

# Metropolitan Transportation Authority Deferred Compensation Program

(A Fiduciary Component Unit of the Metropolitan  
Transportation Authority)

Financial Statements as of and for the  
Years Ended December 31, 2023 and 2022, and  
Independent Auditor's Report

# METROPOLITAN TRANSPORTATION AUTHORITY DEFERRED COMPENSATION PROGRAM

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## **INDEPENDENT AUDITOR'S REPORT**

To the Committee of the  
Metropolitan Transportation Authority Deferred Compensation Program

### **Opinion**

We have audited each of the accompanying statements of fiduciary net position of the Metropolitan Transportation Authority Deferred Compensation Program, comprised of the Deferred Compensation Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "457 Plan") and the Thrift Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "401(k) Plan"), (collectively the "Plans") as of December 31, 2023 and 2022, and each of the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position as of December 31, 2023 and 2022, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement

when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Deloitte & Touche LLP*

October 22, 2024

# METROPOLITAN TRANSPORTATION AUTHORITY DEFERRED COMPENSATION PROGRAM

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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The Deferred Compensation Program is comprised of the Deferred Compensation Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "457 Plan") and the Thrift Plan for Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (the "401(k) Plan"), collectively known as the "Plans" and the "Metropolitan Transportation Authority Deferred Compensation Plans". This management's discussion and analysis of the Plans' financial performance provides an overview of the Plans' financial activities for the years ended December 31, 2023 and 2022. It is meant to assist the reader in understanding the Plans' financial statements by providing an overall review of the financial activities during the year and the effects of significant changes. This discussion and analysis may contain opinions, assumptions, or conclusions by the MTA's management that should not be considered a replacement for, and is intended to be read in conjunction with the Plans' financial statements which begin on page 21.

### OVERVIEW OF BASIC FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the financial statements. The basic financial statements are:

- **The Statements of Fiduciary Net Position** - present the financial position of the Plans at fiscal year-end. It provides information about the nature and amounts of resources with present service capacity that the Plan presently controls (assets), consumption of net assets by the Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at contract and net asset values ("NAV"). All other assets and liabilities are determined on an accrual basis.
- **The Statements of Changes in Fiduciary Net Position** - present the results of activities during the year. All changes affecting the assets and liabilities of the Plans are reflected on an accrual basis when the activity occurred regardless of the timing of the related cash flows. In that regard, changes in the contract and NAV of investments are included in the year's activity as net appreciation in contract and NAV values of investments.
- **The Notes to Financial Statements** - provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plans' accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

The financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Pronouncements.

## Financial Highlights

As a result of various Deferred Compensation Program changes, expanding participant eligibility through collective bargaining, a strong educational program and greater participant satisfaction, the Deferred Compensation Program has continued to grow. The assets of the 457 Plan exceeded its liabilities by \$4.035 billion and the assets of the 401(k) Plan exceeded its liabilities by \$5.651 billion as of December 31, 2023. This net position restricted for benefits is held in trust for distribution to the Plans participants and/or beneficiaries. During 2023, the net positions held in trust for the 457 Plan and the 401(k) Plan increased by \$494.4 million and \$710.3 million, respectively, due primarily to market outperformance and net increase in investment income to the plans.

The assets of the 457 Plan exceeded its liabilities by \$3.540 billion and the assets of the 401(k) Plan exceeded its liabilities by \$4.941 billion as of December 31, 2022. This net position restricted for benefits is held in trust for distribution to the Plans participants and/or beneficiaries. During 2022, the net positions held in trust for the 457 Plan and the 401(k) Plan decreased by \$452.7 million and \$629.6 million, respectively, due primarily to net decrease in investment income to the plans.

Deductions from the Plans' net position consist primarily of distributions to participant and transfers to other plans, and plan expenses in the amounts of \$258.609 million and \$218.925 million for the 457 Plan and \$371.556 million and \$296.963 million for the 401(k) Plan for the years ended December 31, 2023 and 2022.

**Plans Fiduciary Net Position**  
**As of December 31,**  
**(\$ In Thousands)**

<b>457 Plan</b>				<b>Amount of Change</b>		<b>Percentage Change</b>	
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>(2023 - 2022)</b>	<b>(2022 - 2021)</b>	<b>(2023 - 2022)</b>	<b>(2022 - 2021)</b>
<b>ASSETS:</b>							
Investments	\$ 3,949,255	\$ 3,462,358	\$ 3,916,332	\$ 486,897	\$ (453,974)	14.1 %	(11.6)%
Participant loans receivable	85,889	79,829	78,188	6,060	1,641	7.6	2.1
Total assets	4,035,144	3,542,187	3,994,520	492,957	(452,333)	13.9	(11.3)
<b>LIABILITIES:</b>							
Administrative expense reimbursement	524	1,946	1,557	(1,422)	389	(73.1)	25.0
Total liabilities	524	1,946	1,557	(1,422)	389	(73.1)	25.0
<b>TOTAL NET POSITION RESTRICTED FOR BENEFITS</b>							
	\$ 4,034,620	\$ 3,540,241	\$ 3,992,963	\$ 494,379	\$ (452,722)	14.0 %	(11.3)%

<b>401(k) Plan</b>				<b>Amount of Change</b>		<b>Percentage Change</b>	
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>(2023 - 2022)</b>	<b>(2022 - 2021)</b>	<b>(2023 - 2022)</b>	<b>(2022 - 2021)</b>
<b>ASSETS:</b>							
Investments	\$ 5,477,595	\$ 4,780,089	\$ 5,413,112	\$ 697,506	\$ (633,023)	14.6 %	(11.7)%
Participant loans receivable	175,336	162,609	159,285	12,727	3,324	7.8	2.1
Total assets	5,652,931	4,942,698	5,572,397	710,233	(629,699)	14.4	(11.3)
<b>LIABILITIES:</b>							
Administrative expense reimbursement	1,492	1,568	1,651	(76)	(83)	(4.8)	(5.0)
Total liabilities	1,492	1,568	1,651	(76)	(83)	(4.8)	(5.0)
<b>TOTAL NET POSITION RESTRICTED FOR BENEFITS</b>							
	\$ 5,651,439	\$ 4,941,130	\$ 5,570,746	\$ 710,309	\$ (629,616)	14.4 %	(11.3)%

**Changes in Plans Fiduciary Net Position  
For the Years Ended December 31,  
(\$ In Thousands)**

**457 Plan**

	Amount of Change					Percentage Change	
	2023	2022	2021	(2023 - 2022)	(2022 - 2021)	(2023 - 2022)	(2022 - 2021)
<b>ADDITIONS:</b>							
Investment income/(loss)	\$ 496,915	\$ (469,575)	\$ 406,887	\$ 966,490	\$ (876,462)	205.8 %	(215.4)%
Contributions and additional deposits	251,518	231,990	228,918	19,528	3,072	8.4	1.3
Loan repayments - interest	4,556	3,788	3,984	768	(196)	20.3	(4.9)
Total additions	752,989	(233,797)	639,789	986,786	(873,586)	422.1	(136.5)
<b>DEDUCTIONS:</b>							
Distribution to participants	106,732	103,238	96,758	3,494	6,480	3.4	6.7
Transfers to other plans	146,839	110,373	91,464	36,466	18,909	33.0	20.7
Net participant loan activity	3,365	3,633	3,323	(268)	310	(7.4)	9.3
Other	1,674	1,681	2,358	(7)	(677)	(0.4)	(28.7)
Total deductions	258,610	218,925	193,903	39,685	25,022	18.1	12.9
Increase/(decrease) in net position	494,379	(452,722)	445,886	947,101	(898,608)	209.2	(201.5)
<b>TOTAL NET POSITION RESTRICTED FOR BENEFITS</b>							
Beginning of year	3,540,241	3,992,963	3,547,077	(452,722)	445,886	(11.3)	12.6
End of year	\$ 4,034,620	\$ 3,540,241	\$ 3,992,963	\$ 494,379	\$ (452,722)	14.0 %	(11.3)%

**401(k) Plan**

	Amount of Change					Percentage Change	
	2023	2022	2021	(2023 - 2022)	(2022 - 2021)	(2023 - 2022)	(2022 - 2021)
<b>ADDITIONS:</b>							
Investment Income/(loss)	\$ 704,020	\$ (674,552)	\$ 580,914	\$ 1,378,572	\$ (1,255,466)	204.4 %	(216.1)%
Contributions and additional deposits	368,466	334,139	324,880	34,327	9,259	10.3	2.8
Loan repayments - interest	9,379	7,760	8,217	1,619	(457)	20.9	(5.6)
Total additions	1,081,865	(332,653)	914,011	1,414,518	(1,246,664)	425.2	(136.4)
<b>DEDUCTIONS:</b>							
Distribution to participants	155,924	141,811	125,410	14,113	16,401	10.0	13.1
Transfers to other plans	207,293	147,251	144,048	60,042	3,203	40.8	2.2
Net participant loan activity	5,365	5,166	4,910	199	256	3.9	5.2
Other	2,974	2,735	2,679	239	56	8.7	2.1
Total deductions	371,556	296,963	277,047	74,593	19,916	25.1	7.2
Increase/(decrease) in net position	710,309	(629,616)	636,964	1,339,925	(1,266,580)	212.8	(198.8)
<b>TOTAL NET POSITION RESTRICTED FOR BENEFITS</b>							
Beginning of year	4,941,130	5,570,746	4,933,782	(629,616)	636,964	(11.3)	12.9
End of year	\$ 5,651,439	\$ 4,941,130	\$ 5,570,746	\$ 710,309	\$ (629,616)	14.4 %	(11.3)%



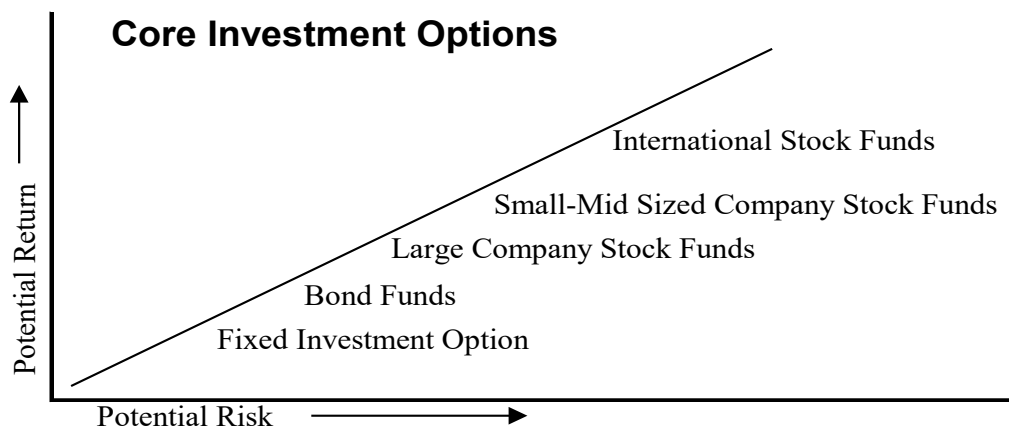
## Investment Options

The MTA Plans offer eleven (11) Target-Year Lifecycle Funds, which provide a diversified mix of certain of the Plans' investment options and allow a participant to choose the fund closest to their anticipated withdrawal date. The Target-Year Lifecycle Funds are designed to provide an asset allocation strategy appropriate for an individual's risk and return preferences in a single fund through a diversified portfolio of the Plans' domestic stock funds, international stock funds and fixed income funds. Some components are not offered to participants outside of the Target-Year Lifecycle Funds. Allocations are automatically rebalanced to their targets on a quarterly basis.

<u>Fund Name</u>	<u>Asset Class</u>	<u>Portfolio Allocations</u>
MTA Target-Year Lifecycle 2020 Fund	Large Cap 13.50% Small - Mid Cap 3.20% Intl Equity 11.50% Fixed Income 15.10% Real Asset 11.30% Stable Value 45.40%	MTA Large Cap Equity Index Fund 9.10% MTA Large Cap Equity Fund 4.40% MTA Small-Mid Cap Equity Fund 3.20% MTA International Equity Fund 11.50% MTA Bond Fund 15.10% MTA Real Asset Fund 11.30% MTA Stable Value Fund 45.40%
MTA Target-Year Lifecycle 2025 Fund	Large Cap 19.20% Small - Mid Cap 4.60% Intl Equity 16.50% Fixed Income 18.10% Real Asset 9.10% Stable Value 32.50%	MTA Large Cap Equity Index Fund 12.60% MTA Large Cap Equity Fund 6.60% MTA Small-Mid Cap Equity Fund 4.60% MTA International Equity Fund 16.50% MTA Bond Fund 18.10% MTA Real Asset Fund 9.10% MTA Stable Value Fund 32.50%
MTA Target-Year Lifecycle 2030 Fund	Large Cap 25.90% Small - Mid Cap 6.40% Intl Equity 21.80% Fixed Income 17.60% Real Asset 6.60% Stable Value 21.70%	MTA Large Cap Equity Index Fund 16.30% MTA Large Cap Equity Fund 9.60% MTA Small-Mid Cap Equity Fund 6.40% MTA International Equity Fund 21.80% MTA Bond Fund 17.60% MTA Real Asset Fund 6.60% MTA Stable Value Fund 21.70%
MTA Target-Year Lifecycle 2035 Fund	Large Cap 31.50% Small - Mid Cap 9.40% Intl Equity 27.40% Fixed Income 15.20% Real Asset 5.10% Stable Value 11.40%	MTA Large Cap Equity Index Fund 19.30% MTA Large Cap Equity Fund 12.20% MTA Small-Mid Cap Equity Fund 9.40% MTA International Equity Fund 27.40% MTA Bond Fund 15.20% MTA Real Asset Fund 5.10% MTA Stable Value Fund 11.40%
MTA Target-Year Lifecycle 2040 Fund	Large Cap 34.00% Small - Mid Cap 12.70% Intl Equity 31.50% Fixed Income 12.70% Real Asset 5.00% Stable Value 4.10%	MTA Large Cap Equity Index Fund 19.40% MTA Large Cap Equity Fund 14.60% MTA Small-Mid Cap Equity Fund 12.70% MTA International Equity Fund 31.50% MTA Bond Fund 12.70% MTA Real Asset Fund 5.00% MTA Stable Value Fund 4.10%

