

**Minutes of the  
Metropolitan Transportation Authority  
Finance Committee Meeting  
2 Broadway, 20th Floor Board Room  
New York, NY 10004  
Monday February 24, 2025  
12:00 p.m.**

**The following Finance Committee Members were present (\*attended remotely):**

Hon. Neal Zuckerman, Chair  
Hon. Norman E. Brown  
Hon. Andrew Albert  
Hon. Marc Herbst  
Hon. Meera Joshi  
Hon. David R. Jones\*  
Hon. Haeda B. Mihaltses  
Hon. Lisa Sorin

**The following Finance Committee Members were absent:**

Hon. Samuel Chu

**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/february-2025>

**1. CALL TO ORDER**

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

**2. PUBLIC COMMENTS**

There was one public speaker:

Jason Anthony, LIRR ADA task force

**3. MINUTES**

The minutes of the meeting held on January 27, 2025, 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, care compared with the Adopted Budget. Overall, January operating results were \$90 million favorable, about two-thirds due to favorable operating subsidy results. Operating subsidies were \$67 million favorable, although 60% is timing related. Paid Ridership for all Agencies, along with B&T traffic, was favorable across the board. Farebox revenue was \$11 million favorable, but toll revenue was \$1.6 million unfavorable. Operating expense spending was favorable by \$9 million, or 0.5%. Debt service Expense was \$4 million favorable. Capital Subsidies were \$5 million favorable.

**Operating Subsidies** were \$67 million favorable. About 60 percent of this is due to favorable timing-related Local Operating Assistance reflecting payments that had been expected by the end of 2024. Results for the Payroll Mobility Tax, the Petroleum Business Tax and the Urban Tax primarily comprise the remainder of the favorable operating subsidies result.

**Paid Ridership for all Agencies, along with B&T Traffic**, was favorable across the board. Subway and Bus fare evasion continues to improve: Subway was 14% during the second quarter and declined to 10.4% in the fourth quarter, while Bus was 49.4% in the second quarter and declined to 44.9% in the fourth quarter. Fares Not Collected on LIRR was 4.3% in January, down from the fourth quarter average of 8.2%. Fares Not Collected on MNR was 3.4% in January, slightly higher than the fourth quarter average of 2.8%.

**Farebox Revenue** was \$11 million favorable, but **Toll Revenue** was \$1.6 million unfavorable. Subway farebox revenue was \$7 million favorable, while combined NYCT Bus and MTA Bus farebox revenue was unfavorable by \$1 million due to lower average yield per passenger. LIRR was \$3 million favorable and MNR was \$1 million favorable.

**Operating Expense** spending was favorable by \$9 million, or 0.5%. Labor expenses were \$2 million unfavorable; outside of timing-related impacts, Payroll was favorable by \$15 million while Overtime was unfavorable by \$20 million, both due to vacancies. Non-Labor expenses \$12 million favorable; Paratransit Service Contracts were \$11 million unfavorable due to higher trip volume, Electric Power and Fuel costs were a combined \$3 million favorable due to lower rates and usage, and variances for other categories primarily timing related.

**Debt Service Expense** was \$4 million favorable, mainly due to the reversal of last month's favorable timing variance and higher than budgeted liquidity fees.

Acting Co-Deputy Chief Keller noted that further detail is available in this month's Financial Performance Report.

Hon. Neal Zuckerman asked that as LIRR is up 7% and Subway is up 3%, does the MTA think there's any reason to believe either one of those are leading indicators of anything or are these one-time experiences?

Acting Co-Deputy Chief Keller stated there's no reason to believe either one of those are the case and that the MTA needs to wait.

### **Congestion Pricing Summary**

Jaibala Patel, Deputy Chief Financial Officer, provided an overview from the first month of Congestion Pricing. For the month of January, the estimated Revenue is \$48.6 million, representing 27 days of collections. There was \$9.1 million of Operating Expenses which included the operations of the camera system, MTA's customer service center, and credit card fees. There was also a \$2 million accrual for mitigation actions, bringing total expenses to \$11.1 million, with Net Operating Revenues of \$37.5 million.

This compared with the January forecast of \$52.1 million in revenue and \$16.6 million in operating expenses, with net operating revenues of \$35.5 million.

