

RESOLUTION NO. 1986- 112

A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$9,000,000 CAPITAL IMPROVEMENT BONDS, SERIES 1986A, FOR THE PURPOSE OF PAYING A PORTION OF THE COSTS TO THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY OF ACQUIRING, CONSTRUCTING, REPLACING, AND IMPROVING TRANSIT FACILITIES TO SERVE THE AREA WITHIN THE TERRITORIAL BOUNDARIES OF THE AUTHORITY.

WHEREAS, the Greater Cleveland Regional Transit Authority (the "Authority") is authorized under Section 306.35 of the Ohio Revised Code (the "Code") to acquire, construct, improve, replace and extend "transit facilities" within the meaning of that term as defined in Section 306.30 of the Code, within the territorial boundaries of the Authority and to apply for and accept grants from the United States and the State of Ohio for the purpose of providing for the development or improvement of such transit facilities; and

WHEREAS, the Authority has been awarded certain grants, including Grants OH-03-0062, OH-03-0089, OH-05-0072, OH-09-0019 and OH-23-9002 by the Urban Mass Transportation Administration of the United States Department of Transportation ("UMTA") and local matching funds are required to be provided by the Authority in connection with such UMTA grants and, in order to provide moneys to pay a portion of such local matching funds; and

WHEREAS, the Authority, in order to provide money for that purpose, has heretofore issued its \$10,000,000 Capital Improvement Notes, Series 1984A, dated August 14, 1984, which notes were retired from the proceeds of the Authority's \$10,000,000 Capital Improvement Notes, Series 1985A, dated July 16, 1985, which Notes are about to mature; and

WHEREAS, the Secretary-Treasurer, as fiscal officer of the Authority, has certified to this Board that the estimated life of the Project is at least five years, that the maximum maturity of the bonds hereinafter referred to is at least twenty years, and, as provided in Section 306.40 of the Code, that the estimated revenues of the Authority from sources other than ad valorem taxes on property, after first meeting from all available resources the estimated operation and maintenance expenses of the Authority as they become due, are sufficient to pay the principal of and interest on such bonds and on all other bonds of the Authority as they become due, and that the maximum aggregate amount of principal and interest to become payable in any one calendar year on all of the bonds of the Authority issued pursuant to such section without a vote of the electors does not exceed one-tenth of one per cent of the total value of all the property within the territory of the Authority as listed and assessed for taxation;

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

Section 1. It is necessary to issue bonds of this Authority (the Bonds) in the aggregate principal amount of \$9,000,000 for the purpose of paying a portion of the costs to the Greater Cleveland Regional Transit Authority of acquiring, constructing, replacing, and improving transit facilities to serve the area within the territorial boundaries of the Authority, in

connection with UMTA Grants OH-03-0062, OH-03-0089, OH-05-0072, OH-09-0019 and OH-23-9002, and to retire the outstanding Notes.

Section 2. The Bonds shall be issued in one lot and only as fully registered Bonds registered as to both principal and interest, in the denominations of \$5,000, or any integral multiple thereof but not exceeding the principal amount of the Bonds maturing on any one date. The Bonds shall be dated as of June 1, 1986.

The Bonds shall bear interest at the rate of nine per centum (9%) per annum, payable June 1 and December 1 of each year (the Interest Payment Dates), commencing December 1, 1986, until the principal amount has been paid or provided for. However, if the Bonds are sold bearing a different rate of interest than stated above, the Bonds shall bear that rate of interest as specified in the resolution of the Board providing for the award of the Bonds. The Bonds shall bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from June 1, 1986.

The Bonds shall mature as follows: \$900,000 on December 1 in each of the years from 1987 through 1996, inclusive, which maturities are determined to be in substantially equal annual installments. The Bonds shall express on their faces the purpose for which they are issued and that they are issued pursuant to this resolution.

Section 3. The Bonds shall be signed by the President and Secretary-Treasurer in their official capacities (either or both of those signatures may be a facsimile), and shall bear the corporate seal of the Authority or a facsimile of that seal. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this resolution unless and until the certificate of authentication printed on the Bond is signed by the Bond Registrar (as defined in Section 4 below) as authenticating agent. Authentication by the Bond Registrar shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this resolution and is entitled to the security and benefit of this resolution. The certificate of authentication may be signed by any authorized officer or employee of the Bond Registrar or by any other person acting as an agent of the Bond Registrar and approved by the Secretary-Treasurer on behalf of the Authority. The same person need not sign the certificate of authentication on the Bonds.

Section 4. The Secretary-Treasurer is hereby authorized to appoint a bank or trust company located in the State of Ohio to act as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the Bond Registrar) for the Bonds. The Secretary-Treasurer shall sign and deliver, in the name and on behalf of the Authority, the Bond Registrar Agreement between the Authority and the Bond Registrar (the Agreement) in substantially the same form as is now on file with the Secretary-Treasurer or as hereafter amended and approved in the resolution of this Board providing for the award of the Bonds. The Secretary-Treasurer shall provide for the payment of the services rendered and for reimbursement of expenses incurred pursuant to the Agreement from the proceeds of the Bonds to the extent available and then from other funds lawfully available and appropriated or to be appropriated for that purpose.

