

**STANDARD  
& POOR'S**



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tel 212 438-2066  
reference no.: 40122435

September 26, 2006

Metropolitan Transportation Authority  
347 Madison Avenue, 6th Floor  
New York, NY 10017  
Attention: Mr. Patrick J. McCoy, Director of Finance

Re: *Metropolitan Transportation Authority, New York, Gas Tax Revenue Bonds*

Dear Mr. McCoy:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AA" from "AA-" while affirming the stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Mr. Patrick J. McCoy  
Page 2  
September 26, 2006

Please send all information to:

Standard & Poor's Ratings Services  
Public Finance Department  
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New York, NY 10041-0003

If you have any questions, or if we can be of help in any other way, please feel free to call or contact us at [nypublicfinance@standardandpoors.com](mailto:nypublicfinance@standardandpoors.com). For more information on Standard & Poor's, please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). We appreciate the opportunity to work with you and we look forward to working with you again.

Sincerely yours,

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**RESEARCH**

**Summary:**

**Special Tax Criteria Revision Pushes Various Affected Ratings To 'AA'; Gas Tax; Miscellaneous Tax; Sales Tax**

**Publication date:** 26-Sep-2006  
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**Credit Profile**

<b>UPGRADED</b>	<b>To</b>	<b>From</b>
<b>Baton Rouge, Louisiana</b>		
\$109.030 mil. Baton Rouge Sales Tax (FGIC)	AAA/AA(SPUR)	AA-
\$2.100 mil. Baton Rouge sales tax (AMBAC)	AAA/AA(SPUR)	AA-
<b>San Diego Cnty Regl Transp Com, California</b>		
San Diego Cnty Regl Transp Com, Louisiana		
\$50.065 mil. San Diego Cnty Regl Transp Com 2nd snr Sales Tax (FGIC)	AAA/AA(SPUR)	AA-
\$76.500 mil. San Diego Cnty Regl Transp Com Sales Tax (AMBAC)	AAA/AA(SPUR)	AA-
<b>Santa Fe Cnty, New Mexico</b>		
Santa Fe Cnty, Louisiana		
\$6.000 mil. Santa Fe Cnty gross recpts tax rev bnds subord ser 1997A dtd 02/01/1997 due 02/01/99-2012 2018 2027	AAA/AA(SPUR)	A
<b>Santa Fe, New Mexico</b>		
Santa Fe, Louisiana		
\$15.315 mil. Santa Fe gross receipts (Mun Rec Complex Net Rev/subord Lien) (AMBAC)	AAA/AA(SPUR)	AA-
<b>Scottsdale, Arizona</b>		
Scottsdale Preserve Auth, Louisiana		
\$82.665 mil. Scottsdale Preserve Auth (Scottsdale) Sales Tax (FGIC)	AAA/AA(SPUR)	AA-
<b>Seminole Cnty, Florida</b>		
Seminole Cnty, Louisiana		
\$69.705 mil. Seminole Cnty sales tax (MBIA)	AAA/AA(SPUR)	AA-
\$47.975 mil. Seminole Cnty sales tax rev bnds ser 2001 dtd 11/01/2001 due 10/01/2004-2021 2027 2031	AAA/AA(SPUR)	AA-
<b>Thornton, Colorado</b>		
Thornton, Louisiana		
\$6.390 mil. Thornton Sales Tax (AMBAC)	AAA/AA(SPUR)	A+
\$28.550 mil. Thornton Sales Tax (FSA)	AAA/AA(SPUR)	A+
<b>Tucson, Arizona</b>		
Tucson, Louisiana		
\$55.495 mil. Tucson Gas Tax Jr Lien (AMBAC)	AAA/AA(SPUR)	A
\$19.400 mil. Tucson Gas Tax Jr Lien (FGIC)	AAA/AA(SPUR)	A
\$14.675 mil. Tucson Gas Tax Jr Lien (MBIA)	AAA/AA(SPUR)	A

**West Valley City, Utah**

West Valley City, Louisiana

\$14.729 mil. West Valley City Sales Tax (AMBAC) AAA/AA(SPUR) AA-

\$18.310 mil. West Valley City Sales Tax (MBIA) AAA/AA(SPUR) AA-

**Riverside Cnty Transp Comm, California**

Riverside Cnty Transp Comm, Louisiana

\$5.245 mil. Riverside Cnty Transp Com jr sales tax rev bnds (Ltd Tax) ser 1997B dtd 08/01/1997 due 06/01/1998-2009 (SPUR) AAA/AA(SPUR) A+

