

**Minutes of the
Metropolitan Transportation Authority
Finance Committee Meeting
2 Broadway, 20th Floor Room 2
New York, NY 10004
Monday December 16, 2024
1:45 p.m.**

The following Finance Committee Members were present:

Hon. Neal Zuckerman, Chair
Hon. Andrew Albert
Hon. Samuel Chu
Hon. Marc Herbst
Hon. David R. Jones
Hon. Meera Joshi
Hon. Haeda B. Mihaltses

The following Finance Committee Members were absent:

Hon. Norman Brown
Hon. John Samuelson
Hon. Lisa Sorin
Hon. Vincent Tessitore, Jr.

The following staff members attended:

Kevin Willens, Chief Financial Officer
Lisette Camilo, Chief Administrative Officer
Olga Chernat, Deputy Chief, Financial Services
David Florio, Chief Real Estate Transactions and Operations Officer
Paige Graves, General Counsel
David Keller, Acting Co-Deputy Chief, Management & Budget, Consolidated Analysis
Louis Montanti, Deputy Chief Procurement Operations
Lucille Songhai, Assistant Director of Government Affairs
Jaibala Patel, Deputy Chief Financial Officer
Steve Weiss, Acting Co-Deputy Chief, Management & Budget, Agency Analysis

To hear the content of public comments, details of Committee presentations, and Committee Members' comments and questions as well as any part of the Finance Committee meeting, please refer to the video recording of the meeting produced by the MTA, available and maintained on the MTA website:

<https://new.mta.info/transparency/board-and-committee-meetings/december-2024>

1. CALL TO ORDER

Chair Neal Zuckerman called to order the meeting of the Finance Committee.

2. PUBLIC COMMENTS

There were three public speakers (*attended remotely):

Brian Fritsch, PCAC
Matty Buchys Hyland, Winters Center for Autism*
David Kupferberg, Passengers United*

3. MINUTES

The minutes of the meeting held on November 18, 2024, were approved.

4. MTA HEADQUARTERS AND ALL-AGENCY ITEMS

Action Item

Chair Zuckerman stated that there is no Financial Performance Report this month.

Kevin Willens, Chief Financial Officer, presented a brief update on November's ridership, fare and toll revenue, operating expenses, and dedicated taxes and subsidies.

Jaibala Patel, Deputy Chief Financial Officer, presented the 2025 Budget and Financial Plan through 2028 for adoption.

Hon. Jones questioned the risk of the federal government not providing support to the MTA when the presidential administration changes.

Mr. Willens addressed the question by explaining the three types of funding the MTA receives: Federal Formula dollars, the Full Funding Grant Agreement for Second Avenue Subway Phase 2, and the reauthorization of the transportation program. Mr. Willens also stated that the MTA is still waiting for FEMA reimbursement for COVID-19-related expenses.

Upon motion duly made and seconded, the Committee voted to recommend the 2025 Budget and Financial Plan before the Board for approval.

Olga Chernat, Deputy Chief, Financial Services reported three action items, requesting Board approval.

The first action item was the approval of the TBTA Special Obligation Resolution authorizing Real Estate Transfer Tax Revenue Obligations. Earlier in 2024 the Board approved submitting this new bond resolution to the CPRB for their approval. The CPRB approved this resolution and now it is being presented for final approval and ratification. The resolution authorizes the issuance of bonds secured by real estate transfer taxes which the State provided to the MTA with the explicit purpose of funding the 20-24 capital program and the future capital programs. MTA expects to issue approximately \$2.5 billion of the new Real Estate Transfer Tax bonds in 2025 to fund transit and commuter projects in the 20-24 capital program.

The second action item was the approval of the authorization to issue 2025 MTA and TBTA bonds and bond anticipation notes to finance projects in the approved capital programs, and to refinance outstanding debt as well as to authorize reimbursement resolutions. Every year before the start of the next fiscal year, approval to issue bonds in the next year is requested. For 2025, authorization for the following not to exceed debt issuance amounts was requested: \$7 billion for transit and commuter projects, \$550 million for Bridges and Tunnels projects and \$506 million for congestion pricing and \$1.2 billion for working capital obligations. With respect to the debt authorization for congestion pricing infrastructure, it will be largely to refinance earlier issued outstanding bond anticipation notes. The authorization amounts have a little bit of room built in for flexibility but

are generally consistent with the November Financial Plan and the 2025 budget issuance assumptions.

