



Report to the Finance Committee 2020 Year End Review

**MTA Finance Department
Patrick McCoy, Director
January 21, 2021**

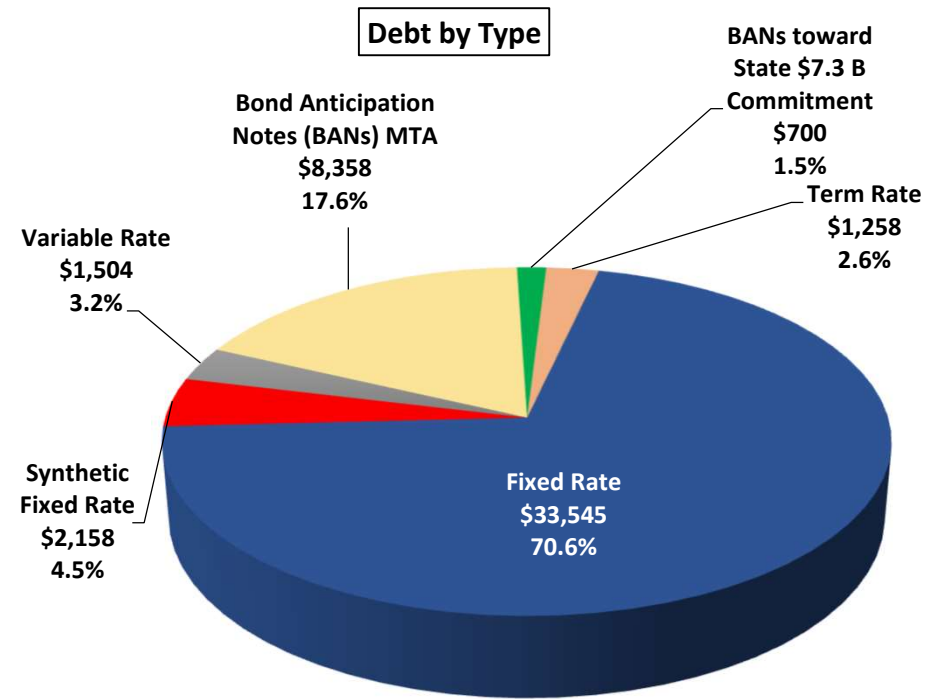
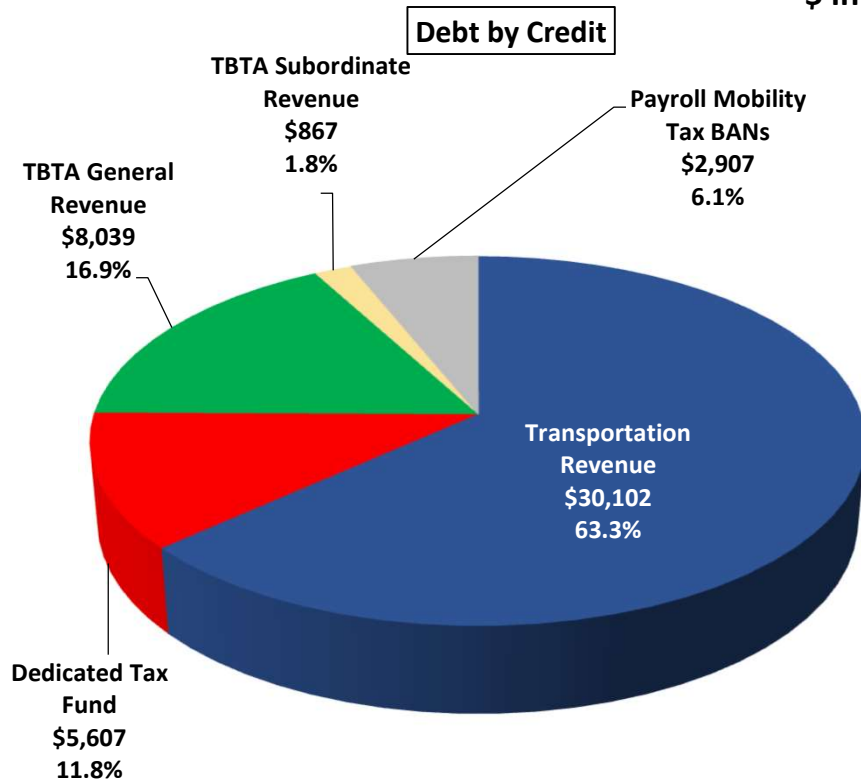
This presentation, as provided to the MTA Board on January 21, 2021, will be available on the MTA Investor website until February 12, 2021. The presentation will remain available on the MTA Board website under the January 2021 Board Meeting, posted as part of the Financial Committee Exhibit Book that can be found here: <https://new.mta.info/document/26831>.



MTA Debt Overview

\$47.5 billion – Debt Outstanding on Core Credits (as of 12/31/2020)

