pledged to the payment of such bonds.

MTA Bridges and Tunnels is a founding member of the E-ZPass Interagency Group (“IAG”), which is a consortium of 34 agencies in 19 states that operate an interoperable electronic toll collection system.

### **Authorized Projects of MTA Bridges and Tunnels**

The capital assets constructed or acquired by MTA Bridges and Tunnels as part of the Transit and Commuter Systems, the MTA Bus System and MTA Staten Island Railway are to be transferred or leased for nominal consideration to MTA, MTA New York City Transit or a designated subsidiary of either of them, and neither such conveyance nor any capital grants made by MTA Bridges and Tunnels will produce revenues for MTA Bridges and Tunnels. Alternatively, such capital assets may be sold to parties other than a Related Entity and leased back by MTA Bridges and Tunnels for subleasing for a nominal consideration to MTA, MTA New York City Transit or a designated subsidiary or leased directly to such Related Entity at the expense of MTA Bridges and Tunnels.

Under existing law, MTA Bridges and Tunnels has no obligation with respect to the operation and maintenance of the equipment or facilities financed as part of the Transit and Commuter Systems, the MTA Bus System or MTA Staten Island Railway; however, MTA Bridges and Tunnels is authorized to participate in the financing of capital projects for the Transit and Commuter Systems, the MTA Bus System and MTA Staten Island Railway. The MTA Reform and Traffic Mobility Act, enacted in April 2019, authorized MTA Bridges and Tunnels’ Bridge and Tunnel Officers (“Bridge and Tunnel Officers”) to provide violation enforcement on facilities owned by MTA, MTA New York City Transit or a designated subsidiary. The first official deployment of the Bridge and Tunnel Officers to the MTA New York City Transit buses was on August 5, 2019.

The CBD Tolling Program is also an authorized project of MTA Bridges and Tunnels. Currently, the proceeds of bonds issued under the MTA Bridges and Tunnels Senior and Subordinate Resolutions may not be used to finance capital costs associated with the CBD Tolling Program, although such CBD Tolling Program may in the future qualify as an additional project that can be financed thereunder. On December 18, 2019, the MTA Bridges and Tunnels Board approved and adopted the CBDTP Second Subordinate Revenue Resolution (Central Business District Tolling Program) (the “CBDTP Second Subordinate Revenue Resolution”), which authorized the issuance of obligations to finance costs related to the design, build, and installation of infrastructure, tolling systems and allowable implementation expenses necessary for the operation of the CBD Tolling Program. See “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – SECOND SUBORDINATE REVENUE BOND ANTICIPATION NOTES (CBDTP)”. See also “Central Business District Tolling Program” below.

### **Toll Collection**

*E-ZPass.* MTA Bridges and Tunnels employs an electronic toll collection system, E-ZPass, at all of its bridges and tunnels. MTA Bridges and Tunnels’ E-ZPass program generally requires prepayment on behalf of the customers. Substantially all of the E-ZPass users prepay with credit cards or checks. For 2023, E-ZPass market share on MTA Bridges and Tunnels Facilities averaged 95.1% overall, 95.6% on weekdays, and 94.2% on weekends.

MTA Bridges and Tunnels is a founding member of the E-ZPass IAG, which has grown to include toll authorities in Delaware, Pennsylvania, New Jersey, New York, Maryland, Massachusetts, Virginia, West Virginia, New Hampshire, Illinois, Indiana, Maine, Kentucky, Rhode Island, Ohio, North Carolina, Florida, Georgia and Minnesota, and the Peace Bridge and Thousand Islands Bridge between New York State and Canada. Payments are settled among all such entities after use of the facilities. MTA Bridges and Tunnels transfers significantly more cash to IAG members than it receives from them, which at times could adversely affect MTA Bridges and Tunnels' cash position. In 2022, transfers from MTA Bridges and Tunnels to IAG Members equaled \$1.292 billion and transfers from IAG Members to MTA Bridges and Tunnels equaled \$723.6 million. In 2023, transfers from MTA Bridges and Tunnels to IAG Members equaled \$1.374 billion and transfers from IAG Members to MTA Bridges and Tunnels equaled \$763.6 million.

MTA Bridges and Tunnels participates in E-ZPass Plus agreements that have been negotiated by IAG members with commercial entities (such as parking facility operators) whereby the electronic media can be used to purchase goods and services. E-ZPass Plus is currently available to customers for use at Albany International Airport, Syracuse Hancock International Airport, John F. Kennedy International Airport, LaGuardia Airport, Newark Liberty International Airport and Atlantic City International Airport. MTA Bridges and Tunnels may participate in IAG expansion of the use of agreements with commercial entities.

*Cashless Open Road Tolling.* Since 2017, MTA Bridges and Tunnels facilities have used cashless open road tolling for toll collection. Cashless tolling eliminates traditional toll plazas by allowing tolls to be collected in a free-flow environment through E-ZPass sensors and license-plate cameras mounted on overhead gantries. Drivers without E-ZPass receive a "Tolls by Mail" invoice mailed to the vehicle's registered owner.

MTA Bridges and Tunnels employs and develops measures to enhance collection and enforcement of tolls under the Cashless Tolling system, including license plate recognition technology on gantries and in patrol vehicles. Additionally, MTA Bridges and Tunnels continues to issue exclusion orders barring the vehicles of out-of-state toll violation scofflaws from MTA Bridges and Tunnels facilities and for those persistent violators, engages in summoning vehicle operators and towing those vehicles from MTA Bridges and Tunnels' facilities.

MTA Bridges and Tunnels has entered into an agreement with Massachusetts and began submitting registration hold packages to the Massachusetts Registry of Motor Vehicles in February 2020 so that holds could be placed on the registrations of toll-evading Massachusetts vehicle owners.

*Non-Cash Payment of Tolls and Fares.* Payment of tolls and fares by means other than cash creates potential collection risk and could delay the timing of the actual receipt of payment by the providers. Following the standard industry practice for credit and debit cards, fare and toll payments made by those means will produce cash receipts to the applicable authority and trustee which are net of standard discounts and transaction fees to the merchant processors, card associations and card issuers. Further, the collection of fares and tolls by other governmental entities using an integrated payment system, such as MetroCard or E-ZPass, whereby a customer can purchase a card or pass from any of the entities for use on all of the systems, and the use of the Related Entities' electronic media at commercial establishments, may subject the amounts due to MTA New York City Transit, MTA Bus and MTA Bridges and Tunnels to multiple liens and claims prior to the time that the fares or tolls are actually earned through use of the applicable facilities. The payment of fares and tolls by non-cash methods, including checks and credit and debit cards, is subject to, among other things, collection risk, including, without limitation, bankruptcy, insolvency and other creditor and debtor rights involving both the user of the facilities and the collection and processing entities.

## **Bridge and Tunnel Inspections**

NYS DOT maintains a program of comprehensive bridge and tunnel management, maintenance and inspection applicable to MTA Bridges and Tunnels' facilities. That program includes the application of the uniform code for bridge inspection and tunnel inspection, which:

- meets or exceeds applicable federal law;
- requires that bridges and tunnels be inspected at least every two years in accordance with the provisions of that code;
- prescribes qualifications for licensed professional engineers who inspect bridges and tunnels; and
- requires that all bridge and tunnel inspections be performed or supervised by such persons.

Bridge and tunnel inspection reports must be filed with NYSDOT and NYSDOT may close bridges or tunnels found unsafe for public use. MTA Bridges and Tunnels is in compliance with the NYSDOT program.

### **MTA Bridges and Tunnels – Total Revenue Vehicles**

*Factors Affecting Facilities Use.* Certain factors affecting traffic levels on MTA Bridges and Tunnels facilities are set forth in the Stantec Report, which is attached to MTA’s Combined Continued Disclosure Filings, under the caption “FACTORS AFFECTING TRAFFIC GROWTH”. The Stantec Report has also been posted on the MTA website under “About the MTA – Financial Information – Investor Information” at <https://new.mta.info/investor-info>. The Stantec Report is incorporated by specific cross-reference herein.

Additionally, temporary closures of lanes or facilities resulting from major capital improvement projects to the MTA Bridges and Tunnels facilities or traffic disruptions caused by infrastructure problems or projects not under the control of MTA Bridges and Tunnels could adversely impact ridership and revenues. The effect would depend on the nature, severity and duration of the disruptions. Severe coastal flooding and erosion hazards, and severe storms and wind, have had adverse effects on the roads and highways that connect to MTA Bridges and Tunnels facilities. Such events have impacted traffic and bridge and tunnel crossings, causing disruptions.

Revenues derived from the MTA Bridges and Tunnels Facilities could also be adversely affected by the general condition of arteries feeding -- and approach and access roads leading to and from -- such facilities which are not owned by MTA Bridges and Tunnels. A number of those arteries and approach and access roads are in need of significant repairs. MTA Bridges and Tunnels is currently partnering with the NYSDOT and the NYCDOT at the Verrazano-Narrows Bridge and Robert F. Kennedy Bridge, to address some of these conditions in a joint agency approach to improving these connecting corridors. Revenues have been and may hereafter be affected by access to, and conditions and restrictions on use of, the toll-free facilities over which MTA Bridges and Tunnels has no control and which compete with MTA Bridges and Tunnels’ facilities.

Once operational, vehicles entering or remaining in the CBD will pay variable tolls, fees and other charges pursuant to the CBD Tolling Program. The schedule of tolls was approved by the Board of MTA Bridges and Tunnels on March 27, 2024. The tolls could encourage some drivers to decrease their travel or seek alternative modes of transportation, such as the Transit and Commuter System. Such changes in driver behavior could affect traffic on MTA Bridges and Tunnels facilities.

From time to time bills have been introduced by various State legislators seeking, among other things, to restrict the level of tolls on certain MTA Bridges and Tunnels Facilities, to require approval of future toll increases by the Governor, to eliminate minimum tolls, or to require discounts or free passage to be accorded to certain users of MTA Bridges and Tunnels Facilities. Under the MTA Bridges and Tunnels Act, however, the State has covenanted to holders of MTA Bridges and Tunnels’ bonds that it will not limit or alter the rights vested in MTA Bridges and Tunnels to establish and collect such charges and tolls as may be convenient or necessary to produce sufficient revenue to fulfill the terms of any agreements made with the holders of such bonds or in any way to impair their rights and remedies.

Legislation enacted in connection with the State’s Fiscal Year 2006-2007 budget prohibits all public authorities, including MTA Bridges and Tunnels, from imposing, on and after June 1, 2006, a periodic administrative or other charge on electronic payment accounts, such as the E-ZPass toll collection system described below, for the privilege of using such electronic method of payment. The legislation does not prevent the authorities from making any charge for extra services requested by a holder of such electronic method of payment, any charge for lost or damaged equipment, or for defaults, such as charges for dishonored checks.

In addition to the Robert F. Kennedy, Bronx-Whitestone and Throgs Neck Bridges and Hugh L. Carey and Queens Midtown Tunnels, there are four vehicular bridges operated by the City crossing the East River which are toll-free at the present time, namely: the Ed Koch Queensboro, Williamsburg, Manhattan and Brooklyn Bridges. In addition to the Robert F. Kennedy and Henry Hudson Bridges, there are nine vehicular bridges crossing the Harlem River, which are toll-free at the present time. The City and the State have explored, from time to time, the possibility of tolling some or all of these bridges to raise revenue for the City and/or MTA; however, MTA Bridges and Tunnels cannot predict the effect that the tolling of such bridges will have on its revenues if it occurs.

The State agrees in the MTA Bridges and Tunnels Act that while any bonds of MTA Bridges and Tunnels are outstanding, there will not be constructed any vehicular connection competitive with the MTA Bridges and Tunnels Facilities and crossing (a) the East River north of 73rd Street or south of 59th Street in Manhattan, (b) New York Bay, or (c) Jamaica Bay or Rockaway Inlet to Rockaway Peninsula within a specified distance (approximately 2.5 miles) east of

the Cross Bay Veterans Memorial Bridge. There is no provision in the MTA Bridges and Tunnels Act regarding competitive vehicular crossings over the Harlem River.

Under the MTA Bridges and Tunnels Senior Resolution, MTA Bridges and Tunnels Subordinate Resolution and MTA Bridges and Tunnels Second Subordinate Resolution, the owners of MTA Bridges and Tunnels bonds waive the foregoing agreement of the State with respect to the construction of any East River vehicular toll crossing to be operated by MTA Bridges and Tunnels.

A significant reduction in the availability of fuel to motorists would, or significant increases in the cost thereof could, have an adverse effect on the revenues derived from the MTA Bridges and Tunnels Facilities. The use of automobiles in the New York City metropolitan area is subject to increased governmental concern and promulgation of governmental regulations relating to environmental and other concerns restricting the use of vehicles, which could also adversely affect revenues from the MTA Bridges and Tunnels Facilities. The Clean Air Act Amendments of 1990 (the “Clean Air Amendments”) require the State to adopt transportation control strategies and measures to control emissions, and establish among other matters, specific measures the State may adopt to reduce air pollution. The impact on MTA Bridges and Tunnels and revenues from the MTA Bridges and Tunnels Facilities of the Clean Air Amendments and the State implementation plan that must be developed thereunder cannot be assessed at this time.

*Historical Total Revenue Vehicles.* The following table shows the total number of revenue vehicles at the MTA Bridges and Tunnels Facilities for the past ten years.

**MTA Bridges and Tunnels Facilities  
Total Revenue Vehicles**

<u>Year</u>	<u>Revenue Vehicles 000's</u>	<u>Increase/ (Decrease)%</u>	<u>Year</u>	<u>Revenue Vehicles 000's</u>	<u>Increase/ (Decrease)%</u>
2014	286,417	0.7	2019 <sup>(3)</sup>	329,397	2.2
2015 <sup>(1)</sup>	297,980	4.0	2020	253,184	(23.1)
2016	307,417	3.2	2021 <sup>(4)</sup>	307,296	21.4
2017 <sup>(2)</sup>	310,038	0.9	2022	326,304	6.2
2018	322,290	4.0	2023 <sup>(5)</sup>	335,086	2.7

<sup>(1)</sup> Toll increase implemented on March 22, 2015.

