



# **Report to the Finance Committee 2024 Year End Review**

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# 2024 Activity Summary

## Credit Highlights

- **Re-introduced Transportation Revenue Bonds (TRBs) into the market with an upgraded AA rating**
  - First fixed rate issuance of TRBs since 2021
  - Rating upgraded to AA (from A) by Fitch in March 2024, the highest rating from Fitch since the creation of the TRB in 2002. Confirmed ratings of A3, A-, and AA from Moody's, S&P, and KBRA, respectively
  - 2024 TRB refundings delivered \$94.6 million of total savings over the 2024-2028 Financial Plan period
- **Successfully launched second credit secured by revenues from the Capital Lockbox with the inaugural sale of Real Estate Transfer Tax (RETT) Revenue Bonds, Series 2025A**
  - Strong ratings received: AA, A1 and A+ by KBRA, Moody's and S&P, respectively, all with stable outlooks
  - Favorable market conditions and investor reception provided opportunity to upsize deal from \$1.3 billion to \$1.6 billion

## Impact Summary

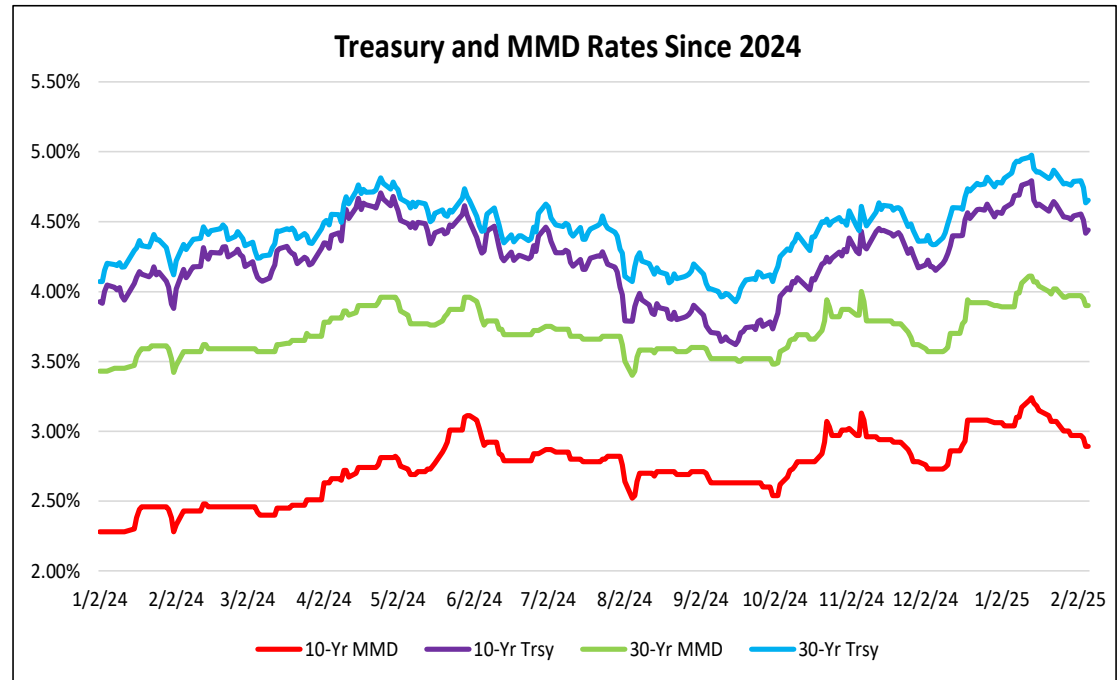
- **\$3.8 Billion of Bonds to Finance Capital Projects and to Pay Off Interim Financings**
  - Bond financed \$2.8 billion of Capital Projects in 2024, including \$192 million for ADA Improvements and \$160 million for CBTC Projects
- **Saved \$163 Million in Debt Service Costs over the Financial Plan Period by Refinancing \$3.6 billion of Outstanding Bonds**