\$ in millions



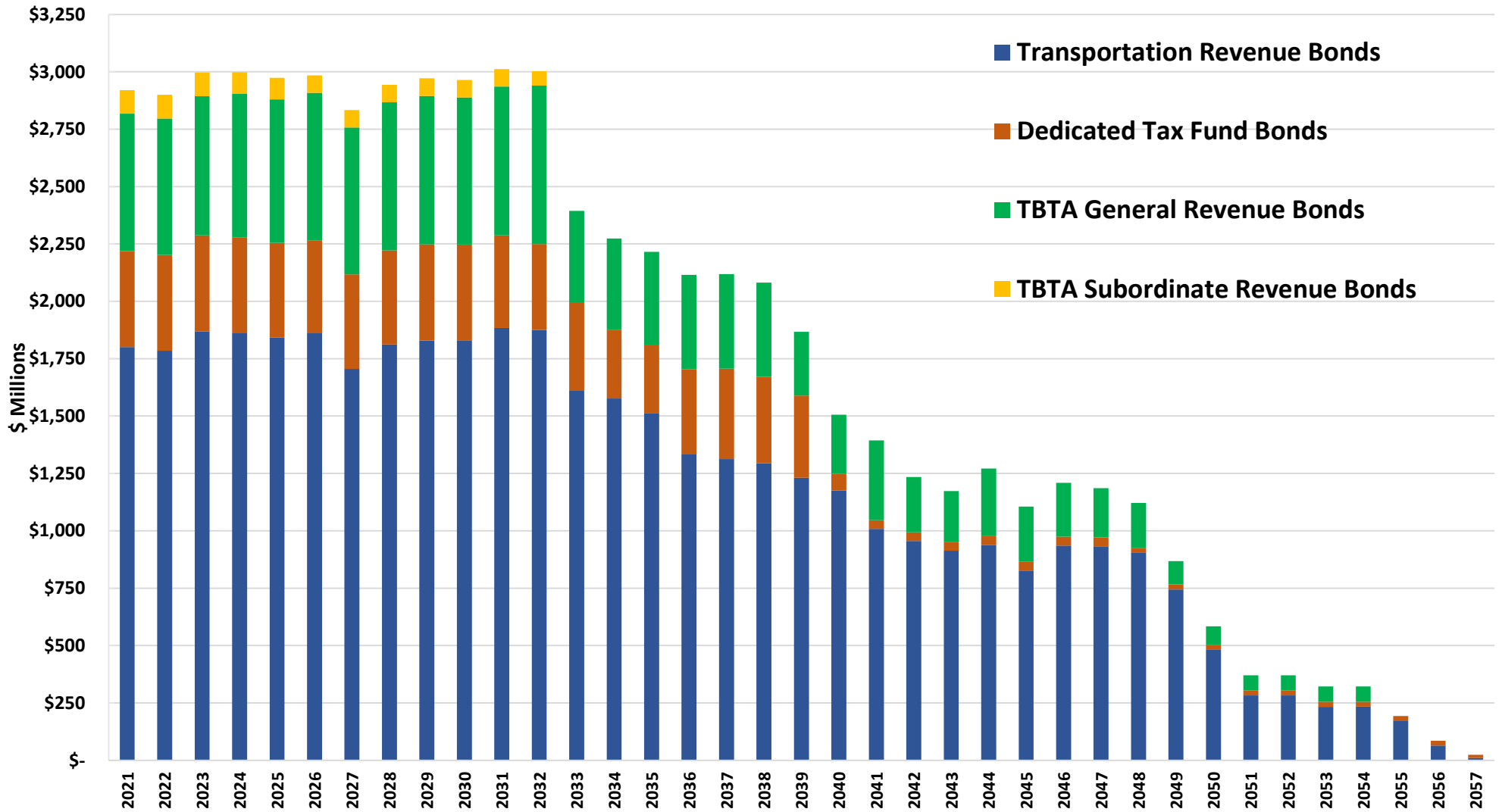
- Approximately \$1.09 billion of long-term debt was retired through normal amortization in 2020
- Year-over-year change in outstanding debt was approximately \$4.6 billion
 - Including \$2.9 billion of Payroll Mobility Tax BANs
- All-In True Interest Cost (TIC) as of 12/31/20: 3.20%

Notes:

- 1) Debt Outstanding reflects the draws on the Railroad Rehabilitation and Improvement Financing (RRIF) Program loan (TRB Series 2015X)
- 2) Debt by Credit chart incorporates BANs into their respective credits
- 3) Term Rate bonds have a fixed rate for a defined period (until the mandatory tender date) and do not have a fixed rate for the entire life of the bonds
- 4) BANs issued listed as toward State commitment are for the \$7.3 billion State contribution for the 2015-2019 Capital Program
- 5) BANs listed in the Debt by Type chart includes \$2.907 billion Payroll Mobility Tax BANs that were issued directly to the Federal Reserve's Municipal Liquidity Facility LLC for working capital
- 6) Excludes \$845.1 million Hudson Rail Yards Trust Obligations (Series 2016A and Refunding Series 2020A), which are not secured by MTA revenues
- 7) Numbers may not total due to rounding