<sup>(2)</sup> Toll increase implemented on March 19, 2017.

<sup>(3)</sup> Toll increase implemented on March 31, 2019.

<sup>(4)</sup> Toll increase implemented on April 11, 2021.

<sup>(5)</sup> Toll increase implemented on August 06, 2023.

For further discussion of traffic volume and revenue vehicle crossings on MTA Bridges and Tunnels facilities as well as projections of traffic, revenues and expenses for the MTA Bridges and Tunnels Facilities, see the Stantec Report, which is attached to MTA’s Combined Continued Disclosure Filings and, for convenience, has also been posted on the MTA website under “About the MTA – Financial Information – Investor Information” at <https://new.mta.info/investor-info>. The Stantec Report is incorporated by specific cross-reference herein.

**Toll Rates**

*General Power to Establish Tolls.*

- MTA Bridges and Tunnels’ power to establish toll rates is not subject to the approval of any governmental entity. However, MTA Bridges and Tunnels has reviewed proposed actions that would increase crossing charges at MTA Bridges and Tunnels Facilities prior to implementing them as if they were subject to the State Environmental Quality Review Act, which generally requires an assessment of environmental impacts of the proposed action, if any. Additionally, the State Administrative Procedure Act imposes procedural requirements on MTA Bridges and Tunnels which could delay implementation of tolls.
- Tolls on the Verrazzano-Narrows Bridge and the Throgs Neck Bridge, which were constructed pursuant to the General Bridge Act of 1946, 33 U.S.C. § 525 et seq., may be subject to the standard imposed by Section 135 of the Federal-Aid Highway Act of 1987, Pub. L. 100-17, that tolls on bridges constructed under the

authority of certain Federal legislation, including the General Bridge Act of 1946, be “just and reasonable”. MTA Bridges and Tunnels believes that the tolls on all of its vehicular toll facilities are just and reasonable.

*Current Toll Rates.* The current toll schedule for passenger cars is set forth in the table below.

Vehicle	RFK Bridge Bronx-Whitestone Bridge Throgs Neck Bridge Queens Midtown Tunnel Hugh L. Carey Tunnel Verrazzano-Narrows Bridge <sup>(1)</sup>			Henry Hudson Bridge			Marine Parkway- Gil Hodges Memorial Bridge Cross Bay Veterans Memorial Bridge		
	TBM/ Non-NYCSC E-ZPass	Mid-Tier (NYCSC) <sup>(3)</sup>	E-ZPass (NYCSC) <sup>(2)</sup>	TBM/ Non-NYCSC E-ZPass	Mid-Tier (NYCSC) <sup>(3)</sup>	E-ZPass (NYCSC) <sup>(2)</sup>	TBM/ Non-NYCSC E-ZPass	Mid-Tier (NYCSC) <sup>(3)</sup>	E-ZPass (NYCSC) <sup>(2)</sup>
Two-axle passenger vehicles	\$11.19	\$9.11	\$6.94	\$8.25	\$5.04	\$3.18	\$5.60	\$4.11	\$2.60
Each additional axle costs	4.28	4.28	4.28	3.53	3.50	3.40	3.53	3.50	3.40

(1) Split tolling was implemented at the Verrazzano-Narrows Bridge on December 1, 2020.

(2) E-ZPass crossing charges apply to NYCSC E-ZPass customers only when using their properly mounted NYCSC E-ZPass tag; customers of other E-ZPass CSCs are charged the TBM toll. Any motorist, regardless of residence, can obtain a NYCSC transponder.

(3) Mid-Tier crossing charges apply to NYCSC E-ZPass customers only when not using their properly Mounted NYCSC E-ZPass tag; for crossing charges posted to NYCSC E-ZPass accounts based on license plates; and for NYCSC third-party account providers.

The Tolls By Mail (“TBM”)/Non-NYCSC E-ZPass Rate applies to crossings with no E-ZPass or an E-ZPass not issued by the New York Customer Service Center (“NYCSC”). The Mid-Tier Toll Rate applies to E-ZPass NYCSC customers when not using their properly mounted NYCSC E-ZPass tag for tolls posted to their NYCSC E-ZPass accounts based on license plate images and for NYCSC third-party account providers.

The toll charges for vehicles over 7,000 pounds are a function of the number of axles, the crossing used, and the method of payment.

A more complete description of the current toll structure is set forth in the Stantec Report under the caption “TOLL COLLECTION ON THE TBTA FACILITIES”.

*Resident E-Token, Discount and Rebate Programs.*

MTA Bridges and Tunnels provides toll discounts to Rockaway Residents on the Cross Bay and Marine Parkway Bridges and registered residents of Staten Island (“Staten Island Residents”) on the Verrazzano Narrows Bridge by means of resident E-Tokens and NYCSC E-ZPass. Under the current toll schedule, eligible Rockaway Residents paying with an E-Token using a registered E-ZPass tag receive a \$3.27 reduction per trip at the Cross Bay and Marine Parkway Bridges. Rockaway Residents using a registered Rockaway Resident E-ZPass tag receive a \$3.90 reduction per trip at the Cross Bay and Marine Parkway Bridges. Eligible Staten Island Residents paying with an E-Token using a registered E-ZPass tag receive a \$5.64 reduction per trip at the Verrazzano Narrows Bridge. Non-residents may also purchase E-Tokens for the Cross Bay Veterans Memorial Bridge and Marine Parkway Gil-Hodges Memorial Bridge.

Surcharges charged in addition to the regular toll are not to be treated as part of the regular crossing fare for the purpose of computing the reduced E-Token cost; however, residents of Staten Island, Broad Channel and the Rockaway Peninsula are entitled to a permanent exemption from any applicable surcharge imposed in 1993 on such bridges.

MTA offers a rebate of tolls for E-ZPass customers who are residents of Broad Channel and the Rockaway Peninsula using the Cross Bay Veterans Memorial Bridge. In 2023, MTA reimbursed MTA Bridges and Tunnels in the amount of \$5.0 million in toll rebates relating to the Cross Bay Veterans Memorial Bridge rebate. See “- Additional Outer Borough Transportation Account (“OBTA”)-Funded Toll Rebate Programs” below for a discussion of a toll rebate for Queens residents for use of the Cross Bay Veterans Memorial Bridge.

Since 2014, MTA has had two toll rebate programs at the Verrazzano-Narrows Bridge: the Staten Island Resident (“SIR”) Rebate Program, available for residents of Staten Island participating in the SIR E-ZPass toll discount plan, and the Commercial Rebate Program (“VNB Commercial Rebate Program”). The SIR Rebate Program provides that the effective, post-rebate toll for Staten Island residents is \$2.75 in each direction. The VNB Commercial Rebate Program, available for trucks and other commercial vehicles making more than 20 trips per month across the Verrazzano-

Narrows Bridge, in either direction, using the same NYCSC E-ZPass tag. Because these Verrazzano-Narrows Bridge Rebate Programs (“VNB Rebate Programs”) are partially funded by the State, they follow the State Fiscal Year.

The projected annualized cost of the 2023-2024 VNB Rebate Programs is approximately \$33.3 million, consisting of \$7.2 million for the 2023-2024 VNB Commercial Rebate Program and \$26.1 million for the 2023-2024 SIR Rebate Program. MTA’s annual contribution is \$7 million (\$3.5 million for the resident rebate and \$3.5 million for the commercial rebate) and \$26.0 million is provided by the State via appropriations to MTA. An additional \$6.4 million was allocated from the OBTA. See “- Additional Outer Borough Transportation Account-Funded Toll Rebate Programs” below for a discussion of a toll rebate for the SIR Rebate Program.

The rebate for the VNB Commercial Rebate Program was 15% for 2023-2024, unchanged since 2021.

The money to fund a year’s estimated costs for the VNB Rebate Programs is transferred by MTA to MTA Bridges and Tunnels during the State fiscal year. The 2023-2024 VNB Rebate Programs will be implemented as specified herein only for such periods during which both (a) MTA’s total financial responsibility, net of State actions or available offsets, does not exceed \$7 million for the 2023-2024 SIR Rebate and VNB Commercial Rebate Programs and (b) the State provides (i) at least \$7 million for the 2023-2024 SIR Rebate Program and VNB Commercial Rebate Program, and (ii) the State provides such additional funds as are necessary to keep the effective post-rebate SIR E-ZPass toll at \$2.75 under the 2023-2024 SIR Rebate Program. If, as a result of unexpected toll transaction activity, MTA Bridges and Tunnels estimates that such MTA and State funds allocated to MTA for the 2023-2024 VNB Rebate Programs, net of offsets, will be insufficient to fund the 2023-2024 VNB Commercial Rebate Program for the full program year, MTA Bridges and Tunnels may reduce the rebate amount under such program to a percentage that is forecast to be payable in full for the remainder of the program year with the available funds, as allowed by the February 2021 Board resolution. However, in the event that such State funds allocated to MTA for the 2023-2024 VNB Rebate Programs are fully depleted at any time during the 2023-2024 Rebate Programs’ annual period, the 2023-2024 VNB Rebate Programs will cease and Staten Island residents will be charged the applicable resident discount toll and trucks and other commercial vehicles will be charged the applicable NYCSC E-ZPass toll for the Verrazzano-Narrows Bridge.

The VNB Rebate Programs will continue into future years provided that (a) MTA’s annual period contribution does not exceed \$7 million, (b) the MTA Board approves a budget that includes MTA’s contribution to such program, and (c) the State provides to MTA funds sufficient for at least half the expenses of each continuing annual period.

*Additional Outer Borough Transportation Account-Funded Toll Rebate Programs.* As noted above under “PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES – Congestion Zone Surcharges”, moneys in the OBTA may be applied to fund a toll reduction program for any crossing under the jurisdiction of MTA or MTA Bridges and Tunnels. Two new MTA toll rebate programs relating to MTA Bridges and Tunnels’ crossings were approved by the MTA Board in December 2019. They were (i) a Queens resident rebate for passenger vehicles with E-ZPass tags using the Cross Bay Veterans Memorial Bridge, and (ii) a Bronx resident rebate for passenger vehicles with E-ZPass tags using the Henry Hudson Bridge. In each case, the E-ZPass toll will be charged to the customer’s NYCSC resident E-ZPass account, and then an immediate credit will be issued by MTA for the amount of the toll using funds in the OBTA established under Section 1270-i (3) of the Public Authorities Law. In November 2023, the MTA was authorized by the Capital Program Review Board to use funds not exceeding \$22.2 million annually to fund the Queens and Bronx Resident MTA Rebate Programs and maintain the effective toll of \$2.75 for the SIR Rebate Program. Funds were transferred to TBTA in December 2023.

*Minimum Toll Covenants in MTA Bridges and Tunnels Bond Resolutions; Limitations on Free Crossings.* The MTA Bridges and Tunnels Senior Resolution and the MTA Bridges and Tunnels Subordinate Resolution each have covenants setting forth minimum tolls. Additionally, the MTA Bridges and Tunnels Senior Resolution and the MTA Bridges and Tunnels Subordinate Resolution limit toll free crossings with respect to the MTA Bridges and Tunnels Facilities to (1) the vehicles of present and former MTA Bridges and Tunnels members, officers and employees, (2) military, police, fire, ambulance and other emergency, service and maintenance vehicles, (3) vehicles of persons employed on Wards Island or Randall’s Island traveling to and from such Islands over the Robert F. Kennedy Bridge and (4) other vehicles by passes or permits, provided that there shall not be more than 500 passes or permits outstanding at any one time. See “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – MTA BRIDGES AND TUNNELS GENERAL REVENUE BONDS – Rate Covenant” and “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS – Rate Covenant”.

## Central Business District Tolling Program

Pursuant to the MTA Reform and Traffic Mobility Act, MTA Bridges and Tunnels is directed to establish the CBD Tolling Program, the goals of which are to reduce traffic congestion in the Manhattan central business district and provide a stable and reliable funding source for the repair and revitalization of MTA's public transportation systems. The program will operate in the Central Business District, defined as Manhattan south of and inclusive of 60th Street, not including the FDR Drive or the West Side Highway (which includes the Battery Park underpass and any surface roadway portion of the Hugh L. Carey Tunnel that connects to West Street). MTA Bridges and Tunnels has entered into an MOU with NYCDOT to coordinate the planning, design, installation, construction and maintenance of the CBD Tolling Program infrastructure.

MTA Bridges and Tunnels is empowered (i) to establish and charge variable tolls, fees and other charges for vehicles entering or remaining in the CBD and (ii) to make rules and regulations for the establishment and collection of CBD tolls, fees, and other charges. Subject to agreements with bondholders and applicable federal law, tolls, fees and other revenues derived from the CBD Tolling Program will be deposited into the CBD Tolling Capital Lockbox Fund. For a description of the CBD Tolling Capital Lockbox and the flow of funds related thereto, see "PART 2. FINANCIAL INFORMATION – REVENUES OF THE RELATED ENTITIES – Capital Program Funding Sources (Mansion Tax and City and State Sales Taxes)".

At a minimum, annual revenue (after addressing the costs of the program), shall be sufficient to fund \$15 billion (through the issuance of bonds secured by such revenues) for MTA capital projects in the 2020-2024 Capital Program.

*Status of CBD Tolling Program.* All capital and operating costs for the CBD Tolling Program are expected to be funded by revenues generated from the program. The construction and implementation costs for the CBDTP are initially being funded through a variety of distinct financing sources all of which will eventually be reimbursed through net operating revenues generated through the program after it goes live.

