

**\$500,170,000**  
**Triborough Bridge and Tunnel Authority**  
**Subordinate Revenue Bonds, Series 2003A**

**DATED: Date of Delivery**

**DUE: November 15, as shown herein**

The Series 2003A Bonds are being issued to finance transit and commuter projects for subsidiaries and affiliates of MTA.

The Series 2003A Bonds –

- are special obligations of TBTA, payable from the revenues collected on TBTA’s bridges and tunnels as described herein, after payment of TBTA’s operating expenses and after the application of such net revenues to the payment of debt service as required by TBTA’s Senior Resolution, and
- are not a debt of the State or The City of New York or any other local government unit.

TBTA has no taxing power.

*In the opinion of Hawkins, Delafield & Wood, Bond Counsel to TBTA, under existing law and relying on certain representations by TBTA and assuming the compliance by TBTA with certain covenants, interest on the Series 2003A 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 2003A Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State, including The City of New York.*

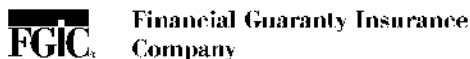
The Series 2003A Bonds are subject to redemption prior to maturity as described herein.

The Series 2003A 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 5, 2003.

Payment of the principal of and interest on certain maturities of the Series 2003A Bonds, as set forth on page i hereof, when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2003A Bonds.



Payment of the principal of and interest on the Series 2003A Bonds maturing on November 15, 2032 when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Series 2003A Bonds by Financial Guaranty Insurance Company.



FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

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 2003A Bonds. Investors are advised to read the entire official statement, including all portions hereof included by specific reference, to obtain information essential to making an informed decision.

**JPMorgan**

**Bear, Stearns & Co. Inc.**

**Lehman Brothers**

**First Albany Corporation**  
**Morgan Stanley**

**Salomon Smith Barney**

**Merrill Lynch & Co.**  
**UBS PaineWebber Inc.**

**ABN AMRO Financial Services, Inc.**

**Advest, Inc./Lebenthal & Co.**

**CIBC World Markets**

**Commerce Capital Markets**

**Fahnestock & Co., Inc.**

**Jackson Securities**

**Quick & Reilly, Inc.**

**Ramirez & Co., Inc.**

**Raymond James & Associates, Inc.**

**RBC Dain Rauscher Inc.**

**Roosevelt & Cross, Inc.**

**Siebert Brandford Shank & Co., LLC**

**Wachovia Bank, National Association**

**\$500,170,000**  
**Triborough Bridge and Tunnel Authority**  
**Subordinate Revenue Bonds, Series 2003A**

**\$122,700,000 Uninsured Bonds**

**\$58,105,000 Uninsured Serial Bonds**

<u>Maturity</u> <u>(November 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> <u>Number*</u>
2004	\$13,170,000	2.00%	1.28%	89602NDM3
2005	5,610,000	2.00	1.50	89602NDN1
2005	8,725,000	3.00	1.50	89602NDP6
2006	5,865,000	2.00	1.87	89602NDQ4
2006	7,630,000	3.00	1.87	89602NDR2
2007	9,010,000	3.00	2.28	89602NDS0
2008	8,095,000	4.00	2.71	89602NDT8

**\$64,595,000 Uninsured Term Bond**

\$64,595,000 5.25% Series 2003A Term Bonds Due November 15, 2030 Priced to Yield 4.97%\*\* CUSIP Number\* 89602NES9

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\* CUSIP numbers have been assigned by an organization not affiliated with TBTA and are included solely for the convenience of the holders of the Series 2003A Bonds. TBTA is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2003A Bonds or as indicated above.

\*\* Priced at the stated yield to the November 15, 2013 optional redemption date at a redemption price of 100%.

## **\$377,470,000 Insured Bonds**

### **\$212,030,000 Ambac Insured Serial Bonds**

<b><u>Maturity</u></b> <b><u>(November 15)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Price or</u></b> <b><u>Yield</u></b>	<b><u>CUSIP</u></b> <b><u>Number*</u></b>
2009	\$9,520,000	4.00 %	2.96%	89602NDU5
2010	9,495,000	3.25	3.26	89602NDV3
2011	2,470,000	5.00	3.50	89602NDX9
2011	6,865,000	4.00	3.50	89602NDW1
2012	4,675,000	3.625	3.64	89602NDY7
2012	5,770,000	5.00	3.64	89602NDZ4
2013	5,650,000	3.75	3.77	89602NEA8
2014	4,690,000	3.875	3.90	89602NEB6
2015***	4,495,000	5.25	4.00	89602NEC4
2016***	5,050,000	5.25	4.09	89602NED2
2017	5,060,000	5.25	4.13**	89602NEE0
2018	5,025,000	5.25	4.18**	89602NEF7
2019	5,320,000	5.25	4.26**	89602NEG5
2020	5,275,000	5.25	4.35**	89602NEH3
2021	5,865,000	5.25	4.42**	89602NEJ9
2022	5,935,000	4.50	4.65	89602NEK6
2023	7,965,000	4.625	4.73	89602NEL4
2024	32,220,000	4.75	4.80	89602NEM2
2025	33,940,000	5.00	4.80**	89602NEN0
2026	35,465,000	5.125	4.75**	89602NEP5
2027	11,280,000	4.75	4.82	89602NEQ3

### **\$65,440,000 Ambac Insured Term Bond**

\$65,440,000 5.00% Series 2003A Term Bonds Due November 15, 2028 Priced to Yield 4.86%\*\* CUSIP Number\* 89602NER1

### **\$100,000,000 FGIC Insured Term Bond**

\$100,000,000 5.00% Series 2003A Term Bonds Due November 15, 2032 Priced to Yield 4.89%\*\* CUSIP Number\* 89602NET7

*The Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Series 2003A 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.*

\* CUSIP numbers have been assigned by an independent company not affiliated with TBTA and are included solely for the convenience of the holders of the Series 2003A Bonds. TBTA is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2003A Bonds or as indicated above.

\*\* Priced at the stated yield to the November 15, 2013 optional redemption date at a redemption price of 100%.

\*\*\* Not subject to redemption prior to maturity.

# Triborough Bridge and Tunnel Authority

TRIBOROUGH STATION, BOX 35

New York, New York 10035

(212) 360-3000

Website: [www.mta.info](http://www.mta.info)

Peter S. Kalikow ..... *Chairman*  
David S. Mack ..... *Vice-Chairman*  
Ronnie P. Ackman ..... *Non-Voting Member*  
Andrew B. Albert ..... *Non-Voting Member*  
Nancy Shevell Blakeman ..... *Member*  
Anthony J. Bottalico ..... *Non-Voting Member*  
Kenneth A. Caruso ..... *Member*  
Thomas J. Cassano ..... *Non-Voting Member*  
Edward B. Dunn ..... *Member*  
Barry L. Feinstein ..... *Member*  
Lawrence W. Gamache ..... *Member*  
James H. Harding, Jr. .... *Member*  
Susan L. Kupferman ..... *Member*  
Mark D. Lebow ..... *Member*  
James L. McGovern ..... *Non-Voting Member*  
Joseph Rutigliano ..... *Non-Voting Member*  
Ernest J. Salerno ..... *Member*  
Andrew M. Saul ..... *Member*  
James L. Sedore, Jr. .... *Member*  
James S. Simpson ..... *Member*  
Edward A. Vrooman ..... *Member*  
Rudy Washington ..... *Member*  
Alfred E. Werner ..... *Member*

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Katherine N. Lapp ..... *Executive Director and Chief Operating Officer*  
Michael C. Ascher ..... *President*  
Stanley Vonasek ..... *Vice President and Chief Engineer*  
Robert M. O'Brien, Esq. .... *General Counsel*  
David Moretti ..... *Chief Financial Officer*

HAWKINS, DELAFIELD & WOOD  
New York, New York  
*Bond Counsel*

GOLDMAN, SACHS & CO.  
New York, New York  
*Financial Advisor*

URS CORPORATION - NY  
New York, New York  
*Independent Engineers*

## SUMMARY OF TERMS

TBTA has prepared this Summary of Terms to describe the specific terms of the Series 2003A Bonds. The information in this official statement, including the materials filed with the repositories and included by specific reference as described herein, provides a more detailed description of matters relating to TBTA and to TBTA's Subordinate 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.		
Bonds Being Offered.....	Subordinate Revenue Bonds, Series 2003A.		
Purpose of Issue.....	To finance transit and commuter projects for subsidiaries and affiliates of MTA.		
Maturities and Interest Rates .....	<i>See</i> inside cover.		
Denominations.....	\$5,000 and whole multiples of \$5,000.		
Interest Payment Dates .....	May 15 and November 15, commencing November 15, 2003.		
Redemption .....	<i>See</i> DESCRIPTION OF SERIES 2003A BONDS – Redemption Prior to Maturity <i>in Part I</i> .		
Sources of Payment and Security.....	Revenues collected on TBTA's bridges and tunnels as described herein, after payment of TBTA's operating expenses and after the application of such net revenues to the payment of debt service as required by TBTA's Senior Resolution.		
Credit Enhancement .....	Financial guaranty insurance policy from Ambac Assurance Corporation for the Series 2003A Bonds maturing November 15, 2009 through November 15, 2028; and  Financial guaranty insurance policy from Financial Guaranty Insurance Company for the Series 2003A Bonds maturing November 15, 2032.		
Registration of the Bonds .....	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.		
Trustee.....	The Bank of New York.		
Bond Counsel .....	Hawkins, Delafield & Wood, New York, New York.		
Tax Status .....	<i>See</i> TAX MATTERS <i>in Part III</i> .		
Expected Ratings.....	<u>Rating Agency</u>	<u>Uninsured Ratings</u>	<u>Insured Ratings</u>
	Moody's:	A1	Aaa
	Standard & Poor's:	A+	AAA
	Fitch:	AA-	AAA
	<i>See</i> RATINGS <i>in Part III</i> .		
Financial Advisor .....	Goldman, Sachs & Co.		
Underwriters.....	<i>See</i> cover page. J.P. Morgan Securities, Inc. is the representative of the Underwriters for the Series 2003A Bonds.		
Purchase Price/Underwriters' Discount .....	<i>See</i> UNDERWRITING <i>in Part III</i> .		
Counsel to the Underwriters.....	Clifford Chance US LLP, New York, New York.		
MTA Special Counsel .....	Nixon Peabody LLP, New York, New York.		
Independent Engineers .....	URS Corporation – NY, 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 2003A Bonds, in any jurisdiction where that would be unlawful. TBTA has not authorized any dealer, salesperson or anyone else to give any information or make any representation in connection with the offering of the Series 2003A 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 2003A 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 TBTA's affairs or in any other matters described.
  - ***Forward-Looking Statements.*** Many statements contained in this official statement, including the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on TBTA's and the Independent Engineers' beliefs, as well as assumptions made by, and information currently available to, the management and staff of TBTA 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," "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.
  - ***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 respective 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.
  - ***Bond Insurers Information.*** Other than with respect to information concerning the Insurers contained under the caption DESCRIPTION OF SERIES 2003A BONDS – Bond Insurance *in Part I* and in Attachments 4 and 5 of this official statement, none of the information in this official statement has been supplied or verified by the Insurers and the Insurers make no representation or warranty, express or implied, as to
    - the accuracy or completeness of information they have neither supplied nor verified,
    - the validity of the Series 2003A Bonds, or
    - the tax-exempt status of the interest on the Series 2003A Bonds.

