

\$1,075,000,000
TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY
(MTA Bridges and Tunnels)

\$822,770,000 General Revenue Bonds, Series 2008A

\$252,230,000 General Revenue Bonds, Series 2008B

consisting of

\$83,500,000 Subseries 2008B-1 \$63,650,000 Subseries 2008B-2 \$105,080,000 Subseries 2008B-3

Dated: Date of Delivery

Due: November 15, as shown on the inside cover

The Series 2008A Bonds and the Series 2008B Bonds (collectively, the Series 2008 Bonds) are being issued to finance bridge and tunnel projects, and may also be used to finance transit and commuter projects and/or to refinance outstanding indebtedness issued by MTA or MTA Bridges and Tunnels.

The Series 2008 Bonds –

- are general obligations of MTA Bridges and Tunnels, payable generally from the net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels as described herein, and
- are not a debt of the State or The City of New York or any other local government unit.

MTA Bridges and Tunnels has no taxing power.

The Series 2008B Bonds will constitute Variable Interest Rate Obligations and will bear interest at the Term Rate from their date of delivery as set forth on the inside cover.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to MTA Bridges and Tunnels, under existing law and relying on certain representations by MTA Bridges and Tunnels and assuming the compliance by MTA Bridges and Tunnels with certain covenants, interest on the Series 2008 Bonds is

- excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986,
- not a preference item for a bondholder under the federal alternative minimum tax, and
- included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

Also in Bond Counsel's opinion, under existing law, interest on the Series 2008 Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State, including The City of New York.

The Series 2008 Bonds are subject to redemption prior to maturity as described herein.

The Series 2008B Bonds are subject to mandatory tender for purchase on their respective Reset Dates (as shown on the inside cover) but solely from remarketing proceeds. This Official Statement is not intended to describe the Series 2008B Bonds from and after their respective Reset Dates.

The Series 2008 Bonds are offered when, as, and if issued, subject to certain conditions, and are expected to be delivered through the facilities of The Depository Trust Company, on or about March 27, 2008.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2008 Bonds. Investors are advised to read the entire official statement, including all portions hereof included by specific cross-reference, to obtain information essential to making an informed decision.

Lehman Brothers

UBS Investment Bank

Bear, Stearns & Co. Inc.

Citi

JPMorgan

**Banc of America Securities LLC
Merrill Lynch & Co.
Ramirez & Co., Inc.
Roosevelt & Cross, Inc.**

**DEPFA First Albany Securities, LLC.
Morgan Stanley
Raymond James & Associates, Inc.
Siebert Brandford Shank & Co., LLC**

**Loop Capital Markets, LLC
M.R. Beal & Company
RBC Capital Markets
Wachovia Bank, N.A.**

March 13, 2008

\$1,075,000,000
Triborough Bridge and Tunnel Authority
(MTA Bridges and Tunnels)
General Revenue Bonds, Series 2008

\$822,770,000 Series 2008A Bonds

\$408,890,000 Serial Bonds

<u>Maturity (November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number (89602N)⁽¹⁾</u>
2009	\$13,715,000	5.00 %	2.10 %	LY8
2010	14,400,000	5.00	2.45	LZ5
2011	15,120,000	5.00	2.71	MA9
2012	15,875,000	5.00	2.96	MB7
2013	16,670,000	5.00	3.13	MC5
2014	18,340,000	5.00	3.29	MD3
2015	1,875,000	4.00	3.46	ME1
2015	18,020,000	5.00	3.46	MF8
2016	21,920,000	5.00	3.62	MG6
2017	23,015,000	5.00	3.79	MH4
2018	24,165,000	5.00	3.95	MJ0
2019	25,375,000	5.00	4.10 ⁽²⁾	MK7
2020	26,645,000	5.00	4.22 ⁽²⁾	ML5
2021	27,975,000	5.00	4.34 ⁽²⁾	MM3
2023	30,550,000	4.50	4.55	MN1
2028	35,080,000	4.875	4.92	MP6
2029	39,145,000	4.75	4.97	MQ4
2030	41,005,000	4.75	5.00	MR2

\$413,880,000 Term Bonds

\$137,385,000 5.00% Series 2008A Term Bonds Due November 15, 2033 priced to Yield 5.06%
CUSIP Number 89602NMS0⁽¹⁾

\$186,495,000 5.00% Series 2008A Term Bonds Due November 15, 2037 priced to Yield 5.10%
CUSIP Number 89602NMT8⁽¹⁾

\$90,000,000 5.25% Series 2008A Term Bonds Due November 15, 2038 priced to Yield 5.00%⁽²⁾
CUSIP Number 89602NMU5⁽¹⁾

\$252,230,000 Series 2008B Mandatory Tender Bonds

<u>Subseries</u>	<u>Stated Maturity (November 15)</u>	<u>Principal Amount</u>	<u>Reset Date (November 15)</u>	<u>Interest Rate to Reset Date</u>	<u>Yield to Reset Date</u>	<u>CUSIP Number (89602N)⁽¹⁾</u>
B-1	2025	\$ 83,500,000	2013	5.00%	3.63% ⁽³⁾	MV3
B-2	2027	63,650,000	2014	5.00	3.81 ⁽³⁾	MW1
B-3	2038	105,080,000	2015	5.00	3.98 ⁽³⁾	MX9

The Series 2008 Bonds are subject to optional and mandatory redemption as described under the caption “DESCRIPTION OF SERIES 2008 BONDS – Redemption Prior to Maturity” in Part I. The following summarizes the optional redemption provisions: the Series 2008A Bonds maturing on and after November 15, 2019 are subject to optional redemption prior to maturity on any date on or after May 15, 2018, at the option of MTA Bridges and Tunnels, in whole or in part at 100% of the principal amount thereof, together with accrued interest thereon up to but not including the redemption date. The Series 2008B Bonds are not subject to optional redemption prior to their respective Reset Dates. The Series 2008B Bonds are subject to optional redemption on their respective Reset Dates at the option of MTA Bridges and Tunnels, in whole or in part, from available amounts, on the related Reset Date and on any Business Day during the Delayed Remarketing Period (as defined herein), at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

⁽¹⁾ CUSIP numbers have been assigned by an organization not affiliated with MTA Bridges and Tunnels and are included solely for the convenience of the holders of the Series 2008 Bonds. MTA Bridges and Tunnels is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2008 Bonds or as indicated above.

⁽²⁾ Priced at the stated yield to the May 15, 2018 optional redemption date at a redemption price of 100%.

⁽³⁾ Priced at the stated yield to the Reset Date at a redemption price of 100%.

Triborough Bridge and Tunnel Authority

(MTA Bridges and Tunnels)

Triborough Station, Box 35

New York, New York 10035

(212) 360-3000

Website: www.mta.info

H. Dale Hemmerdinger	Chairman
David S. Mack	Vice-Chairman
Andrew M. Saul	Vice-Chairman
Andrew B. Albert	Non-Voting Member
John H. Banks III.....	Member
James F. Blair	Non-Voting Member
Norman E. Brown.....	Non-Voting Member
Donald Cecil.....	Member
Barry L. Feinstein.....	Member
Jeffrey A. Kay	Member
Mark D. Lebow	Member
James L. McGovern.....	Non-Voting Member
Susan G. Metzger	Member
Mark Page	Member
Mitchell H. Pally	Member
Francis H. Powers.....	Member
Norman I. Seabrook.....	Member
James L. Sedore, Jr.....	Member
Nancy Shevell.....	Member
Vincent Tessitore, Jr.....	Non-Voting Member
Ed Watt.....	Non-Voting Member
Carl V. Wortendyke.....	Member

Elliot G. Sander	Executive Director and Chief Executive Officer
David Moretti	Acting President
Thomas Bach	Vice President and Chief Engineer
Robert M. O'Brien, Esq.....	General Counsel
Donald Spero	Acting Chief Financial Officer

HAWKINS DELAFIELD & WOOD LLP

New York, New York

Bond Counsel

GOLDMAN, SACHS & CO.

New York, New York

Financial Advisor

URS CORPORATION – NEW YORK

New York, New York

Independent Engineers

SUMMARY OF TERMS

MTA Bridges and Tunnels has prepared this Summary of Terms to describe the specific terms of the Series 2008 Bonds. The information in this official statement, including the materials filed with the repositories and included by specific cross-reference as described herein, provides a more detailed description of matters relating to MTA Bridges and Tunnels and to MTA Bridges and Tunnels’ General Revenue Bonds. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the bonds being offered.

Issuer	Triborough Bridge and Tunnel Authority, a public benefit corporation of the State of New York (hereinafter referred to as MTA Bridges and Tunnels).	
Bonds Being Offered	General Revenue Bonds, Series 2008A and Series 2008B.	
Purpose of Issue.....	To finance bridge and tunnel projects, and may also be used to finance transit and commuter projects and/or to refinance outstanding indebtedness issued by MTA or MTA Bridges and Tunnels.	
Rates and Maturities	See inside cover.	
Denominations.....	\$5,000 and whole multiples of \$5,000.	
Interest Payment Dates	May 15 and November 15, commencing November 15, 2008.	
Redemption.....	See “DESCRIPTION OF SERIES 2008 BONDS – Redemption Prior to Maturity” in Part I.	
Mandatory Tender of the Series 2008B Bonds.....	See “DESCRIPTION OF SERIES 2008 BONDS – Mandatory Tender for Purchase” in Part I.	
Sources of Payment and Security	Net revenues collected on the bridges and tunnels operated by MTA Bridges and Tunnels as described herein.	
Registration of the Bonds	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.	
Trustee	U.S. Bank Trust National Association.	
Bond Counsel	Hawkins Delafield & Wood LLP, New York, New York.	
Tax Status	See “TAX MATTERS” in Part III.	
Ratings.....	<u>Rating Agency</u>	<u>Ratings</u>
	Moody’s	Aa2
	Standard & Poor’s	AA-
	Fitch	AA
	See “RATINGS” in Part III.	
Financial Advisor	Goldman, Sachs & Co.	
Underwriters	See cover page. Lehman Brothers Inc. is the representative of the Underwriters for the Series 2008 Bonds.	
Purchase Price/Underwriters’ Discount.....	See “UNDERWRITING” in Part III.	
Counsel to the Underwriters	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., New York, New York.	
Independent Engineers	URS Corporation – New York, New York, New York.	

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- ***No Unauthorized Offer.*** This official statement is not an offer to sell, or the solicitation of an offer to buy, the Series 2008 Bonds in any jurisdiction where that would be unlawful. MTA Bridges and Tunnels has not authorized any dealer or salesperson or anyone else to give any information or make any representation in connection with the offering of the Series 2008 Bonds, except as set forth in this official statement. No other information or representations should be relied upon.
 - ***No Contract or Investment Advice.*** This official statement is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this official statement and the Series 2008 Bonds being offered, and anything else related to this bond issue.
 - ***Information Subject to Change.*** Information and expressions of opinion are subject to change without notice, and it should not be inferred that there have been no changes since the date of this document. Neither the delivery of, nor any sale made under, this official statement shall under any circumstances create any implication that there has been no change in MTA Bridges and Tunnels' affairs or in any other matters described herein.
 - ***Forward-Looking Statements.*** Many statements contained in this official statement, including the appendices and the documents included by specific cross-reference, that are not historical facts are forward-looking statements, which are based on MTA Bridges and Tunnels' and the Independent Engineers' beliefs, as well as assumptions made by, and information currently available to, the management and staff of MTA Bridges and Tunnels and the Independent Engineers. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "plan," "forecast," "goal," "budget" or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this official statement.
 - ***Projections.*** The MTA Bridges and Tunnels projections set forth in this official statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of MTA Bridges and Tunnels' management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of MTA Bridges and Tunnels. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this official statement are cautioned not to place undue reliance on the prospective financial information. Neither MTA Bridges and Tunnels' independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.
 - ***No Guarantee of Information by Underwriters.*** The Underwriters have provided the following sentence for inclusion in this official statement: The Underwriters have reviewed the information in this official statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.
 - ***Overallotment and Stabilization.*** The Underwriters may overallot or effect transactions that stabilize or maintain the market price of the Series 2008 Bonds at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are free to discontinue it at any time.

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Information Included by Specific Cross-reference. The following portions of MTA’s 2007 Combined Continuing Disclosure Filings, dated April 26, 2007, and filed with the repositories identified in the “INTRODUCTION” to this official statement, are included by specific cross-reference in this official statement, along with material that updates this official statement and that is either filed with those repositories or, in the case of official statements, filed with the Municipal Securities Rulemaking Board (MSRB) prior to the delivery date of the Series 2008 Bonds, together with any supplements or amendments thereto:

- **Appendix A** – The Related Entities
- **Appendix D** – Audited Financial Statements of Triborough Bridge and Tunnel Authority for the Years Ended December 31, 2006 and 2005

Readers of this official statement should also be aware that **Appendix A**, which is included by specific cross-reference in this official statement, itself includes additional documents by specific cross-reference therein.

The following documents have also been filed with the repositories identified in the “INTRODUCTION” and are included by specific cross-reference in this official statement:

- MTA’s Unaudited Consolidated Financial Statements for the nine-month period ended September 30, 2007⁽¹⁾
- Summary of Certain Provisions of the Senior Bridges and Tunnels Resolution⁽²⁾
- Definitions and Summary of Certain Provisions of the Standard Resolution Provisions⁽²⁾
- History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of Triborough Bridge and Tunnel Authority, dated June 1, 2007, prepared by URS Corporation – New York

⁽¹⁾ Copies of MTA’s Unaudited Consolidated Financial Statements for the nine-month period ended September 30, 2007 can also be found on the MTA website at www.mta.info/mta/budget/pdf/3q07.pdf.

⁽²⁾ Copies of these summaries can be found on the MTA website (www.mta.info/mta/investor/index.html) under the caption “MTA Home-Investor Information.” The summary of certain provisions of the Senior Bridges and Tunnels Resolution is listed under “Summaries of Certain Provisions of the TBTA Senior Lien Resolution.” Definitions of certain terms used in the summaries may differ from terms used in this official statement, such as using the popular name “MTA Bridges and Tunnels” in place of Triborough Bridge and Tunnel Authority or its abbreviation, TBTA.

