

**Minutes of the
Metropolitan Transportation Authority
Finance Committee Meeting
2 Broadway, 20th Floor Board Room
New York, NY 10004
Monday January 27, 2025
12:30 p.m.**

The following Finance Committee Members were present:

Hon. Samuel Chu, Acting Chair
Hon. Norman E. Brown
Hon. Andrew Albert
Hon. Marc Herbst
Hon. David R. Jones
Hon. Haeda B. Mihaltses

The following Finance Committee Members were absent:

Hon. Neal Zuckerman, Chair
Hon. Meera Joshi
Hon. Lisa Sorin
Hon. John Samuelsen
Hon. Vincent Tessitore, Jr.

The following staff members attended:

Kevin Willens, Chief Financial Officer
Jaibala Patel, Deputy Chief Financial Officer
Lisette Camilo, Chief Administrative Officer
Olga Chernat, Deputy Chief, Financial Services
David Florio, Chief Real Estate Transactions and Operations Officer
David Keller, Acting Co-Deputy Chief, Management & Budget, Consolidated Analysis
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://www.mta.info/transparency/board-and-committee-meetings/january-2025>

1. CALL TO ORDER

Hon. Samuel Chu called to order the meeting of the Finance Committee.

2. PUBLIC COMMENTS

There were two public speakers (*attended remotely):

Jason Anthony, LIRR ADA task force
Matty Buchys Hyland*

3. MINUTES

The minutes of the meeting held on December 16, 2024, were approved.

4. FINANCIAL PERFORMANCE REPORT

Highlights of the Financial Performance Report were presented.

Finance Summary

David Keller, Acting Co-Deputy Chief, Management & Budget, Consolidated Analysis reported that operating results were preliminary and will be revised as financial results continue to be reviewed and audited. Compared with the November Forecast, YTD December 2024 preliminary results were favorable by \$222 million, with favorable results for farebox revenue, B&T toll revenue, operating subsidies, investment income and debt service expenses, with a minor shortfall for operating expenses.

Operating Revenues on a YTD basis were \$60 million favorable. Passenger revenues were \$16 million favorable while toll revenue was \$8 million favorable. Subway farebox revenue was \$13 million favorable and Bus farebox revenue was \$1 million favorable year-to-date. MNR was \$6 million favorable, while the LIRR \$5 million unfavorable. As a reminder, the November Forecast incorporated the fare loss provision for offsetting unfavorable subway and bus revenue results that had been below-the-line in the July Plan into the baseline forecast. Further, the post-pandemic McKinsey recovery projections had become less aligned with actual ridership results and trends, and the forecasting methodology for the November Plan reverted to the approach taken prior to the pandemic, which is based on changes in regional economic conditions. As a result, the graphs no longer include the McKinsey projection band and instead show the monthly forecast using the updated forecast methodology.

Operating Subsidies YTD were \$141 million favorable. Excluding Investment Income, subsidies directed to the operating budget were favorable by \$135 million, primarily driven by favorable results for the real estate related taxes – the Urban Tax and the Mortgage Recording Tax – which were a combined \$40 million favorable – and the Payroll Mobility Tax, which was \$96 million favorable. Capital Subsidies were \$5 million unfavorable YTD.

Operating Expenses were favorable by \$10 million YTD, with Labor expenses \$194 million favorable and non-Labor expenses \$217 million unfavorable. For labor expenses, savings was primarily with fringe benefits, pension expense and reimbursable overhead. For non-labor expenses, claims expense were higher due to increases in the Excess Loss Fund Program at FMTAC and an actuarial adjustment at NYCT, offset by favorable results for professional service contracts, maintenance and other operating contracts, and fuel and electric power expenses.

Overtime YTD across the MTA was \$2 million unfavorable while payroll was \$14 million unfavorable. Payroll was unfavorable due to higher than anticipated IT salaries, retroactive wage payments and retiree payouts, with savings from vacancies offsetting much of the unfavorable spend.

Debt Service Expense was \$31 million favorable YTD, mainly due to higher investment income generated by debt service funds.

Mr. Keller noted that further detail is available in this month's Financial Performance Report.

