



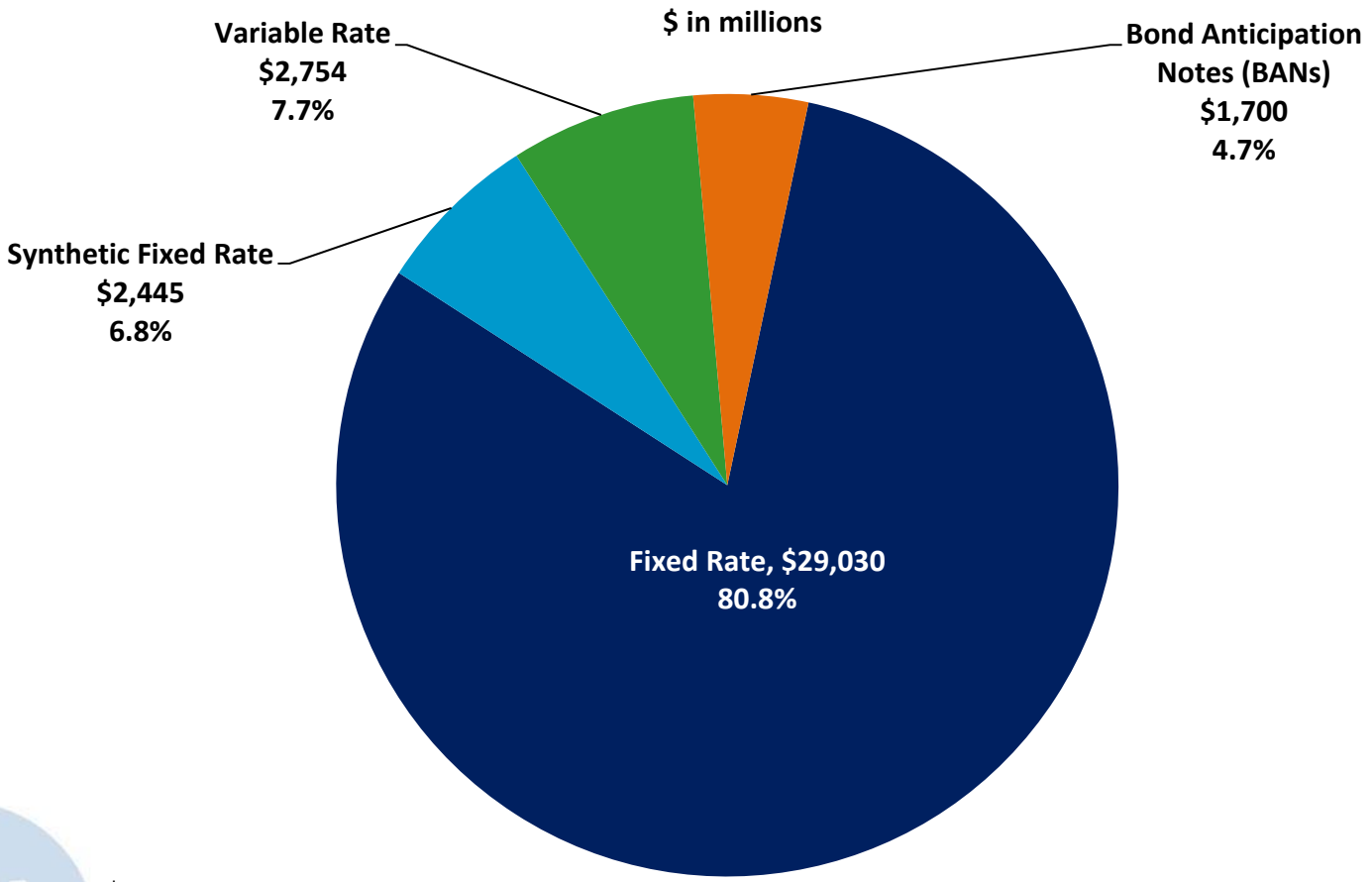
Metropolitan Transportation Authority

**Report to the Finance Committee
2015 Year End Review**

MTA Finance Department
Patrick McCoy, Director
January 25, 2016



\$35.9 billion of Outstanding Debt at All-in True Interest Cost of 3.69%*

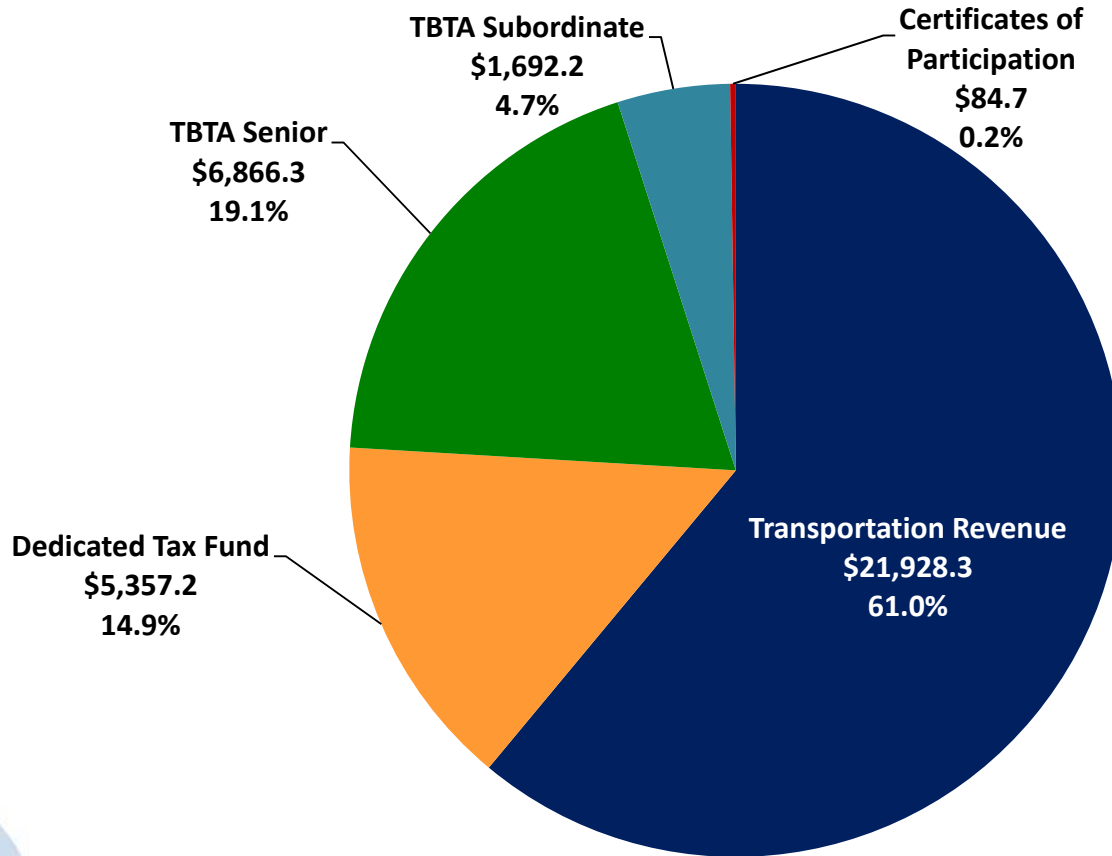


***Notes**

1. Includes 2 Broadway COPs, but excludes \$217.7 million State Service Contract bonds and \$328.4 million Special Obligation bonds
2. As of December 31, 2015