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INTRODUCTION

MTA Bridges and Tunnels and Other Related Entities

Triborough Bridge and Tunnel Authority, or MTA Bridges and Tunnels, is a public benefit corporation, which means that it is a corporate entity separate and apart from the State, without any power of taxation – frequently called a “public authority”. MTA Bridges and Tunnels is empowered to construct and operate toll bridges and tunnels and other public facilities in New York City. MTA Bridges and Tunnels issues debt obligations to finance the capital costs of its facilities and the transit and commuter systems operated by other affiliates and subsidiaries of the Metropolitan Transportation Authority, or MTA. MTA Bridges and Tunnels’ surplus amounts are used to fund transit and commuter operations and finance capital projects.

MTA has responsibility for developing and implementing a single, integrated mass transportation policy for the MTA Commuter Transportation District, which consists of New York City and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. It carries out some of those responsibilities by operating the transit and commuter systems through its subsidiary and affiliate entities: the New York City Transit Authority and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority; the Staten Island Rapid Transit Operating Authority; The Long Island Rail Road Company; the Metro-North Commuter Railroad Company; the Metropolitan Suburban Bus Authority (MSBA); the MTA Bus Company; and the MTA Capital Construction Company. MTA issues debt obligations to finance a substantial portion of the capital costs of these systems, other than MSBA.

The board members of MTA serve as the board members of the MTA’s affiliates and subsidiaries, which, together with the MTA, are referred to collectively herein as the Related Entities. MTA Bridges and Tunnels is an affiliate, not a subsidiary, of MTA. MTA, MTA Bridges and Tunnels and the other Related Entities are described in detail in **Appendix A** to MTA’s 2007 Combined Continuing Disclosure Filings (**Appendix A**), which is included by specific cross-reference in this official statement.

The following table sets forth the legal and popular names of the Related Entities. Throughout this official statement, reference to each agency will be made using the popular names.

<u>Legal Name</u>	<u>Popular Name</u>
Metropolitan Transportation Authority	MTA
New York City Transit Authority	MTA New York City Transit
Manhattan and Bronx Surface Transit Operating Authority	MaBSTOA
Staten Island Rapid Transit Operating Authority	MTA Staten Island Railway
MTA Bus Company	MTA Bus
Metropolitan Suburban Bus Authority	MTA Long Island Bus
The Long Island Rail Road Company	MTA Long Island Rail Road
Metro-North Commuter Railroad Company	MTA Metro-North Railroad
MTA Capital Construction Company	MTA Capital Construction
Triborough Bridge and Tunnel Authority	MTA Bridges and Tunnels

Capitalized terms used herein and not otherwise defined have the meanings provided by **Appendix A**.

Where to Find Information

Information in this Official Statement. This official statement is organized as follows:

- **Part I** provides specific information about the Series 2008 Bonds.
- **Part II** describes the sources of payment and security for all General Revenue Bonds, including the Series 2008 Bonds.
- **Part III** provides miscellaneous information relating to the Series 2008 Bonds.
- **Attachment 1** sets forth certain provisions applicable to the book-entry system of registration to be used for the Series 2008 Bonds.
- **Attachment 2** sets forth a summary of certain provisions of a continuing disclosure agreement relating to the Series 2008 Bonds.
- **Attachment 3** is the form of opinion of Bond Counsel in connection with the Series 2008 Bonds.
- **Attachment 4** sets forth an update to the report dated June 1, 2007 relating to the history and projection of traffic, toll revenues and expenses and review of physical condition of MTA Bridges and Tunnels' facilities by the Independent Engineers.
- **Information Included by Specific Cross-reference** in this official statement and identified in the Table of Contents may be obtained, as described below, from the repositories or the MSRB and from MTA.

Information from Repositories. MTA and MTA Bridges and Tunnels file annual and other information with each Nationally Recognized Municipal Securities Information Repository (NRMSIRs). Documents filed by MTA and MTA Bridges and Tunnels should be available from those repositories designated as such at the time of the filing. The repositories may charge a fee for access to those documents. The current repositories are as follows:

Bloomberg Municipal Repository

100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: munis@bloomberg.com

Interactive Data Pricing and Reference Data, Inc.

Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: (212) 771-6999; (800) 689-8466
Fax: (212) 771-7390
Email: NRMSIR@interactivedata.com

DPC Data Inc.

One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

Standard & Poor's Securities Evaluations, Inc.

55 Water Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

Information Included by Specific Cross-reference. The information listed under the caption "Information Included by Specific Cross-reference" following the Table of Contents, as filed with the repositories to date, is "included by specific cross-reference" in this official statement. This means that important information is disclosed by referring to those documents and that the specified portions of those documents are considered to be part of this official statement. This official statement, which includes those filings, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Series 2008 Bonds.

Information Available at No Cost. Information filed with the repositories is also available, at no cost, on MTA's website or by contacting MTA, Attn.: Finance Department, at 347 Madison Avenue, New York, New York 10017. For important information about MTA's website, see Part III – "FURTHER INFORMATION" below.

Recent Developments

MTA Financial Plan and MTA Fare & Toll Increase Adopted. On December 19, 2007, the MTA Board approved proposed fares and fare structures for the subway, bus and commuter rail systems, as well as proposed increases in bridge and tunnel crossing charges. The new fares and fare structure, implementation of which commenced on March 1 and 2, 2008, together with the increased bridge and tunnel crossing charges to be implemented on March 16, 2008, are projected to provide an additional revenue yield of approximately 3.85%. See “*2008 Fare and Toll Adjustments*” below for a discussion of changes to fares that go into effect in March 2008.

Also on December 19, 2007, the MTA Board adopted the 2008 Budget, including the 2007 Final Estimate. As is customary, the Board only votes on the following year budget and not the remaining out-years in the 2008-2011 Financial Plan (2009-2011) which are presented for information purposes only. The 2009 to 2011 period reflects cash deficits in each of those years. The MTA is required to balance its budget on a cash basis and, therefore, a plan which could include future cost reductions, fare and toll adjustments and additional subsidies will be necessary to address deficits beginning in 2009. The four-year financial plan assumes a level of capital spending consistent with the approved Transit and Commuter Capital Programs. In addition, the plan includes a preliminary estimate of debt service for borrowing for 2010-2014 Capital Program expenditures. It was assumed at the time the plan was developed in November 2007 that the core Capital Program would be funded in a similar fashion as the 2005-2009 MTA Capital Program and the remainder of the Second Avenue Subway Phase 1 and East Side Access projects would be funded. As described under “*New MTA Proposed 2008-2013 Capital Program Required by Congestion Pricing Legislation*” below, MTA is required to submit capital program plans for the Transit System and the Commuter System to the Review Board by March 31, 2008, covering the July 1, 2008 through December 31, 2013 period.

The final step in the budget adoption process is the development of the February 2008-2011 Financial Plan. The Board adopted the February 2008-2011 Financial Plan on February 27, 2008. The purpose of the February 2008-2011 Financial Plan is to fully incorporate Board-approved actions on a detailed basis into the Related Entities budgets and forecasts, including policy and gap-closing actions. The February 2008-2011 Financial Plan also includes minor technical adjustments that result in very little change to the bottom line. When compared with the November 2008-2011 Financial Plan, the closing cash balance has been increased by a net \$3 million in 2007 and decreased by \$9 million in 2008. The projected cash deficit will decrease by \$14 million in 2009, \$2 million in 2010 and \$4 million in 2011.

Copies of the 2008 Adopted Budget and the February 2008-2011 Financial Plan are posted on MTA’s website (www.mta.info) under “Financial Plan/Budget.”

Three sets of actions/measures are included in the February 2008-2011 Financial Plan:

Policy Actions – spending initiatives that address important needs in the areas of service, customer satisfaction, safety and security. One action is the set-aside of \$27 million in 2008 that will grow to \$60 million a year thereafter to supplement service across the Related Entities. Actual implementation of these service enhancements will await review of revenues at the end of March 2008. A second initiative provided \$34.6 million in 2007 for the agencies to establish pilot programs that will demonstrably improve and enhance the experience of both customers and employees. For those agencies that requested a continuation or expansion of the second initiative beyond the pilot, the Board approved cost reductions that are estimated to generate recurring savings to offset the cost of the new initiatives in 2008 and beyond.

Gap Closing Measures – an equitable sharing of the burden by all key stakeholders that use and benefit from the systems. The February 2008-2011 Financial Plan assumes the following:

- a fare and toll increase in early 2008 that will result in a 3.85% increase in revenue yield, and an additional inflationary increase in 2010;
- annual agency budget reductions of 1.5% that do not include service cuts;

- new State revenues – including State tax re-estimates, payment to MTA of additional dedicated tax fund balances (actual tax collections exceeding estimates and prior year balances), and legislative proposals to tighten up the tax codes. These State tax estimates reflect the State Fiscal Year 2007-08 enacted budget. The Governor’s Executive Budget reflects appropriations for MTA State tax revenues consistent with MTA’s 2008 Adopted Budget. The Governor’s budget reflects downturns in State Fiscal Year 2007-2008 business taxes compared with the growth assumed in the State Fiscal Year 2007-08 enacted budget; these downturns in business tax yields, notably affecting the MTA corporate tax surcharge this State Fiscal Year, are offset in State Fiscal Year 2008-2009 by growth predicated on various tax loophole closers and other tax-related actions proposed by the Governor. However, if the taxes and/or alternate funds do fall short of projections, due to a further slowdown in the economy or failure to enact the Governor’s tax proposals, MTA will seek additional aid and, if not available, expense reductions or other positive variances would be needed to cover the shortfall. In addition, beginning in 2010, the February 2008-2011 Financial Plan provides that a new revenue source(s) in the approximate amount of \$600 million, growing annually with inflation, will be identified and earmarked for MTA; and
- employee contributions resulting from contract negotiations, efficiency measures and downsizing.

Cash Management Actions – using the 2007 cash balance to generate savings in the approximate amount of \$55 million, including:

- defease approximately \$300 million of debt maturing in 2009 – This was accomplished on September 20, 2007, resulting in February 2008-2011 Financial Plan savings of approximately \$19.5 million.
- pre-purchase fuel by locking in approximate 30% of fuel purchases for 2008 and 2009 – This has not yet been accomplished and MTA continues to explore ways of locking in future fuel prices. Because fuel costs have risen sharply, MTA established a fuel reserve of \$22 million in 2008 to compensate for recent price increases.
- prepay \$200 million in pension payments – This was accomplished in November 2007.

In the 2007 Budget Projections, the 2008 Adopted Budget and the February 2008-2011 Financial Plan, MTA projects the following, after taking into consideration the application of MTA Bridges and Tunnels’ operating surplus to mass transit:

2007

- After policy actions, gap closing measures and the items described above under “Cash Management Actions,” and including the cash balance transfer from 2006 of \$937 million, the February 2008-2011 Financial Plan projects a cash balance at the end of 2007 of \$524 million.

2008

- After policy actions, gap closing measures and cash management actions, the 2008 Adopted Budget projects a net cash balance of \$368 million.

2009-2011

- Before policy actions, gap closing measures and cash management actions, but including the projected cash balance transfer from 2008 of \$368 million, MTA is projecting cash

deficits in 2009, 2010 and 2011 of \$344 million, \$1.4 billion and \$1.7 billion, respectively.

- However, if the policy actions, gap closing measures, including the addition of a new revenue source(s) in 2010 and fare and toll yield increases in both 2008 and 2010 as projected in the February 2008-2011 Financial Plan, and cash management actions are implemented, MTA projects that the Related Entities would have annual cash deficits in 2009, 2010 and 2011 of \$216 million, \$335 million and \$416 million, respectively, that would need to be addressed with additional actions.

Other than normal growth in expenses due to inflation, the major portions of the projected deficits are caused by substantial growth in debt service costs, additional pension contributions and additional health and welfare benefit costs.

The following issues, among others, continue to be major risks associated with the plan: (1) a serious cooling of the real estate market in the MTA Commuter Transportation District, including the commercial real estate market in the City, (2) changing economic conditions that affect ridership and employment and business tax collections, (3) energy supplies that could be disrupted and prices that could become more volatile, and (4) unanticipated growth in controllable expenses.

2008 Fare and Toll Adjustments. In order to address the baseline deficits projected beginning in 2009, the MTA Board authorized the following fare and toll increases to be put into effect in 2008:

Transit – The MetroCard base fare of \$2 will remain unchanged. Effective March 2, 2008, the price of the 7-Day Unlimited Ride MetroCard increased to \$25 from \$24 and the 30-Day Unlimited Ride MetroCard increased to \$81 from \$76. The fare for the new 14-Day Unlimited Ride MetroCard is \$47. The MetroCard bonus percentage was reduced from 20% to 15% and the MetroCard minimum purchase amount for the bonus to apply was reduced to \$7 from \$10.

Commuter – For travel within New York State, effective March 1, 2008, for the vast majority of monthly and weekly commuters the price for a rail ticket increased between 3.76% and 4.25%. However, the overall average increase for one-way, ten-trip, weekly and monthly tickets is 3.85%

Bridges and Tunnels – Effective March 16, 2008:

- E-ZPass tolls for passenger vehicles will increase by up to 3.75% for passenger vehicles except on the Henry Hudson Bridge, where the increase will be 8.6% (\$0.15). Commercial vehicle tolls will also increase. Commercial vehicles that use E-ZPass will receive a 25% discount off the cash toll rate which is an increase in the discount from the current 20%.
- Cash tolls for passenger vehicles: tolls on the major facilities (Triborough, Verrazano-Narrows, Bronx-Whitestone and Throgs Neck Bridges and the two tunnels) and the Henry Hudson Bridge will increase by \$0.50 and tolls on the minor facilities (Marine Parkway-Gil Hodges and Cross Bay Veterans Memorial Bridges) will increase by \$0.25. Commercial vehicle tolls will also increase.

The fare and toll increase is expected to provide a 3.85% increase in revenue yield.