<b><u>Fund Name</u></b>	<b><u>Asset Class</u></b>	<b><u>Portfolio Allocations</u></b>
MTA Target-Year Lifecycle 2045 Fund	Large Cap 35.20% Small - Mid Cap 14.90% Intl Equity 33.70% Fixed Income 11.00% Real Asset 5.00% Stable Value 0.20%	MTA Large Cap Equity Index Fund 17.20 % MTA Large Cap Equity Fund 18.00% MTA Small-Mid Cap Equity Fund 14.90% MTA International Equity Fund 33.70% MTA Bond Fund 11.00% MTA Real Asset Fund 5.00% MTA Stable Value Fund 0.20%
MTA Target-Year Lifecycle 2050 Fund	Large Cap 36.50% Small - Mid Cap 15.70% Intl Equity 35.00% Fixed Income 7.80% Real Asset 5.00%	MTA Large Cap Equity Index Fund 15.20% MTA Large Cap Equity Fund 21.30% MTA Small-Mid Cap Equity Fund 15.70% MTA International Equity Fund 35.00% MTA Bond Fund 7.80% MTA Real Asset Fund 5.00%
MTA Target-Year Lifecycle 2055 Fund	Large Cap 37.30% Small - Mid Cap 16.00% Intl Equity 35.60% Fixed Income 6.10% Real Asset 5.00%	MTA Large Cap Equity Index Fund 13.80% MTA Large Cap Equity Fund 23.50% MTA Small-Mid Cap Equity Fund 16.00% MTA International Equity Fund 35.60% MTA Bond Fund 6.10% MTA Real Asset Fund 5.00%
MTA Target-Year Lifecycle 2060 Fund	Large Cap 37.40% Small - Mid Cap 16.00% Intl Equity 35.60% Fixed Income 6.00% Real Asset 5.00%	MTA Large Cap Equity Index Fund 12.60% MTA Large Cap Equity Fund 24.80% MTA Small-Mid Cap Equity Fund 16.00% MTA International Equity Fund 35.60% MTA Bond Fund 6.00% MTA Real Asset Fund 5.00%
MTA Target-Year Lifecycle 2065 Fund	Large Cap 37.40% Small - Mid Cap 16.00% Intl Equity 35.60% Fixed Income 6.00% Real Asset 5.00%	MTA Large Cap Equity Index Fund 12.60% MTA Large Cap Equity Fund 24.80% MTA Small-Mid Cap Equity Fund 16.00% MTA International Equity Fund 35.60% MTA Bond Fund 6.00% MTA Real Asset Fund 5.00%
MTA Income Fund	Large Cap 11.70% Small - Mid Cap 2.60% Intl Equity 9.50% Fixed Income 13.20% Real Asset 12.00% Stable Value 51.00%	MTA Large Cap Equity Index Fund 7.80% MTA Large Cap Equity Fund 3.90% MTA Small-Mid Cap Equity Fund 2.60% MTA International Equity Fund 9.50% MTA Bond Fund 13.20% MTA Real Asset Fund 12.00% MTA Stable Value Fund 51.00%

In addition to the eleven Target-Year lifecycle funds, the Plans offer a spectrum of investment options that include two international funds, four small-mid company stock funds, two large company stock funds, three bond funds, and the Stable Value Income Fund (“Fixed Investment Option”).



The investment objective for each of the funds is described below. Additional information on each investment option, including a Fund Fact Sheet is available on the Plans’ website at [empower-retirement.com](http://empower-retirement.com).

### **International Equity Funds**

**MTA International Equity Index Fund (Non-US Equity)** - The fund invests wholly in State Street Global Advisors (“SSgA”) Global All Cap Equity ex U.S. Index Fund – Class K (the Collective Investment Trust C.I.T.). The C.I.T. Fund seeks to match as closely as possible, before expenses, the performance of the MSCI ACWI ex-USA IMI Index over the long term.

**MTA International Equity Fund (International Stock-Blend)** - The Portfolio is managed by two complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the 50%/50% split. By employing two managers, this portfolio offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **William Blair International Growth Fund (International Stock-Growth)** - The fund seeks to provide long-term growth of capital. The fund invests in a diversified portfolio of equity securities, including common stocks and other forms of equity investments (e.g., securities convertible into common stocks), issued by companies of all sizes domiciled outside the U.S. that William Blair believes have above-average growth, profitability and quality characteristics. William Blair will vary sector and geographic diversification for the fund based upon its ongoing evaluation of economic, market and political trends throughout the world. The fund seeks to provide long-term growth of capital.
2. **Mondrian All Countries World Ex-U.S. Equity (International Stock-Value)** - The Collective Investment Trust Fund is advised by Mondrian Investment Partners. Mondrian employs an active, value-oriented approach to managing international equities, and invests in securities where rigorous dividend discount analysis identifies value in terms of the long-term flow of income. The philosophy is built upon the assumption that dividend yield and future real growth are critical in determining a company’s total expected return and that the dividend component will be a meaningful portion of the expected return over time.

### **Small-Mid Cap Equity Fund**

**MTA Small-Mid Cap Equity Index Fund (Mid Cap Stock-Blend)** - The Fund invests wholly in the underlying collective investment trust SSgA Russell Small/Mid Cap Non-Lending Series- Class K (the “C.I.T.”). The underlying collective investment trust seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Russell Small Cap Completeness Index over the long term.

**MTA Small-Mid Cap Equity Fund** (Mid Cap Stock-Blend) - The Fund is managed by four complementary, but independent managers. By employing four managers, this fund offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **The William Blair Small-Mid Cap Growth Fund** (Small Growth) - is sub-advised by William Blair Investment Management, LLC. The strategy seeks capital appreciation to outperform its benchmark, the Russell 2500 Growth Index, and its peers over a full market cycle. The strategy is a diversified portfolio of 65-80 holdings, investing in common stocks of small and mid-cap quality companies that are expected to have solid growth in earnings.
2. **The DFA US Targeted Value I** (Small Value) - the fund is advised by Dimensional Fund Advisors LP. The investment seeks long-term capital appreciation. The fund, using a market capitalization weighted approach, purchases a broad and diverse group of the readily marketable securities of U.S. small and midcap companies that the Advisor determines to be value stocks. It may purchase or sell futures contracts and options on futures contracts for U.S. equity securities and indices, to adjust market exposure based on actual or expected cash inflows to or outflows from the fund. The fund does not intend to sell futures contracts to establish short positions in individual securities or to use derivatives for purposes of speculation or leveraging investment returns.
3. **AllianceBernstein US SMID Cap Value Equity Fund** (Small Value) - the fund is managed by AllianceBernstein. It seeks a deep-value service that invests in a portfolio of small and mid-capitalization stocks located primarily in the United States. Macroeconomic, industry or company-specific concerns often cause investors to react emotionally and overlook underlying company fundamentals, causing securities to become mispriced. The investment strategy seeks to capitalize these short-term market inefficiencies created by enduring patterns of human behavior. The investment team employs a highly disciplined stock selection process that marries in-depth fundamental research with quantitative analysis to identify companies that are undervalued relative to their long-term earnings power and offer compelling return potential.
4. **Westfield Small/Mid Cap Growth Equity** (Small Growth) - employs a growth at a reasonable price (GARP) investment style favoring investments in companies with underappreciated earnings growth trading at reasonable valuations based on the belief that stock prices ultimately follow earnings growth, and fundamental research best identifies inefficiencies and investment opportunities. MTA Deferred Compensation Committee is solely responsible for: (1) the selection of the Fund and its underlying funds (including the selection of the asset allocation percentages for each underlying fund); (2) decisions to allocate plan assets to the Fund; and (3) the selection, monitoring and replacement of the Fund and its underlying funds, and if applicable, the Fund's investment advisors.

### **Large-Cap Equity Funds**

**MTA Large Cap Equity Index Fund** (Large Cap Stock-Blend) - The Fund invests wholly in the Vanguard Institutional Index Fund, Institutional Plus shares. The investment seeks to track the performance of a benchmark index that measures the investment return of large capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the Standard & Poor's 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

**MTA Large Cap Equity Fund** (Large Cap Stock-Blend) - The portfolio is managed by two complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the 50%/50% split. By employing two managers, this portfolio offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **T. Rowe Price US Large Cap Value Equity Fund** (Large Cap Stock-Value) - The Fund is advised by T. Rowe Price Associates, Inc. and seeks to provide long-term capital appreciation by investing in common stocks believed to be undervalued. Income is a secondary objective.

2. **Jennison Large Cap Growth Fund** (Large Cap Stock-Growth) - The Fund is sub-advised by Jennison Associates LLC, following its Large Cap Growth Equity investment strategy. It seeks to outperform, over the long term, both the Russell 1000 Growth and S&P 500 Indexes and to be the best performing manager among its peers, with a consistent risk profile.

### **Bond Funds**

**MTA Bond Index Fund** (Fixed Income-Domestic) - The Fund invests wholly in the SSgA US Bond Index Non-Lending – Class C (the Collective Investment Trust or C.I.T.). The Fund seeks an investment return that approximates, as closely as practicable, before expenses, the performance of the Bloomberg Barclays U.S. Aggregate Bond Index over the long term.

**MTA Bond Fund** (Fixed Income-Domestic) - The portfolio is managed by three complementary, but independent managers. The balances in the investments are rebalanced regularly to maintain the 34%/33%/33% split. By employing three managers, this fund offers improved diversification compared to having a single investment manager. The underlying investments are:

1. **TCW Core Plus Fund** (Fixed Income-Domestic) - This separate account is sub-advised by Metropolitan West Asset Management, LLC. The Fund seeks to outperform the broad bond market by applying specialized management expertise to and allocating capital among US government, corporate, high yield and mortgage-backed sectors. In addition, exposure to international and emerging markets fixed income assets are opportunistically incorporated into portfolio positioning. The strategy seeks to outperform the Bloomberg Barclays Aggregate Bond Index.
2. **Loomis Sayles Core Plus Fixed Income Trust** (Fixed Income) - The Trust seeks high total investment return through a combination of current income and capital appreciation and to outperform its benchmark, the Bloomberg Barclays US Aggregate Bond Index denominated in US dollars. This index is used for comparative purposes only and is not intended to parallel the risk or investment style of the fund.
3. **WTC CIF II World Bond Portfolio** (Fixed Income) - The Collective Investment Trust Fund is sub-advised by Wellington Management Company, LLP. The portfolio seeks to generate consistent total returns over a full market cycle. The investment process is designed to allocate capital to high quality sovereign countries while simultaneously identifying opportunistic investment ideas across a wide range of diversified fixed income strategies, and to transparently manage portfolio risk.

