

**MTA ANNUAL DISCLOSURE STATEMENT SUPPLEMENT**  
**April 17, 2020**

**This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Supplement (the “Supplement”) is dated April 17, 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, March 18, 2020, March 25, 2020 (the “March 25<sup>th</sup> Supplement”), March 31, 2020, April 3, 2020 (the “April 3<sup>rd</sup> Supplement”), 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 primarily to an updated assessment of adverse impacts on MTA ridership, MTA Bridges and Tunnel crossings traffic, and both MTA public transportation system and MTA Bridges and Tunnels revenues, as well as projected losses in State and local taxes dedicated to MTA, and attributable to the COVID-19 pandemic for 2020.* 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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**Updated Assessment of Impacts From the COVID-19 Pandemic on MTA and MTA Bridges and Tunnels Finances and Operations**

The information set forth under the heading “Potential Impacts from Global Coronavirus Outbreak and Public Health Threats” in the Third Quarterly Update as supplemented, including by the April 3<sup>rd</sup> Supplement, is further supplemented as set forth below. 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 and operations.

*Background Relating to the Global Coronavirus Pandemic.* The novel coronavirus (“COVID-19”) outbreak is continuing to have an adverse and severe impact on MTA’s financial condition and operating results. 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. 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 have intensified and continue to evolve daily globally, nationally, and particularly within the State and MTA’s service area, which has become the most severely impacted region in the United States, with the most confirmed cases of infection and regrettably the most fatalities from COVID-19. 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”), as of Sunday, March 22<sup>nd</sup>, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. These related measures, most recently, include by Governor’s Executive Order, that effective at 8 p.m. on Friday, April 17, 2020 any individual who is over age two and able to medically tolerate a face-covering shall be required to cover their nose and mouth with a mask or cloth face-covering when in a public place and unable to maintain, or when not maintaining, social distance. New York State on PAUSE restrictions remain in place at least through May 15, 2020. This intervention to fight the aggressive spread of the COVID-19 pandemic has further eroded already severely diminished public transportation and bridge and tunnel usage during the duration of the COVID-19 pandemic.

*Currently Adopted Federal Legislative and Administrative Actions.* The Federal government has taken several actions which are expected to provide flexibility and substantial additional funding to MTA. The Federal Transit Administration (“FTA”) has given transit grantees, including MTA, the flexibility to apply certain existing grant program proceeds, previously only available for capital expenditures, to be applied for operating expenses or other purposes to address COVID-19 pandemic impacts.

In addition, Federal emergency legislation, the “Coronavirus Aid, Relief and Economic Security Act” or “CARES Act”, received final passage by Congress and was signed into law by

the President on March 27, 2020. The CARES Act through FTA's formula funding provisions is expected to provide approximately \$3.8 billion to MTA. Funding will be provided at a 100 percent Federal share, with no local match required, and will be available to support operating, capital and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders.

MTA is also eligible for FEMA payments in addition to the CARES Act funding. FEMA will cover expenses that are over and above normal costs that are related to COVID-19, such as sanitizing MTA facilities and safety at job sites to ensure COVID -19 regulations are being adhered to.

*Updated Assessment of 2020 Impacts of the COVID-19 Pandemic and Economic Study Analysis.* On April 16, 2020, MTA Chairman and Chief Executive Officer Patrick J. Foye wrote to the New York State Congressional delegation, urging Congressional action to provide an additional \$3.9 billion in Federal grant assistance "to stem the immediate hemorrhaging in the MTA's 2020 operating budget". Such aid would be supplemental to the approximately \$3.8 billion contained in the CARES Act, and would have to be included in any upcoming new Congressional COVID-19 aid package, and is also exclusive of any capital infrastructure stimulus funding to be considered by Congress and the Administration.

The CARES Act funding amounts for MTA derived from a conservative estimate based on the information MTA management had at the time. A clearer picture of the impact of the crisis has emerged over the last few weeks, and now with the aid of a detailed economic study led by McKinsey & Company (the "McKinsey Report"), MTA management projects the full 2020 financial impact of the COVID-19 crisis to the MTA to be between \$7.0 and \$8.5 billion. After the receipt of the expected \$3.8 billion under the CARES Act, the net financial impact in 2020 is estimated to be between \$3.2 and \$4.7 billion. The \$3.9 billion request is the midpoint of this range.