New MTA Proposed 2008-2013 Capital Program Required by Congestion Pricing Legislation. In July 2007, legislation was enacted to, among other things, create a New York City Traffic Congestion Mitigation Commission (the Commission) to undertake a review and study of plans to reduce traffic congestion and other related health and safety issues within the City, including issues relating to implementing a traffic congestion mitigation plan to be developed and submitted by the Mayor of the City. On January 31, 2008, the Commission issued its Report and Recommendations. The Commission recommended that the State Legislature and

the Governor enact, upon recommendation by the Mayor and City Council, a congestion fee system that would reduce traffic in the City's central business district, improve air quality and raise significant funds for mass transit. The Commission estimated that its plan would raise approximately \$490 million per year, which it recommended should be dedicated to mass transportation improvements. The Commission's recommendations have been forwarded to the Mayor, the City Council, the Governor and the State Legislature for review and further action. MTA cannot predict whether the congestion fee system recommended by the Commission will be enacted, the form of any such enacted system, or the effects of such system and related provisions on MTA and the Related Entities. A copy of the Commission Report and Recommendations is available at https://www.nysdot.gov/portal/page/portal/programs/repository/TCMC_FINAL_REPORT.pdf.

Pursuant to the July 2007 legislation, MTA is required to submit to the Review Board on or before March 31, 2008 two capital program plans for the period July 1, 2008 through December 31, 2013, one for the Transit System and the other for the Commuter System, each incorporating the components of a congestion pricing plan and/or other congestion mitigation measures acted on by the State Legislature. MTA staff has prepared a proposed capital program plan to satisfy these requirements. This proposed capital program plan (the Proposed 2008-2013 Capital Program Plan) was presented to the MTA Board for its information at the February 27, 2008 Board meeting, at which time the Board authorized submission of the Proposed 2008-2013 Capital Program Plan to the Review Board for its information. Copies of the Proposed 2008-2013 Capital Program Plan are available at <http://www.mta.info/mta/budget/pdf/2008-2013%20Capital%20Plan.pdf>.

The Proposed 2008-2013 Capital Program Plan is yet to be adopted by the Board nor has it yet been approved by the Review Board. Additional funding sources for the proposed 2008-2013 Capital Program Plan will need to be identified and modifications to the Proposed 2008-2013 Capital Program Plan may be required.

Since MTA Bridges and Tunnels' Capital Program is not subject to Review Board approval, it is not included in this proposed submission to the Review Board. However, MTA Bridges and Tunnels will be proposing a \$2.5 billion capital program for the 2008-13 period. The program includes more than \$1.5 billion for five roadway and deck related projects at the Triborough, Bronx Whitestone, Verrazano-Narrows and Throgs Neck bridges. These projects are linked to deck and roadway projects funded under previous capital programs. The new program will also enable MTA Bridges and Tunnels to address each facility's cyclical normal replacement structural needs.

Construction Cost Inflation. Over the last several months, MTA has received bid prices for construction of portions of several of its major public works projects that are significantly in excess of MTA's estimated and budgeted costs for such work. MTA believes that this inflation is due to a number of factors, including heavy demand for and a short supply of contractors for large scale public works projects regionally and nationally. In February 2008, MTA conducted a review of the projected impact of such construction cost inflation on these major projects, which review is reflected in the proposed 2008-2013 Capital Program Plan.

Shared Service/Business Services Center. On January 28, 2008, MTA announced that it will establish a consolidated business service center to provide finance and human resources transactional services for MTA and the Related Entities. This program, which is expected to save \$40 million in operating costs annually when the program is fully operational, is a cornerstone of MTA's institutional transformation initiative, which aims to reduce redundancy in operations wherever possible. MTA projects that it will take five years to build and implement all of the business service center operations, at a cost of \$170 to \$235 million, including capital elements.

GASB Statement No. 45 (OPEB). GASB Statement No. 45 relating to accounting and financial reporting by employers for post-employment benefits other than pensions (OPEB) currently applies to MTA. MTA has received a report from an independent consultant and actuary firm that values, consistent with GASB Statement No. 45, the present value of OPEB costs for past and current employees, including retirees, of the Related Entities to be approximately \$13.6 billion. The following chart allocates that value by agency:

<u>Agency</u>	GASB 45 Present Value <u>(in millions)</u>
MTA New York City Transit (including MaBSTOA)	\$10,465.3
MTA Long Island Rail Road	1,186.6
MTA Metro-North Railroad	469.8
MTA Bridges and Tunnels	576.6
MTA Headquarters	378.7
MTA Long Island Bus	47.1
MTA Staten Island Railway	25.7
MTA Bus	<u>473.4</u>
Total	<u>\$13,623.2</u>

MTA has adopted certain methods and assumptions to determine the 2007 expense for OPEB and to amortize the liability. Many of those methods and assumptions are detailed in Footnote 5 to MTA's third quarter unaudited consolidated financial statements included herein by specific cross-reference.

See "EMPLOYEES, LABOR RELATIONS AND PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS – OPEBS" in Part 5 of **Appendix A** for a more complete description of OPEB and the contributions made, and projected to be made, by the Related Entities.

Third Quarter Unaudited Financial Statements. MTA recently filed with the NRMSIRs its third quarter 2007 consolidated unaudited financial statements. The review of the quarterly financial statements is conducted in accordance with the standards established by the American Institute of Certified Public Accountants. A copy of the financial statements has also been (1) posted on MTA's website as set forth under "*Information Included by Specific Cross-reference*" on page v and (2) transmitted to DAC for filing with the repositories.

Property Insurance Renewed. Effective October 31, 2007, FMTAC, MTA's captive insurance company subsidiary, renewed the all-agency property insurance program. For the period October 31, 2007 through May 1, 2009, FMTAC directly insures property damage claims of the Related Entities in excess of a \$25 million per occurrence self-insured retention ("SIR"), subject to an annual \$75 million aggregate. Losses occurring after the retention aggregate is exceeded are subject to a deductible of \$7.5 million per occurrence. The total program limit has been maintained at \$1.25 billion per occurrence covering property of the Related Entities collectively. With the exception of acts of terrorism (both domestic and foreign), FMTAC is reinsured in the domestic, London, European and Bermuda marketplaces for this coverage. Given the absence of major catastrophes in 2006 and 2007, available capacity has emerged, along with pricing reductions. As a result, FMTAC was able to obtain additional reinsurance capacity over last year and has fully reinsured the all-risk component for the full \$1.25 billion, subject to certain program sublimits.

The property insurance program provides replacement cost coverage for all risks of direct physical loss or damage to all real and personal property with minor exceptions. The policy also provides extra expense and business interruption coverages.

With respect to acts of terrorism, FMTAC is reinsured by the United States Government for 85% of "certified" losses, as covered by the Terrorism Risk Insurance Act of 2007, originally introduced in 2002 and extended in 2007 (TRIA 2007). Under the 2007 extension, terrorism acts sponsored by both foreign and domestic organizations are covered. Until 2007, the Act only provided coverage for acts sponsored by foreign organizations. The remaining 15% of MTA losses would be covered under an additional policy described below. Additionally, no federal compensation will be paid unless the aggregate industry insured losses exceed a \$100 million ("trigger").

To supplement the reinsurance to FMTAC through TRIA 2007, the MTA obtained an additional commercial reinsurance policy with Lexington Insurance Co. (part of AIG). That policy provides coverage for (1) 15% of any "certified" act of terrorism - up to a maximum recovery of \$183.75 million for any one occurrence, or (2) 100% of any "certified" terrorism loss which does not reach the \$100 million trigger - up to a maximum recovery of \$100 million for any occurrence. This coverage expires on April 30, 2009. Recovery under this policy is subject to a retention of \$25 million per occurrence and \$75 million in the annual aggregate - in the event of multiple losses

during the policy year. Should the MTA's retention in any one year exceed \$75 million, then future losses in that policy year are subject to a retention of just \$7.5 million.

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PART I. SERIES 2008 BONDS

Part I of this official statement, together with the Summary of Terms, provides specific information about the Series 2008 Bonds.

APPLICATION OF PROCEEDS

MTA Bridges and Tunnels anticipates that the net proceeds of the Series 2008 Bonds (the principal amount thereof plus net original issue premium of \$33,230,043.05 and less certain financing, legal and miscellaneous expenses of \$14,043,852.56) in the amount of \$1,094,186,190.49 will be used to finance bridge and tunnel projects, and may also be used to finance transit and commuter projects set forth in the approved MTA Capital Programs and/or to refinance outstanding indebtedness issued by MTA or MTA Bridges and Tunnels.

DESCRIPTION OF SERIES 2008 BONDS

General

Book-Entry-Only System. The Series 2008 Bonds will be issued as registered bonds, registered in the name of The Depository Trust Company or its nominee (together, DTC), New York, New York, which will act as securities depository for the Series 2008 Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. So long as DTC is the registered owner of the Series 2008 Bonds, all payments on the Series 2008 Bonds will be made directly to DTC. DTC is responsible for disbursement of those payments to its participants, and DTC participants and indirect participants are responsible for making those payments to beneficial owners. See **Attachment 1** – “Book-Entry-Only System.”

Interest Payments. The Series 2008 Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside cover of this official statement. Interest will be paid on each May 15 and November 15, beginning November 15, 2008. So long as DTC is the sole registered owner of all of the Series 2008 Bonds, all interest payments will be paid to DTC by wire transfer of immediately available funds, and payment of interest to beneficial owners will occur through the DTC Book-Entry-Only System.

Transfers and Exchanges. So long as DTC is the securities depository for the Series 2008 Bonds, it will be the sole registered owner of the Series 2008 Bonds, and transfers of ownership interests in the Series 2008 Bonds will occur through the DTC Book-Entry-Only System.

Trustee. U.S. Bank Trust National Association is Trustee and Paying Agent with respect to the Series 2008 Bonds.

Redemption Prior to Maturity

Mandatory Sinking Fund Redemption. The term bonds shown below are subject to mandatory sinking fund redemption, in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) on any November 15 on and after the first sinking fund installment date shown below at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Sinking Fund Installments that are required to be made in amounts sufficient to redeem on November 15 of each year the principal amount of such Series 2008 Bonds shown below:

<u>Series 2008A 2033 Term Bond</u>		
	<u>Sinking Fund Redemption Date (November 15)</u>	<u>Sinking Fund Installment</u>
first payment	2031	\$42,955,000
	2032	45,100,000
final maturity	2033	49,330,000
average life – 24.680 years		

<u>Series 2008A 2037 Term Bond</u>		
	<u>Sinking Fund Redemption Date (November 15)</u>	<u>Sinking Fund Installment</u>
first payment	2033	\$ 1,495,000
	2034	36,110,000
	2035	42,715,000
	2036	56,250,000
final maturity	2037	49,925,000
average life – 28.261 years		

<u>Series 2008A 2038 Term Bond</u>		
	<u>Sinking Fund Redemption Date (November 15)</u>	<u>Sinking Fund Installment</u>
first payment	2035	\$ 5,000,000
	2036	5,000,000
	2037	10,000,000
final maturity	2038	70,000,000
average life – 30.244 years		

<u>Series 2008B-1 Mandatory Tender Bond</u>		
	<u>Sinking Fund Redemption Date (November 15)</u>	<u>Sinking Fund Installment</u>
first payment	2022	\$29,375,000
	2024	31,925,000
final maturity	2025	22,200,000
average life – 16.196 years		

<u>Series 2008B-2 Mandatory Tender Bond</u>		
	<u>Sinking Fund Redemption Date (November 15)</u>	<u>Sinking Fund Installment</u>
first payment	2025	\$11,000,000
	2026	34,530,000
final maturity	2027	18,120,000
average life – 18.745 years		

<u>Series 2008B-3 Mandatory Tender Bond</u>		
	<u>Sinking Fund Redemption Date (November 15)</u>	<u>Sinking Fund Installment</u>
first payment	2027	\$17,790,000
	2028	2,265,000
	2033	1,790,000
	2034	19,115,000
	2035	10,080,000
	2036	12,485,000
	2037	17,385,000
final maturity	2038	24,170,000
average life – 27.052 years		

Credit Toward Mandatory Sinking Fund Redemption. MTA Bridges and Tunnels may take credit toward mandatory Sinking Fund Installment requirements as follows, and if taken, thereafter reduce the amount of term Series 2008 Bonds of the same maturity and interest rate otherwise subject to mandatory Sinking Fund Installments on the date for which credit is taken:

- If MTA Bridges and Tunnels directs the Trustee to purchase term Series 2008 Bonds with money in the Debt Service Fund (at a price not greater than par plus accrued interest to the date of purchase), then a credit of 100% of the principal amount of bonds purchased will be made against the next Sinking Fund Installment due.

- If MTA Bridges and Tunnels purchases or redeems term Series 2008 Bonds with other available moneys, then the principal amount of those bonds will be credited against future Sinking Fund Installment requirements in any order, and in any annual amount, that MTA Bridges and Tunnels may direct.

Optional Redemption. The Series 2008A Bonds maturing on and after November 15, 2019 are subject to redemption prior to maturity on any date on and after May 15, 2018 at the option of MTA Bridges and Tunnels, in whole or in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) at 100% of the principal amount thereof, together with accrued interest thereon up to but not including the redemption date.

The Series 2008B Bonds are not subject to optional redemption prior to their respective Reset Dates. The Series 2008B Bonds of each subseries are subject to redemption at the option of MTA, in whole or in part, from available amounts, on the related Reset Date and on any Business Day during the Delayed Remarketing Period (as defined herein), at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

State and City Redemption. Pursuant to the MTA Bridges and Tunnels Act, the State or the City, upon providing sufficient funds, may require MTA Bridges and Tunnels to redeem the Series 2008 Bonds as a whole at the time and at the price and in accordance with the terms upon which the Series 2008 Bonds are otherwise redeemable.

Redemption Notices. So long as DTC is the securities depository for the Series 2008 Bonds, the Trustee must mail redemption notices to DTC at least 30, but not more than 45, days before the redemption date. If the Series 2008 Bonds are *not* held in book-entry-only form, then the Trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Series 2008 Bonds is valid and effective even if DTC's procedures for notice should fail. Beneficial owners should consider arranging to receive redemption notices or other communications to DTC affecting them, including notice of interest payments through DTC participants. Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before the payment of the Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. **Please note that all redemptions are final - even if beneficial owners did not receive their notice, and even if that notice had a defect.**

Effect of Call for Redemption. If the Trustee gives an unconditional notice of redemption, then on the redemption date the Series 2008 Bonds called for redemption will become due and payable. If the Trustee gives a conditional notice of redemption and holds money to pay the redemption price of the affected Series 2008 Bonds, then on the redemption date the Series 2008 Bonds called for redemption will become due and payable. In either case, if on the redemption date the Trustee holds money to pay the Series 2008 Bonds called for redemption, thereafter, no interest will accrue on those Series 2008 Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series 2008 Bonds.

