

MTA ANNUAL DISCLOSURE STATEMENT SUPPLEMENT
June 22, 2022

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Supplement (the “Supplement”), dated June 22, 2022, supplements the information contained in the Annual Disclosure Statement (the “ADS”) of MTA, dated April 29, 2022. 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.

Audited Financials

On June 3, 2022, MTA posted the audited Consolidated Financial Statements for the years ended December 31, 2021 and 2020, for each of the Metropolitan Transportation Authority, New York City Transit Authority and Triborough Bridge and Tunnel Authority (collectively, the 2021 Audited Financial Statements).

All references in the ADS to the “unaudited Consolidated Financial Statements for the years ended December 31, 2021 and 2020” of each of the Metropolitan Transportation Authority, New York City Transit Authority and Triborough Bridge and Tunnel Authority are hereby deemed to refer to the “audited Consolidated Financial Statements for the years ended December 31, 2021 and 2020”, all references in the ADS to the “unaudited Consolidated Financial Statements for the year ended December 31, 2021” of each of the Metropolitan Transportation Authority, New York City Transit Authority and Triborough Bridge and Tunnel Authority are hereby deemed to refer to the “audited Consolidated Financial Statements for the year ended December 31, 2021”, and references to 2021 “unaudited consolidated financial statements” or “unaudited financial statements” shall now be deemed to refer to the “audited consolidated financial statements” or “audited financial statements” with respect to each such entity. The 2021 Audited Financial Statements are hereby incorporated into the ADS by specific cross-reference.

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The information under the caption “PART 1. BUSINESS – UPDATE REGARDING IMPACTS FROM THE CORONAVIRUS PANDEMIC AND CERTAIN MTA, FEDERAL AND STATE RESPONSES – *Updated Assessment of Impacts of the COVID-19 Pandemic and Economic Study Analysis*” appearing on page 11-12 of the ADS is supplemented by the addition of the following paragraph:

MTA is currently reassessing its revenue projections included in the current February Financial Plan in light of the continuing impact of the COVID-19 pandemic as well as economic and social factors on its ridership levels. Farebox revenue for the first four months of 2022 has been below budget, reflecting lower ridership than was assumed in the February Financial Plan. MTA plans to include revised ridership projections in the July Financial Plan that is likely to show lower farebox revenue than that forecast in the current February Financial Plan.

The final sentence of the last bullet point under the caption “PART 1. FINANCIAL PLANS AND CAPITAL PROGRAMS – MTA 2020-2024 Capital Program and December 2021 Amendment to that Program – *2020-2024 MTA Bridges and Tunnels Capital Program*” on page 67 of the ADS is deleted and replaced with the following:

MTA anticipates federal approval and the start of construction in the first quarter of 2023.

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The lead in paragraph and chart under the heading “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS –TRANSPORTATION REVENUE BONDS – Pledged Transportation Revenues Gross Lien and Rate Covenant”, titled TRB Table 2a, appearing, respectively, on pages 93 and 94 are deleted and replaced with the following:

For the years 2017-2021, TRB Table 2a is based on the historical audited financial statements of MTA and its subsidiaries, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bus, and MTA New York City Transit and its subsidiary MaBSTOA, on a cash basis. The audited financial statements for MTA and MTA New York City Transit covered by TRB Table 2a are included herein by specific cross-reference and should be read in connection with this information. The information in TRB Table 2a may not be indicative of future results of operations and financial condition. The information contained in the table has been prepared by MTA management based upon the historical financial statements and the notes thereto.

TRB Table 2a
Summary of Pledged Revenues (Calculated in Accordance with the Transportation Resolution)
Historical Cash Basis (\$ in millions)⁽¹⁾