Compared to 2019 results, ridership has now declined 93 percent on the subways, 95 percent on MTA Metro-North Railroad, and 97 percent on the Long Island Rail Road, with equally reduced ridership on buses. Crossings at MTA Bridges and Tunnels facilities are down by an estimated 62% from 2019 figures. Based on the current ridership and reasonable forecasts of a slow return to higher (but not pre-COVID-19 pandemic) levels in 2020, MTA, based upon projections in the McKinsey Report, expects to see combined losses in fare and toll revenues of between \$4.7 and \$5.9 billion in 2020, and additional impacts in 2021. Projections for 2021 are of necessity more speculative at this time and were beyond the scope of the McKinsey Report.

Moreover, the McKinsey Report, based upon limited available data, forecasts losses of between \$1.6 and \$1.8 billion in State and local taxes dedicated to MTA in 2020 as a result of the extraordinary economic downturn facing the region and nation.

Finally, MTA is also incurring additional expenses related to ensuring the safety of employees and riders, by disinfecting stations, rolling stock and work spaces to a new, even more costly level. The McKinsey Report estimates these incremental operational expenses for 2020 to be between \$700 and \$800 million (inclusive of a portion of the \$300 million COVID-19

annualized costs estimate referred to in the March 25<sup>th</sup> Supplement). The dedication of MTA workers has come at the highest cost in illness and loss of life. Sixty-eight MTA employees have tragically passed away due to COVID-19. MTA New York City Transit alone has more than 2,400 subway and bus employees who have tested positive for COVID-19. Another 4,400 are on home quarantine and thousands more are calling out sick. MTA does not expect those overhead costs to decline, but instead to increase as ridership returns.

The McKinsey Report provided an estimate of the shortfalls discussed below through the end of calendar year 2020, ranging between \$3.2 and \$4.7 billion after accounting for the \$3.8 billion the MTA is expected to receive through the CARES Act.

By way of background to the McKinsey Report forecasts, on March 17, 2020, five days before the stay-at-home order went into effect for New York State, MTA projected that it would face a 2020 budget shortfall of at least \$4 billion in fare and toll revenues, based upon then current ridership and bridge and tunnel crossings declines. This estimate explicitly did not take into account the impact of the COVID-19 pandemic on taxes and other dedicated revenue streams that support MTA's operations. Approximately, one month later, it is now clear that the COVID-19 pandemic is more severe and of longer duration than had been anticipated. The impact to MTA's finances is material and leaves a gap that must be filled in order to sustain normal operations. MTA has begun refining the fare and toll revenue loss projections to reflect these changes, as well as projecting losses in the tax and other subsidy revenues that generally make up approximately one-half of MTA's total revenue sources. McKinsey & Company was contracted by MTA to analyze the potential impact of the COVID-19 pandemic on MTA's 2020 calendar year revenues.

As noted above, this analysis did not attempt to capture the impact of the COVID-19 pandemic on MTA finances in 2021. A view of 2021 will need to be developed when the key factors that influence it; the course of the virus, public health responses, including social isolation measures, and the trajectory of the economic recovery, can be seen with greater clarity. The McKinsey Report focused on operating costs and did not make any assumptions related to additional capital expenditures that MTA may incur over the course of the COVID-19 pandemic. It is limited to giving an initial view of additional operating costs.

In general, the McKinsey Report reviewed two scenarios for how revenues may be affected in the full calendar year 2020. The scenarios developed reflected different assumptions for how transit and commuter rail ridership and bridge and tunnel traffic will behave across several variables. The report further analyzed MTA's dedicated revenue streams and the impact of the COVID-19 pandemic on the variety of economic activity that generates much of the dedicated tax component of this revenue stream. The estimated incremental negative revenue impacts on MTA, after accounting for the CARES Act assistance of \$3.8 billion, ranged from \$3.2 billion to \$4.7 billion. The midpoint between these two scenarios, \$3.9 billion, was selected as the basis of MTA's April 16<sup>th</sup> request to Congress.

There is substantial risk that the higher end of the range could materialize based on uncertainties in the course of the COVID-19 pandemic, the speed of development and mass promulgation of high-volume clinical testing and protocols, the availability of medical supplies and equipment, continued public adherence to protective policies, and Federal policy response.

*MTA Liquidity Resources.* MTA currently has liquidity resources in the approximate amount of \$3.671 billion, consisting of a current running cash balance of \$934 million, internal available flexible funds of \$1.181 billion, OPEB resources of \$355 million and commercial bank lines of credit totaling \$1.201 billion (\$1.0 billion of which has been drawn). *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.*

*There is no assurance that the full level of support or financial assistance discussed above will be forthcoming from Federal partners, or the timing of any payments to MTA. MTA does not believe that it could sustain the reductions necessary to address the impact of the COVID-19 crisis without increases in such assistance. 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 pandemic, 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.*