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**Attachment 1** – Book-Entry-Only System

**Attachment 2** – Continuing Disclosure Under SEC Rule 15c2-12

**Attachment 3** – Form of Opinion of Bond Counsel

**Attachment 4** – Information Relating to Ambac Assurance Corporation

**Attachment 5** – Information Relating to Financial Guaranty Insurance Company

**Attachment 6** – Update Letter of Independent Engineers

**Information Included by Specific Reference.** The following portions of MTA's 2002 Combined Continuing Disclosure Filings, dated April 19, 2002, and filed with the repositories identified in the Introduction to this official statement are included by specific 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 2003A 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, 2001 and 2000

The following documents have also been filed with the repositories identified in the Introduction and are included by specific reference in this official statement:

- Summary of Certain Provisions of the Subordinate Revenue Resolution
- Definitions and Summary of Certain Provisions of the Standard Resolution Provisions
- Definitions and Summary of Certain Provisions of the TBTA Resolution (*i.e.*, as used in this official statement, the Senior Resolution)
- History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Condition of the Facilities of Triborough Bridge and Tunnel Authority (Report of the Independent Engineers, URS Corporation – NY, dated September 4, 2002)

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\* The facilities listed under the caption “THE TRIBOROUGH BRIDGE AND TUNNEL AUTHORITY – Present Facilities” in Appendix A include TBTA's seven bridges and two tunnels and the Battery Parking Garage. Only the bridges and tunnels constitute TBTA Facilities under the Senior Resolution (as herein defined), though the net revenues derived from the operation of the Battery Parking Garage are included as net revenues that are pledged to the payment of the Bonds (as herein defined). Capital projects at the Battery Parking Garage cannot be financed under the Senior Resolution unless the Battery Parking Garage qualifies as an Additional TBTA Project thereunder.

## INTRODUCTION

### TBTA, MTA and Other Related Entities

Triborough Bridge and Tunnel Authority, or TBTA, 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”. TBTA is empowered to construct and operate toll bridges and tunnels and other public facilities in New York City. TBTA 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. TBTA’s surplus amounts are used to fund transit and commuter operations and finance capital projects. The board members of MTA also serve as the board members of MTA’s affiliates and subsidiaries, including TBTA.

MTA has responsibility for developing and implementing a single, integrated mass transportation policy for 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 (the Transit Authority) and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA); the Staten Island Rapid Transit Operating Authority (SIRTOA); The Long Island Rail Road Company (LIRR); the Metro-North Commuter Railroad Company (MNCRC); and the Metropolitan Suburban Bus Authority (MSBA). MTA issues debt obligations to finance a substantial portion of the capital costs of these systems, other than MSBA.

MTA, TBTA and the other related entities are described in detail in Appendix A to MTA’s 2002 Combined Continuing Disclosure Filings, which is included by specific reference in this official statement. Also included in Appendix A is a description of the impact on the Related Entities, including TBTA, of the terrorist attack on the World Trade Center (WTC).

On October 9, 2002, MTA announced plans to effect a corporate restructuring by creating five distinct companies under MTA’s governance in order to streamline administrative functions and provide each entity with a single transportation focus. *See* 2002 RESULTS – Corporate Reorganization *below*.

### Where to Find Information

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

- This ***Introduction*** provides certain information relating to MTA and its affiliates, TBTA and the Transit Authority.
- ***Part I*** provides specific information about the Series 2003A Bonds.
- ***Part II*** describes the sources of payment and security for all TBTA Subordinate Revenue Bonds, including the Series 2003A Bonds.
- ***Part III*** provides miscellaneous information relating to the Series 2003A Bonds.
- ***Attachment 1*** sets forth certain provisions applicable to the book-entry system of registration to be used for the Series 2003A Bonds.
- ***Attachment 2*** sets forth a summary of certain provisions of a continuing disclosure agreement relating to the Series 2003A Bonds.
- ***Attachment 3*** is the form of opinion of Bond Counsel in connection with the Series 2003A Bonds.
- ***Attachment 4*** sets forth certain information relating to Ambac Assurance Corporation.
- ***Attachment 5*** sets forth certain information relating to Financial Guaranty Insurance Company.
- ***Attachment 6*** is a letter, dated February 19, 2003, from the Independent Engineers updating their report, dated September 4, 2002, entitled History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Condition of the Facilities of Triborough Bridge and Tunnel Authority.
- ***Information Included by Specific 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 TBTA file annual and other information with each Nationally Recognized Municipal Securities Information Repository. Documents filed by MTA and TBTA 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](mailto:munis@bloomberg.com)

***FT Interactive Data***

Attn: NRMSIR  
100 William Street  
New York, NY 10038  
Phone: (212) 771-6999  
Fax: (212) 771-7390 (Secondary Market Information)  
(212) 771-7391 (Primary Market Information)  
Email: NRMSIR@FTID.com

***DPC Data Inc.***

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

***Standard & Poor's J.J. Kenny Repository***

55 Water Street  
45<sup>th</sup> Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
Email: [nrmsir\\_repository@sandp.com](mailto:nrmsir_repository@sandp.com)

**Information Included by Specific Reference.** The information listed under the caption "Information Included by Specific Reference" in the Table of Contents, as filed with the repositories to date, is "included by specific 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 2003A 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* – FURTHER INFORMATION *below*.

## **Subordinate Revenue Bonds**

The Subordinate Revenue Bonds are special obligations of TBTA issued in accordance with the 2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations (the "Subordinate Revenue Resolution") adopted by the TBTA Board on March 26, 2002. The Subordinate Revenue Bonds are payable generally from the net revenues derived from the bridges and tunnels operated by TBTA as described herein, after the application of such net revenues as required by TBTA's General Resolution Authorizing General Revenue Obligations (the Senior Resolution), adopted by the TBTA Board on March 26, 2002.

## **2002 Results**

**Debt Restructuring.** MTA, the Transit Authority and TBTA fully defeased substantially all of their old bonds and notes during 2002. As a result of the debt restructuring, MTA and TBTA created approximately \$3.4 billion of capacity for new money bonds which could be issued without increasing the level of annual debt service to be paid above pre-existing levels for the restructured debt. The Series 2003A Bonds are the first series of bonds issued within the new money portion of the debt restructuring.

**TBTA.** TBTA had operating revenues in 2002 of approximately \$933 million and operating expenses of approximately \$300 million. *See* Table 2 herein *under* SOURCES OF PAYMENT. After the payment of debt service on TBTA senior and subordinate obligations and certain other items, TBTA had a surplus subject to distribution to MTA and the Transit Authority for operating expenses of approximately \$248 million.

*Other Related Entities.* The 2002 budgets of the Related Entities (other than TBTA) were balanced, with a cash surplus of approximately \$24.6 million available for application in 2003. In November 2002, a presentation was made to the MTA Board that identified a difference between revenues and expenses, or “gap”, before gap closing actions, for the Related Entities, other than TBTA, of approximately \$2.8 billion during 2003 and 2004. See 2003-2004 Financial Plan *below* for a discussion of potential gap closing measures.

*Corporate Reorganization.* On October 9, 2002, MTA announced plans to effect a corporate restructuring to create five distinct companies under MTA’s governance:

- MTA Subways, that would include the Transit Authority’s subway operations and SIRTOA,
- MTA Bus, that would include the Transit Authority’s and MaBSTOA’s bus operations and MSBA, and could in the future include one or more bus lines currently operated by private companies in New York City and Westchester,
- MTA Rail, that would include LIRR and MNCRC,
- MTA Bridges and Tunnels, that will retain the corporate structure of TBTA, and
- MTA Capital, a new company that would be in charge of overseeing the system expansion projects for all MTA companies.

This corporate restructuring along business lines is designed to streamline administrative functions and provide each entity with a single transportation focus. The initiative, which is expected to be implemented over a two year time frame, will be in compliance with all applicable provisions of the resolutions and laws under which MTA and TBTA issue bonds, notes and other obligations. Legislation may be required in order to achieve some of the goals of the reorganization.

## **2003-2004 Financial Plan**

*TBTA.* TBTA expects that its budget will produce a surplus subject to distribution to MTA and the Transit Authority for operating expenses during 2003 and 2004 at levels reasonably approximating those produced in prior years. TBTA adopted a budget in December 2002 for 2003 (that does not include any toll increase) that provides for operating revenues of approximately \$942 million and operating expenses (net of capital reimbursements) of approximately \$329 million. The increase in operating expenses is attributable to increases in (1) bridge painting, (2) outside technology and maintenance services, (3) major maintenance and (4) security costs.

*Other Related Entities.* In November 2002, a combined gap for 2003 and 2004 (before gap closing actions) for the Related Entities, other than TBTA, was estimated at approximately \$2.8 billion, of which approximately \$1.1 billion relates to 2003 and approximately \$1.7 billion relates to 2004. In December 2002, the MTA Board adopted an interim financial plan setting forth balanced budgets as required by law based upon certain options and alternatives presented to the MTA Board.

*Potential Solutions.* MTA has identified a variety of potential solutions to close the gap over the two-year period, including the following:

- debt service savings resulting from the debt restructuring (subject to the issuance of the new money portion of the debt restructuring),
- internal actions taken by the operating agencies to generate additional revenues or reduce expenses,
- savings resulting from the proposed corporate restructuring,
- increased governmental assistance,
- fare increases for both the transit and commuter systems, with various options on how much to increase the base fares and how to discount the various MetroCard passes,
- TBTA toll increases, and
- service cuts.

While MTA believes that its assumptions regarding these proposals are reasonable, no assurances can be given that cost reductions can be achieved in the amounts and at the times required, that ridership and traffic levels will not be adversely affected by any fare or toll increase that may be adopted or by general economic, weather or other conditions, that operating costs will not increase more than assumed, or that governmental financial assistance for operating expenses or capital programs, including dedicated taxes, will be received in the amounts and at the times required. See **Appendix A – THE RELATED ENTITIES – Revenues of the Related Entities – Fares and Tolls**; and – **The Triborough Bridge and Tunnel Authority – Toll Rates**.

*Effective date of fare and toll changes.* MTA is in the process of conducting public hearings on various options relating to fare and toll increases and certain other actions. The MTA Board expects to meet in early March to determine fare changes, if any, for the transit and commuter systems, including SIRTOA. TBTA is in the process of preparing documentation in connection with a possible toll increase, including compliance with the State Environmental Quality Review Act, which, if adopted, could become effective in spring or early summer of 2003. No assurances can be given as to whether or not the fares or tolls will be increased, or, if increased, the amount thereof. For an analysis of the potential impact of a TBTA toll increase in 2003, see **Attachment 6** to this Official Statement.

## **Insurance Coverage**

*Property Insurance.* MTA's captive insurance company subsidiary, First Mutual Transportation Assurance Company ("FMTAC"), directly insures property damage claims in excess of the \$30 million per occurrence self-insurance retention. The aggregate limitation of \$1 billion per occurrence covers all property of the Related Entities. FMTAC is reinsured (subject to FMTAC's payment of up to an additional \$27 million for claims over \$700 million) by the United States under the recent terrorism insurance bill, as well as in the domestic, London and European marketplace, for this coverage. The property insurance, which is subject to annual renewal on October 31, provides replacement cost coverage for all risks of direct physical loss or damage to all real and personal property, with minor exceptions, including coverage for acts of foreign terrorism. The policy also provides extra expense and business interruption coverages.