Concerning the mitigation accrual, \$155 million in total has been set aside over the first five to six years on a monthly basis. The MTA is working with the city to finalize MOUs and is expected to accrue about \$24 million this year for mitigation efforts. As those efforts advance, budgets and actuals will be adjusted.

Based on seasonality experienced at B&T facilities, the MTA projected Net Operating Revenue is on track to achieve the \$500 million target for 2025.

Deputy Chief Financial Officer Patel reminded us that the MTA has issued \$900 million in debt for the system infrastructure cost and to start initial capital projects.

Of the \$48.6 in Revenue, \$10.6 million or 22% consisted of tolls on for-hire vehicles and taxis. The remaining \$38 million of revenues are actual charges for customer EZ passes and tolls by mail for passenger vehicles, trucks, etc. With 85% of the \$38 million from passenger vehicles and the remaining 15% from trucks, buses, and motorcycles.

Of the total \$48.6 million in Revenue, by vehicle type 68% of revenue was for passenger vehicles, 22% for taxis and for-hire vehicles, 9% for single and multi-unit trucks, and 1% for buses and motorcycles. By time of day, 95% of tolls were for Peak toll periods and 5% were for Off-Peak toll periods. Deputy Chief Financial Officer Patel noted that although the 95% of totals seem like a large number, the Congestion Pricing program is meant to reduce congestion and is in line with what the MTA has seen in traffic. As a reminder, off-peak tolls are discounted by 75% so that the off-peak totals percentage should be low.

## **Capital Financing**

Olga Chernat, Deputy Chief, Financial Services, reported details of two transactions that MTA has closed since the last meeting and one upcoming transaction. The new transaction, which was expected to be brought to the market later this month is an issuance of approximately \$800 million of either bonds or notes to finance transit and commuter projects in the 2020-2024 Capital Program.

## **5. MTA HEADQUARTERS AND ALL-AGENCY ITEMS**

### **Action Items**

Kevin Willens, Chief Financial Officer, introduced the first action on the TBTA multiple credit supplemental resolution.

The first item was requesting authorization to amend the 2025 TBTA Multiple Credit and Series 2025 Supplemental Resolution to authorize the use of term loan agreements to finance transit and commuter projects secured by certain authorized revenues. This was to provide the Finance team with flexibility to finance the costs of approved transit and commuter capital projects included within the 2020 to 2024 MTA Capital Program or any successor approved programs providing staff time to season new revenues and develop long-term bonding credits using new funding sources that are provided. The 2025 Multiple Credit supplemental resolution as authorized allowed for \$7 billion of new money issuance across multiple credits, if a term loan is utilized it will not increase the already authorized amount,

Upon motion duly made and seconded, the Committee voted to approve of the first action item.

Olga Chernat, Deputy Chief, Financial Services, introduced the second action item to request the Board's authorization for the Chairman and his designees to file for and accept Federal grants for Federal Fiscal Year 2025 and future federal fiscal years as allowed under Federal regulations; the Chairman and his designees will also be authorized to file with the federal authorities grant-related certifications and assurances. Rather than seeking a renewed authorization every year as was done in the past, this authorization was a standing authorization and was necessary to maintain without any breaks the ongoing work of securing and managing federal assistance. The materials provided also included information about a recently held public hearing with respect to the projects that could be submitted for federal funding. Deputy Chief of Financial Services Chernat noted that the MTA will continue to provide to this Committee and the Board summaries of public hearings and public hearing materials for capital projects that are considered for federal assistance annually as they have done in the past.

Upon motion duly made and seconded, the Committee voted to approve of the second action item.

David Keller, Acting Co-Deputy Chief, Management & Budget, Consolidated Analysis sought the Board approval of resolutions which would first certify and transfer \$1,423,408,128 of TBTA operating surplus to MTA and the New York City Transit Authority pursuant to Section 1219-a(2)(b) of the Public Authorities Law and secondly, transfer \$11,249,639 representing 2024 investment income to the MTA pursuant to Section 569-c of the Public Authorities Law, and (3rd)

advance the 2025 TBTA Surplus as per the attached Resolution to the staff summary. Acting Co-Deputy Chief Keller noted that the MTA Comptroller Jim McGovern was available if there were questions from the Committee.