Capital Financing

Olga Chernat, Deputy Chief, Financial Services, reported details of two transactions that MTA has closed since the last meeting. One is an \$186 million of bond anticipation notes that were competitively bid out and closed in December 2024. The other is the inaugural issuance of \$1.6 billion of bonds issued under our newest credit which is secured by real estate transfer tax revenues. An upcoming transaction to note is the plan to issue \$500 million of bond anticipation notes to provide interim funding for projects in the 2020-2024 Capital Plan that will be ultimately financed with revenues from the Congestion Pricing Tolling Program.

Hon. Albert asked when the MTA can begin issuing bonds against congestion pricing revenues.

Mr. Willens stated that the MTA wants to collect data for about a year to build out a track record. There is currently debt outstanding for congestion pricing as the MTA has issued ~\$400M for the infrastructure cost in the form of short-term notes that is to be paid from eventual congestion pricing.

5. MTA HEADQUARTERS AND ALL-AGENCY ITEMS

Action Items

Staff was seeking Finance Committee approval for the 2025 Committee workplan.

The Committee voted to approve the 2025 Committee workplan.

Lisette Camilo, Chief Administrative Officer reported two MTA Headquarters administrative items this month for Finance Committee approval in the estimated amount of \$16.4 million. These actions are found in the January 2025 Finance Committee Book.

The first item was a modification to add funding to a competitively negotiated contract awarded to Metropolitan Life Insurance Company ("MetLife") to continue providing life/accidental death and dismemberment ("Life/AD&D"), long-term disability ("LTD"), and short-term disability ("STD") benefits for non-represented employees and certain represented and retired employees in the amount of \$14.1 million. In September 2020, the Board approved a five-year contract for a projected amount of \$55.5 million that is effective until December 31, 2025. Additional funding is required due to a number of reasons including: the conversion of the Bridges & Tunnels population from self-insured to fully insured plans, including a Reserved Buy-out transaction for open LTD claims; increased enrollment; and a contractual adjustment for LTD premiums. MTAHQ Procurement will have a new contract in place at the end of the current contract.

The second item was a request for an eight-month extension (February 28, 2025–October 28, 2025) of a competitively negotiated estimated quantity contract for as-needed purchases of safety and work shoes for NYC Transit and MTA Bus Company awarded to Saf-Gard Safety Shoe Company ("Saf-Gard"). Increased funding in the amount of \$2.25 million was also requested. This contract

specifically supports NYC Transit and MTA Bus, and provides footwear required under collective bargaining agreements. MTAHQ Procurement has released a new solicitation to replace this contract. The proposed eight-month extension will provide sufficient time to complete the solicitation and award of the new contract and allow a new vendor six months to establish a sufficient inventory level, should the incumbent not be awarded the new contract.

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

6. INFORMATION ITEMS

Chair Chu stated that Jim McGovern, MTA Comptroller was available if there were any questions on the third quarter financial statements.

7. MTA CONSOLIDATED REPORTS

Chair Chu stated that the Monthly consolidated reports can be found in the Committee book.

8. REAL ESTATE AGENDA

David Florio, Chief Real Estate Transactions and Operations Officer reported one administrative and three transactional action items for consideration and approval.

Action Items

The administrative action item was for MTA New York City Transit and was an update on the acquisition of temporary and permanent easements from New York City Parks in support of accessibility improvements at the Broadway Junction Station in Brooklyn.

The first transactional action item was for MTA Metro-North Railroad and was a lease agreement with Carlo Innovation Inc. for a restaurant in the Spring Valley Station.

The final two items were for MTA Long Island Rail Road and included a license agreement with 450 Acquisition Company for the use of land for parking located adjacent to 450 Endo Boulevard in Garden City; and a grant of a permanent easement to the Long Island Power Authority in support of the Yaphank Station relocation project in Brookhaven.

Information Items

There were, in addition, four information items. The first was a short-term parking permit between MTA Metro-North Railroad and the Town of Cortlandt for the use of parking lots at the Cortlandt Station for a public event.

The second was a license between MTA Bridges and Tunnels and Pace University for a retail unit on the ground floor of the Battery Parking Garage

The third was an MTA Long Island Rail Road acquisition of property from Rose-Breslin Associates for the Yaphank Station relocation project

The final information item was the report on retail agreements entered into directly by the Real Estate Department pursuant to Board policy.

The Committee voted to recommend the action items before the Board for approval.

9. ADJOURNMENT

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

Respectfully submitted,

Christina Cheung,
Deputy Director, Finance and Investor Relations