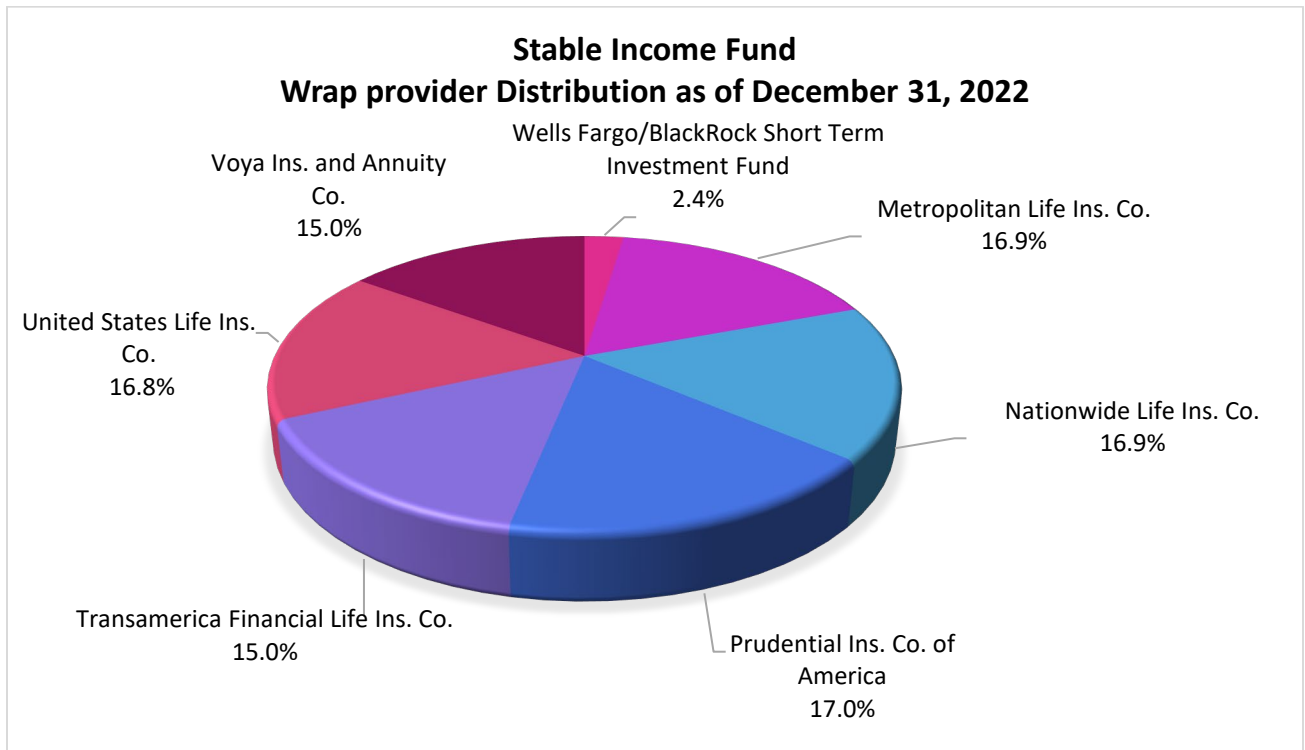
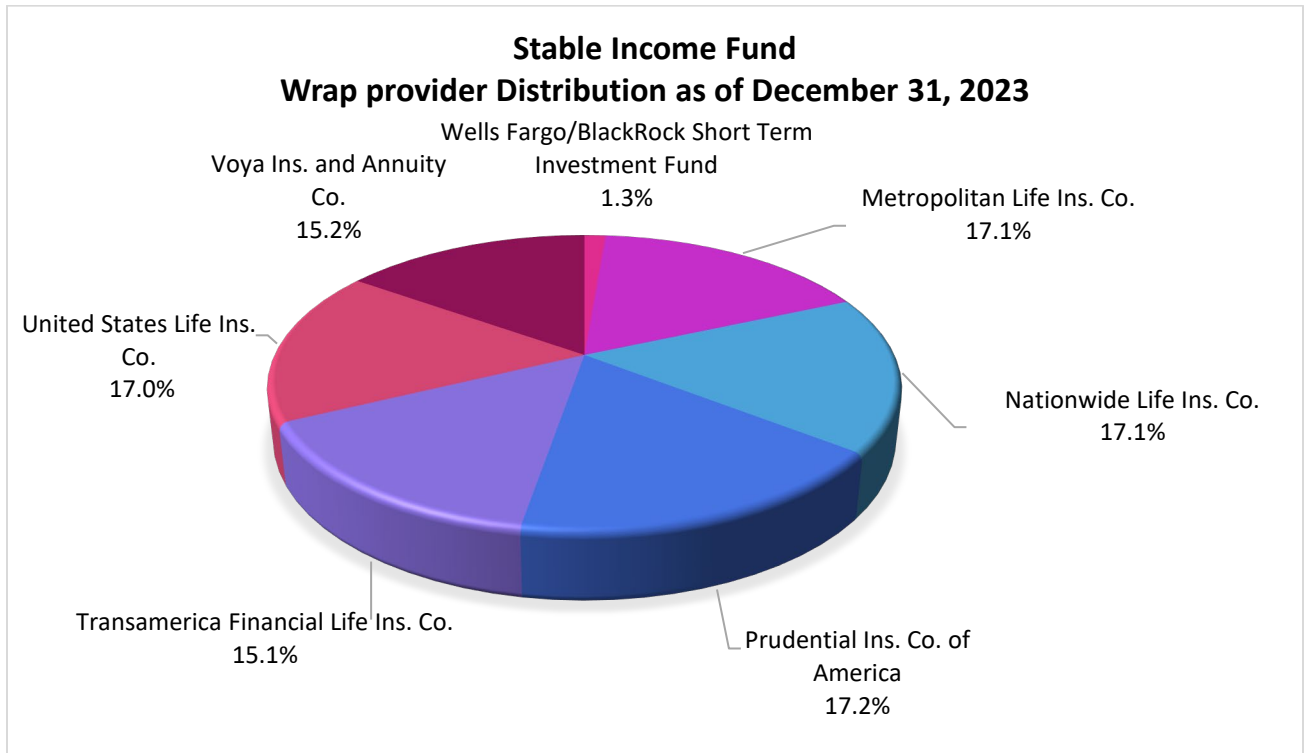
### **Stable Value Option**

**MTA Stable Value Fund** (Stable Value) - The fund seeks to provide safety of principal and a stable credited rate of interest, while generating competitive returns over time compared to other comparable investments. The fund is managed by Galliard Capital Management and is primarily comprised of investment contracts issued by financial institutions and other eligible stable value investments. All contract issuers and securities utilized in the portfolio are rated investment grade by one of the Nationally Recognized Statistical Rating Organizations at time of purchase. The types of investment contracts in which the Fund may invest include Separate Account Guaranteed Investment Contracts (“GICs”) and Security Backed Investment Contracts. These types of investment contracts seek to provide participants with safety of principal and accrued interest as well as a stable crediting rate.

Separate Account GICs are GICs issued by and insurance company and are maintained within a separate account. Separate Account GICs are typically backed by segregated portfolios of fixed income securities.

Security Backed Investment Contracts are comprised of two components: 1) investment contracts issued by a financial institution and 2) underlying portfolios of fixed income securities (i.e., bonds) whose market prices fluctuate. The investment contract is designed to allow participants to transact at book value (principal plus accrued interest) without reference to the price fluctuations of the underlying fixed income securities.

The following chart shows the underlying investments of the MTA Stable Value Fund as of December 31, 2023 and 2022.



\*The Wells Fargo Stable Return Fund W and Wells Fargo/BlackRock STIF are not a part of the wrapped portfolio.

The MTA Plans' investment options performance is outlined in the following tables. The Plans, with the assistance of its independent investment consultant, continuously monitors the investment options in conformance with the investment policy for the Plans. Below each Fund listed below is the benchmark used to compare the investment results.

## Performance Summary

### Year ended December 31, 2023

#### Stable Value

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>MTA Stable Value</b>	0.7%	2.7%	2.1%	2.3%	2.2%
Galliard 3YrCMT+50bps	1.2%	4.8%	3.1%	2.5%	2.6%

#### Fixed Income

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>SSgA U.S. Bond Index Fund</b>	6.7%	5.6%	-3.4%	1.1%	1.3%
Blmbg. U.S. Aggregate	6.8%	5.5%	-3.3%	1.1%	1.3%
<b>Loomis Sayles Core Plus Bond Fund</b>	7.2%	6.3%	-2.8%	2.3%	2.3%
Blmbg. U.S. Aggregate	6.8%	5.5%	-3.3%	1.1%	1.3%
<b>TCW MetWest Core Plus Fixed Income</b>	7.3%	5.9%	-3.5%	1.5%	1.6%
Blmbg. U.S. Aggregate	6.8%	5.5%	-3.3%	1.1%	1.3%
<b>Wellington World Bond Fund</b>	5.1%	4.6%	0.1%	1.4%	1.7%
FTSE World Government Bond Index	8.1%	5.2%	-7.2%	-1.4%	-0.1%

#### Domestic Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>Vanguard Institutional 500 Index Trust</b>	11.7%	26.3%	10.0%	15.7%	13.4%
S&P 500	11.7%	26.3%	10.0%	15.7%	13.4%
<b>T. Rowe Price Large Cap Value Fund (Empower Separate Account)</b>	11.3%	9.9%	9.8%	11.8%	9.2%
Russell 1000 Value Index	9.5%	11.5%	8.9%	10.9%	8.3%
<b>Jennison Large Cap Growth (Empower Separate Account)</b>	16.1%	53.0%	2.7%	18.1%	17.4%
Russell 1000 Growth Index	14.2%	42.7%	8.9%	19.5%	17.7%
<b>SSgA Small/Mid Cap Index Fund</b>	14.8%	24.9%	1.6%	12.2%	9.7%
Russell Small Cap Completeness Index	14.7%	24.8%	1.6%	12.2%	9.7%
<b>AB US SMID Cap Value Equity (Separate Account)</b>	14.9%	17.3%	10.5%	11.1%	NA
Russell 2500 Value Index	13.8%	16.0%	8.8%	10.8%	7.1%
<b>DFA US Targeted Value Fund (MTA)</b>	14.4%	19.3%	16.5%	14.8%	NA
Russell 2500 Value Index	13.8%	16.0%	8.8%	10.8%	7.1%
<b>William Blair SMID Growth (Separate Account)</b>	12.4%	18.2%	0.0%	11.9%	NA
Russell 2500 Growth Index	12.6%	18.9%	-2.7%	11.4%	10.2%

# Performance Summary

Year ended December 31, 2023 (continued)

## International Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>SSgA MSCI ACWI ex-U.S. IMI Index Fund</b>	9.8%	15.9%	1.8%	7.4%	6.6%
MSCI AC Wld ex US IMI (Net)	9.8%	15.6%	1.5%	7.2%	6.4%
<b>William Blair Institutional International Growth All Cap (Separate Account)</b>	13.0%	16.0%	-2.4%	9.7%	8.0%
MSCI AC Wld Index ex USA.IMI Growth (Net)	11.0%	14.0%	-2.6%	7.5%	7.1%
<b>Mondrian ACWI ex US</b>	9.3%	19.2%	3.8%	5.7%	5.2%
MSCI AC Wld ex USA Value (Net)	8.4%	17.3%	5.8%	6.3%	5.3%

## Diversified Inflation

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>SSgA Real Asset Fund</b>	3.7%	1.0%	8.0%	8.1%	5.9%
SSgA Custom Real Asset Index	3.7%	1.1%	8.1%	8.1%	5.8%

## Lifecycle

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>MTA Income</b>	4.6%	7.5%	3.3%	5.6%	4.8%
MTA Income Composite Index	4.6%	8.4%	3.7%	5.4%	4.7%
<b>MTA 2020</b>	5.2%	8.7%	3.2%	6.7%	5.9%
MTA 2020 Composite Index	5.2%	9.4%	3.6%	6.3%	5.6%
<b>MTA 2025</b>	6.7%	11.2%	3.5%	7.7%	6.7%
MTA 2025 Composite Index	6.5%	11.5%	3.7%	7.2%	6.4%
<b>MTA 2030</b>	8.1%	14.0%	3.7%	8.8%	7.5%
MTA 2030 Composite Index	7.8%	13.8%	4.0%	8.2%	7.1%
<b>MTA 2035</b>	9.6%	16.6%	4.1%	9.8%	8.1%
MTA 2035 Composite Index	9.0%	15.9%	4.5%	9.2%	7.7%
<b>MTA 2040</b>	10.6%	18.2%	4.2%	10.2%	8.6%
MTA 2040 Composite Index	9.9%	17.2%	4.6%	9.6%	8.1%
<b>MTA 2045</b>	11.2%	19.2%	4.3%	10.5%	8.9%
MTA 2045 Composite Index	10.3%	17.9%	4.8%	9.9%	8.4%
<b>MTA 2050</b>	11.4%	19.9%	4.4%	10.7%	9.0%
MTA 2050 Composite Index	10.5%	18.4%	5.0%	10.1%	8.5%
<b>MTA 2055</b>	11.5%	20.2%	4.4%	10.7%	9.0%
MTA 2055 Composite Index	10.6%	18.6%	5.1%	10.1%	8.5%
<b>MTA 2060</b>	11.6%	20.3%	4.4%	10.7%	NA
MTA 2060 Composite Index	10.6%	18.6%	5.0%	10.1%	8.5%
<b>MTA 2065</b>	11.6%	20.3%	4.4%	10.7%	NA
MTA 2065 Composite Index	10.6%	18.6%	5.0%	10.1%	8.5%



# Performance Summary

## Year ended December 31, 2022

### Stable Value

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>MTA Stable Value</b>	0.6%	1.9%	2.0%	2.2%	2.1%
Galliard 3YrCMT+50bps	1.2%	3.6%	1.8%	2.2%	2.1%

### Fixed Income

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>SSgA U.S. Bond Index Fund</b>	1.7%	-13.2%	-2.8%	0.0%	0.8%
Blmbg. U.S. Aggregate	1.9%	-13.0%	-2.7%	0.0%	0.9%
<b>Loomis Sayles Core Plus Bond Fund</b>	2.1%	-12.6%	-1.3%	1.0%	2.4%
Blmbg. U.S. Aggregate	1.9%	-13.0%	-2.7%	0.0%	0.9%
<b>TCW MetWest Core Plus Fixed Income</b>	1.9%	-14.2%	-2.3%	0.4%	1.2%
Blmbg. U.S. Aggregate	1.9%	-13.0%	-2.7%	0.0%	0.9%
<b>Wellington World Bond Fund</b>	2.6%	-3.2%	-0.8%	1.0%	1.3%
FTSE World Government Bond Index	3.8%	-18.3%	-5.7%	-2.5%	-0.6%

### Domestic Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>Vanguard Institutional 500 Index Trust</b>	7.6%	-18.1%	7.7%	9.4%	11.5%
S&P 500	7.6%	-18.1%	7.7%	9.4%	11.5%
<b>T. Rowe Price Large Cap Value Fund (Empower Separate Account)</b>	12.2%	-4.4%	7.7%	7.6%	10.1%
Russell 1000 Value Index	12.4%	-7.5%	6.0%	6.7%	9.1%
<b>Jennison Large Cap Growth (Empower Separate Account)</b>	-1.3%	-38.8%	3.9%	8.1%	10.6%
Russell 1000 Growth Index	2.2%	-29.1%	7.8%	11.0%	12.9%
<b>SSgA Small/Mid Cap Index Fund</b>	4.9%	-25.5%	3.6%	5.3%	8.6%
Russell Small Cap Completeness Index	4.8%	-25.5%	3.7%	5.3%	8.7%
<b>AB US SMID Cap Value Equity (Separate Account)</b>	9.3%	-15.5%	6.2%	4.2%	NA
Russell 2500 Value Index	9.2%	-13.1%	5.2%	4.8%	8.3%
<b>DFA US Targeted Value Fund (MTA)</b>	12.6%	-4.6%	11.2%	7.0%	NA
Russell 2500 Value Index	9.2%	-13.1%	5.2%	4.8%	8.3%
<b>William Blair SMID Growth (Separate Account)</b>	9.1%	-22.3%	4.2%	7.9%	NA
Russell 2500 Growth Index	4.7%	-26.2%	2.9%	6.0%	9.0%

