



Report to the Finance Committee 2021 Year End Review

**MTA Finance Department
Patrick McCoy, Deputy Chief, Financial Services
January 24, 2022**

This presentation, as provided to the MTA Board Finance Committee on January 24, 2022, will be available on the MTA Investor website until February 11, 2022. The presentation will remain available on the MTA Board website under the January 2022 Board Meeting, posted as part of the Financial Committee Exhibit Book that can be found here:

<https://new.mta.info/document/72551>

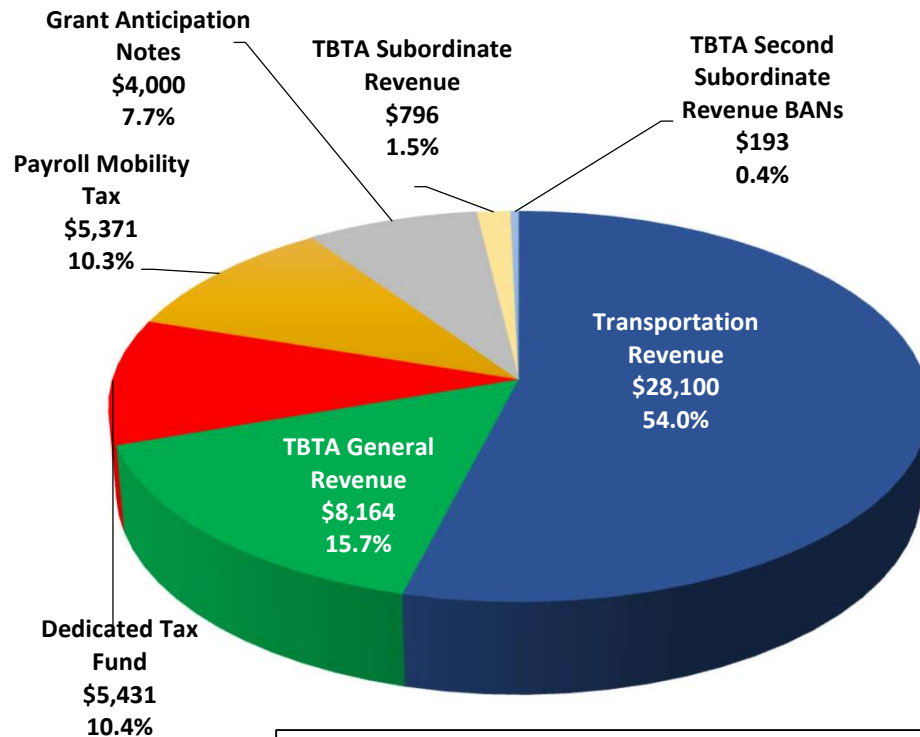


MTA Debt Overview

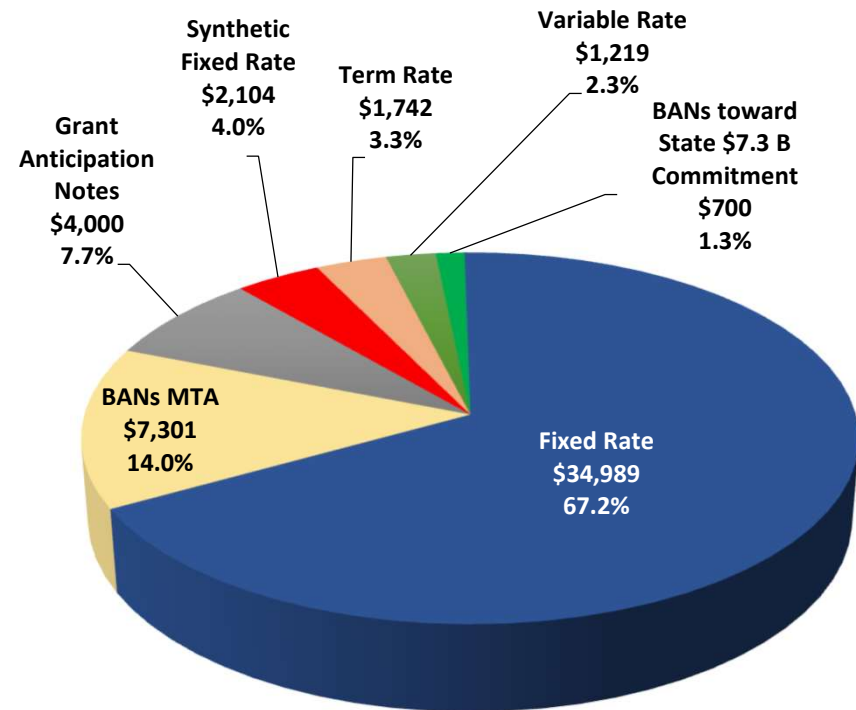
\$52.1 billion – Debt Outstanding (as of 12/31/2021)