In addition, excess liability insurance was renewed on October 30, 2002 for a one-year period, to provide \$150 million in limits in excess of a \$50 million per occurrence self-insured retention provided by the MTA's Excess Loss Fund. This program covers third-party liability occurrences arising out of the operations of the Related Entities.

For more information on the Related Entities' insurance program, see **Appendix A – THE RELATED ENTITIES – Insurance**.

## PART I. SERIES 2003A BONDS

*Part I* of this official statement, together with the Summary of Terms, provides specific information about the Series 2003A Bonds.

### APPLICATION OF PROCEEDS

TBTA anticipates that the proceeds of the Series 2003A Bonds, plus net original issue premium of \$11,082,256.90 and less certain financing, legal, bond insurance and miscellaneous expenses of \$11,252,256.90, will be applied as follows:

Deposit to Series 2003A Proceeds Account	\$500,000,000.00
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The net proceeds of the Series 2003A Bonds will be used to finance transit and commuter projects for subsidiaries and affiliates of MTA.

### DESCRIPTION OF SERIES 2003A BONDS

#### General

***Book-Entry-Only System.*** The Series 2003A 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 2003A 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 2003A Bonds, all payments on the Series 2003A 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 2003A 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. So long as DTC is the sole registered owner of all of the Series 2003A 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 2003A Bonds, it will be the sole registered owner of the Series 2003A Bonds, and transfers of ownership interests in the Series 2003A Bonds will occur through the DTC Book-Entry-Only System.

***Trustee.*** The Bank of New York is Trustee and Paying Agent with respect to the Series 2003A Bonds.

#### Redemption Prior to Maturity

***Mandatory Sinking Fund Redemption.*** Each term bond shown below is 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 2003A Bonds shown below:

<u>Ambac Insured 2028 Term Bond</u>		
	Sinking Fund Redemption Date <u>(November 15)</u>	Sinking Fund <u>Installment</u>
first payment	2027	\$26,135,000
final maturity	2028	39,305,000
average life	25.295 years	

<u>Uninsured 2030 Term Bond</u>		
	Sinking Fund Redemption Date <u>(November 15)</u>	Sinking Fund <u>Installment</u>
first payment	2029	\$41,175,000
final maturity	2030	23,420,000
average life	27.057 years	

<u>FGIC Insured 2032 Term Bond</u>		
	Sinking Fund Redemption Date <u>(November 15)</u>	Sinking Fund <u>Installment</u>
first payment	2030	\$ 19,980,000
final maturity	2032	45,650,000
average life	28.838 years	

**Credit Toward Mandatory Sinking Fund Redemption.** TBTA may take credit toward mandatory Sinking Fund Installment requirements as follows, and if taken, thereafter reduce the amount of term Series 2003A Bonds of the same maturity and interest rate otherwise subject to mandatory Sinking Fund Installments on the date for which credit is taken:

- If TBTA directs the trustee to purchase term Series 2003A 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 TBTA purchases or redeems term Series 2003A 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 TBTA may direct.

**Optional Redemption.** The Series 2003A Bonds maturing on and after November 15, 2014 (except for the Series 2003A Bonds maturing on November 15, 2015 and November 15, 2016) are subject to redemption prior to maturity on any date on and after November 15, 2013, at the option of TBTA, in whole or in part on any date (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 2003A Bonds maturing on November 15, 2015 and November 15, 2016 are not subject to redemption prior to maturity.

**State and City Redemption.** Pursuant to the TBTA Act, the State or the City, upon providing sufficient funds, may require TBTA to redeem the Series 2003A Bonds as a whole at the time and at the price and in accordance with the terms upon which the Series 2003A Bonds are otherwise redeemable.

**Redemption Notices.** So long as DTC is the securities depository for the Series 2003A Bonds, the Trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Series 2003A 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 2003A 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 2003A 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 2003A Bonds, then on the redemption date the Series 2003A 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 2003A Bonds called for redemption, thereafter, no interest will accrue on those Series 2003A Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series 2003A Bonds.

## **Bond Insurance**

Simultaneously with the issuance of the Series 2003A Bonds, Ambac Assurance Corporation (Ambac Assurance) will issue its financial guaranty insurance policy (the Ambac Insurance Policy) for those Series 2003A Bonds identified as being insured by Ambac Assurance on **page i** (the Ambac Insured Bonds). The Ambac Insurance Policy guarantees the scheduled payment of principal of and interest on the Ambac Insured Bonds when due as set forth in the form of the Ambac Insurance Policy included as **Attachment 4** to this official statement. Reference is made to **Attachment 4** for information regarding the Ambac Insured Bonds, Ambac Assurance and a specimen of the Ambac Insurance Policy.

Concurrently with the issuance of the Series 2003A Bonds, Financial Guaranty Insurance Company (FGIC) will issue its financial guaranty insurance policy (the FGIC Insurance Policy) for those Series 2003A Bonds identified as being insured by FGIC on **page i** (the FGIC Insured Bonds). The FGIC Insurance Policy guarantees the scheduled payment of principal of and interest on the FGIC Insured Bonds when due as set forth in the form of the FGIC Insurance Policy included as **Attachment 5** to this official statement. Reference is made to **Attachment 5** for information regarding the FGIC Insured Bonds, FGIC and a specimen of the FGIC Insurance Policy.

TBTA has granted each of the Insurers certain rights authorized under Section A-202 of the Subordinate Revenue Resolution, including the right to be deemed the sole owner of the Series 2003A Bonds it insures whenever the approval, consent or action of the owners is required. *See Definitions and Summary of Certain Provisions of the Standard Resolution Provisions included by specific reference herein.*

## **Debt Service on the Senior and Subordinate Revenue Bonds**

Table 1 on the following page sets forth, on a cash basis, estimated debt service on the senior lien bonds, debt service on the Subordinate Revenue Bonds, debt service on the Series 2003A Bonds, and aggregate senior lien and subordinate lien debt service after the issuance of the Series 2003A Bonds.

**Table 1**

**Aggregate Senior and Subordinate Debt Service  
(In Thousands)**

<u>Year Ending December 31</u>	<u>Estimated Debt Service on Senior Lien Bonds<sup>(1)</sup></u>	<u>Estimated Debt Service on Subordinate Revenue Bonds<sup>(2)</sup></u>	<u>Series 2003A Bonds</u>	<u>Aggregate Senior and Subordinate Debt Service<sup>(3)</sup></u>
2003	\$ 220,951	\$106,030	\$16,174	\$343,155
2004	247,706	106,168	36,461	390,335
2005	279,832	105,268	37,363	422,463
2006	279,834	106,484	36,149	422,466
2007	279,889	111,316	31,317	422,522
2008	279,834	112,500	30,132	422,467
2009	279,829	111,396	31,233	422,458
2010	279,830	111,803	30,828	422,461
2011	279,830	112,274	30,359	422,463
2012	279,830	111,558	31,071	422,458
2013	279,824	116,815	25,818	422,457
2014	278,323	117,984	24,646	420,953
2015	278,328	118,362	24,269	420,959
2016	278,330	118,042	24,588	420,960
2017	278,327	118,298	24,333	420,958
2018	278,322	118,600	24,032	420,954
2019	278,318	118,567	24,064	420,949
2020	278,324	118,891	23,739	420,955
2021	278,315	118,579	24,052	420,947
2022	278,324	118,815	23,815	420,954
2023	279,818	117,053	25,577	422,448
2024	278,318	93,167	49,464	420,949
2025	278,319	92,977	49,654	420,950
2026	278,309	93,149	49,482	420,939
2027	278,307	93,017	49,614	420,938
2028	278,311	92,968	49,661	420,940
2029	278,311	93,067	49,566	420,944
2030	278,305	92,999	49,630	420,933
2031	278,309	93,022	49,651	420,982
2032	<u>243,529</u>	<u>88,744</u>	<u>36,089</u>	<u>368,361</u>
Total	<u>\$8,241,935</u>	<u>\$3,227,913</u>	<u>\$1,012,831</u>	<u>\$12,482,679</u>

<sup>(1)</sup> Includes the following variable rate assumptions for senior lien debt service: Series 2001B and C (at an assumed interest rate of 4% per annum and including net payments made by TBTA under the swap agreement relating thereto); Series 2002C (at an assumed interest rate of 4% per annum and including net payments made by TBTA under the swap agreement relating thereto); and Series 2002F (at an assumed interest rate of 4% per annum).

<sup>(2)</sup> Includes the following variable rate assumptions for the subordinate lien debt service: Series 2000A – D (at an assumed interest rate of 4% per annum and including net payments made by TBTA under the swap agreements relating thereto); Series 2002D (at an assumed interest rate of 4% per annum); and Series 2002G (at an assumed interest rate of 4% per annum and including net payments made by TBTA under the swap agreement relating thereto).

<sup>(3)</sup> Totals may not add due to rounding. Includes the assumptions set forth in footnotes 1 and 2.

## PART II. SOURCES OF PAYMENT AND SECURITY FOR TBTA SUBORDINATE REVENUE BONDS

*Part II* of this official statement describes the sources of payment and security for all TBTA Subordinate Revenue Bonds, including the Series 2003A Bonds.

### SOURCES OF PAYMENT

TBTA 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 TBTA's receipts from those sources, after payment of TBTA's operating expenses and after the application of such net revenues to the payment of debt service as required by TBTA's Senior Resolution, are pledged to the holders of the Subordinate Revenue Bonds for payment, as described below. TBTA is in the process of conducting public hearings to determine whether and how much to increase its tolls. *See* INTRODUCTION – 2003-2004 Financial Plan *above*.

The following 7 bridges and 2 tunnels constitute the TBTA Facilities:

- 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.

In addition, but only for purposes of determining Revenues under the Senior Resolution and the Subordinate Revenue Resolution, the net revenues of the Battery Parking Garage are included.

TBTA is required to fix and collect tolls for the TBTA Facilities, and TBTA's power to establish toll rates is not subject to the approval of any governmental entity. For more information relating to TBTA's power to establish tolls, *see* **Appendix A** – THE RELATED ENTITIES – The Triborough Bridge and Tunnel Authority – *Toll Rates*.

For more detailed information about TBTA's tolls, *see* the report of the Independent Engineers – History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Condition of the Facilities of Triborough Bridge and Tunnel Authority *included by specific reference herein*. *See also* **Attachment 6** for a letter from the Independent Engineers updating certain aspects of their report.

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 TBTA's 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 TBTA's Facilities. Under the TBTA Act, however, the State has covenanted to holders of TBTA's bonds that it will not limit or alter the rights vested in TBTA 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 TBTA bonds or in any way to impair rights and remedies of those bondholders.

**Table 2** sets forth, by TBTA Facility, the amount of revenues for each of the last 5 years on a cash basis, as well as operating expenses. The information in **Table 2** for the years 1998 through 2001 has been derived from TBTA's audited financial statements and the information for the year 2002 has been derived from TBTA's unaudited financial statements. For a description of the effects on the operations of the TBTA Facilities due to the terrorist attack on WTC on September 11, 2001, *see* **Appendix A** – THE RELATED ENTITIES – Terrorist Attack on World Trade Center, and *see* History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Condition of the Facilities of Triborough Bridge and Tunnel Authority, *both of which are included by specific reference herein*. *See also* **Attachment 6** for a letter from the Independent Engineers updating certain aspects of their report.