3. Fixed Rate TICs calculated as of issuance of Fixed Rate bonds. Floating Rate TICs calculated from inception including fees. Any Unhedged Variable Rate bonds that have been fixed to maturity are carried at the new Fixed Rate TIC. Synthetic Fixed Rate TICs include average swap rates plus current variable rate fees and estimated basis adjustments for life of swap. Synthetic Fixed Rate TICs do not include benefit of any upfront payments received by MTA. Variable Rate TICs include average remarketed rate plus current variable rate fees

Debt by Resolution

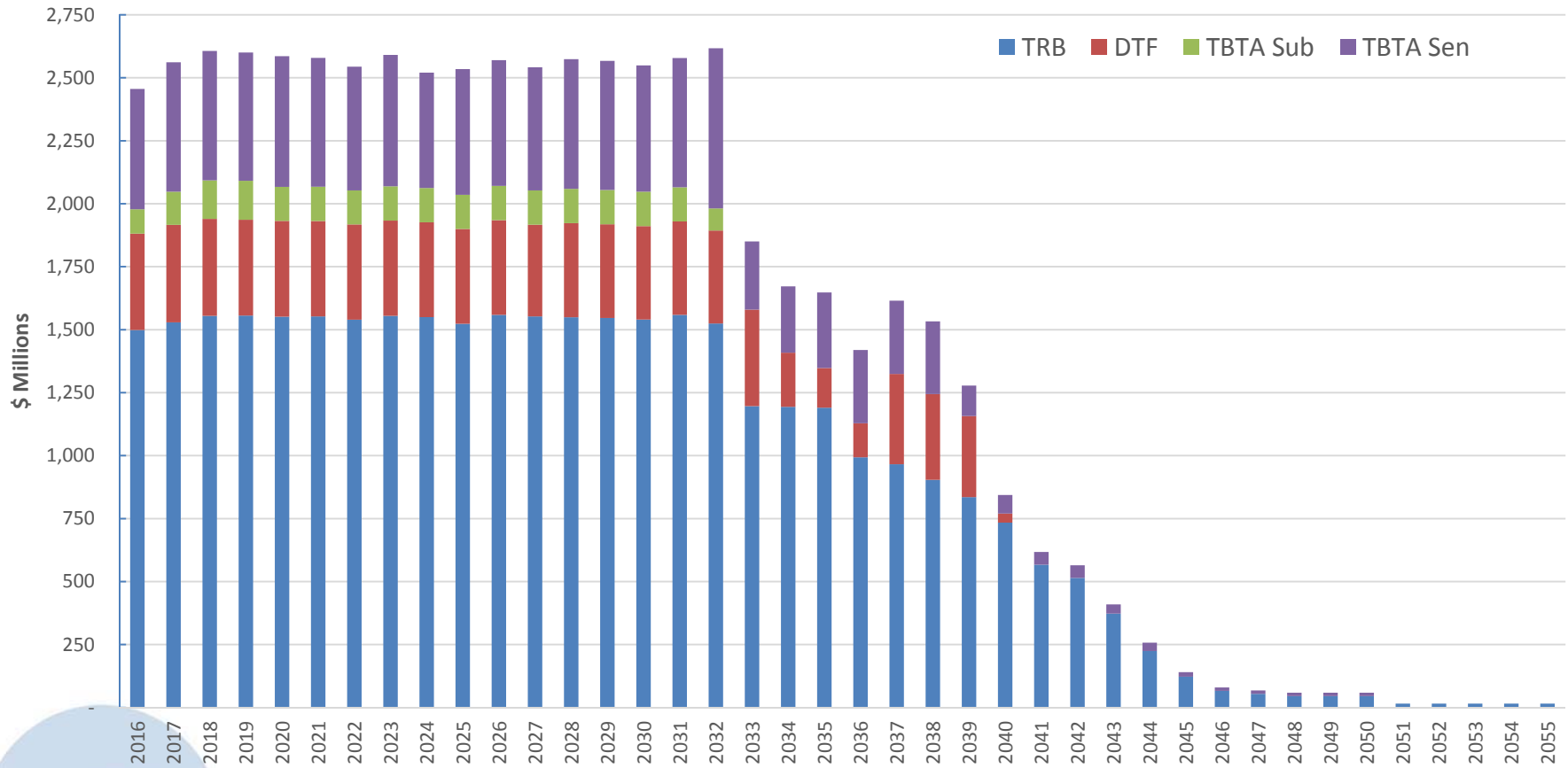
(\$ in millions)