In October 2019, MTA Bridges and Tunnels awarded to TransCore LLP ("TransCore") a contract to design, build, operate and maintain the toll system equipment and infrastructure required to implement the CBD Tolling Program ("DBOM Contract").

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 ("NEPA") review. On March 30, 2021, FHWA determined that an Environmental Assessment ("EA") is the appropriate level of environmental review required under NEPA.

An EA for the CBD Tolling Program was made available to the public on August 10, 2022. The comment period, which included six public hearings between August 25 and August 31, 2022, was extended for an additional two weeks and ended on September 23, 2022. On June 27, 2023, the Federal Highway Administration issued a Finding of No Significant Impact, confirming the conclusion of the Final Environmental Assessment, which includes mitigation measures to be undertaken by the CBDTP, that the program will have no significant environmental impacts. Contractors have up to 310 days from the federal approval date to complete the design, development, testing, and installation of the tolling system and equipment.

Per the MTA Reform and Traffic Mobility Act, the Traffic Mobility Review Board (TMRB) is required to make recommendations regarding the CBD toll structure including credits, discounts, and/or exemptions to the MTA Bridges and Tunnels Board. The TMRB was established on July 27, 2022 by the MTA Bridges and Tunnels Board, and on November 30, 2023, the TMRB issued its toll ratemaking recommendations in a detailed report titled "Congestion Pricing in New York". The recommendations submitted in the Report were considered by the MTA Bridges and Tunnels Board at its December 6, 2023 meeting. At that meeting, the MTA Bridges and Tunnels Board voted to commence the administrative toll ratemaking process. Thereafter, MTA Bridges and Tunnels commenced soliciting public comments on the proposed toll rate schedule, which included four hybrid virtual and in-person hearings between February 29, 2024 and March 4, 2024. The public comment period concluded on March 11, 2024. The MTA Bridges and Tunnels Board reviewed input received from the public, and on March 27, 2024 voted to adopt a CBD Tolling Program toll rate schedule. On April 26, 2024, MTA announced the CBD Tolling Program is scheduled to commence toll collection for use of the Central Business District (also referred to as the Congestion Relief Zone) on June 30, 2024, which planned date is subject to FHWA's completion of its reevaluation of the adopted toll rate schedule and execution of an agreement authorizing tolling under the VPPP.



Because FHWA regulations provide that final design and construction cannot proceed before FHWA issues an environmental finding, the project is proceeding in two phases – preliminary design and final design. Immediately following FHWA approval in June 2023, TBTA issued the second notice to proceed to TransCore, which has completed the installation of the toll system equipment.

Once operational, TransCore will be responsible for operating and maintaining the infrastructure and toll system for an additional six years under the DBOM Contract. The total cost of the DBOM Contract is \$544.1 million. The DBOM Contract includes incentive payments to encourage on-time delivery.

The revenues and transactions related to the CBD Tolling Program will be tracked and reported on separately from MTA Bridges and Tunnels' bridge and tunnel facilities.

**MTA CONSTRUCTION AND DEVELOPMENT COMPANY  
(formerly known as MTA CAPITAL CONSTRUCTION COMPANY)**

**(popular name – MTA Construction and Development)**

**Legal Status and Public Purpose**

MTA Construction and Development was created as an MTA subsidiary in 2003, and following the reorganization of MTA in 2020, is now responsible for administration of the planning, design and construction of MTA system expansion, improvement and maintenance project for the other Related Entities.

**Management**

A brief biography of MTA Construction and Development's president can be found in "PART 1. BUSINESS – GOVERNANCE AND OPERATIONS – Management".

**Major Capital Projects**

Certain MTA Network Expansion activity that, prior to the formation of MTA Construction and Development, were managed by the former MTA Capital Construction are described in "PART 2. FINANCIAL INFORMATION – FINANCIAL PLANS AND CAPITAL PROGRAMS – Major Capital Projects".

**PART 5. EMPLOYMENT,  
INSURANCE AND LITIGATION MATTERS**

**EMPLOYEES, LABOR RELATIONS AND PENSION  
AND OTHER POST-EMPLOYMENT OBLIGATIONS**

**General**

The transportation services provided by the Related Entities, as well as related maintenance and support services, are labor intensive. Consequently, the major portion of the Related Entities’ expenses consists of the costs of salaries, wages and fringe benefits for employees and retirees. The table below sets forth the current number of employees:

	Employees as of December 31, 2023 <sup>(1)(2)</sup>	Employees assumed in 2024 February Plan	Number of represented employees <sup>(1)</sup>
MTA Headquarters	2,792	3,448	1,640
MTA New York City Transit	47,535	50,034	45,395
MTA Bus	3,833	3,908	3,727
MTA Long Island Rail Road	7,960	8,077	7,035
MTA Metro-North Railroad	6,700	6,704	5,506
MTA Bridges and Tunnels	1,051	1,217	706
Staten Island Railway	349	422	335

<sup>(1)</sup> Does not include employees who work at the agency but are on the payroll of another agency;

<sup>(2)</sup> Table does not include MTA Construction and Development, which is discussed separately in its section below.

The employees of MTA and its affiliates and subsidiaries, other than MTA Long Island Rail Road and MTA Metro-North Railroad, are prohibited by the State’s Taylor Law from striking. Nevertheless, represented employees of MTA New York City Transit and MaBSTOA engaged in an illegal three-day strike in December 2005. There have been no labor stoppages at MTA Bridges and Tunnels since 1976. The Taylor Law also requires that the TWU Local 100 and MTA New York City Transit and MaBSTOA submit a dispute preventing the voluntary resolution of contract negotiations to binding arbitration before a three-member public arbitration panel upon the occurrence of certain events. The three-member panel would be chosen as follows: one member appointed by MTA, one member appointed by the affected union, and one member appointed jointly by the parties. Almost all the unions covered by the Taylor Law have elected to be bound by the Taylor Law’s binding arbitration provisions.

The employees of MTA Long Island Rail Road and MTA Metro-North Railroad are not subject to the same State prohibition, but are governed by federal railroad employment statutes.

**MTA Headquarters**

The 2024 February Plan assumes 3,448 full time employees for MTA Headquarters, as of year-end 2024. As of December 31, 2023, MTA Headquarters had 2,792<sup>1</sup> full time employees. Of these, 1,640 are represented by four unions in six bargaining units. At MTA Headquarters, the largest union is the Police Benevolent Association, with 1,146 members as of December 31, 2023. Their current labor agreement is in effect through April 14, 2024.

Most other represented employees on the payroll of MTA Headquarters are also under currently effective labor agreements, the exception being the IT employees represented by the Transportation Communications Union, whose most recent agreement was —approved by the MTA Board in February 2023— and expired on February 29, 2024. Police employees represented by the Commanding Officers Association are under agreement through April 14, 2024, their most recent agreement having been approved by the MTA Board in December 2023. Employees at the Business Service Center, generally in administrative and procurement titles, have an agreement that expires on May 31, 2024; and Headquarters employees represented by the International Brotherhood of Teamsters are under agreement until November 30, 2025.

<sup>1</sup> This number does not include employees on other agency payrolls who work at MTA Headquarters.

## MTA Construction and Development

The 2024 February Plan assumes approximately 255 full and part-time employees for MTA Construction and Development as of year-end 2024. As of December 31, 2023, MTA Construction and Development had 627 full-time employees, only one of whom is represented. It should be noted that the majority of MTA Construction and Development staff reside on another MTA agency payroll (MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad, and MTA Bridges and Tunnels) in order to preserve the employee's benefits. When an MTA Construction and Development employee resigns or retires, MTA Construction and Development experiences unfavorable variances in staffing which are offset with favorable variances at other agencies. This will continue until budgets are realigned in a future financial plan.

## MTA New York City Transit and MaBSTOA

The 2024 February Plan assumes approximately 50,034 full and part-time employees on full-time equivalency basis ("FTE") for MTA New York City Transit including MaBSTOA, as of year-end 2024. As of December 31, 2023, MTA New York City Transit including MaBSTOA had 47,535 employees (full and part-time FTE). Of these, 45,395 employees (38,430 at MTA New York City Transit and 6,965 at MaBSTOA) are represented by 14 unions in 23 bargaining units.

### MTA New York City Transit and MaBSTOA Unions

Union <sup>(1)</sup>	Membership	Contract Status	Expiration
Amalgamated Transportation Union	3,469	Expired	5/15/2023
TWU Local 100 Op Hrly	33,931	In effect	5/15/2026
TWU Local Other Titles <sup>(2)</sup>	805	Expired	9/30/2023
TWU Local 106 TSO <sup>(3)</sup>	679	In effect	12/31/2024
United Transit Leadership Org	761	Expired	12/31/2021
Subway Surface Sup. Assoc.	4,030	In effect	7/31/2024
AFSCME DC 37 <sup>(4)</sup>	770	In effect	11/6/2026

<sup>(1)</sup> Includes only unions with membership of greater than 500 members.

<sup>(2)</sup> Refers to Computer titles, Career & Salary, Staff Analysts and Transit Management Analysts

<sup>(3)</sup> Includes six Station Supervisors Level II whose agreement expires on October 25, 2024; and 18 Maintenance Supervisors Level II, whose agreement expires on August 31, 2024.

The unions in the table above cover most of MTA New York City Transit/MaBSTOA's represented population. In 2023, the following agreements were reached or remained in place with unions not shown in the table above :

- An agreement with the United Federation of Law Enforcement Officers, ratified by the MTA Board in October 2022, remains in effect through March 31, 2025; and
- In June 2023, the MTA Board approved an agreement with the Organization of Staff Analysts that applied retroactively. The agreement covered a 43-month period ending on April 30, 2021.

## MTA Bus

The 2024 February Plan assumes approximately 3,908 full and part-time employees for MTA Bus, as of year-end 2024. As of December 31, 2023, MTA Bus had 3,833 employees, 3,727 of whom are represented by three unions in five bargaining units.

### MTA Bus Unions

Union <sup>(1)</sup>	Membership	Contract Status	Expiration
ATU	1,073	Expired	10/31/2023
TWU Local 100 Op Hrly	2,151	In effect	5/15/2026

<sup>(1)</sup> Includes only unions with membership of greater than 500 members.

In addition:

- In October 2023, the MTA Board approved an agreement with TWU Local 106 (TSO) - MTA Bus Unit, which represents more than 300 Supervisors. The agreement remains in effect through December 31, 2024.
- The agreement with more than 100 MTA Bus employees represented by the United Transit Leadership Organization expired on December 31, 2021.

### MTA Staten Island Railway

The 2024 February Plan assumes 422 full and part-time employees for MTA Staten Island Railway as of year-end 2024. As of December 31, 2023, MTA Staten Island Railway had approximately 349 full time employees. Of these, 335 are represented by four different unions in five bargaining units. All four are currently without settled agreements.

### Commuter System

#### *MTA Long Island Rail Road.*

The 2024 February Plan assumes approximately 8,077 full-time employees for MTA Long Island Rail Road as of year-end 2024. As of December 31, 2023, MTA Long Island Rail Road had approximately 7,960 full time employees. Of these, 7,035 are represented by 10 different unions in 18 bargaining units.

<b>Long Island Rail Road Unions</b>			
<b>Union<sup>(1)</sup></b>	<b>Membership</b>	<b>Contract Status<sup>(2)</sup></b>	<b>Expiration</b>
BRS	774	Amendable	6/15/2023
IBEW	727	Amendable	5/15/2023
SMART-TD	2,970	In effect	8/15/2026
TCU	1,155	Amendable	6/15/2023

(1) Includes only unions with membership of greater than 500 members.

(2) Under the Railway Labor Act, collective bargaining agreements at the commuter railroads do not expire; instead, they become amendable as of a specified date and upon “notices of intent” by the parties to change some or all of the elements of the agreement. Until a newly negotiated agreement is accepted by both parties, the provisions of the original agreement remain in full force.

In December 2023, the MTA Board approved a 38-month labor agreement with MTA Long Island Rail Road’s largest labor union, the Sheet Metal and Rail Transportation Union (SMART-TD), which represents 2,970 employees in the Transportation Division.

Other than SMART-TD, all other MTA Long Island Rail Road unions have amendable agreements as of June 15, 2023 and are looking towards new settlement terms for the subsequent period\*.

#### *MTA Metro-North Railroad.*

The 2024 February Plan assumes 6,704 full and part-time employees for MTA Metro-North Railroad as of year-end 2024. As of December 31, 2023, MTA Metro-North Railroad had approximately 6,700 employees. Of these, 5,506 were represented by 10 different unions in 25 bargaining units.

\* A small group of supervisors of approximately 34 employees who are represented by the Independent Railway Supervisors Association has yet to reach agreement for the 2019-2023 period. However, this latter group of employees is under a management salary plan and will follow all policies and protocols for non-represented employees.

**Metro-North Railroad Unions**

<b>Union<sup>(1)</sup></b>	<b>Membership</b>	<b>Contract Status<sup>(2)</sup></b>	<b>Expiration</b>
IBEW	720	Amendable	8/31/2019
IBT Local 808	727	Amendable	1/15/2024
TCU	604	Amendable	7/30/2023
TWU	566	Amendable	10/31/2023

(1) Includes only unions with membership of greater than 500 members.

(2) Under the Railway Labor Act, collective bargaining agreements at the commuter railroads do not expire; instead, they become amendable as of a specified date and upon “notices of intent” by the parties to change some or all of the elements of the agreement. Until a newly negotiated agreement is accepted by both parties, the provisions of the original agreement remain in full force.

In 2023, Metro-North Railroad reached several agreements with unions not shown in the table above.