**Table 2**  
**Triborough Bridge and Tunnel Authority**  
**Historical Revenues, Operating Expenses and Senior and Subordinate Debt Service**  
**(in thousands)**

	Years Ended December 31,				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Bridge and Tunnel Revenues:					
Triborough Bridge	\$208,325	\$216,413	\$222,612	\$215,241	\$ 208,905
Verrazano-Narrows Bridge	192,788	196,556	203,172	208,164	216,312
Bronx Whitestone Bridge	140,083	147,597	155,938	152,881	160,730
Throgs Neck Bridge	149,711	152,134	152,453	150,764	157,988
Henry Hudson Bridge	28,731	30,068	31,938	32,242	34,045
Marine Parkway Gil Hodges Memorial Bridge	8,577	8,461	8,374	8,344	8,938
Cross Bay Veterans' Memorial Bridge	7,021	7,199	7,651	7,965	8,471
Queens Midtown Tunnel	85,628	87,284	89,451	87,067	88,865
Brooklyn Battery Tunnel	<u>63,576</u>	<u>67,080</u>	<u>69,018</u>	<u>52,188</u>	<u>48,880</u>
Total Bridge and Tunnel Revenues:	\$884,440	\$912,792	\$940,607	\$914,856	\$933,134
Investment Income and Other <sup>(1)</sup>	<u>54,111</u>	<u>39,314</u>	<u>58,205</u>	<u>56,681</u>	<u>27,757</u>
<b>Total Revenues</b>	<b><u>\$938,551</u></b>	<b><u>\$952,106</u></b>	<b><u>\$998,812</u></b>	<b><u>\$971,537</u></b>	<b><u>\$960,891</u></b>
Operating Expenses <sup>(2)</sup>					
Personnel Costs (net of capital reimbursements)	\$106,603	\$107,430	\$112,256	\$123,316	\$140,967
Maintenance and Other Operating Expenses	<u>101,587</u>	<u>120,561</u>	<u>129,807</u>	<u>133,198</u>	<u>159,229</u>
<b>Total Operating Expenses</b>	<b><u>\$208,190</u></b>	<b><u>\$227,991</u></b>	<b><u>\$242,063</u></b>	<b><u>\$256,514</u></b>	<b><u>\$300,196</u></b>
<b>Net Revenues Available for Debt Service</b>	<b>\$730,361</b>	<b>\$724,115</b>	<b>\$756,749</b>	<b>\$715,023</b>	<b>\$660,695</b>
<b>TBTA Senior Lien Debt Service<sup>(3)</sup></b>	<b>\$291,918</b>	<b>\$295,647</b>	<b>\$311,610</b>	<b>\$320,451</b>	<b>\$349,478</b>
Subordinate Bond Fund Investment Earnings <sup>(4)</sup>	\$ 4,992	\$ 3,836	\$ 4,110	\$ 1,716	\$ 1,177
<b>Net Revenues Available for Subordinate Debt Service<sup>(5)</sup></b>	<b>\$443,435</b>	<b>\$432,304</b>	<b>\$449,249</b>	<b>\$396,288</b>	<b>\$312,394</b>
<b>Debt Service on Subordinate Revenue Bonds<sup>(6)</sup></b>	<b>\$115,895</b>	<b>\$113,463</b>	<b>\$114,887</b>	<b>\$87,340</b>	<b>\$108,949</b>
<b>Total Debt Service (Senior and Subordinate)</b>	<b>\$407,813</b>	<b>\$409,110</b>	<b>\$426,497</b>	<b>\$407,791</b>	<b>\$458,427</b>
<b>Combined Debt Service Coverage Ratio</b>	<b>1.79x</b>	<b>1.77x</b>	<b>1.77x</b>	<b>1.75x</b>	<b>1.44x</b>

<sup>(1)</sup> 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 1998 through 2002, respectively: \$17,581; \$12,205; \$14,659; \$25,696; and \$6,403. Readers should note that, since there is no longer a debt service reserve fund in the TBTA Senior Resolution, investment earnings are expected to be substantially lower in future years. Figures are net of Other Income as included on the TBTA audited financial statements (rail car leases), as follows for the years 1998 through 2002, respectively: \$5,258; \$6,683; \$805; \$620; and \$0. The amounts set forth in this footnote, as well as all of **Table 2**, are derived from TBTA's audited financial statements for the years 1998 through 2001, and from TBTA's unaudited financial statements for the year 2002.

<sup>(2)</sup> Excludes depreciation.

<sup>(3)</sup> Represents debt service on the senior lien bonds refunded under the debt restructuring until the date of defeasance thereof, as well as, beginning in 2002, TBTA Senior Revenue Bonds.

<sup>(4)</sup> Includes investment earnings on the TBTA Beneficial Interest Certificates (BICs) debt service fund and on the following debt service reserve funds: 1991 Resolution (MRT); 1994 Resolution; and BICs. Readers should note that each of these prior issues has been refunded and defeased and, since there is no longer a debt service reserve fund in the TBTA Subordinate Resolution, investment earnings are expected to be substantially lower in future years.

<sup>(5)</sup> Does not include certain mortgage recording tax revenues that were pledged to the payment of TBTA 1991 Mortgage Recording Tax Special Obligation Bonds that were refunded and defeased.

<sup>(6)</sup> Through 2002, includes debt service on the 1991 MRT Resolution Bonds (presented as if TBTA paid gross debt service from its own revenues without deducting available mortgage recording tax revenues), 1994 Resolution Bonds and BICS, all of which were refunded and defeased during 2002.

**Table 3** sets forth, on a cash basis unless otherwise noted, certain revenues and expenses, including debt service, relating to (1) TBTA's results of operations for 2002 (unaudited) and (2) TBTA's 2003 budget. The bridge and tunnel revenues for 2002 are set forth by TBTA facility and for 2003 are provided on an aggregate basis. The projection of estimated revenues set forth in the update by TBTA's Independent Engineers set forth in **Attachment 6** is different from that set forth in the 2003 budget as the projection is based upon conclusions formed independently based upon their own methodology and assumptions. Investors should read **Attachment 6**, together with the original report of the Independent Engineers, in their entirety.

**Table 3**  
**Unaudited 2002 and 2003 Budget Comparisons**  
**(in thousands)**

	Years Ended December 31,	
	<u>2002</u>	<u>2003</u>
	(budgeted)	
Bridge and Tunnel Revenues:		
Triborough Bridge	\$ 208,905	
Verrazano-Narrows Bridge	216,312	
Bronx Whitestone Bridge	160,730	
Throgs Neck Bridge	157,988	
Henry Hudson Bridge	34,045	
Marine Parkway Gil Hodges Memorial Bridge	8,938	
Cross Bay Veterans' Memorial Bridge	8,471	
Queens Midtown Tunnel	88,865	
Brooklyn Battery Tunnel	<u>48,880</u>	
Total Bridge and Tunnel Revenues:	\$933,134	\$942,163
Investment Income and Other <sup>(1)</sup>	<u>27,757</u>	<u>13,183</u>
<b>Total Revenues</b>	<b><u>\$960,891</u></b>	<b><u>\$955,346</u></b>
Operating Expenses <sup>(2)</sup>		
Personnel Costs (net of reimbursements) <sup>(3)</sup>	\$140,967	\$128,444
Maintenance and Other Operating Expenses	<u>159,229</u>	<u>200,866</u>
<b>Total Operating Expenses</b>	<b><u>\$300,196</u></b>	<b><u>\$329,310</u></b>
<b>Net Revenues Available for Debt Service</b>	<b><u>\$660,695</u></b>	<b><u>\$626,036</u></b>
<b>TBTA Senior Lien Debt Service<sup>(4)</sup></b>	<b><u>\$349,478</u></b>	<b><u>\$223,400</u></b>
Subordinate Bond Fund Investment Earnings <sup>(5)</sup>	\$ 1,177	\$ 300
<b>Net Revenues Available for Subordinate Debt Service<sup>(6)</sup></b>	<b><u>\$312,394</u></b>	<b><u>\$402,936</u></b>
<b>Debt Service on Subordinate Revenue Bonds<sup>(7)</sup></b>	<b><u>\$108,949</u></b>	<b><u>\$126,925</u></b>
<b>Total Debt Service (Senior and Subordinate)</b>	<b><u>\$458,427</u></b>	<b><u>\$350,325</u></b>
<b>Combined Debt Service Coverage Ratio</b>	<b>1.44x</b>	<b>1.79x</b>

<sup>(1)</sup> Includes the net revenues from the Battery Parking Garage, as well as E-ZPass administrative fees and miscellaneous other revenues. For 2002, investment earnings include \$6,403 earned on bond funds, including debt service and debt service reserve funds, that were applied to the payment of debt service. Readers should note that, since there is no longer a debt service reserve fund in the TBTA Senior Resolution, investment earnings are expected to be substantially lower beginning in 2003. The amounts set forth in this footnote relating to 2002 are derived from TBTA's unaudited financial statements.

<sup>(2)</sup> Excludes depreciation.

<sup>(3)</sup> For 2002 and 2003, includes regular and overtime salaries and fringe benefits, less capitalized personnel reimbursements. For 2003, personnel costs are further reduced by a \$20.3 million payment expected to be made by MTA to TBTA during 2003 for additional security costs.

<sup>(4)</sup> Represents debt service on the senior lien bonds refunded under the debt restructuring until the date of defeasance thereof, as well as, beginning in 2002, TBTA Senior Lien Bonds.

<sup>(5)</sup> Includes investment earnings on the TBTA Beneficial Interest Certificates (BICs) debt service fund and on the following debt service reserve funds: 1991 Resolution (MRT); 1994 Resolution; and BICs. Readers should note that each of these prior issues has been refunded and defeased and, since there is no longer a debt service reserve fund in the TBTA Subordinate Resolution, investment earnings are expected to be substantially lower beginning in 2003.

<sup>(6)</sup> Does not include certain mortgage recording tax revenues that were pledged to the payment of TBTA 1991 Mortgage Recording Tax Special Obligation Bonds that were refunded and defeased.

<sup>(7)</sup> For 2002, includes debt service on the 1991 MRT Resolution Bonds (presented as if TBTA paid gross debt service from its own revenues without deducting available mortgage recording tax revenues), 1994 Resolution Bonds and BICS, all of which were refunded and defeased during 2002.