***Notes**

1. As of December 31, 2015
2. Transportation Revenue bonds include \$1.2 billion Transportation Revenue BANs
3. Dedicated Tax Fund bonds include \$500 million in DTF BANs
4. Total excludes \$217.7 million State Service Contract bonds, which debt service is paid by the State, and \$328.4 million Special Obligation bonds

Debt Service on Outstanding Bonds by Credit



Note:

Outstanding COPs (\$84.7 million outstanding par as of 12/31/15), are not reflected on this debt service chart



2015 Market Recap

- **The volume of long-term municipal bonds issued in 2015 was up 17.3% from 2014, to \$397.7 billion**
- **Modest economic growth, coupled with a Fed rate increase at the end of the year, resulted in slightly higher US Treasury rates**
 - The 10 year Treasury yield was at 2.27% at year-end, up from 2.17% a year earlier
 - The 30 year Treasury yield ended 2015 at 3.01%, also up from 2.75% at the end of 2014
- **Mid- and long-term municipal yields declined slightly, while short-term yields saw a slight increase, resulting in a flattening of the yield curve**
 - The 10 year AAA MMD index ended 2015 at 1.92%, down from 2.04% at the end of 2014
 - The 10 year index reached its YTD high of 2.38% on January 30 and its YTD low of 1.72% on June 10
 - The 30 year AAA MMD ended at 2.82% at year-end 2015, down from 2.86% a year earlier
 - The 30 year index reached its YTD high of 3.36% on January 30 and its YTD low of 2.50% on June 10
- **Large inflows to municipal bond funds with a slight 1.58% increase in the overall amount of municipal bonds outstanding also contributed to declining tax exempt rates**