Mandatory Tender for Purchase of the Series 2008B Bonds

General. The Series 2008B Bonds (other than any Series 2008B Bonds redeemed on the related Reset Dates) will be subject to mandatory tender for purchase on the related Reset Date at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to such Reset Date, without premium See **"TAX MATTERS— Special Considerations Relating to the Series 2008B Bonds."**

Sources of Funds for Purchase of Tendered Series 2008B Bonds. Tendered Series 2008B Bonds will be purchased solely with proceeds from the remarketing of the Series 2008B Bonds. **There is no source of moneys other than remarketing proceeds available to pay the purchase price of Series 2008B Bonds upon mandatory tender thereof on the applicable Reset Date. It is not an event of default under the Senior Bridges and Tunnel Resolution (defined below) if the Series 2008B Bonds are not purchased upon mandatory tender on any Reset**

Date because remarketing proceeds are insufficient for such purpose. See “– Consequences of a Failed Remarketing” below.

Notice of Mandatory Tender. The Trustee, at the direction of MTA, will give notice by mail to the registered owners of, and the remarketing agent to be designated by MTA Bridges and Tunnels (the Remarketing Agent) for, the Series 2008B Bonds not later than 30 days prior to each Reset Date, which notice will state (1) that such Series 2008B Bonds will be subject to mandatory tender for purchase on such Reset Date; (2) the procedures for such mandatory tender; (3) that the Series 2008B Bonds will be purchased at a price of par, plus accrued interest to the applicable Reset Date; and (4) the consequences of a failed remarketing. Beneficial owners should be aware that, so long as DTC is the securities depository for the Series 2008 Bonds, notice will be given to DTC as registered owner of the Series 2008B Bonds. Beneficial owners may wish to ascertain that the nominee holding the Series 2008 Bonds for their benefit has agreed to obtain and transmit notices to beneficial owners. The Senior Bridges and Tunnels Resolution requires the Trustee to appoint a Remarketing Agent and a Tender Agent no later than 60 days prior to the applicable Reset Date.

Consequences of a Failed Remarketing. In the event that remarketing proceeds are insufficient to pay the purchase price of all Outstanding Series 2008B Bonds of any subseries on the applicable Reset Date, (1) no purchase shall be consummated on such Reset Date and the Tender Agent shall, after any applicable grace period, (a) return all tendered Series 2008B Bonds to the registered owners thereof and (b) return all remarketing proceeds to the Remarketing Agent for return to the Persons providing such moneys; and (2) the Series 2008B Bonds of such subseries will bear interest at the Maximum Rate of 11% per annum during the period of time from and including the applicable Reset Date of such Series 2008B Bonds to (but not including) the date that all such Series 2008B Bonds are successfully remarketed (the Delayed Remarketing Period).

On each Business Day following the failed remarketing on the applicable Reset Date, the Remarketing Agent shall continue to use its best efforts to remarket the applicable subseries of the Series 2008B Bonds into the Mode designated by the Trustee, at the direction of the MTA Bridges and Tunnels (or such other Mode as the Trustee, at the direction of MTA Bridges and Tunnels shall thereafter designate to the Remarketing Agent and the prospective owners thereof). Once the Remarketing Agent has advised the Trustee that it has a good faith belief that it is able to remarket all of the applicable subseries of the Series 2008B Bonds into the designated Mode, the Trustee, at the direction of MTA Bridges and Tunnels, will give notice by mail to the registered owners of such Series 2008B Bonds not later than five Business Days prior to the purchase date, which notice will state (1) that the interest rate on such Series 2008B Bonds will continue to be a Term Rate or will be adjusted to a Daily Rate, Weekly Rate, Auction Period Rate or Fixed Rate or to the interest rates and Interest Periods applicable in the Commercial Paper Mode on and after the purchase date; (2) that such Series 2008B Bonds will be subject to mandatory tender for purchase on the purchase date; (3) the procedures for such mandatory tender; (4) the purchase price of such Series 2008B Bonds on the purchase date (expressed as a percentage of the principal amount thereof); and (5) the consequences of a failed remarketing.

During the Delayed Remarketing Period, the Trustee may, upon direction of MTA Bridges and Tunnels, apply available amounts to the redemption of the Series 2008B Bonds as a whole or in part on any Business Day during the Delayed Remarketing Period, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. Notice of redemption shall be provided at least five Business Days prior to the date fixed for redemption.

During the Delayed Remarketing Period, interest on such Series 2008B Bonds shall be paid to the registered owners thereof (i) on each May 15 and November 15 occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period. Payment of such interest shall be made by the Trustee from the Debt Service Fund pursuant to the Senior Bridges and Tunnels Resolution.

Delivery of Series 2008B Bonds Upon Mandatory Tender. With respect to any Series 2008B Bonds held in book-entry-only form, delivery of the Series 2008B Bonds to the Tender Agent in connection with the mandatory tender for purchase will be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of DTC or any DTC participant to reflect the transfer of the beneficial ownership interest in such Series 2008B Bond to the account of the Tender Agent, or to the account of a DTC participant acting on behalf of the Tender Agent.

Series 2008B Bonds Deemed Purchased. If moneys sufficient to pay the purchase price of Series 2008B Bonds to be purchased are held by the Tender Agent on the applicable Reset Date, or a subsequent purchase date in the event of a failed remarketing, such Series 2008B Bonds will be deemed to have been purchased for all purposes of the Senior Bridges and Tunnels Resolution, irrespective of whether such Series 2008B Bonds will have been delivered to the Tender Agent, and neither the former owner of such Series 2008B Bonds nor any other person will have any claim thereon, under the Senior Bridges and Tunnels Resolution or otherwise, for any amount other than the purchase price thereof.

In the event of non-delivery of any Series 2008B Bond to be purchased, the Tender Agent will segregate and hold uninvested the moneys for the purchase price of such Series 2008B Bonds in trust, without liability for interest thereon, for the benefit of the former owners of such Series 2008B Bonds, who will, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the purchase price of such Series 2008B Bonds. Any moneys which the Tender Agent will segregate and hold in trust for the payment of the purchase price of any Series 2008B Bond and remaining unclaimed for two (2) years after the date of purchase shall, to the extent permitted by law, upon request in writing by MTA Bridges and Tunnels and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to MTA Bridges and Tunnels free of any trust or lien and thereafter the former owner of such Series 2008B Bond shall look only to MTA Bridges and Tunnels and then only to the extent of the amounts so received by MTA Bridges and Tunnels without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the purchase price of such Series 2008B Bonds.

Debt Service on the Bonds

Table 1 on the next page sets forth, on a cash basis, the debt service on the outstanding Bonds, estimated debt service on the Series 2008 Bonds, and the aggregate senior lien debt service on all Bonds to be outstanding after the issuance of the Series 2008 Bonds. **Table 1** does not include debt service on the subordinate bonds. **Table 1** does not reflect the effect of any refinancing that MTA Bridges and Tunnels might effectuate after issuance of the Series 2008 Bonds with a portion of the proceeds thereof.

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Table 1**Aggregate Senior Lien Debt Service
(in thousands)⁽¹⁾**

<u>Year Ending December 31</u>	<u>Outstanding Bonds⁽²⁾</u>	<u>Series 2008 Bonds⁽³⁾</u>		<u>Total</u>	<u>Aggregate Debt Service⁽⁴⁾</u>
		<u>Principal</u>	<u>Interest</u>		
2008	\$312,805	-	\$ 33,921	\$ 33,921	\$ 346,726
2009	246,359	13,715	53,559	67,274	313,634
2010	323,365	14,400	52,874	67,274	390,639
2011	323,261	15,120	52,154	67,274	390,535
2012	323,132	15,875	51,398	67,273	390,404
2013	323,079	16,670	50,604	67,274	390,353
2014	321,875	18,340	48,935	67,275	389,150
2015	321,756	19,895	47,382	67,277	389,032
2016	321,639	21,920	45,355	67,275	388,914
2017	321,935	23,015	44,259	67,274	389,209
2018	321,778	24,165	43,108	67,273	389,051
2019	321,682	25,375	41,900	67,275	388,957
2020	321,964	26,645	40,631	67,276	389,240
2021	321,811	27,975	39,299	67,274	389,085
2022	321,678	29,375	37,900	67,275	388,953
2023	323,207	30,550	36,725	67,275	390,482
2024	321,793	31,925	35,350	67,275	389,069
2025	321,698	33,200	34,073	67,273	388,972
2026	321,953	34,530	32,745	67,275	389,229
2027	321,996	35,910	31,364	67,274	389,271
2028	321,870	37,345	29,928	67,273	389,143
2029	321,747	39,145	28,127	67,272	389,020
2030	321,890	41,005	26,268	67,273	389,163
2031	321,750	42,955	24,320	67,275	389,025
2032	292,536	45,100	22,172	67,272	359,809
2033	36,113	52,615	19,917	72,532	108,645
2034	36,128	55,225	17,304	72,529	108,658
2035	36,139	57,795	14,734	72,529	108,669
2036	14,371	73,735	11,933	85,668	100,039
2037	14,369	77,310	8,358	85,668	100,038
2038	-	94,170	4,642	98,812	98,812
Total	<u>\$8,075,682</u>	<u>\$1,075,000</u>	<u>\$1,061,241</u>	<u>\$2,136,241</u>	<u>\$10,211,923</u>

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Includes the following variable rate assumptions for debt service: Series 2001B, Series 2001C and Series 2002C – assumed net payments made by MTA Bridges and Tunnels under the respective swap agreements relating thereto and a variable interest rate of 4% per annum thereafter; and Series 2002F, Series 2003B and Series 2005A – assumed variable interest rate of 4% per annum. Debt service payable on January 1 of each year is included in the prior year’s debt service; Series 2005B – assumes interest at a rate of 3.513% per annum based on the related interest rate swaps through January 1, 2012 and 3.076% per annum based on the related interest rate swaps from January 1, 2012 through final maturity; and takes into account the effects during 2008 and 2009 of the cash defeasance described under “INTRODUCTION – Recent Developments – MTA Financial Plan and MTA Fare Increase Adopted – Cash Management Actions.”

⁽³⁾ Assumes a variable rate of interest of 4.0% for debt service on the Series 2008B Bonds after their respective Reset Dates.

⁽⁴⁾ Includes the assumptions set forth in footnotes 1, 2 and 3.

PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Part II of this official statement describes the sources of payment and security for all Bonds, including the Series 2008 Bonds.

SOURCES OF PAYMENT

MTA Bridges and Tunnels receives its revenues from all tolls, rates, fees, charges, rents, proceeds of use and occupancy insurance on any portion of its tunnels, bridges and other facilities, including the net revenues of the Battery Parking Garage, and MTA Bridges and Tunnels' receipts from those sources, after payment of MTA Bridges and Tunnels' operating expenses, are pledged to the holders of the Bonds for payment, as described below.

The following 7 bridges and 2 tunnels constitute MTA Bridges and Tunnels Facilities for purposes of the Senior Bridges and Tunnels Resolution:

- Triborough Bridge,
- Verrazano-Narrows Bridge,
- Bronx-Whitestone Bridge,
- Throgs Neck Bridge,
- Henry Hudson Bridge,
- Marine Parkway-Gil Hodges Memorial Bridge,
- Cross Bay Veterans Memorial Bridge,
- Brooklyn-Battery Tunnel, and
- Queens Midtown Tunnel.

MTA Bridges and Tunnels is required to fix and collect tolls for the MTA Bridges and Tunnels Facilities, and MTA Bridges and Tunnels' power to establish toll rates is not subject to the approval of any governmental entity. For more information relating to MTA Bridges and Tunnels' power to establish tolls, see **Appendix A – "RIDERSHIP AND FACILITIES USE – Toll Rates."**

For more detailed information about MTA Bridges and Tunnels' tolls, see the report of the Independent Engineers included by specific cross-reference herein entitled "History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of Triborough Bridge and Tunnel Authority", together with their update set forth in **Attachment 4**. The Independent Engineers were commissioned to prepare a report delivered on June 1, 2007, entitled "History and Projections of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of Triborough Bridge and Tunnel Authority" (the URS 2007 Report). MTA Bridges and Tunnels also commissioned the Independent Engineers to deliver an update letter to the URS 2007 Report, as set forth in **Attachment 4**. Readers should understand that the projections set forth in the Independent Engineers' report have been developed based upon methodologies and using assumptions that may be different than the methodologies and assumptions used by MTA Bridges and Tunnels in connection with preparing the 2008-2011 Financial Plan. Consequently, the projections set forth in the Independent Engineers' report and in the 2008-2011 Financial Plan may differ. Investors should read the Independent Engineers' report in its entirety.

Copies of MTA Bridges and Tunnels' audited financial statements for the years ended December 31, 2006 and 2005 are included herein by specific cross-reference.

From time to time legislation has been introduced by various State legislators seeking, among other things, to restrict the level of tolls on certain of MTA Bridges and Tunnels' Facilities, to require approval of future toll increases by the Governor, or to eliminate minimum tolls or to require discounts or free passage to be accorded to certain users of MTA Bridges and Tunnels' Facilities. Under the MTA Bridges and Tunnels Act, however, the State has covenanted to holders of MTA Bridges and Tunnels' bonds that it will not limit or alter the rights vested in MTA Bridges and Tunnels to establish and collect such charges and tolls as may be convenient or necessary to produce sufficient revenue to fulfill the terms of any agreements made with the holders of MTA Bridges and Tunnels bonds or in any way to impair rights and remedies of those bondholders.

Table 2 sets forth, by MTA Bridges and Tunnels Facility, the amount of revenues for each of the last 5 years, as well as operating expenses.