Debt by Credit

\$ in millions



Debt by Type



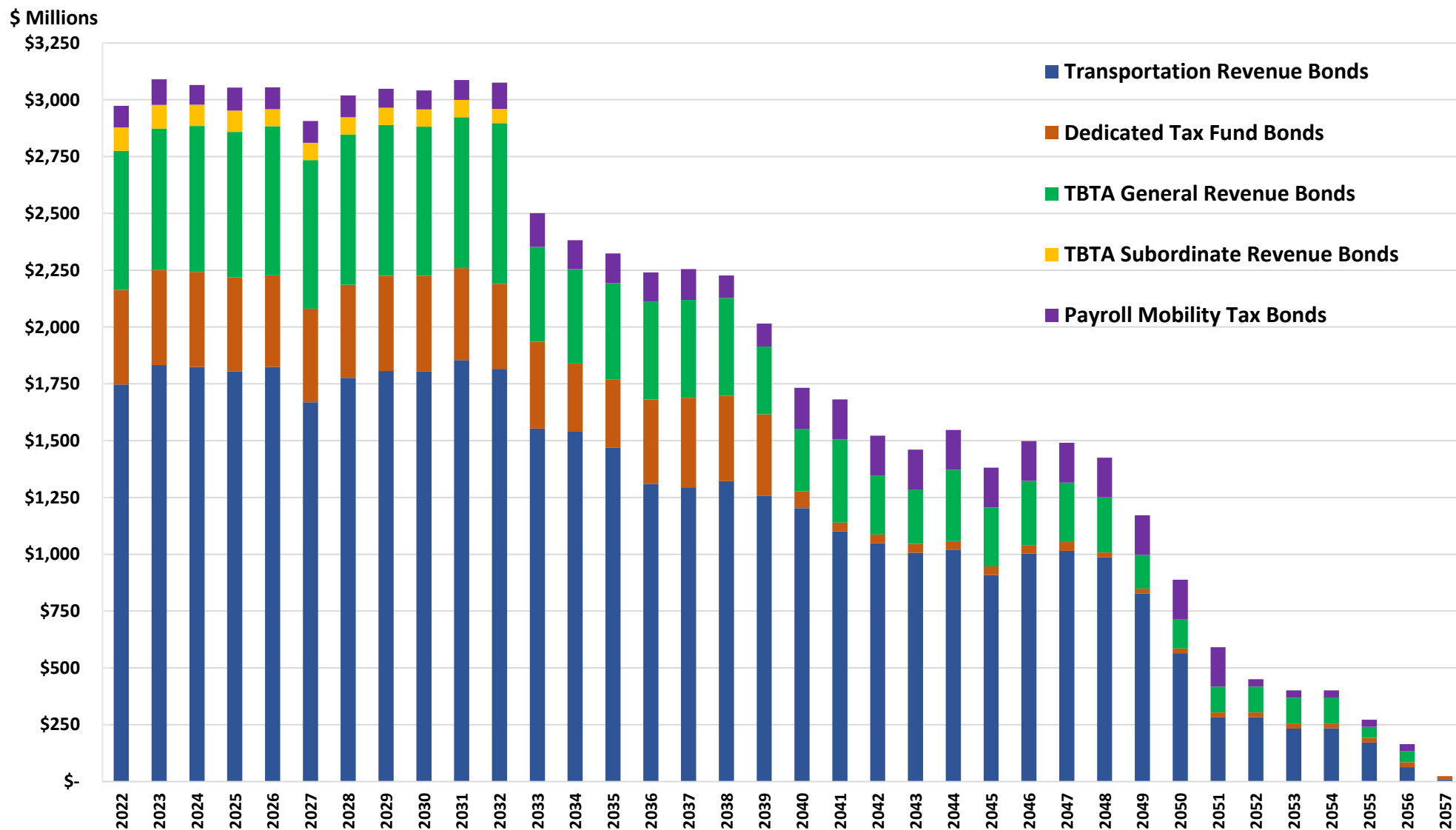
- Approximately \$1.08 billion of long-term debt was retired through normal amortization in 2021
- Year-over-year change in outstanding debt was approximately \$4.6 billion
 - Including \$4.0 billion of Grant Anticipation Notes
- All-In True Interest Cost (TIC) as of 12/31/21: 3.01%

Notes:

- 1) Debt by Credit chart incorporates BANs into their respective credits
- 2) 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
- 3) Bond Anticipation Notes (BANs) issued listed as toward State commitment are for the \$7.3 billion State contribution for the 2015-2019 Capital Program
- 4) 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
- 5) Excludes \$829.8 million Hudson Rail Yards Trust Obligations (Series 2016A and Refunding Series 2020A), which are not secured by MTA revenues
- 6) The \$4 billion in Grant Anticipation Notes (Series 2021A) are secured solely by fully appropriated federal COVID operating grants (CRRSAA and ARPA)
- 7) Numbers may not total due to rounding