Stated Debt Service on Outstanding Bonds by Credit

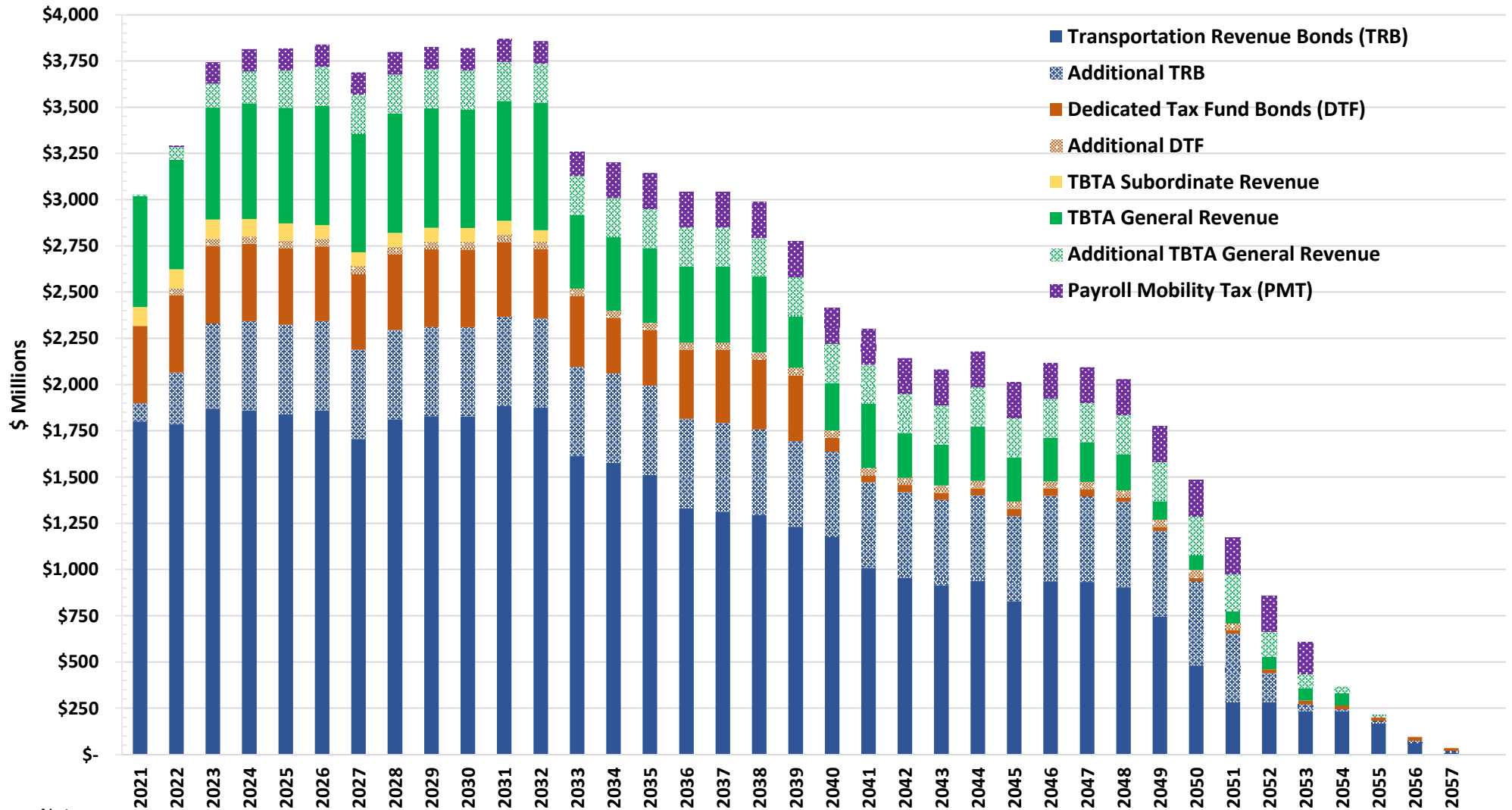


Note:

1) Stated debt service as of 12/31/2020



Stated Debt Service on Outstanding Bonds and Additional Debt Service Budgeted in Adopted Budget



Notes:

- 1) Debt outstanding is stated debt service as of 12/31/2020
- 2) Additional Debt Service is as incorporated in the Adopted Budget, details of which will be reflected in the February Financial Plan
- 3) Additional TRB debt includes debt to retire \$700 million BANs issued for State commitment toward the \$7.3 billion State contribution for the 2015-2019 Capital Program
- 4) Does not reflect bonds supported by CBDTP Lockbox Revenues as budgeted in the Adopted Budget



Operating Impacts of Coronavirus Pandemic

- **Dramatic declines in ridership and traffic**

- At height of pandemic, subway and commuter railroad ridership dropped by approximately 95% as compared to similar timeframe in 2019
- Crossings at MTA Bridges and Tunnels facilities were down by 64.4% for month of April, at height of pandemic, as compared to 2019

- **Revenue Losses**

- McKinsey's COVID-19 Analysis Report, published May 1, indicated approximately \$10.3 billion revenue loss for the 2-year total from 2020 and 2021
- Preliminary results of updated McKinsey analysis, as incorporated in the December Financial Plan, are more pessimistic than May 1 analysis, indicating ridership recovery rates of 27% for 2021, 54% for 2022, 71% for 2023, and 79% for 2024
 - This “worst case” recovery scenario was incorporated into the November Financial Plan and adopted in the December Financial Plan

- **Impact on dedicated taxes**

- The 2020-2021 State Enacted Budget authorized the reduction of aid-to-localities appropriations and disbursements – accordingly MTA included a below-the-line reduction total of \$281 million in the July Financial Plan for 2020 and 2021 and an additional \$116 million for 2021 in the November Financial Plan
- State dedicated tax receipts (preliminary results) through December 2020 were 11.5% lower compared to the same timeframe in 2019, and 18.7% lower compared to the 2020 Adopted Budget
- Real estate tax receipts through December 2020 (preliminary results) were 25.7% lower compared to same timeframe in 2019, and 23.3% lower than 2020 Adopted Budget

