

MTA ANNUAL DISCLOSURE STATEMENT SUPPLEMENT
October 3, 2019

This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Supplement (the “Supplement”) is dated October 3, 2019, supplements the information contained in the Annual Disclosure Statement (the “ADS”) dated April 30, 2019, as supplemented on June 26, 2019, and as updated by a First Quarterly Update, dated August 2, 2019, and contains information only through its date. Terms not otherwise defined in this Supplement have the meanings set forth in the ADS, as previously supplemented. 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.

MTA Proposed \$51.5 Billion 2020-2024 Capital Plan Together with Certain Amendments to 2010-2014 Capital Program and the 2015-2019 Capital Program

On September 16, 2019, MTA management released its proposed 2020-2024 Capital Plan (“Proposed 2020-2024 Capital Plan” or “Plan”). The MTA Board approved the 2020-2024 Capital Plan on September 25, 2019, and if approved by the MTA Capital Program Review Board (“CPRB”), the Plan would authorize new capital spending of \$40 billion for MTA New York City Transit, \$10.4 billion for MTA Long Island Rail Road and MTA Metro-North Railroad. The Plan was submitted to the CPRB on October 1, 2019. The \$3.3 billion plan for MTA Bridges & Tunnels improvements is approved and is not subject to CPRB approval.

The Proposed 2020-2024 Capital Plan (exclusive of MTA Bridges & Tunnels), if approved and implemented, would invest \$51.5 billion in the region’s subways, buses and railroads, building on the progress of the Subway Action Plan, and create a faster, more accessible, and more reliable public transportation system. The proposed level of investment is the highest in the MTA’s history, increasing spending on infrastructure by 70% over current levels.

The Plan proposes to invest more than \$40 billion in MTA New York City Transit’s subways and buses alone. Highlights of the proposal include:

MTA New York City Transit/Subways (\$37.3 billion). The Plan would modernize the subways by adding capacity, increasing reliability, and accelerating accessibility. The program includes full funding for Phase 2 of the Second Avenue Subway from a mixture of federal and MTA sources. System-wide priority initiatives funded by the Plan include signal modernization, new subway cars, station accessibility, station improvements, and track replacement.

- *Signal Modernization (\$7.1 billion).* This project is expected to make service more frequent and reliable. It would directly benefit six subway lines, including the Lexington Avenue Line, serving more than 50% of MTA New York City Transit subway patrons.
- *Subway Cars (\$6.1 billion).* 1,900 new subway cars would join the subway car fleet, modernizing the customer environment and improving mechanical reliability.
- *Station Accessibility (\$5.2 billion).* 70 stations would be made accessible in accordance with the Americans with Disabilities Act so that no customer would be more than two stations away from an accessible station; stations serving over 60% of passengers would be accessible. Four of these stations would be accelerated into the current 2015-2019 Capital Plan.
- *Station Improvements (\$4.1 billion).* MTA would perform renewal work addressing components in need of critical repair at about 175 stations, including replacement of 78 elevators and 65 escalators.

- *Track Upgrades (\$2.6 billion)*. MTA New York City Transit would replace 60 miles of track and install 20 miles of continuous welded rail, to create a quieter ride and with fewer broken rails.
- *Second Avenue Subway Phase 2 (\$4.55 billion)*. The Plan includes the net major component of the Second Avenue Subway project, which would be financed with approximately 50% federal funds and 50% MTA resources. The MTA would build three new fully accessible stations serving 300,000 daily riders across the Second Avenue Subway line, and a new connection with MTA Metro-North Railroad.

MTA Bus (\$3.5 billion). The Plan includes more than 2,400 new buses, depot improvements and customer experience upgrades. It accelerates the transition to a fleet composed fully of zero-emissions electric buses.

- *Replacement and Additional Buses (\$2.5 billion)*. MTA would replace more than 2,200 of the oldest buses, including with electric, hybrid and compressed natural gas buses, and expand the fleet size by more than 175 buses. MTA proposes investing \$1.1 billion to modify depots for electric bus operations, and to purchase 500 electric buses, including replacement buses and some additional buses. The program will enable MTA to acquire only electric buses beginning in 2029.
- *Customer Experience Improvements (\$109 million)*. MTA Bus would accelerate the rollout of on-board digital information screens to provide real-time service information, add bus lane cameras that improve traffic enforcement, and add equipment for traffic signal priority.

