MTA ANNUAL DISCLOSURE STATEMENT SUPPLEMENT
June 26, 2019

This Metropolitan Transportation Authority ("MTA") Annual Disclosure Statement Supplement (the "Supplement") is dated June 26, 2019, supplements the information contained in the Annual Disclosure Statement (the "ADS") dated April 30, 2019, and contains information only through its date. MTA expects to file this Supplement with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access 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. 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.

On June 26, 2019, MTA posted the audited Consolidated Financial Statements for the years ended December 31, 2018 and 2017, for each of the Metropolitan Transportation Authority, New York City Transit Authority and Triborough Bridge and Tunnel Authority (collectively, the 2018 Audited Financial Statements).

All references in the ADS to the "unaudited Consolidated Financial Statements for the years ended December 31, 2018 and 2017" 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, 2018 and 2017", all references in the ADS to the "unaudited Consolidated Financial Statements for the year ended December 31, 2018" 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, 2018", and references to 2018 "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 2018 Audited Financial Statements are hereby incorporated into the ADS by specific cross-reference.

TRB Table 2a and the bulleted notes following, under the caption "PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – TRANSPORTATION REVENUE BONDS – Pledged Transportation Revenues Gross Lien and Rate Covenant – TRB Table 2a" appearing on page 96 of the ADS is deleted replaced in its entirety with the following:

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

	Years Ended December 31,				
	2014	**2015**	**2016**	**2017**	**2018**
Revenues from Systems Operations					
Fares from Transit System	$ 4,195	$ 4,396	$ 4,414	$ 4,487	$ 4,454
Fares from Commuter System	1,308	1,373	1,401	1,460	1,481
Fares from MTA Bus	225	223	233	236	242
Other Income[(1)]	270	248	248	256	280
Subtotal – Operating Revenues	**$5,999**	**$6,240**	**$6,296**	**$6,439**	**$6,457**
Revenues from MTA Bridges and Tunnels Surplus	**$623**	**$740**	**$742**	**$731**	**$692**
Revenues from Governmental Sources					
State and Local General Operating Subsidies	**$376**	**$370**	**$378**	**$376**	**$375**
Special Tax-Supported Operating Subsidies					
DTF Excess[(2)]	279	277	259	231	250
MMTOA Receipts	1,564	1,564	1,668	1,668	1,687
Urban Tax	806	941	811	585	656
Excess Mortgage Recording Taxes	25	25	25	25	25
MTA Aid Trust Account Receipts	313	285	300	306	273
Payroll Mobility Tax Receipts[(3)]	1,572	1,626	1,682	1,680	1,727
Subtotal Special Tax-Supported Operating Subsidies	**$4,559**	**$4,718**	**$4,745**	**$4,495**	**$4,617**
Station Maintenance and Service Reimbursements	**524**	**599**	**563**	**560**	**530**
City Subsidy for MTA Bus	**461**	**439**	**356**	**520**	**464**
Revenues from Investment of Capital Program Funds[(4)]	**7**	**8**	**13**	**24**	**55**
Subtotal – Non-Operating Revenues[(5)]	**$6,550**	**$6,874**	**$6,797**	**$6,706**	**$6,734**
Total Transportation Resolution Pledged Revenues	**$12,549**	**$13,114**	**$13,093**	**$13,145**	**$13,190**
Debt Service[(6)]	**$1,332**	**$1,399**	**$1,381**	**$1,581**	**$1,457**
Debt Service Coverage from Pledged Revenues	**9.4x**	**9.4x**	**9.5x**	**8.3x**	**9.1x**

(1) 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.

(2) Calculated by subtracting the debt service payments on the Dedicated Tax Fund Bonds from the MTTF Receipts described in Part 3 of this ADS under the caption "DEDICATED TAX FUND BONDS."

(3) Payroll Mobility Tax Receipts include PMT Revenue Offset of $309 million annually in 2014 through 2016, and $244.3 million in both 2017 and 2018.

(4) Represents investment income on capital program funds held for the benefit of the Transit and Commuter Systems on an accrual basis.