Stated Debt Service on Outstanding Long-Term Bonds by Credit

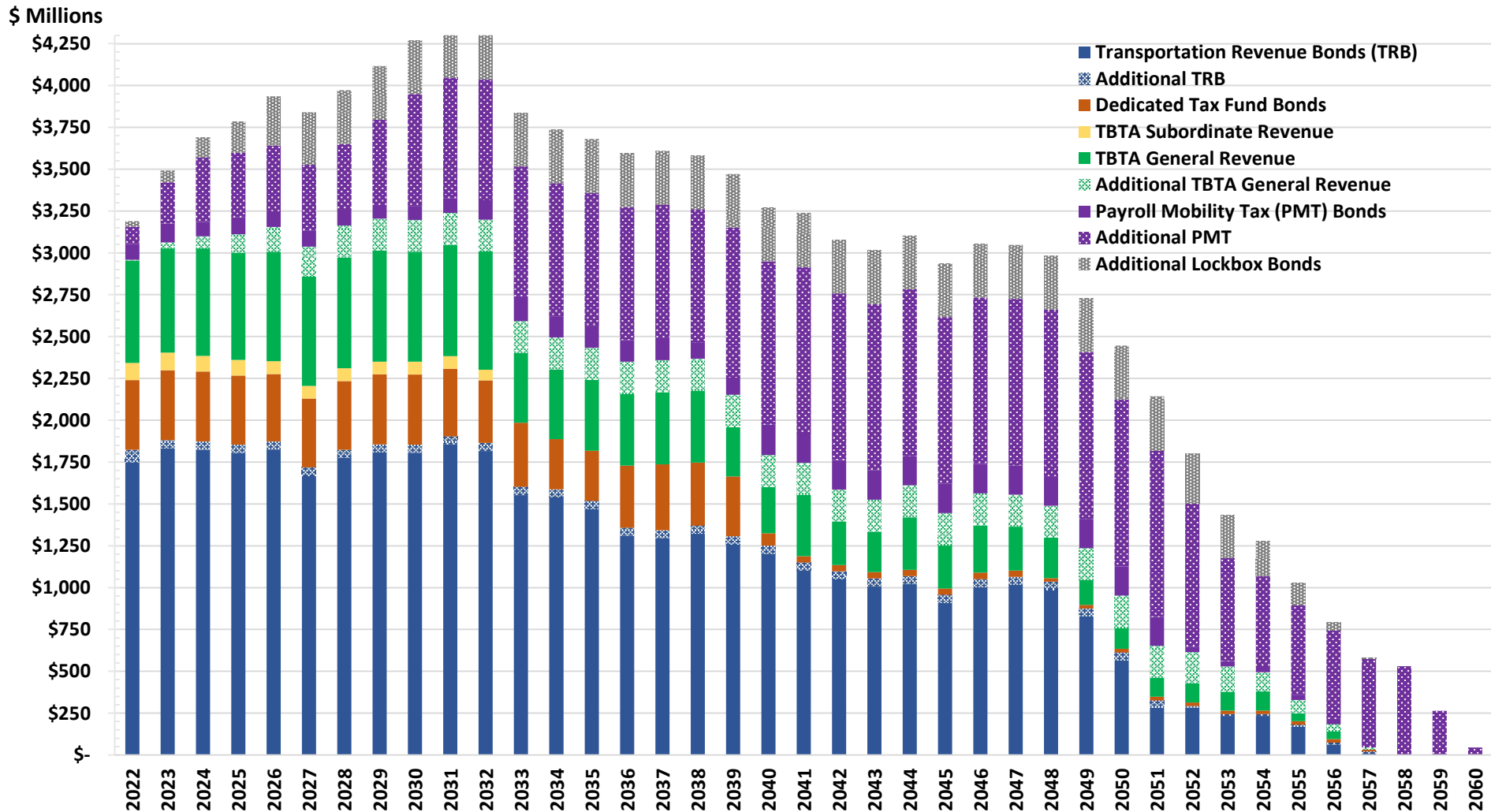


Notes:

- 1) Stated debt service on long-term bonds as of 12/31/2021
- 2) Does not reflect any interest on Bond Anticipation Notes that is budgeted into the Financial Plan



Stated Debt Service on Outstanding Long-Term Bonds and Additional Debt Service Budgeted in November Financial Plan



Notes:

- 1) Debt outstanding is stated debt service as of 12/31/2021
- 2) Additional Debt Service is as incorporated in the November Financial Plan 2022-2025, adjusted for actual issuance through 12/31/21
- 3) Additional PMT Debt Services includes PMT bonds issued for 2015-2019 Capital Program, to retire MLF BANs, and for 2020-2024 Capital Program from operating budget that will be issued after the November Financial Plan years
- 4) Additional TRB Debt Service includes interest on RANs and GANs and Bonds issued for NY State \$7.3 billion contribution to 15-19 Capital Program that will be paid by State
- 5) Additional Lockbox Bonds Debt Services includes City Sales Tax Bonds, PMT Bonds for 2020-2024 Capital Program paid from lockbox, and bonds issues for CBTDIP Infrastructure