- In February 2023, agreements were reached with the International Association of Machinists (IAM) and the Sheet Metal Workers International Association (SMWIA). Both agreements covered the 26-month period ending on August 2, 2023.
- Agreements with separate bargaining units of the Association of Commuter Rail Employees were ratified by the MTA Board in June 2023 (with ACRE 113 - Rail Traffic Controllers), September 2023 (with ACRE 37 - Power Directors), and December 2023 (with ACRE 116 - Signalmen). These were all 26-month agreements that became amendable in 2023.
- In 2023 the railroad also engaged in mediation with members in three bargaining units of the International Brotherhood of Electrical Workers, representing Mechanics, Electricians and Communications Specialists, Supervisors and Foremen and other titles. The MTA remains committed to achieving a negotiated resolution of the disputes with these labor unions and to settling new contract terms for the 2021-2023 period other bargaining units of the Association of Commuter Rail Employees, including those representing Conductors and Engineers.

**MTA Bridges and Tunnels**

The 2024 February Plan assumes approximately 1,217 full and part-time employees for MTA Bridges and Tunnels as of year-end 2024. As of December 31, 2023, MTA Bridges and Tunnels had approximately 1,051 employees. Of these, 706 were represented by three different unions in four bargaining units.

- In July 2023, the MTA Board approved a 50-month agreement between MTA Bridges and Tunnels and the Bridge and Tunnel Officers Benevolent Association (“BTOBA”); the agreement, similar in wage increases and net costs to virtually every other TWU-pattern agreement, expired on November 17, 2023.
- In September, a 50-month agreement between the Authority and District Council 37, Local 1931, representing Maintainers, was approved by the MTA Board. It, too, was a pattern-following agreement, and it remains in effect through September 14, 2024.
- Agreements with other MTA Bridges and Tunnels unions have now expired. The labor agreements with administrative employees represented by District Council 37 Local 1655 expired on May 25, 2021; and the agreement with the Superior Officers Benevolent Association (“SOBA”) expired on September 14, 2022.

**Grand Central Madison Operating Company**

The 2024 February Plan assumes three full and part-time employees for Grand Central Madison Operating Company as of year-end 2024. As of December 31, 2023 Grand Central Madison Operating Company had three employees.

## Pension Plans

The Related Entities sponsor and participate in a number of pension plans for their employees. The following table provides a summary of MTA sponsored and multi-employer retirement and pension plans:

### MTA Sponsored and Multi-Employer Plans<sup>(1)</sup>

(Amounts in \$000s)

Pension Plan	Active Members as of 1/1/2023	2022 Pension Contributions (Actual)	2022 Pension Contributions (Budget) <sup>(2)</sup>	Audited Net Assets as of 12/31/22	Net Pension Liability 12/31/2022	Funding Ratio	ADC Contribution (FY 2022)
MTA Sponsored Defined Benefit Plans							
MTA DB Plan	19,071	400,647	414,786	5,368,034	(2,509,367)	68.1%	400,647
MaBSTOA	8,297	158,618	170,294	3,310,110	(1,216,243)	73.1%	158,618
LIRR Additional Plan	14	70,763	71,030	652,398	(606,479)	51.8%	70,763
MNR Cash Balance Plan	0	4	4	279	(31)	90.0%	4
<b>Total</b>		<b>630,032</b>	<b>656,114</b>	<b>9,330,821</b>	<b>(4,332,120)</b>	<b>68.3%</b>	<b>630,032</b>
MTA Sponsored Defined Contribution Plans							
MTA Deferred Comp Program (4), (5), (6)	83,136	N/A	N/A	8,380,659	N/A	N/A	N/A
MNR Employer Non-Elective Contribution	369	2,471	2,000	81,922	N/A	N/A	N/A
TCU/HQ 401(k) Matching Contribution	252	976	1,000	6,263	N/A	N/A	N/A
PBA	180	350	350	12,254	N/A	N/A	N/A
COA	19	35	35	273	N/A	N/A	N/A
<b>Total</b>		<b>3,832</b>	<b>3,385</b>	<b>8,481,371</b>			
Other Multi-Employer Plans							
NYSLERS	1,717	16,284	13,808	733,955	25,856	103.7%	16,284
NYCERS	36,299	797,299	818,176	17,210,974	(3,964,996)	81.3%	797,299
Voluntary Defined Contribution (Tier 6 Option)	207	2,324	2,000	18,324	N/A	N/A	N/A
Railroad Retirement Board <sup>(3)</sup>	15,049	171,160	194,386	N/A	N/A	N/A	N/A
<b>Total</b>		<b>987,067</b>	<b>1,028,370</b>				

<sup>(1)</sup> All amounts are in (\$000s). Totals may not add due to rounding.

<sup>(2)</sup> 2022 Final Estimate

<sup>(3)</sup> Tier II Employer Tax only

<sup>(4)</sup> MTA Deferred Compensation Program includes COA and PBA employer contributions, as well as the MNR Non-Elective Contribution and TCU/HQ 401(k) Matching Contribution plans; totals reflect all four employer contributions sources.

<sup>(5)</sup> "Active Members" reflects the number of accounts rather than individual members.

<sup>(6)</sup> Net Assets as per December 31, 2022 audited financial statements which includes all employee and employer contribution sources.

- Most MTA Headquarters employees, other than MTA police officers and the BSC and IT represented employees, are members of the New York State and Local Employees' Retirement System ("NYSLERS"). MTA police officers are members of the MTA Defined Benefit Pension Plan, which has a substantial Net Pension Liability. MTA's policy is to contribute at least the actuarially determined contributions ("ADC") on an annual basis to the plan. ADC contributions for the fiscal year ending December 31, 2023 are set forth in the table below. See also Footnote 4 to the unaudited Combined Financial Statements of MTA for more information relating to the MTA Defined Benefit Pension Plan, as well as the Required Supplementary Information attached.
- Most employees of MTA New York City Transit are members of the New York City Employees' Retirement System ("NYCERS"). MTA New York City Transit makes contributions to NYCERS based on

assessments calculated by the New York City Actuary. Most employees of MaBSTOA participate in a separately funded pension plan sponsored by MaBSTOA that provides benefits similar to NYCERS. MTA New York City Transit and MaBSTOA's policy is to contribute at least the ADC on an annual basis to the MaBSTOA Pension Plan. See Footnote 8 to the unaudited Consolidated Financial Statements of MTA New York City Transit for more information. See also the Required Supplementary Information attached to the unaudited Combined Financial Statements.

- Employees of MTA Staten Island Railway are members of the MTA Defined Benefit Pension Plan. MTA Staten Island Railway's policy is to contribute at least the ADC on an annual basis to the plan. See Footnote 4 to the unaudited Combined Financial Statements of MTA for more information relating to the MTA Defined Benefit Pension Plan, as well as the Required Supplementary Information attached.
- Both MTA Long Island Rail Road and MTA Metro-North Railroad supplement benefits provided under the Federal Railroad Retirement Act through other pension plans. The post-1987 employees of MTA Long Island Rail Road and almost all of the employees of MTA Metro-North Railroad participate in the MTA Defined Benefit Pension Plan.

As of January 1, 2023, pre-1988 MTA Long Island Rail Road retired employees numbering 4,962 and current employees numbering 14 participated in The Long Island Rail Road Company Pension Plan and The Long Island Rail Road Company Plan for Additional Pensions. The Long Island Rail Road Company Pension Plan was merged into the MTA Defined Benefit Pension Plan in 2006 and consequently the Unfunded Actuarial Accrued Liability for that Plan is now reported under the MTA Defined Benefit Pension Plan. See Footnote 4 to the unaudited Combined Financial Statements of MTA for more information on the pension plans, as well as the Required Supplementary Information attached.

- Substantially all of MTA Bridges and Tunnels' employees are eligible to participate in NYCERS and MTA Bridges and Tunnels is required to make significant annual contributions as calculated by the New York City Actuary. See Footnote 7 to MTA Bridges and Tunnels' unaudited financial statements for more information.

The pension plans have separately issued financial statements that are publicly available and contain descriptions and supplemental information regarding their respective employee benefit plan. These statements may be obtained by contacting the administrative office listed for such pension plan in MTA's unaudited financial statements annexed hereto.

The following is a brief summary of the pension plans. More detailed information is set forth in Footnote 4 to, and the required supplementary information – schedules of pension funding progress attached to, MTA's unaudited financial statements annexed hereto:

- Single-Employer Pension Plans
  - MTA Long Island Rail Road Plan for Additional Pensions – provides retirement, disability and death benefits to plan members and beneficiaries for employees hired prior to January 1, 1988. The plan is closed to new participants. As of January 1, 2023, this plan was 51.8% funded.
  - The Metro-North Commuter Railroad Company Cash Balance Plan – covers non-collectively bargained employees, formerly employed by Conrail, who joined MTA Metro-North Railroad as management employees between January 1 and June 30, 1983, and were still employed as of December 31, 1988. Effective January 1, 1989, these management employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees and the Cash Balance Plan was closed to new participants. As of January 1, 2023, this plan was 95.8% funded.
  - Manhattan and Bronx Surface Transit Operating Authority Plan – provides retirement, disability, cost-of-living adjustments and death benefits to plan members and beneficiaries that are similar to those benefits provided by NYCERS to similarly situated MTA New York City Transit employees. As of January 1, 2023, this plan was 73.1% funded.
- Cost-Sharing Multiple-Employer Plans
  - MTA Defined Benefit Pension Plan – covers certain MTA Long Island Rail Road non-represented employees hired after December 31, 1987, MTA Metro-North Railroad non-represented employees, certain employees of the former MTA Long Island Bus hired prior to January 23, 1983, MTA Police, MTA Long-Island Rail Road represented employee's hired after December 1, 1987, certain MTA Metro-North Railroad represented employees, MTA Staten Island Railway



represented and non-represented employees and certain employees of MTA Bus. Non-represented employees of MTA Bus participate in a final average salary program. As of January 1, 2023, this plan was 68.1% funded.

- NYCERS – MTA New York City Transit and MTA Bridges and Tunnels contribute to NYCERS, a cost-sharing multiple-employer retirement system for employees of the City and certain other governmental units which provides pension, disability and death benefits to eligible members based on title, salary and length of service. MTA New York City Transit and MTA Bridges and Tunnels are current in their actuarially determined contributions.
- NYSLERS – a cost-sharing multiple-employer plan for employees of New York State and certain other governmental units that covers certain employees of MTA Headquarters. MTA is current in its actuarially determined contribution.
- New York State Voluntary Defined Contribution Program – Certain employees may choose to participate in this multi-employer plan sponsored by the State University of New York instead of participating in NYCERS or NYSLERS. As of January 1, 2023, 207 employees elected to participate. Participating employers make annual contributions of 8% of eligible compensation and the employee is vested after one year of service.
- Deferred Compensation Plans - The Related Entities offer employees the ability to contribute to one or both of two defined contribution plans (an Internal Revenue Code Section 457 Plan and an Internal Revenue Code Section 401(k) Plan) that provide benefits based on the amount contributed to each participant’s account, plus or minus any income, expenses and investment gains/losses. MTA Metro-North Railroad, on behalf of certain MTA Metro-North Railroad employees who opted-out of participation in the MTA Defined Benefit Pension Plan and MTA, on behalf of certain represented MTA Business Services, Procurement and IT employees and on behalf of certain MTA Police Officers and MTA Commanding Officers, make contributions to the 401(k) Plan. The rate for the employer contribution varies.
  - MTA Metro-North Railroad – Employees represented by certain unions who elected to opt-out of participation in the MTA Defined Benefit Pension Plan receive an annual employer contribution equal to 4% of such employee’s compensation. Effective on the first full pay period following the nineteenth anniversary date of an eligible MTA Metro-North Railroad member’s continuous employment, MTA Metro-North Railroad contributes an amount equal to 7% of such member’s compensation. MTA Metro-North Railroad members vested in these employer contributions upon the completion of five years of service.
  - MTA Headquarters – Police – For each plan year, MTA makes contributions to the account of each eligible MTA Police Benevolent Association and Commanding Officers Association member in the amounts required by the relevant collective bargaining agreement and subject to the contribution limits set forth in such agreement. These monthly contributions shall be considered MTA Police Department contributions. Members are immediately 100% vested in these employer contributions.
  - MTA Headquarters – Business Services, Procurement and IT Department – Effective January 1, 2011, all newly hired MTA Business Services Center employees represented by the TCU are eligible to receive a matching contribution, up to a maximum of 3% of the participant’s compensation through March 30, 2017. Effective March 31, 2017, employees represented by the TCU are eligible to receive a matching contribution, up to a maximum of 4% of the participant’s compensation. Effective March 31, 2018, employees represented by the TCU are eligible to receive a matching contribution, up to a maximum of 5% of the participant’s compensation. A participant’s right to the balance of his or her matching contributions will vest upon the first of the following to occur: (1) completing five years of service, (2) attaining the retirement age of 62 while in continuous employment, or (3) death while in continuous employment.

## OPEB

In addition to pensions, the MTA Retiree Welfare Benefits Plan (the “OPEB Plan”) and the related Trust Fund were established effective January 1, 2009 for the exclusive benefit of the retirees of the Related Entities and certain retirees of the former Metropolitan Suburban Bus Authority (“MTA LI Bus”) to fund some of the OPEB benefits

provided in accordance with MTA’s various collective bargaining agreements and MTA policies. The OPEB Plan adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (“GASB 74”). GASB 74 establishes financial reporting standards of State and Local governmental OPEB plans. This statement replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. MTA’s unaudited financial statements are in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaced GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 applies to state and local government employers that sponsor OPEB. Information relating to OPEB disclosure is set forth in Footnote 5 to the unaudited Combined Financial Statements of MTA.

As of December 31, 2022, the OPEB trust held \$11.7 million in net assets.