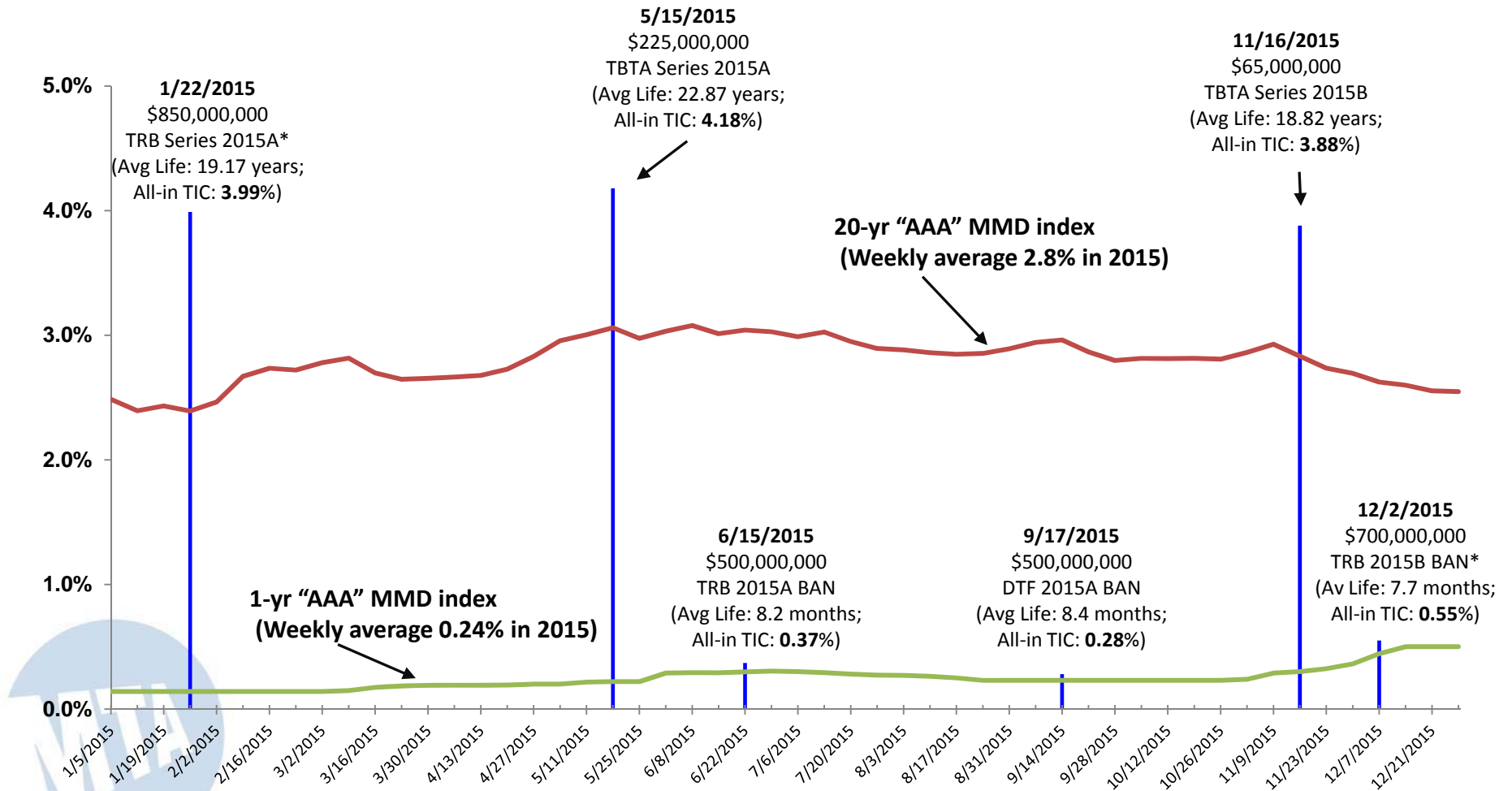
2015 Transactions Summary

- **\$2.9 billion New Money borrowing**
 - \$845 million fixed rate bonds
 - \$250 million floating rate tender notes (FRNs)
 - \$1.7 billion bond anticipation notes (BANS)
 - \$100 million variable rate bonds with bank support
- **Total bond financed capital investments of \$2.62 billion**
- **\$2.16 billion Refunding bonds achieve Present Value savings of \$209.4 million, or 14.7% or par refunded**
 - \$2.3 billion of long term bonds and BANS refunded for savings and debt management
- **\$1.8 billion Remarketing of Tendered Obligations**
 - \$91.1 million remarketed as fixed rate bonds
 - \$225.8 million remarketed as FRNs
 - \$535.4 million remarketed as variable rate debt with bank support in daily mode
 - \$914.4 million remarketed as variable rate debt with bank support in weekly mode
- **\$912.1 million of debt was retired through normal amortization in 2015**
 - Net increase in debt outstanding is \$1.99 billion



Numbers may not total due to rounding

2015 MTA New Money Bond and BAN Issuances



***Notes**

1. TRB Series 2015A included subseries of \$600 million fixed rate and \$250 million FRNs, all-in TIC reflects both subseries
2. Series TRB 2015B BANS included \$72 million federally taxable BANS, all-in TIC includes tax-exempt and taxable BANS

Advantages of BAN Issuance Financing Strategy

- **Transparency**
 - Provides insight into the assets being financed
- **Better match of assets and linked debt liability**
 - When retiring BANs, MTA will seek to issue longer for the specified assets with longer useful lives, thus providing a better match of those who benefit from the asset and those who pay for the asset
- **Low cost short-term financing**
 - Attractive pricing using a competitive method of sale
- **Example:**
 - For TBTA 2015A transaction, the assets funded by BAN proceeds had an average useful life of more than 40 years, so TBTA was better able to attain an asset/liability match by issuing a 35 year bond, with a level debt structure to retire the BANs