Federal Aid and Grant Anticipation Notes

- In December 2020, the second federal package, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was enacted and in March 2021, the third federal package, The American Rescue Plan Act of 2021 (ARPA) was enacted
 - On November 8, 2021, the states of New York, New Jersey and Connecticut reached agreement regarding the Urbanized Area (UZA) 1 allocation of funds under CRRSAA and ARPA
 - Per this agreement, MTA currently expects to be allocated approximately \$4.1 billion under CRRSAA and approximately \$6.2 billion under ARPA
 - MTA fully executed the grant agreements with the Federal Transit Administration (FTA) for CRRSAA in December 2021 and ARPA in January 2022
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- Due to the timing of reaching agreement regarding the UZA 1 allocations and executing the grant agreements, MTA issued \$4 billion in Grant Anticipation Notes (GANs) to bridge the operating cash flow until CRRSAA and ARPA funds could be drawn down
 - The GANs are limited obligations of MTA and are payable solely from grants to be distributed to MTA from CRRSAA and ARPA
 - The GANs are able to be retired prior to their 11/15/2022 maturity and MTA intends to do so as the CRRSAA and ARPA funds are drawn down from the FTA



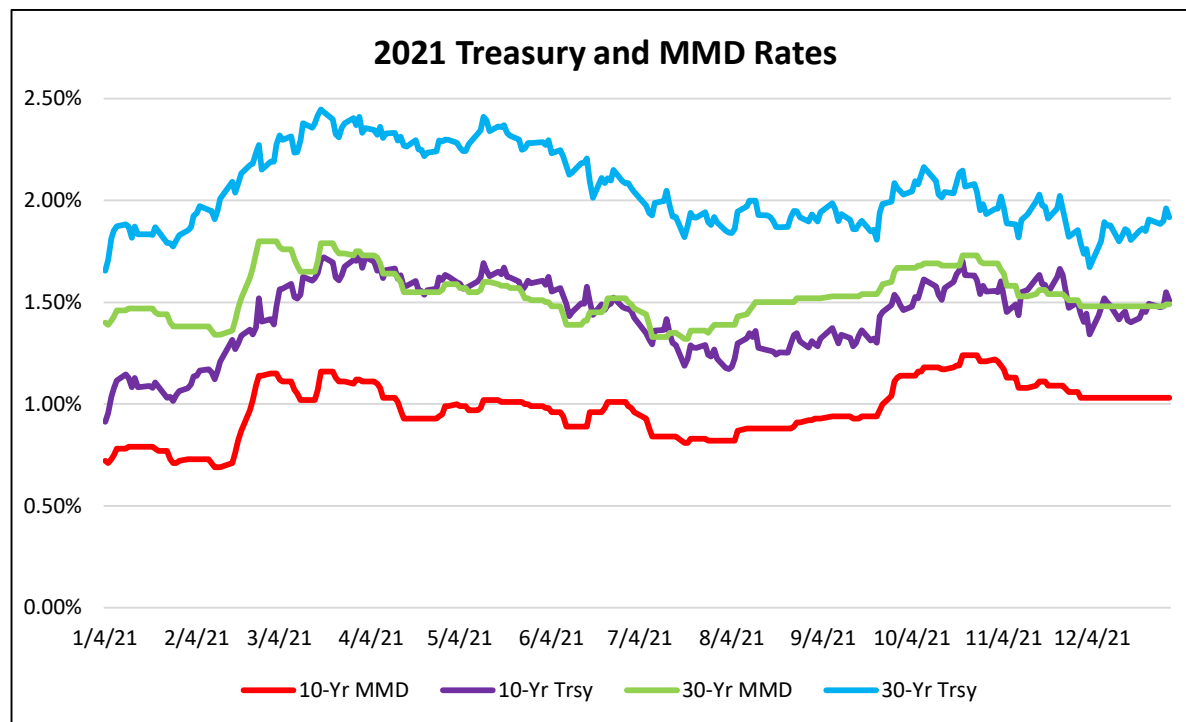
Launch of TBTA Payroll Mobility Tax Credit

- In April 2021, MTA launched its inaugural long-term Payroll Mobility Tax (PMT) bonds, issued through TBTA
- First new credit for transit and commuter capital since the 2002 restructuring
- Highest rated credit in MTA's portfolio, AA+ from S&P Global, Fitch, and KBRA
- Inaugural deal raised over \$1.43 billion in proceeds to retire certain outstanding Bond Anticipation Notes and to fully prepay the outstanding RRIF Loan
- Led by book-running senior manager Goldman Sachs & Co., this transaction was highly anticipated and well-received by investor base, with overwhelming demand and significant spread tightening during pricing
- This inaugural transaction won Bond Buyer's Deal of the Year for the Northeast Category



2021 Market Recap and 2022 Outlook

- After a turbulent year, the municipal market in 2021 was relatively stable compared to the more volatile Treasury market driven by COVID, inflation and Fed policy
- MMD rates moved modestly higher in 2021 as credit spreads and ratios to Treasuries improved based on strong investor demand and manageable supply
- Total municipal issuance decreased by 2% to \$475 billion in 2021, with tax-exempt issuance higher by 5% to \$356 billion and taxable issuance lower by 19% to \$119 billion
- Municipal bond funds reported 51 out of 52 weeks of inflows for the year totaling \$66.5 billion
- Equities continued to trend higher in 2021; Dow and S&P indices increased 19% and 27%, respectively, due to continued economic recovery, relatively low interest rates and strong corporate earnings
- Rising costs and inflation due to labor shortage and supply chain disruption were dominant market factors in 2021; Core CPI rose 4.9% for the 12-month period ending November 2021
- Beginning in late-November, the Omicron variant became a global concern; the on-going pandemic and inflation concerns will continue to dominate market focus going into 2022
- Market consensus is currently predicting three rate hikes in 2022 after the Fed ends its bond purchasing program in March