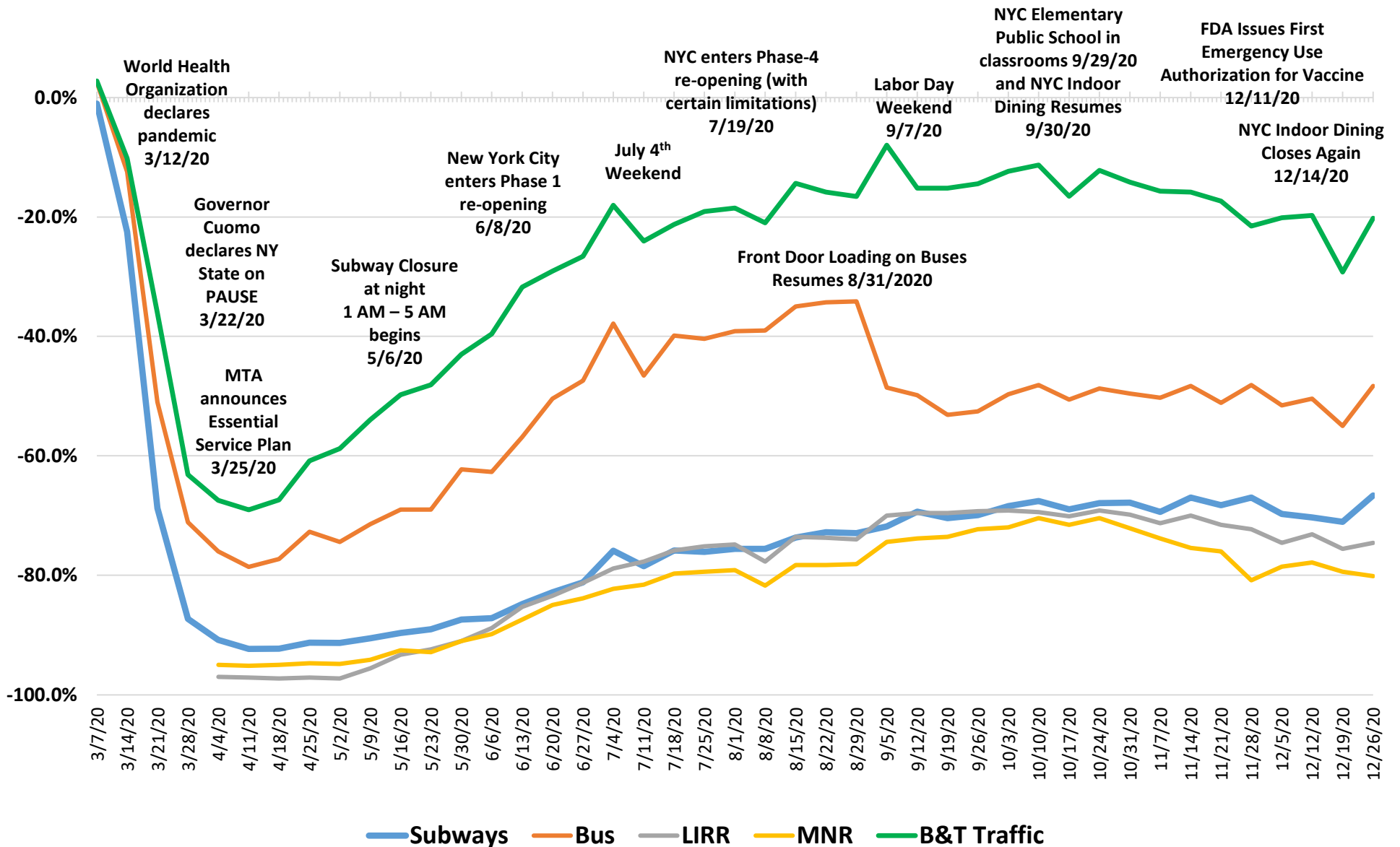
Notes:

1) State dedicated tax receipts reflected above include: MMTOA, Petroleum Business Tax (PBT), Payroll Mobility Tax (PMT), MTA Aid Trust Account, For-Hire Vehicle Surcharge, and PMT Revenue Offset (also referred to as PMT Replacement)

2) Real estate tax receipts reflected above include: Mortgage Recording Tax (MRT) and NYC Urban Tax



Impact of Pandemic on Daily Ridership and Traffic - 7-Day Average



*Daily ridership and traffic as reported on MTA's website: <https://new.mta.info/coronavirus/ridership>
Comparison reflects % Change From 2019 Equivalent Day, data for LIRR and MNR began on 4/1/20



Federal and State Government - Assistance for MTA

- In March 2020, the CARES Act was enacted, providing \$4.0 billion in federal relief for operating costs
 - MTA expended these funds by the end of July
 - MTA Chairman and CEO Patrick J. Foye requests \$12 billion in additional federal relief to help the MTA
 - In December 2020, the second COVID Relief Bill was enacted, providing another \$4.0 billion in federal relief for operating costs in 2021
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- In April 2020, the State's Enacted Budget included provisions to provide financial flexibility for MTA
 - Allowed the use of monies in the Central Business District Tolling Lockbox Fund for 2020 and 2021 to offset decreases in revenue or increases in operating costs
 - Currently only "internet marketplace" sales tax receipts and real estate transfer tax surcharge receipts ("mansion tax") are being deposited into the Lockbox Fund
 - Created authorization for MTA to issue up to \$10 billion of deficit financing through the end of 2022