Table 2
MTA Bridges and Tunnels
Historical Revenues, Certain Operating Expenses⁽¹⁾ and Senior Lien Debt Service
(in thousands)

	Years Ended December 31,				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Bridge and Tunnel Revenues:					
Triborough Bridge	\$208,905	\$222,224	\$247,937	\$280,516	\$288,301
Verrazano-Narrows Bridge	216,312	233,482	246,322	267,276	274,100
Bronx-Whitestone Bridge	160,730	175,393	187,231	188,808	186,384
Throgs Neck Bridge	157,988	172,603	184,338	210,242	223,756
Henry Hudson Bridge	34,045	37,744	40,149	43,920	44,901
Marine Parkway-Gil Hodges Memorial Bridge	8,938	9,694	10,102	11,234	11,536
Cross Bay Veterans' Memorial Bridge	8,471	8,993	9,477	10,988	11,630
Queens Midtown Tunnel	88,865	99,994	107,067	121,666	127,075
Brooklyn-Battery Tunnel	<u>48,880</u>	<u>61,810</u>	<u>64,365</u>	<u>70,294</u>	<u>73,868</u>
Total Bridge and Tunnel Revenues:	\$933,134	\$1,021,937	\$1,096,988	\$1,204,944	\$1,241,551
Investment Income and Other ⁽²⁾	<u>27,757</u>	<u>87,743</u>	<u>38,376</u>	<u>60,102</u>	<u>31,603</u>
Total Revenues	<u>\$960,891</u>	<u>\$1,109,680</u>	<u>\$1,135,364</u>	<u>\$1,265,046</u>	<u>\$1,273,154</u>
Operating Expenses ⁽¹⁾					
Personnel Costs	\$140,967	\$159,976	\$158,403	\$173,549	\$183,268
Maintenance and Other Operating Expenses	<u>159,229</u>	<u>169,041</u>	<u>160,812</u>	<u>170,123</u>	<u>169,642</u>
Total Operating Expenses	<u>\$300,196</u>	<u>\$329,017</u>	<u>\$319,215</u>	<u>\$343,672</u>	<u>\$352,910</u>
Net Revenues Available for Debt Service	<u>\$660,695</u>	<u>\$780,663</u>	<u>\$816,149</u>	<u>\$921,374</u>	<u>\$920,244</u>
Senior Lien Debt Service⁽³⁾	<u>\$349,478</u>	<u>\$206,946</u>	<u>\$251,139</u>	<u>\$284,462</u>	<u>\$300,450</u>
Senior Lien Coverage	<u>1.89x</u>	<u>3.77x</u>	<u>3.25x</u>	<u>3.24x</u>	<u>3.06x</u>

(1) Excludes depreciation.

(2) Includes the net revenues from the Battery Parking Garage, as well as E-ZPass administrative fees and miscellaneous other revenues. Investment earnings include interest earned on bond funds, including debt service and debt service reserve funds, that were applied to the payment of debt service as follows for the years 2002 through 2006, respectively: \$6.403 million; \$11.863 million; \$4.048 million; \$5.578 million; and \$5.044 million. The amounts set forth in this footnote, as well as all of **Table 2**, are derived from MTA Bridges and Tunnels' audited financial statements for the years 2002 through 2006.

(3) For the year 2002, includes debt service on the senior bonds refunded under the debt restructuring until the date of defeasance thereof.

The following should be noted in **Table 2**:

- Bridge and Tunnel Revenues – In 2003, crossing charges were increased effective May 18, 2003. In 2005, crossing charges were increased effective March 13, 2005.
- Investment Income and Other – For 2003, other income includes non-recurring revenues of \$37 million in security reimbursements and \$24.6 million in World Trade Center insurance settlement proceeds allocable to MTA Bridges and Tunnels. For 2005, other income includes \$25.9 million in security reimbursements and \$9.5 million relating to the \$1 per month account maintenance fees that MTA Bridges and Tunnels imposed on all E-ZPass subscribers effective July 1, 2005. Legislation enacted with the State’s budget for State Fiscal Year 2006-07 prevents MTA Bridges and Tunnels from charging that fee effective June 1, 2006. Prior to 2006, MTA Bridges and Tunnels was reimbursed for security expenses by MTA Headquarters. Since these are ongoing expenses, all security programs were included in MTA Bridges and Tunnels’ baseline Financial Plan beginning in 2006, thus eliminating the need for reimbursement.
- Operating Expenses—Personnel Costs – The 2002 results reflect certain additional expenses incurred after the terrorist attack to provide additional security at all facilities. The 2003 increase in personnel costs was caused by additional expenditures for security staff, worker’s compensation adjustments and health and welfare benefits rate increases. 2004 personnel costs were marginally lower. The 2005 increase in personnel costs was caused by worker’s compensation and pension cost adjustments. The 2006 increase in personnel costs was caused by increases in salaries and wages, health and welfare, and pension costs.
- Operating Expenses—Maintenance and Other Operating Expenses – In 2003, the following major costs were more than in 2002: major maintenance (consisting of additional roadway and standpipe repair on the Verrazano) – \$9.1 million; and bridge painting – \$6.3 million. In 2004, non-labor expenses were 4.5% lower than in 2003 due to a decrease in the required number of E-ZPass tag purchases. In 2005, major maintenance and bridge painting were more than in 2004.
- Total Debt Service (Senior)—The significant decline in senior debt service between 2002 and 2003 reflects the effects of the debt restructuring.

Table 3 sets forth certain revenues and expenses, including debt service, relating to MTA Bridges and Tunnels’ (1) results of operations for 2007 unaudited and (2) 2008 budget. The projection of estimated revenues set forth in the report by MTA Bridges and Tunnels’ Independent Engineers (which is included by specific cross-reference to this official statement, as updated by their letter attached hereto as **Attachment 4**) is different from that set forth in the 2008 budget as the projection is based upon conclusions formed independently based upon their own methodology and assumptions. Investors should read the Independent Engineers’ report in its entirety.

Table 3
MTA Bridges and Tunnels
Unaudited 2007 and 2008 Budget Comparisons
(in thousands)

	Years Ended December 31,		
	<u>2007</u> (unaudited) ⁽¹⁾	<u>2008</u> (budgeted)	<u>2008</u> (adjusted based on the issuance of the Series 2008 Bonds) ⁽⁶⁾
Total Bridge and Tunnel Revenues:	\$1,250,549	\$1,302,328	
Investment Income and Other ⁽²⁾	<u>23,885</u>	<u>14,578</u>	
Total Revenues	<u>\$1,274,434</u>	<u>\$1,316,906</u>	
Operating Expenses ⁽³⁾			
Personnel Costs (net of reimbursements) ⁽⁴⁾	\$196,755	\$ 210,968	
Maintenance and Other Operating Expenses ⁽⁵⁾	<u>172,270</u>	<u>215,893</u>	
Total Operating Expenses	<u>\$369,025</u>	<u>\$426,861</u>	
Net Revenues Available for Debt Service	\$905,409	\$890,045	\$890,045
Senior Lien Debt Service	\$313,042	\$323,326	\$361,812⁽⁶⁾
Senior Lien Coverage	2.89x	2.75x	2.46x⁽⁶⁾

(1) Audited results could vary from unaudited numbers.

(2) Includes the net revenues from the Battery Parking Garage, and miscellaneous other revenues. Investment earnings include interest earned on bond funds, including the debt service fund, that were applied to the payment of debt service for the year 2007 in the amount of \$5.334 million.

(3) Excludes depreciation and other postemployment benefits other than pensions.

(4) For 2007 and 2008, includes regular and overtime salaries and fringe benefits, less capitalized personnel reimbursements.

(5) Increases in budgeted 2008 expenses are primarily attributable to contractual step-up increases and inflation in labor-related costs and increases in major maintenance and bridge painting expenses.

(6) The 2008 Budget assumes incremental debt service of about \$3 million based on originally planned issuance of \$105 million par amount. Based on the larger issue size of the Series 2008 Bonds versus the budget, incremental debt service is now estimated to be \$41.7 million for 2008.

SECURITY

General Revenue Bonds are general obligations of MTA Bridges and Tunnels payable solely from the trust estate (described below) pledged for the payment of the Bonds and Parity Debt pursuant to the terms of the Senior Bridges and Tunnels Resolution, after the payment of Operating Expenses. Summaries of certain provisions of the Senior Bridges and Tunnels Resolution, including the Standard Resolution Provisions, are included by specific cross-reference herein.

General Revenue Bonds are not a debt of the State or The City of New York, or any local governmental unit. MTA Bridges and Tunnels has no taxing power.

Pledge Effected by the Senior Bridges and Tunnels Resolution

The Bonds and Parity Debt issued in accordance with the Senior Bridges and Tunnels Resolution are secured by a net pledge of Revenues after the payment of Operating Expenses.

Pursuant to, and in accordance with, the Senior Bridges and Tunnels Resolution, MTA Bridges and Tunnels has pledged to the holders of the Bonds a “trust estate,” which consists of

- Revenues,
- the proceeds from the sale of the Bonds, and
- all funds, accounts and subaccounts established by the Senior Bridges and Tunnels Resolution (except those established by a supplemental obligation resolution for variable interest rate obligations, put obligations, parity debt, subordinated contract obligations or subordinated debt).

Revenues and Additional MTA Bridges and Tunnels Projects

Revenues from MTA Bridges and Tunnels Facilities. For purposes of the pledge under the Senior Bridges and Tunnels Resolution, revenues of MTA Bridges and Tunnels generally include all tolls, revenues, rates, fees, charges, rents, proceeds of use and occupancy insurance on any portion of the MTA Bridges and Tunnels Facilities (including net revenues derived from the Battery Parking Garage) and of any other insurance which insures against loss of revenues therefrom payable to or for the account of MTA Bridges and Tunnels, and other income and receipts, as received by MTA Bridges and Tunnels directly or indirectly from any of MTA Bridges and Tunnels’ operations, including the ownership or operation of any MTA Bridges and Tunnels Facilities, subject to certain exceptions.

MTA Bridges and Tunnels does not currently derive any significant recurring Revenues from any sources other than the MTA Bridges and Tunnels Facilities and investment income. Income from the MTA Bridges and Tunnels Transit and Commuter Project (the transit and commuter systems) is not derived by or for the account of MTA Bridges and Tunnels; consequently, no revenues from any portion of the MTA Bridges and Tunnels Transit and Commuter Project are pledged to the payment of debt service on the Bonds.

For a discussion of other projects that MTA Bridges and Tunnels is authorized to undertake, see **Appendix A** – “TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – *Authorized Projects of MTA Bridges and Tunnels.*”

Additional MTA Bridges and Tunnels Projects that can become MTA Bridges and Tunnels Facilities. If MTA Bridges and Tunnels is authorized to undertake another project, whether or not a bridge or tunnel, that project can become a MTA Bridges and Tunnels Facility for purposes of the Senior Bridges and Tunnels Resolution if it is designated as such by MTA Bridges and Tunnels and it satisfies, among others, the following conditions:

- an Authorized Officer certifies that either:
 - the Additional MTA Bridges and Tunnels Project has been in operation (whether or not by MTA Bridges and Tunnels) for a period of at least 12 months prior to the date of such designation, and

that for a period of any 12 consecutive calendar months out of the 18 calendar months preceding the date of designation, the Additional MTA Bridges and Tunnels Project Revenues derived from the operation of such Additional MTA Bridges and Tunnels Project exceeded the Operating Expenses; or

- the Additional MTA Bridges and Tunnels Project is in operation and, in such Authorized Officer's opinion, the Additional MTA Bridges and Tunnels Project Revenues to be derived from the operation of such Project will exceed the Operating Expenses for such Additional MTA Bridges and Tunnels Project during the first 12 months of operation; and
- an Authorized Officer certifies
 - as to the actual or anticipated Revenues and Operating Expenses of MTA Bridges and Tunnels for the applicable 12-month period; provided that,
 - the Revenues (adjusted up or down to reflect any new toll rate changes) and Operating Expenses shall be increased by the actual or anticipated Additional MTA Bridges and Tunnels Project Revenues and Operating Expenses of the Additional MTA Bridges and Tunnels Project for such 12-month period, and
 - the actual or anticipated Additional MTA Bridges and Tunnels Project Revenues (adjusted up or down to reflect any new toll rate changes) and Operating Expenses of any Additional MTA Bridges and Tunnels Project operated by or under lease from MTA Bridges and Tunnels otherwise than as an Additional MTA Bridges and Tunnels Project during any part of the period shall be calculated as if the definitions of Revenues and Operating Expenses had been applicable thereto, and
 - that for such 12-month period, the Revenues less Operating Expenses, as calculated in accordance with the preceding bullet points, are at least equal to 1.40 times Maximum Annual Calculated Debt Service during such period; and
- an Independent Engineer certifies that, for each of 5 successive 12-month periods, the earliest of which begins on a calendar quarterly date not more than 60 days immediately following the date of designation as an Additional MTA Bridges and Tunnels Project, the Net Revenues in each 12-month period (after giving effect to such designation) will be at least equal to 1.40 times the Maximum Calculated Debt Service for each of such successive 12-month periods.

For a more complete description of the requirements that must be satisfied before designation as an Additional MTA Bridges and Tunnels Facility, see "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BRIDGES AND TUNNELS RESOLUTION – Additional TBTA Facilities" included by specific cross-reference herein.

The Convention Center Project is not and cannot become an Additional MTA Bridges and Tunnels Project, and no Bonds may be issued under the Senior Bridges and Tunnels Resolution to finance the Convention Center Project.

Flow of Revenues

The Senior Bridges and Tunnels Resolution establishes the following funds and accounts, each held by MTA Bridges and Tunnels:

- Revenue Fund,
- Proceeds Fund,
- Debt Service Fund, and
- General Fund.

Under the Senior Bridges and Tunnels Resolution, MTA Bridges and Tunnels is required to pay into the Revenue Fund all Revenues as and when received and available for deposit.

MTA Bridges and Tunnels is required to pay out from the Revenue Fund, on or before the 25th day of each calendar month, the following amounts in the following order of priority:

- payment of reasonable and necessary Operating Expenses or accumulation in the Revenue Fund as a reserve (i) for working capital, (ii) for such Operating Expenses the payment of which is not immediately required, including amounts determined by MTA Bridges and Tunnels to be required as an operating reserve, or (iii) deemed necessary or desirable by MTA Bridges and Tunnels to comply with orders or rulings of an agency or regulatory body having lawful jurisdiction;
- transfer to the Debt Service Fund, the amount, if any, required so that the balance in the fund is equal to Accrued Debt Service to the last day of the current calendar month; provided, however, that in no event shall the amount to be so transferred be less than the amount required for all payment dates occurring prior to the 25th day of the next succeeding calendar month;
- transfer to another person for payment of, or accrual for payment of, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contract Obligations; and
- transfer to the General Fund any remaining amount.