# Performance Summary

Year ended December 31, 2022 (continued)

## International Equity

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>SSgA MSCI ACWI ex-U.S. IMI Index Fund</b>	14.7%	-16.3%	0.4%	1.0%	5.1%
MSCI AC Wld ex US IMI (Net)	14.1%	-16.6%	0.2%	0.8%	4.8%
<b>William Blair Institutional International Growth All Cap (Separate Account)</b>	11.8%	-28.8%	1.5%	2.6%	5.4%
MSCI AC Wld Index ex USA.IMI Growth (Net)	12.7%	-23.5%	-0.3%	1.4%	5.1%
<b>Mondrian ACWI ex US</b>	16.5%	-11.7%	-2.0%	-0.5%	NA
MSCI AC Wld ex USA Value (Net)	15.7%	-8.6%	0.1%	-0.1%	4.2%

## Diversified Inflation

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>SSgA Real Asset Fund</b>	7.1%	3.1%	8.8%	6.3%	7.7%
SSgA Custom Real Asset Index	7.1%	3.1%	8.6%	6.3%	7.7%

## Lifecycle

	3 Months	1 Year	3 Years	5 Years	7 Years
<b>MTA Income</b>	3.9%	-4.7%	3.5%	3.7%	4.4%
MTA Income Composite Index	4.1%	-3.7%	2.9%	3.4%	4.2%
<b>MTA 2020</b>	4.6%	-7.1%	3.7%	4.1%	5.3%
MTA 2020 Composite Index	4.7%	-6.2%	3.0%	3.7%	5.1%
<b>MTA 2025</b>	5.6%	-10.0%	3.7%	4.3%	5.9%
MTA 2025 Composite Index	5.6%	-9.0%	3.7%	4.3%	5.7%
<b>MTA 2030</b>	6.9%	-13.2%	3.7%	4.5%	6.3%
MTA 2030 Composite Index	6.8%	-11.9%	3.0%	4.0%	6.2%
<b>MTA 2035</b>	8.1%	-15.6%	3.8%	4.7%	6.6%
MTA 2035 Composite Index	7.9%	-14.1%	3.3%	4.2%	6.6%
<b>MTA 2040</b>	9.0%	-17.2%	3.7%	4.6%	6.9%
MTA 2040 Composite Index	8.7%	-15.5%	3.3%	4.2%	7.0%
<b>MTA 2045</b>	9.4%	-18.0%	3.6%	4.6%	7.1%
MTA 2045 Composite Index	9.1%	-16.0%	3.3%	4.2%	7.2%
<b>MTA 2050</b>	9.6%	-18.4%	3.7%	4.6%	7.1%
MTA 2050 Composite Index	9.4%	-16.2%	3.4%	4.3%	7.3%
<b>MTA 2055</b>	9.6%	-18.6%	3.6%	4.6%	7.1%
MTA 2055 Composite Index	9.5%	-16.2%	3.4%	4.3%	7.3%
<b>MTA 2060</b>	9.6%	-18.6%	3.6%	4.6%	NA
MTA 2060 Composite Index	9.5%	-16.2%	3.4%	4.3%	7.2%
<b>MTA 2065</b>	9.6%	-18.6%	3.6%	4.6%	NA
MTA 2065 Composite Index	9.5%	-16.2%	3.4%	4.3%	7.2%

At December 31, 2023, the investment option holding the largest portion of participants' funds in both the 457 and 401(k) Plans was the Target Year Lifecycle Funds with 33.74% and 37.54% of invested funds, respectively. This was followed by the Stable Value Funds with 27.01% and 24.10% of invested 457 and 401(k) funds, respectively.

The table below summarizes the Plans' investments by category at December 31, 2023 and 2022:

## 2023

### FUND INVESTMENT SUMMARY

Investment at Fair, Contract and NAV Values	457		401(k)	
	Allocation		Allocation	
Target-Year Lifecycle Funds	\$1,332,544,051	33.74%	\$2,056,513,052	37.54%
International Equity Funds	123,209,916	3.12%	160,431,574	2.93%
Small-Mid Cap Equity Funds	384,026,019	9.72%	491,513,484	8.97%
Large-Cap Equity Funds	955,508,947	24.19%	1,323,085,816	24.15%
Bond Funds	83,594,938	2.12%	120,270,561	2.20%
Stable Income Fund	1,066,659,605	27.01%	1,320,359,552	24.10%
Self-Directed Investment Option	3,711,466	0.09%	5,421,005	0.10%
<b>Total Investments</b>	<b>\$3,949,254,942</b>	<b>100.00%</b>	<b>\$5,477,595,044</b>	<b>100.00%</b>

At December 31, 2022, the investment option holding the largest portion of participants' funds in both the 457 and 401(k) Plans was the Target Year Lifecycle Funds with 32.22% and 35.99% of invested funds, respectively. This was followed by the Stable Value Funds with 31.53% and 28.28% of invested 457 and 401(k) funds, respectively.

## 2022

### FUND INVESTMENT SUMMARY

Investment at Fair, Contract and NAV Values	457		401(k)	
	Allocation		Allocation	
Target-Year Lifecycle Funds	\$1,115,580,034	32.22%	\$1,720,460,046	35.99%
International Equity Funds	103,059,826	2.98%	132,596,844	2.77%
Small-Mid Cap Equity Funds	326,040,496	9.42%	417,425,815	8.73%
Large-Cap Equity Funds	743,719,791	21.48%	1,038,505,562	21.73%
Bond Funds	79,028,281	2.28%	114,752,821	2.40%
Stable Income Fund	1,091,818,709	31.53%	1,351,640,566	28.28%
Self-Directed Investment Option	3,111,336	0.09%	4,707,204	0.10%
<b>Total Investments</b>	<b>\$3,462,358,474</b>	<b>100.00%</b>	<b>\$4,780,088,858</b>	<b>100.00%</b>

## **Economic Factors**

### **Market Overview – 2023**

The year 2023 was a surprisingly strong year for markets and was characterized by disinflation, hawkish central banks, stronger than expected global GDP growth, the AI technological boom, and U.S. equity outperformance driven by the Magnificent 7. These positive developments came about despite three significant shocks. The first was higher than expected short-term and long-term interest rates due to central bank reaction functions (Four 25pb rate hikes in the U.S.) to better than expected growth data. Second was the U.S. and European banking sector instability early in the year. And third was the heightened geopolitical risk arising from the Israel-Hamas war. Following the tumultuous conditions of 2022, the economic conditions in 2023 brought with it strong increases in global economic growth rate forecasts, declines in unemployment projections, and suppressed recession concerns. In the US, disinflation, increased interest income, and steady real wages supported above trend line consumption. U.S. household credit usage increased, while debt service ratios still had room to expand, and the unemployment rate remained favorable. Global assets broadly increased, treasury yield volatility increased, the dollar remained strong, and the yield curve has remained sharply inverted for the longest period on record.

Except for commodities, global risk assets had strong performance across the board. The strong shift upwards in correlations between equity and fixed income markets that was experienced in 2022 remained positive in 2023, which resulted in the one of the better years for the 60/40 equity bond mix portfolio. In foreign exchange markets, the U.S. Dollar remained strong due to high interest rate differentials, posting gains against the Yen, and losses against the Euro.

### ***Macro Themes***

- Higher interest rates for a longer period of time
- Geopolitical risk and deglobalization
- Innovation and AI
- Priced in rate cutting for the Fed in 2024

### ***United States***

The U.S. economy surprised to the upside, a 2.5% increase in Real GDP growth in 2023, compared to a 1.9% increase in 2022. The unemployment rate increased but remained low, finishing 2023 at 3.7% compared to 3.5% in 2022. Consumer Prices rose only 3.4% in 2023 compared to 6.5% in 2022, while core inflation, which excludes the volatile food and energy components, rose 3.9% in 2023 compared to 5.7% in 2022.

U.S. equities were positive across the board, with the S&P 500 (26.3%) and Russell 1000 (26.5%) indices posting double digit returns. Across capitalizations, Large Cap (S&P 500 Index: 26.3%), Mid Cap (S&P 400 Index: 16.4%), and Small Cap (Russell 2000 Index:16.9%) also posted double digit returns. Across styles, Growth (Russell 1000 Growth Index: 42.7%) significantly outperformed Value (Russell 1000 Value Index: 11.5%). Growth was driven by unprecedented concentration and outperformance from the Magnificent 7 (AAPL, AMZN, GOOGL, META, MSFT, NVDA, and TSLA). In 2023, the Mag 7 returned 104.7% which accounted for 62.2% of the S&P 500's total return for the year.

U.S. Treasury yields were volatile in 2023 and the yield curve remained inverted amid the Federal Reserve's four rate hikes. Credit spreads broadly tightened in 2023 except for securitized credit. Diversified fixed income posted positive returns (Bloomberg U.S. Aggregate Index: 5.5%) with strong performance from Convertibles (Bloomberg US Convertibles Index: 14.6%), High Yield (Bloomberg High Yield Index: 13.4%) and Credit (Bloomberg Credit Index: 8.2%). Positive returns were also realized in Treasuries (Bloomberg US Treasury Index: 4.1%) and Treasury Inflation Protected Securities (Bloomberg TIPS Index: 3.9%).

### ***International Developed***

International developed equity markets (MSCI EAFE Index: 18.2%) posted strong results in 2023 but underperformed the U.S. large cap equity markets. Leading the way was the Japanese (MSCI Japan Index: 20.8%) and European (MSCI Europe Index: 20.7%) markets. The International developed Small Cap (MSCI EAFE SC Index: 13.2%) market also posted double digit returns, but not as high as the International large cap counterpart.

### ***Emerging Markets***

Emerging markets posted positive but weaker relative returns in 2023 compared to both the U.S. and international developed equity markets. The broad EM Market (MSCI EM Index: 9.8%) garnished high single digit returns, despite having negative returns from Chinese (MSCI EM China Index: -11.2%) equities. Geopolitical risk, weak demand, and high unemployment dampened sentiment in the Chinese market. However, the EM Small Cap (MSCI EM Small Cap Index: 23.9%) market posted much better returns compared to EM large cap market.

The EM fixed income markets were positive in 2023. Both hard currency bonds, which are bonds predominately issued in U.S. Dollars, and local currency bonds, posted double digit returns. Local currency bonds (JPMorgan GBI-EM Global Diversified Index: 12.7%) outperformed hard currency bonds (JPMorgan EMBI Global Diversified Index: 11.1%).

### ***Commodities***

Commodities (S&P Goldman Sachs Commodity Index: -4.3%) were the laggards and had negative performance in 2023. The index was largely influenced by a -28.6% change in Natural Gas Prices. Commodity futures remain backwardated, although the roll yield has declined. Precious Metals and Softs (agricultural products) were the best performers in this category, with Gold spot prices up 13.4% and Cocoa spot prices up 61.4% for the year.

### ***Market Outlook – 2024***

Through the first quarter of 2024, equity markets were mostly higher with gains in the low double digits. Growth equities have continued to lead the way, adding on to their 2023 gains. Despite the hawkish Fed, growth and momentum continued to outperform in 2024 driven by strong earnings and the AI secular growth theme. Fixed income markets had a mixed start to 2024, with returns flat to slightly negative for the quarter. Fed speak has been hawkish as inflation has been stickier than expected going into 2024, but rate cuts are still expected towards the end of the year. The only negative area was in the Real Estate asset class due to continued pressure from high interest rates. Markets are expected to be more volatile this year than in 2023, but participants appear to be cautiously optimistic.

2024's macroeconomic backdrop will likely be dominated by the private consumption, the Fed's willingness to cut rates, geopolitical tensions, tight credit markets, artificial intelligence, and the 2024 U.S. presidential race. Coming out of 2023, a positive year for risk assets, market participants are optimistic for 2024. Several roadblocks to high growth still loom such as the staggering Commercial Real Estate maturity wall, tight credit markets with low deal flow in private markets, the inverted yield curve, high U.S. government debt, and high equity multiples. Global growth optimism stems from real disposable income growth in a lower inflation environment, strong labor markets, pain from hawkish monetary policy being behind us, global manufacturing activity expected to recover, and that the central banks have proven that they do not need a recession to bring inflation down.

### **Contact Information**

This financial report is designed to provide a general overview of the Metropolitan Transportation Authority Deferred Compensation Program's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Deferred Compensation Department, Metropolitan Transportation Authority, 2 Broadway 10<sup>th</sup> Floor, New York, NY 10004.

\* \* \* \* \*

**METROPOLITAN TRANSPORTATION AUTHORITY  
DEFERRED COMPENSATION PROGRAM**

**STATEMENTS OF FIDUCIARY NET POSITION  
AS OF DECEMBER 31, 2023 and 2022  
(\$ In THOUSANDS)**

	2023		2022	
	457	401(k)	457	401(k)
<b>ASSETS:</b>				
Investments measured at fair value level	\$ 108,322	\$ 157,344	\$ 100,039	\$ 143,612
Investments at contract value	1,297,125	1,670,315	1,286,673	1,649,043
Investments at fair value- net asset value	2,543,808	3,649,936	2,075,646	2,987,434
Total investments	<u>3,949,255</u>	<u>5,477,595</u>	<u>3,462,358</u>	<u>4,780,089</u>
Other plan assets:				
Participant loans receivable	85,889	175,336	79,829	162,609
Total other plan assets	<u>85,889</u>	<u>175,336</u>	<u>79,829</u>	<u>162,609</u>
Total assets	<u>4,035,144</u>	<u>5,652,931</u>	<u>3,542,187</u>	<u>4,942,698</u>
<b>LIABILITIES:</b>				
Administrative expense reimbursement	524	1,492	1,946	1,568
Total liabilities	<u>524</u>	<u>1,492</u>	<u>1,946</u>	<u>1,568</u>
<b>TOTAL NET POSITION</b>				
RESTRICTED FOR BENEFITS	<u>\$ 4,034,620</u>	<u>\$ 5,651,439</u>	<u>\$ 3,540,241</u>	<u>\$ 4,941,130</u>

See notes to financial statements.