(5) Sum of (a) Revenues from MTA Bridges and Tunnels Surplus, (b) Revenues from Governmental Sources (including State and Local General Operating Subsidies and Special Tax-Supported Operating Subsidies), (c) Station Maintenance and Service Reimbursements, (d) City Subsidy for MTA Bus and (e) Revenues from Investment of Capital Program Funds.

(6) Debt service was reduced by approximately $54 million in each year of 2014 through 2018 to reflect Build America Bonds interest credit payments relating to certain outstanding bonds. Such payments do not constitute Pledged Revenues under the Transportation Resolution.

The following should be noted in **TRB Table 2a**:

- DTF Excess decreased in 2017 and 2018 because debt service on DTF bonds increased while MTTF Receipts decreased.
- MTA receives monthly payments beginning in May of MMTOA Receipts, with the first quarter of the State's appropriation for the succeeding year advanced into the fourth quarter of MTA's calendar year. MTA continues to monitor the effect of not having MMTOA Receipts available during the first quarter of the calendar year to determine if working capital borrowings may be necessary for cash flow needs. In 2015, MMTOA Receipts remained at the same level as in 2014, because the State redirected a portion of MMTOA funds from the operating budget to the capital budget. "Urban Tax" collection reflects the activity level of certain commercial real estate transactions in the City. Urban Tax revenues declined in 2017 due to fewer significantly large transactions (valued over $100 million) as compared to 2015 and 2016. In 2016, MTA saw an

increase in Urban Tax revenues from the prior year, as a result of both an overall stronger commercial real estate economy and an uptick in the value of significantly large transactions.

- Mortgage recording taxes consist of two separate taxes: the MRT-1 Tax, which is imposed on borrowers of recorded mortgages of real property; and the MRT-2 Tax, which is a tax imposed on the institutional lender. These taxes are collected by the City and the seven other counties within MTA's service area. Mortgage recording taxes are used for Transit and Commuter Systems purposes after the payment of MTA Headquarters' expenses and MTA Bus debt service (beginning in 2009). Since 2009, even though mortgage recording tax receipts have grown in six out of the last seven years, MTA Headquarters expenses and MTA Bus debt service expenses have continued to exceed MRT receipts, resulting in no Excess Mortgage Recording Tax transfers to the Transit and Commuter Systems.

- City Subsidy for MTA Bus was higher in 2017 predominantly due to the timing of payments received. MTA received one extra monthly payment made in 2017 (only 11 payments were made in 2016) and an additional quarterly payment, which is usually reconciled in the following year. In 2018, there was a decrease in receipts for MTA Bus, resulting from the additional quarterly payment that was made in 2017.

- Revenues from Investment of Capital Program Funds – substantially all of the investment income is generated from bond proceeds, such as funds held in anticipation of expenditure on project costs.

- In 2016, $45.3 million of revenues on deposit in the TRB debt service fund were replaced with proceeds of certain Transportation Revenue Bonds permitting such revenues to be used together with other available moneys to prepay outstanding 2 Broadway Certificates of Participation. As a result, 2016 Debt Service reported in the above table is lower by $45.3 million than it would have been if such transaction had not occurred.

- Totals may not add due to rounding.

TRB Table 2b, under the caption "PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – TRANSPORTATION REVENUE BONDS – Pledged Transportation Revenues Gross Lien and Rate Covenant – TRB Table 2b" appearing on page 98 of the ADS is deleted replaced in its entirety with the following:

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

Non-Reimbursable	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018
Operating Revenue					
Farebox Revenue	$5,709	$5,961	$6,170	$6,172	$6,155
Toll Revenue	1,676	1,809	1,912	1,912	1,976
Other Revenue	682	689	653	653	660
Capital and Other Reimbursements	0	0	0	0	0
Total Operating Revenue	**$8,068**	**$8,459**	**$8,608**	**$8,737**	**$8,791**
Operating Expense					
Labor Expenses:					
Payroll	$4,672	$4,696	$5,019	$5,021	$5,196
Overtime	730	755	934	934	1,066
Health & Welfare	962	1,050	1,209	1,209	1,237
OPEB Current Payment	479	502	564	564	605
Pensions	1,304	1,249	1,345	1,345	1,339
Other-Fringe Benefits	784	861	794	792	881
Reimbursable Overhead	(350)	(380)	(492)	(492)	(527)
Sub-total Labor Expenses	**$8,582**	**$8,732**	**$9,238**	**$9,373**	**$9,797**
Non-Labor Expenses:					
Electric Power	$516	$474	$430	$430	$482
Fuel	267	162	150	150	185
Insurance	51	57	(3)	(3)	(30)
Claims	269	331	515	526	421
Paratransit Service Contracts	366	379	393	393	455
Maintenance and Other Operating Contracts	549	579	692	695	674
Professional Service Contracts	283	380	506	507	539
Materials & Supplies	527	543	588	588	636
Other Business Expenses	180	196	217	217	220
Sub-total Non-Labor Expenses	**$3,007**	**$3,101**	**$3,168**	**$3,505**	**$3,582**
Other Expense Adjustments:					
Other	$45	$37	$49	$49	$129
General Reserve	0	0	0	0	0
Sub-total Other Expense Adjustments	**$45**	**$37**	**$47**	**$49**	**$129**
Total Operating Expense before Non-Cash Liability Adj.	**$11,634**	**$11,871**	**$12,454**	**$12,927**	**$13,508**
Depreciation	$2,266	$2,443	$2,600	$2,608	$2,697
OPEB Liability Adjustment	2,035	1,490	1,548	1,567	1,344
GASB 75 OPEB Expense Adjustment					133
GASB 68 Pension Expense Adjustment	0	(410)	(234)	(168)	(366)
Environmental Remediation	21	21	13	13	106
Total Operating Expense after Non-Cash Liability Adj.	**$15,956**	**$15,414**	**$16,252**	**$16,948**	**$17,422**
Conversion to Cash Basis: Non-Cash Liability Adjs.	($4,322)	($3,543)	($3,927)	($4,021)	($3,914)
Debt Service (excludes Service Contract Bonds)	2,249	2,373	2,525	2,525	2,541
Total Operating Expense with Debt Service	**$13,882**	**$14,244**	**$14,912**	**$15,452**	**$16,049**
Dedicated Taxes and State/Local Subsidies	$6,375	$6,595	$6,429	$6,416	$7,177
Net Surplus/(Deficit) After Subsidies and Debt Service	**$561**	**$810**	**$371**	**($300)**	**($81)**
Conversion to Cash Basis: GASB Account	(50)	0	0	0	0
Conversion to Cash Basis: All Other	(626)	(660)	129	174	332
CASH BALANCE BEFORE PRIOR-YEAR CARRYOVER	**($115)**	**$150**	**($232)**	**($126)**	**$251**
ADJUSTMENTS	**0**	**0**	**0**	**0**	**0**
PRIOR-YEAR CARRYOVER	**445**	**330**	**480**	**248**	**121**
NET CASH BALANCE	**$330**	**$480**	**$248**	**$121**	**$372**

The footnote 3 to MTA Bridges and Tunnels Senior Table 2, under the heading "PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – MTA BRIDGES AND TUNNELS SENIOR REVENUE BONDS – Sources of Payment – MTA Bridges and Tunnels Senior Table 2" and appearing on page 106 of the ADS is deleted.

The first bullet point under the caption "PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – MTA BRIDGES AND TUNNELS SENIOR REVENUE BONDS – Sources of Payment – MTA Bridges and Tunnels Senior Table 2" directly following such Table and appearing on page 107 of the ADS is deleted and replaced with the following:

- Bridge and Tunnel Revenues – Crossing charges were increased on March 22, 2015 and again on March 19, 2017. Traffic in 2018 was the highest year ever with approximately 322.3 million paid vehicle crossings, surpassing the previous high of 310.0 million crossings in 2017 by 4.0%. The increase is primarily due to improvements in the regional economy, stable gas prices, and improved mobility achieved through Cashless Tolling.