All amounts paid out by MTA Bridges and Tunnels for an authorized purpose (excluding transfers to any other pledged Fund or Account), or withdrawn from the General Fund in accordance with the Senior Bridges and Tunnels Resolution, are free and clear of the lien and pledge created by the Senior Bridges and Tunnels Resolution.

Under the Senior Bridges and Tunnels Resolution, MTA is required to use amounts in the General Fund to make up deficiencies in the Debt Service Fund and the Revenue Fund, in that order. Subject to the preceding sentence and any lien or pledge securing Subordinated Indebtedness, the Senior Bridges and Tunnels Resolution authorizes MTA Bridges and Tunnels to release amounts in the General Fund to be paid to MTA Bridges and Tunnels free and clear of the lien and pledge created by the Senior Bridges and Tunnels Resolution.

MTA Bridges and Tunnels is required by law to transfer amounts released from the General Fund to MTA, and a statutory formula determines how MTA allocates that money between the transit and commuter systems.

Rate Covenant

Under the Senior Bridges and Tunnels Resolution, MTA Bridges and Tunnels is required at all times to establish, levy, maintain and collect, or cause to be established, levied, maintained and collected, such tolls, rentals and other charges in connection with the MTA Bridges and Tunnels Facilities as shall always be sufficient, together with other money available therefor (including the anticipated receipt of proceeds of sale of Obligations or other bonds, notes or other obligations or evidences of indebtedness of MTA Bridges and Tunnels that will be used to pay the principal of Obligations issued in anticipation of such receipt, but not including any anticipated or actual proceeds from the sale of MTA Bridges and Tunnels Facilities), to equal or exceed in each calendar year the greater of:

- an amount equal to the sum of amounts necessary in such calendar year
 - to pay all Operating Expenses of MTA Bridges and Tunnels, plus
 - to pay Calculated Debt Service, as well as the debt service on all Subordinated Indebtedness and all Subordinated Contract Obligations, plus
 - to maintain any reserve established by MTA Bridges and Tunnels pursuant to the Senior Bridges and Tunnels Resolution, in such amount as may be determined from time to time by MTA Bridges and Tunnels in its judgment, or

- an amount such that Revenues less Operating Expenses shall equal at least 1.25 times Calculated Debt Service on all senior lien Bonds for such calendar year.

For a more complete description of the rate covenant and a description of the minimum tolls that can be charged at the MTA Bridges and Tunnels Facilities, see “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BRIDGES AND TUNNELS RESOLUTION – Rates and Fees” included by specific cross-reference herein.

Additional Bonds

Under the provisions of the Senior Bridges and Tunnels Resolution, MTA Bridges and Tunnels may issue one or more series of Additional Bonds on a parity with the Series 2008 Bonds and other Outstanding Bonds to provide for Capital Costs.

Certain Additional Bonds for MTA Bridges and Tunnels Facilities. MTA Bridges and Tunnels may issue Additional Bonds without satisfying any earnings or coverage test for the purpose of providing for Capital Costs relating to MTA Bridges and Tunnels Facilities for the purpose of keeping such MTA Bridges and Tunnels Facilities in good operating condition or preventing a loss of Revenues or Revenues after payment of Operating Expenses derived from such MTA Bridges and Tunnels Facilities.

Additional Bonds for Other Purposes. MTA Bridges and Tunnels may issue Additional Bonds to pay or provide for the payment of all or part of Capital Costs relating to any of the following purposes:

- MTA Bridges and Tunnels Transit and Commuter Project,
- any Additional MTA Bridges and Tunnels Project (that does not become a MTA Bridges and Tunnels Facility), or
- any MTA Bridges and Tunnels Facilities other than for the purposes set forth in the preceding paragraph.

In the case of Additional Bonds issued other than for the improvement, reconstruction or rehabilitation of MTA Bridges and Tunnels Facilities as described under the preceding heading, in addition to meeting certain other conditions, all as more fully described in “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BRIDGES AND TUNNELS RESOLUTION – Special Provisions for Capital Cost Obligations” included by specific cross-reference herein, an Authorized Officer must certify that the historical Twelve Month Period Net Revenues are at least equal to 1.40 times the Maximum Annual Calculated Debt Service on all senior lien Bonds, including debt service on the Bonds to be issued.

Refunding Bonds

Bonds may be issued for the purpose of refunding Bonds if (a) the Maximum Annual Calculated Debt Service (including the refunding Bonds then proposed to be issued but not including the Bonds to be refunded) is equal to or less than the Maximum Annual Calculated Debt Service on the Bonds as calculated immediately prior to the refunding (including the refunded Bonds but not including the refunding Bonds) or (b) the conditions referred to above under Additional Bonds for the category of Bonds being refunded are satisfied.

For a more complete description of the conditions that must be satisfied before issuing refunding Bonds, see “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BRIDGES AND TUNNELS RESOLUTION – Refunding Obligations” included by specific cross-reference herein.

Subordinate Obligations

The Senior Bridges and Tunnels Resolution authorizes the issuance or incurrence of subordinate obligations.

PART III. OTHER INFORMATION ABOUT THE SERIES 2008 BONDS

Part III of this official statement provides miscellaneous additional information relating to the Series 2008 Bonds.

TAX MATTERS

General

Hawkins Delafield & Wood LLP is Bond Counsel for the Series 2008 Bonds. Their opinion under existing law, relying on certain statements by MTA Bridges and Tunnels and assuming compliance by MTA Bridges and Tunnels with certain covenants, is that interest on the Series 2008 Bonds is:

- excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986,
- not a preference item for a bondholder under the federal alternative minimum tax, and
- included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

Their opinion is also that under existing law interest on the Series 2008 Bonds is exempt from personal income taxes of New York State and any political subdivisions of the State, including The City of New York. See **Attachment 3** to this official statement for the form of the opinion that Bond Counsel expects to deliver when the Series 2008 Bonds are delivered.

The Internal Revenue Code imposes requirements on the Series 2008 Bonds that MTA Bridges and Tunnels must continue to meet after the Series 2008 Bonds are issued. These requirements generally involve the way that Series 2008 Bond proceeds must be used and invested. If MTA Bridges and Tunnels does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2008 Bonds in its federal gross income on a retroactive basis to the date of issue. MTA Bridges and Tunnels has covenanted to do everything necessary to meet the requirements of the Internal Revenue Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2008 Bonds. This is possible if a bondholder is

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Series 2008 Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that something may happen in the future that could change the tax treatment of the interest on the Series 2008 Bonds or affect the market price of the Series 2008 Bonds. For example, the Internal Revenue Code could be changed. See also "Miscellaneous" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2008 Bonds, or under State, local or foreign tax law.

Special Considerations Relating to the Series 2008B Bonds

The Series 2008B Bonds, when remarketed on the applicable Reset Date, under current federal tax law, will be considered to be reissued for federal tax purposes, and will require the rendering of an opinion of bond counsel as to the exclusion of interest for federal tax purposes on the Series 2008B Bonds.

Original Issue Discount

Each maturity of the Series 2008 Bonds will have “original issue discount” if the price first paid by the bondholders for a substantial amount of the Series 2008 Bonds is less than the principal amount of these Series 2008 Bonds. Bond Counsel’s opinion is that the original issue discount on these Series 2008 Bonds as it accrues is excluded from a bondholder’s federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Series 2008 Bonds will be increased. Bond Counsel’s opinion is also that the original issue discount on these Series 2008 Bonds as it accrues is exempt from personal income taxes of New York State and its political subdivisions. If a bondholder owns one of these Series 2008 Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Bond Premium

If a bondholder purchases a Series 2008 Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Series 2008 Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Series 2008 Bond will be reduced. The holder of a Series 2008 Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Series 2008 Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2008 Bond with bond premium, even though the Series 2008 Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Series 2008 Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on the Series 2008 Bonds. If the bondholder provides the entity from whom she receives interest payments (the “payor”) with a Form W-9, “Request for Taxpayer Identification Number and Certification”, or if the bondholder is one of a limited class of exempt recipients, including corporations, these requirements will be satisfied. Other bondholders will be subject to “backup withholding”; that is, the tax due from a bondholder with respect to any interest payment on the tax-exempt obligation will be deducted and withheld by the payor.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2008 Bonds under federal or state law and could affect the market price or marketability of the Series 2008 Bonds.

Prospective purchasers should be aware that the United States Supreme Court has agreed to review *Davis v. Dep’t. of Revenue of the Finance and Admin. Cabinet*, 197 S.W. 3d 557 (Ky. App. 2006), *cert. granted* 2007 U.S. LEXIS 5914 (May 21, 2007), a decision of a Kentucky appellate court, which held that provisions of Kentucky tax law that provided more favorable income tax treatment for holders of bonds issued by Kentucky municipal bond issuers than for holders of non-Kentucky municipal bonds violated the Commerce Clause of the United States Constitution. New York State statutes provide more favorable State and local income tax treatment for holders of bonds issued by the State of New York, its political subdivisions and public authorities, including the Series 2008 Bonds, than for bonds issued by other states and their political subdivisions. If the United States Supreme Court was to affirm the holding of the Kentucky appellate court, subsequent New York State judicial decisions or legislation designed to ensure the constitutionality of New York State tax law could, among other alternatives, adversely affect

the New York State and local tax exemption of outstanding bonds, including the Series 2008 Bonds, to the extent constitutionally permissible, or result in the exemption from New York State and local income tax of interest on certain bonds issued by other states and their political subdivisions, either of which actions could affect the market price or marketability of the Series 2008 Bonds.

Prospective bondholders should consult their own tax advisors regarding the foregoing matters.

LEGALITY FOR INVESTMENT

The MTA Bridges and Tunnels Act provides that the Series 2008 Bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

- all public officers and bodies of the State and all municipalities and political subdivisions in the State,
- all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business,
- all administrators, guardians, executors, trustees and other fiduciaries, and
- all other persons whatsoever who are now or who may hereafter be authorized to invest in the obligations of the State.

Certain of those investors, however, may be subject to separate restrictions which limit or prevent their investment in the Series 2008 Bonds.

LITIGATION

There is no pending litigation concerning the Series 2008 Bonds.

MTA Bridges and Tunnels is the defendant in numerous claims and actions, including an action commenced (*Janes and Schwartz v. TBTA, MTA, Kalikow and Ascher*) alleging unfair treatment on toll collection policies at certain bridges. MTA Bridges and Tunnels does not believe that any of these claims and actions are material to MTA Bridges and Tunnels' ability to pay principal and interest on the Series 2008 Bonds. A summary of certain of these potentially material claims and actions is set forth in **Appendix A – "LITIGATION – MTA Bridges and Tunnels,"** as that filing may be amended or supplemented to date.

FINANCIAL ADVISOR

Goldman, Sachs & Co. is MTA Bridges and Tunnels' financial advisor for the Series 2008 Bonds. The financial advisor has provided MTA Bridges and Tunnels advice on the plan of financing and reviewed the pricing of the Series 2008 Bonds. The financial advisor has not independently verified the information contained in this official statement and does not assume responsibility for the accuracy, completeness or fairness of such information. The financial advisor's fees for serving as financial advisor are contingent upon the issuance of the Series 2008 Bonds.

UNDERWRITING

The Underwriters for the Series 2008 Bonds, acting through Lehman Brothers Inc., as Representative, have jointly and severally agreed, subject to certain conditions, to purchase from MTA Bridges and Tunnels the Series 2008 Bonds described on the inside cover page of this official statement at an aggregate purchase price of \$1,102,903,131.65, reflecting a net original issue premium of \$33,230,043.05 and an Underwriters' discount of \$5,326,911.40, and to reoffer such Series 2008 Bonds at the public offering prices or yields set forth on the inside cover page.

The Series 2008 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2008 Bonds into investment trusts) at prices lower or yields higher than such public offering prices or yields and prices or yields may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all such Series 2008 Bonds if any Series 2008 Bonds are purchased.

RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies that are assigned to the Series 2008 Bonds. Those ratings reflect only the views of the organizations assigning them. An explanation of the significance of the ratings from each identified agency may be obtained as follows:

Fitch Ratings One State Street Plaza New York, New York 10004 (212) 908-0500	Moody's Investors Service, Inc. 7 World Trade Center 250 Greenwich Street, 23 rd Floor New York, New York 10007 (212) 553-0300	Standard & Poor's Ratings Services 55 Water Street New York, New York 10041 (212) 438-2000
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MTA Bridges and Tunnels has furnished to each rating agency rating the bonds being offered information, including information not included in this official statement, about MTA Bridges and Tunnels and the bonds. Generally, rating agencies base their ratings on that information and on independent investigations, studies and assumptions made by each rating agency. There can be no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of that rating agency, circumstances warrant the revision or withdrawal. Those circumstances may include, among other things, changes in or unavailability of information relating to MTA Bridges and Tunnels or the bonds. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the bonds.

LEGAL MATTERS

All legal proceedings in connection with the issuance of the bonds being offered are subject to the approval of the nationally-recognized bond counsel firm identified on the cover page and in the Summary of Terms. The form of the opinion of Bond Counsel is **Attachment 3** to this official statement.

Certain legal matters regarding MTA Bridges and Tunnels will be passed upon by its General Counsel. In addition, certain legal matters will be passed upon by counsel to the Underwriters as indicated in the Summary of Terms.

CONTINUING DISCLOSURE

As more fully stated in **Attachment 2**, MTA Bridges and Tunnels has agreed to provide certain financial information and operating data by no later than 120 days following the end of each fiscal year. That information is to include, among other things, information concerning MTA Bridges and Tunnels annual audited financial statements prepared in accordance with generally accepted accounting principles, or if unavailable, unaudited financial statements will be delivered until audited statements become available. MTA Bridges and Tunnels has undertaken to file such above information with each Nationally Recognized Municipal Securities Repository and a New York State Information Depository (the SID), if and when one is established.