**Broward Cnty, Florida**

Broward Cnty, Louisiana

\$36.720 mil. Broward Cnty gas tax (FSA) AAA/AA(SPUR) AA-

**Chandler, Arizona**

Chandler, Louisiana

\$855,000 Chandler Gas Tax (FGIC) AAA/AA(SPUR) AA-

\$5.715 mil. Chandler Gas Tax (FSA) AAA/AA(SPUR) AA-

\$15.920 mil. Chandler gas tax (AMBAC) AAA/AA(SPUR) AA-

**Collier Cnty, Florida**

Collier Cnty, Louisiana

\$49.360 mil. Collier Cnty sales tax (AMBAC) AAA/AA(SPUR) AA-

\$167.200 mil. Collier Cnty sales tax (MBIA) AAA/AA(SPUR) AA-

**Connecticut, Connecticut**

Connecticut, Louisiana

\$1.250 mil. Connecticut Special Tax Gas (FGIC) AAA/AA(SPUR) AA-

\$456.140 mil. Connecticut Special Tax Gas (AMBAC) AAA/AA(SPUR) AA-

\$250.000 mil. Connecticut gas tax (MBIA) AAA/AA(SPUR) AA-

\$201.275 mil. Connecticut spl tax oblig bnds ser 1998B dtd 09/15/1998 due 11/01/2002-2018 AAA/AA(SPUR) AA-

\$118.420 mil. Connecticut spl tax oblig bnds transp infrastructure purp ser 2000A dtd 07/15/2000 due 09/01/2002-2014 AAA/AA(SPUR) AA-

**Douglas Cnty, Colorado**

Douglas Cnty, Louisiana

\$9.930 mil. Douglas Cnty Sales tax (AMBAC) AAA/AA(SPUR) AA-

**East Baton Rouge Parish, Louisiana**

East Baton Rouge Parish, Louisiana

\$2.335 mil. East Baton Rouge Parish sales tax (FSA) AAA/AA(SPUR) AA-

**Fishers, Indiana**

Fishers Redev Auth, Louisiana

\$1.820 mil. Fishers Redev Auth (Fishers) Cnty Opt Inc Tax (MBIA) AAA/AA(SPUR) A

**Fishers Redev Auth, Indiana**

Fishers, Louisiana

\$8.670 mil. Fishers Redev Auth (Fishers) cnty opt income tax rental rfdg bnds ser 2005 (XL CAPITAL) AAA/AA(SPUR) A

**Flagstaff, Arizona**

Flagstaff, Louisiana

\$25.000 mil. Flagstaff mun fac corp (AMBAC) AAA/AA(SPUR) A+

**Gilbert Pub Facs Mun Prop Corp, Arizona**

Gilbert, Louisiana

\$73.420 mil. Gilbert Pub Facs Mun Prop Corp (Gilbert) GO (FGIC) AAA/AA(SPUR) AA-

**Gilbert, Arizona**

Gilbert Pub Facs Mun Prop Corp, Louisiana

\$35.450 mil. Gilbert Pub Facs Mun Prop Corp (Gilbert) Sales Tax (AMBAC) AAA/AA(SPUR) AA-

**Glendale, Arizona**

Glendale, Louisiana

\$14.655 mil. Glendale gas tax (FSA) AAA/AA(SPUR) AA-

\$15.745 mil. Glendale gas tax (MBIA) AAA/AA(SPUR) AA-

**Grand Junction, Colorado**

Grand Junction, Louisiana

\$57.075 mil. Grand Junction gen fd rev bnds ser 2004 dtd  
03/01/2004 due 03/01/2005-2007 2014-2024 AAA/AA(SPUR) AA-

**Greeley, Colorado**

Greeley, Louisiana

\$32.715 mil. Greeley sales tax (AMBAC) AAA/AA(SPUR) AA-

\$50.485 mil. Greeley sales tax (MBIA) AAA/AA(SPUR) AA-

**Green Bay/Brown Cnty Professional Football Stad Dist, Wisconsin**

Green Bay/Brown Cnty Professional Football Stad Dist,  
Louisiana

\$69.990 mil. Green Bay/Brown Cnty Professional Football Stad  
Dist (Lambeau Field Renovation Proj) AAA/AA(SPUR) AA-

**Hillsborough Cnty, Florida**

Hillsborough Cnty, Louisiana

\$19.965 mil. Hillsborough Cnty gas tax (FGIC) AAA/AA(SPUR) A+

**Lafayette, Colorado**

Lafayette, Louisiana

\$5.010 mil. Lafayette Sales Tax (AMBAC) AAA/AA(SPUR) A+

**Los Angeles Cnty Metro Transp Auth, California**

Los Angeles Cnty Metro Transp Auth, Louisiana

\$114.070 mil. Los Angeles Cnty Metro Transp Auth (fka LA  
Cnty Transp Comm) sales tax (FSA) AAA/AA(SPUR) A+