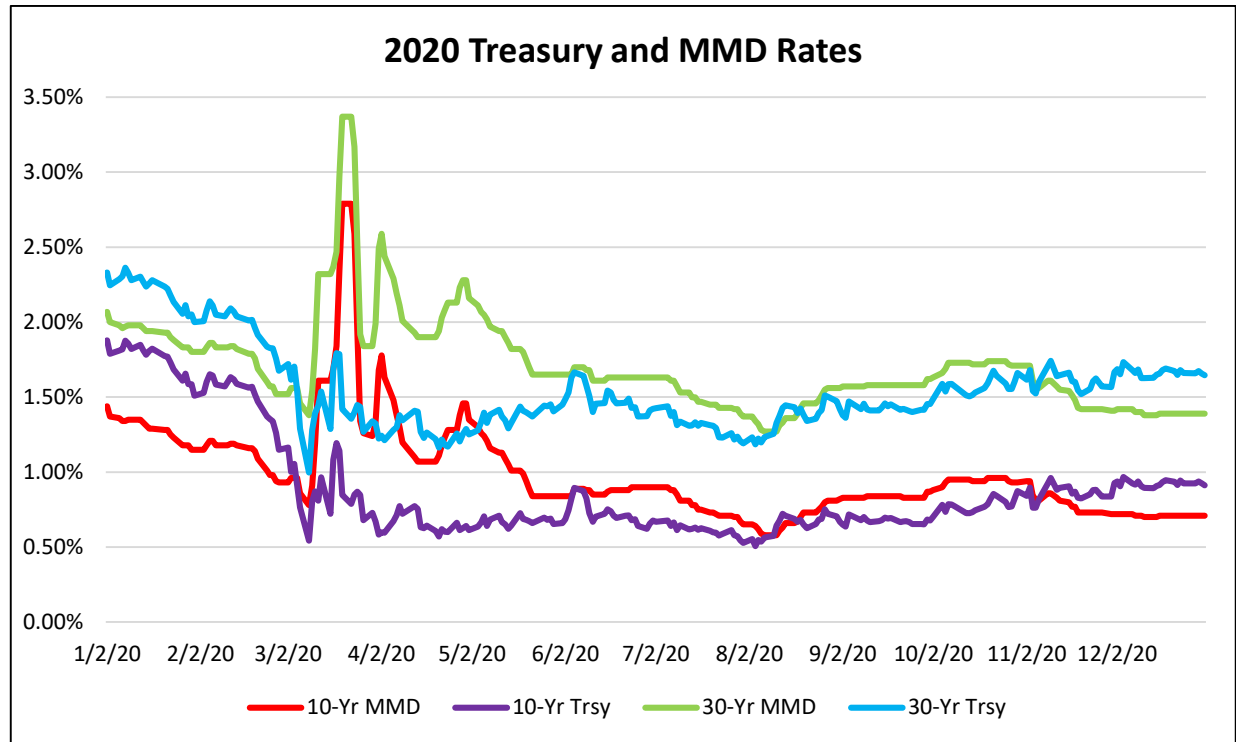
Deficit Financing

- MTA Board approved the PMT Resolution in November 2020, allowing for the issuance of working capital notes for operating costs by utilizing the Federal Reserve Bank of New York's Municipal Liquidity Facility LLC (MLF)
- On December 17, 2020, MTA completed a direct placement of \$2,907,280,000 of Payroll Mobility Tax Bond Anticipation Notes (BANs), Series 2020A to the MLF, which have an interest rate of 1.33% and mature on December 15, 2023



2020 Market Recap and 2021 Outlook

- The municipal market was very turbulent during 2020
- In mid-March, the municipal market essentially shut down and only small transactions were priced and most new issues scheduled to price were pulled. 30-year MMD increased by nearly 200 bps to 3.37% over a two-week period
- The markets started to improve in mid-April, as more transactions of size were getting priced in the public markets, albeit at higher spreads
- Despite higher credit spreads, MMD rates were near historic lows in the second half of 2020, with 30-year MMD declining 68 bps since the beginning of the year to 1.39% on December 31
- Total municipal issuance volume increased 11% to \$474 billion in 2020, with taxable volume doubling to \$145 billion. Tax-exempt volume was 7% lower in 2020
- Municipal bond funds experienced 32 out of 34 weeks of inflows since mid-May 2020 totaling \$37 billion
- Equities recovered from a turbulent market in March and reached new highs in the second half of 2020, with year-end Dow and S&P indexes increasing 7% and 16%, respectively, since the beginning of the year
- Continued market uncertainty for 2021 and prospects for 2021 will depend on the extent of the recovery from the pandemic



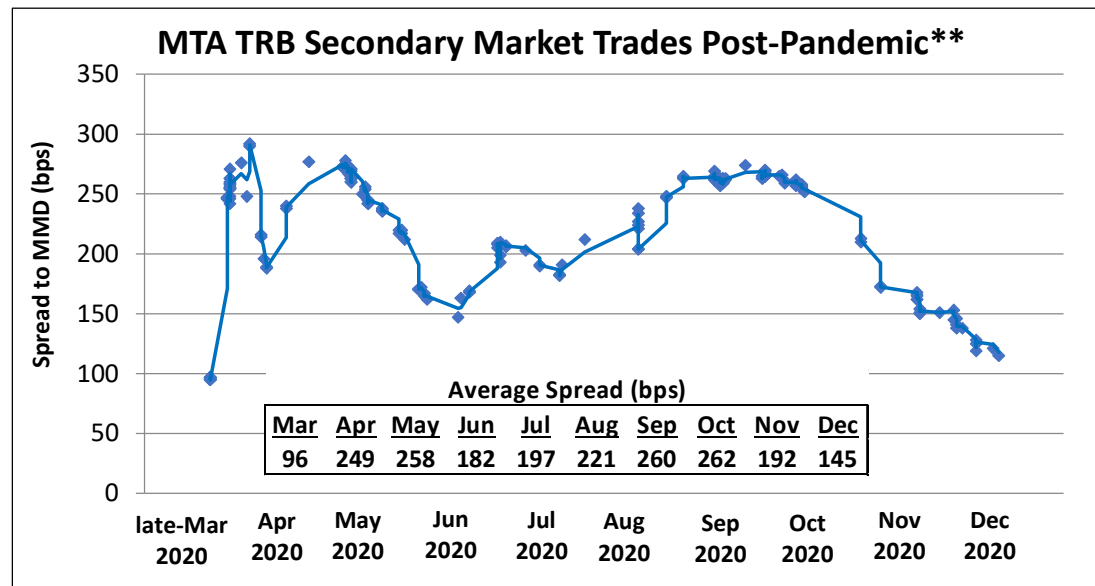
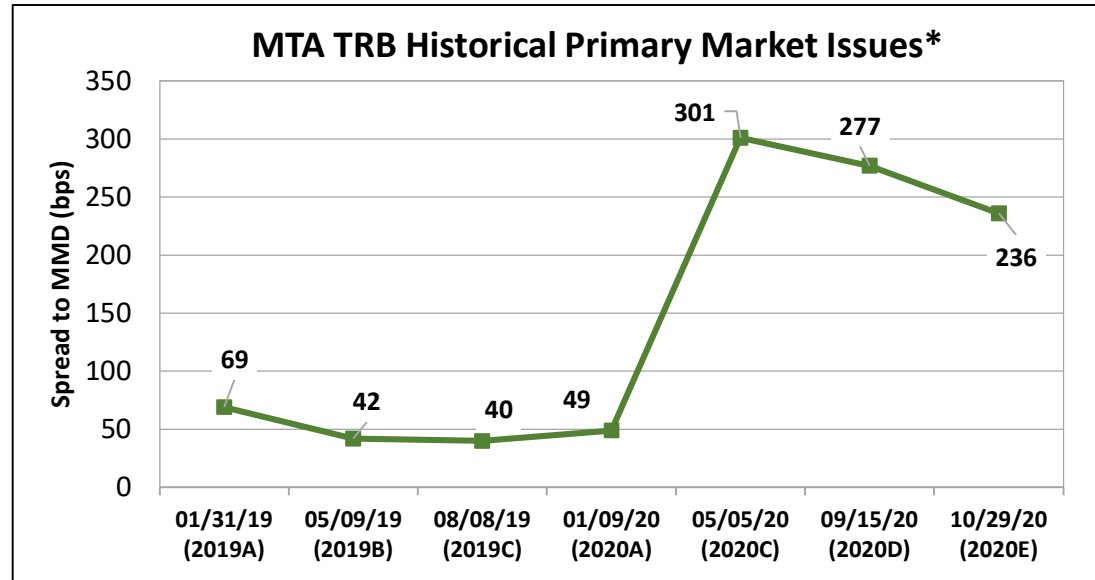
2020 Rates	Average	Low	High	1/2/2020	12/31/2020	Diff. (bps)
10-Yr MMD	0.99%	0.58%	2.79%	1.44%	0.71%	(73)
10-Yr Trsy	0.88%	0.51%	1.88%	1.88%	0.91%	(97)
30-Yr MMD	1.71%	1.27%	3.37%	2.07%	1.39%	(68)
30-Yr Trsy	1.55%	1.00%	2.36%	2.33%	1.65%	(69)