The following should be noted in **Table 3**:

- Total bridge and tunnel revenues – The budgeted revenues for 2003 do not include toll increases or monthly administrative charges for E-ZPass accounts that are being considered by TBTA.
- Investment Income and Other – Investment income on debt service and debt service reserve funds declined substantially in 2002 due primarily to the lower market interest rates available in authorized investments. Since debt service reserve funds on all TBTA credits were eliminated at the end of 2002 due to the debt restructuring, investment income will decline substantially again beginning in 2003.
- Operating Expenses—Personnel Costs – Due primarily to security concerns, TBTA began hiring additional bridge and tunnel officers in 2002. Additional hirings will take place in 2003. Regular salaries, overtime and fringe benefits increased by approximately \$18.8 million from 2001. MTA expects to reimburse TBTA in 2003 for \$10.5 million of the increased security costs in 2002, but that payment is not reflected in **Table 3**. Due primarily to additional hires, personnel costs are expected to increase in 2003 by approximately an additional \$18.7 million. However, MTA expects to make a payment (from the mortgage recording taxes not pledged to other bond issues) in the amount of \$20.3 million to TBTA for 2003 security costs, and 2003 personnel costs set forth in **Table 3** have been reduced to reflect such MTA payment. No assurances can be given that MTA will continue to make any or all of these additional security payments in future years.
- Operating Expenses—Maintenance and Other Operating Expenses – Maintenance and other operating expenses were approximately \$26 million higher in 2002 than in 2001 primarily due to the beginning of a program to replace existing E-ZPass tags (approximately \$15.8 million) and an increase in insurance costs attributable to TBTA (approximately \$7.6 million). Maintenance and other operating expenses are budgeted with an increase of approximately \$41.6 million in 2003 primarily due to the following additional expenses: additional tag replacement (approximately \$7.0 million), additional bridge painting, in some cases due to delays from prior years (approximately \$10.3 million), additional costs for roadway repairs and biennial inspections of the bridges (approximately \$3.8 million), clean up of the Brooklyn-Battery Tunnel (approximately \$8.5 million that is expected to be recovered by insurance proceeds, the recovery of which is not reflected in **Table 3**), and new contracts for preventative maintenance (approximately \$1.0 million).
- Total Debt Service (Senior and Subordinate) – Senior and subordinate debt service increased from \$407.8 million in 2001 to \$458.4 million in 2002 and decreases to \$350.3 million in 2003, the first full year reflecting the full impact of the debt restructuring. 2002 reflects, on an accrual basis, the various combined payments under both the old senior and subordinate credits and the new senior and subordinate credits and does not properly reflect actual expenditure of cash taking into consideration the amounts on deposit in the various debt service and debt service reserve funds as applied during the year. For example, a portion of the debt service on the old senior and subordinate credits accruing during 2002 was refunded by the new senior and subordinate credits and not paid from amounts on deposit in the old debt service funds thereby creating, in effect, a double counting of the debt service costs. The debt service reflected in the 2003 budget sets forth the accrued debt service on the new senior and subordinate bonds following the debt restructuring, as well as the Series 2003A Bonds and other TBTA bonds expected to be issued during 2003.

## SECURITY

TBTA Subordinate Revenue Bonds, including the Series 2003A Bonds, are special obligations of TBTA payable solely from the trust estate (described below) pledged for the payment of the Subordinate Revenue Bonds and Parity Debt pursuant to the terms of the Subordinate Revenue Resolution, after the payment of Operating Expenses and after payment of debt service as required by TBTA's Senior Resolution. Summaries of certain provisions of the Subordinate Revenue Resolution, including the Standard Resolution Provisions, are *included by specific reference herein*.

*TBTA Subordinate Revenue Bonds are not a debt of the State or The City of New York, or any local governmental unit. TBTA has no taxing power.*

### **Pledge Effected by the Subordinate Revenue Resolution**

The lien on the trust estate described below created by the Subordinate Revenue Resolution is junior and subordinate to the lien created by TBTA's Senior Resolution.

Pursuant to, and in accordance with, the Subordinate Revenue Resolution, TBTA has pledged to the holders of the Subordinate Revenue Bonds and Parity Debt a "trust estate," which consists of

- Revenues (after the application of such Revenues as required by TBTA's Senior Resolution, including the payment of Operating Expenses and Senior Resolution debt service),
- the proceeds from the sale of the Subordinate Revenue Bonds, and
- all funds, accounts and subaccounts established by the Subordinate Revenue 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 Subordinate TBTA Projects**

***Revenues from TBTA Facilities.*** For purposes of the pledge under the Subordinate Revenue Resolution, revenues of TBTA generally include all tolls, revenues, rates, fees, charges, rents, proceeds of use and occupancy insurance on any portion of the TBTA 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 TBTA, and other income and receipts, as received by TBTA directly or indirectly from any of TBTA's operations, including the ownership or operation of any TBTA Facilities, subject to certain exceptions.

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

For a discussion of other projects that TBTA is authorized to undertake, *see Appendix A – THE RELATED ENTITIES – The Triborough Bridge and Tunnel Authority – Authorized Projects of TBTA.*

***Additional Subordinate TBTA Projects.*** One or more projects owned or to be owned by TBTA or another Related Entity may become an Additional Subordinate TBTA Project without satisfying any earnings or coverage test if:

- TBTA is authorized to undertake that project, and
- the project is designated by TBTA to be an Additional Subordinate TBTA Project.

Upon satisfaction of certain conditions, TBTA is authorized to issue Subordinate Revenue Bonds to fund the Capital Costs of Additional Subordinate TBTA Projects. *See Additional Subordinate Revenue Bonds below.*

## Flow of Revenues

The Subordinate Revenue Resolution establishes the following funds and accounts, each held by TBTA:

- Proceeds Fund, and
- Debt Service Fund

TBTA is required to transfer to the Debt Service Fund under the Subordinate Revenue Resolution, from time to time, but no less frequently than on or before the 25th day of each calendar month, from such amounts as shall from time to time be available for transfer from the Revenue Fund under the Senior Resolution, free and clear of the lien of the Senior Resolution, 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 25<sup>th</sup> day of the next succeeding calendar month.

## Rate Covenant

TBTA 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 TBTA 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 TBTA 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 TBTA 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 TBTA, plus
  - to pay Calculated Debt Service on all senior lien and subordinate lien bonds and parity debt, plus
  - to maintain any reserve established by TBTA pursuant to the Senior Resolution, in such amount as may be determined from time to time by TBTA in its judgment, or
- an amount such that Revenues less Operating Expenses shall equal at least 1.10 times Calculated Debt Service on all senior lien and subordinate lien bonds and parity debt for such calendar year.

For a more detailed description of the rate covenant and a description of the minimum tolls that can be charged at the TBTA Facilities, *see* SUMMARY OF CERTAIN PROVISIONS OF THE TBTA RESOLUTION – Rates and Fees *included by specific reference herein*, and SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE REVENUE RESOLUTION – Additional Provisions Relating to the Series 2002D Bonds – *Rate Covenant, included by specific reference herein (with each reference to Series 2002D Bonds also being deemed to be a reference to Series 2003A Bonds)*.

## Additional Subordinate Revenue Bonds

Under the provisions of the Subordinate Revenue Resolution, TBTA may issue one or more series of Additional Subordinate Revenue Bonds to pay or provide for the payment of all or part of Capital Costs relating to any of the following purposes:

- TBTA Facilities,
- TBTA Transit and Commuter Project, or
- any Additional Subordinate TBTA Project.

In addition to meeting certain other conditions, all as more fully described in SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE REVENUE RESOLUTION – Special Provisions for Capital Cost Obligations *included by specific reference herein*, an Authorized Officer must certify that the Twelve Month Period Net Revenues are at least equal to 1.10 times the Combined Maximum Annual Calculated Debt Service for all Subordinate Revenue Obligations, Parity Debt, Senior Obligations and Senior Parity Debt.

In addition, TBTA covenants that, prior to the issuance of senior lien bonds, an Authorized Officer must certify that the Twelve Month Period Net Revenues are at least equal to 1.10 times the Combined Maximum Annual Calculated Debt Service for all Subordinate Revenue Obligations, Parity Debt, Senior Obligations and Senior Parity Debt. *See SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE REVENUE RESOLUTION – Additional Provisions Relating to the Series 2002D Bonds – Covenant Regarding Senior Resolution, included by specific reference herein (with each reference to Series 2002D Bonds also being deemed to be a reference to Series 2003A Bonds).*

### **Refunding Subordinate Revenue Bonds**

Subordinate Revenue Bonds may be issued for the purpose of refunding Subordinate Revenue Bonds, Parity Debt, Senior Obligations or Senior Parity Debt if

- the Combined Maximum Annual Calculated Debt Service (including the refunding Subordinate Revenue Bonds then proposed to be issued, but not including the Subordinate Revenue Bonds, Parity Debt, Senior Obligations or Senior Parity Debt to be refunded) is equal to or less than the Combined Maximum Annual Calculated Debt Service as calculated immediately prior to the refunding (including the refunded Subordinate Revenue Bonds, Parity Debt, Senior Obligations or Senior Parity Debt, but not including the refunding Subordinate Revenue Bonds), or
- the conditions referred to above *under* Additional Subordinate Revenue Bonds are satisfied.

For a more detailed description of the conditions that must be satisfied before issuing refunding Subordinate Revenue Bonds, *see SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE REVENUE RESOLUTION – Refunding Subordinate Revenue Obligations included by specific reference herein.*

## PART III. OTHER INFORMATION ABOUT THE SERIES 2003A BONDS

*Part III* of this official statement provides miscellaneous additional information relating to the Series 2003A Bonds.

### TAX MATTERS

#### General

Hawkins, Delafield & Wood is Bond Counsel for the Series 2003A Bonds. Their opinion under existing law, relying on certain statements by TBTA and assuming compliance by TBTA with certain covenants, is that interest on the Series 2003A 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 2003A 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 2003A Bonds are delivered.

The Internal Revenue Code imposes requirements on the Series 2003A Bonds that TBTA must continue to meet after the Series 2003A Bonds are issued. These requirements generally involve the way that Series 2003A Bond proceeds must be used and invested. If TBTA does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2003A Bonds in its federal gross income on a retroactive basis to the date of issue. TBTA 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 2003A 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 2003A 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 2003A Bonds or affect the market price of the Series 2003A Bonds. For example, the Internal Revenue Code could be changed.

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 2003A Bonds, or under State, local or foreign tax law.

## **Original Issue Discount**

Each maturity of the Series 2003A Bonds will have “original issue discount” if the price paid by a bondholder is less than the principal amount of these Series 2003A Bonds. Bond Counsel’s opinion is that the original issue discount on these Series 2003A Bonds as it accrues is not included in 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 2003A Bonds will be increased. Bond Counsel’s opinion is also that the original issue discount on these Series 2003A 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 2003A Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

## **Bond Premium**

If a bondholder purchases a Series 2003A Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Series 2003A 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 this Series 2003A Bond will be reduced. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2003A Bond with bond premium, even though the Series 2003A Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Series 2003A Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

## **LEGALITY FOR INVESTMENT**

The TBTA Act provides that the Series 2003A 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 that limit or prevent their investment in the Series 2003A Bonds.

## **LITIGATION**

There is no pending litigation concerning the bonds being offered.

TBTA is the defendant in numerous claims and actions. TBTA does not believe that any of these claims and actions are material to the payment of principal and interest on the Series 2003A Bonds. A summary of certain of these potentially material claims and actions is set forth in Appendix A – THE RELATED ENTITIES – Litigation - TBTA, as that filing may be amended or supplemented to date.

## **FINANCIAL ADVISOR**

Goldman, Sachs & Co. is TBTA’s financial advisor for the debt restructuring, including the issuance of the new money portions thereof such as the Series 2003A Bonds. The financial advisor has provided TBTA advice on the plan of financing and reviewed the pricing of the Series 2003A 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 2003A Bonds.

## UNDERWRITING

The Underwriters for the Series 2003A Bonds, acting through J.P. Morgan Securities, Inc., as Representative, have jointly and severally agreed, subject to certain conditions, to purchase from TBTA the Series 2003A Bonds described on the inside cover page of this official statement at an aggregate purchase price of \$508,678,526.55, reflecting a net original issue premium of \$11,082,256.90 and an Underwriters' discount of \$2,573,730.35, and to reoffer such Series 2003A Bonds at the public offering prices or yields set forth on the inside cover page.

The Series 2003A Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2003A 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 2003A Bonds if any Series 2003A Bonds are purchased.

## RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies that are expected to be assigned to the Series 2003A Bonds. Those expected 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	Moody's Investors Service, Inc.	Standard & Poor's Ratings Services
One State Street Plaza	99 Church Street	55 Water Street
New York, New York 10004	New York, New York 10007	New York, New York 10041
(212) 908-0500	(212) 553-0300	(212) 438-2000

TBTA has furnished to each rating agency rating the bonds being offered information, including information not included in this official statement, about TBTA 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 TBTA or the bonds. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the bonds.