2015 Competitive Bid Results – BAN Transactions

BAN Series	Par Amount	Bid Winners	All-in TIC	Average Life	Final Maturity
TRB 2015A	\$40,000,000	FTN	0.37%	8.2 months	3/1/2016
	\$100,000,000	Goldman Sachs			
	\$360,000,000	Bank of America Merrill Lynch			
DTF 2015A	\$200,000,000	Morgan Stanley	0.28%	8.4 months	6/1/2016
	\$30,000,000	Goldman Sachs			
	\$10,000,000	FTN			
	\$75,000,000	JP Morgan			
	\$50,000,000	Wells Fargo			
	\$30,000,000	Citi			
	\$35,000,000	RBC			
	\$70,000,000	Bank of America Merrill Lynch			
TRB 2015B*	\$62,000,000	Goldman Sachs	0.55%	7.7 months	2/1/2018
	\$32,000,000	PNC			
	\$10,000,000	Citi			
	\$50,000,000	TD Securities			
	\$100,000,000	Bank of America Merrill Lynch			
	\$205,000,000	Wells Fargo			
	\$198,000,000	JP Morgan			
	\$20,000,000	FTN			
	\$23,000,000	Morgan Stanley			



*Note: \$72 million of the TRB 2015B BAN Series was issued as federally taxable

2015 Variable Rate Transaction Results

<u>Bond Series</u>	<u>Par Amount</u>	<u>Mode</u>	<u>FRN Rate</u>	<u>FRN Reset Date/Bank</u> <u>Facility Expiration</u>
TBTA 2005B-4a	27,900,000	FRN	67% of LIBOR+30bp	11/1/2016
TBTA 2003B-1	85,270,000	Weekly	N/A	1/26/2018
TBTA 2003B-3	54,555,000	Daily	N/A	1/26/2018
TBTA 2005B-2	193,100,000	Daily	N/A	1/26/2018
TBTA 2005B-3	193,100,000	Weekly	N/A	6/29/2018
TBTA 2001C	122,565,000	Weekly	N/A	8/17/2018
TRB 2005E-1	100,000,000	Daily	N/A	8/24/2018
TRB 2005E-3	75,000,000	Weekly	N/A	8/24/2018
TRB 2015E-1	100,000,000	Daily	N/A	9/7/2018
TRB 2015E-2	250,000,000	Weekly	N/A	9/7/2018
TRB 2015E-3	200,000,000	Weekly	N/A	9/7/2018
TRB 2015E-4	50,000,000	Weekly	N/A	9/7/2018
TRB 2015E-5	50,000,000	Daily	N/A	9/7/2018
TBTA 2002F	187,695,000	Daily	N/A	11/1/2018
TRB 2002G-1g	42,550,000	Weekly	N/A	11/1/2018
TRB 2012G-2	125,000,000	Weekly	N/A	11/1/2018
TBTA 2005B-4d	43,800,000	FRN	67% of LIBOR+58bp	12/1/2018
TBTA SUB 2013D-2a Taxable	58,020,000	Weekly	N/A	12/14/2018
TBTA SUB 2013D-2b Taxable	90,450,000	Weekly	N/A	12/14/2018
TRB 2012A-3	50,000,000	FRN	SIFMA+50bp	4/1/2019
TBTA 2003B-2	46,050,000	FRN	67% of LIBOR+35bp	12/3/2019
TBTA 2005A	122,420,000	Weekly	N/A	1/28/2020
TRB 2015A-2	250,000,000	FRN	SIFMA+58bp	6/1/2020
	<u>2,517,475,000</u>			



Note: During 2015, SIFMA averaged 0.326%; 1 month LIBOR averaged 0.201%; only most recent remarketing reflected for subseries

2015 Rating Agency Outreach

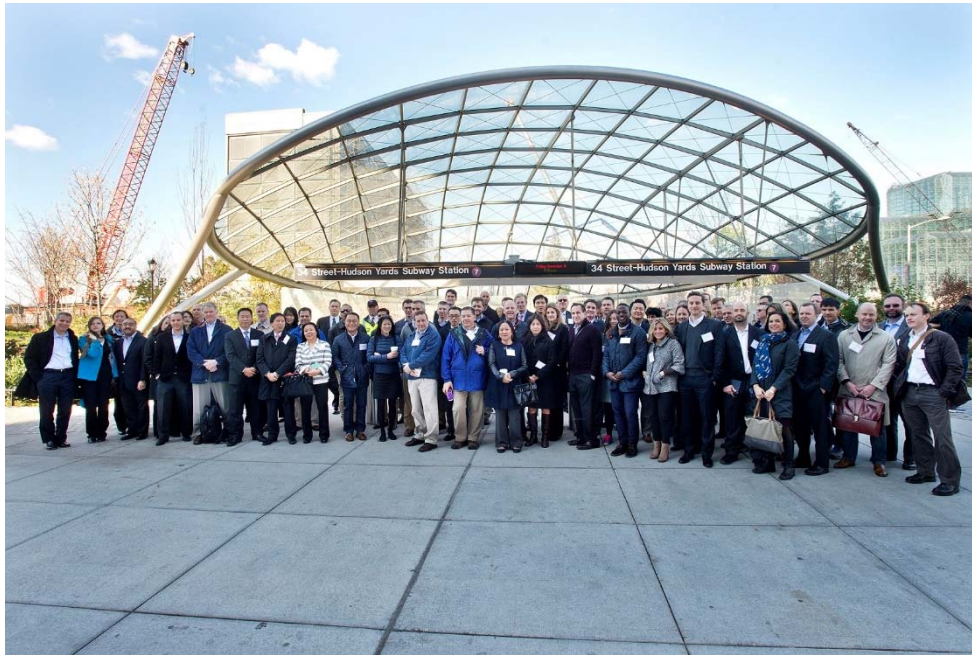
- Year-round, regular communications and updates, including briefings and materials on MTA’s Financial Plans, Capital Program, and Annual CCDF
- Early 2015: MTA presented and met with Kroll Bond Rating Agency to engage a new rating of MTA’s Transportation Revenue bonds
 - ✓ May 8, 2015, Kroll assigned ‘**AA+**’ to MTA’s Transportation Revenue bonds
- Spring 2015: MTA presented and met with Moody’s to push for an upgrade of Transportation Revenue bonds rating
 - ✓ July 10, 2015, Moody’s upgraded MTA’s Transportation Revenue bonds to ‘**A1**’ from ‘**A2**’
- June 8, 2015: MTA presented and met with Fitch Ratings to discuss their methodology for reviewing Transportation Revenue bonds
- June 23, 2015: MTA participated in Moody’s Infrastructure Roundtable on the Tri-State Region
- July 31, 2015: Fitch upgraded MTA’s Dedicated Tax Fund bonds to ‘**AA**’ from ‘**AA-**’
- Fall 2015: MTA/TBTA meets with Moody’s to discuss and review ratings on TBTA General and Subordinate bonds, per Moody’s Toll Methodology