Note: MMD = Municipal Market Data
 Sources: Bloomberg, The Bond Buyer, and Thompson Reuters as of December 31, 2020



TRB Credit Spreads during 2020

- Before the pandemic, MTA's TRBs priced at credit spreads to MMD ranging from 40 to 50 bps for long 5% coupon bonds
- TRB credit spreads deteriorated significantly with MTA's first TRB public offering after the pandemic in May pricing at over 300 bps (5.08% yield) for the 30-year maturity
- TRB credit spreads have since improved with the October transaction pricing at 236 bps spread (4.02% yield) for the 25-year maturity
- Secondary market trades for TRBs post-pandemic have been very volatile, with average spreads ranging from 96 bps in late-March to a high of 262 bps in October for long 5% coupon bonds
- Since the election, credit spreads have narrowed further with greater prospects for Federal relief to MTA
- In December, secondary market trades show average spreads of 145 bps for long 5% coupon bonds



* 30-year estimated spreads

** Trades for 5% coupon bonds with maturities in 15-30 years and trade size of \$1M or greater;
Source: MSRB



2020 Transactions Summary - \$10.5 billion

- **\$8.939 billion New Money borrowing and to retire BANs**
 - \$2.907 billion BANs for working capital for operating relief (placed with MLF)
 - \$450.7 million BANs to retire existing BANs (placed with MLF)
 - \$2.025 billion fixed rate bonds
 - \$1.5 billion BANs for capital program projects (including \$700 million toward State's \$7.3 billion commitment for 2015-2019 Capital Program)
 - \$1.812 billion long-term fixed rate bonds to retire BANs
 - \$244.4 million TRB 2015X-3 issued for draw on MTA's Railroad Rehabilitation and Improvement Financing (RRIF) Program loan
- **\$1.231 billion Refunding bonds**
 - Refunded approximately \$791.1 million outstanding Floating Rate Tender Notes (FRNs) and Mandatory Put (Term Rate) bonds as well as approximately \$330.3 million current refunding for certain bonds callable in November 2020 and provided proceeds for MTA's purchase of \$162.7 million HRY Refunding Trust Obligations, Series 2020A
- **\$326.1 million Remarketing of Tendered Obligations**
 - \$125.0 million remarketed as SIFMA FRNs
 - \$102.1 million remarketed as variable rate debt with bank support in weekly mode
 - \$99.0 million remarketed and converted from SOFR FRN to fixed rate mode

Note:

1) Numbers may not total due to rounding



M/WBE and SDVOB Participation Results

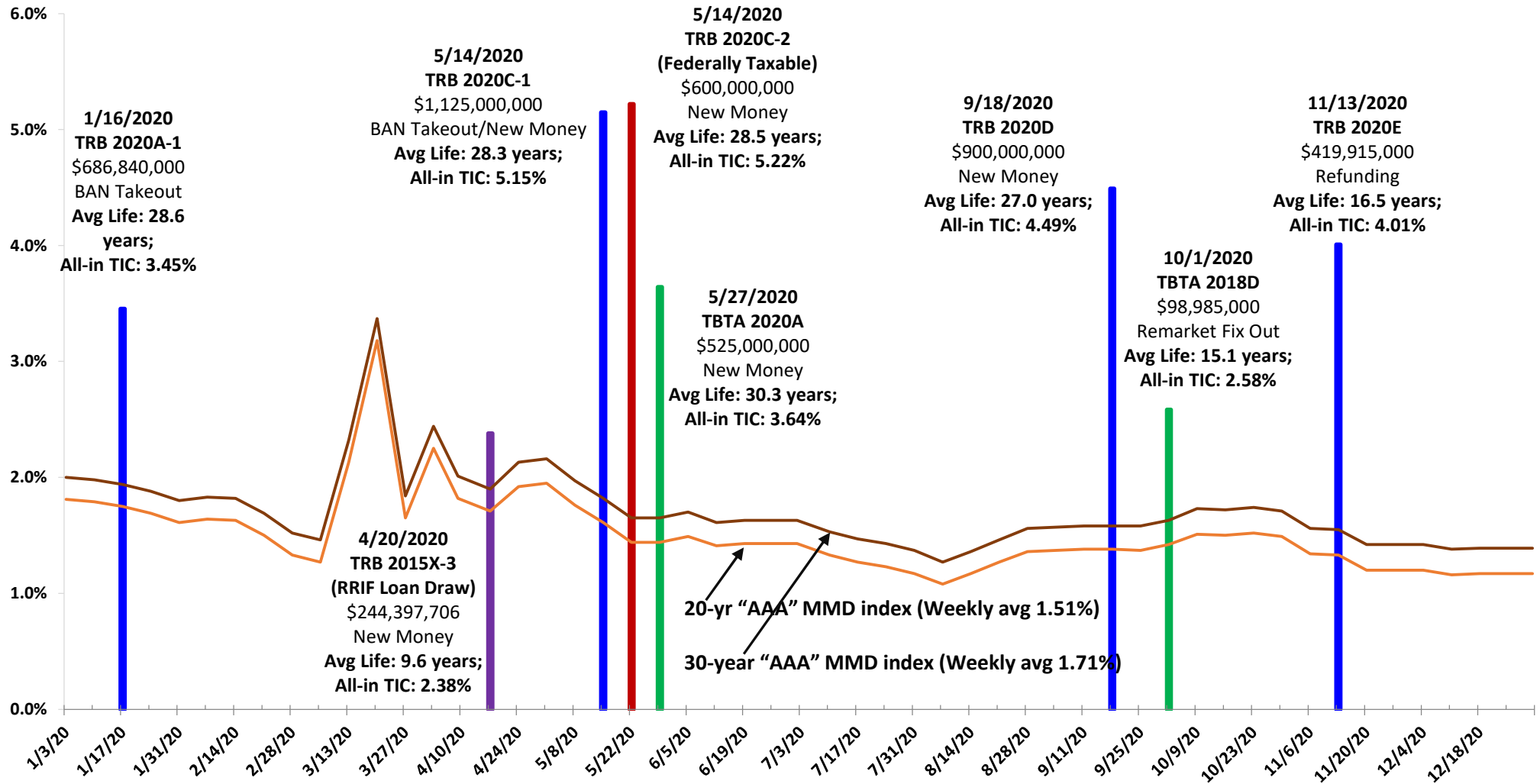
- **For State Fiscal Year 2020-21, total M/WBE fees represents 22.44% and SDVOB represents 5.59% of total underwriting fees paid for transactions through December 31, 2020**
- **MTA has proven track record of meeting the 30% utilization goal for M/WBE and 6% utilization goal for SDVOB firms**
 - 3-year average of underwriting fees paid to M/WBE firms was 33.02% and to SDVOB firms was 6.67%
 - 5-year average of underwriting fees paid to M/WBE firms was 35.47% and to SDVOB firms was 6.43%

Notes:

- 1) Final earnings for M/WBE and SDVOB (% of total compensation, underwriters discount net of expenses) for State Fiscal Year 2020-21 will be reported to the Board in April 2021
- 2) Three- and Five-Year Averages noted above reflect transactions through December 31, 2020



2020 MTA Fixed Rate Bond Issuances



Note:
 1) Fixed Rate TICs calculated as of issuance of Fixed Rate bonds



2020 Remarketing Transactions

Bond Series	Par Remarketed	Closing Date	Mode	FRN Rate/Index	Letter of Credit Expiration/ Put Date
TBTA 2005A	\$ 102,070,000	1/24/2020	Weekly	NA	1/24/2024
TRB 2012G-3	75,000,000	2/3/2020	FRN	SIFMA+ 43 basis points	2/1/2025
TRB 2002D-2a-1	50,000,000	4/6/2020	FRN	SIFMA + 190 basis points	3/31/2021
TBTA 2018D	98,985,000	10/1/2020	Fixed	Converted from SOFR FRN to Fixed Rate	N/A
	<u>\$ 326,055,000</u>				

Note:

1) During 2020, SIFMA averaged 0.55%



2020 Rating Agency Update

- Rating Agency actions in 2020 reflected dramatic changes from the impact and uncertainties as a result of the pandemic
- Concerns reflected the ability for MTA to recover ridership and traffic levels, impact on dedicated taxes, short-term and long-term ability to reach structural balance, need for sustainable revenues, especially considering the ridership decline, debt service coverage on a net basis, and impact of a delayed capital program on the system
- **MTA's Transportation Revenue Bond credit was downgraded seven times in 2020**
 - S&P Global downgraded Transportation Revenue Bonds twice, first on 3/24/20 from A to A- and next on 7/7/20 from A- to BBB+
 - Fitch downgraded Transportation Revenue Bonds twice, first on 4/2/20 from AA- to A+ and next on 10/23/20 from A+ to A-
 - Moody's downgraded Transportation Revenue Bonds twice, first on 4/16/20 from A1 to A2 and next on 9/11/20 from A2 to A3
 - KBRA downgraded Transportation Revenue Bonds once on 10/5/20 from AA+ to AA
- **MTA Finance staff conducted numerous conference calls with all four rating agencies, including arranging several briefings by the CFO and Budget team, in addition to its year-round regular communications and updates**
- **Below are ratings and outlooks as of 12/31/2020**

Credit	Moody's	S&P Global	Fitch Ratings	KBRA
Transportation Revenue	A3, neg outlook	BBB+, neg outlook	A-, neg outlook	AA, neg outlook
Dedicated Tax Fund	NAF	AA, neg outlook	AA, neg outlook	NAF
TBTA General Revenue	Aa3, neg outlook	AA-, neg outlook	AA-, stable outlook	AA, stable outlook
TBTA Subordinate Revenue	A1, neg outlook	A+, neg outlook	A+, stable outlook	AA-, stable outlook