## INSURANCE

### General

MTA’s Department of Risk and Insurance Management (“MTA RIM”) is responsible for administering the insurance programs for the Related Entities, including obtaining insurance. Alliant Insurance Services, Inc. and Willis Towers Watson Northeast, Inc. serve as MTA’s insurance brokers and Davies Captive Management acts as the captive manager for FMTAC

The insurance needs of the Related Entities vary. One of the biggest differences relates to how employees are covered for injuries on the job. The recovery by employees of the Related Entities other than the commuter railroads and the MTA Police Department who get injured on the job is limited by the State workers’ compensation law. Recoveries by employees of the commuter railroads and the MTA Police Department are governed by federal law, and are not limited by State law, and, consequently, they can sue for damages under the Federal Employers Liability Act if they are injured on the job.

The Related Entities maintain insurance coverage through MTA’s captive insurance company subsidiary, FMTAC, and through the commercial marketplace. MTA RIM, which also serves as the staff of FMTAC, sets the insurance premiums for the Related Entities at levels that are expected to be sufficient to purchase the commercial insurance or reinsurance, or permit FMTAC to pay the claims and costs for claims administration. Since its creation, FMTAC, with funding from the Related Entities, has assumed greater responsibility for the direct insurance and reinsurance risk of the Related Entities.

FMTAC is licensed in the State as both a direct insurer and as a reinsurer. When FMTAC is a direct insurer, it may reinsure all or a portion of its potential liabilities with commercial reinsurers. FMTAC retains independent entities to handle the claims administration process. FMTAC may deposit certain of its assets in trust with third parties in order to secure its insurance or reinsurance obligations under some of the insurance policies.

New York State Department of Financial Services (“NYSDFS”) regulations require that every captive insurance company licensed in the State be audited by State regulators every three to five years for compliance with State regulations and generally accepted accounting standards. FMTAC’s third audit covering the period from January 1, 2011 to December 31, 2015 was completed during 2017 and a favorable sign-off from NYSDFS was received on January 29, 2019. NYSDFS is conducting an audit of FMTAC for the period of January 1, 2016 to December 31, 2020. The final report from NYSDFS has not yet been received.

The major insurance policies are maintained for the benefit of the Related Entities, and the expiration dates of such policies are set forth in the following chart:

<u>Insurance Program</u>	<u>Expiration Date</u>
Property Insurance	May 1, 2024
Commuter Stations and Force Liability	December 15, 2024
FMTAC Excess Loss Fund	October 31, 2024
Commercial Excess Liability Policy	October 31, 2024
All Agency Protective Liability	June 1, 2024
Paratransit and Non-Revenue Vehicle Policies	March 1, 2025
Premises Liability	December 7, 2024
Builder’s Risk	Various
Owner Controlled Insurance Programs	Various

## Property Insurance Program

The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Effective May 1, 2023, FMTAC renewed the all-agency property insurance programs. For the annual period commencing May 1, 2023, FMTAC directly insures property damage claims of the Related Entities in excess of a \$25 million per occurrence deductible, subject to an annual \$75 million aggregate deductible. The total All Risk program annual limit is \$500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 million per occurrence. In addition to the noted \$25 million per occurrence self-insured deductible, MTA self-insures above that deductible for \$147.08 million within the overall \$500 million per occurrence property program as follows: \$20.277 million (or 40.55%) of the primary \$50 million layer, plus \$23.777 million (or 47.55%) of the \$50 million excess \$50 million layer, plus \$14.792 million (or 29.58%) of the \$50 million excess \$100 million layer, plus \$8.827 million (or 17.65%) of the \$50 million excess \$150 million layer, plus \$4.484 million (or 8.96%) of the \$50 million excess \$200 million layer, plus \$12.548 million (or 25.09%) of the \$50 million excess \$250 million layer, plus \$13.547 million (or 27.09%) of the \$50 million excess \$300 million layer, plus \$14.997 million (or 29.99%) of the \$50 million excess \$350 million layer, plus \$18.664 million (or 37.32%) of the \$50 million excess \$400 million layer, and \$15.164 million (or 30.32%) of the \$50 million excess \$450 million layer.

Supplementing the \$500 million per occurrence noted above, FMTAC's property insurance includes a further layer of \$100 million of fully collateralized storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three-year period from May 19, 2023 to April 30, 2026. The expanded protection is reinsured by MetroCat Re Ltd. 2023-1, a Bermuda special purpose insurer independent from MTA and formed to provide FMTAC with capital markets based property reinsurance.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2019. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of \$200 million. The United States government's reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces, which would cover the remaining 20% of the Related Entities' losses arising from an act of terrorism. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of \$215 million for any one occurrence and in the annual aggregate, (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds \$5 million and less than the \$200 million TRIPRA trigger up to a maximum recovery of \$200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$215 million. Recovery under the terrorism policy is subject to a deductible of \$25 million per occurrence and \$75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed \$75 million future losses in that policy year are subject to a deductible of \$7.5 million. The terrorism coverages expire on May 1, 2025.

## Commuter Stations and Force Liability

- Commuter Station Liability Insurance. FMTAC directly insures MTA Long Island Rail Road and MTA Metro-North Railroad under the stations policy, which covers third party liability, bodily injury and property damage and personal injury at commuter rail passenger stations, including moving train hazards while confined to the station area, and includes elevators, escalators, platforms, appurtenances, land, approaches and parking lots, if they are owned by the Related Entities. These policies insure up to the Self-Insured

Retention set forth in the table included under the caption “FMTAC Excess Loss Fund” below per occurrence with no aggregate stop loss protection.

- Commuter Force Account Insurance. FMTAC directly insures MTA Long Island Rail Road and MTA Metro-North Railroad under the force account policy, which covers third party liability, physical damage and medical payments on commuter rail force account work (i.e., employees of the commuter railroads in the course of doing work for the benefit of the Related Entities) reimbursed by others. These policies insure up to the Self-Insured Retention set forth in the table included under the caption “FMTAC Excess Loss Fund” below per occurrence with no aggregate stop loss protection.
- The cost of the stations insurance is factored into the level of station maintenance payments required to be paid by the City and the counties in the MTA Commuter Transportation District. See “PART 2. FINANCIAL – INFORMATION REVENUES OF THE RELATED ENTITIES – Financial Assistance and Service Reimbursements from Local Municipalities – *Commuter System Station Maintenance Payments*”.

On December 15, 2015, FMTAC increased the primary coverage on the Station Liability and Force Account liability policies from \$10 million to \$11 million for MTA Metro-North Railroad and MTA Long Island Rail Road.

### FMTAC Excess Loss Fund

FMTAC operates a liability insurance program (“ELF”) that insures certain claims in excess of the self-insured retention limits of the agencies. The maximum amount of claims arising out of any one occurrence is the total assets of the ELF program available for claims, but in no event greater than \$50 million. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. Based on actuarial review and analysis of agencies’ underlying losses, the Excess Loss premium for each of the policy periods October 31, 2021-October 31, 2022 and October 31, 2022-October 31, 2023 was \$14 million. For the next renewal period, a similar analysis will be conducted and appropriate premium charges will be determined. On December 31, 2023, the balance of the assets in this program was \$189.2 million.

The table below sets forth self-insured retention limits, for each agency, for claims arising between October 31, 2015 and the present. Self-insured retention limits for claims arising in prior periods for MTA New York City Transit, MaBSTOA, MTA Bus, and the commuter railroads ranged from \$8 million to \$10 million.

	MTA New York City Transit MaBSTOA MTA Long Island Rail Road MTA Metro-North Railroad MTA Bus	MTA Staten Island Railway Metropolitan Suburban Bus Authority*	MTA Bridges and Tunnels MTA Headquarters
Self-Insured Retention 10/31/15 to Present	\$11 million	\$3.2 million	\$3.2 million

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords MTA and the other Related Entities coverage limits of \$357.5 million in addition to the ELF program, for a total limit of \$407.5 million (\$357.5 million in excess of \$50 million). In certain circumstances, when the assets in the ELF program are exhausted due to payment of claims, the All-Agency Excess Liability Insurance Policy will assume the coverage position of \$50 million.

There are currently 32 cases reported to ELF that could exceed the Agency’s self-insured retention limit. . At this moment, two of these claims are major claims and discovery is ongoing in most of the remaining cases. Until discovery is complete the impact on the ELF program is unknown. Thus, the outcome of these cases, and the amount, if any, which the reporting agency or the ELF program would be required to pay cannot be determined at this time. The following are pending cases and claims that could result in payments under this liability policy in excess of the \$50 million ELF limit:

- *MTA Metro-North Railroad Valhalla.* An incident occurring on February 3, 2015, when a Metro-North Railroad Harlem Line train struck an automobile in a highway-rail grade crossing between the Valhalla and Hawthorne stations, has resulted in assertion of personal injury claims against the railroad. The driver of the automobile and five passengers on the train were killed. A number of passengers, and the train engineer,

\* The MTA subsidiary Metropolitan Suburban Bus Authority discontinued its provision of transportation services at the end of 2011. Its activities are limited to the winding up of its affairs. FMTAC excess loss coverage remains in place only with respect to claims arising out of MTA Metropolitan Suburban Bus Authority incidents which occurred on or before December 31, 2011.

were injured. The National Transportation Safety Board (NTSB) adopted its report on the causes of the accident on July 25, 2017, finding that the probable cause of the accident was the driver of the automobile, for undetermined reasons, moving the vehicle onto the tracks while the Commerce Street highway-railroad grade crossing warning system was activated, into the path of the Metro-North Railroad train. Contributing to the accident was the automobile driver: (1) stopping beyond the stop line, within the boundary of the highway-railroad grade crossing, despite warning signs indicating the approach to the grade crossing; and (2) reducing the available time to clear the grade crossing by exiting the vehicle after the grade crossing warning system activated because the driver's attention was diverted by the grade crossing warning system crossing gate arm striking her vehicle. Contributing to the severity of the accident was the third rail penetrating the passenger compartment of the lead passenger railcar and the post-accident fire. While there is no indication from the NTSB's findings that MTA Metro-North Railroad was at fault in connection with this incident, 37 lawsuits were filed. Motions for summary judgment were decided by Judge Lubell of Westchester County Supreme Court in three separate decisions. Defendants MTA and Metro-North's motion was partially granted and partially denied. The decision denying MTA and Metro-North's motion is on appeal. Trial is scheduled for June 4, 2024. It is anticipated that the trial will take six weeks. Plaintiff recently served their expert disclosures on March 9, 2024 and defendants' expert disclosures will be due on April 5, 2024. Motions in limine are presently due on April 12, 2024 with opposition due on May 3, 2024. The Town of Mount Pleasant has recently settled all of the claims as against it with the plaintiffs in a blockbuster mediation. Notwithstanding Metro-North Railroad's position that it has no responsibility for this incident, if plaintiffs are successful in their claims against Metro-North Railroad, damages could exceed the self-insured retention and impact the FMTAC and excess layers of insurance.

- *MTA Long Island Rail Road - Atlantic Terminal Bumper Block Strike.* This incident occurred on January 4, 2017, when a LIRR - Far Rockaway Line train struck a bumper block in the Atlantic Terminal-Brooklyn Station and resulting in 173 injury claims, including 11 employee FELA claims. To date, 122 claims have been put into suit. LIRR has paid out the entire \$11 million FMTAC Station Maintenance retention limit in expenses and settlements and \$19.57 million has impacted and there are six open lawsuits.
- *MTA Long Island Rail Road-New Hyde Park Collision -* On October 8, 2016, while LIRR was conducting track work east of the New Hyde Park Station on track placed out of service, a piece of track equipment derailed fouling live track and was struck by a train carrying passengers, causing the passenger train to derail. Numerous passengers and several employees were injured. There has been a total of 72 claims related to this accident; 57 passenger injuries, eight employee injuries and the remaining are property damage claims. The derailment caused damage to three passenger cars, the track area and the track equipment involved. At this time, 33 lawsuits have been filed against LIRR. LIRR has paid out the entire \$11 million FMTAC Force Account retention limit in expenses and settlements and \$8.6 million has impacted the ELF program. The current outstanding reserves are \$3.3 million and there are eight open lawsuits.
- *Shah v. MTA Bus Company, et al -* This accident occurred on September 10, 2017, on 61st Street. Plaintiff was parked in his taxi and claims he was struck by the bus. The plaintiff initially moved for summary judgment on liability relying on his statutory hearing transcript. The lower court denied the motion. The plaintiff appealed the decision. The Appellate Division reversed the lower court's denial of summary judgment and granted the plaintiff summary judgment by order dated January 19, 2022. Plaintiff underwent posterior cervical laminectomy with complete laminectomies of C4, C5, and C6, hemilaminectomy of C3, hemilaminectomy of C7, posterior instrumentation C3 through C7 and posterior cervical arthrodesis C3 through C7 and is claiming right wrist non-displaced trabecular fracture of the lateral aspect of the distal ulna, with tear of the triangular fibrocartilage and lumbar herniations. The matter was adjourned to June 17, 2024, for a further pre-trial conference.
- *Caihong Delgado v. MTA Bus Company, et al -* This matter involves a claim by the plaintiff, Caihong Delgado, currently 56 years old, that on June 10, 2017, she was a passenger on an MTA Bus Company bus that was involved in a rear-end collision with a vehicle operated by Justin Lachman and owned by Veerasammy Lachman (co-defendants), which occurred at the intersection of Main Street and 38th Avenue in Queens County, New York. The MTA bus operator, Eric McClain, claims that the co-defendants' vehicle was making a right turn in front of the bus and stopped short causing the front of the bus to strike the rear of the co-defendants' vehicle. Co-defendant, Justin Lachman, claims that he was making a right turn and stopped for pedestrians in the crosswalk when the bus rear-ended his vehicle. As a result, Ms. Delgado claims to have sustained a traumatic brain injury with cognitive deficits, disc herniations at L4-L5, and L5-S1, disc bulge at L3-L4, and a disc protrusion impinging on the anterior cord at C4-C5, C5-C6. Plaintiff underwent arthroscopic surgery on her left shoulder on March 9, 2020. Ms. Delgado also claims her spinal

injuries have caused degenerative nerve damage and radiating pain in her upper and lower extremities. She received a rhizotomy (a surgical procedure to sever nerve roots in the spinal cord) at L4-L5; nerve block injection at B Stellate Ganglion joint; facet joint block injection at C3, C4, and C5; facet block injections to the lumbar spine; and trigger point injections to her cervical and lumbar spine, and bilateral trapezius (three trigger point injections in total). The plaintiff was granted summary judgment on liability on June 3, 2020. A default judgment has already been entered against the vehicle operator, as well. The co-defendants appealed the decision to the Appellate Division, Second Department which granted the plaintiff summary judgment against them. On August 9, 2023, the Appellate Division granted the co-defendants' appeal overturning the lower court's decision which had granted summary judgment for the plaintiff against the co-defendants. The Appellate Division denied the co-defendants' appeal to grant them summary judgment and dismissing the plaintiff's complaint against them. The injuries as alleged, if a jury believes are causally related, have a sustainable verdict value in the range of \$4 to \$8 million dollars. In terms of the settlement, the plaintiff has made a settlement demand of \$12 million dollars, based on the plaintiff's settlement demand it may take an offer in the range of \$3 to \$6 million dollars to settle this case prior to trial.

