

Metropolitan Transportation Authority, NY Ratings Placed On CreditWatch Negative Due To COVID-19-Related Pressures

May 4, 2020

SAN FRANCISCO (S&P Global Ratings) May 4, 2020--S&P Global Ratings placed the following ratings on the Metropolitan Transportation Authority (MTA), N.Y., on CreditWatch with negative implications:

- 'A-' issuer credit rating (ICR) on the MTA
- 'a-' stand-alone credit profile (SACP) on the MTA
- 'A-' long-term rating and underlying rating (SPUR) on the MTA's previously issued transportation revenue bonds (TRBs)
- 'AA/A-1+' dual rating on the MTA's series 2012G-2 and 2002G-1G variable-rate TRBs, with enhancement by letters of credit from Toronto Dominion Bank, and on the MTA's series 2015E-1 variable-rate TRBs, with enhancement by a letter of credit from U.S. Bank N.A.
- 'AA/A-1' dual rating on the MTA's series 2005E-2 and 2015E-3 variable-rate TRBs, with enhancement by letters of credit from Bank of America N.A., and on the MTA's series 2012A-2 variable-rate TRBs, with enhancement by a letter of credit from Bank of Montreal
- 'AA/A-1' dual rating on various other variable-rate TRBs with enhancement by letters of credit from Barclays Bank PLC, PNC Bank, N.A., MUFG Bank Ltd., and Landesbank Hessen-Thueringen Girozentrale

At the same time, we assigned our 'A-' long-term rating to the MTA's \$250 million series 2015A-2 remarketed TRBs (mandatory tender bonds), and simultaneously placed the rating on CreditWatch with negative implications.

We also affirmed our 'SP-1' short-term rating on the MTA's previously issued transportation revenue bond anticipation notes (BANs).

"The CreditWatch action reflects our assessment of the significant and growing operational and financial impacts on the MTA as a result of the ongoing COVID-19 pandemic," said S&P Global Ratings credit analyst Paul Dyson. "These impacts include efforts to promote health and safety with social distancing protocols that are leading to significant fare, toll, and likely tax and subsidy revenue declines of several billion dollars on a combined basis, projected over 2020-2021," Mr. Dyson added.

"The action also reflects our view that, despite federal aid of \$3.8 billion already granted to the MTA in response to the pandemic's impact, and absent additional materially positive cash flow

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solutions such as additional federal aid and other measures, we could lower the rating by one or more notches over the next 90 days," said Mr. Dyson.

We analyzed the MTA's risks related to environmental, social, and governance factors and determined that, with the exception of social risks, all are in line with our view of the standard for mass transit. However, the MTA is exposed to social risks related to COVID-19-related social distancing requirements to promote health and safety that are already causing significant operating and financial pressures. We will continue to evaluate these risks as the situation evolves.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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