# 2024 Market Recap and 2025 Outlook

## 2024 in Summary

- Despite 100 bps of Fed cuts, rates in 2024 ended higher than the beginning of the year
  - Investor sentiment was affected by stronger economy and inflation persisting at above the Fed's 2% target
- Treasury and MMD rates fluctuated within 1%, with 10- and 30-year UST and MMD yields ending near their yearly highs:
  - UST: 4.57% and 4.78%
  - MMD: 3.06% and 3.90%
- Municipal issuance hit a record \$507.6 billion, up 31.8% year-over-year, with strong inflows into municipal bond funds (net \$22.3 billion)



## Looking Ahead to 2025

- Market expects modest Fed rate cuts (2 cuts projected), with inflation, fiscal policies, and geopolitical risks influencing the outlook

### 2025 U.S. Treasury Rate Projections

	<u>Q1 2025</u>	<u>Q2 2025</u>	<u>Q3 2025</u>	<u>Q4 2025</u>
2-Yr Median	4.18%	4.00%	3.85%	3.78%
5-Yr Median	4.33%	4.20%	4.06%	4.00%
10-Yr Median	4.50%	4.44%	4.34%	4.27%
30-Yr Median	4.77%	4.70%	4.60%	4.53%

Treasury Rate Projections as of February 6, 2025

Note: MMD = Municipal Market Data; UST = U.S. Treasury; bps = basis points; YOY = year over year  
Sources: Bloomberg, Refinitiv and Lipper



# 2025 Financing Quarterly Calendar\*

(\$ in millions)

Purpose	Q1	Q2	Q3	Q4	TOTAL
New Money	\$2,900	\$525	\$2,018	\$1,134	\$6,577
BAN Takeout	-	-	-	\$379	\$379
Remarketings	-	\$155	\$250	\$391	\$796
Current Refundings	-	\$852	-	\$1,098	\$1,950
<b>TOTAL</b>	<b>\$2,900</b>	<b>\$1,532</b>	<b>\$2,268</b>	<b>\$3,002</b>	<b>\$9,702</b>

**\*All information in the 2025 Financing Quarterly Calendar is preliminary and subject to change**

Notes:

- 1) New Money values reflect expected par amount, numbers may not total due to rounding
- 2) New money obligations may be issued as bonds or BANs, new money and BAN takeout projections are based on forecasted debt in MTA 2024 Final Proposed Budget and November Financial Plan 2025-2028, as adopted by the MTA Board in December 2024, including Lockbox bonds
- 3) Remarketings reflect Put Bonds (Term Rate) with mandatory put dates and VRDBs with liquidity facility expiration dates in 2025
- 4) Current refundings reflect fixed rate bonds, callable in May 2025 and November 2025, including approximately \$1.65 billion of TRBs and \$300 million of TBTA General Revenue Bonds; and do not reflect other currently callable bonds that may be refunded for savings in 2025, subject to market conditions