- *Robert Liciaga v. MTA New York City Transit* - On April 10, 2016, at about 3pm, then 23-years old Robert Liciaga, rode his bicycle through a cordoned-off construction site beneath an elevated subway line and was struck by a rotted cross tie which was dropped into a designated "drop zone." Plaintiff sustained severe and permanent injuries and is confined to a long-term care facility. A Kings County Supreme Court jury found MTA New York City Transit 100% liable and awarded Plaintiff \$110 million. The trial judge reduced the pain and suffering awards after post-trial motions were made thereby reducing the total award to roughly \$69 million. The Authority appealed. The appellate court heard oral argument in November 2023. We are awaiting the decision. Settlement has not been productive as plaintiff insists on recovering the entire judgment amount. The case has been reported to ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Corrigan v. MTA New York City Transit* - On March 8, 2010, 37-year-old male plaintiff made contact with an uptown #6 train at the 14th Street station in Manhattan resulting in a traumatic brain injury and other injuries. Before discovery was completed, plaintiff's ex-wife, who is also a named plaintiff, filed for bankruptcy. Due to the bankruptcy filing, the state court judge stayed this action. The case has been reported to ELF, which would be responsible for the remaining limits available excess of the \$9 million self-insured retention.
- *Sang Gi Kang, et al v. MTA New York City Transit & MTA* - On September 18, 2017, at 6:21 am, an MTA New York City Transit bus making a right turn was struck in the rear by a Dahlia Group, Inc. tour bus travelling straight at an excessive rate of speed and passing through two red traffic signals. The National Transportation Safety Board concluded that the probable cause of the accident was the Dahlia bus driver's "unintended acceleration of the motor coach and inability to brake for reasons that could not be conclusively determined from the information available." There are currently 24 lawsuits: 4 fatalities (2 passengers on board the MTA New York City Transit bus, the driver of the Dahlia bus and a pedestrian that was on the sidewalk), the non-fatal plaintiffs consist of ten MTA New York City Transit bus passengers including the MTA New York City Transit driver, two pedestrians and two persons in a car struck by the MTA New York City Transit bus. There are six property damage claims, including an affirmative litigation case by MTA New York City Transit to recover against Dahlia for the damage caused to MTA New York City Transit's bus. Although we maintain that liability lies with co-defendant Dahlia, Dahlia's insurance limit of \$5 million is not enough coverage to satisfy the injury and property damage claims from this event. The deadline to move for summary judgment has been extended pending the outcome of private mediation. The parties are actively mediating the case with a private mediator. Mediation is expected to be concluded by mid to late 2024. The case has been reported to the ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available. The individual lawsuits are listed below except for B/O Devon Bryan's lawsuit for bodily injury and MTA New York City Transit's affirmative litigation lawsuit against Dahlia for property damage to the bus.
- *Rajan Patel v. MTA New York City Transit* - On February 17, 2018, plaintiff was struck by a southbound four subway train resulting in below the knee amputation of both legs. The matter settled for \$5.5 million and this will no longer be reported.
- *Mathews v. MTA New York City Transit* - On June 6, 2017, at about 8:30 p.m., while crossing mid-block outside of a crosswalk, 63-year-old Harold Mathews, was struck by an MTA New York City Transit bus that had just made a right turn near the intersection of East 149th Street and Prospect Avenue, in the Bronx. Plaintiff has had multiple surgeries to both legs including a right leg amputation. A settlement was reached

at mediation in the sum of \$8 million. Payment was made November 1, 2023. Therefore, this case will no longer be reported.

- *Beauchamp v. MTA New York City Transit* - On the evening of March 6, 2017, then 62-year-old plaintiff Aurora Beauchamp was struck while crossing on Houston Street within a crosswalk by an MTA New York City Transit bus making a left turn onto Houston Street from Avenue D. Plaintiff was pinned under the bus and had to be extracted by the FDNY. Plaintiff sustained multiple injuries including bilateral hip and pelvic fractures, pneumothorax, pelvic, hematoma, gluteal artery laceration, bilateral rib fracture, non-displaced vertebral fracture, left foot drop, bilateral thigh degloving, with multiple debridement to the right thigh and wound vac placement to the right thigh for which she underwent multiple surgeries including repair a left hip socket fracture and ruptured bladder. Plaintiff claims need for future care including spinal surgery, joint replacements of the left hip and knee and potentially a spinal cord stimulator implantation. Plaintiff is unable to ambulate independently and relies on a wheelchair. In February 2023, the parties participated in third-party mediation but were unable to come to a resolution. On February 22, 2024, the jury awarded the plaintiff \$72.5 million. MTA New York City Transit is appealing the verdict.
- *Cropper v. MTA New York City Transit* - On June 6, 2006, then 39-year-old Cuman Cropper flew off his bicycle and into the path of an MTA New York City Transit bus when his bicycle was struck by the opening door of a parked taxi. The bus driver, Stewart, was named as a defendant. Because Stewart failed to cooperate in his defense, MTA New York City Transit was relieved as his counsel. A default judgment was subsequently entered against Stewart. The case proceeded to trial against MTA New York City Transit and the taxicab defendants. A New York jury found MTA New York City Transit and the taxicab driver liable for the accident and judgment was entered for roughly \$10.5 million. MTA New York City Transit appealed and the Appellate Division, First Department dismissed the case as against MTA New York City Transit. Years after the Appellate Division ruled, plaintiff brought a motion against MTA New York City Transit seeking to recoup the \$10.5 million judgment based on an assignment plaintiff obtained from MTA New York City Transit's bus driver Stewart. That motion was denied and appealed by plaintiff. The Appellate Division affirmed the denial of the motion on the ground that since all claims against MTA New York City Transit had been resolved, the court lacked jurisdiction. Plaintiff subsequently commenced a new plenary action for the same relief. MTA New York City Transit moved for summary judgment dismissing the action and plaintiff cross-moved for summary judgment seeking an order directing MTA New York City Transit to pay the judgment. MTA New York City Transit's motion was granted and plaintiff's motion denied. Plaintiff appealed. Oral argument was heard early January 2024. An appellate decision is expected by March 2024. The case has been reported to ELF which would be responsible for any amount in excess of the \$7 million self-insured retention up to the remaining limits available.
- *Aviles v. MTA New York City Transit* - On February 15, 2016, 46-year-old Plaintiff alleges he slipped on a subway platform at the Woodhaven Blvd. station and fell in the space between the platform and two cars of the train as the train pulled out of the station. Plaintiff suffered significant injuries. Discovery and MTA New York City Transit's investigation of this case is continuing. At the November 2022 conference, the Court ordered the Note of Issue to be filed in January 2023 and indicated that settlement discussions will be entertained at the next conference. The trial was adjourned to October 10, 2024. The case has been reported to the ELF, which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Maycock v. MTA New York City Transit* On June 6, 2014, at about 6pm, after boarding an MTA New York City Transit bus located on Utica Avenue, Brooklyn, near its intersection with Fulton Street, 8-year-old Jervir Maycock told the bus driver his grandmother, with whom he was traveling, had not boarded the bus and asked to be let off. The bus driver discharged the infant on the other side of the intersection. The infant ran back across the intersection against the light and was struck by co-defendant's vehicle that was traveling at about 30-mph. He suffered multiple jaw fractures requiring two surgeries, multiple pelvic fractures without surgery and alleges TBI. A Kings County jury apportioned liability for the happening of the accident at 20% against co-defendant and 80% against MTA New York City Transit. At the conclusion of the liability trial, the court granted co-defendant's motion and dismissed the action against co-defendant. Following a damages trial, the jury awarded plaintiff \$18 million (\$6 million for past pain and suffering, \$12 million for future pain and suffering). MTA New York City Transit's post-trial motion to dismiss the case was granted. Plaintiff appealed. An appellate decision is not expected until mid-2025, given the appellate court's current backlog. The case has been reported to ELF which would be responsible for any amount in excess of the \$10 million self-insured retention up to the remaining limits available.
- *Bronx Bus GWB Overhang Cases* - On January 14, 2021, at about 11 pm, an articulated MTA New York City Transit bus making a left turn onto the George Washington Bridge overpass in the Bronx went onto the

sidewalk and through a metal guardrail. The front of the bus fell face down 60' and hung perpendicular to the roadway below, while the rear portion of the bus located behind the accordion remained on University Avenue. There are seven lawsuits and one claim which has not been put into suit; each plaintiff was a passenger on the bus. In five lawsuits, plaintiffs have been granted liability against MTA New York City Transit. Discovery remains ongoing. Therefore, MTA New York City Transit cannot predict the outcome of the litigation at this time. The case has been reported to the ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.

- *Bronx Bus Concrete Median Cases* - On September 9, 2019, at approximately 12:48 pm, an articulated MTA New York City Transit bus struck a concrete median in the roadway while attempting a left turn in the vicinity of Webster Avenue and 165th Street in the Bronx. Ten personal injury claims have been filed, all are passengers on the bus, and nine are in suit. One case has settled. In three of the eight remaining lawsuits, plaintiffs have been granted liability against MTA New York City Transit. All cases are consolidated, except for the Valdez Rodriguez case which is on the trial calendar and has a pre-trial settlement conference scheduled for end of January 2024. The remaining consolidated cases are in the early stages of discovery. Thus, MTA New York City Transit cannot predict the outcome of the litigation at this time. The case has been reported to the ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Bronx Bus El Pillar Cases* - On August 4, 2022, at approximately 8:23 am, an MTA New York City Transit bus traveling on Boston Road in the Bronx struck an el pillar. The impact was to the front of the bus and was captured on bus video. Eleven personal injury claims, all passengers on the bus, have been filed. Six of the 11 claims have been put into suit and are in the very early discovery stages. Thus, MTA New York City Transit cannot predict the outcome of the litigation at this time. The case has been reported to the ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Brooklyn Bus Brownstone Cases* - On June 7, 2021, at about 2 pm, an MTA New York City Transit bus traveling southbound on Bedford Avenue near Lincoln Road, rear-ended a truck that was stopped in traffic. The bus then crossed over the opposing lanes of traffic, contacted three other vehicles and drove into a brownstone. The cause of the accident is under investigation, but the bus driver claimed his foot became caught between the gas and brake pedals. There are currently 24 claims, of which 20 resulted in suits with four of these suits being limited to property damage claims. Summary judgment on the issue of liability has been granted against MTA New York City Transit in one personal injury case. Discovery is ongoing. MTA New York City Transit therefore cannot predict the outcome of the litigation at this time. The case has been reported to the ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Brooklyn 36<sup>th</sup> Street Subway Shooting* - On April 12, 2022, at about 8:25 am, a man reported to be Frank Robert James, committed a mass shooting, which led to an explosion and smoke condition on a Manhattan-bound N train as it traveled between 59<sup>th</sup> Street and 36<sup>th</sup> Street subway stations in Brooklyn. To date, eight claims have been received and four lawsuits have been filed, with one lawsuit having three named plaintiffs. The cases have been consolidated for discovery and liability and are in the early stages of discovery. Thus, MTA New York City Transit cannot predict the outcome of the litigation at this time. The case has been reported to the ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Brown v. MTA New York City Transit* - On May 8, 2013, at approximately 2:57 am, the then 45-year-old Keith Brown slipped due to an alleged water condition on the edge of the southbound platform of the Halsey Street Station in Brooklyn, on the "L" line which caused his leg to become lodged between the train and the platform edge. Plaintiff alleged that the conductor failed to see plaintiff in such a state and gave the signal for the train to proceed out of the station. Injuries include comminuted open fractures of the left tibia and fibula, crushing and degloving injuries requiring an immediate application of an external fixator followed by numerous surgical procedures and corrective measures. Plaintiff underwent 14 surgical procedures and his medical experts testified that he may require a leg amputation in the future. On October 26, 2022, a Kings County jury found MTA New York City Transit 100% liable and on November 17, 2022, awarded plaintiff \$14 million (\$10 million for past pain and suffering, \$2.5 million for future pain and suffering, \$1.5 million for future medical costs). Due to numerous substantive errors by the court reporter, the case is still awaiting post-trial motions. Appellate practice is expected to ensue once post-trial motions are decided and a final judgment is entered. The case has been reported to the ELF which would be responsible for any amount in excess of the \$9 million self-insured retention up to the remaining limits available.