Credit	Moody’s	S&P	Fitch	Kroll
Transportation Revenue	A1 Stable	AA- Stable	A Stable	AA+ Stable
Dedicated Tax Fund	NAF*	AA Stable	AA Stable	NAF*
TBTA – General Resolution	Aa3 Stable	AA- Stable	AA- Stable	AA Stable
TBTA – Subordinate Resolution	A1 Stable	A+ Stable	A+ Stable	AA- Stable



* NAF – Not applied for

2015 Investor Outreach



- March 2015: MTA Finance Department met for 1:1 meeting with institutional investors visiting NYC
- April 15 – 16, 2015: MTA Finance Department presented at the J.P. Morgan Public Finance Transportation & Utility Conference and hosted 1:1 meetings with institutional investors
- May 2015: MTA Finance Department Director, Pat McCoy, conducted a video interview for the Bond Buyer's website on the topic of municipal bonds and MTA's debt portfolio
- November 13, 2015: MTA hosted an Investor Tour and Conference, which included over 80 attendees
 - Participants traveled to the event from NY, CT, MD, MA, DE, NJ, PA, IL, NH, and WI
 - Attendees included some of MTA's largest institutional investors, professional retail investors, liquidity banks, and underwriters
 - In addition, analysts from the four credit rating agencies participated



2016 Financing Quarterly Calendar

(\$ in millions)

Purpose	Q1	Q2	Q3	Q4	Total
New Money ⁽¹⁾	\$1,000	\$700	\$700	\$700	\$3,100
Retire Outstanding BANs	500	500	652	-	1,652
Remarketing ⁽²⁾	150	50	-	213	413
Refunding ⁽³⁾	-	23	-	1,103	1,126
Total	\$1,650	\$1,273	\$1,352	\$2,016	\$6,291

All information in the 2016 Financing Quarterly Calendar is preliminary and subject to change.

Notes:

1. Bond issuance for approved Capital Programs, including the 2015-2019 Capital Program; new money obligations may be issued as bonds or BANs
2. FRNs and VRDBs with mandatory put dates or liquidity facility expiration dates in 2016
3. Fixed rate bonds callable in May and November of 2016
4. Numbers may not total due to rounding



