

MTA ANNUAL DISCLOSURE STATEMENT SUPPLEMENT
March 25, 2020

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Supplement (the “Supplement”) is dated March 25, 2020, supplements the information contained in the Annual Disclosure Statement (the “ADS”) of MTA, dated April 30, 2019, as supplemented on June 26, 2019, October 3, 2019, March 12, 2020 and on March 18, 2020, and as updated by a First Quarterly Update, dated August 2, 2019, a Second Quarterly Update, dated November 22, 2019 and a Third Quarterly Update, dated March 12, 2020 (the “Third Quarterly Update”), and contains information only through its date. *This Supplement provides information relating to the substantially deteriorating adverse impact on MTA ridership, MTA Bridges and Tunnel crossings traffic, and both MTA public transportation system and MTA Bridges and Tunnels revenues attributable to the Coronavirus pandemic.* MTA expects to file this Supplement with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access (“EMMA”) system and may incorporate such information herein by specific cross-reference. No statement on MTA’s website or any other website is included by specific cross-reference herein. All of the information in this Supplement is accurate as of its respective date. MTA retains the right to update and supplement specific information contained herein as events warrant.

The factors affecting MTA’s financial condition are complex. This Supplement contains forecasts, projections, and estimates that are based on expectations and assumptions, which existed at the time they were prepared and contains statements relating to future results and economic performance that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast,” “anticipate” or other similar words. The forward-looking statements contained herein are based on MTA’s expectations and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made but that may be incorrect, incomplete, imprecise or not reflective of future actual results. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the preceding paragraph, MTA does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change or events occur that change the conditions or circumstances on which such statements are based. These forward-looking statements speak only as of the date of this Supplement.

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Update Regarding Impacts From the Coronavirus Pandemic

The information set forth under the heading “Potential Impacts from Global Coronavirus Outbreak and Public Health Threats” in the Third Quarterly Update is revised to read as set forth below. Additionally, MTA intends to provide regular updates on EMMA and MTA’s website of the continued impacts of the COVID-19 pandemic on MTA, particularly on its finances.

Impacts from Global Coronavirus Outbreak. The current novel coronavirus (“COVID-19”) outbreak is continuing to have an adverse and severe impact on MTA’s financial condition and operating results. Dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues have occurred at an accelerating pace. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus was first detected in China and has since spread globally, including to the United States and to New York State. On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. Currently, the COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that is having negative effects on global and local economies. In addition, stock markets in the U.S. and globally, have seen significant declines and volatility attributed to concerns over COVID-19, and capital markets remain disrupted. These adverse impacts are intensifying and continue to evolve daily globally, nationally, within the State and MTA’s service area. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Trump declared a national state of emergency as a result of the COVID-19 pandemic. In addition, by order of Governor Cuomo (“New York State on PAUSE”), effective at 8:00 p.m. Sunday, March 22nd, all non-essential businesses Statewide are required to be closed. This intervention to fight the aggressive spread of the COVID-19 pandemic can be expected to further erode already severely diminished public transportation and bridge and tunnel usage during the duration of the COVID-19 pandemic.

Substantial declines in ridership and traffic in response to the COVID-19 pandemic have become more severe daily. Deteriorating results at MTA Bridges and Tunnels crossings have become so severe that they merit highlighting in this Supplement. There remains a high risk for further reductions in ridership and traffic. See the discussion of MTA’s “NY Essential Service Plan” set forth below.

MTA Public Transportation System’s Ridership Declines. MTA noted the following declines based upon preliminary numbers from March 12, 2020, March 16th and 17th, 2020 and March 20th, 21st and 23, 2020, as shown below. Percentage ridership declines for such dates by agency from the comparable dates in 2019 are:

	<u>March 12th % Decline in Ridership</u>	<u>March 16th (March 17th for LIRR/MNR) % Decline in Ridership</u>	<u>March 23rd (March 20, for MNR, March 21st for LIRR), % Decline in Ridership</u>
Subways	18.65%	59.86%	86.91%
New York City Transit Bus	14.37	48.33	60.30
MTA Bus	18.91	51.31	62.39
Metro North Railroad (a.m. peak)	48.00	90.00	94.00
Long Island Rail Road (a.m. peak)	31.00	67.00	71.00

The above percentage ridership declines have clearly accelerated through the first month of the COVID-19 pandemic. Bus ridership is limited to rear door entry, resulting in fares not being collected excepted for Select Bus Service and Express Bus, and is not being counted as of March 23, 2020. MTA Bus regular fare policy remains in effect. Commuter railroad ridership has declined to such a degree that neither MTA Long Island Rail Road, nor MTA Metro North Railroad are counting revenue passengers as of March 22, 2020. In addition, to the above results MTA paratransit ridership, as of March 23rd is down by 98.25% from the previous year.