- *Henry v. MTA New York City Transit* - On August 27, 2018, at about 9 pm, while straddling the double yellow lines of Gun Hill Road in the Bronx, outside a crosswalk, 60-year-old Josephine Henry claims she was struck in the head by the driver side mirror of an MTA New York City Transit bus. Plaintiff claims extensive polytrauma due to blunt force impact, including fractures to her hips, ribs and cervical and thoracic spines and lacerations to her liver. Plaintiff was hospitalized for about 2.5 months, during which time she was intubated for three weeks and underwent spinal fusion for levels T5 to T10 and hip surgeries to repair severe socket fractures in both hips. The parties are scheduling a private mediation. The case has been reported to the ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Bronx Bus Accident with FDNY Truck* - On the afternoon of November 16, 2018, an MTA New York City Transit bus traveling northbound on Webster Avenue in the Bronx, collided with an FDNY firetruck (with lights on) that had turned onto Webster Avenue from East 175th Street in the Bronx. The incident was captured on bus video. There are 12 personal injury lawsuits which have been consolidated. All lawsuits are stayed due to the death of plaintiff Norman Williamson, who passed away from causes unrelated to this incident. Motions to sever the Norman Williamson case are pending. Since the cases are in the early stages of discovery, MTA New York City Transit cannot predict the outcome of the litigation at this time. The case has been reported to the ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Singh v. MTA New York City Transit* - On June 12, 2018, at approximately 7:10 pm, 59-year-old Plaintiff, a limo driver, was stopped for a red signal on northbound 3rd Avenue when his vehicle was struck from behind by an MTA New York City Transit bus. Plaintiff sustained significant injuries requiring surgery. Liability was granted against MTA New York City Transit in September 2020. This matter is on the trial calendar; however, discovery is ongoing. The case is on for argument on plaintiff's discovery motion against MTA New York City Transit and cross-motion for discovery against plaintiff on April 15, 2024. At that time we will explore settlement. The case has been reported to ELF, which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Kevin Burke v. New York City Transit* - On February 25, 2022 at 4:29 am, Kevin Burke was struck by a northbound "2" train at the Central Park 110th Street station in New York County. Reports indicate that he fell between subway cars. Plaintiff sustained amputations of both feet and the right arm, multiple spinal fractures and bilateral lung base consolidation. Discovery is in very early stages. Thus, MTA New York City Transit cannot predict the outcome of the litigation at this time. The case has been reported to ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *MTA New York City Transit Bus and Go New York Bus Tours cases* - On July 6, 2023, at approximately 7:15 pm, a MTA New York City Transit bus was traveling eastbound on East 23rd Street at the intersection of 1st Avenue in New York County, with a green traffic light, when a Go New York Tours bus, which was travelling northbound on 1st Avenue, went through a red light and struck the passenger side of the MTA New York City Transit bus. 24 claims have been asserted. None have been put into suit yet. The case has been reported to ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *96<sup>th</sup> Street Derailment* - On January 4, 2024, at approximately 3:00 pm, a northbound #1 train made contact with another northbound #1 train outside the station limits of the 96<sup>th</sup> Street station in New York County. The contact caused the trains to partially derail. To date, three claims have been received. None have been placed into suit. The case has been reported to ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *125th Street Derailment* - On June 27, 2017, a southbound A train pulling into the 125th Street station in Harlem derailed with wheels of two cars off the tracks. The derailment also caused damage to subway cars, track, and related track equipment and infrastructure in the vicinity of the derailment. Currently ten lawsuits remain active, as the majority have settled. The case has been reported to ELF which would be responsible for any amount in excess of the \$10 million self-insured retention up to the remaining limits available.
- *Bronx Bus and Van collision* - On July 12, 2022, approximately 10:26 am, an MTA New York City Transit bus traveling northbound on Spofford Avenue in the Bronx collided with a van traveling eastbound on Longfellow Avenue that proceeded through a stop sign, without stopping. The impact was to the left rear wheel well of the bus. The accident was captured on bus video. Eight personal injury claims have been filed, three of which are in suit and in the early stages of discovery. Thus, MTA New York City Transit cannot predict the outcome of the litigation at this time. The case has been reported to the ELF which would

be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.

- *Pisano, Jr. v. SIRTOA* - On November 24, 2016, at about 4 am, then 23-year-old Robert Pisano, Jr., was struck by a SIRTOA train at the Bay Terrace station in Staten Island. Plaintiff, who was intoxicated, sustained a traumatic amputation of his right leg below the knee which was surgically raised to an above the knee amputation due to infections and debridements, a head injury with degloving to the scalp, surgical removal of left kidney, removal of spleen, pelvic fracture, l-5 fracture, lacerations to liver, bladder and prostate, colectomy with subsequent reversal, diaphragmatic hernia and psychological injury involving stress, nightmare, anxiety and depression. Discovery and depositions are continuing. Settlement will be explored at the completion of discovery. The case has been reported to the ELF which would be responsible for any amount in excess of the \$3.2 million self-insured retention up to the remaining limits available.
- *Barragan v. MTA New York City Transit* - 29-year-old Yannet Barragan, while walking within a crosswalk, was struck by an MTA New York City Transit bus at the intersection of Fifth Avenue and 60th Street in Brooklyn. Plaintiff claimed three cervical herniations and one lumbar herniation without surgery, knee injuries requiring arthroscopic surgery on each knee and a left rotator cuff tear without surgery. Following a damages trial, a Kings County Supreme Court jury awarded plaintiff \$10.6 million (\$1.7 million for past pain and suffering; \$5.5 million for future pain and suffering and \$3.4 million over 47 years for future medical expenses). Judgment was entered in July 2020 in the approximate sum of \$14.5 million. MTA New York City Transit has appealed. Oral argument has not yet been scheduled. Given the appellate court's backlog, an appellate decision is expected mid to late 2024. The case has been reported to ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.
- *Malerba v. MTA New York City Transit* - On September 2, 2008, 51-year-old Peter Malerba, an employee of 3rd party defendant Ameron Global (subcontractor hired by to maintain and service fire extinguisher systems in the subway booths), was severely injured while servicing a fire suppressant tank at Ameron Global's facility when the tank exploded. As a result, plaintiff sustained vision loss in the left eye, hearing loss, multiple left-sided facial fractures to the occipital bones and maxilla, skull fractures, right wrist and arm fractures and traumatic brain injuries. Plaintiff also has a significant claim for economic damages. MTA New York City Transit's defense has been assumed pursuant to a reservation of rights by the contractor hired by MTA New York City Transit to service the fire extinguisher tanks. The case has been reported to ELF. Should the reservation of rights be invoked, ELF would be responsible for any amount in excess of the \$8 million self-insured retention up to the remaining limits available.
- *Staten Island Bus Collision with Dump Truck* - On March 7, 2022, at approximately 9:56 am, an MTA New York City Transit S40 bus was traveling eastbound on Richmond Terrace, near Stuyvesant Avenue, in Richmond County when it drove into the rear of a stopped, double parked, dump truck owned by co-defendant Jet Hauling LLC. The right front of the bus made contact with the left rear of the truck. Of the 12 notices of claim filed, one was withdrawn and eight lawsuits - with ten plaintiffs - are pending. The case has been reported to the ELF which would be responsible for any amount in excess of the \$11 million self-insured retention up to the remaining limits available.

### **All Agency Protective Liability**

- *FMTAC All-Agency Protective Liability Program*. Under the All-Agency Protective Liability Program ("AAPL"), FMTAC directly insures the Related Entities against claims arising out of work performed by independent contractors on capital projects. The policy provides coverage of \$2 million per occurrence.
- *FMTAC All-Agency Protective Excess Liability Program*. FMTAC directly insures the Related Entities to provide excess coverage above the AAPL. The policy provides coverage of \$9 million in excess of \$2 million per occurrence, with an \$18 million annual aggregate. Any excess is covered by the ELF program.

### **Paratransit and Non-Revenue Vehicle Policies**

- *MTA New York City Transit Paratransit Program*. FMTAC maintains a policy that provides funding for the automobile liability coverage for all vendors hired to perform services on behalf of MTA New York City Transit's Access-A-Ride program with limits of \$3 million per occurrence to fund self-insured losses.
- *MTA Non-Revenue Auto Liability*. This program covers non-revenue vehicles (i.e., administrative and other vehicles not used for the generation of passenger revenues) of MTA Long Island Rail Road, MTA Metro-

North Railroad, MTA Staten Island Railway, MTA Police Department, the MTA Inspector General, MTA Construction and Development and MTA Headquarters. The program limit is \$11 million per occurrence on a combined single limit with a \$1 million self-insured retention for each accident. Primary limits of \$1 million was procured through the commercial marketplace. Excess limits of \$9 million was procured through FMTAC. Premises Liability

Premises Liability insurance covers liability arising out of the ownership, maintenance and use of MTA 2 Broadway location, and the MTA Inspector General's office at 1 Penn Plaza. The program provides the Related Entities with coverage of up to \$1 million per occurrence with a \$2 million aggregate.

### **Owner Controlled Insurance Program**

In an owner-controlled insurance program ("OCIP"), MTA RIM arranges for the insurance coverage for all of the construction activity covered by the OCIP, rather than reimbursing the individual contractors and subcontractors for obtaining their own insurance. OCIPs have historically been regarded as more economical than requiring the contractors and subcontractors to obtain the insurance directly. Economies arise from, among other things, the risk pooling nature of the program (i.e., the risks relating to insuring each individual project separately is generally considered greater than the risks associated with collectively insuring many projects) and that MTA, due to its financial strength and successful operation of safety management programs at the job sites, is generally better able to procure insurance at favorable rates than individual smaller contractors and subcontractors. In addition, an OCIP provides the same level of insurance coverage at each project, which was not always possible when the individual contractors and subcontractors were required to obtain the insurance.

Generally, commercial insurance policies are obtained for the OCIP, but FMTAC will typically retain a significant portion of each insured loss which ranges from the first \$1,500,000 to \$3,000,000 of each insured workers' compensation or general liability loss and up to the first \$50 million of a builder's risk loss on a network expansion project. FMTAC holds deposit moneys and/or collateral in trust with a commercial bank as security for its reimbursement obligation to the commercial insurance carrier for any losses. Unexpended funds are retained by FMTAC and used to discount future OCIP programs.

### **Builder's Risk**

- Builder's Risk insurance is a type of property insurance that provides coverage for physical damage to the insured structure during the course of construction. Builder's Risk insurance is not liability insurance.
- Builder's Risk for the Capital Program OCIPs covers a project for the full project value up to a limit of \$100 million. The East Side Access Project has a limit of \$400 million. ESA Builder's Risk terminated on December 31, 2022. Penn Station Access Builder's Risk was placed on December 31, 2022 with a limit of \$300 million.

## **LITIGATION**

### **General**

The Related Entities maintain extensive property, liability, station liability, force account, construction, and other insurance as generally described above in this Part 5 under "INSURANCE". Claims for money damages described below may be fully or substantially covered by insurance, subject to the individual agency retention set forth under "INSURANCE – FMTAC Excess Loss Fund", where applicable. Each of the Related Entities additionally annually budgets an amount that it projects will be sufficient to pay for judgments and claims during that year.

The Related Entities also provide accruals in their financial statements for their estimated liability for claims by third parties for personal injury arising from, among other things, bodily injury (including death), false arrest, malicious prosecution, and libel and slander, for property damage for which they may be liable as a result of their operations, and advertising offense, including defamation, invasion of right of privacy, piracy, unfair competition, and idea misappropriation. The estimated liabilities are based upon independent actuarial advice obtained by the Related Entities. However, except in special circumstances and except for the annual judgments and claims budgeted amounts, additional cash reserves are not generally established in an amount equal to the full amount of the accrual.

For the Related Entities on a consolidated basis, a summary of activity in estimated liability as computed by actuaries arising from injuries to persons, including employees, and damage to third-party property, for the year ended

December 31, 2023, is contained in Footnote 12 (“Estimated Liability Arising from Injuries to Persons”) to MTA’s unaudited Consolidated Financial Statements for the years ended December 31, 2023 and 2022.

## MTA

*Lockheed Martin Transportation Security Solutions v. MTA Capital Construction\* and MTA.* In April 2009, Plaintiff Lockheed Martin Transportation Security Solutions (“Lockheed”) filed a lawsuit for breach of contract against the MTA and MTA Capital Construction (now MTA Construction and Development) arising out of a contract for Lockheed to furnish and install an electronic security system. Lockheed seeks damages of approximately \$149 million and MTA asserted counterclaims for approximately \$205 million. MTA obtained partial summary judgment that reduced Lockheed’s potential damages to approximately \$94 million. A trial was held in November 2014, followed by post-trial motions in December 2014. The Court has not rendered any decision. The outcome of this litigation cannot be determined at this time.

*Actions for Personal Injuries/Property Damage/Workers’ Compensation.* As of December 31, 2023, there were approximately six actions and claims pending against MTA based on the Federal Employers’ Liability Act, no-fault claims, and other torts, which would be paid from MTA’s operating budget in the event of any liability. Also, as of that date, there were approximately 28 pending Workers’ Compensation cases.

## Transit System

*Personal Injury/Property Damage.* As of December 31, 2023, MTA New York City Transit and MaBSTOA had an active inventory of 11,527 personal injury claims and lawsuits and 1,507 property damage matters arising out of the operation and administration of the Transit System. In addition, with respect to the Access-A-Ride (Paratransit) program, as of December 31, 2023, there was an active inventory of approximately 688 personal injury cases and approximately 84 property damage cases arising out of the operation of vehicles leased to outside vendors that provide Access-A-Ride service. Such Access-A-Ride claims are covered by a policy limit of \$3 million per occurrence to fund self-insured losses as of March 1, 2023.

As of December 31, 2023, MTA Staten Island Railway had a pending inventory of 12 claims and lawsuits relating to personal injury and property damage arising from the operations of MTA Staten Island Railway.

