

RESOLUTION NO. 1986-1

A RESOLUTION AUTHORIZING AMENDMENTS IN THE TERMS OF TAX BENEFIT TRANSFER AGREEMENTS WITH ZAYRE CORP. PREVIOUSLY AUTHORIZED BY RESOLUTION NO. 1984-215 WITH RESPECT TO THE 1984-85 VEHICLES.

WHEREAS, this Board of Trustees on October 16, 1984 duly adopted Resolution No. 1984-215, authorizing the execution and delivery of an agreement with Zayre Corp. providing for the sale and lease (for federal income tax purposes only) of certain transit buses and heavy rail vehicles then owned or to be acquired by the Authority during 1984 and 1985 (the Agreement), which Agreement was duly entered into and delivered on November 1, 1984; and

WHEREAS, since the execution and delivery of the Agreement the House of Representatives of the Congress of the United States has adopted the Tax Reform Act of 1985 which, among other things, would make changes in federal tax laws that would entitle Zayre Corp. under the provisions of the Agreement to decline to enter into further tax benefit transfer agreements with respect to the remaining buses and heavy rail vehicles acquired and placed in service by this Authority during 1985 (the "1985 Vehicles"); and

WHEREAS, Zayre Corp. has offered to enter into tax benefit transfer agreements with respect to the 1985 Vehicles upon terms and conditions different from those authorized in the Agreement relating to (i) a greater purchase price for the heavy rail vehicles, in return for (ii) indemnification of Zayre Corp. by this Authority against the loss of tax benefits under tax benefit transfer agreements with respect to the 1985 Vehicles if certain specified amendments to the Internal Revenue Code were to be adopted by the 99th Congress; and

WHEREAS, this Board of Trustees is willing to authorize the execution and delivery of tax benefit transfer agreements with respect to the 1985 Vehicles with such changes from the form of such agreements provided for in the Agreement as shall be necessary to reflect the amended terms and conditions contained in the offer of Zayre Corp.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the General Manager is hereby authorized to execute and deliver one or more additional tax benefit transfer agreements pursuant to Resolution No. 1984-215 with such changes therein as shall be necessary to provide for the sale and lease back of the 1985 Vehicles with provisions for an increase of 1.25% in the percentage of the purchase price of the heavy rail vehicles to be paid by Zayre Corp. to the Authority as the initial installment

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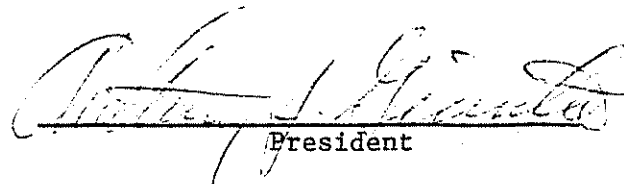
of the purchase price and for the additional indemnification of Zayre Corp. for loss of tax benefits in the event that the Internal Revenue Code shall be amended as the result of action by the 99th Congress to do any of the following: (i) reduce the maximum marginal federal income tax applicable to corporations, (ii) deny the deductibility of interest payments on indebtedness, (iii) extend the depreciation period under the Accelerated Cost Recovery System applicable to the 1985 Vehicles, or (iv) require recovery of taxes not paid as a result of prior tax benefit transfer agreements.

Section 2. Except as provided herein, such additional agreements shall be in such form and subject to all other provisions contained in Resolution No. 1984-215.

Section 3. It is found and determined that all formal actions of this Board concerning and relating to the adoption of this resolution were conducted in an open meeting of this Board, and that all deliberations of this Board and of any committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including Section 121,22 of the Revised Code.

Section 4. This resolution shall be effective immediately upon its adoption.

Adopted: January 7, 1986


President

Attest:


Secretary-Treasurer