MTA Bridges and Tunnel Crossing Traffic Declines. The preliminary tolled traffic counts for March, 2020 (as updated from previous Supplements) against the comparable period for 2019 have eroded with increasing severity as noted:

<u>March 12th Decline</u>	<u>March 16th Decline</u>	<u>March 23rd Decline</u>
9.26%	21.11%	59.93%

The foregoing declines in tolled traffic, if sustained for the full 2020 calendar year, could result in an estimated reduction in tolled traffic from 329.4 million crossings in 2019 to 133.9 million crossings yielding an estimated annualized MTA Bridge and Tunnels revenue decline of \$1,261.5 million. This could be expected to more than eliminate surplus transfers to MTA public transportation systems for 2020 and pressure MTA Bridges and Tunnels' historically strong revenue credits.

Revenue Impacts. Preliminary revenue data is available through March 20th for the commuter railroads and March 23rd for the other agencies. The current weekly revenue loss for MTA as against the February Plan projections, as of today's date, is estimated to be \$125 million, and if extrapolated out for a full fiscal year, at the current level of ridership and traffic loss, could result in an estimated MTA-wide revenue loss of in excess of \$6.495 billion. While we cannot estimate the duration of the pandemic and the reduced use of MTA services, if the current levels are sustained for six months, and then followed by a gradual six-month return to pre-pandemic ridership and traffic levels, the estimated revenue loss could still reach \$4.871 billion.

The impacts of the COVID-19 pandemic on MTA's financial condition are clearly severe and can be expected to deteriorate further. MTA is seeking to address this financial emergency in two stages, namely (i) assuring short and intermediate term liquidity needs of the MTA and its operating entities, and (ii) longer term or permanent solutions, noting that the reductions in current

and projected revenues are not expected to be recouped, even if intermediate or longer term ridership and traffic are fully restored to pre-crisis levels.

MTA currently has liquidity resources in the approximate amount of \$3.75 billion, consisting of a current running cash balance of \$1.240 billion; internal available flexible funds of \$1.191 billion, OPEB resources of \$320 million and in-place commercial bank lines of credit totaling \$1 billion (which were fully drawn down on March 20, 2020). *These funds provide a temporary funding “bridge” to a permanent solution to the lost revenue and higher expenses. They must be repaid or replaced. Use of these monies will leave MTA with a significant gap in funding for both the operating budget and capital plan over the longer term and will likely result in additional debt issuance and unfunded operating needs.* Longer-term resource options to address the COVID-19 pandemic impacts, may include, but are not limited to, (i) a potential \$4 billion in federal emergency transit grants pursuant to the CARES Act described below (which, if enacted into law, may include the \$655 million in federal grants referred to in item iv below), (ii) replacing programmed pay-as-you-go capital funds of up to \$1.64 billion with long term bonding, (iii) various debt restructuring options generating potential resources of over \$1.79 billion depending upon market conditions and other matters, and (iii) applying new, federal FTA grant flexibility rules to use an estimated \$655 million in the current federal fiscal year for operating relief in the emergency. The MTA Board on March 25, 2020 authorized MTA to secure an additional \$2 billion in commercial bank lines of credit market conditions permitting. There can be no assurance that MTA will be successful in securing additional lines of credit.

As noted above, exercising these options would come at a cost, including increased longer-term borrowing and potential adverse impacts on the timing of MTA initiatives to improve its systems. The loss of farebox and toll revenues, potential declines in State and local subsidies (see discussion below), as well as reprogramming of available federal and possibly State generated funding support for capital purposes, to urgent financial needs, will result in delays and shortfalls in implementing Capital Plan projects. The full impact of the COVID-19 pandemic on Capital Plan implementation cannot be determined at this time.

Finally, as is provided in the February Plan, MTA relies upon approximately \$6.4 billion in State and local subsidies and dedicated taxes. The financial stress which MTA is experiencing as a result of the COVID-19 pandemic is being similarly felt at all levels of the government and in the social and financial lives of MTA patrons and State and local residents. This can be expected to have a substantial adverse impact on State and local revenues, on dedicated tax collections, and thus on the capacity of the State and local governments to maintain or raise the level of financial support to MTA during this crisis.