*The expected ratings on the Ambac Insured Bonds and the FGIC Insured Bonds reflect the ratings of Ambac Assurance and FGIC, respectively.*

## 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 TBTA will be passed upon by its General Counsel. In addition, certain legal matters will be passed upon by TBTA's special counsel or the counsel to the Underwriters, or both, as also indicated in the Summary of Terms.



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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 2003A Bonds. The Series 2003A 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 2003A Bond will be issued for each maturity of the Series 2003A 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 2003A 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 two million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, 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](http://www.dtcc.com).

3. Purchases of Series 2003A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2003A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2003A 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 2003A 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 2003A Bonds, except in the event that use of the book-entry system for the Series 2003A Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2003A 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 2003A 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 2003A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2003A 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 2003A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2003A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2003A Bond documents. For example, Beneficial Owners of the Series 2003A Bonds may wish to ascertain that the nominee holding the Series 2003A 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 2003A 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 2003A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to TBTA 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 2003A 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 2003A 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 TBTA 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 TBTA, 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 TBTA 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 2003A Bonds at any time by giving reasonable notice to TBTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2003A Bonds are required to be printed and delivered.

10. TBTA 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 2003A Bonds will be printed and delivered.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT TBTA BELIEVES TO BE RELIABLE, BUT TBTA 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”), TBTA and the Trustee will enter into a written agreement (the “Disclosure Agreement”) for the benefit of holders of the Series 2003A Bonds to provide continuing disclosure. TBTA will undertake to provide certain financial information and operating data by no later than 120 days after the end of each TBTA fiscal year, commencing with the fiscal year ending December 31, 2002 (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 TBTA 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 TBTA 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 TBTA will undertake for the benefit of holders of Series 2003A 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, 2002, 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. TBTA annual financial statements will be filed with each NRMSIR and the State Depository.

The required Annual Information shall include at least the following:

1. information of the type included in Appendix A under the following captions:
  - a. “The Triborough Bridge and Tunnel Authority – Authorized Projects of TBTA”,
  - b. “The Triborough Bridge and Tunnel Authority – Present Facilities”,
  - c. “The Triborough Bridge and Tunnel Authority – Toll Rates”,
  - d. “The Triborough Bridge and Tunnel Authority – Competing Facilities and Other Matters”, and
  - e. “The Triborough Bridge and Tunnel Authority – Employees, Labor Relations and Pension Obligations”.
2. information regarding the capital programs of TBTA, 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 TBTA,
3. a presentation of changes to indebtedness issued by TBTA under both the Senior Resolution and the Subordinate Revenue Resolution, as well as information concerning changes to TBTA’s debt service requirements on such indebtedness payable from Revenues,
4. historical information concerning traffic, revenues, operating expenses, Subordinate Revenue Resolution debt service and debt service coverage of the type included in this Official Statement in Table 2 and included by specific reference in Appendix A under the heading “REVENUES OF THE RELATED ENTITIES – TBTA Surplus”,
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, TBTA.

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.

TBTA will undertake, for the benefit of holders of the Series 2003A 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 2003A 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 2003A 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 2003A 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 2003A 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 2003A Bonds at the time Outstanding which are affected thereby. Each of the TBTA 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 Subordinate Revenue Resolution nor give right to the Trustee or any Bondholder to exercise any remedies under the Subordinate Revenue 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 TBTA's 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. TBTA 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 2003A Bonds have been paid in full or legally defeased pursuant to the Subordinate Revenue 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.

## ATTACHMENT 3

### FORM OF OPINION OF BOND COUNSEL

**Upon delivery of the Series 2003A Bonds in definitive form, Hawkins, Delafield & Wood, New York, New York, Bond Counsel to TBTA, 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 \$500,170,000 aggregate principal amount of Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds, Series 2003A (the "Series 2003A 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 2003A 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 "2001 Subordinate Revenue Resolution Authorizing Subordinate Revenue Obligations", as supplemented by a resolution of said members adopted on January 30, 2003 (collectively, the "Resolution").

The Series 2003A 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 2003A Bonds in order that interest on the Series 2003A 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 2003A Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2003A 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 2003A 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 2003A 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 2003A 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 2003A 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 2003A Bonds as executed and, in our opinion, the form of said Series 2003A 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, including the prior pledge of any Senior Obligations and Senior Parity Debt.
3. The Series 2003A 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 special obligations of TBTA, enforceable in accordance with their terms and the terms of the Resolution, payable solely from the Trust Estate subject and subordinate to the payments to be made with respect to Senior Obligations and Senior Parity Debt as provided in Sections 503, 507 and 604 of the Senior Resolution, and shall be secured by a lien on and pledge of the Trust Estate junior and inferior to the lien on and pledge of the Trust Estate created by the Senior Resolution for the payment of the Senior Obligations and Senior Parity Debt. The Subordinate Revenue Obligations shall be payable from such amounts as shall from time to time be available for transfer pursuant to either Section 503.1(c) or Section 506.2 of the Senior Resolution and are entitled to the benefits of the Issuer Act and the Resolution. TBTA has no taxing power and the Series 2003A Bonds are not debts of the State or of any other political subdivision thereof. TBTA reserves the right to issue Senior Obligations and Senior Parity Debt in accordance with the provisions of the Senior Resolution, and 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 2003A Bonds.
4. The Series 2003A 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 2003A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2003A 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 2003A 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 2003A 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 2003A 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 2003A 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.

Very truly yours,

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

## ATTACHMENT 4

### INFORMATION RELATING TO AMBAC ASSURANCE CORPORATION

#### General

There follows in this Attachment 4 certain information relating to Ambac Assurance Corporation (Ambac Assurance) and Ambac Assurance's financial guaranty insurance policy (the Ambac Insurance Policy) that has been supplied by Ambac Assurance for use in this official statement. Ambac Assurance has also supplied the specimen of the Ambac Insurance Policy attached to this Attachment 4.

Payment of the principal of and interest when due on the Series 2003A Bonds insured by Ambac Assurance (the Ambac Insured Bonds) will be insured by the Ambac Insurance Policy issued by Ambac Assurance simultaneously with the issuance of the Series 2003A Bonds.

#### Ambac Assurance

***Payment Pursuant to Financial Guaranty Insurance Policy.*** Ambac Assurance has made a commitment to issue the Ambac Insurance Policy relating to the Ambac Insured Bonds effective as of the date of issuance of the Series 2003A Bonds. Under the terms of the Ambac Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the Ambac Insurance Trustee) that portion of the principal of and interest on the Ambac Insured Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Ambac Insurance Policy). Ambac Assurance will make such payments to the Ambac Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Ambac Insured Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Ambac Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Ambac Insured Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Ambac Insured Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Ambac Insured Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Ambac Insured Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on an Ambac Insured Bond which has become Due for Payment and which is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Ambac Insurance Policy does not insure any risk other than Nonpayment, as defined in the Ambac Insurance Policy. Specifically, the Ambac Insurance Policy does not cover:

payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

payment of any redemption, prepayment or acceleration premium.

nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Ambac Insurance Policy, payment of principal requires surrender of the Ambac Insured Bonds to the Ambac Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Ambac Insured Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Ambac Insurance Policy. Payment of interest pursuant to the Ambac Insurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Obligation, appurtenant coupon, if any, or right to payment of principal or interest on such Obligation and will be fully subrogated to the surrendering holder's rights to payment.

The insurance provided by the Ambac Insurance Policy is not covered by the property/casualty insurance security fund specified by the insurance laws of the State of New York.

**Ambac Assurance Corporation.** Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$5,802,000,000 (unaudited) and statutory capital of \$3,564,000,000 (unaudited) as of September 30, 2002. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Ambac Insured Bonds.

Ambac Assurance makes no representation regarding the Ambac Insured Bonds or the advisability of investing in the Ambac Insured Bonds and makes no representation regarding, nor has it participated in the preparation of, the official statement other than the information supplied by Ambac Assurance and presented in this Attachment 4.

**Available Information.** The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the Company), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the NYSE), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19<sup>th</sup> Floor, New York, New York 10004 and (212) 668-0340.

**Incorporation of Certain Documents by Reference.** The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this official statement:

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and filed on March 26, 2002;

The Company's Current Report on Form 8-K dated April 17, 2002 and filed on April 18, 2002;

The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2002 and filed on May 13, 2002;

The Company's Current Report on Form 8-K dated July 17, 2002 and filed on July 19, 2002;

The Company's Current Report on Form 8-K dated August 14, 2002 and filed on August 14, 2002;

The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2002 and filed on August 14, 2002;

The Company's Current Report on Form 8-K dated October 16, 2002 and filed on October 17, 2002;

The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2002 and filed on November 14, 2002;

The Company's Current Report on Form 8-K dated November 18, 2002 and filed on November 20, 2002;  
and

The Company's Current Report on Form 8-K dated January 23, 2003 and filed on January 24, 2003.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this official statement will be available for inspection in the same manner as described above in "Available Information."



# Financial Guaranty Insurance Policy

Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004  
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

**Ambac Assurance Corporation (Ambac)**, a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)

## Endorsement

Policy for:

Attached to and forming part of Policy No.:

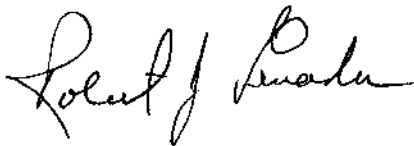
Effective Date of Endorsement:

The insurance provided by this Policy is not covered by the property/casualty insurance security fund specified by the insurance laws of the State of New York.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

**In Witness Whereof**, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

### Ambac Assurance Corporation



President



Secretary

Authorized Representative

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## ATTACHMENT 5

### INFORMATION RELATING TO FINANCIAL GUARANTY INSURANCE COMPANY

#### General

There follows in this Attachment 5 certain information relating to Financial Guaranty Insurance Company (FGIC) and FGIC's Municipal Bond New Issue Insurance Policy (the FGIC Insurance Policy) that has been supplied by FGIC for use in this official statement. FGIC has also supplied the specimen of the FGIC Insurance Policy attached to this Attachment 5.

Payment of the principal of and interest when due on the Series 2003A Bonds insured by FGIC (the FGIC Insured Bonds) will be insured by the FGIC Insurance Policy issued by FGIC concurrently with the issuance of the Series 2003A Bonds.

#### FGIC Insurance Policy

Concurrently with the issuance of the FGIC Insured Bonds, FGIC will issue the FGIC Insurance Policy for the FGIC Insured Bonds. The FGIC Insurance Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the FGIC Insured Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the FGIC Insured Bonds (TBTA). FGIC will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (FGIC's Fiscal Agent), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which FGIC shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of FGIC Insured Bonds or the Paying Agent of the nonpayment of such amount by TBTA. FGIC's Fiscal Agent will disburse such amount due on any FGIC Insured Bond to its owner upon receipt by FGIC's Fiscal Agent of evidence satisfactory to FGIC's Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in FGIC. The term "nonpayment" in respect of a FGIC Insured Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a FGIC Insured Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The FGIC Insurance Policy is non-cancellable and the premium will be fully paid at the time of delivery of the FGIC Insured Bonds. The FGIC Insurance Policy covers failure to pay principal or accreted value (if applicable) of the FGIC Insured Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the FGIC Insured Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, FGIC requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without FGIC's consent, in each case so long as FGIC has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to FGIC's consent. The specific rights, if any, granted to FGIC in connection with its insurance of the FGIC Insured Bonds are set forth in the description of the principal legal documents appearing elsewhere in this official statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which TBTA is required to provide additional or substitute credit enhancement, and related matters.

