

**MTA ANNUAL DISCLOSURE STATEMENT SUPPLEMENT**  
**May 1, 2020**

**This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Supplement (the “Supplement”) is dated May 1, 2020, supplements the information contained in the Annual Disclosure Statement (the “ADS”) of MTA, dated April 29, 2020. *This Supplement provides information relating primarily to an updated assessment of impacts of 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 “Update Regarding Impacts from the Global Coronavirus Pandemic and Certain MTA, Federal and State Responses” in the ADS 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.

The second paragraph under the subheading “NY Essential Service Plan” is amended to add the following language at the end thereof:

“On April 30, 2020, MTA announced the closure of the MTA New York City Transit subway system overnight from 1 – 5 a.m. for daily deep cleaning and a new “Essential Connector” service to continue moving essential personnel on the frontlines of the COVID-19 pandemic beginning on Wednesday, May 6, 2020. During this overnight period, MTA will intensify disinfecting operations, cleaning its fleet of thousands of cars and buses every night, and further testing new and innovative cleaning solutions, including UV, antimicrobials and electrostatic disinfectants. Essential workers traveling to and from work during the overnight will be connected with for-hire-vehicles through the “Essential Connector” program at no cost to customers. MTA New York City Transit and MTA Bus service will continue to run under the NY Essential Service Plan with enhancements along high ridership routes. Bus service will continue to run 24/7 under the NY Essential Service Plan. Where there are large pockets of riders, additional bus service will be added as necessary. MTA Long Island Rail Road and MTA Metro-North Railroad will also begin disinfecting trains daily with service under the NY Essential Service Plan. At this point in time, MTA is not able to determine when overnight service from 1-5 a.m. will be restored.”

The subheading entitled “Updated Assessment of 2020 Impacts of the COVID-19 Pandemic and Economic Study Analysis” is re-written in its entirety as follows:

“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. MTA will project the impact of COVID-19 on 2021 and beyond in its upcoming July Plan. Data for those projections will include analysis from the McKinsey Report, as well as ongoing internal estimates. Current highly preliminary data from the McKinsey Report includes a potential 2021 impact of an estimated \$5.1 to \$7.8 billion.

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 scenarios 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.

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. 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. 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 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, the primary focus of the McKinsey Report was on 2020 impacts. 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.”