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Revenues from Systems Operations</u>					
Fares from Transit System	\$ 4,487	\$ 4,454	\$ 4,592	\$ 1,939	\$2,332
Fares from Commuter System	1,460	1,481	1,526	517	557
Fares from MTA Bus	236	242	245	100	144
Other Income ⁽²⁾	<u>256</u>	<u>280</u>	<u>278</u>	<u>207</u>	<u>197</u>
Subtotal – Operating Revenues	\$6,439	\$6,457	\$6,641	\$2,763	\$3,230
<u>Non-Operating Revenues⁽³⁾</u>					
Revenues from MTA Bridges and Tunnels Surplus	\$731	\$692	\$788	\$495	\$928
State and Local General Operating Subsidies ⁽⁴⁾	\$376	\$375	\$340	\$365	\$408
NYC Transportation Assistance Fund - General Transportation Account ⁽⁵⁾	-	-	0	2	2
Special Tax-Supported Operating Subsidies					
DTF Excess ⁽⁶⁾	231	250	268	180	198
MMTOA Receipts	1,668	1,687	1,824	1,564	2,247
Urban Tax	585	656	668	377	429
Excess Mortgage Recording Taxes	25	25	12	12	12
MTA Aid Trust Account Receipts ⁽⁷⁾	306	273	311	249	263
Payroll Mobility Tax Receipts ⁽⁷⁾	1,436	1,483	1,561	1,561	1,668
Payroll Mobility Revenue Offset Funds ⁽⁸⁾	<u>244</u>	<u>244</u>	<u>244</u>	<u>195</u>	<u>293</u>
Subtotal Special Tax-Supported Operating Subsidies	\$4,495	\$4,617	\$4,888	\$4,139	\$5,111
Station Maintenance and Service Reimbursements	560	530	647	637	795
City Subsidy for MTA Bus	520	464	669	355	456
Income from Investments ⁽⁹⁾	24	55	50	22	4
Subtotal – Non-Operating Revenues	\$6,706	\$6,734	\$7,382	\$6,015	\$7,704
Total Transportation Resolution Pledged Revenues	\$13,145	\$13,190	\$14,023	\$8,778	\$10,934
Debt Service⁽¹⁰⁾	\$1,581	\$1,457	\$1,751	\$1,989	\$1,852
Debt Service Coverage from Pledged Revenues	8.3x	9.1x	8.0x	4.4x	5.9x

⁽¹⁾ Totals may not add due to rounding

⁽²⁾ Other income in the case of the Transit System includes advertising revenue, interest income on certain operating funds, station concessions, Transit Adjudication Bureau collections, rental income and miscellaneous. Other income in the case of the Commuter System includes advertising revenues, interest income on certain operating funds, concession revenues (excluding Grand Central Terminal and Penn Station concessions), rental income and miscellaneous. Other income does not include Superstorm Sandy reimbursement funds. See additional information regarding 2020 in the notes following the table.

⁽³⁾ The Transportation Resolution permits MTA to issue revenue anticipation notes that are secured by operating subsidies prior to the payment of debt service on the Bonds. See discussion under “Revenue Anticipation Notes Authorized by the Resolution” later in this “TRANSPORTATION REVENUE BONDS section”.

⁽⁴⁾ State and Local General Operating Subsidies are lower in 2019 due to delay in receipt of the City’s December 18-b payment.

- ⁽⁵⁾ The 2018-2019 State Enacted Budget included a new revenue stream for MTA to provide a source of funding for the Subway Action Plan, outer borough transit improvements, and other MTA needs. Such new revenues consist of certain statutory surcharges and fines, including a surcharge beginning January 1, 2019, on for-hire vehicle trips entirely within the State that start or terminate in, or traverse, Manhattan below 96th Street. Revenues from this surcharge will be deposited into a New York City Transportation Assistance Fund and disbursed to three sub-accounts established in such fund in the following order: a Subway Action Plan account, an Outer Borough Transportation account, and the General Transportation account.
- ⁽⁶⁾ Calculated by subtracting the debt service payments on the Dedicated Tax Fund Bonds from the MTTF Receipts described under the caption “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – DEDICATED TAX FUND BONDS”.
- ⁽⁷⁾ Calculated by subtracting the debt service payments on Payroll Mobility Tax Resolution Obligations from the combined PMT and MTA Aid Trust Account Receipts, which are pledged revenues for the Payroll Mobility Tax Resolution Obligations described under the caption “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – PAYROLL MOBILITY TAX OBLIGATIONS”.
- ⁽⁸⁾ In prior Annual Disclosure Statements, Payroll Mobility Tax Revenue Offset funds were included in the PMT Receipts. Beginning with the 2021 Annual Disclosure Statement, PMT Revenue Offset revenues are presented separately because such revenues do not constitute pledged revenues under the PMT Resolutions.
- ⁽⁹⁾ Consists of investment income on capital program funds held for the benefit of the Transit and Commuter Systems on an accrual basis, and also investment income earned on subsidy accounts.
- ⁽¹⁰⁾ Debt service was reduced by approximately \$54 million in each year of 2017 through 2020 and \$49 million in 2021 to reflect Build America Bonds interest credit payments relating to certain outstanding bonds. Such payments do not constitute Pledged Revenues under the Transportation Resolution. Debt service includes payments of interest on bond anticipation notes, including, \$13.5 million in 2017, \$101.5 million in 2018, \$188.6 million in 2019, \$344.5 million in 2020, and \$253.4 million in 2021.