Highlights of the Proposed 2020-2024 Capital Plan for the MTA's commuter railroads include:

MTA Long Island Rail Road (\$5.7 billion). The Proposed 2020-2024 Capital Plan would make the investments necessary to enable a transformation of the MTA Long Island Rail Road by the planned December 2022 opening of East Side Access and Main Line Expansion. East Side Access will allow more than 160,000 daily customers to travel to Grand Central Terminal, saving commuters up to 40 minutes per day. Main Line Expansion will add a third track on 10 miles of the Main Line corridor, used by 40% of MTA Long Island Rail Road customers. Priority investments in the Plan include track, station improvements, signals and switches, and rolling stock.

- *Track Upgrades (\$1 billion)*. MTA Long Island Rail Road would install concrete ties and continuous welded rail to increase durability, reliability and customer comfort. The railroad will upgrade and reconfigure infrastructure at Jamaica to improve reliability, which is expected to bring more than 90% of track assets to a state of good repair.
- *Station Accessibility and Improvements (\$910 million)*. MTA Long Island Rail Road would make seven additional stations accessible in accordance with the Americans with Disabilities Act; 93% of stations, serving 97% of customers, would be

accessible. MTA Long Island Rail Road would bring component work and upgrades benefitting up to half of all riders to more than 20 stations, including platform, elevator and escalator replacements.

- *Signals and Switches (\$364 million)*. In accordance with MTA Long Island Rail Road Forward Plan to accelerate infrastructure renewal and improve train reliability, MTA Long Island Rail Road would replace 32% of switches, 21% of track circuits and 11% of grade crossing equipment at the locations with highest maintenance needs. The railroad would upgrade signals and interlockings on three branches that are technologically obsolete.
- *Rolling Stock (\$487 million)*. The Plan calls for the purchase of 160 M9A new electric cars, expanding the fleet by 13%. Fleet growth allows for at least 25,000 more seats into Grand Central during the morning rush hour. MTA Long Island Rail Road would purchase nearly 20 coaches and more than 10 locomotives serving the railroad's non-electrified territory.

MTA Metro-North Railroad (\$4.7 billion in New York State). The Proposed 2020-2024 Capital Plan would advance New Haven Line access to Penn Station via four new stations in the Bronx, beginning reconstruction of the Grand Central Terminal train shed and Park Avenue tunnel and viaduct, replacement of MTA Metro-North Railroad fleet of M3 rail cars, improvement of stations, and preparations for capacity improvements on the Harlem Line and Port Jervis Line. It also includes additional funding for the Penn Access project, by creating a MTA Metro-North Railroad connection between the East Bronx and Penn Station.

- *Grand Central Terminal Train Shed and Park Avenue Tunnel and Viaduct (\$895 million)*. MTA Metro-North Railroad will pursue Phase 1 of the replacement of the over 100 year old structures used by more than 700 trains per day and 83% of customers, and will build four new emergency exits. The Grand Central train shed is 75 acres under east Midtown, and the Park Avenue viaduct is 1.8 miles long, from 97th Street to the Harlem River.
- *Stations Accessibility and Improvements (\$621 million)*. MTA Metro-North Railroad would add accessibility improvements at up to four stations, bringing wheelchair access to 78% of stations serving 93% of customers, renew stations on the Harlem Line in the Bronx and southern Westchester County, and make priority component repairs at stations on the upper Hudson Line and upper Harlem Line.
- *Rolling Stock (\$485 million)*. The railroad would initiate replacement of 140 M3 electric cars. New electric cars are expected to improve mechanical reliability of the fleet.
- *West of Hudson Improvements (\$187 million)*. The railroad will pursue the phased construction of core infrastructure needed to allow reverse-peak and better off-peak service, including state-of-good-repair needs, to support the anticipated future increase in daily service.

- *Harlem Line Capacity Improvements (\$184 million).* The Plan would progress infrastructure work to improve reliability and support a future third track on the Harlem Line, including building two new electrical substations, designing three more electrical substations, and relocating and expanding parking at Southeast Station to allow for future Brewster Yard expansion.

Highlights of the Proposed 2020-2024 Capital Plan for MTA Bridges and Tunnels include:

MTA Bridges and Tunnels (\$3.3 billion). The Plan would enable construction of the infrastructure needed for central business district tolling and would provide safety and traffic flow improvements to the MTA Bridges and Tunnels' crossings. The Plan is integrated with other regional transportation programs to build upon the transformative changes and benefits of system-wide cashless tolling, and the continuous bus/HOV lane connecting Staten Island to the Gowanus/Brooklyn-Queens Expressway bus/HOV lane implemented in the 2015-2019 Capital Plan.