**METROPOLITAN TRANSPORTATION AUTHORITY  
DEFERRED COMPENSATION PROGRAM**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

(\$ In THOUSANDS)

	2023		2022	
	457	401(k)	457	401(k)
<b>ADDITIONS:</b>				
Investment income / (loss):				
Net appreciation / (depreciation) in fair value of investments	\$ 496,915	\$ 704,020	\$ (469,575)	\$ (674,552)
Total investment income / (loss)	496,915	704,020	(469,575)	(674,552)
<b>Contributions:</b>				
Employee contributions, net	242,163	342,158	221,646	311,131
Participant rollovers	9,355	22,372	10,344	19,175
Employer contributions	-	3,936	-	3,833
Total contributions	251,518	368,466	231,990	334,139
<b>Other additions:</b>				
Loan repayments - interest	4,556	9,379	3,788	7,760
Total additions / (subtractions)	752,989	1,081,865	(233,797)	(332,653)
<b>DEDUCTIONS:</b>				
Distribution to participants	106,732	155,924	103,238	141,811
Transfers to other plans	146,839	207,293	110,373	147,251
Net loan initiations/repayments	(120)	(160)	(47)	(158)
Loan defaults/offsets	3,233	4,935	3,447	4,790
Loan fees transfers to other plans	252	590	233	534
Other deductions	1,150	1,482	(265)	1,167
Administrative expense	524	1,492	1,946	1,568
Total deductions	258,610	371,556	218,925	296,963
Net increase / (decrease) in net position	494,379	710,309	(452,722)	(629,616)
<b>TOTAL NET POSITION</b>				
<b>RESTRICTED FOR BENEFITS</b>				
Beginning of year	3,540,241	4,941,130	3,992,963	5,570,746
End of year	\$ 4,034,620	\$ 5,651,439	\$ 3,540,241	\$ 4,941,130

See notes to financial statements.



# METROPOLITAN TRANSPORTATION AUTHORITY DEFERRED COMPENSATION PROGRAM

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022 (\$ in Thousands)

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### 1. PLANS BACKGROUND AND DESCRIPTION

*Description* – The Deferred Compensation Program consists of two defined contribution plans that provide benefits based solely on the amounts contributed to each participant’s account(s), plus or minus any income, expenses and gains/losses. The Deferred Compensation Program is comprised of the Deferred Compensation Plan For Employees of the Metropolitan Transportation Authority (“MTA”), its Subsidiaries and Affiliates (“457 Plan”) and the Thrift Plan For Employees of the Metropolitan Transportation Authority, its Subsidiaries and Affiliates (“401(k) Plan”). Certain MTA Related Groups employees are eligible to participate in both deferred compensation plans. Both Plans are designed to have participant charges, including investment and other fees, cover the costs of administering the Deferred Compensation Program.

In 1984, the MTA established the 457 Plan to provide benefits competitive with private industry. Only managerial employees were permitted to participate in the Plan and investment options were limited to five funds: a Guaranteed Interest Fund, a Common Stock Fund, a Money Market Fund, a Managed Fund, and a Stock Index Fund. Pursuant to Internal Revenue Code (“Code”) Section 457, the MTA has established a trust or custodial account to hold plan assets for the exclusive benefit of the participants and their beneficiaries. Participation in the 457 Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 457 Plan, and all income attributable to such compensation, less expenses and fees, are held in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 457 Plan is not reflected on the MTA’s consolidated statements of net position.

In 1985, the MTA Board adopted the 401(k) Plan, a tax-qualified plan under section 401(k) of the Code. The 401(k) Plan remained dormant until 1988 when an IRS ruling "grandfathered" the plan under the Tax Reform Act of 1986. Participation in the 401(k) Plan is now available to non-represented employees and, after collective bargaining, most represented employees. All amounts of compensation deferred under the 401(k) Plan, and all income attributable to such compensation, less expenses and fees, are held in trust for the exclusive benefit of the participants and their beneficiaries. Accordingly, the 401(k) Plan is not reflected in the MTA consolidated statements of net position. The 401(k) Plan received a favorable determination letter from the Internal Revenue Service dated October 27, 2016.

As the Deferred Compensation Program’s asset base and contribution flow increased, participants’ investment options were expanded by the Deferred Compensation Committee with the advice of its Financial Advisor to provide greater diversification and flexibility. In 1988, after receiving an IRS determination letter for the 401(k) Plan, the MTA offered its managers the choice of either participating in the 457 Plan or the 401(k) Plan. By 1993, the MTA offered eight investment funds: a Guaranteed Interest Account Fund, a Money Market Fund, a Common Stock Fund, a Managed Fund, a Stock Index Fund, a Government Income Fund, an International Fund and a Growth Fund.

In 1998, the Deferred Compensation Committee approved the unbundling of the Plans. In 2008, the Plans' investment choices were re-structured to set up a four-tier strategy:

- Tier 1 – The MTA Asset Allocation Program provides the MTA Target Year Funds for those participants who would like to make retirement investing easy. Investments are diversified among a range of investment options based on the target year, which is the year the money is intended to be needed for retirement income. The mix of investments becomes more conservative as the target year approaches by lessening stock exposure and increasing exposure in fixed-income type investments.
- Tier 2 - The MTA Index Funds offer a tier of index funds, which invest in the securities of companies that are included in a selected index, such as the Standard & Poor's 500 (large cap) Index or Barclays Capital U.S. Aggregate (bond) index. The typical objective of an index fund is to achieve approximately the same return as that specific market index. Index funds provide investors with lower-cost investments because they are less expensive to administer than actively managed funds.
- Tier 3 - The MTA Actively Managed Portfolios, which are comprised of actively managed portfolios that are directed by one or a team of professional managers who buy and sell a variety of holdings in an effort to outperform selected indices. The funds provide a diversified array of distinct asset classes, with a single option in each class. They combine the value and growth disciplines to create a 'core' portfolio for the mid-cap and international categories.
- Tier 4 - Self-Directed Mutual Fund Option is designed for the more experienced investors. Offers access to an expanded universe of mutual funds from hundreds of well-known mutual fund families. Participants may invest only a portion of their account balances in this Tier.

The two Plans offer the same array of investment options. Eligible participants in the Deferred Compensation Program include employees (and in the case of Metropolitan Suburban Bus Authority, former employees) of:

- MTA
- The Long Island Rail Road Company ("MTA Long Island Rail Road")
- Triborough Bridge and Tunnel Authority ("MTA Bridges and Tunnels")
- Metropolitan Suburban Bus Authority ("MTA Long Island Bus")
- Metro-North Commuter Railroad Company ("MTA Metro-North Railroad")
- New York City Transit Authority ("MTA New York City Transit")
- Staten Island Rapid Transit Operating Authority ("MTA Staten Island Rapid Transit")
- MTA Construction and Development ("MTA Construction and Development")
- MTA Bus Company ("MTA Bus")

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The Deferred Compensation Program's ("Program") financial statements are prepared on the accrual basis of accounting under which deductions are recorded when the liability is incurred and revenues are recognized in the accounting period in which they are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Contributions from members are recorded when the employer makes payroll deductions from plans' members. Additions to the Plans consist of contributions (member and employer) and net investment income. Investment purchases and sales are recorded as of trade date.

For financial reporting purposes, The MTA adheres to accounting principles generally accepted in the United States of America. The MTA Deferred Compensation Program applies all applicable pronouncements of the Governmental Accounting Standards Board (“GASB”).

**New Accounting Standards** - The Program adopted the following GASB Statement in 2023:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The adoption of this Statement has no material impact on the net position of The Program.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The adoption of this Statement has no impact on the net position of The Program.

**Recent Accounting Pronouncements - Not yet adopted but currently being reviewed.**

<b>GASB State ment No.</b>	<b>GASB Accounting Standard</b>	<b>MTA DC Program Required Year of Adoption</b>
100	<i>Accounting Changes and Error Corrections</i>	2024
101	<i>Compensated Absences</i>	2024
102	<i>Certain Risk Disclosures</i>	2025
103	<i>Financial Reporting Model Improvements</i>	2025

**Use of Estimates** - The preparation of the Program’s financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by Government Accounting Standards Board (“GASB”). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates which include fair value of investments.

**Investment Valuation and Income Recognition** - Investments are stated at fair, contract and NAV values as reported by Empower (the “Trustee”). Net asset value is determined to be a practical expedient for measuring fair value. All investments are registered, with securities held by the Plans’ Trustee, in the name of the Plans. The values of the Plans’ investments are adjusted to fair, contract and NAV values as of the last business day of the Plans’ year. Gains and losses on investments that were sold during the year are included in net appreciation/(depreciation) in fair, contract and NAV values of investments.

**3. INVESTMENTS**

**Investment Objective** - The primary investment objective of the Program is to offer a set of investment options such that:

- Sufficient options are offered to allow participants to build portfolios consistent with their investment risk/return preferences.
- Each option is adequately diversified.
- Each option has a risk profile consistent with its position in the overall structure.
- Each option is managed so as to implement the desired risk profile of the asset class it represents.

**Investment Guidelines** - The Deferred Compensation Committee selects and executes agreements with qualified investment managers and/or funds which fulfill the criteria of the identified investment option. The Program is participant-directed and participants select from among the available investment options.

The investment options used to fund the various asset classes may be separately managed portfolios, commingled funds, or mutual funds. The Committee may from time to time modify the number and characteristics of the investment vehicles to be made available to participants within each investment option.

The specific investment vehicles chosen by the Committee must have appropriate investment characteristics and be managed by organizations which, by their record and experience, have demonstrated their investment expertise.

Such investment vehicles also should:

- Have sufficient assets under management so that the MTA account is not more than 10% of total strategy assets; strategy is defined as assets in all vehicles (separate accounts, collective trusts and mutual funds),
- Be well diversified,
- Have a minimum of three years of verifiable investment performance information,
- Have acceptable volatility in line with investment philosophy and process,
- Have the liquidity and/or marketability to pay benefit amounts to participants due under the terms of the Program, and
- Have a reasonable expense ratio.

**Concentration of Credit Risk** - Individual investments held by the Plans that represent 5.0% or more of the fiduciary net position available for benefits at December 31, 2023 and 2022 is as follows:

<b>Investment at NAV – December 31, 2023</b>	<b>457 Value</b>	<b>401(k) Value</b>
Vanguard Institutional Index Fund	\$717,918,796	\$1,007,940,310
Jennison Large Cap Growth Fund	303,834,865	444,564,574
T. Rowe Price Large Cap Value Fund	303,834,865	444,564,574
William Blair Intuitional International Growth Fund	209,765,971	317,768,230
Mondrian All Countries World Ex-U.S. Equity Fund	209,765,971	317,768,230
<b>Investment at NAV – December 31, 2022</b>	<b>457 Value</b>	<b>401(k) Value</b>
Vanguard Institutional Index Fund	\$575,615,741	\$812,439,499
Jennison Large Cap Growth Fund	238,770,432	352,411,165
T. Rowe Price Large Cap Value Fund	238,770,432	352,411,165
William Blair Intuitional International Growth Fund	175,905,610	284,343,882
Mondrian All Countries World Ex-U.S. Equity Fund	175,905,610	265,390,055

The following table shows the fair, contract and NAV values of investment in the various investment options at December 31, 2023 and 2022.