\$7.500 mil. Los Angeles Cnty Metro Transp Auth Sales Tax  
(FGIC) AAA/AA(SPUR) A+

\$219.710 mil. Los Angeles Cnty Metro Transp Auth proposition  
C sales tax rev rfdg & second sr bnds ser 1998A dtd  
03/01/1998 due 07/01/2008-2020 2023 AAA/AA(SPUR) A+

\$386.775 mil. Los Angeles Cnty Metro Transp Auth proposition  
C sales tax rev rfdg bnds 2nd sr bnds ser 2003-B1, B-2, C-1  
thru C-4 dtd 10/9/03 due 07/01/2023 2025 AAA/AA(SPUR) A+

\$1.000 mil. Los Angeles Cnty Metro Transp Auth sales tax  
(MBIA) AAA/AA(SPUR) A+

\$1.400 mil. Los Angeles Cnty Metro Transp Auth sales tax  
(Proposition C) (AMBAC) AAA/AA(SPUR) A

**Los Angeles, California**

Los Angeles Cnty Metro Transp Auth, Louisiana

\$219.710 mil. Los Angeles Cnty Metro Transp Auth sales tax  
rev bnds (Los Angeles) (Proposition C Local Alloc) ser A dtd  
06/01/1998 due 07/01/1999-2008 AAA/AA(SPUR) A+

**Los Angeles Comnty Redev Agy, California**

Los Angeles Comnty Redev Agy, Louisiana

\$20.825 mil. Los Angeles Comnty Redev Agy Sales Tax  
(AMBAC) AAA/AA(SPUR) A+

**Mesa Cnty, Colorado**

Mesa Cnty, Louisiana

\$18.965 mil. Mesa Cnty sales tax rev rfdg bnds (AMBAC) AAA/AA(SPUR) A+

**Mesa, Arizona**

Mesa, Louisiana

\$47.869 mil. Mesa gas tax (FGIC) AAA/AA(SPUR) A

\$35.728 mil. Mesa gas tax (FSA) AAA/AA(SPUR) A

**Metropolitan Transp Auth, New York**

Metropolitan Transp Auth, Louisiana

\$741.465 mil. Metro Transp Auth gas tax (FGIC)	AAA/AA(SPUR)	AA-
\$529.085 mil. Metropolitan Transp Auth dedicated tax fd (MBIA)	AAA/AA(SPUR)	AA-
\$305.545 mil. Metropolitan Transp Auth dedicated tax fd Gas Tax (AMBAC)	AAA/AA(SPUR)	AA-
\$100.000 mil. Metropolitan Transp Auth dedicated tax fd Gas Tax (CDC IXIS)	AAA/AA(SPUR)	AA-
\$970.715 mil. Metropolitan Transp Auth dedicated tax fd Gas Tax (FSA)	AAA/AA(SPUR)	AA-
\$280.000 mil. Metropolitan Transp Auth dedicated tax fd var rate bnds (AMBAC)	AAA/A-1+/AA (SPUR)	AA-
\$350.000 mil. Metropolitan Transp Auth dedicated tax fd var rate rfdg bnds ser 2005A (XL CAPITAL) dtd 03/24/2005 due 11/01/2031	AAA/A-1+/AA (SPUR)	AA-

**Miami Dade Cnty, Florida**

Miami Dade Cnty, Louisiana

\$186.435 mil. Miami Dade Cnty sales surtax rev (XL CAPITAL)	AAA/AA(SPUR)	AA-
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**New York St Thruway Auth, New York**

New York State, Louisiana

\$532.755 mil. New York St Thruway Auth (New York State) 2nd gen gas tax (FSA)	AAA/AA(SPUR)	AA-
\$467.830 mil. New York St Thruway Auth (New York State) Hwy Bridge & Trust gas tax (MBIA)	AAA/AA(SPUR)	AA-
\$2.214,225 bil. New York St Thruway Auth (New York State) gas tax (AMBAC)	AAA/AA(SPUR)	AA-
\$406.915 mil. New York St Thruway Auth (New York State) gas tax (AMBAC)	AAA/AA(SPUR)	AA-
\$2.785 bil. New York St Thruway Auth (New York State) gas tax (FGIC)	AAA/AA(SPUR)	AA-
\$2.670,145 bil. New York St Thruway Auth (New York State) gas tax (FGIC)	AAA/AA(SPUR)	AA-
\$1.128,510 bil. New York St Thruway Auth (New York State) gas tax (FSA)	AAA/AA(SPUR)	AA-

**Orange Cnty Local Transp Auth, California**

Orange Cnty Local Transp Auth, Louisiana

\$57.445 mil. Orange Cnty Local Transp Auth Sales Tax (AMBAC)	AAA/AA(SPUR)	AA-
\$6.000 mil. Orange Cnty Local Transp Auth Sales Tax (MBIA)	AAA/AA(SPUR)	AA-