This official statement contains a section regarding the ratings assigned to the FGIC Insured Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the

FGIC Insured Bonds. Reference should be made to such section regarding ratings for a discussion of the ratings assigned to the TBTA's outstanding parity debt that is not secured by credit enhancement.

The FGIC Insurance Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

FGIC is a wholly-owned subsidiary of FGIC Corporation (the Corporation), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation (GE Capital). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against FGIC. FGIC is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of September 30, 2002, the total capital and surplus of FGIC was approximately \$1.1 billion. FGIC prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to FGIC at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

Financial Guaranty Insurance  
Company  
115 Broadway  
New York, NY 10006  
(212) 312-3000  
(800) 352-0001



A GE Capital Company

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## Municipal Bond New Issue Insurance Policy

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**Issuer:**

**Policy Number:**

**Control Number:** 0010001

**Bonds:**

**Premium:**

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance  
Company  
115 Broadway  
New York, NY 10006  
(212) 312-3000  
(800) 352-0001



*A GE Capital Company*

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## **Municipal Bond New Issue Insurance Policy**

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

A handwritten signature in cursive script, reading "Deborah M. Reif".

**President**

**Effective Date:**

**Authorized Representative**

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

A handwritten signature in cursive script, reading "Gregory Brown".

**Authorized Officer**

Financial Guaranty Insurance  
Company  
115 Broadway  
New York, NY 10006  
(212) 312-3000  
(800) 352-0001

A GE Capital Company



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## Endorsement To Financial Guaranty Insurance Company Insurance Policy

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**Policy Number:**

**Control Number:** 0010001

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It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

A handwritten signature in black ink that reads "Deborah M. Reif".

**President**

**Effective Date:**

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**

A handwritten signature in black ink, appearing to read "Gregory Brown".

**Authorized Officer**

**State Street Bank and Trust Company, N.A., as Fiscal Agent**

Financial Guaranty Insurance  
Company  
115 Broadway  
New York, NY 10006  
(212) 312-3000  
(800) 352-0001



A GE Capital Company

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## Mandatory New York State Amendatory Endorsement To Financial Guaranty Insurance Company Insurance Policy

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**Policy Number:**

**Control Number:** 0010001

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The insurance provided by this Policy is not covered by the New York Property/Casualty Insurance Security Fund (New York Insurance Code, Article 76).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

**President**

**Effective Date:**

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**

**Authorized Officer**  
**State Street Bank and Trust Company, N.A., as Fiscal Agent**

Financial Guaranty Insurance  
Company  
115 Broadway  
New York, NY 10006  
(212) 312-3000  
(800) 352-0001



*A GE Capital Company*

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**Mandatory New York State  
Amendatory Endorsement  
To Financial Guaranty Insurance Company  
Insurance Policy**

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**Policy Number:**

**Control Number:** 0010001

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Notwithstanding the terms and conditions in this Policy, it is further understood that there shall be no acceleration of payment due under such Policy unless such acceleration is at the sole option of Financial Guaranty.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

A handwritten signature in black ink, appearing to read "Deborah M. Reif".

**President**

**Effective Date:**

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**

A handwritten signature in black ink, appearing to read "Quincy Brown".

**Authorized Officer**

**State Street Bank and Trust Company, N.A., as Fiscal Agent**

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ATTACHMENT 6

February 19, 2003

To Triborough Bridge and Tunnel Authority:

This update letter has been prepared in connection with the Triborough Bridge and Tunnel Authority Subordinate Revenue Bonds, Series 2003A. It is a precursor to URS' full report, to be prepared later in the year.

URS' report, dated September 4, 2002, regarding the History and Projection of Traffic, Toll Revenues and Expenses and Review of Physical Conditions of the Facilities of Triborough Bridge and Tunnel Authority, was included in the Official Statement dated September 19, 2002 for the Triborough Bridge and Tunnel Authority General Revenue Refunding Bonds, Series 2002B, as Attachment 6. The forecasts for the 11-year period, 2002 through 2012, were based on actual audited traffic, toll revenue and expense data through the year 2001. URS was also provided with the monthly (unaudited) traffic and toll revenue data for January through June of 2002, which we used at that time as a starting point in developing the estimate for 2002. As part of the estimating process, these monthly data, together with monthly data for 2001, allowed us to assess the traffic and revenue impacts of the September 11, 2001 terrorist attacks, and from these data we estimated the gradual traffic recovery during the fall of 2002 (from the events that occurred starting on September 11, 2001).

TBTA has now provided the actual (unaudited) 12-month results for 2002, with which URS was able to compare its prior estimate for the year:

Table 1
Comparison of 2002 Annual Toll-Paying Traffic and Toll Revenue Results
Actual vs. Forecast

Table with 9 columns: Facility, Forecast (Annual Traffic, Avg. Toll, Toll Revenue), Actual (Annual Traffic, Avg. Toll, Toll Revenue), and Actual-to-Forecast Ratio (Annual Traffic, Toll Revenue). Rows include various bridges and tunnels like Throgs Neck Br, Bronx-Whitestone Br, etc., and a Total row.

(A) From Table 11 of URS' September 4, 2002 report.
(B) Westbound toll traffic volume doubled.



Overall, for the nine facilities combined, both actual toll-paying traffic and toll revenues in 2002 were slightly below the respective forecasts by only 0.2 percent. While the variances for the individual facilities vary on the order of upwards of  $\pm 2$ -3 percent, the compensating variances result in actual traffic and revenue coming in nearly on target.

### **Updated Toll Revenue Forecasts**

For the purposes of this update letter, URS started with the toll revenue forecasts developed in the September 4, 2002 report and modified them by the above actual-to-forecast revenue ratios in Table 1. (A reassessment of our estimating procedures along with a revised forecast is being developed in connection with our full report, expected to be completed later this year.)

As developed previously, URS prepared the revenue forecasts through 2012 at constant tolls during the forecast period and with periodic toll increases. With regard to the scenario with periodic toll increases, it had been assumed that the toll levels (i.e., the cash toll for passenger cars) on the major and minor crossings would be increased from \$3.50 to \$4.00 and from \$1.75 to \$2.00 respectively, in January 2004, and to \$4.50 and \$2.25, respectively, in January 2008. It was also assumed that the truck tolls would be increased proportionately, and that the *E-ZPass* tolls for passenger cars would consistently be 50 cents lower than the respective cash tolls.

As a result of the toll increase proposals currently being considered, we have now assumed that the January 2004 toll increase will be advanced to May 1, 2003; and that subway and bus fares will be increased from \$1.50 to \$2.00 and commuter rail fares will be increased 33 percent, also on May 1, 2003. Our initial assessment is that these across-the-board toll and fare increases will, in our opinion, sustain the balance between automobile usage and transit ridership; but we will reconsider this when we prepare our full report later in the year.

On this basis, URS updated the toll revenue forecasts contained in the September 4, 2002 report and extended the forecasts to 2013, as shown individually by facility in Table 2:

**Table 2  
Updated Toll Revenue Forecasts by Facility**

Year	Forecast Toll Revenue (000)											
	Throgs Neck Bridge				Bronx-Whitestone Bridge				Triborough Bridge			
	Forecast 9/4/02 Constant Tolls <sup>(A)</sup>	Periodic Increase <sup>(B)</sup>	Forecast Now (x .989) Constant Tolls	Periodic Increase <sup>(C)</sup>	Forecast 9/4/02 Constant Tolls <sup>(A)</sup>	Periodic Increase <sup>(B)</sup>	Forecast Now (x 1.030) Constant Tolls	Periodic Increase <sup>(C)</sup>	Forecast 9/4/02 Constant Tolls <sup>(A)</sup>	Periodic Increase <sup>(B)</sup>	Forecast Now (x .977) Constant Tolls	Periodic Increase <sup>(C)</sup>
2003	\$160,592	\$160,592	\$158,825	\$172,760 <sup>(C)</sup>	\$156,959	\$156,959	\$161,668	\$176,222 <sup>(C)</sup>	\$214,573	\$214,573	\$209,638	\$225,646 <sup>(C)</sup>
2004	161,475	182,351	159,699	180,345	157,823	178,227	162,557	183,574	221,947	246,591	216,842	240,919
2005	162,363	183,354	160,577	181,337	158,691	179,207	163,452	184,583	223,168	247,947	218,035	242,244
2006	163,256	184,363	161,460	182,335	159,564	180,193	164,351	185,598	224,395	249,311	219,234	243,576
2007	164,154	185,377	162,348	183,337	160,441	181,184	165,254	186,619	225,629	250,682	220,440	244,916
2008	165,057	207,389	163,241	205,108	161,324	202,680	166,163	208,779	226,870	276,762	221,652	270,397
2009	165,965	208,530	164,139	206,236	162,211	203,813	167,077	209,927	228,118	278,285	222,871	271,884
2010	166,878	209,677	165,042	207,370	163,103	204,934	167,996	211,082	229,373	279,815	224,097	273,379
2011	167,795	210,830	165,950	208,511	164,000	206,061	168,920	212,243	230,634	281,354	225,330	274,883
2012	168,718	211,989	166,862	209,657	164,902	207,195	169,849	213,410	231,903	282,902	226,569	276,395
2013	—	—	167,780	210,811	—	—	170,783	214,584	—	—	227,815	277,915

Year	Forecast Toll Revenue (000)											
	Queens Midtown Tunnel				Brooklyn-Battery Tunnel				Verrazano-Narrows Bridge			
	Forecast 9/4/02 Constant Tolls <sup>(A)</sup>	Periodic Increase <sup>(B)</sup>	Forecast Now (x 1.023) Constant Tolls	Periodic Increase <sup>(C)</sup>	Forecast 9/4/02 Constant Tolls <sup>(A)</sup>	Periodic Increase <sup>(B)</sup>	Forecast Now (x .997) Constant Tolls	Periodic Increase <sup>(C)</sup>	Forecast 9/4/02 Constant Tolls <sup>(A)</sup>	Periodic Increase <sup>(B)</sup>	Forecast Now (x .992) Constant Tolls	Periodic Increase <sup>(C)</sup>
2003	\$87,911	\$87,911	\$89,933	\$96,564 <sup>(C)</sup>	\$60,367	\$60,367	\$60,186	\$63,393 <sup>(C)</sup>	\$219,951	\$219,951	\$218,191	\$236,696 <sup>(C)</sup>
2004	88,615	98,248	90,653	100,508	63,928	68,978	63,736	68,771	215,166	241,754	213,444	239,820
2005	89,323	99,034	91,378	101,312	67,270	72,584	67,068	72,366	218,824	245,863	217,073	243,897
2006	90,038	99,826	92,109	102,122	67,808	73,165	67,605	72,945	220,684	247,953	218,918	245,970
2007	90,758	100,625	92,846	102,939	68,351	73,750	68,146	73,529	222,559	250,061	220,779	248,060
2008	91,484	111,142	93,589	113,698	68,898	79,618	68,691	79,379	224,451	279,454	222,656	277,218
2009	92,216	112,031	94,337	114,607	69,449	80,255	69,240	80,014	226,359	281,829	224,548	279,575
2010	92,954	112,927	95,092	115,524	70,004	80,897	69,794	81,654	228,283	284,225	226,457	281,951
2011	93,698	113,830	95,853	116,448	70,564	81,544	70,353	81,300	230,223	286,641	228,382	284,348
2012	94,447	114,741	96,619	117,380	71,129	82,197	70,915	81,950	232,180	289,077	230,323	286,765
2013	—	—	97,392	118,319	—	—	71,483	82,606	—	—	232,281	289,202