**Investments at Contract, Fair Value and NAV at December 31, 2023**

<b><u>Target-Year Lifecycle Funds</u></b>		<b><u>457 Value</u></b>		<b><u>401(k) Value</u></b>
MTA Target-Year Lifecycle 2020 Fund	\$	70,654,957	\$	107,020,029
MTA Target-Year Lifecycle 2025 Fund		220,536,343		326,292,003
MTA Target-Year Lifecycle 2030 Fund		194,476,208		314,410,720
MTA Target-Year Lifecycle 2035 Fund		253,373,617		399,453,630
MTA Target-Year Lifecycle 2040 Fund		151,463,445		231,900,319
MTA Target-Year Lifecycle 2045 Fund		137,890,655		226,600,287
MTA Target-Year Lifecycle 2050 Fund		105,157,988		157,514,143
MTA Target-Year Lifecycle 2055 Fund		60,583,746		97,419,111
MTA Target-Year Lifecycle 2060 Fund		30,318,103		42,902,666
MTA Target-Year Lifecycle 2065 Fund		11,732,636		12,613,187
MTA Income Fund		96,356,355		140,386,957
<b><u>International Equity Funds</u></b>				
MTA International Portfolio		86,520,779		119,074,690
MTA International Index Fund		36,689,136		41,356,884
<b><u>Small- Mid Cap Equity Funds</u></b>				
MTA Small-Mid Cap Portfolio		225,537,788		315,391,685
MTA Small-Mid Cap Index		158,488,231		176,121,799
<b><u>Large-Cap Equity Funds</u></b>				
MTA Large Cap Portfolio		442,656,189		633,623,084
MTA Large Cap Core Index Fund		512,852,757		689,462,732
<b><u>Bond Funds</u></b>				
MTA Bond Core Plus Portfolio		52,010,903		78,764,690
MTA Bond Aggregate Index Fund		31,584,035		41,505,871
<b><u>Fixed Investment Option</u></b>				
MTA Stable Value Fund		1,066,659,605		1,320,359,552
<b><u>Self-Directed Investment Account</u></b>				
		3,711,466		5,421,005
<b>Total</b>	<b>\$</b>	<b>3,949,254,942</b>	<b>\$</b>	<b>5,477,595,044</b>

**Investments at Contract, Fair Value and NAV at December 31, 2022**

<b><u>Target-Year Lifecycle Funds</u></b>	<b><u>457 Value</u></b>	<b><u>401(k) Value</u></b>
MTA Target-Year Lifecycle 2020 Fund	\$ 71,342,637	\$ 107,949,522
MTA Target-Year Lifecycle 2025 Fund	201,446,821	303,374,675
MTA Target-Year Lifecycle 2030 Fund	166,539,812	268,416,181
MTA Target-Year Lifecycle 2035 Fund	210,809,859	326,982,330
MTA Target-Year Lifecycle 2040 Fund	117,840,642	179,616,642
MTA Target-Year Lifecycle 2045 Fund	105,975,760	173,814,934
MTA Target-Year Lifecycle 2050 Fund	79,448,118	116,073,931
MTA Target-Year Lifecycle 2055 Fund	42,026,251	68,897,906
MTA Target-Year Lifecycle 2060 Fund	20,218,229	29,558,022
MTA Target-Year Lifecycle 2065 Fund	6,915,345	6,987,673
MTA Income Fund	93,016,560	138,788,230
<b><u>International Equity Funds</u></b>		
MTA International Portfolio	73,682,889	100,469,713
MTA International Index Fund	29,376,937	32,127,131
<b><u>Small- Mid Cap Equity Funds</u></b>		
MTA Small-Mid Cap Portfolio	200,742,033	276,754,733
MTA Small-Mid Cap Index	125,298,462	140,671,082
<b><u>Large-Cap Equity Funds</u></b>		
MTA Large Cap Portfolio	340,216,439	492,548,052
MTA Large Cap Core Index Fund	403,503,352	545,957,510
<b><u>Bond Funds</u></b>		
MTA Bond Core Plus Portfolio	51,383,181	77,093,193
MTA Bond Aggregate Index Fund	27,645,101	37,659,629
<b><u>Fixed Investment Option</u></b>		
MTA Stable Value Fund	1,091,818,709	1,351,640,566
<b><u>Self-Directed Investment Account</u></b>	3,111,336	4,707,204
<b>Total</b>	<b>\$ 3,462,358,474</b>	<b>\$ 4,780,088,858</b>

The following tables show the interest and/or dividends earned on investments and net appreciation/ (depreciation) for the years ended December 31, 2023 and 2022.

**457 Investments at December 31, 2023**

<b><u>Target-Year Lifecycle Funds</u></b>	<b>Cash and Dividend Earnings</b>	<b>Appreciation/(Depreciation) In Fair Value - Net</b>
MTA Target-Year Lifecycle 2020 Fund	\$ (16,572)	\$ 5,877,167
MTA Target-Year Lifecycle 2025 Fund	(60,029)	22,396,904
MTA Target-Year Lifecycle 2030 Fund	(112,695)	23,514,853
MTA Target-Year Lifecycle 2035 Fund	(155,538)	35,663,940
MTA Target-Year Lifecycle 2040 Fund	(128,037)	22,558,090
MTA Target-Year Lifecycle 2045 Fund	(103,893)	21,436,276
MTA Target-Year Lifecycle 2050 Fund	(85,452)	16,639,435
MTA Target-Year Lifecycle 2055 Fund	(66,640)	9,412,833
MTA Target-Year Lifecycle 2060 Fund	(30,671)	4,647,301
MTA Target-Year Lifecycle 2065 Fund	(8,003)	1,708,705
MTA Income Fund	(1,615)	6,859,727
<b><u>International Equity Funds</u></b>		
MTA International Portfolio	591,212	12,998,055
MTA International Index Fund	-	4,822,415
<b><u>Small-Mid-Cap Equity Funds</u></b>		
MTA Small-Mid Cap Portfolio	-	34,111,501
MTA Small-Mid Cap Index Fund	-	31,312,558
<b><u>Large-Cap Equity Funds</u></b>		
MTA Large Cap Portfolio	-	102,951,409
MTA Large Cap Index Fund	-	106,253,473
<b><u>Bond Funds</u></b>		
MTA Bond Portfolio	-	2,760,691
MTA Bond Index Fund	-	1,522,307
<b><u>Stable Value Option</u></b>		
MTA Stable Value Fund	(34)	29,019,777
<b><u>Self-Directed Investment Account</u></b>		
	-	624,973
<b>Total</b>	<b>\$ (177,967)</b>	<b>\$497,092,390</b>



457 Investments at December 31, 2022

<u>Target-Year Lifecycle Funds</u>	<u>Cash</u> <u>Earnings</u>	<u>Appreciation/(Depreciation)</u> <u>In Fair Value - Net</u>
MTA Target-Year Lifecycle 2020 Fund	\$ -	\$ (3,821,331)
MTA Target-Year Lifecycle 2025 Fund	-	(15,750,003)
MTA Target-Year Lifecycle 2030 Fund	-	(12,705,619)
MTA Target-Year Lifecycle 2035 Fund	-	(22,185,380)
MTA Target-Year Lifecycle 2040 Fund	-	(10,617,343)
MTA Target-Year Lifecycle 2045 Fund	-	(12,042,272)
MTA Target-Year Lifecycle 2050 Fund	-	(8,811,692)
MTA Target-Year Lifecycle 2055 Fund	-	(2,449,992)
MTA Target-Year Lifecycle 2060 Fund	-	(1,165,621)
MTA Target-Year Lifecycle 2065 Fund	-	(699,629)
MTA Income Fund	-	(4,474,185)
 <b><u>International Equity Funds</u></b>		
MTA International Portfolio	-	(48,190,098)
MTA International Index Fund	-	(5,645,387)
 <b><u>Small-Mid-Cap Equity Funds</u></b>		
MTA Small-Mid Cap Portfolio	-	(60,248,126)
MTA Small-Mid Cap Index Fund	-	(42,940,243)
 <b><u>Large-Cap Equity Funds</u></b>		
MTA Large Cap Portfolio	-	(120,492,947)
MTA Large Cap Index Fund	5	(96,706,503)
 <b><u>Bond Funds</u></b>		
MTA Bond Portfolio	-	(16,223,442)
MTA Bond Index Fund	-	(4,546,519)
 <b><u>Stable Value Option</u></b>		
MTA Stable Value Fund	-	20,982,377
 <b><u>Self-Directed Investment Account</u></b>		
	-	(841,029)
<b>Total</b>	<b>\$5</b>	<b>(\$469,574,982)</b>

401(k) Investments at December 31, 2023

<u>Target-Year Lifecycle Funds</u>	<u>Cash and Dividend Earnings</u>	<u>Appreciation/(Depreciation) In Fair Value - Net</u>
MTA Target-Year Lifecycle 2020 Fund	\$ (26,972)	\$ 8,885,007
MTA Target-Year Lifecycle 2025 Fund	(90,596)	33,498,445
MTA Target-Year Lifecycle 2030 Fund	(195,088)	38,050,514
MTA Target-Year Lifecycle 2035 Fund	(238,315)	55,668,468
MTA Target-Year Lifecycle 2040 Fund	(195,099)	34,424,939
MTA Target-Year Lifecycle 2045 Fund	(173,730)	35,084,666
MTA Target-Year Lifecycle 2050 Fund	(140,140)	24,677,813
MTA Target-Year Lifecycle 2055 Fund	(109,618)	15,214,397
MTA Target-Year Lifecycle 2060 Fund	(46,260)	6,696,694
MTA Target-Year Lifecycle 2065 Fund	(8,383)	1,796,344
MTA Income Fund	(5,215)	10,108,343
 <b><u>International Equity Funds</u></b>		
MTA International Portfolio	981,229	17,730,396
MTA International Index Fund	-	5,396,831
 <b><u>Small-Mid-Cap Equity Funds</u></b>		
MTA Small-Mid Cap Portfolio	-	47,636,652
MTA Small-Mid Cap Index Fund	-	35,144,677
 <b><u>Large-Cap Equity Funds</u></b>		
MTA Large Cap Portfolio	-	147,964,329
MTA Large Cap Index Fund	33	143,169,946
 <b><u>Bond Funds</u></b>		
MTA Bond Portfolio	-	4,234,277
MTA Bond Index Fund	-	2,053,934
 <b><u>Stable Value Option</u></b>		
MTA Stable Value Fund	2	35,937,300
 <b><u>Self-Directed Investment Account</u></b>		
	-	894,755
<b>Total</b>	<b>\$ (248,152)</b>	<b>\$ 704,268,727</b>

401(k) Investments at December 31, 2022

<u>Target-Year Lifecycle Funds</u>	<u>Cash</u> <u>Earnings</u>	<u>Appreciation/(Depreciation)</u> <u>In Fair Value - Net</u>
MTA Target-Year Lifecycle 2020 Fund	\$ -	\$ (5,487,077)
MTA Target-Year Lifecycle 2025 Fund	-	(23,649,322)
MTA Target-Year Lifecycle 2030 Fund	-	(19,069,225)
MTA Target-Year Lifecycle 2035 Fund	-	(34,849,131)
MTA Target-Year Lifecycle 2040 Fund	29	(16,164,819)
MTA Target-Year Lifecycle 2045 Fund	37	(19,630,168)
MTA Target-Year Lifecycle 2050 Fund	-	(11,341,233)
MTA Target-Year Lifecycle 2055 Fund	-	(4,004,773)
MTA Target-Year Lifecycle 2060 Fund	-	(1,605,145)
MTA Target-Year Lifecycle 2065 Fund	-	(634,150)
MTA Income Fund	-	(6,416,269)
 <u>International Equity Funds</u>		
MTA International Portfolio	-	(74,355,198)
MTA International Index Fund	-	(6,086,548)
 <u>Small-Mid-Cap Equity Funds</u>		
MTA Small-Mid Cap Portfolio	-	(86,366,972)
MTA Small-Mid Cap Index Fund	-	(48,803,770)
 <u>Large-Cap Equity Funds</u>		
MTA Large Cap Portfolio	-	(176,125,704)
MTA Large Cap Index Fund	7	(134,762,375)
 <u>Bond Funds</u>		
MTA Bond Portfolio	-	(24,501,020)
MTA Bond Index Fund	1	(5,938,936)
 <u>Stable Value Option</u>		
MTA Stable Value Fund	11	26,270,559
 <u>Self-Directed Investment Account</u>		
	-	(1,030,915)
<b>Total</b>	<b>\$ 85</b>	<b>\$ (674,552,191)</b>

**Credit Risk** - The investment alternatives offered under the Program are not guaranteed by any governmental body, including the MTA, and are not risk-free. The credit risk of the investment strategy in the various investment accounts is based upon the performance of the securities in the underlying portfolios. Investments in these investment strategies can be expected to increase or decrease in value depending upon market conditions. The Deferred Compensation Committee (the “Committee”), with the assistance of its independent investment consultant continuously monitors the program investment strategies pursuant to the investment policy and objectives. When the investment strategies are determined to not meet the criteria, the strategy is terminated as outlined by the investment policy statement.

At December 31, 2023, the following credit quality rating has been assigned by a nationally recognized statistical rating organization (“NRSRO”) to the portion of Fixed Income Portfolio of the Plans which are held in Separate Manager Accounts (“SMAs”):

Quality Rating	457	457	401(k)	401(k)
		Percentage of Fixed Income Portfolio		Percentage of Fixed Income Portfolio
AAA	\$ 555,698,995	32.84%	\$ 726,787,028	31.80%
AA	47,200,484	2.79%	62,268,775	2.73%
A	183,773,521	10.86%	240,957,433	10.54%
BBB	195,934,942	11.58%	257,674,300	11.27%
BB	3,020,087	0.18%	4,693,841	0.21%
Below BB	<u>2,473,073</u>	<u>0.15%</u>	<u>3,675,630</u>	<u>0.16%</u>
Credit Risk Debt Securities	988,101,102	58.40%	1,296,057,007	56.71%
U.S. Government Bonds	<u>419,524,160</u>	<u>24.80%</u>	<u>555,606,847</u>	<u>24.31%</u>
<b>Total fixed income securities in SMAs</b>	<b>1,407,625,262</b>	<b>83.20%</b>	<b>1,851,663,854</b>	<b>81.02%</b>
Other Fixed Income Investments	<u>284,205,330</u>	<u>16.80%</u>	<u>433,731,456</u>	18.98%
Total Fixed Income Investments	1,691,830,592	100.00%	2,285,395,310	100.00%
Other securities not rated - equity, international funds and corporate bonds	<u>2,257,424,350</u>		<u>3,192,199,734</u>	
Total investments	<u>\$ 3,949,254,942</u>		<u>\$ 5,477,595,044</u>	

At December 31, 2022, the following credit quality rating has been assigned by a nationally recognized statistical rating organization (“NRSRO”) to the portion of Fixed Income Portfolio of the Plans which are held in SMAs:

Quality Rating	457		401(k)	
		Percentage of Fixed Income Portfolio		Percentage of Fixed Income Portfolio
AAA	\$ 505,290,723	30.94%	\$ 658,705,182	30.06%
AA	45,825,535	2.81%	60,368,850	2.75%
A	200,813,978	12.30%	262,220,236	11.97%
BBB	216,507,957	13.25%	283,795,116	12.95%
BB	7,079,262	0.43%	9,999,309	0.46%
Below BB	<u>1,709,973</u>	<u>0.10%</u>	<u>2,649,668</u>	<u>0.12%</u>
Credit Risk Debt Securities	977,227,428	59.83%	1,277,738,361	58.31%
U.S. Government Bonds	<u>410,958,133</u>	<u>25.16%</u>	<u>538,730,641</u>	<u>24.58%</u>
<b>Total fixed income securities in SMAs</b>	<b>1,388,185,561</b>	<b>84.99%</b>	<b>1,816,469,002</b>	<b>82.89%</b>
Other Fixed Income				
Investments	<u>245,077,408</u>	<u>15.01%</u>	<u>374,979,587</u>	<u>17.11%</u>
Total Fixed Income				
Investments	1,633,262,969	100.00%	2,191,448,589	100.00%
Other securities not rated - equity, international funds and corporate bonds	<u>1,829,095,505</u>		<u>2,588,640,269</u>	
Total investments	<u>\$ 3,462,358,474</u>		<u>\$ 4,780,088,858</u>	

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the contract and NAV values of the investment. Duration is a measure of sensitivity to interest rate risk. The greater the duration of a portfolio, the greater its principal value will fluctuate in response to a change in interest rate risk and vice versa. Modified duration is an indicator of bond price’s sensitivity and is the percentage change in a bond principal value given a 100-basis point parallel change in interest rates.