The third action item was the approval of the update to the criteria for selection of banks and financial institutions that provide credit and liquidity facilities to MTA. To attract a broader base of financial institutions eligible to provide new or replacement letters of credit, credit facilities, liquidity facilities, and lines of credit for working capital approval to amend existing requirements and reduce the minimum number of ratings for qualifying banks and financial institutions from three to two ratings was requested. In the current market, investors generally only require that financial institutions provide credit or liquidity support for variable interest rate bonds that carry two ratings. As a result, MTA Finance does not anticipate any negative pricing consequences from potential investors in MTA bonds as a result of this change. Furthermore, MTA Finance expects that attracting a broader base of potential financial counterparties will increase competition and may result in lower fees payable by MTA.

Upon motion duly made and seconded, the Committee voted to recommend the action items before the Board for approval.

Lucille Songhai, Assistant Director of Government Affairs reported one action item, requesting Board approval.

The item was for temporary fare promotions during the Rockaway Line Rehabilitation and Resiliency Project. The Rockaway Line, served by the A and S Shuttle trains carries over 9,000 average weekday riders, is a vital link between the Rockaway Peninsula in Queens and the rest of New York City. In 2012, the line suffered extensive damage from Superstorm Sandy, and A Train service was suspended for seven months. While MTA was able to complete emergency repairs to restore service, more work is needed to make significant permanent repairs and protect the line from future storms. The Rockaway Line Rehabilitation & Resiliency Project invests \$393 million to safeguard the bridges and viaducts on the Rockaway Line, guaranteeing the reliability of these critical connections for the next 50+ years. Beginning January 17, 2025 and ending May 19, 2025, MTA will reconstruct the elevated Hammels Wye and rehabilitate electrical and mechanical systems on the South Channel Bridge. Construction cannot be completed in piecemeal outages, and a 17-week outage is necessary to complete the work safely and cost-efficiently. The MTA is proposing two temporary fare promotions to mitigate the effects of this long-term service outage and provide alternate forms of transportation between the Rockaway Peninsula and the rest of New York City.

LIRR will discount the peak and off-peak Far Rockaway Ticket—currently \$7 in the peak and \$5 in the off-peak—to \$2.75 for trips to and from the Far Rockaway LIRR Station. Far Rockaway Tickets can be purchased at Far Rockaway Station or in the TrainTime app if customers share their location with the app to confirm they are near the station. This will allow customers who normally travel on the A Train to utilize LIRR service and to provide additional travel options for Rockaway customers. • S – Rockaway Park Shuttle service between Broad Channel and Rockaway Park – Beach 116 Street will be suspended during the 17-week outage and will be replaced by a special fare-free S Shuttle train serving all stations on the peninsula between Far Rockaway – Mott Avenue and Rockaway Park – Beach 116 Street. The special S Shuttle service will not operate during the first and last weekends of the 17-week outage and will be replaced by a modified free shuttle bus

operation on those two weekends. Impact on Funding: The revenue impact is estimated to be up to \$375,000. It is recommended that the MTA Board adopt these temporary fare promotions.

Upon motion duly made and seconded, the Committee voted to recommend the action items before the Board for approval.

Lisette Camilo, Chief Administrative Officer reported two action items for MTA Headquarters. The action items were found in the December 2024 Finance Committee Book.

The first item was the award of a competitively negotiated, estimated quantity, miscellaneous service contract for the management of the MTA's Small Business Development and Mentoring Program ("SBDMP") to McKissack-WSP JV ("McKissack-WSP"). The contract term will be seven years, and the total estimated amount is \$112.7M.

The MTA developed and implemented the SBDMP with the goal of increasing small business participation on public works contracts with the MTA. Through this program, small businesses receive classroom, on-the-job training and technical assistance on prime construction contracts. McKissack-WSP JV will manage all aspects of the development and mentoring programs including: providing training on skills development like estimating, project scheduling and bidding strategies, mentoring services through all phases of construction, as well as bank loan repayment administration, payment tracking, and attending project meetings. This contract will be managed jointly by C&D and the Department of Diversity and Civil Rights.

The second item was a retroactive change order to the competitively negotiated personal service contract awarded to Aetna Life Insurance Company ("Aetna") for NYC Transit Medical Benefits Program. An additional not-to-exceed amount of \$4.7 billion will be added to the contract to cover the Retroactive Extension Period (January 1, 2022–December 31, 2025). This change order will ensure continuity of service while we complete the award of a new competitive procurement, whose term would begin on January 1, 2026.