The lead in paragraph and chart under the heading “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS –TRANSPORTATION REVENUE BONDS – Pledged Transportation Revenues Gross Lien and Rate Covenant”, titled TRB Table 2b, appearing, respectively, on pages 95 and 96 are deleted and replaced with the following:

TRB Table 2b is the MTA Consolidated Statement of Operations by Category. It sets forth, by major category, for the five years ended December 31, 2021, all of the system operating revenues, expenses, adjustments, prior-year carryover and net cash balance. The information in the table has been prepared by MTA management based on MTA financial plans. The amounts indicated in the “Actual” columns for 2017 to 2021 reflect actual information based on the historical audited financial statements of MTA and its subsidiaries. The information in TRB Table 2b may not be indicative of future results of operations and financial condition.

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TRB Table 2b
MTA Consolidated Statement of Operations by Category
(\$ in millions)

	Actual	Actual	Actual	Actual	Actual
Non-Reimbursable	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Operating Revenue</u>					
Farebox Revenue	\$6,172	\$6,155	\$6,351	\$2,625	\$3,048
Toll Revenue	1,912	1,976	2,071	1,640	2,170
Other Revenue	653	643	706	4,571	4,706
Capital and Other Reimbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Revenue	\$8,737	\$8,774	\$9,128	\$8,836	\$9,924
<u>Operating Expense</u>					
Labor Expenses:					
Payroll	\$5,021	\$5,211	\$5,311	\$5,308	\$5,214
Overtime	934	1,066	974	910	965
Health & Welfare	1,209	1,230	1,339	1,298	1,405
OPEB Current Payment	564	604	666	633	722
Pensions	1,345	1,336	1,493	1,510	1,410
Other-Fringe Benefits	792	881	848	789	818
Reimbursable Overhead	<u>(492)</u>	<u>(528)</u>	<u>(470)</u>	<u>(380)</u>	<u>(372)</u>
Subtotal Labor Expenses	\$9,373	\$9,799	\$10,161	\$10,068	\$10,161
Non-Labor Expenses:					
Electric Power	\$430	\$482	\$444	\$385	\$430
Fuel	150	185	174	103	163
Insurance	(3)	(29)	2	(5)	26
Claims	526	438	495	237	426
Paratransit Service Contracts	393	478	477	326	346
Maintenance and Other Operating Contracts	695	678	731	773	750
Professional Service Contracts	507	544	442	446	499
Materials & Supplies	588	637	647	543	486
Other Business Expenses	<u>217</u>	<u>221</u>	<u>231</u>	<u>152</u>	<u>199</u>
Subtotal Non-Labor Expenses	\$3,505	\$3,611	\$3,642	\$2,961	\$3,326
Other Expense Adjustments:					
Other	\$49	\$129	\$149	\$80	\$21
General Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>335</u>	<u>(335)</u>
Subtotal Other Expense Adjustments	\$49	\$129	\$149	\$415	(\$314)
Total Operating Expense before Non-Cash Liability Adj.	\$12,927	\$13,539	\$13,952	\$13,443	\$13,173
Depreciation	\$2,608	\$2,805	\$2,869	\$3,010	\$3,156
OPEB Liability Adjustment	1,567	1,048			
GASB 75 OPEB Expense Adjustment			895	978	1,083
GASB 68 Pension Expense Adjustment	(168)	(373)	13	(77)	(917)
Environmental Remediation	13	105	42	123	37
Total Operating Expense after Non-Cash Liability Adj.	\$16,948	\$17,124	\$17,771	\$17,477	\$16,532
Conversion to Cash Basis: Non-Cash Liability Adjs.	(\$4,021)	(\$3,585)	(\$3,801)	(\$4,034)	(\$3,359)
Debt Service (excludes Service Contract Bonds)	2,525	2,541	2,630	2,703	2,787
Total Operating Expense with Debt Service	\$15,452	\$16,079	\$16,582	\$16,146	\$15,960
Dedicated Taxes and State/Local Subsidies	\$6,416	\$7,177	\$7,376	\$6,678	\$7,677
Net Surplus/(Deficit) After Subsidies and Debt Service	(\$300)	(\$128)	(\$79)	(\$632)	\$1,640
Conversion to Cash Basis: GASB Account	0	0	0	0	0
Conversion to Cash Basis: All Other	174	379	192	646	(973)
CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER	(\$126)	\$251	\$113	\$148	\$668
ADJUSTMENTS	0	0	0	0	0
PRIOR-YEAR CARRYOVER	248	121	372	485	499
NET CASH BALANCE	\$121	\$372	\$485	\$499	\$1,166