2021 Rates	Average	Low	High	1/4/2021	12/31/2021	Diff. (bps)
10-Yr MMD	0.97%	0.69%	1.24%	0.72%	1.03%	31
10-Yr Trsy	1.44%	0.91%	1.74%	0.91%	1.51%	60
30-Yr MMD	1.54%	1.32%	1.80%	1.40%	1.49%	9
30-Yr Trsy	2.05%	1.66%	2.45%	1.66%	1.90%	25

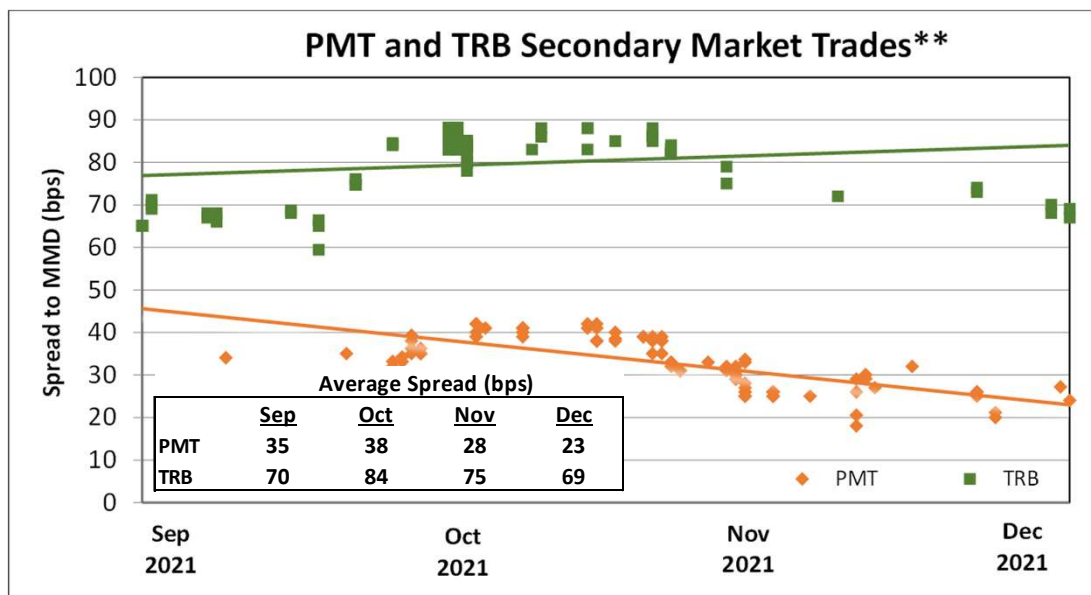
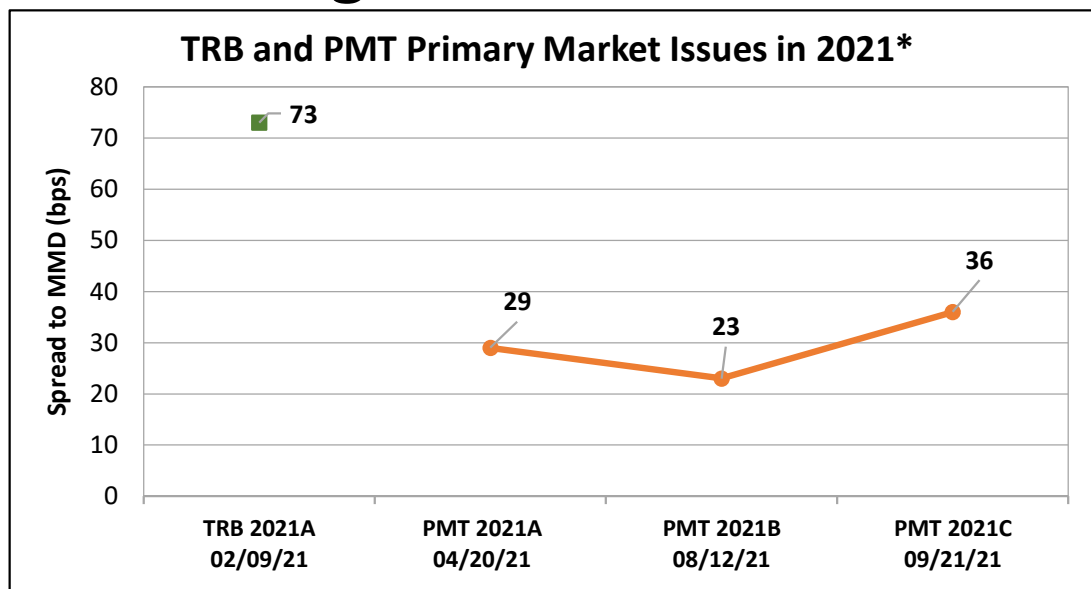
Note: MMD = Municipal Market Data