MTA is making every effort to secure assistance and additional resources from the federal government as it did in response to the 9/11 attacks and Superstorm Sandy. On March 17, 2020, MTA Chairman and CEO, Patrick J. Foye wrote to the full New York State Congressional delegation requesting an incremental \$4 billion in federal assistance to MTA to allow MTA to respond to the coronavirus pandemic. MTA’s current year operating budget is \$17.1 billion. This requested assistance would recoup a significant portion of the projected revenue losses, as well as direct annualized additional expenses of \$300 million incurred from increased cleaning and sanitizing of the system as further described below. MTA management is exploring every available potential resource and remains in discussion with both Federal and State governmental

partners to help address these critical revenue shortfalls. As of March 25th, Congressional and Administration representatives have announced bi-partisan agreement of federal emergency legislation, the “Coronavirus Aid, Relief and Economic Security Act” or “CARES Act”, to fund urgent national needs to address the COVID-19 pandemic which is currently awaiting final Congressional passage and then the President’s signature. The legislation, if enacted as described by Senate leaders, would provide \$4 billion to MTA. There is no assurance of the full level of support or financial assistance that will be forthcoming from either Federal, State or City partners, or the timing of any payment to MTA. MTA does not believe that it could sustain the reductions necessary to address the impact of the COVID-19 crisis without such assistance.

NY Essential Service Plan. On March 24, 2020 MTA management announced the implementation of the “NY Essential Service Plan (“Service Plan”).” The Service Plan will ensure healthcare workers, first responders and essential personnel get to and from work by mass transit and MTA New York City Transit, MTA Long Island Rail Road and MTA Metro-North Railroad will implement temporary reduced service schedules, as described below. The reduced schedules will ensure service to and from work for the workers on the frontlines of this crisis, while adapting to never-before-seen ridership lows.

On the subways, beginning March 25th, service reductions will be implemented. The service changes will preserve MTA New York City Transit’s a.m. and p.m. peak service to get first responders and essential personnel to their destinations. Some lines will not run Monday through Friday, including the B, W and Z lines, which will be covered by other local service. Some express services and branches on some lines will operate only local service. MTA New York City Transit will continue to undertake a line-by-line, hour-by-hour analysis of ridership, retaining flexibility to increase service as necessary.

The Service Plan for buses will start on March 26th. The plan retains 75 percent of normal bus service, allows the MTA to serve essential workers and reduce crowding on transit and in crew facilities. Customers who still need to use buses for essential activities will continue to be accommodated. At the same time, the maximum number of buses needed will be substantially reduced, requiring fewer operators and lessening crowding of depot facilities.

Under the Service Plan, MTA Long Island Rail Road will have over 500 weekday trains running, compared to a normal weekday of over 740 trains, beginning March 27th. MTA Long Island Rail Road will also have crews and equipment on standby to supplement service if necessary.

Beginning on March 27th, MTA Metro-North Railroad will provide hourly service on the Harlem, Hudson and New Haven lines, with extra trains added during peak times. Normal weekday capacity will be reduced by approximately 50 percent when compared to a normal weekday. The reduced schedule will run 424 trains, down from 713 during a normal schedule. Beginning the weekend of April 4/April 5, MTA Metro-North Railroad will provide hourly service while also suspending shuttle service between Wassaic and Southeast on the Upper Harlem line.

The paratransit program has eliminated shared rides, in accordance with the recommended public health guidance, and extended eligibility for existing Access-A-Ride customers. The paratransit system continues to have capacity to serve demand.

All of the foregoing service changes will be described on MTA website, the MYmta app and on countdown clocks in stations and on platforms.

The schedule changes follow the “New York State on PAUSE” order, which directed New Yorkers use of public transportation for only essential travel and attempts to limit potential exposure by spacing out riders by six feet. MTA New York City Transit, MTA Bus Company, MTA Long Island Rail Road and MTA Metro-North Railroad continue their aggressive disinfecting procedures at each of its stations twice daily, and continue daily sanitization of its fleet of rolling stock with the full fleet of train cars and buses disinfected every 72 hours or less. The Access-A-Ride dedicated fleet is disinfected daily. Surfaces frequently used by customers in stations, such as turnstiles, MetroCard and ticket vending machines, and handrails, will be disinfected twice daily with EPA-approved and National Centers for Disease Control-endorsed disinfectants. MTA will also work closely with the National Centers for Disease Control, the State Department of Health, and other government agencies during this time.

The status of MTA and its Related Entities operations and finances have become dire, and it remains extremely difficult to predict the course of these impacts due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, (ii) severity and (iii) ultimate geographic spread, as well as with regard to what actions may be taken by other governmental authorities and health care providers to contain or mitigate its impact.