The chart under the heading “PART 3. PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS –DEDICATED TAX FUND BONDS – Sources of Payment-Revenues from Dedicated Taxes”, titled DTF Table 2, appearing on page 121 is deleted and replaced with the following:

Table 2
Summary of MTTF Receipts and MMTOA Receipts⁽¹⁾
State Fiscal Year ending March 31 (\$ millions)

<u>Dedicated Taxes (\$ millions)</u>	<u>Actual</u> <u>2019</u>	<u>Actual</u> <u>2020</u>	<u>Actual</u> <u>2021</u>	<u>Actual</u> <u>2022</u>	<u>Projection⁽⁸⁾</u> <u>2023</u>
MTTF⁽²⁾					
PBT	\$ 345.6	\$ 343.9	\$ 281.6	\$ 306.9	\$ 328.2
Motor Fuel Tax	102.0	99.4	83.4	97.0	39.2 ⁽⁹⁾
Motor Vehicle Fees ⁽³⁾	<u>130.7</u>	<u>131.9</u>	<u>119.1</u>	<u>128.9</u>	<u>128.9</u>
Total Available	<u>\$ 578.3</u>	<u>\$ 575.2</u>	<u>\$ 484.1</u>	<u>\$ 532.8</u>	<u>\$ 496.3</u>
MMTOA⁽²⁾					
PBT	\$ 74.1	\$ 74.1	\$ 60.4	\$ 66.0	\$ 70.3
District Sales Tax	963.1	1,049.1	873.0	1,089.0	1,134.0 ⁽⁹⁾
Franchise Taxes ⁽⁴⁾	41.3	39.3	27.5	25.3	32.4
Franchise Surcharges	<u>1,169.1</u>	<u>1,392.4</u>	<u>1,379.1</u>	<u>1,733.6</u>	<u>2,069.0</u>
Total Available	<u>\$ 2,247.6</u>	<u>\$ 2,554.9</u>	<u>\$ 2,340.0</u>	<u>\$ 2,913.9</u>	<u>\$ 3,305.7</u>
Disbursements					
MTTF⁽³⁾⁽⁵⁾	\$ 630.8	\$ 642.5	\$ 527.9	\$ 624.3	\$ 616.8
MMTOA⁽⁶⁾	<u>\$ 1,686.6</u>	<u>\$ 1,829.7</u>	<u>\$ 1,895.2</u>	<u>\$ 1,922.8</u>	<u>\$ 2,601.0</u>
Total Disbursed	<u>\$ 2,317.4</u>	<u>\$ 2,472.2</u>	<u>\$ 2,423.1</u>	<u>\$ 2,547.1</u>	<u>\$ 3,217.8</u>
Debt Service⁽⁷⁾	\$ 383.0	\$ 382.8	\$ 385.8	\$ 394.8	\$ 387.9
Debt Service Coverage Ratio – MTTF Receipts Only	1.65x	1.68x	1.37x	1.58x	1.59x
Debt Service Coverage Ratio – MTTF and MMTOA Receipts	6.05x	6.46x	6.28x	6.45x	8.30x

(1) Totals may not add due to rounding.

(2) As used in this Table, MTTF Receipts and MMTOA Receipts have the meaning given such terms in the DTF Resolution.