Sources: Bloomberg, The Bond Buyer and Refinitiv



TRB and PMT Credit Spreads during 2021

- TRB credit spread was estimated at 73 bps for long 5% coupon bonds on the last sale in February 2021, significantly lower than 300 bps during the height of the pandemic, but still higher than pre-pandemic levels of about 40-50 bps
- PMT credit was introduced in April 2021 and priced at 29 bps spread to MMD for long 5% coupon bonds
- The last PMT bond sale in September 2021 priced at 36 bps spread to MMD for long 5% coupon bonds
- In December, secondary market trades show average spreads of about 70 bps for TRBs and 25 bps for PMT bonds for long 5% coupon bonds, a difference of about 45 bps between the two credits



* 30-year actual/estimated spreads for 5% coupon bonds

** PMT trades for 5% coupon bonds; TRB estimated trades for 5% coupon bonds assuming 15 bps lower spread to 4% coupon bond trades; Trades for bonds with maturities 15-30 years and trade size of \$1M or greater

Source: MSRB



2021 Transactions Summary - \$9.0 billion

- **\$6.972 billion New Money borrowing and to retire BANs**
 - \$4.0 billion Grant Anticipation Notes secured with CRRSAA and ARPA federal aid grants
 - \$1.776 billion new money long-term fixed rate bonds
 - \$1.003 billion long-term fixed rate bonds to retire BANs
 - \$193 million new money BANs for CBDTP Infrastructure
- **\$785 million Refunding bonds**
 - Refunded approximately \$837.4 million of certain Transportation Revenue Bonds, including \$630.7 million for the TRB 2015X (RRIF Loan), allowing MTA to fully prepay and close the outstanding RRIF Loan
- **\$1.282 billion Remarketing of Tendered Obligations**
 - \$459 million remarketed as SOFR FRNs
 - \$400 million remarketed as variable rate debt with bank support in weekly mode
 - \$148 million remarketed as variable rate debt with bank support in daily mode
 - \$275 million remarketed and converted to fixed rate mode

Note:

- 1) Numbers may not total due to rounding
- 2) Not reflected in numbers above is \$214 million in variable rate debt with bank support for which the bank support was extended
- 3) A portion of the par of the refunding bonds listed above are from Capital Appreciation Bonds (CABs), so maturity value is utilized



M/WBE and SDVOB Participation Results

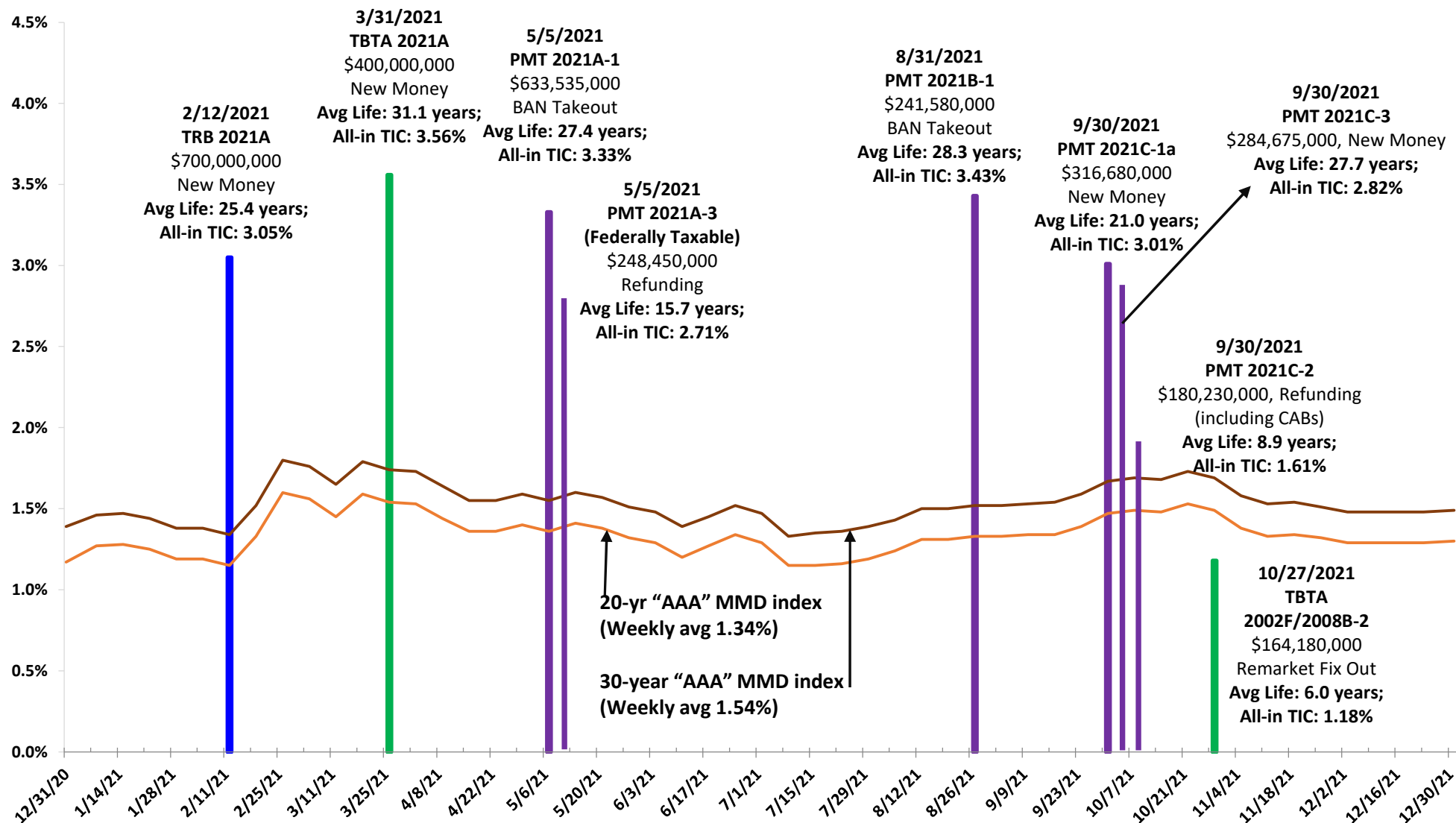
- **For State Fiscal Year 2021-22, total M/WBE fees represents 26.65% and SDVOB represents 5.75% of total underwriting fees paid for transactions through December 31, 2021**
- **MTA has proven track record of meeting the 30% utilization goal for M/WBE and 6% utilization goal for SDVOB firms**
 - 3-year average of underwriting fees paid to M/WBE firms was 33.33% and to SDVOB firms was 6.58%
 - 5-year average of underwriting fees paid to M/WBE firms was 32.89% and to SDVOB firms was 6.36%