Upon motion duly made and seconded, the Committee voted to approve of this TBTA operating surplus item.

Chair Zuckerman sought the Board approval of the MTA's Mission Statement and authorization to submit the annexed 2024 Mission Statement, Measurements, and Performance Indicators Report to the Independent Authorities Budget Office, as required by Section 1269-f and Section 2824-a of the Public Authorities Law.

Upon motion duly made and seconded, the Committee voted to approve of this item.

Lisette Camilo, Chief Administrative Officer reported one MTA Headquarters administrative items for the month of February for Finance Committee approval in the estimated amount of \$9.5 million. Chief Administrative Officer Camilo noted that the action can be found in the February 2025 Finance Committee Book.

This action item was a competitively negotiated miscellaneous services contract to be awarded to Quest Diagnostics Clinical Laboratories Inc. ("Quest"), the incumbent, to provide drug and alcohol testing services in support of the MTA's pre- and post-hire workplace drug/alcohol testing policies ("Policies") for all MTA agencies. The contract term was for five years for a total not-to-exceed amount of \$9.5 million. This award was necessary to ensure MTA compliance with federally mandated workplace drug/alcohol testing requirements. The current contract is predominantly for lab-based analysis of urine specimens. The new contract had this capability and added new lab-based oral-fluid testing as an alternative sampling option for approximately 50 percent of all DOT and non-DOT drug testing performed annually across all MTA agencies. Paper-based documentation of each testing event will be replaced with a fully electronic process, as well as automated scheduling of donors at lab-affiliated collection sites across the NYC metropolitan region. Of the proposals received, three were shortlisted and evaluated by the Selection Committee ("SC") in accordance with the selection criteria. The SC unanimously ranked Quest as technically superior and offering the best value to the MTA. Pricing was determined to be fair and reasonable.

Upon motion duly made and seconded, the Committee voted to the action item.

## **6. INFORMATION ITEMS**

David Keller, Acting Co-Deputy Chief, Management & Budget, Consolidated Analysis went through the first information item. The MTA statute required that certain mass transportation operating assistance payments be made by the MTA to Dutchess, Orange and Rockland counties each year from MTA's MRT-2 receipts. Under the statute, Dutchess and Orange Counties were each to receive no less than \$1.5 million annually and Rockland County is to receive no less than \$ 2 million annually. The counties received these amounts, in quarterly installments during 2024.

The statute also provides for an escalator payment based on the percentage by which total MRT-1 and MRT-2 receipts attributable to each county exceeds the receipts received in 1989 from each

county. Pursuant to Section 1270-a(4)(c) of the Public Authorities Law, the percent change calculations are adjusted to reflect the tax rates in 1989.

Based on the statutorily established formula, which is included in the staff summary, the escalator payments total \$7,051,265.10 and are distributed as follows:

Dutchess County	\$1,320,029.30
Orange County	\$2,503,257.68
Rockland County	\$3,227,978.12

Combined with the base amounts, the total amount returned to the counties from 2024 Mortgage Recording Tax receipts totals \$12,051,265.10, distributed as follows:

Dutchess County	\$2,820,029.30
Orange County	\$4,003,257.68
Rockland County	\$5,227,978.12

Acting Co-Deputy Chief Keller noted that the MTA Treasurer Scott Gerstner was available if there were questions from the Committee.

Olga Chernat, Deputy Chief, Financial Services, provided a summary report on 2024 Finance Department activity. One of the major accomplishments in 2024 was the re-introduction to the market of Transportation Revenue Bonds (TRB) with an upgraded AA rating. This was the first fixed rate issuance of TRBs since 2021. The rating on the TRBs were upgraded from AA (from A) by Fitch in March 2024, the highest rating from Fitch since the creation of the TRB in 2002. 2024 TRB refundings delivered \$94.6 million of total savings over the 2024-2028 Financial Plan period. The MTA has also successfully launched a second credit secured by revenues from the Capital Lockbox with the inaugural sale of Real Estate Transfer Tax (RETT) Revenue Bonds, Series 2025A. The new RETT bonds received strong ratings amidst its inaugural issuance in early January of this year. Favorable market conditions and investor reception provided the opportunity to upsize the deal from \$1.3 billion to \$1.6 billion. Over the course of 2024, the Finance team issued \$3.8 billion of bonds to finance capital projects and to pay off interim financings, as well as delivered \$163 million of debt service savings over the financial plan years by refinancing \$3.6 billion of outstanding bonds.