- *Verrazzano-Narrows (\$1.1 billion).* MTA Bridges and Tunnels would rebuild Verrazzano-Narrows Bridge approach ramps; the non-standard left-hand exits would be modernized and reconfigured to right-hand exits. The Plan would fund the widening of two miles of the eastbound Belt Parkway.
- *RFK Bridge Upgrades (\$719 million).* MTA Bridges and Tunnels would rebuild the Randall's Island access ramps, and design a widening of the southbound FDR Drive between 125th Street and 116th Street and a new access ramp from the Bruckner Expressway to the RFK Bridge.
- *Throgs Neck Bridge Marine Protection (\$144 million).* New fender systems at the Throgs Neck Bridge's two towers would protect the bridge from accidental collisions related to marine traffic.
- *Henry Hudson Bridge Reconstruction (\$135 million).* Continuing reconstruction of the Henry Hudson Bridge, in combination with the implementation of cashless tolling, is expected to increase safety and reduce travel time for customers.
- *Tunnel Ventilation (\$58 million).* The Plan would allow for the rehabilitation of ventilation/service buildings at the Queens-Midtown Tunnel and the Hugh L. Carey Tunnel, and the design of water mist/fire suppression systems installation to improve safety.

MTA Bridges and Tunnels components of the Proposed 2020-2024 Capital Plan are not subject to approval by the CPRB and are not included in the \$51.5 billion Plan total above.

Paying for the Plan

The single largest proposed source of funds for the Plan – \$25 billion – would come from bonds backed by new revenue streams authorized in this year's State budget, including an

estimated \$15 billion from Central Business District Tolling that was passed by the Legislature and signed into law in April by Governor Cuomo as part of the State's Fiscal Year 2020 budget. MTA projects receiving \$10.68 billion from federal funding programs. Another estimated \$10 billion would come from bonds backed by newly established revenue sources dedicated to public transportation: a progressive tax on high-end real estate sales and a tax on internet transactions in the State. The State has pledged \$3 billion, subject to approval by the Legislature, and the City has been asked to pledge an equal amount. The remaining \$9.8 billion would come from MTA in the form of pay-as-you-go capital contributions and bonds backed by longstanding dedicated taxes, fares and revenues from existing toll revenue.

Transparency and Next Steps

The details of the projects included the Proposed 2020-2024 Capital Plan are available for review on MTA's website at <https://New.mta.info/2020CapitalProgram>.

The Proposed 2020-2024 Capital Plan was reviewed and approved by the MTA Board at its meeting on September 25, 2019 and was submitted on October 1, 2019 to the CPRB for consideration and approval, as required by State law.

Certain proposed amendments to the 2010-2014 Capital Program and the 2015-2019 Capital Program

Proposed 2010-2014 Capital Program Amendment. The proposed amendment to the 2010-2014 Capital Program would reduce the current size of the program by \$327 million from \$32.021 billion to \$31.704 billion. The principal changes are in the Security and Disaster Recovery and the MTA Capital Construction programs. Additional modest changes are also made to Related Entity Core Capital Programs. Overall, the proposed amendment reflects the update of project timing and cost estimates to reflect current assumptions and priorities.

Proposed 2015-2019 Capital Program Amendment. The proposed amendment to the 2015-2019 Capital Program would increase the current size of the program by \$643 million from \$33.270 billion to \$33.913 billion. The CPRB portion of the program would increase from \$30.334 billion to \$30.977 billion, and the MTA Bridges and Tunnels portion would remain unchanged at \$2.936 billion. Changes to the 2015-2019 Capital Program include the following: (a) addition of new projects reflecting new priorities and Board actions; (b) recognition of additional external funding, transfers from prior capital programs, and temporary interagency reallocation of funds reflecting relative timing needs; (c) updated project assumptions reflecting revised cost estimates and timing of ongoing projects; and (d) elements with 10% increases which require CPRB approval.

The proposed amendments to the 2010-2014 Capital Program and the 2015-2019 Capital Program were reviewed and approved by the MTA Board at its meeting on September 25, 2019 and were submitted to the CPRB on October 1, 2019 for consideration and approval, as required by State law.

THERE CAN BE NO ASSURANCE THAT THE PROPOSED MTA 2020-2024 CAPITAL PLAN OR THE PROPOSED AMENDMENTS TO THE 2010-2014 CAPITAL PROGRAM AND THE 2015-2019 CAPITAL PROGRAM WILL BE APPROVED, AS REQUIRED BY THE MTA

CAPITAL PROGRAM REVIEW BOARD, OR APPROVED WITHOUT CHANGES, WHICH COULD BE SUBSTANTIAL. CERTAIN OF THE PROPOSED FUNDING SOURCES NECESSARY TO PAY FOR THE PROPOSED CAPITAL EXPENSES, ARE SUBJECT TO OTHER APPROVALS, MARKET CONDITIONS IN THE MUNICIPAL MARKETS, AND FEDERAL AND STATE APPROPRIATIONS, AND CITY APPROVALS.