(3) Pursuant to legislation enacted in 2014, beginning with State Fiscal Year 2014-2015 and each year thereafter, a portion of the Fiscal Year 2013-2014 Motor Vehicle General Fund transfer of \$169.4 million has been replaced with a direct transfer of \$62.7 million from the State General Fund to the Dedicated Mass Transportation Trust Fund and \$57.6 million of such amount flows to MTA’s Dedicated Tax Fund as MTTF Receipts; the remainder flows to other transportation systems.

(4) Beginning with State Fiscal Year 2012-2013, the distribution to the MMTOA Account was changed from 80% to 54% of the taxes collected from Franchise Taxes. The remaining 26% is distributed to the Public Transportation Systems Operating Assistance PTOA Account.

(5) Represents the amount in the MTTF that was, subject to appropriation, paid to MTA by deposit into MTA’s Dedicated Tax Fund, thereby becoming MTTF Receipts. The amount of MTTF Receipts in any State fiscal year may be greater than the amount collected for deposit into the MTTF due to, among other things, investment earnings or surplus amounts retained in the MTTF that were not paid out in prior years.

(6) Represents the amount in the MMTOA Account that was, subject to appropriation, paid to MTA by deposit into MTA’s Dedicated Tax Fund, thereby becoming MMTOA Receipts. The difference between Total Available MMTOA Taxes and MMTOA Receipts generally represents the amount appropriated for operating expenses of the various non-MTA systems in the MTA Commuter Transportation District, as well as the amounts appropriated to MTA and other transportation agencies, primarily in accordance with the Section 18-b Program as described under the caption “PART 2. PUBLIC DEBT SECURITIES – REVENUES OF THE RELATED ENTITIES – State and Local General Operating Subsidies”.

(7) Net of approximately \$26.0 million of Build America Bond interest subsidies in each year. Actuals are budgeted actuals calculated for the State fiscal year. Projections for State Fiscal Year 2023 are based on projections in the February Financial Plan 2022-2025.

(8) The State Fiscal Year 2022-2023 projections are based on the State Fiscal Year 2022-2023 Enacted Budget Financial Plan.

(9) The State Fiscal Year 2022-2023 Enacted Budget suspended the State and MCTD sales taxes imposed on gasoline and diesel motor fuel, as well as the motor fuel tax, from June 1, 2022, through December 31, 2022. Additionally, a “hold harmless” General Fund transfer provision was included to transfer the projected revenue amounts that would have been distributed to the MTTF component of the Motor Fuel Tax (\$58.2 million) and the MMTOA component of the District Sales Tax (\$15.0 million) as though the suspension of such taxes was not in effect. The referenced estimates in the table above do not reflect the noted “hold harmless” General Fund transfer amounts.

Insurance

The chart under the caption “PART 6. REGULATORY, EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – INSURANCE – General” appearing on page 202 of the ADS is deleted and replaced with the following:

<u>Insurance Program</u>	<u>Expiration Date</u>
Property Insurance	May 1, 2023
Commuter Stations and Force Liability	December 15, 2022
FMTAC Excess Loss Fund	October 31, 2022
Commercial Excess Liability Policy	October 31, 2022
All Agency Protective Liability	June 1, 2023
Paratransit and Non-Revenue Vehicle Policies	March 1, 2023
Premises Liability	December 7, 2022
Builder’s Risk	Various
Owner Controlled Insurance Programs	Various

The information under the caption “PART 6. REGULATORY, EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – INSURANCE – Property Insurance Program” appearing on page 202-203 of the ADS is deleted and replaced with the following:

Property Insurance Program

Property Insurance. Effective May 1, 2022, FMTAC renewed the all-agency property insurance programs. For the annual period commencing May 1, 2022, FMTAC directly insures property damage claims of the Related Entities in excess of a \$25 million per occurrence deductible, subject to an annual \$75 million aggregate deductible. The total All Risk program annual limit is \$500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of \$7.5 million per occurrence. In addition to the noted \$25 million per occurrence self-insured deductible, MTA self-insures above that deductible for \$85.731 million within the overall \$500 million per occurrence property program as follows: \$13.296 million (or 26.59%) of the primary \$50 million layer, plus \$17.127 million (or 34.25%) of the \$50 million excess \$50 million layer, plus \$8.08 million (or 16.16%) of the \$50 million excess \$100 million layer, plus \$2.845 million (or 5.69%) of the \$50 million excess \$150 million layer, plus \$1.398 million (or 2.79%) of the \$50 million excess \$200 million layer, plus \$10.559 million (or 21.11%) of the \$50 million excess \$250 million layer, plus \$9.182 million (or 18.36%) of the \$50M excess \$300 million layer, plus \$6.247 million (or 12.49%) of the \$50 million excess \$350 million layer, plus \$8.747 million (or 17.49%) of the \$50 million excess \$400 million layer, and \$8.247 million (or 16.49%) of the \$50 million excess \$450 million layer.