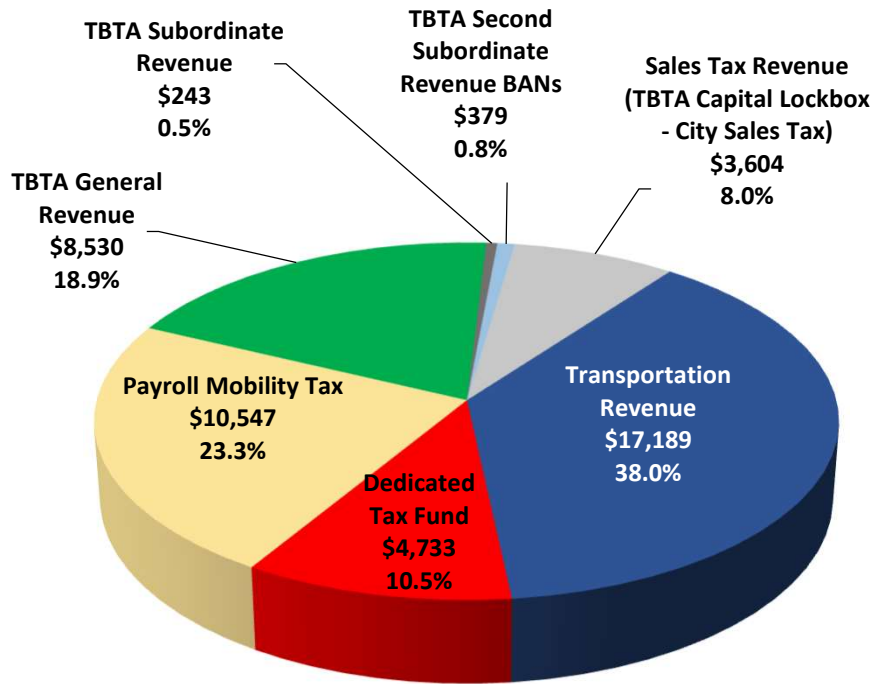
# MTA Debt Overview

As of 12/31/2024, \$45.2 billion debt outstanding

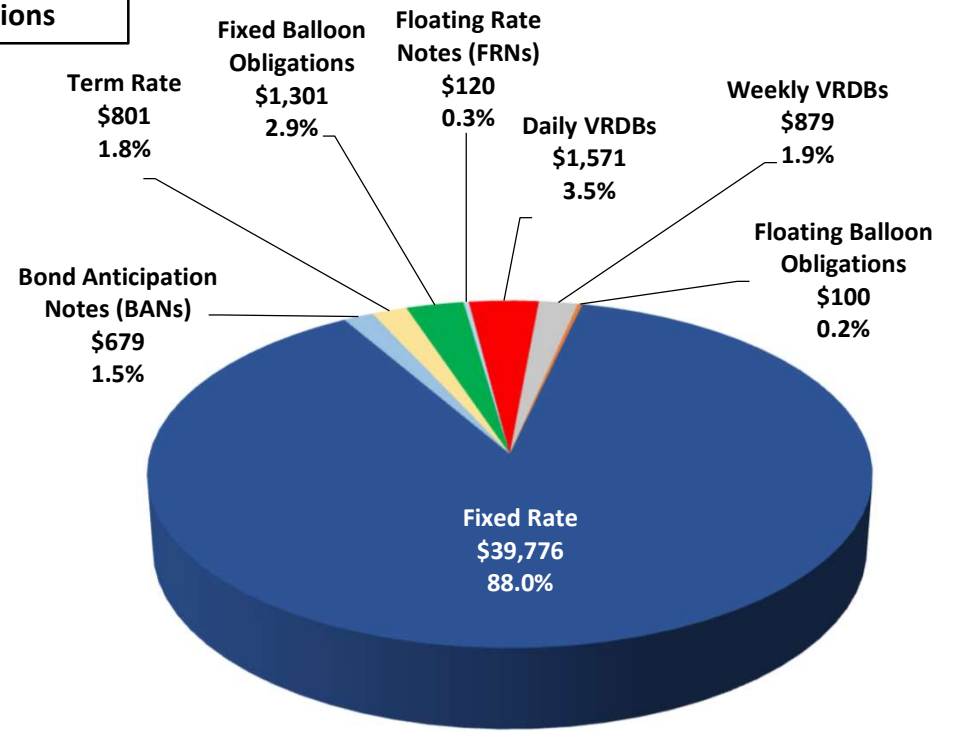
## Year-over-year net increase of outstanding debt by approximately \$1.0 billion or a modest 2.2%

- \$2.7 billion of new money issued for approved capital programs across multiple credits offset by \$1.2 billion of long-term debt paid at maturity and \$0.5 billion reduction due to refundings

\$ in millions



Debt by Credit



Debt by Type

Notes:

- Debt by Credit chart incorporates BANs into their respective credits
- Term Rate bonds have a fixed rate for a defined period, until the mandatory tender date, and do not have a fixed rate for the entire life of the bonds
- Balloon Obligations are bonds with a bullet maturity (entire principal due at maturity) and are intended to be refinanced/reoffered on or prior to their respective maturity dates
- FRNs listed in Debt by Type exclude \$99.56 million SOFR FRNs that are Floating Balloon Obligations, as reflected above
- Excludes \$755.4 million Hudson Rail Yards Trust Obligations (Series 2016A and Series 2020A)
- Numbers may not total due to rounding