The footnote 3 to MTA Bridges and Tunnels Subordinate Table 2, under the heading "PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS – Sources of Payment – MTA Bridges and Tunnels Subordinate Table 2" and appearing on page 112 of the ADS is deleted.

The first bullet point under the caption "PUBLIC DEBT SECURITIES AND OTHER FINANCIAL INSTRUMENTS – MTA BRIDGES AND TUNNELS SUBORDINATE REVENUE BONDS – Sources of Payment – MTA Bridges and Tunnels Subordinate Table 2" appearing on page 113 of the ADS is deleted and replaced with the following:

- Bridge and Tunnel Revenues - Crossing charges were increased on March 22, 2015 and again on March 19, 2017. Traffic in 2018 was the highest year ever with approximately 322.3 million paid vehicle crossings, surpassing the previous high of 310.0 million crossings in 2017 by 4.0%. The increase is primarily due to improvements in the regional economy, stable gas prices, and improved mobility achieved through Cashless Tolling.

The chart under the caption "REGULATORY, EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – INSURANCE – General" appearing on page 195 of the ADS is deleted and replaced with the following:

Insurance Program	Expiration Date
Property Insurance	May 1, 2020
Commuter Stations and Force Liability	December 15, 2019
FMTAC Excess Loss Fund	October 31, 2019
Commercial Excess Liability Policy	October 31, 2019
All Agency Protective Liability	June 1, 2019
Paratransit and Non-Revenue Vehicle Policies	March 1, 2020
Premises Liability	December 7, 2019
Builder's Risk	Various
Owner Controlled Insurance Programs	Various

The information under the caption "REGULATORY, EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – INSURANCE – Property Insurance Program" appearing on pages 195-196 of the ADS is deleted and replaced with the following:

Property Insurance Program

Property Insurance. Effective May 1, 2019, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2019, 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 $575 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. 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 $575 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $125 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 23, 2017 to April 30, 2020. The expanded protection is reinsured by MetroCat Re Ltd. 2017-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2017-1 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 81% of "certified" losses in 2019 and 80% of "certified" losses in 2020, as covered by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA") of 2015. The remaining 19% (2019), and 20% (2020) 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 $180 million in 2019, and $200 million in 2020. The United States government's reinsurance is in place through December 31, 2020.

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) 19% of any "certified" act of terrorism up to a maximum recovery of $204.3 million for any one occurrence and in the annual aggregate during 2019 and 20% of any "certified" act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate during 2020, (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 $180 million TRIPRA trigger up to a maximum recovery of $180 million for any occurrence and in the annual aggregate during 2019 or 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 during 2020.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $204.3 million in 2019, and $215 million in 2020. 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 at midnight on May 1, 2020.

The information under the caption "REGULATORY, EMPLOYMENT, INSURANCE AND LITIGATION MATTERS – INSURANCE – FMTAC Excess Loss Fund" relating to the *Nickens, Syncire v. NYCTA* and *Robert Licaga v. NYCTA* cases appearing on page 201 of the ADS is deleted and replaced with the following:

- *Nickens, Syncire v. NYCTA*. On August 25, 2013, the 11 year old plaintiff was riding a bicycle with no working brakes on the sidewalk near the intersection of Weldon and Crescent Streets in Brooklyn, when he came in contact with and was injured by a MTA New York City Transit bus traveling on Crescent Street. MTA New York City Transit has settled the case for $6,000,000, within MTA New York City Transit's self-insured retention.

- *Robert Liciaga v. NYCTA*. On April 10, 2016, Robert Liciaga, then 23 years old, rode his bike through a cordoned off construction site beneath the elevated subway line on Broadway in Bushwick, Brooklyn. MTA New York City Transit was removing rotted cross ties and lowering them into a designated "drop zone." Plaintiff was hit by a discarded tie that was dropped from the elevated subway line to the ground per MTA New York City Transit work protocol. He sustained severe and permanent injuries including paraplegia and is now confined to a long-term care facility.

  A Kings County jury found the MTA New York City Transit 100% at fault, and returned with a damage award of $110,174,972. MTA New York City Transit intends to make a post-trial motion to set aside the verdict and, if necessary, an appeal.

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