The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the \$500 million per occurrence noted above, FMTAC’s property insurance program has been expanded to include a further layer of \$100 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three-year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of “certified” losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act

("TRIPRA") of 2019. The remaining 20% of the Related Entities' losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of \$200 million. The United States government's reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of \$215 million for any one occurrence and in the annual aggregate, (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds \$5 million and less than the \$200 million TRIPRA trigger up to a maximum recovery of \$200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of \$215 million. Recovery under the terrorism policy is subject to a deductible of \$25 million per occurrence and \$75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed \$75 million future losses in that policy year are subject to a deductible of \$7.5 million. The terrorism coverages expire on May 1, 2023.

The information under the caption "PART 6. REGULATORY, EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – INSURANCE – FMTAC Excess Loss Fund" appearing on page 204-205 of the ADS is deleted and replaced with the following:

- *MTA Metro-North Railroad Valhalla.* An incident occurring on February 3, 2015, when an MTA Metro-North Railroad Harlem Line train struck an automobile in a highway-rail grade crossing between the Valhalla and Hawthorne stations, has resulted in assertion of personal injury claims against the railroad. The driver of the automobile and five passengers on the train were killed. A number of passengers, and the train engineer, were injured. The National Transportation Safety Board (NTSB) adopted its report on the causes of the accident on July 25, 2017, finding that the probable cause of the accident was the driver of the automobile, for undetermined reasons, moving the vehicle on to the tracks while the Commerce Street highway-railroad grade crossing warning system was activated, into the path of Metro-North Railroad train. Contributing to the accident was the automobile driver: (1) stopping beyond the stop line, within the boundary of the highway-railroad grade crossing, despite warning signs indicating the approach to the grade crossing; and (2) reducing the available time to clear the grade crossing by exiting the vehicle after the grade crossing warning system activated because the driver's attention was diverted by the grade crossing warning system crossing gate arm striking her vehicle. Contributing to the severity of the accident was the third rail penetrating the passenger compartment of the lead passenger railcar and the post-accident fire. While there is no indication from the NTSB's findings that MTA Metro-North Railroad was at fault in connection with this incident, 37 lawsuits have been filed to date against MTA Metro-North Railroad, many of which name other defendants as well. Notwithstanding MTA Metro-North Railroad's position that it has no responsibility for this incident, if plaintiffs are successful in their claims against MTA Metro-North Railroad, damages could exceed the self-insured retention and impact the FMTAC and excess layers of insurance.

The motions for summary judgment have been fully submitted. Judge Lubell of Westchester County Supreme Court was recently assigned the handling of the motions in this matter. There is not a projected date in which there will be a decision on the motions.

The information under the caption "PART 6. REGULATORY, EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – LITIGATION – Commuter System" appearing on page 212-213 of the ADS is supplemented by the addition of the following paragraph:

Rodriguez v. City of New York, et al. In March 2021, Felipe Rodriguez filed suit against the City, MTA, MTA Long Island Rail Road, and several former NYPD and MTA Long Island Rail Road police officers. Rodriguez was arrested and convicted of murder in 1987, but was granted clemency and released in 2017. The District Attorney reinvestigated the

case and allegedly uncovered the fact that detectives, including certain former MTA Long Island Rail Road police detectives, had coerced false statements from witnesses and committed other violations and misconduct. Rodriguez claims malicious prosecution and various constitutional claims. Motions to dismiss concerning certain counts were briefed in 2021. On March 14, 2022, the court granted in part and denied in part the motions, dismissing claims against the MTA and MTA Long Island Rail Road corporate entities. On June 7, 2022, the court granted in part and denied in part a motion by Rodriguez for reconsideration of the March 14, 2022 order, and reinstated his *Monell* claim against the NYPD. The case against the individuals is proceeding with discovery, and a court-supervised settlement conference is set for July 14, 2022. The outcome of this litigation cannot be determined at this time.