

**MTA ANNUAL DISCLOSURE STATEMENT SUPPLEMENT**  
**March 18, 2020**

**This Metropolitan Transportation Authority (“MTA”) Annual Disclosure Statement Supplement (the “Supplement”) is dated March 18, 2020, supplements the information contained in the Annual Disclosure Statement (the “ADS”) of MTA, dated April 30, 2019, as supplemented on June 26, 2019, October 3, 2019 and on March 12, 2020, and as updated by a First Quarterly Update, dated August 2, 2019, a Second Quarterly Update, dated November 22, 2019 and a Third Quarterly Update, dated March 12, 2020 (the “Third Quarterly Update”), and contains information only through its date. This Supplement provides information relating to the worsening impact on MTA ridership, traffic and revenues attributable to the Coronavirus pandemic. 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.**

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**Update Regarding Impacts From the Coronavirus Pandemic**

The information set forth under the heading “Potential Impacts from Global Coronavirus Outbreak and Public Health Threats” in the Third Quarterly Update is revised to read as set forth below. Additionally, MTA intends to provide regular updates on EMMA and MTA’s website of the continued impacts of the COVID-19 pandemic on MTA, particularly on its finances.

*Impacts from Global Coronavirus Outbreak.* The current novel coronavirus (“COVID-19”) outbreak is having an adverse and severe impact on MTA’s financial condition and operating results. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus was first detected in China and has since spread globally, including to the United States and to New York State. On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. Currently, the COVID-19 pandemic has dramatically altered the behavior of businesses and people in a manner that is having negative effects on global and local economies. In addition, stock markets in the U.S. and globally, have seen significant declines attributed to concerns over COVID-19, and capital markets are disrupted. These adverse impacts are intensifying and continue to evolve daily globally, nationally, within the State and MTA’s service area. On March 7, 2020 Governor Cuomo declared a Disaster Emergency in the State of New York and on March 13, 2020 President Trump declared a national state of emergency as a result of the COVID-19 pandemic.

Recent substantial declines in ridership and traffic in response to the COVID-19 pandemic have already been observed and have become more severe daily. There remains a high risk for further reductions in ridership and people may permanently alter their commutation behavior after this crisis based on their telecommuting experience during the COVID-19 crisis. MTA noted the following declines based upon preliminary numbers highlighting the available data from March 12, 2020 and comparing to March 16 and 17, 2020 as shown. Percentage ridership and traffic declines for such dates by agency from the comparable dates in 2019 are:

	<u>March 12<sup>th</sup></u> <u>% Decline in Ridership</u>	<u>March 16<sup>th</sup> (March 17<sup>th</sup></u> <u>for LIRR/MNR)</u> <u>% Decline in Ridership</u>
Subways	18.65%	59.86%
New York City Transit Bus	14.37	48.33
MTA Bus	18.91	51.31
Metro North Railroad (a.m. peak)	48.00	90.00
Long Island Rail Road (a.m. peak)	31.00	67.00
MTA Bridges and Tunnels (Preliminary Traffic Count)	6.71	20.57

Further impacts to MTA and its Related Entities associated with the COVID-19 pandemic include, but are not limited to, costs and challenges to MTA and its Related Entities’ operations and health risks to MTA employees. MTA and its Related Entities are continuing to provide regular service on all of their public transportation and commuter rail system and on its bridge and

tunnel crossings as of the date of this Supplement. However, if the observed ridership and traffic declines are sustained or deteriorate further, additional interventions will need to be considered by MTA, which may include, among other measures, temporary service adjustments.

Preliminary revenue data is available through March 16 and 17, 2020. The current weekly revenue loss for MTA as against the February Plan projections, as of today's date, is estimated to be \$87 million, and if extrapolated out for a full fiscal year, at the current level of ridership and traffic loss, could result in an estimated MTA-wide revenue loss of in excess of \$4.5 billion. While we cannot estimate the duration of the pandemic and the reduced use of MTA services, if the current levels are sustained for six months, and then followed by a gradual six-month return to pre-pandemic ridership and traffic levels, the estimated revenue loss could reach \$3.7 billion. There is no assurance that such levels of ridership and traffic decline will not deteriorate further or on the positive side, that the COVID-19 emergency will not subside and ridership and traffic improves differently than this assumption.