* NAF – Not applied for



2020 Investor Outreach

- **Investor outreach and information requests were numerous**
 - **In addition to regularly planned updates to the Annual Disclosure Statement which follow publication of Financial Plans, MTA published 13 separate COVID-related updates on EMMA and investor website**
 - **MTA regularly included liquidity numbers in many disclosure updates and Official Statements**
- **Year-Round:** Investors may reach MTA Finance staff directly via email and phone – during 2020 MTA Finance responded to multiple information requests and held 1:1 calls with approximately 30 of its largest investors
- **May 2020:** MTA Finance recorded an investor roadshow and posted prior to its May Transportation Revenue transaction
- **May 2020:** MTA Finance held 1:1 calls with 18 institutional investors prior to its May TBTA General Revenue transaction (coordinated via the underwriter of the transaction)
- Additionally, MTA Finance participated in several investor conferences and webinars that were held virtually due to pandemic:
 - **June 2020:** MTA Finance participated in panel with the Bond Buyer webinar
 - **October 2020:** MTA Finance presented to the annual J.P. Morgan Public Finance Transportation & Utility Conference and hosted 20 virtual 1:1 meetings with institutional investors participating in the conference
 - **November 2020:** MTA Finance recorded a presentation for the BoA Securities New York Municipal Investor Conference



2021 Financing Quarterly Calendar

(\$ in millions)

Purpose	Q1	Q2	Q3	Q4	Total
New Money	\$800	\$400	\$300	\$300	\$1,800
BAN Takeout	-	800	450	-	1,250
Remarketings	455	225	378	496	1,554
Current Refundings	-	-	396	-	396
Total	\$1,255	\$1,425	\$1,524	\$796	\$5,000

All information in the 2021 Financing Quarterly Calendar is preliminary and subject to change

Notes:

- 1) New money obligations may be issued as bonds or BANs, new money and BAN takeout projections are based on forecasted debt in MTA 2021 Revised Proposed Budget and December Financial Plan 2020-2023, as adopted by MTA Board in December 2020
- 2) BAN takeout projections reflect the par outstanding for the BANs for that quarter
- 3) Remarketings reflect FRNs and Put Bonds (Term Rate) with mandatory put dates and VRDBS with liquidity facility expiration dates in 2021
- 4) Current refundings reflect Fixed rate TRB bonds and HRY Trust Obligations callable in November 2021



Appendix

- 1) Bond Financed Capital Investments in 2020
- 2) 2020 Cost of Issuance Summary



Bond Financed Capital Investments in 2020

MTA financed \$4.1 billion in capital expenditures from bond proceeds in 2020⁽¹⁾

- **New York City Transit/SIR/MTA Bus - \$1,122 million**
 - Passenger Stations - \$302.4 million
 - Mainline Track & Switch - \$150 million
 - Traction Power - \$88.7 million
 - Shops & Yards - \$140.1 million
 - Subway Cars & Bus Purchase - \$41.2 million
 - Signals and Communications - \$163.4million
 - Line Structures/Equipment - \$92.2 million
 - Depots - \$30 million
 - Service Vehicles - \$73.9 million
 - Miscellaneous - \$39.8 million
- **Commuter Railroads - \$595.5 million**
 - LIRR - \$384.1 million, including Positive Train Control, Penn Station 33rd St Corridor, Track and Station Improvements
 - MNR - \$210.9 million, including Positive Train Control, Station & Shop improvements, and Network Communication Equipment
- **Bridges and Tunnels - \$605.8 million**
 - \$343.4 million - various Structure Painting / Rehabs and Utilities
 - \$208 million - Roadways and Decks
 - \$54 million – Toll Plazas, including Open Road Tolling
- **Capital Construction - \$1,808 million⁽²⁾**
 - East Side Access - \$1,684 million
 - Second Avenue Subway Phase 1 & 2 - \$21.4 million
 - Security/Police - \$25.8 million
 - LIRR Expansion & Penn Station Access – \$55.4 million
 - Penn Station Access - \$18.6 million

Notes:

Specific items listed under subheaders reflect only major cost categories and projects, so may not add up to totals reflected

1) Includes expenditures on projects related to Superstorm Sandy

2) Includes Security, Police, Administration and Lower Manhattan Projects



2020 Cost of Issuance Summary

	New Money	BAN Takeout	Refunding	Remarketing	Total
NYS Bond Issuance Fee	-	-	-	N/A	-
Underwriter's Discount	\$6,412,400	\$12,516,448	\$3,368,719	\$737,247	\$23,034,814
Bond Counsel	867,961	1,572,643	522,071	620,000	3,582,675
Disclosure Counsel	433,981	498,060	201,035	310,000	1,443,076
Financial Advisor Fee	314,272	270,762	192,966	-	778,000
Bond Insurance	-	1,984,783	-	-	1,984,783
Rating Agency Fees	904,506	773,520	491,314	247,500	2,416,840
Trustee	48,117	40,633	22,650	44,500	155,900
Printing and Distribution	17,912	13,547	7,156	11,550	50,165
Miscellaneous	661,901	36,046	68,925	114,000	880,872
Total	\$9,661,049	\$17,706,443	\$4,874,836	\$2,129,797	\$34,372,125

Notes:

- 1) NYS Bond issuance fee (BIC) of \$8.40 per \$1,000 issued is charged for new money bonds and refunding bond transactions, but not on bond anticipations notes (new money proceeds) or remarketing transactions; BIC fees were waived by NYS DOB on all MTA bond transactions in 2020
- 2) Underwriter's Discount includes fees paid to Underwriters, Underwriter's Counsel, and other expenses
- 3) Financial Advisor Fee reflects a flat fee paid monthly for a 12-month period, rather than a per transaction cost; and fees paid for special assignments
- 4) Miscellaneous may include fees such as: Independent Engineer, Verification Agent, TM3 wire fees, Contingency, Insurance Cancellation, Green Bond Certification, and Bank Counsel Fees
- 5) Earnings for M/WBE and SDVOB (% of total compensation, underwriters discount net of expenses) for State Fiscal Year 2020-21 will be reported to the Board in April 2021
- 6) Numbers may not total due to rounding