Notes:

- 1) Final earnings for M/WBE and SDVOB (% of total compensation, underwriters discount net of expenses) for State Fiscal Year 2021-22 will be reported to the Board in April 2022
- 2) Three- and Five-Year Averages noted above reflect transactions through December 31, 2021



2021 MTA Fixed Rate Bond Issuances



Note:

- 1) Fixed Rate TICs calculated as of issuance of Fixed Rate bonds
- 2) Par value for PMT 2021C-2 reflects maturity value for CABs



2021 Remarketing Transactions

Bond Series	Par Remarketed	Closing Date	Mode	FRN Rate/Index	Letter of Credit Expiration/ Put Date
TBTA 2005B-2	\$ 187,200,000	1/21/2021	Weekly VRDB	N/A	1/21/2026
TBTA 2005B-4a	104,700,000	2/1/2021	SOFR FRN	67% of SOFR plus 0.38%	2/1/2024
DTF 2002B-1	110,325,000	3/18/2021	Fixed	Converted to Fixed Rate	N/A
TRB 2002D-2a-1	50,000,000	3/31/2021	SOFR FRN	67% of SOFR plus 0.55%	4/1/2024
TRB 2002D-2b	100,000,000	4/1/2021	SOFR FRN	67% SOFR plus 0.55%	4/1/2024
TRB 2002D-2a-2	50,000,000	4/6/2021	SOFR FRN	67% of SOFR plus 0.80%	4/1/2026
TRB 2020B-1	66,570,000	4/1/2021	Weekly VRDB	N/A	4/1/2022
TRB 2002G-1f	29,145,000	6/30/2021	SOFR FRN	67% of SOFR plus 0.43%	11/1/2026 (maturity)
TRB 2005D-1	125,350,000	6/30/2021	SOFR FRN	67% of SOFR plus 0.33%	4/1/2024
TRB 2005E-1	146,300,000	8/18/2021	Weekly VRDB	N/A	8/18/2025
TRB 2015E-1	147,775,000	8/18/2021	Daily VRDB	N/A	8/18/2025
TBTA 2002F	111,175,000	10/27/2021	Fixed	Converted to Fixed Rate	N/A
TBTA 2008B-2	53,005,000	10/27/2021	Fixed	Converted to Fixed Rate	N/A
	\$ 1,281,545,000				

Note:

1) During 2021, SOFR averaged 0.04%



2021 Rating Agency Update

- Rating Agency actions in 2021 reflected some stabilization after the initial impact and uncertainties as a result of the pandemic and resulting downgrades, and partially reflected MTA's expected receipt of federal funds under CRRSAA and ARPA
 - Concerns continue to reflect the ability for MTA to recover ridership and traffic levels, impact on dedicated taxes, ability to reach structural balance, need for sustainable revenues, and debt service coverage on a net basis
- There were no rating downgrades in 2021, and some outlooks on ratings were moved from negative to stable
 - S&P Global Ratings and Moody's adjusted the outlook on MTA's Transportation Revenue Bonds to "stable" from negative in March and April 2021, respectively
 - S&P Global Ratings and Moody's adjusted the outlook on TBTA General and Subordinate Revenue Bonds to "stable" from negative in April 2021
 - S&P Global Ratings and Fitch adjusted the outlook on the PMT and DTF credits to "stable" from negative in June 2021
- 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 on core credits as of 12/31/2021