The impacts of the COVID-19 pandemic on MTA's financial condition are clearly severe and, as noted, may deteriorate further. MTA needs to address this financial emergency in at least two directions, namely (i) assuring short and intermediate term liquidity needs of the MTA and its operating entities, and (ii) longer term or permanent solutions, bearing in mind that the reductions in current and projected revenues will not be made up in terms of cash impact, even if intermediate or longer term ridership and traffic are fully restored to pre-crisis levels.

MTA currently has liquidity resources in the approximate amount of \$3.86 billion, consisting of a current running cash balance of \$1.398 billion; internal available flexible funds of \$1.139 billion, OPEB resources of \$325 million and in-place commercial bank lines of credit totaling \$1 billion (which will be fully drawn down on March 20, 2020). These funds provide a temporary funding "bridge" to a permanent solution to the lost revenue and higher expenses. They must be repaid or replaced. Use of these monies will leave MTA with a significant gap in funding for both the operating budget and capital plan over the longer term and will likely result in additional debt issuance and unfunded operating needs. Longer-term resource options to address the COVID-19 pandemic impacts, may include, but are not limited to, (i) replacing programmed pay-as-you-go capital funds of up to \$1.64 billion with long term bonding, (ii) various restructuring debt options generating potential resources of over \$1.79 billion depending upon market conditions and other matters, and (iii) applying new, federal FTA grant flexibility rules to use an estimated \$655 million in the current federal fiscal year for operating relief in the emergency.

The previously discussed options would come at a cost, including increased longer-term borrowing and potential adverse impacts on the timing of MTA initiatives to improve its systems.

Finally, as is provided in the February Plan, MTA relies upon approximately \$6.4 billion in State and local subsidies and dedicated taxes. The financial stress which MTA is experiencing as a result of the COVID-19 pandemic is being similarly felt at all levels of the government and in the social and financial lives of MTA patrons and State and local residents. This can be expected to have an adverse impact on State and local revenues, on dedicated tax collections, and thus on the capacity of the State and local governments to maintain or raise the level of financial support to MTA during this crisis.

MTA is making every effort to secure assistance and additional resources from the federal government as it did in response to the 9/11 attacks and Superstorm Sandy. On March 17, 2020, MTA Chairman and CEO, Patrick J. Foye wrote to the full New York State Congressional delegation requesting an incremental \$4 billion in federal assistance to MTA to allow MTA to respond to the coronavirus pandemic. MTA's current year operating budget is \$17.1 billion. This requested assistance would recoup projected revenue losses of \$3.7 billion, as cited above, as well as direct annualized additional expenses of \$300 million incurred from increased cleaning and sanitizing of the system as further described below. There is no assurance of what level of support or financial assistance will be forthcoming. MTA does not believe that it could sustain the reductions necessary to address the impact of the COVID-19 crisis without such assistance.

*The degree of the impacts to MTA and its Related Entities operations and finances are extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, (ii) severity and (iii) ultimate geographic spread, as well as with regard to what actions may be taken by other governmental authorities and health care providers to contain or mitigate its impact.*

Among other measures, MTA announced on March 2, 2020 an update to agency-wide sanitizing protocols as it continues to implement precautions in response to the COVID-19 outbreak. MTA New York City Transit, MTA Bus, Access-A-Ride, MTA Long Island Rail Road and MTA Metro-North Railroad are significantly increasing the frequency and intensity of disinfecting procedures at each of its stations and on its full fleet of rolling stock. Trains, cars and buses will experience daily cleanings with the MTA's full fleet undergoing sanitization every 72 hours or less, with the exception of the Access-A-Ride fleet, which is sanitized daily. Surfaces frequently used by customers in stations, such as turnstiles, MetroCard and ticket vending machines, and handrails, will be disinfected twice daily with EPA-approved and National Centers for Disease Control-endorsed disinfectants. MTA will also work closely with the National Centers for Disease Control, the State Department of Health, and other government agencies during this time.