MTA Bridges and Tunnels has further agreed to deliver notice to each repository or the Municipal Securities Rulemaking Board (MSRB) and to the SID of any failure to provide the Annual Information. MTA Bridges and Tunnels is also obligated to deliver notices of the following events, if material, to each repository, or to the MSRB or the SID:

- principal and interest delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions or events affecting the tax exempt status of the security;
- modifications to the rights of security holders;
- bond calls;
- defeasance;
- release, substitution, or sale of property securing repayment of the securities; and
- rating changes.

MTA Bridges and Tunnels has also contracted with Digital Assurance Corporation (DAC), a dissemination agent recognized as such by the SEC to perform certain of the foregoing functions. In addition, as described in **Attachment 2**, MTA may file its information with the Texas Municipal Advisory Council provided at www.disclosureusa.org.

MTA Bridges and Tunnels has not failed to comply, in any material respect, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

FURTHER INFORMATION

MTA Bridges and Tunnels may place a copy of this official statement on MTA’s website at “www.mta.info/mta/investor/index.html”. No statement on the MTA’s website or any other website is included by specific cross-reference herein.

Although MTA Bridges and Tunnels and MTA have prepared the information on the MTA’s website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and MTA and MTA Bridges and Tunnels assume no liability or responsibility for errors or omissions contained on any website. Further, MTA and MTA Bridges and Tunnels disclaim any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. MTA Bridges and Tunnels and MTA also assume no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY

By: /s/ Gary J. Dellaverson
 Chief Financial Officer
 Metropolitan Transportation Authority

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ATTACHMENT 1
BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Series 2008 Bonds. The Series 2008 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2008 Bond will be issued for each maturity of the Series 2008 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity of the Series 2008 Bonds exceeds \$500 million, one Bond of such maturity will be issued with respect to each \$500 million of principal amount, and an additional Bond will be issued with respect to any remaining principal amount of such maturity.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Series 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2008 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2008 Bond (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2008 Bonds, except in the event that use of the book-entry system for the Series 2008 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2008 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2008 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2008 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2008 Bond documents. For example, Beneficial Owners of the Series 2008 Bonds may wish to ascertain that the nominee holding the Series 2008 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2008 Bonds of any maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2008 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to MTA Bridges and Tunnels as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and principal and interest payments on the Series 2008 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from MTA Bridges and Tunnels or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or MTA Bridges and Tunnels, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of MTA Bridges and Tunnels or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2008 Bonds at any time by giving reasonable notice to MTA Bridges and Tunnels or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2008 Bonds are required to be printed and delivered.

10. MTA Bridges and Tunnels may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, certificates for the Series 2008 Bonds will be printed and delivered.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT MTA BRIDGES AND TUNNELS BELIEVES TO BE RELIABLE, BUT MTA BRIDGES AND TUNNELS TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

ATTACHMENT 2

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), MTA Bridges and Tunnels and the Trustee will enter into a written agreement (the “Disclosure Agreement”) for the benefit of holders of the Series 2008 Bonds to provide continuing disclosure. MTA Bridges and Tunnels will undertake to provide certain financial information and operating data by no later than 120 days after the end of each MTA Bridges and Tunnels fiscal year, commencing with the fiscal year ending December 31, 2007 (the “Annual Information”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Information will be filed by or on behalf of MTA Bridges and Tunnels with each Nationally Recognized Municipal Securities Information Repository (the “NRMSIRs”) and with the state information depository for the State, if and to the extent it shall have been established and shall be in existence and operating as a state information depository within the meaning of Rule 15c2-12 (the “State Depository”). Notices of material events will be filed by or on behalf of MTA Bridges and Tunnels with NRMSIRs or the Municipal Securities Rulemaking Board (the “MSRB”) and with the State Depository. The nature of the information to be provided in the Annual Information and the notices of material events is set forth below.

Pursuant to Rule 15c2-12, MTA Bridges and Tunnels will undertake for the benefit of holders of Series 2008 Bonds to provide or cause to be provided either directly or through the Trustee, audited financial statements by no later than 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2007, when and if such audited financial statements become available and, if such audited financial statements are not available on the date which is 120 days after the end of a fiscal year, the unaudited financial statements for such fiscal year. MTA Bridges and Tunnels annual financial statements will be filed with each NRMSIR and the State Depository.

The required Annual Information will include at least the following:

1. information of the type included in **Appendix A** under the following captions:
 - a. “TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – MTA Bridges and Tunnels Facilities,”
 - b. “TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – Authorized Projects of MTA Bridges and Tunnels,”
 - c. “RIDERSHIP AND FACILITIES USE – MTA Bridges and Tunnels – Total Revenue Vehicles,”
 - d. “RIDERSHIP AND FACILITIES USE – Toll Rates,”
 - e. “RIDERSHIP AND FACILITIES USE – Competing Facilities and Other Matters,” and
 - f. “EMPLOYEES, LABOR RELATIONS AND PENSION OBLIGATIONS – MTA Bridges and Tunnels.”
2. information regarding the capital programs of MTA Bridges and Tunnels, as well as of related public authorities whose operating needs, financing activities and capital programs may have a material impact on the operations and financing activities of MTA Bridges and Tunnels,
3. a presentation of changes to indebtedness issued by MTA Bridges and Tunnels under both the Senior Bridges and Tunnels Resolution, as well as information concerning changes to MTA Bridges and Tunnels’ debt service requirements on such indebtedness payable from Revenues,
4. historical information concerning traffic, revenues, operating expenses, Senior Bridges and Tunnels Resolution debt service and debt service coverage of the type included in this Official Statement in **Table 2**,
5. material litigation related to any of the foregoing, and

6. such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, MTA Bridges and Tunnels.

All or any portion of the Annual Information as well as required audited financial statements may be incorporated therein by specific reference to any other documents which have been filed with (a) the NRMSIRs and the State Depository or (b) the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been filed with the MSRB and need not have been filed elsewhere. Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent feasible, such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent to each NRMSIR or to the MSRB, and to the State Depository.

MTA Bridges and Tunnels will undertake, for the benefit of holders of the Series 2008 Bonds, to provide or cause to be provided:

1. to each NRMSIR or to the MSRB and to the State Depository, in a timely manner, notice of any of the events listed under the heading "CONTINUING DISCLOSURE" in this official statement with respect to the Series 2008 Bonds, if material, and
2. to each NRMSIR or to the MSRB, and to the State Depository, in a timely manner, notice of a failure to provide any Annual Information required by such undertaking or any required audited financial statements.

The Disclosure Agreement provides that if any party to the Disclosure Agreement fails to comply with any provisions of its undertaking described herein, then any holder of the Series 2008 Bonds (which will include beneficial owners during any period that DTC acts as securities depository for, and DTC or its nominee is the registered owner of, the Series 2008 Bonds) may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the undertaking against such party and any of its officers, agents and employees, and may compel such party or any of its officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach under the undertaking is an action to compel specific performance, and no person or entity, including any holder of Series 2008 Bonds, may recover monetary damages thereunder under any circumstances, and provided further that any challenge to the adequacy of any information under the undertaking may be brought only by the Trustee or the holders of 25 percent in aggregate principal amount of the Series 2008 Bonds at the time Outstanding which are affected thereby. Each of MTA Bridges and Tunnels and the Trustee reserves the right, but shall not be obligated to, enforce the obligations of the others. Failure to comply with any provisions of the undertaking shall not constitute a default under the Senior Bridges and Tunnels Resolution nor give right to the Trustee or any Bondholder to exercise any remedies under the Senior Bridges and Tunnels Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided.

The foregoing is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where MTA Bridges and Tunnels' undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. MTA Bridges and Tunnels does not anticipate that it often will be necessary to amend the undertaking. The undertaking, however, may be amended or modified under certain circumstances set forth therein and the undertaking will continue until the earlier of the date the Series 2008 Bonds have been paid in full or legally defeased pursuant to the Senior Bridges and Tunnels Resolution or the date the undertaking is no longer required by law. Copies of the undertaking when executed by

the parties will be on file at the office of MTA Bridges and Tunnels. MTA Bridges and Tunnels may satisfy its obligations to file any notice, document or information with a NRMSIR or SID (i) solely by transmitting such filing to the Texas Municipal Advisory Council (the MAC) as provided at [http://www. disclosureusa.org](http://www.disclosureusa.org) unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004, or (ii) by filing the same with any dissemination agent, including any “central post office” or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to such NRMSIR or SID, to the extent permitted or required by the SEC. For this purpose, permission shall be deemed to have been granted by the SEC if and to the extent the agent has received a “no action” letter, which has not been revoked, from the SEC to the effect that enforcement action would not be recommended on account of using the agent, and not such NRMSIR or SID, as the source of information in determining compliance with the Rule.

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**ATTACHMENT 3
FORM OF OPINION OF BOND COUNSEL**

Upon delivery of the Series 2008 Bonds in definitive form, Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to MTA Bridges and Tunnels, proposes to render its final approving opinion in substantially the following form:

[Date of Closing]

Triborough Bridge and Tunnel Authority
New York, New York

Ladies and Gentlemen:

We have examined a certified copy of the record of proceedings of the Triborough Bridge and Tunnel Authority (the "TBTA") and other proofs submitted to us relative to the issuance of \$822,770,000 aggregate principal amount of Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2008A (the "Series 2008A Bonds") and \$252,230,000 aggregate principal amount of Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2008B (the "Series 2008B Bonds," and collectively with the Series 2008A Bonds, the "Series 2008 Bonds").

All terms defined in the Resolution (hereinafter defined) and used herein shall have the respective meanings assigned in the Resolution, except where the context hereof otherwise requires.

The Series 2008 Bonds are issued under and pursuant to the Constitution and statutes of the State of New York (the "State"), including the Triborough Bridge and Tunnel Authority Act, being Title 3 of Article 3 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date of this opinion letter (herein called the "Issuer Act"), and under and pursuant to proceedings of TBTA duly taken, including a resolution adopted by the members of TBTA on March 26, 2002 entitled "General Resolution Authorizing General Revenue Obligations", as supplemented by a resolution of said members adopted on January 30, 2008 (collectively, the "Resolution").

The Series 2008 Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Resolution.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2008 Bonds in order that interest on the Series 2008 Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the TBTA, dated the date hereof (the "Arbitrage and Use of Proceeds Certificate"), in which the TBTA has made representations, statements of intention and reasonable expectation, certifications of fact and covenants relating to the federal tax status of interest on the Series 2008 Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2008 Bonds and the investment of certain funds. The Arbitrage and Use of Proceeds Certificate obligates the TBTA to take certain actions necessary to cause interest on the Series 2008 Bonds to be excluded from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code could cause interest on the Series 2008 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained. The TBTA has covenanted in the Resolution to maintain the exclusion of the interest on the Series 2008 Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion in paragraph 5 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the exclusion of interest on the Series 2008 Bonds from gross income for federal income tax purposes under Section 103 of the Code and

(ii) compliance by the TBTA with procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

We have also examined one of said Series 2008 Bonds as executed and, in our opinion, the form of said Series 2008 Bond and its execution are regular and proper.

We are of the opinion that:

1. TBTA is duly created and validly existing under the laws of the State, including the Constitution of the State and the Issuer Act.

2. TBTA has the right and power under the Issuer Act to adopt the Resolution. The Resolution has been duly and lawfully adopted by TBTA, is in full force and effect, is valid and binding upon TBTA, and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The Series 2008 Bonds have been duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Issuer Act, and in accordance with the Resolution, and are valid and binding direct and general obligations of TBTA, enforceable in accordance with their terms and the terms of the Resolution, payable solely from the Trust Estate as provided in the Resolution, and are entitled to the benefits of the Issuer Act and the Resolution. TBTA has no taxing power and the Series 2008 Bonds are not debts of the State or of any other political subdivision thereof. TBTA reserves the right to issue additional Obligations and to incur Parity Debt on the terms and conditions, and for the purposes, provided in the Resolution, on a parity as to security and payment with the Series 2008 Bonds.

4. The Series 2008 Bonds are securities in which all public officers and bodies of the State and all municipalities and political subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are or may be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them to the extent that the legality of such investment is governed by the laws of the State; and which may be deposited with and shall be received by all public officers and bodies of the State and all municipalities and political subdivisions for any purpose for which the deposit of bonds or other obligations of the State is or may be authorized.

5. Under existing statutes and court decisions (i) interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2008 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

6. Under existing statutes, interest on the Series 2008 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof.

The opinions expressed in paragraphs 2 and 3 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 5 and 6, we express no opinion regarding any other federal, state, local or foreign tax consequences with respect to the Series 2008 Bonds. We express no opinion on the effect of any action

hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2008 Bonds, or under state, local and foreign tax law.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2008 Bonds.

This opinion letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any future actions, facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any reason whatsoever, including without limitation the exclusion of interest on the Series 2008B Bonds subsequent to the first tender date of each maturity of such Series 2008B Bonds.

Very truly yours,

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March 7, 2008

To Triborough Bridge and Tunnel Authority (TBTA):

In accordance with our agreement with the Metropolitan Transportation Authority (MTA), URS Corporation-New York (URS) prepared a report (dated – June 2007) regarding the *History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of the Triborough Bridge and Tunnel Authority (TBTA) (the URS June 2007 report)*. As a follow-up to that report, URS was asked to prepare this update letter in connection with the Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2008. URS prepared this update based on a review of actual performance of the TBTA facilities through January 2008, the MTA 2008 Preliminary Budget and communications with the TBTA Engineering staff regarding changes to the on-going maintenance and capital programs. Other factors taken into consideration include construction projects on the arterial network serving the New York Metropolitan Area, the availability and pricing of fuel in the region, and the planned toll schedule and fee changes being implemented by TBTA in 2008.

Toll Revenue Forecast

The URS June 2007 report regarding the *History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of the Triborough Bridge and Tunnel Authority*, presented forecasts for the 11-year period, 2007 through 2017. These projections were based on actual audited traffic, toll revenue and expense year-end data for 2006 and monthly traffic and toll revenue data for January through March of 2007. At the time we prepared the URS June 2007 report, these data were used as the starting point in development of the estimates for 2007 and following years.