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



2021 Investor Outreach

- **Year-Round:** Investors may reach MTA Finance staff directly via email and phone – during 2021 MTA Finance responded to multiple information requests via email and held 1:1 calls with some of its largest investors
- **MTA regularly included liquidity numbers in many disclosure updates and Official Statements**
- **MTA Hosted Investor Roadshows prior to the launch of its new credit and unique market offerings**
 - **April 2021:** MTA Finance held a virtual investor roadshow, with Q&A, prior to its inaugural Payroll Mobility Tax long-term bond transaction, more than 40 institutional investors participated
 - **November 2021:** MTA Finance held a virtual investor roadshow prior to its issuance of Grant Anticipation Notes, more than 40 institutional investors participated
- Additionally, MTA Finance participated in investor conferences and webinars that were held virtually due to pandemic:
 - **March 2021:** MTA Finance participated in panel with the Bond Buyer National Outlook webinar
 - **November 2021:** MTA Finance participated in webinar focused on ESG and public infrastructure



2022 Financing Quarterly Calendar

(\$ in millions)

Purpose	Q1	Q2	Q3	Q4	Total
New Money	\$350	\$350	\$350	\$350	\$1,400
BAN Takeout	750	1,000	1,000	200	2,950
Remarketings	266	393	155	971	1,785
Current Refundings	-	-	-	3,661	3,661
Total	\$1,366	\$1,743	\$1,505	\$5,182	\$9,796

All information in the 2022 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 2022 Final Proposed Budget and November Financial Plan 2022-2025, as adopted by MTA Board in December 2021
- 2) BAN takeout projections reflect the par outstanding for the BANs for that quarter
- 3) BAN takeout projection for Q1 does not include the \$700 million BAN that were issued for NY State \$7.3 billion contribution to 15-19 Capital Program that will be paid by the State
- 4) Remarketings reflect FRNs and Put Bonds (Term Rate) with mandatory put dates and VRDBS with liquidity facility expiration dates in 2022
- 5) Current refundings reflect fixed rate bonds, callable in November 2022, including \$2.375 billion of TRB, \$641 million of DTF, and \$645 million of TBTA



Appendix

- 1) Bond Financed Capital Investments in 2021
- 2) 2021 Cost of Issuance Summary



Bond Financed Capital Investments in 2021

MTA financed \$1.7 billion in capital expenditures from bond proceeds in 2021⁽¹⁾

BRIDGES AND TUNNELS	\$504.4 million	COMMUTER RAILROADS	\$268.4 million
BUILDINGS & SITES	5.3	COMMUNICATIONS AND SIGNALS	84.3
MISCELLANEOUS	16.4	LINE STRUCTURES & TRACK	49.1
ROADWAYS & DECK	157.1	MISCELLANEOUS	14.8
STRUCTURAL PAINTING	51.5	POWER	5.1
STRUCTURES	182.8	ROLLING STOCK	45.1
TOLL PLAZAS & ATMS	20.1	SHOPS AND YARDS	18.0
UTILITIES	71.1	STATIONS	51.9
CAPITAL CONSTRUCTION	\$408.4 million	NEW YORK CITY TRANSIT/SIR/MTA BUS	\$521.4 million
DOWNTOWN PROJECTS	0.3	BUSES	2.2
EAST SIDE ACCESS	280.5	DEPOTS	25.6
FULL LENGTH SECOND AVE SUBWAY	10.5	LINE EQUIPMENT/STRUCTURES	22.4
LIRR EXPANSION PROJECT	60.6	MISCELLANEOUS	21.9
MISCELLANEOUS	1.9	PASSENGER STATIONS	143.2
PENN STATION ACCESS	9.7	POWER	1.4
REGIONAL INVESTMENTS	34.9	SERVICE VEHICLES	14.2
SECOND AVENUE SUBWAY	3.2	SHOPS & YARDS	60.2
SECURITY/MTA PD	6.9	SIGNALS & COMMUNICATION	130.2
		SUBWAY CARS	2.8
		TRACK	78.3
		TRACTION POWER	19.0

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



2021 Cost of Issuance Summary

	New Money	BAN Takeout	Refunding	Remarketing	Total
NYS Bond Issuance Fee	-	-	-	-	-
Underwriter's Discount	\$9,606,895	\$4,592,065	\$3,096,682	\$2,484,278	\$19,779,920
Bond Counsel	2,143,295	999,365	457,340	1,090,000	4,690,000
Disclosure Counsel	1,026,871	468,448	204,681	500,000	2,200,000
Financial Advisor Fee	379,659	169,210	105,321	118,667	772,857
Bond Insurance	-	-	-	-	-
Rating Agency Fees	1,223,697	297,532	204,279	227,418	1,952,926
Trustee	34,455	15,615	5,430	40,500	96,000
Printing and Distribution	30,712	11,095	6,076	27,908	75,790
Miscellaneous	256,687	2,342	971	112,279	327,279
Total	\$14,702,269	\$6,555,673	\$4,080,779	\$4,601,050	\$29,939,772

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 2021
- 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 2021-22 will be reported to the Board in April 2022
- 6) Numbers may not total due to rounding