The original base contract term was five years (January 1, 2017–December 31, 2021) and covered the provision of medical health benefits for approximately 150,000 NYC Transit represented employees, retirees and their dependents. Prior to its expiration, a successor RFP was issued and received approval from the Board in September 2021 to award the new contract to Aetna. A protest followed and was found to have merit based on an error by the consultant used to evaluate the proposals. As a result, the RFP was canceled, and the contract with Aetna that had been approved by the September 2021 Board, was not executed. The MTA retained a different benefits consultant to provide assistance in executing this retroactive contract extension with Aetna and to support the issuance of the replacement RFP.

Through negotiations and changes to the plan design, the pricing utilized during this Retroactive Extension Period is lower than the original base contract.

A new replacement RFP was issued earlier this year and is expected to be awarded in early 2025.

Hon. Joshi asked if there was a dollar amount cap on the contracts that are managed by the SBDMP.

Ms. Camilo addressed the question by confirming that the contract maximum is \$112.7M over seven years.

Hon. Mihaltses inquired about the health insurance procurement and the error that was discovered during the previous procurement process.

Ms. Camilo stated that the MTA Legal Department is assisting with resolving any issues concerning the error that was discovered.

Chair Zuckerman further stated that any additional discussion on this issue will be addressed in Executive Session.

Upon motion duly made and seconded, the Committee voted to recommend the action items before the Board for approval.

5. INFORMATION ITEMS

Chair Zuckerman stated that the proposed 2025 Finance Committee workplan is presented in the committee materials and will be voted on next month, and that the review and assessment of the Finance Committee Charter was discussed and reviewed at the Governance Committee.

Ms. Camillo reported on two information items for the Metro-North Railroad Committee, requesting Board approval.

The first was a request made on behalf of Metro-North and Long Island Rail Road to award a three-year sole-source miscellaneous procurement contract to BBM Railway Equipment LLC for preventative maintenance, inspection, repair and parts supply for car hoists and truck turntables.

The second was a request to approve a competitively solicited miscellaneous service contract, to Port Imperial Ferry Corp. d/b/a NY Waterway, for a term of four years with three 2-year options. The contract will provide ferry and ancillary services, which includes the Haverstraw-Ossining and Newburgh-Beacon ferry service routes.

Ms. Camillo reported on one information item for the Long Island Railroad Committee, requesting Board approval.

This item was a request to approve the exercise of Option 3 of the contract for the design, manufacturing, testing, and delivery of up to 44 Dual-Mode Locomotives awarded to Siemens Mobility, Inc. The 44 dual-mode locomotives are needed for the replacement of existing LIRR passenger diesel locomotives that are beyond their service life. These locomotives are more eco-friendly than the current locomotives and will cut airborne emissions more than 85 percent.

Ms. Camillo reported on one information item for the NYC Transit Committee, requesting Board approval.

This item was a request to approve the exercise of Option 2 of a contract awarded to Kawasaki Rail Car, Inc. and purchase 435 additional subway cars (355 closed-end cars [R211A] and 80 Open Gangway [R211T OG1] cars) and related non-car items such as spare parts, special tools, and diagnostic test equipment for NYC Transit's Department of Subways.

Ms. Camillo reported on one information item for the Bridges & Tunnels Committee.

This item was a request to approve a one-year extension of a personal service contract awarded to Gannett Fleming Engineers and Architects, PC for additional project management office consultant services for the New York Customer Service Center contracts.

6. REAL ESTATE AGENDA

David Florio, Chief Real Estate Transactions and Operations Officer stated that there were no action items, but one Transit Oriented Development action item for consideration and approval.

The item is the conveyance of Metro-North property interests in the Wakefield section of the Bronx to facilitate adjacent transit-oriented development.

There are two information items. The first item is a Memorandum of Understanding between the MTA and the City of New York in support of accessibility improvements at New York City Transit's Broadway Junction Station in Brooklyn which serves the A, C, L, J and Z lines.

The second is a short-term parking permit between Metro-North and Premium Outlet Partners for the use of parking spaces at Harriman Station in Woodbury, NY

Upon motion duly made and seconded, the Committee voted to recommend the action items before the Board for approval.

7. ADJOURNMENT

Upon motion duly made and seconded the Committee voted to adjourn the meeting.

Respectfully submitted,

Patrick Isom,
Senior Manager, Finance and Debt Management