Deputy Chief of Financial Services Chernat recapped market conditions of 2024 to set expectations for the forthcoming year. Despite the Federal Reserve cutting its target rate by 100 basis points, both Treasury and Municipal Market Benchmark rates ended up being higher than they were at the start of the year. This was largely due to the stronger than expected economy and persistent inflation. Overall, the markets were performing well and 2024 was a record year for municipal issuance. This year, the market expects another two rate cuts. Volatile markets due to multiple external factors will make it challenging to anticipate interest rate environments for 2025.

The MTA expects to issue over \$6.5 billion of bonds and notes to finance capital projects with the majority of debt to be assumed to be debt that will be secured by the receipts that go into the Capital Lockbox Fund. Deputy Chief of Financial Services Chernat also noted that the MTA

expects to re-market approximately \$796 million of bonds and \$2 billion of bonds that the MTA is considering refinancing for savings.

The MTA had \$45.2 billion of total debt outstanding as of last year and that has increased by \$1.0 billion or 2.2%. This was driven by an issuance of \$2.7 billion of new money for approved capital programs across multiple credits and was offset by 41.2 billion of long-term debt paid at maturity and \$0.5 billion reduction due to refundings.

Chair Zuckerman provided the next information item which was the 2025 February Financial Plan. The Plan was unchanged from the November Plan, which was adopted by the Board in December with balanced budgets for 2025 and 2026, and deficits of \$378 million for 2027 and \$419 million for 2028. The February Plan incorporated minor technical adjustments with no material financial impact and provides monthly allocations for the purpose of reporting actual results to the MTA Board.

Lisette Camilo, Chief Administrative Officer provided two information items for Metro-North Railroad.

The first item was a request that the Board approve the use of the competitive RFP process, pursuant to New York State Public Authorities Law, Section 1265-a, to solicit and evaluate proposals from railcar manufacturers for the procurement of coach cars that will operate on the new Penn Station Access route.

The second item was a request for Board approval to exercise an option of the contract with Siemens Mobility, Inc. for the purchase of 13 Dual-Mode Locomotives and related equipment with an option to purchase two additional locomotives.

Chief Administrative Officer Camilo noted that there were two information items for NYC Transit. On behalf of NYC Transit, Long Island Rail Road, and Metro-North Railroad, the first item is a request that the Board approve the award of a five-year estimated quantity contract to Kawasaki Rail Car, Inc. for sole-source replacement parts that support the Agencies' operations and maintenance of their respective fleets of rolling stock.

The second item was a request that the Board approve the exercise of a two-year option for personal services contracts awarded to PTM Management Corp.; NY Paratransit Group; and AMR All-Transit LLC to continue providing Access-A-Ride Primary Carrier Transportation Service for Paratransit.

## **7. MTA CONSOLIDATED REPORTS**

Chair Zuckerman 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 transactional action items for consideration and approval and five information items.

### **Action Items**

The transactional action item was for MTA New York City Transit and is a master lease with TK Metro Grand Central LLC & Times Square LLC for retail spaces on the 42 Street – Times Square and the 42 Street - Grand Central Shuttle Station mezzanines

### **Information Items**

There were, in addition, five information items. The first two items were for MTA New York City Transit and include an access agreement with Queens Ballpark Company for the use of a parking lot at CitiField in connection with the 120th Street/ Roosevelt Substation Project in Queens; and a license agreement with the City of New York, Department of Housing Preservation & Development for the temporary use of a parking lot adjacent to Kingsbridge Bus Depot in Manhattan

The third was an easement agreement that was granted to the MTA Long Island Rail Road by the New York State Office of Parks, Recreation and Historic Preservation to construct, operate, and maintain the new station in Elmont

The fourth item was a license between the MTA and Starbucks Corporation for a retail unit in 2 Broadway

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

Upon motion duly made and seconded, the Committee voted to approve of the real estate action item.

### **ADJOURNMENT**

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

Respectfully submitted,

Christina Cheung,  
Deputy Director, Finance and Investor Relations