Year	Forecast Toll Revenue (000)											
	Henry Hudson Bridge				Marine Parkway Bridge				Cross Bay Bridge			
	Forecast 9/4/02 Constant Tolls <sup>(A)</sup>	Periodic Increase <sup>(B)</sup>	Forecast Now (x .999) Constant Tolls	Periodic Increase <sup>(C)</sup>	Forecast 9/4/02 Constant Tolls <sup>(A)</sup>	Periodic Increase <sup>(B)</sup>	Forecast Now (x 1.024) Constant Tolls	Periodic Increase <sup>(C)</sup>	Forecast 9/4/02 Constant Tolls <sup>(A)</sup>	Periodic Increase <sup>(B)</sup>	Forecast Now (x .984) Constant Tolls	Periodic Increase <sup>(C)</sup>
2003	\$34,556	\$34,556	\$34,521	\$36,764 <sup>(C)</sup>	\$8,879	\$8,879	\$9,092	\$9,899 <sup>(C)</sup>	\$8,753	\$8,753	\$8,613	\$9,315 <sup>(C)</sup>
2004	35,039	38,328	35,004	38,290	9,030	10,156	9,247	10,400	8,902	9,929	8,760	9,770
2005	35,530	38,865	35,494	38,826	9,184	10,329	9,404	10,577	9,054	10,121	8,909	9,959
2006	36,027	39,409	35,991	39,369	9,340	10,505	9,564	10,757	9,207	10,293	9,060	10,128
2007	36,532	39,961	36,495	39,921	9,499	10,683	9,727	10,940	9,364	10,468	9,214	10,300
2008	37,043	43,898	37,006	43,854	9,660	12,052	9,892	12,341	9,523	11,749	9,371	11,561
2009	37,562	44,513	37,524	44,468	9,824	12,257	10,060	12,551	9,685	11,948	9,530	11,757
2010	38,088	45,136	38,050	45,091	9,991	12,465	10,231	12,764	9,850	12,151	9,692	11,957
2011	38,621	45,768	38,582	45,722	10,161	12,677	10,405	12,981	10,017	12,358	9,857	12,160
2012	39,162	46,409	39,123	46,362	10,334	12,893	10,582	13,202	10,187	12,568	10,024	12,367
2013	—	—	39,670	47,011	—	—	10,762	13,426	—	—	10,195	12,577

(A) From Table 20 of URS' September 4, 2002 Report.  
(B) From Table 21 of URS' September 4, 2002 Report.  
(C) Adjusted by the actual-to-forecast ratios from Table 1 and the advancement of the toll increase from January 1, 2004 to May 1, 2003.



The updated toll revenue forecasts from Table 2 for each of the facilities were then combined, as follows:

**Table 3**  
**Total Updated Toll Revenue Forecast**

Year	Forecast Toll Revenue (000)	
	Constant Tolls	Periodic Toll Increases
2003	\$ 950,668	\$1,027,259
2004	959,943	1,072,396
2005	971,390	1,085,100
2006	978,292	1,092,800
2007	985,249	1,100,561
2008	992,261	1,222,335
2009	999,328	1,231,020
2010	1,006,451	1,239,774
2011	1,013,631	1,248,596
2012	1,020,867	1,257,489
2013	1,028,162	1,266,452

The updated forecasts of total toll revenue are 0.2 percent lower than the previous forecasts, except for 2003 with the advancement of the toll increase from January 1, 2004 to May 1, 2003.

### **Updated Operating Expense Forecast**

As stated in URS' September 4, 2002 report, TBTA operating expenses include personnel and OTPS (other than personnel services).

The 2002 operating expenses had been estimated by TBTA at \$129,654,000 for personnel (included wages, salaries, fringe benefits and overtime, net of capital reimbursements), and \$161,544,000 for OTPS (included maintenance and supplies, outside technical and maintenance services, insurance, power and other expenses), for a total of \$291,198,000. Actual (unaudited) 2002 expenses came in at \$140,967,000 for personnel and \$159,229,000 for OTPS, for a total of \$300,196,000. According to TBTA, the variances are attributed to additional bridge and tunnel officers and other expenses related to security since September 11, 2001, and do not include the expected FEMA and insurance reimbursements, which have not yet been received.

For 2003 and 2004, TBTA provided budget estimates from its 2002-2004 Financial Plan adopted in December 2002.



In the September 4, 2002 report, URS had estimated expenses for the original forecast period (2003-2012) based on (1) the current CPI for all urban consumers for the U.S. city average of 2.8 percent annually for all costs except fringe benefits; (2) fringe benefit costs increasing at the same rate as the medical component of the CPI of 4.4 percent annually; (3) the inclusion of additional security measures that were being gradually introduced in 2002; and (4) the replacement (under the OTPS category) of the outstanding *E-ZPass* transponders (during the 2002-2004 period) that have been approaching the end of their useful life, with a rolling replacement thereafter. After discussion with TBTA, URS has used the same procedure to update the expense forecast, now extended to 2013, except that the 4.4 percent annual escalation rate for fringe benefits has been increased to 4.9 percent.

On this basis, after conferring with TBTA, URS has updated the operating expense forecast contained in the September 4, 2002 report and extended it to 2013, starting with TBTA's 2004 budget estimates:

**Table 4**  
**Updated Operating Expense Forecast**

Year	Forecast Operating Expenses (000)				
	Personnel			OTPS	Total
	Salaries <sup>(A)</sup>	Fringe Benefits	Subtotal		
2002 <sup>(B)</sup>	\$109,299	\$31,668	\$140,967	\$159,229	\$300,196
2003 <sup>(C)</sup>	91,549	36,895	128,444	200,866	329,310
2004 <sup>(C)</sup>	96,788	38,753	135,541	190,894	326,435
2005	99,498	40,652	140,150	196,239	336,389
2006	102,284	42,644	144,928	201,734	346,662
2007	105,148	44,734	149,882	207,383	357,265
2008	108,092	46,926	155,018	213,190	368,208
2009	111,119	49,225	160,344	219,159	379,503
2010	114,230	51,637	165,867	225,295	391,162
2011	117,428	54,167	171,595	231,603	403,198
2012	120,716	56,821	177,537	238,088	415,625
2013	124,096	59,605	183,701	244,754	428,455

- (A) Regular and overtime salaries less capitalized personnel and other expenses. Salaries are reduced by \$20.3 million and \$21.0 million payments by MTA to TBTA for additional security costs in 2003 and 2004, respectively, and thereafter (escalated at 2.8 percent beyond 2004). No assurances can be given that MTA will continue to make any or all of this payment.
- (B) Actual, unaudited.
- (C) From TBTA 2002-2004 Financial Plan adopted in December 2002.



Since the total budgeted expenses for 2004 start at approximately \$24 million above the previous estimates for 2002, the differential compounds to exceed the previous forecast by approximately \$35 million by the end of the forecast period.

### Updated Forecast of Net Revenue From Toll Operations

Finally, following our usual procedure, the updated operating expense forecast amounts were deducted from the respective updated toll revenue forecasts to produce the two sets of updated projected net revenues, one at constant tolls and the other with periodic toll increases:

**Table 5**  
**Updated Net Toll Revenue Forecast**

Year	Gross Toll Revenue (000)		Operating Expenses (000)	Net Toll Revenue (000)	
	Constant Tolls	Periodic Toll Incr.		Constant Tolls	Periodic Toll Incr.
2002*	\$ 933,134	\$ 933,134	\$300,196	\$632,938	\$632,938
2003	950,668	1,027,259	329,310	621,358	697,949
2004	959,943	1,072,396	326,435	633,508	745,961
2005	971,390	1,085,100	336,389	635,001	748,711
2006	978,292	1,092,800	346,662	631,630	746,138
2007	985,249	1,100,561	357,265	627,984	743,296
2008	992,261	1,222,335	368,208	624,053	854,127
2009	999,328	1,231,020	379,503	619,825	851,517
2010	1,006,451	1,239,774	391,162	615,289	848,612
2011	1,013,631	1,248,596	403,198	610,433	845,398
2012	1,020,867	1,257,489	415,625	605,242	841,864
2013	1,028,162	1,266,452	428,455	599,707	837,997

\* Actual, unaudited

As we stated in the September 4, 2002 report, it is our continuing opinion that these revenue and expense projections are reasonable and that they have been prepared in accordance with accepted practice for updating investment-grade studies within months of the original study (during which time nothing of a material nature has occurred that would require a change in the forecasting procedure). However, given the continuing uncertainties within the current international and economic climate, we consider it necessary to repeat the caveats stated in the prior report:

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, revenue and expense forecasts will be subject to future economic and social conditions and demographic developments that cannot be predicted with certainty.
3. The updated projections contained herein, 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, both in the original study and in this update, could be considered reasonable. Changes in the assumptions used could result in material differences in projected outcomes.
4. 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.

### **Updated Review of Physical Condition**

In addition to the updates of toll revenues and expenses, URS contacted TBTA's Engineering and Construction Department to obtain an update of the thorough review we conducted in March 2002, when we reviewed the facility inspection reports and performed a facility orientation walk-through of each TBTA facility. With only minor variance, TBTA has informed us that the maintenance and construction projects that were described in the September 4, 2002 report have been completed or are continuing on schedule.

One variance was brought to our attention on September 16, 2002 regarding a Triborough Bridge construction project on the ramp from the Queens (Randall's/Ward's Island) viaduct to the Manhattan span of the bridge (the northbound-to-westbound ramp), which ran into construction difficulties caused by a heavy rain. Under the maintenance-of-traffic plan, one of the three lanes on the ramp was to be closed during the construction period that had been scheduled for completion by March 2003. With the construction difficulties, the contractor had to close two lanes, leaving only one open lane available to traffic. While this resulted in temporary traffic congestion on the ramp and back onto the Queens viaduct, the contractors worked "24/7" and completed the entire construction project on October 22, five months ahead of schedule.

Variances also occurred at the Marine Parkway and Cross Bay bridges. Due to assessments of the maintenance needs of these structures, the design of several projects originally included as part of the next capital program have been advanced into this capital program cycle. Additional priority steel repair design will begin at the Marine Parkway Bridge, as painting operations uncovered areas that require more attention than previously envisioned. Two design contracts will begin at the Cross Bay Bridge to provide extensive concrete repairs of the superstructure and cleaning and repair of the pier substructure. Two construction contracts will also begin at the Cross Bay Bridge to provide dolphin and pier stem repair and parapet repair of all jersey barriers.



Our initial assessment is that these contracts will not have a significant impact on the traffic projections, but we will reconsider this when we prepare our full report later in the year.

Security enhancement programs are progressing, including installation of a TBTA-wide surveillance system that integrates CCTV, card access and alarm systems at all facilities.

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 for 2013 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 2033, assuming maintenance consistent with past practice. We expect to further validate this opinion when we conduct our next annual review of physical condition, in preparation for our full report later in the year.

Respectfully,

**URS CORPORATION – NEW YORK**

A handwritten signature in black ink that reads 'Kathleen Massarelli'.

Kathleen Massarelli, AICP  
Vice President

A handwritten signature in black ink that reads 'Arthur H. Goldberg'.

Arthur Goldberg, PE  
Vice President

AHG /lah  
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