**2023**

<b><u>Investment Type</u></b>	<b><u>457</u></b>	<b><u>401(k)</u></b>	<b><u>Total</u></b>	<b><u>Duration</u></b>
Galliard Stable Value Fund	\$ 1,297,124,720	\$ 1,670,314,848	\$ 2,967,439,568	2.99 *
TCW Core Plus Bond Fund	<u>80,539,651</u>	<u>123,931,658</u>	<u>204,471,309</u>	6.91
Total Fixed Income assets in SMAs	1,377,664,371	1,794,246,506	3,171,910,877	3.24
Total Other Fixed Income assets	<u>278,156,103</u>	<u>420,282,087</u>	<u>698,438,190</u>	5.29
Total Fixed Income				
Portfolio Modified Duration	1,655,820,474	2,214,528,593	3,870,349,067	3.61
Investment with no duration reported	<u>2,293,434,468</u>	<u>3,263,066,451</u>	<u>5,556,500,919</u>	
Total investments	<u>\$ 3,949,254,942</u>	<u>\$ 5,477,595,044</u>	<u>\$ 9,426,849,986</u>	

\* Portfolio Duration - the price sensitivity to yield and the rate of change of price with respect to yield due to the passage of time.

**2022**

<b><u>Investment Type</u></b>	<b><u>457</u></b>	<b><u>401(k)</u></b>	<b><u>Total</u></b>	<b><u>Duration</u></b>
Galliard Stable Value Fund	\$ 1,286,672,980	\$ 1,649,042,928	\$ 2,935,715,908	2.94 *
TCW Core Plus Bond Fund	<u>70,228,468</u>	<u>107,668,029</u>	<u>177,896,497</u>	6.72
Total Fixed Income assets in SMAs	1,356,901,448	1,756,710,957	3,113,612,405	3.16
Total Other Fixed Income assets	<u>239,554,349</u>	<u>362,643,539</u>	<u>602,197,888</u>	5.13
Total Fixed Income				
Portfolio Modified Duration	1,596,455,797	2,119,354,496	3,715,810,293	3.48
Investment with no duration reported	<u>1,865,902,677</u>	<u>2,660,734,362</u>	<u>4,526,637,039</u>	
Total investments	<u>\$ 3,462,358,474</u>	<u>\$ 4,780,088,858</u>	<u>\$ 8,242,447,332</u>	

\* Portfolio Duration - the price sensitivity to yield and the rate of change of price with respect to yield due to the passage of time.

**Other Risks and Uncertainties** - In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic. As a result, global financial markets have experienced, and may continue to experience, significant volatility resulting from the spread of COVID-19. The values of the Plan's individual investments have and will fluctuate in response to changing market conditions and therefore, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The extent of the impact of COVID-19 on the Plan's net assets available for benefits and contributions will depend on future developments, including the

duration and continued spread of the outbreak. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

**Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the contract and NAV values of an investment or deposit. The Program has an exposure to foreign currency fluctuations for the Plans' SMAs investments are as follows:

<b><u>Currency</u></b>	<b><u>Holdings in U.S. Dollars</u></b>	<b><u>Holdings in U.S. Dollars</u></b>	<b><u>Holdings in U.S. Dollars</u></b>
Australian Dollar	\$ 1,310,977	\$ 2,005,889	\$ 3,316,866
Canada Dollar	13,480,615	20,626,310	34,106,925
Danish Krone	6,285,354	9,617,043	15,902,397
Euro	46,709,801	71,469,356	118,179,157
Hong Kong Dollar	2,009,215	3,074,243	5,083,458
Japanese Yen	34,314,973	52,504,378	86,819,351
Norwegian Krone	779,427	1,192,579	1,972,006
Singapore Dollar	1,394,220	2,133,257	3,527,477
Swedish Krona	9,083,704	13,898,721	22,982,425
Swiss Franc	10,061,097	15,394,202	25,455,299
United Kingdom British Pound	<u>29,859,071</u>	<u>45,686,527</u>	<u>75,545,598</u>
Total	<u>\$ 155,288,454</u>	<u>\$ 237,602,505</u>	<u>\$ 392,890,959</u>

<b><u>Currency</u></b>	<b><u>Holdings in U.S. Dollars</u></b>	<b><u>Holdings in U.S. Dollars</u></b>	<b><u>Holdings in U.S. Dollars</u></b>
Australian Dollar	\$ 3,807,322	\$ 2,380,041	\$ 6,187,363
Canada Dollar	12,655,189	7,911,036	20,566,225
Danish Krone	8,278,855	5,175,293	13,454,148
Euro	45,005,549	28,133,953	73,139,503
Hong Kong Dollar	3,064,192	1,915,494	4,979,686
Israel Shekel	388,185	242,663	630,848
Japanese Yen	15,066,277	9,418,259	24,484,536
Norwegian Krone	1,667,978	1,042,689	2,710,667
Singapore Dollar	2,423,658	1,515,082	3,938,740
Swedish Krona	6,530,825	4,082,561	10,613,386
Swiss Franc	11,536,719	7,211,856	18,748,575
United Kingdom British Pound	<u>26,187,617</u>	<u>16,370,452</u>	<u>42,558,070</u>
Total	<u>\$ 136,612,367</u>	<u>\$ 85,399,380</u>	<u>\$ 222,011,748</u>

In year 2015, the MTA Deferred Compensation Program adopted GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

**Investments measured at readily determined fair value (FV)**  
**(\$ In thousands)**

	<b>2023</b>			
	<b>Quoted Price in</b>			
	<b>December 31, 2023</b>	<b>Active Markets for Identical Assets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
<b>457 Plan</b>				
Equity Securities:				
Small-Mid cap equity mutual fund	\$ 108,322	108,322	-	-
Total equity investments	108,322	108,322	-	-

**Investments measured at readily determined fair value (FV)**  
**(\$ In thousands)**

	<b>2023</b>			
	<b>Quoted Price in</b>			
	<b>December 31, 2023</b>	<b>Active Markets for Identical Assets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
<b>401K Plan</b>				
Equity Securities:				
Small-Mid cap equity mutual fund	\$ 157,344	157,344	-	-
Total equity investments	157,344	157,344	-	-

**Investments measured at readily determined fair value (FV)**  
**(\$ In thousands)**

	<b>2022</b>			
	<b>Quoted Price in</b>			
	<b>December 31, 2022</b>	<b>Active Markets for Identical Assets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
<b>457 Plan</b>				
Equity Securities:				
Small-Mid cap equity mutual fund	\$ 100,039	100,039	-	-
Total equity investments	100,039	100,039	-	-

**Investments measured at readily determined fair value (FV)**  
**(\$ In thousands)**

	<b>2022</b>			
	<b>Quoted Price in</b>			
	<b>December 31, 2022</b>	<b>Active Markets for Identical Assets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
<b>401K Plan</b>				
Equity Securities:				
Small-Mid cap equity mutual fund	\$ 143,612	143,612	-	-
Total equity investments	143,612	143,612	-	-



**Investments measured at Fair, Contract and NAV values  
(\$ In thousands)**

	2023			
	December 31, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>457 Plan</b>				
Equity Securities:				
Commingled large-cap equity funds	\$ 1,325,588	\$ -	Daily	None
Commingled Small-Mid cap equity funds	158,488	-	Daily	None
Separate Manager Account: Small-Mid cap equity funds	241,103	-	Daily	None
Commingled international equity fund	246,455	-	Daily	None
Separate Manager Account: International equity funds	209,766	-	Daily	None
Total equity securities	2,181,400	-		
Debt Securities				
Commingled debt funds	187,926	-	Daily	None
Separate Manager Account: debt funds	80,540	-	Daily	None
Total debt securities	268,466	-		
Real assets				
Commingled real asset equity fund	90,230	-	Daily	None
Total real assets	90,230	-		
Other:				
Self direct investment option	3,712	-	Daily	None
Total other	3,712	-		
Total investments measured at the NAV	2,543,808	-		
Investment measured at Fair Value	108,322	-		
Investments measured at Contract Value	1,297,125	-		
Total investments	\$ 3,949,255	\$ -		

**Investments measured at Fair, Contract and NAV values  
(\$ In thousands)**

	2023			
	December 31, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>401(k) Plan</b>				
Equity Securities:				
Commingled large-cap equity funds	\$ 1,897,069	\$ -	Daily	None
Commingled Small-Mid cap equity funds	176,122	-	Daily	None
Separate Manager Account: Small-Mid cap equity funds	350,217	-	Daily	None
Commingled international equity fund	359,125	-	Daily	None
Separate Manager Account: International equity funds	317,768	-	Daily	None
Total equity securities	3,100,301	-		
Debt Securities				
Commingled debt funds	282,079	-	Daily	None
Separate Manager Account: debt funds	123,932	-	Daily	None
Total debt securities	406,011	-		
Real assets				
Commingled real asset equity fund	138,203	-	Daily	None
Total real assets	138,203	-		
Other:				
Self direct investment option	5,421	-	Daily	None
Total other	5,421	-		
Total investments measured at the NAV	3,649,936	-		
Investment measured at Fair Value	157,344	-		
Investments measured at Contract Value	1,670,315	-		
Total investments	\$ 5,477,595	\$ -		

**Investments measured at Fair, Contract and NAV values  
(\$ In thousands)**

	2022			
	December 31, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>457 Plan</b>				
Equity Securities:				
Commingled large-cap equity funds	\$ 1,053,157	\$ -	Daily	None
Commingled Small-Mid cap equity funds	125,298	-	Daily	None
Separate Manager Account: Small-Mid cap equity funds	203,109	-	Daily	None
Commingled international equity fund	205,283	-	Daily	None
Separate Manager Account: International equity mutual fund	175,906	-	Daily	None
Total equity securities	1,762,753	-		
Debt Securities				
Commingled debt funds	163,971	-	Daily	None
Separate Manager Account: debt funds	70,228	-	Daily	None
Total debt securities	234,199	-		
Real assets				
Commingled real asset equity fund	75,583	-	Daily	None
Total real assets	75,583	-		
Other:				
Self direct investment option	3,111	-	Daily	None
Total other	3,111	-		
Total investments measured at the NAV	2,075,646	-		
Investment measured at Fair Value	100,039	-		
Investments measured at Contract Value	1,286,673	-		
Total investments	\$ 3,462,358	\$ -		

**Investments measured at Fair, Contract and NAV values  
(\$ In thousands)**

	2022			
	December 31, 2022	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>401(k) Plan</b>				
Equity Securities:				
Commingled large-cap equity funds	\$ 1,517,262	\$ -	Daily	None
Commingled Small-Mid cap equity funds	140,671	-	Daily	None
Separate Manager Account: Small-Mid cap equity funds	272,622	-	Daily	None
Commingled international equity fund	297,517	-	Daily	None
Separate Manager Account: International equity mutual fund	284,344	-	Daily	None
Total equity securities	2,512,416	-		
Debt Securities				
Commingled debt funds	246,662	-	Daily	None
Separate Manager Account: debt funds	107,668	-	Daily	None
Total debt securities	354,330	-		
Real assets				
Commingled real asset equity fund	115,981	-	Daily	None
Total real assets	115,981	-		
Other:				
Self direct investment option	4,707	-	Daily	None
Total other	4,707	-		
Total investments measured at the NAV	2,987,434	-		
Investment measured at Fair Value	143,612	-		
Investments measured at Contract Value	1,649,043	-		
Total investments	\$ 4,780,089	\$ -		

## **Investments Measured at Contract Value**

**Stable Value Funds** - Stable value funds typically have three components. The first component is primarily comprised of Investment Contracts issued by banks and insurance companies. The Investment Contracts help to assure that participants can transact at book value (principal plus accrued interest) as well as maintain a relatively stable return profile for the portfolio. Generally, contract issuers are rated "investment grade" by at least one of the Nationally Recognized Statistical Rating Organizations at time of purchase that are able to do business in New York State. The second component consists of an underlying portfolio of fixed income securities which are subject to the Investment Contracts and are often referred to as "underlying securities". Finally, the portfolio may also hold cash or cash equivalents. The Stable Value fund return is expected to be higher than that of a 3-year Constant Maturity Treasury + 0.5% with similar volatility over the long-term.

## **Investments Measured at NAV**

**Commingled Funds** - The fair values of the investments of this type have been determined using the NAV per share of the investments. The commingled equity funds are comprised of large cap, small and mid-cap funds and international funds that invest in core indices across all industries, growth and value respectively. The commingled debt funds are comprised of corporate, treasuries and international fixed income securities.