2016 Remarketing Outlook

Credit	Subseries	CUSIP	Par Outstanding (\$ in millions)	Mode	Liquidity Type	Liquidity Provider	Liquidity Exp/ Put Date/BAN Maturity
Trans Rev	2015A-1	59259Y5L9	20.00	BAN			3/1/2016
Trans Rev	2015A-2	59259Y5M7	20.00	BAN			3/1/2016
Trans Rev	2015A-3	59259Y5N5	100.00	BAN			3/1/2016
Trans Rev	2015A-4	59259Y5P0	360.00	BAN			3/1/2016
DTF	2002B-1	59259NP49	150.00	Weekly VRDB	LOC	State Street	3/28/2016
Trans Rev	2012A-2	59259YLZ0	50.00	SIFMA FRN			5/15/2016
DTF	2015A-1	59259NY80	200.00	BAN			6/1/2016
DTF	2015A-2	59259NZ55	30.00	BAN			6/1/2016
DTF	2015A-3	59259NZ48	10.00	BAN			6/1/2016
DTF	2015A-4	59259NZ22	75.00	BAN			6/1/2016
DTF	2015A-5	59259NY64	50.00	BAN			6/1/2016
DTF	2015A-6	59259NZ30	30.00	BAN			6/1/2016
DTF	2015A-7	59259NY98	35.00	BAN			6/1/2016
DTF	2015A-8	59259NY72	70.00	BAN			6/1/2016
Trans Rev	2015B-1a	59259Y7Y9	50.00	BAN			8/1/2016
Trans Rev	2015B-1b	59259Y7U7	20.00	BAN			8/1/2016
Trans Rev	2015B-1c	59259Y7Z6	10.00	BAN			8/1/2016
Trans Rev	2015B-1d	59259Y8C6	50.00	BAN			8/1/2016
Trans Rev	2015B-1e	59259Y8J1	100.00	BAN			8/1/2016
Trans Rev	2015B-1f	59259Y7W3	205.00	BAN			8/1/2016
Trans Rev	2015B-1g	59259Y8F9	150.00	BAN			8/1/2016
Trans Rev	2015B-1h	59259Y8A0	20.00	BAN			8/1/2016
Trans Rev	2015B-1i	59259Y7V5	23.00	BAN			8/1/2016
Trans Rev	2015B-2a	59259Y7X1	12.00	BAN (Taxable)			8/1/2016
Trans Rev	2015B-2b	59259Y8B8	12.00	BAN (Taxable)			10/1/2016
DTF	2008B-3b	59259NX73	54.47	SIFMA FRN			11/1/2016
Trans Rev	2002G-1h	59259YJ75	56.89	67% LIBOR FRN			11/1/2016
Trans Rev	2012G-3	59259VVG1	75.00	67% LIBOR FRN			11/1/2016
TBTA Gen	2005B-4a	89602N4M3	27.00	67% LIBOR FRN			11/1/2016
Total			\$ 2,065.36				



Appendix

1. Bond Financed Capital Investments in 2015
2. 2015 Debt Issuance and Remarketing Activity
3. 2015 Cost of Issuance Summary



Bond Financed Capital Investments in 2015

- MTA financed \$2.62 billion in capital expenditures from bond proceeds in 2015

- **Capital Construction (\$913.9million)***

- East Side Access (\$541.7 million)
 - \$176 million for Manhattan North and Manhattan South Structures
 - \$63 million for Harold Structure and Interlocking
- Second Avenue Subway (\$338.8 million)
 - \$86 million for Construction of 96th St Station.
 - \$82 million for Construction of 72nd St Station

- **New York City Transit/SIR/MTA Bus (\$1,109.3 million)**

- \$79 million for Line Equipment and Line Structures
- \$232 million of Passenger Stations
- \$327 million for Signals and Communications, including \$50 million for Help Points
- \$332 million for new Express, Articulated, Standard and CNG buses
- \$60 million for Depot Rehab, Reconstruction and Improvements

- **Commuter Railroads (\$291.0 million)**

- LIRR (\$163.3 million)
 - \$20 million for Stations
 - \$30 million for Line Structures
 - \$18 million for M9 Rolling Stock procurement
- MNR (\$117.7 million)
 - \$32 million for Harmon Shop improvements
 - \$17 million for Power improvements
 - \$27 million for Stations

- **Bridges and Tunnels (\$298.0 million)****

- \$117 million for Verrazano-Narrows Bridge Roadways, Decking and Structural Painting
- \$59 million for RFK Bridge Roadways, Ramps and Decks
- \$25 million for Bronx Whitestone Deck Replacement and Lighting



Notes:

*Includes Lower Manhattan Projects, Security and Administration

**Does not reflect expenditures on projects related to Superstorm Sandy

2015 Debt Issuance and Remarketing Activity

Settlement Date	Credit	Series	Amount	Structure	Senior/Co-Senior Manager	Purpose	Assignment Basis
1/22/2015	TRB	2015A	\$ 850,000,000	Fixed	JP Morgan/The William Capital Group	NewMoney	Rotation
5/15/2015	TBTA	2015A	180,335,000	Fixed	Loop Capital/Academy Securities	NewMoney	Rotation
6/26/2015	TRB	2015A	500,000,000	BAN	Competitive BAN	NewMoney	N/A
9/10/2015	TRB	2015E-4	50,000,000	Weekly VRDB	Loop Capital	NewMoney	Merit
9/10/2015	TRB	2015E-5	50,000,000	Daily VRDB	US Bank	NewMoney	Merit
9/17/2015	DTF	2015A	500,000,000	BAN	Competitive BAN	NewMoney	N/A
11/16/2015	TBTA	2015B	65,000,000	Fixed	Loop Capital/Morgan Stanley/Siebert/Ramirez, The Williams Capital Group	NewMoney	Merit
12/10/2015	TRB	2015B	700,000,000	BAN	Competitive BAN	NewMoney	N/A
Subtotal - New Money			2,895,335,000				
3/19/2015	TRB	2015B	275,055,000	Fixed	BofAML/Citi, Duncan Williams-Oppenheimer, KeyBank	Refunding	Merit
5/15/2015	TBTA	2015A	44,650,000	Fixed	Loop/Academy Securities	Refunding	Rotation
8/18/2015	TRB	2015C	550,000,000	Fixed/Put Bond	Siebert/Morgan Stanley/BoafAML, JP Morgan, Ramirez & Co., Inc.	Refunding	Merit
9/10/2015	TRB	2015E-1	100,000,000	Daily VRDB	US Bank	Refunding	Merit
9/10/2015	TRB	2015E-2	250,000,000	Weekly VRDB	Citi	Refunding	Merit
9/10/2015	TRB	2015E-3	200,000,000	Weekly VRDB	Citi	Refunding	Merit
9/17/2015	TRB	2015D	407,695,000	Fixed/Put Bond	Goldman Sachs/Citi/Loop/RBC	Refunding	Merit
12/17/2015	TRB	2015F	330,430,000	Fixed	BofAML/Drexel Hamilton, Stern Brothers & Co.	Refunding	Merit
Subtotal - Refunding			2,157,830,000				
1/28/2015	TBTA	2003B-1	85,270,000	Weekly VRDB	PNC	Remarketing	Merit
1/28/2015	TBTA	2003B-2	46,050,000	FRN	Competitive	Remarketing	N/A
1/28/2015	TBTA	2003B-3	54,555,000	Daily VRDB	Wells	Remarketing	Merit
1/28/2015	TBTA	2005A	122,420,000	Weekly VRDB	TD Bank	Remarketing	Merit
1/28/2015	TBTA	2005B-2	193,100,000	Daily VRDB	Wells	Remarketing	Merit
2/2/2015	TBTA	2013D-2a	58,020,000	FRN	Jefferies	Remarketing	Existing Assignment
4/2/2015	TRB	2012A-3	50,000,000	FRN	Competitive	Remarketing	N/A
7/1/2015	TBTA	2005B-3	193,100,000	Weekly VRDB	Morgan Stanley	Remarketing	Merit
8/20/2015	TBTA	2001C	122,565,000	Weekly VRDB	Morgan Stanley	Remarketing	Merit
8/27/2015	TRB	2005E-1	100,000,000	Daily VRDB	Jefferies	Remarketing	Merit
8/27/2015	TRB	2005E-3	75,000,000	Weekly VRDB	Loop Capital	Remarketing	Merit
10/28/2015	TBTA	2002F	187,695,000	Daily VRDB	JP Morgan	Remarketing	Existing Assignment
11/2/2015	TRB	2012G-2	125,000,000	Weekly VRDB	TD Securities	Remarketing	Merit
11/2/2015	TRB	2002G-1g	42,550,000	Weekly VRDB	Goldman	Remarketing	Merit
11/16/2015	TBTA	2008B-3	91,140,000	Fixed	Loop Capital	Remarketing	Merit
11/19/2015	TBTA	2005B-4a	27,900,000	FRN	Morgan Stanley/Siebert	Remarketing	Merit
11/19/2015	TBTA	2005B-4d	43,800,000	FRN	Morgan Stanley/Siebert	Remarketing	Merit
12/17/2015	TBTA	2013D-2a	58,020,000	Weekly VRDB	BofAML	Remarketing	Merit
12/17/2015	TBTA	2013D-2b	90,450,000	Weekly VRDB	BofAML	Remarketing	Merit
Subtotal - Remarketing			1,766,635,000				
Total 2015 Transactions			\$ 6,819,800,000				



2015 Cost of Issuance Summary

	New Money	Refunding	Remarketing	Total
NYS Bond Issuance Fee ⁽¹⁾	\$17,201,965	-	N/A	\$17,201,965
Underwriter's Discount ⁽²⁾	4,856,049	7,469,983	1,001,742	13,327,773
Bond Counsel	648,509	678,130	1,050,698	2,377,337
Disclosure Counsel	440,961	145,320	401,454	987,736
Financial Advisor Fee	297,500	402,500	-	700,000
Swap Advisor Fee	-	-	-	-
Rating Agency Fees	1,307,210	1,017,543	668,000	2,992,753
LOC Counsel	-	1,649	450,483	452,133
Bond Insurance	-	-	-	-
Accounting Fees ⁽⁴⁾	-	-	-	-
Trustee	39,000	10,000	65,000	114,000
Printing and Distribution	44,511	16,809	30,983	92,303
Miscellaneous ⁽³⁾	103,597	3,500	1,049	108,146
Total	\$24,939,303	\$9,745,434	\$3,669,409	\$38,354,146

1. NYS Bond issuance fee (BIC) of \$8.40 per \$1,000 issued is charged for new money and refunding transactions, not on remarketing transactions; BIC fees in 2015 were waived by NYS DOB on all refunding transactions
2. Underwriter's Discount includes fees paid to Underwriters, Underwriter's Counsel, and other expenses
3. Miscellaneous includes: Independent Engineer, Verification Agent and TM3 wire fees
4. Accounting fees on MTA/TBTA bond issues was eliminated beginning 1/1/2015

- M/WBE firms are anticipated to earn \$3,887,860 or 37.06% of total compensation (underwriters discount net of expenses), for State Fiscal Year 2015-16
- SDVOB firms are anticipated to earn \$672,554 or 6.41% of total compensation (underwriters discount net of expenses), for State Fiscal Year 2015-16