**Orange Cnty, Florida**

Orange Cnty, Louisiana

\$37.160 mil. Orange Cnty sales tax rev rfdg bnds (Series 1999) ser 1998 dtd 01/01/1999 due 01/01/2000-2018	AAA/AA(SPUR)	AA-
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**Parker, Colorado**

Parker, Louisiana

\$17.025 mil. Parker GO sales tax (AMBAC)	AAA/AA(SPUR)	A+
\$6.275 mil. Parker sales tax (MBIA)	AAA/AA(SPUR)	A+

**Pennsylvania Tpk Comm, Pennsylvania**

Pennsylvania Tpk Comm, Louisiana

\$124.730 mil. Pennsylvania Tpk Comm oil fran tax sr rev bnds ser 2003A dtd 08/01/2003 due 12/01/2003-2024	AAA/AA(SPUR)	A+
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**Phoenix, Arizona**

Phoenix, Louisiana

\$102.425 mil. Phoenix Gas Tax Jr Lien (FGIC)	AAA/AA(SPUR)	A+
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**Pima Cnty, Arizona**

Pima Cnty, Louisiana		
\$50.465 mil. Pima Cnty Gas Tax (FGIC)	AAA/AA(SPUR)	A+
\$20.000 mil. Pima Cnty Gas Tax (FSA)	AAA/AA(SPUR)	A+
\$86.200 mil. Pima Cnty Gas Tax (MBIA)	AAA/AA(SPUR)	A+
<b>Pinellas Cnty, Florida</b>		
Pinellas Cnty, Louisiana		
\$22.985 mil. Pinellas Cnty gas tax (FGIC)	AAA/AA(SPUR)	A+
<b>Prescott Mun Prop Corp, Arizona</b>		
Prescott Mun Prop Corp, Louisiana		
\$6.160 mil. Prescott Mun Prop Corp mun fac rev bnds ser 98	AAA/AA(SPUR)	A+

**AFFIRMED**

**Orem, Utah**

Orem, Louisiana

\$12.175 mil. Orem Sales Tax (AMBAC)	AAA/AA(SPUR)	
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**OUTLOOK:**

STABLE

**Rationale**

Standard & Poor's Ratings Services revised its U.S. public finance special tax criteria, including criteria for sales tax, highway user tax, and income tax revenue bonds, leading to rating upgrades on tens of billions of dollars of debt.

The criteria revision was prompted by a re-examination of the stability of sales, income, and highway user tax revenue streams over previous economic cycles, and the placing of less emphasis on additional parity bonds tests in instances when practical considerations make significant additional parity bonding unlikely.

The ratings revisions involved a comprehensive review of all outstanding sales tax, income tax, and highway user tax bonds currently rated by Standard & Poor's, and are effective immediately.

Standard & Poor's is refining its special tax criteria as it relates to sales tax, income tax, and highway user tax revenue bonds to place greater emphasis on fundamental economic factors and less on legal features regarding additional debt issuance and reserve funds when, from a practical perspective, prospects are good that debt service coverage will remain high regardless of the legal provisions in bond covenants.

Enhanced recognition of fundamental economic activity for sales tax and income tax revenue bonds is supported by retail sales and personal income data collected over past recessions, which has generally reaffirmed the stability of sales and income tax revenues during adverse economic cycles, particularly for large economic bases. As such, higher rating levels can be sustained at lower coverage levels for certain municipalities.

Likewise, the stability of fuel sales during recent and previous price spikes shows that fuel demand is relatively inelastic--even during periods of high fuel prices. Highway user tax ratings are also buoyed by the fact that a large portion of pledged revenues are typically derived from stable transportation-related sources, such as motor vehicle registration fees and motor vehicle license fees, and usually cover a large statewide population base.

Legal tests for additional sales tax parity debt will now be weighed less heavily where municipalities rely on excess sales tax revenues to fund general fund operations. In such cases there is a disincentive to issue significant amounts of additional sales tax borrowing, regardless of legal protections. For these issuers, heavy sales tax bonding could have the effect of crowding out funding for essential continuing municipal operations. Analytically, this unlikelihood allows us to place less emphasis on the additional bonds test. The additional bonds test is also less significant for municipal issuers with a long history of debt restraint and little potential future financing needs. In contrast, additional bonds tests may retain their traditional importance when an authorized sales tax is dedicated only to capital funding or when capital needs are

large.

Debt service reserves also take on less importance in cases where debt service coverage will be maintained at very high levels, such as 2x maximum annual debt service or higher. In these cases, debt service reserves equal to half of maximum annual debt service and ones only funded when coverage falls below a specified level, or in some cases not funded at all, may be sufficient.

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