*Beauchamp v. New York City Transit Authority.* On March 6, 2017, plaintiff, then 62 years old, was crossing southbound in the crosswalk on Houston Street when she was struck by an M14D Bus turning left from Avenue D. Plaintiff sustained multiple injuries, requiring future care. On February 22, 2024, a New York County Supreme Court jury found MTA New York City Transit 100% liable and awarded plaintiff \$72.5 million in damages. Post-trial motions were denied. MTA New York City Transit will appeal once judgment has been entered. This matter has been reported to the Excess Loss Fund, which would be responsible for payments up to the remaining available limits. The outcome of this litigation cannot be determined at this time.

*Workers’ Compensation and No-Fault.* As of December 31, 2023, MTA New York City Transit and MaBSTOA had an active inventory of approximately 11,751 Workers’ Compensation cases and approximately 1,543 no-fault cases. As of December 31, 2023, there were 42 Workers’ Compensation cases for MTA Staten Island Railway.

*Other Litigation.* As of December 31, 2023, there was an inventory of approximately 581 federal and state court plenary litigation actions and special proceedings as well as administrative matters pending before various state, federal and local administrative agencies.

In February 2022, a putative class action (*Valerie Britt, et al. v. MTA, et al.*) was filed in Supreme Court, New York County against MTA and MTA New York City Transit by five individual plaintiffs who allege that defendants violated the New York City Human Rights Law by failing to provide to the customers with disabilities who use Access-a-Ride the same fare discounts provided to subway and bus customers. Plaintiffs are seeking declaratory relief as well as money damages, and attorneys’ fees. MTA and MTA New York City Transit moved to dismiss plaintiffs’ Complaint as preempted under both state and federal law. The motion is fully briefed and the parties are awaiting scheduling of oral argument by Justice Dominguez.

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\* Now MTA Construction and Development.

*Actions Relating to the Transit Capital Program.* MTA New York City Transit has received claims from various contractors engaged in work on various Transit Capital Program projects. The aggregate amount demanded by all such claimants could result in an increase in the cost of the capital projects that are the subject of such disputes. The Transit Capital Program contemplates the payments associated with such contractor and non-contractor claims from project-specific and general program contingency funds, as well as other available monies pledged for capital purposes.

Other matters relating to the Transit Capital Program are noted below.

In 2016, *Bronx Independent Living Services, et al. v. MTA, et al.* was filed in the U.S. District Court for the Southern District of New York challenging the lack of elevators at Middletown Road subway station located in the Bronx. MTA and MTA New York City Transit were sued by two disabled rights advocacy organizations and two individuals who allege violations of the ADA and other statutes, for proceeding with certain construction work at the station without also installing elevators or ramps. The complaint seeks declaratory and injunctive relief; no claim for monetary relief is asserted. MTA and MTA New York City Transit answered the complaint in September 2016 and denied any asserted violation of applicable law. In March 2018, the federal government was granted leave to join the action, and filed an intervenor-complaint, which defendants answered in April 2018. Fact discovery was conducted and plaintiffs' motion for partial summary judgment was granted by the court in March 2019. The court held that the alterations made at the Middletown Road subway station affected the "usability" of the station, thereby triggering the application of the USDOT regulation set forth in 49 C.F.R. Section 37.43(a)(1). Following expert discovery relating to the defendants' principal defense—that installing an elevator or ramp at the Middletown Road Station as part of a larger renewal project was "technically infeasible" within the meaning of the USDOT regulations and hence not legally required—the parties filed cross-motions for summary judgment, which were both denied on March 29, 2021. On September 29, 2023, the parties reached an agreement for the settlement of this matter, except with respect to the amount of attorneys' fees and costs to be paid by defendants. The settlement was approved by the court on April 11, 2024.

In late April 2017, two purported class actions relating to subway system accessibility were filed against MTA New York City Transit and MTA by several individuals and advocacy organizations on behalf of persons with disabilities that prevent them from using the stairs in the subway system. The plaintiffs in both cases seek declaratory and injunctive relief, not money damages. The City was also named as a defendant in both cases but was voluntarily dismissed, with a tolling agreement, from the federal class action. In *Center for Independence of the Disabled, New York ("CIDNY"), et al. v. MTA, et al.*, plaintiffs allege, among other things, that defendants inadequately maintained the existing elevators in the subway system, provided insufficient notice to elevator users about outages, and provided insufficient alternative transportation during elevator outages. These alleged deficiencies are claimed to constitute discrimination in violation of Title II of the ADA, Section 504 of the Rehabilitation Act, and the City Human Rights Law. Defendants' motion for summary judgment was granted in March 2020. In that decision, the District Court noted that MTA New York City Transit had shown that system-wide, elevators are in working order an average of 96.5 to 98.7% of the time and that the plaintiffs had not identified any legally required elevator maintenance that MTA New York City Transit had failed to undertake. In August 2021, the U.S. Court of Appeals for the Second Circuit vacated the judgment and remanded the case to the District Court, but solely for further consideration of whether MTA New York City Transit provides reasonable accommodations to those subway riders impacted by elevator outages by way of notification and alternative modes of transportation such as paratransit and buses. MTA and MTA New York City Transit filed a renewed summary judgment motion on March 17, 2023, and briefing was completed on May 5, 2023. Both parties filed expert preclusion motions, which Judge Daniels referred to Magistrate Judge Figueredo and which were fully briefed as of July 14, 2023. Magistrate Judge Figueredo denied both parties' motions to preclude as well as plaintiffs' motion to strike MTA and MTA New York City Transit's reply declarations in support of summary judgment, although she allowed plaintiffs additional document discovery and depositions limited to certain new matters raised in the declarations, all of which is now completed. Magistrate Judge Figueredo also set a deadline of March 21, 2024 for plaintiffs to submit a sur-reply in connection with defendants' motion for summary judgment.

In *CIDNY v. MTA* (Supreme Court, New York County), the same plaintiffs asserted that defendants, by not having installed elevators in all subway stations in the system, discriminated against plaintiffs on the basis of their disabilities in violation of the New York City Human Rights Law. Plaintiffs and the Transit Defendants entered into a settlement agreement of this matter (the "Elevator Settlement Agreement") resolving all substantive issues raised by this lawsuit on a class-wide basis. The Elevator Settlement Agreement was approved by the Court at the Fair Hearing held on April 24, 2023.

In May 2019, *De La Rosa v. MTA, et al.* (formerly *Forsee, et al. v. MTA, et al.*) was commenced in federal court (Southern District of New York) against MTA, MTA New York City Transit and the City challenging the lack of elevator accessibility at all MTA New York City Transit subway stations. This action was brought by three individuals and various advocacy organizations on behalf of people whose disabilities make the use of stairs "difficult, dangerous or impossible." The complaint alleged that defendants violated the ADA and other state and local laws by proceeding with

renovation work at subway stations over the years without installing elevators or ramps. Plaintiffs sought declaratory and injunctive relief. The above-referenced Elevator Settlement Agreement also resolved all substantive issues raised by this lawsuit on a class-wide basis and was approved by the District Court at the Fair Hearing held on April 7, 2023.

## **Commuter System**

*MTA Metro-North Railroad Actions for Personal Injuries/Property Damage.* As of December 31, 2023, Metro-North Rail Road had an active inventory of approximately 419 personal injury claims and lawsuits arising out of the operation and administration of Metro-North Rail Road, of which 191 were the result of claims filed by employees pursuant to FELA, and approximately 228 were claims filed by third parties. Also, as of that date, there were 0 pending property damage cases.

For a description of the incident occurring on February 3, 2015, in which an MTA Metro-North Railroad train struck an automobile in a highway-rail grade crossing between the Valhalla and Hawthorne stations, see “ – INSURANCE – FMTAC Excess Loss Fund” above.

*MTA Long Island Rail Road Actions for Personal Injuries/Property Damage.* As of December 31, 2023, MTA Long Island Rail Road had an active inventory of approximately 1,250 personal injury claims and lawsuits arising out of the operation and administration of the MTA Long Island Rail Road, of which approximately 620 were the result of claims filed by employees pursuant to FELA, and approximately 628 were claims filed by third parties. Also, there were approximately 177 pending property damage matters.

For a description of the incident occurring on January 4, 2017, in which an MTA Long Island Rail Road Far Rockaway Line train struck a bumper block in the Atlantic Terminal-Brooklyn Station, see “ – INSURANCE – FMTAC Excess Loss Fund” above.

For a description of the incident occurring on October 8, 2016, in which a collision and derailment occurred at New Hyde Park Station, see “ – INSURANCE – FMTAC Excess Loss Fund” above.

*Actions Relating to the Commuter Capital Program.* From time to time, MTA Long Island Rail Road and MTA Metro-North Railroad receive claims relating to various Commuter Capital Program projects. In general, the aggregate amount demanded by all such claimants, if recovered in full, could result in a material increase in the cost of the capital projects that are the subject of such disputes. The capital program contemplates the payment of such claims from project-specific and general program contingency funds, as well as other available moneys pledged for capital purposes.

*Amtrak v. MTA Long Island Rail Road – Amtrak claims that the railroads operating in Penn Station are responsible for the cleanup of PCBs and other hazardous substances that were deposited on the tracks, which may have migrated to other areas of the station including, but not limited to, lighting, drains and other equipment. MTA Long Island Rail Road operated commuter rail lines in Penn Station during a 50-year period when PCBs were used in train transformers. Amtrak alleges that these transformers leaked and contaminated the tracks in Penn Station. Amtrak presented to MTA Long Island Rail Road a model which claims, based on the number of trains and usage, that MTA Long Island Rail Road is responsible for 20% of cleanup costs which are approximately \$30 million to date. MTA Long Island Rail Road has entered into a tolling agreement with Amtrak while further investigation is being conducted.*

*Newtown Creek – Newtown Creek is a federally-listed Superfund site. A group of private parties known as the Newtown Creek Group (NCG) are working together on the investigation and eventual remediation of Newtown Creek. In 2017, NCG sent a Notice of Potential Liability Pursuant to Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) to MTA Long Island Rail Road concerning the Creek. In addition, the NCG has asserted that MTA Long Island Rail Road may be a potential responsible party due to its historical operations along Newtown Creek. Additional parties were sent similar notices, who are acting cooperatively along with MTA Long Island Rail Road as the “small parties group”. The NCG has approached the small parties group, requesting that the group agree to contribute to the cost of an “early action” remedy of the first two miles of the 3.5-mile creek. The members of the small parties group made an initial settlement offer for remediation costs relative to the first 0-2 miles of contamination at the Superfund site and investigation costs to date relative to the entire Superfund site which was rejected. The next phase of the small party group joint expert work is to review the existing material and develop a conceptual site mode for the small party group, essentially to argue that the small party group would not have any impact on the primary creek given the location of the facilities along Dutch Kills. This is meant to precede a request to the EPA to let the small parties group out of any claim for liability for the east branch of the creek or seek a *de minimus* settlement with contribution protection.*

## **MTA Bridges and Tunnels**

*Farina, et al. v. MTA, TBTA, et al.* – A series of lawsuits was filed and ultimately consolidated into one case, with a consolidated complaint filed on April 30, 2018. The consolidated complaint alleged that the violation fee imposed for each toll violation at an MTA Bridges and Tunnels facility is excessive and that the fee policies, practices, and collection methods are illegal and unconstitutional. After discovery, the District Court granted MTA Bridges and Tunnels’ motion for summary judgment. Plaintiffs appealed to the Second Circuit, which affirmed the judgment of the District Court on January 26, 2024. This case will no longer be reported.

*Conte, et al. v. MTA and TBTA* – This putative collective action lawsuit was filed in the U.S. District Court for the Southern District of New York on March 23, 2021. Plaintiffs, Bridge and Tunnel Maintainers and Custodians, alleged that they regularly perform pre-shift work without compensation; that there is a time-shaving policy that automatically rounds check-in times up to their scheduled tour; that supplemental pay, including differentials and bonuses, is not included in the regular rate of pay when calculating overtime; that the payment of overtime is delayed; and that, for Maintainers, overtime is only paid for time in excess of 80 hours in a workweek, rather than 40. On September 14, 2023, the court approved the parties’ settlement, which was paid in the amount of \$3,010,376 on October 13, 2023. This case will no longer be reported.

*Actions for Personal Injuries/Property Damage.* As of December 31, 2023, MTA Bridges and Tunnels had an active inventory of approximately 142 personal injury claims and lawsuits (including intentional torts such as false arrest) and approximately 19 property damage matters arising out of the operation and administration of the MTA Bridges and Tunnels facilities (including construction).

*Workers’ Compensation and No-Fault.* As of December 31, 2023, MTA Bridges and Tunnels had an active inventory of approximately 699 Workers’ Compensation cases and one no-fault case.

*Actions Relating to MTA Bridges and Tunnels’ Capital Program.* From time to time, MTA Bridges and Tunnels receives claims relating to various MTA Bridges and Tunnels’ Capital Program projects. In general, the aggregate amount demanded by all such claimants, if recovered in full, could result in a material increase in the cost of the capital projects that are the subject of such disputes. The Capital Program contemplates the payment of such claims from project-specific and general program contingency funds, as well as other available moneys pledged for capital purposes. Therefore, such claims are not listed here.

## **MTA Bus**

As of December 31, 2023, MTA Bus had an active inventory of approximately 1,468 personal injury claims and lawsuits, approximately 1,579 property damage matters, approximately 840 no-fault cases arising out of the operation and administration of the MTA Bus System, and approximately 2,395 Workers’ Compensation cases.

## **Metropolitan Suburban Bus Company\***

*Actions for Personal Injuries/Property Damage.* As of December 31, 2023, Metropolitan Suburban Bus Authority (“MSBA”) had an active inventory of nine personal injury claims and lawsuits, and no property damage matters arising out of the operation and administration of MSBA.

*Workers’ Compensation and No-Fault.* As of December 31, 2023, MSBA had approximately 28 Workers’ Compensation cases and one open no-fault claim.

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\* The MTA subsidiary, Metropolitan Suburban Bus Authority, discontinued its provision of transportation services at the end of 2011. Its activities are limited to the winding up of its affairs.

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