TBTA has now provided the actual (unaudited) 12-month results for 2007, with which URS was able to compare its prior estimate for the year. URS had estimated total toll revenues for the nine facilities to be \$1,253.0 million. Actual toll revenues were \$1,250.5 million, or \$2.5 million less than forecast. While there were variances of up to 1.5 percent on individual facilities, the compensating differences resulted in actual toll revenues that were only 0.2 percent less than the projected level.

In the URS June 2007 report, 2008 total toll revenues were estimated at \$1,263.4 million, an increase of 1.0 percent over the actual 2007 revenues. This estimate assumed that there would be no toll increases in 2008 (The URS June 2007 report assumed the next toll increase would occur in 2009). A toll increase will go into effect on March 16, 2008. In the past, toll increases of the

URS Corporation
One Penn Plaza, Suite 610
New York, New York 10119-0698
Tel: 212.736.4444
Fax: 212.629.4249



level scheduled, have resulted in some initial reduction in the number of paid vehicles and a significant increase in overall revenue. Because of the fact that the toll increase is taking place earlier than anticipated, we expect the 2008 total toll revenues will exceed the \$1,263.4 million originally projected in the URS June 2007 report.

With regard to the forecasts over the longer term, it is our opinion that the projections presented in the URS June 2007 report continue to provide a prudent estimate of future toll revenues.

Additional Factors

As part of this update letter, we have also reviewed factors that, to the best of our knowledge and belief, may have an effect on traffic and revenue performance on the TBTA facilities, most notably roadway construction projects in the region, motor fuel conditions, changes in toll schedules and fees, and the proposed New York City congestion pricing program.

TBTA and Regional Operational and Construction Impacts

Traffic volumes on TBTA facilities are influenced by construction and rehabilitation projects involving roadways and bridges in the New York City area.

Major projects that result in long-term closures on the competing bridges may increase volumes on TBTA's facilities. Also, long-term lane closures on the roadway network serving the TBTA crossings or on the TBTA crossing themselves may affect TBTA traffic volumes or cause traffic to shift from the affected crossing to either another TBTA facility or to one of the City's toll-free bridges.

A number of roadway construction/rehabilitation projects, over the past few years, have influenced traffic volumes on TBTA facilities, and future construction will also affect traffic.

In general, the majority of construction activities programmed for the TBTA facilities themselves are scheduled to take place during off-peak hours, including nighttime lane closures in the tunnels. Therefore, they are expected to have no discernible effect on toll revenue.

Several non-TBTA major roadway and bridge projects will potentially have traffic implications for the TBTA facilities. As a matter of policy, NYCDOT seeks to restrict lane closures to off-peak and nighttime hours.

Some of the projects listed in the URS June 2007 report have been updated as indicated below.

- *Williamsburg Bridge* – The miscellaneous rehabilitation of the main span is now expected to be completed in December 2008 rather than June 2007.
- *Manhattan Bridge* – Work on the lower roadway began in October 2006 and was completed in October 2007. The current contract is scheduled for completion in April 2008.
- *Brooklyn Bridge* – Maintenance and inspection of the maintenance travelers on the main span are expected to be completed in June 2009 instead of 2008.



- *I-278 BQE Kosciusko Bridge* – The project’s final EIS is currently completing the agency review process and should be released in the spring of 2008.
- *Whitestone Expressway Bridge (I-678) over the Flushing River* – The estimated completion date of the project is mid-2009. All existing travel lanes will be maintained during peak hours. Lane closures will take place during non-peak hours. There will be no lane closures two hours before and two hours after a New York Mets home game.
- *Route 9A, West Side Highway* – Further construction to improve Route 9A to a six to eight-lane urban highway is scheduled for completion in 2009.
- *Long Island Expressway, I-495 (Van Wyck Expressway to Grand Central Parkway)* – A Record of Decision on this project is expected in March 2008.
- *New York Water Taxi* – Service on both the East River routes and the south Brooklyn route has been suspended due to decreased winter ridership and increased fuel costs. The East River service is scheduled to resume in May 2008.

Fuel Conditions

The availability and pricing of motor fuel has historically affected the use of TBTA facilities. During the previous 35 years, fluctuations in traffic volumes occurred when fuel was either in short supply and/or prices increased rapidly. From 1995 to 2000, TBTA traffic increased 2.3 percent per year when gasoline prices were relatively stable; whereas from 2000 to 2006 TBTA traffic increased 0.3 percent per year while New York gasoline prices increased 14 percent per year. (One toll rate increase occurred in 1996 during the first period, and two during the second period—in 2003 and 2005).

U.S. gasoline prices reached \$3.22 for all formulations of regular the week of May 21, 2007. Prices for regular in the New York City area averaged \$2.95 per gallon during the summer, with the maximum being \$3.14 per gallon the week of May 28, 2007. As of February 25, 2008, the average price for a gallon of regular gasoline in the U.S. was \$3.13—up \$0.75 per gallon (31.5 percent) from a year ago. The price in the New York Metro Area was \$3.11 per gallon, an increase of \$0.75 per gallon (31.8 percent) from the same time last year. The \$3.13 per gallon still falls short of the all time high, set in March 1981, when a gallon of regular gasoline cost \$3.34 in today’s (January 2008) dollars.

According to the EIA *Short-Term Energy Outlook*, released February 12, 2008, retail prices for petroleum products are expected to be higher in 2008 than last year, due to higher average crude oil prices. Both gasoline and diesel prices are projected to average more than \$3 per gallon in 2008. The monthly average gasoline price is projected to peak near \$3.40 per gallon this spring.

While gasoline prices rose to over \$3.00 per gallon in September 2005, the effect the higher gas prices had on transactions was slight and seemed only to appear on Labor Day weekend and the following weekend.

Gasoline prices in the New York Metro Area are now over \$3.00 per gallon. If this level is significantly exceeded for a prolonged period of time, it may have an effect on travel in the region. Discretionary travel (vacation and recreational trips) may decline. URS believes that most of the trips on the TBTA facilities, however, are commuter or work-oriented, so there should not be a significant change in work travel.



Updated Review of Physical Conditions

URS contacted TBTA's Engineering and Construction Department to obtain an update of the thorough review we conducted for the URS June 2007 report, when we reviewed the facility inspection reports and performed a condition audit of each TBTA facility. With only minor variance, TBTA has informed us that the maintenance and construction projects that were described in the URS June 2007 report are continuing on schedule or have been completed.

There have been no significant changes in the physical condition of, or construction activities related to, TBTA facilities since the URS June 2007 report.

In general, the majority of construction activities programmed for the TBTA facilities themselves are scheduled to take place during off-peak hours, including nighttime lane closures in the tunnels. Therefore, they are expected to have no discernible effect on toll revenue.

With this update, it is our continued opinion that all the TBTA facilities are and will be physically capable of accommodating traffic volumes at the levels projected in the URS June 2007 report, through the duration of the outstanding bonds that have been issued and future bonds to be issued based on a pledge of TBTA revenues through 2038, assuming maintenance consistent with past practice. We expect to further validate this opinion when we conduct our next annual review of physical conditions in preparation for our full report later in the year.

Proposed Congestion Pricing Program

Subject to State of New York legislative authorization, the City of New York is proceeding with the implementation of a program of congestion pricing in the Manhattan Central Business District to encourage people to use alternative means to motor vehicles. Drivers would be charged a toll for traveling into (or through) Manhattan south of 60th Street (in June 2007, the zone was proposed to begin at 86th Street) on weekdays between the hours of 6 AM and 6 PM. The toll is proposed as \$8 for autos and \$21 for trucks. *E-ZPass* users paying bridge or tunnel tolls to enter this zone would be credited the amount of their round-trip tolls. Since this proposal is in the planning stages, it is too early to estimate the traffic shifts, consolidations and diversions to transit that might occur. However, since there would be no change in the toll amount paid by TBTA facility users and those drivers using East River bridges would be subject to the congestion pricing toll, it is not anticipated that there would be a revenue-negative impact on traffic on TBTA crossings. Depending on how traffic patterns do shift, the impact on TBTA crossings could be revenue-positive.

Toll Schedule and Fee Changes

In March 2005, a toll increase was implemented on all TBTA facilities. This increase was \$0.50 on all major crossings (\$1.00 one-way on the Verrazano-Narrows Bridge) and \$0.25 on the minor crossings. The increase in the number of toll paid vehicles was up 1.67 million vehicles (0.6 percent) in 2006 from 2005. The overall increase in toll revenue for this period was \$36.6 million (3.0 percent). The previous toll increase was on May 18, 2003. Toll paid vehicles increased by 1.3 percent in 2004 from 2003, while the overall increase in toll revenue for this period was 7.30 percent. In both of these instances, the overall increase in toll revenue was significantly higher than the percent growth in the number of paid vehicles.



A toll increase is scheduled to be implemented on March 16, 2008. In the URS June 2007 report, it was assumed that a toll increase of \$0.50 for major crossings and \$0.25 for minor crossing would take place in 2009. Similar increases were anticipated for 2012 and 2015. In the URS June 2007 report, the revenue analysis indicated that, while there would be a reduction in traffic, in 2009, due to the higher toll, this loss would be more than offset by the increase in revenue due to the higher toll rates.

The toll increase program to be implemented this month varies as to type of vehicle and whether the payment is cash or E-ZPass. Based on the 2007 distribution of vehicle types for all TBTA facilities, the new toll increase is estimated to be 11.6 percent with respect to the average toll per vehicle. In 2007, the average toll per vehicle over all facilities was \$4.11. Under the new toll schedule, the average toll per vehicle, beginning March 16, 2008, would increase to \$4.59.

As previously stated, since the toll increase is taking place in 2008 rather than 2009, as was assumed in the URS June 2007 report, 2008 revenues are likely to be higher than those projected in that report.

Population, Employment and Motor Vehicle Registration

Between 2000 and 2005, population for the New York, New Jersey and Connecticut region grew at a smaller rate than initially projected by New York Metropolitan Transportation Council (NYMTC). During the same period New York City population grew at the projected rate of 0.5 percent per year. While in Manhattan population grew at a larger rate than expected, in the four outer boroughs, population grew at a smaller rate. However, the overall growth rate for the city corresponded to the projected growth rate.

The decrease in employment between 2000 and 2005 initially projected for New York City by NYMTC did not occur. Employment in New York City grew at a rate of 1.2 percent per year during this period. For the New York, New Jersey and Connecticut region, the average growth rate was 1.7 percent, compared to the 0.5 percent that was initially projected. NYMTC projections for population and employment through 2030 remain the same as presented in the URS June 2007 report and will be updated in April 2008.

New York City motor vehicle registrations grew considerably in 2007, increasing 5.1 percent over 2006, compared to a decrease from 2005 to 2006 of 1.3 percent, showing a trend reversal. In Connecticut, vehicle registrations increased 0.6 percent between 2006 and 2007, compared 0.2 percent between 2005 and 2006. For New York State, the 2006 to 2007 growth rate was 1.2 percent compared to 0.7 percent from 2005 to 2006. As of the date of this letter, data from New Jersey are not available.

The fact that employment and motor vehicle registration growth rates were actually higher than those presented in the URS June 2007 report, would tend to make the projections in that report somewhat conservative.



Operating Expense Forecast

As stated in the URS June 2007 report, TBTA operating expenses include personnel costs and non-labor expenses.

The 2007 operating expenses had been estimated by TBTA at \$192.8 million for personnel and \$215.0 million for non-labor for a total of \$407.8 million. The actual 2007 operating expenses were \$196.8 million for personnel and \$172.3 million for non-labor, for a total of \$369.1 million. Actual total operating expenses were 9.5 percent lower than the original estimate. This was primarily due to non-labor costs associated with the transition to the new system for the *E-ZPass* Customer Service Center that were anticipated for 2007 but were deferred to 2008.

The latest TBTA operating expense forecast (February 2008) for 2008 is \$211.0 million for labor and \$215.9 million for non-labor for a total of \$426.9 million or an increase over 2007 of 15.7 percent. The actual personnel costs in 2007 were low due to job vacancies at the end of the year. The non-labor portion is higher because of the aforementioned *E-ZPass* transition costs and increased major maintenance and bridge painting expenses anticipated for 2008. TBTA operating expense estimates for 2009, 2010 and 2011 now indicate increases of 1.9 percent, 6.8 percent and 1.2 percent respectively. This compares to the estimated budget increases TBTA provided to us for the URS June 2007 report of 5.4 percent, 9.0 percent and 4.2 percent for the same three years.

* * * * *

Finally, as stated in the URS June 2007 report, it is our continuing opinion that the revenue and expense projections are reasonable and that they have been prepared in accordance with accepted practice for investment-grade studies. However, given the continuing uncertainties within the current international and economic climate, we consider it necessary to state that the caveats presented in the URS June 2007 report, as updated by this letter, continue to be valid for this update letter and restate the following limitations:

1. This update letter presents the results of our consideration of the information available to us as of the date hereof and the application of our experience and professional judgment to that information. It is not a guarantee of any future events or trends.
2. The traffic and revenue forecasts presented in the URS June 2007 report, as updated in this letter, will be subject to future economic and social conditions and demographic developments that cannot be predicted with certainty.
3. The projections contained in the URS June 2007 report, as updated by this letter, while presented with numerical specificity, are based on a number of estimates and assumptions which, though considered reasonable to us, are inherently subject to significant economic and competitive uncertainties and contingencies, many of which will be beyond our control and that of TBTA. In many instances, a broad range of alternative assumptions could be considered reasonable. Changes in the assumptions used could result in material differences in projected outcomes.



4. URS' net toll revenue projections only represent its best judgment and URS does not warrant or represent that actual net toll revenues will not vary from its projections, estimates and forecasts. The projection of revenues with periodic toll increases, included in the URS June 2007 report, as updated by this letter, is for forecasting purposes only and does not necessarily represent adopted TBTA policy.
5. If, for any reason, any of these conditions should change due to changes in the economy or competitive environment, or other factors, URS' opinions or estimates may require amendment or further adjustments.

Respectfully,

URS CORPORATION – NEW YORK

A handwritten signature in black ink, appearing to read 'Arthur B. Pratt'.

Arthur B. Pratt, P.E.
Director, Transportation Services

A handwritten signature in black ink, appearing to read 'Arthur H. Goldberg'.

Arthur H. Goldberg, P.E.
Vice President

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