**Separate Manager Account (SMAs)** - This investment vehicle follows a single-style strategy, with funds comprised of fixed income, large cap, small and mid-cap equities and international equities. These SMAs allow the MTA to impose reasonable stock and bonds sector preferences and restrictions on the securities in the accounts. Two equity SMAs are co-invested with external managers through Empower Investments. The fair values of the investments in this vehicle are determined using the NAV per share of the investments by the external manager. Empower Investments whom the MTA holds a contractual agreement with and whom controls the investments, revalues the NAV per share after certain expense deductions and provides the MTA with its percentage allocation on an annual basis.

**Small-Mid Cap Funds** - This investment option has four institutional investments funds - two growth and two value investment strategies with the objective of matching the return and risk characteristics of the Russell Small Cap Completeness Index or a similar index which measures the broad U.S. small and mid-capitalization equity market. The option's investment profile is long term capital growth through a combination of capital appreciation and to a lesser extent reinvested dividend income. The investment option is expected to have high volatility over a market cycle. The fair values of the investments in these types have been determined using the NAV per share of the investments.

**Real Assets** - The fund represents an optimal solution for an inflation hedging strategy and incorporates a diversified multi asset class approach. The fund strategic weights which are rebalanced monthly are as follows: 25% Bloomberg Roll Select Commodity Index; 25% Standard and Poor's (r) Global Larger Mid Cap Commodity & Resources Index; 10% Standard and Poor's Global Infrastructure Equity Index; 15% Dow Jones US Select REIT Index and 25% Barclays US TIPS Index. The fair values of the investments of this type have been determined using the NAV per share of the investments.

**Self-Direct Brokerage Accounts** - The Deferred Compensation program allows participants the option to invest up to twenty (20) percent of their account in over 500 mutual fund families comprising of more than 15,000 individual mutual funds. All investments under this option are in mutual funds and are measured at the respective fund NAVs.

## **4. CONTRIBUTIONS**

**Employer Contributions** – The rate for the employer contribution varies by agency and are described as follows:

**MTA Bus** - Effective 2019, employer contributions were discontinued. Prior to 2019, certain members who were employed by Queens Surface Corporation on February 26, 2005, and who became employees of MTA Bus on February 27, 2005, received a matching contribution equal to 50% of member's before-tax contributions up to 3% of the member's base pay. MTA Bus also made a basic contribution equal to 2% of the member's compensation. These contributions vested as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

**MTA Metro-North Railroad** - MNR employees represented by certain unions and who elected to opt-out of participation in the MTA Defined Benefit Pension Plan receive an annual employer contribution equal to 4% of the member's compensation. Effective on the first full pay period following the nineteenth anniversary date of an eligible MNR member's continuous employment, MTA Metro-North Railroad contributes an amount equal to 7% of the member's compensation. Eligible MNR members vest in these employer contributions as set forth below:

Years of Service	Vested Percentage
Less than 5	0%
5 or more	100%

**MTA Headquarters - Police** - For each plan year, the MTA shall make contributions to the Account of each eligible MTA Police Benevolent Association member in the amounts required by the collective bargaining agreement ("CBA") and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. Members are immediately 100% vested in these employer contributions.

**MTA Headquarters - Commanding Officers** - For each plan year, the MTA shall make contributions to the Account of each eligible MTA Police Department Commanding Officers Association Benevolent Association member in the amounts required by the collective bargaining agreement ("CBA") and subject to the contribution limits set forth in the CBA. These contributions shall be made monthly and shall be considered MTA Police contributions. Members are immediately 100% vested in these employer contributions.

**MTA Headquarters - Business Services Center** - Effective January 1, 2011, all newly hired MTA Business Services Center employees represented by the Transportation Communications Union are eligible to receive a matching contribution, up to a maximum of 3% of the participant's compensation. A participant's right to the balance in his or her matching contributions shall upon the first of the following to occur:

1. Completing 5 years of service,
2. Attaining the Normal Retirement Age of 62 while in continuous employment, or
3. Death while in continuous employment.

**Additional Deposits (Incoming Rollover or Transfers)** - Participants in the Deferred Compensation Program are eligible to roll over both their before-tax and after-tax assets from other eligible retirement plans into the 401(k) and 457 Plans.

**Status** - As of December 31, 2023 and 2022, 43.7% and 42.8% of the eligible employees were enrolled in the 457 Plan and 61.5% and 60.9% of the eligible employees were enrolled in the 401(k) Plan, respectively. There were 36,158 and 34,676 active participants in the 457 Plan and 50,419 and 48,640 active participants in the 401(k) Plan as of December 31, 2023 and 2022, respectively. The average account balance in the 457

Plan was \$77,962 and \$72,328 and in the 401(k) Plan was \$81,373 and \$75,223 in 2023 and 2022, respectively.

## 5. DISTRIBUTIONS

**In-Service Withdrawals** - A 457 Plan participant who experiences an unforeseeable emergency (as defined by the Code) may apply for a withdrawal. A 401(k) Plan participant who experiences an immediate and heavy financial need (as defined by the Code) may apply for a withdrawal by filing a hardship application. Distributions are subject to applicable taxes and penalties. In addition, up to four times a year, 401(k) Plan participants may withdraw their elective deferral balance from the Plan if they are over age 59½. These withdrawals can be cash distributions or rollovers to another eligible retirement plan. 457 Plan participants may request an in-service withdrawal only after attainment of age 70½, or at any age if their account balance is less than \$5,000 and there has been no activity in their account for at least two years.

**Direct Transfer for Purchasing Permissive Service Credit** - Participants in the 457 or 401(k) Plans are eligible to use their Plan assets as a source of funding for the purchase of certain permissive service credits (as defined by the Code) in certain defined benefit plan or pension systems, via a direct transfer.

**Distribution of Benefits** - Upon a participant's severance from the MTA, the participant is entitled to receive an amount equal to the value of his or her vested account, to be paid in accordance with one of the methods described below. Participants can choose to remain in the Plans and are not required to withdraw, roll over or transfer their account upon severance.

**Commencement date** - Subject to required minimum distribution rules, a participant may elect any commencement date after severance. A participant has the option to cancel or change their distribution schedule at any time upon proper notice to the Plans Record-keeper. Individuals who attained age 70 ½ before January 1, 2020 were required to begin receiving minimum distributions from their accounts by April 1<sup>st</sup> of the calendar year following the later of (1) attainment of age 70 ½ or (2) the calendar year in which they separate from service with the MTA. Individuals who attain age 70 ½ after January 1, 2020 are required to begin receiving minimum distributions from their accounts by April 1<sup>st</sup> of the calendar year following the later of (1) attainment of age 72 or (2) the calendar year in which they separate from service with the MTA.

**Method of Distribution for Direct Payment** - If a participant chooses; the following methods of distribution are available under the Plans:

- Full lump sum payment; or
- Substantially equivalent monthly, quarterly, semi-annual or annual installment payments; or
- Any other amount of payment, subject to the required minimum distribution rules.

**Election of Length of Distribution** - If a participant elects installment payments, he or she may specify either:

- the total number of installment payments, or
- the dollar amount of each payment.

In either case, distributions cannot be paid over a period of time which exceeds the life expectancy of the participant or, in certain circumstances, the joint life expectancy of the participant and a "designated beneficiary" (as defined by the Code). Installment payments will be recalculated annually and will be paid only until the account is exhausted.

**Rollovers or Transfers Out of the Plans** - If a participant chooses to transfer or roll over his or her Deferred Compensation account, or a portion thereof, it must be to an eligible retirement plan (401(a), 457, 401(k), 403(b) or rollover IRA). 457 Plan and 401(k) Plan participants are eligible to roll over or transfer their account balance(s) upon severance from service.

## 6. LOANS

The MTA Deferred Compensation Program offers participants the opportunity to borrow from either one or both Plans simultaneously. The MTA Plans permit one loan from the 457 Plan and up to two loans from the 401(k) Plan. However, participants are limited to a total of two loans. Thus, as a participant of both the 401(k) and the 457 Plans, a participant can have either two 401(k) loans or the combination of a 401(k) loan and a 457 loan. The MTA offers two types of loans: the first is a “General Purpose Loan”, which is a five-year loan and can be for any purpose. The second is a “Residential Loan”, which is a loan for a primary residence and is a 20-year loan. For the Residential Loan, a signed contract to purchase the residence is necessary. Loan re-payment is made through payroll deduction. If a participant with an outstanding loan leaves the employment of the MTA, the participant may request to make coupon payments.

The minimum loan amount is \$1,000. The maximum amount of an approved loan may not exceed the lesser of: (i) 50 percent of the participant’s 457 or 401(k) Plan account balance; or (ii) \$50,000 less the combined balance of all outstanding loans that a participant may have under the Program. All loans are subject to interest at prime rate plus 1 percent. A loan origination fee of \$75.00 is deducted from the approved loan amount. Active MTA employee participants may not borrow from amounts attributable to Metro-North contributions, MTA Police contributions, MTA Police Commanding Officers’ Association contributions, MTA Business Service Center Matching Contributions and Roth Elective Deferrals. The 457 Plan’s net loans outstanding is \$85.9 million and \$79.83 million at December 31, 2023 and 2022 respectively, and the 401(k) Plan’s was \$175.3 million and \$162.61 million at December 31, 2023 and 2022 respectively.

## 7. ADDITIONAL PLAN INFORMATION

**Participation** - Eligible employees are allowed to participate in the 401(k) Plan and/or the 457 Plan upon employment with the MTA and its affiliates or subsidiaries. The record-keeper/trustee maintains a website, along with a telephone voice response system, or participants may use paper enrollment forms, for Program activities. Participants may make or suspend deferrals; may increase or decrease, in multiples of 1 percent, the percentage of wages to be deferred or any whole dollar amount; may change the investment option of future deferrals or initiate account transfers between investment options in multiples of 1 percent or any dollar amount. There is no restriction on the number of times a participant may change the amount of future deferrals. An employee participating in both the 457 Plan and 401(k) Plan who wishes to make any changes must do so independently for each Plan. Participants may also choose to schedule automated, annual increases in their deferral elections. An employee who has severed service from the MTA may rejoin the 457 Plan, the 401(k) Plan, or both and become an active participant after returning to service to the MTA by following the procedures set forth above.

**Excessive Trading Policy** - MTA has an Excessive Trading policy in place for the Plans. This policy monitors trading activity in investment options, utilizing criteria such as frequency of trades, dollar amount of the trades, and number of buys and sells performed by the participant. Activity exceeding established thresholds can be deemed excessive trading. The Excessive Trading policy defines excessive trading as one or more trades into and out of the same investment option within a rolling 30-day period when each trade is over \$25,000. Automatic or system-driven transactions are not considered excessive trading. This includes contributions or loan repayments by payroll deductions, re-mapping transactions, hardship withdrawals, regularly scheduled or periodic distributions or periodic rebalancing through a systematic rebalancing program that is not initiated by the Program.

**Maximum Deferrals** - A participant in the 457 Plan or the 401(k) Plan could have deferred up to \$22,500 plus an additional \$7,500 and \$20,500 plus an additional \$6,500 for participants age 50 and over in calendar years 2023 and 2022. Alternatively, for the 457 Plan, under certain circumstances, a participant may double the annual maximum contribution during each of the last three years prior to reaching his or her designated “Normal Retirement Age” (“Retirement Catch-Up Amount”) if less than the maximum was deferred during earlier years. Participants may not make both the Retirement Catch-Up and the Age 50 Catch-Up to the 457 Plan in the same year.

**Membership** – As of December 31, 2023 and 2022, the Plans' membership with balances consisted of:

	2023		2022	
	457	401(k)	457	401(k)
Active employees	36,158	50,149	34,676	48,460
Terminated/Inactive employees	14,478	14,851	13,173	14,851
Total active and inactive members	<u>50,636</u>	<u>65,000</u>	<u>47,849</u>	<u>63,311</u>
Vested employees	50,636	64,891	47,849	63,230

**Maintenance of Accounts** - For both the 457 Plan and the 401(k) Plan, the record-keeper establishes an account for each participant to which any amounts deferred, transferred or distributed under the Plans are credited or charged, including, as specified in the Participation Agreement or any amendment thereto, any increase or decrease in the value of the investment options. The Plans are not responsible for any decrease in the value of a participant's account.

**Plans' Funding and Expense Payment** - The MTA Deferred Compensation Program charges participants' quarterly administrative fees. These fees cover participant directed activities, communications, and administrative expenses. They also cover the cost of the Program's third-party administrator, the investment advisor, outside legal counsel, in-house legal counsel and a portion of staff salaries and benefits.

## 8. TRUSTEE AND OTHER PROFESSIONAL SERVICES

The Trustee for the MTA is Empower Trust Company, LLC ("Empower"). Record-keeping, Administrative, and investment management services are provided by Empower Annuity Company ("EAC"). With regards to other providers of investment management services; separate accounts are managed by Alliance Bernstein, TCW, William Blair and Galliard (which in turn has executed agreements with Jennison, Dodge & Cox, Loomis Sayles, TCW); commingled trusts are managed by SSgA, Loomis Sayles, Wellington, Vanguard and Mondrian; a mutual fund is managed by Dimensional Fund Advisors. The Financial Advisor is Mercer Investments LLC which reviews the investment policies adopted by the Investment Committee, the Plans' portfolio and the Investment Managers' performance.

## 9. SUBSEQUENT EVENTS

The Plan has evaluated all subsequent events through October 22, 2024, to ensure that these financial statements include appropriate recognition and disclosure of recognized events in the financial statements as of December 31, 2023. As of October 22, 2024, there were no subsequent events that required recognition or disclosure.

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