Section 5. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America without deduction for the services of the Bond Registrar as paying agent. Principal shall be payable when due upon presentation and surrender of the Bonds at the office of the Bond Registrar. Interest on a Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond was registered, and to that person's address appearing, on the Bond Register (as defined in Section 6 below) at the close of business on the 15th day of the calendar month next preceding that Interest Payment Date (the Record Date).

Section 6. So long as any of the Bonds remain outstanding, the Authority will cause the Bond Registrar to maintain and keep at his office all books and records necessary for the registration, exchange and transfer of Bonds as provided in this Section (the Bond Register). Subject to the provisions of Section 5 above, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond for all purposes of this resolution. Payment of or on account of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the Authority nor the Bond Registrar shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the Authority's liability upon the Bond, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Bond Registrar, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. A Bond may be transferred only on the Bond Register upon presentation and surrender of the Bond at the office of the Bond Registrar together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. Upon exchange or transfer the Bond Registrar shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

If manual signatures on behalf of the Authority are required, the Bond Registrar shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the Authority. In all cases of exchanged or transferred Bonds, the Authority shall sign and the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this resolution. The exchange or transfer shall be without charge to the owner, except that the Authority and Bond Registrar may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to the exchange or transfer. The Authority or the Bond Registrar may require that those charges, if any, be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the Authority, evidencing the same debt, and entitled to the same security and benefit under this resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Bond Registrar for payment, retirement, exchange, replacement or transfer shall be cancelled by the Bond Registrar. The Authority may at any time deliver to the Bond Registrar for cancellation any previously authenticated and delivered Bonds that the Authority may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Bond Registrar. Written reports of the surrender and cancellation of Bonds shall be made to the Secretary-Treasurer of the Authority by the Bond Registrar at least twice each calendar year. The cancelled Bonds shall be retained for a period of time and then returned to the Authority or destroyed by the Bond Registrar as directed by the Secretary-Treasurer in accordance with the Agreement.

Section 7. The Bonds are offered at par and any accrued interest to the Secretary-Treasurer, as officer in charge of the Bond Retirement Fund of the Authority. Bonds not purchased for the Bond Retirement Fund or for other funds of the Authority shall be advertised for public sale and sold in accordance with law and the provisions of this resolution. The Secretary-Treasurer shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Bonds, to the original purchaser upon payment of the purchase price.

If in the judgment of the President and Secretary-Treasurer a disclosure document in the form of an Official Statement is appropriate or necessary in connection with the original issuance of the Bonds, each or both of those officers in their official capacities are authorized to prepare or cause to be prepared on behalf of the Authority an Official Statement and any necessary supplements thereto, and on behalf of the Authority to use and distribute, or authorize the use and distribution of, that Official Statement and any supplements thereto in connection with the original issuance of the Bonds, and to sign on behalf of the Authority and in their official capacities, that Official Statement and any supplements thereto approved by those officers. Those officers are each authorized to sign and deliver, on behalf of the Authority and in their official capacities, such certificates in connection with the accuracy of the Official Statement and any supplements thereto as may, in their judgment, be necessary or appropriate.

Section 8. The proceeds from the sale of the Bonds, except any premium and accrued interest, shall be paid into the proper fund or funds, and those proceeds are appropriated and shall be used for the purpose for which the Bonds are being issued. Any portion of those proceeds representing premium and accrued interest shall be paid into the Bond Retirement Fund to be applied to the payment of the principal of and interest on the Bonds in the manner provided by law.

Section 9. There shall be levied on all the taxable property in the Authority, in addition to all other taxes, a direct tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which tax shall not be less than the interest and sinking fund tax required by Section 11 of Article XII of the Ohio Constitution. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers, in the same manner and at the same time that taxes for general purposes for each of those years are certified, levied, extended and collected,

and shall be placed before and in preference to all other items and for the full amount thereof. The proceeds of the tax levy shall be placed in the Bond Retirement Fund, which is irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due.

Section 10. The Authority covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of the delivery of and payment for the Bonds, so that the Bonds will not constitute arbitrage bonds under Section 103(c) of the Internal Revenue Code and the applicable regulations prescribed under that Section. The Secretary-Treasurer, as the fiscal officer, or any other officer having responsibility for issuing the Bonds, shall, alone or with any other officer or employee of or consultant to the Authority, give an appropriate certificate of the Authority for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the Authority regarding the amount and use of all the proceeds of the Bonds and the facts and estimates on which they are based, all as of the date of delivery of and payment for the Bonds. The Authority covenants that it will take all actions that may be required of the Authority for the interest on the Bonds to be and remain exempt from federal income tax, and will not take any actions which would adversely affect such exemption, under the provisions of federal tax laws that apply to the Bonds, and also under the provisions of H.R. 3838 pending in Congress as passed by the House on December 17, 1985, but with the effective date stated for certain provisions thereof listed in the March 14, 1986 Joint Statement by the leaders of the House Committee on Ways and Means and the Senate Committee on Finance and the Secretary of the Treasury, until and unless, and except to the extent, with respect to H.R. 3838, the Authority obtains a written opinion of nationally recognized bond counsel that this covenant with respect to H.R. 3838, need not be complied with in order for the interest on the Bonds to continue to be exempt from federal income taxation; and the Secretary-Treasurer and other appropriate officers are hereby authorized to make any such rebate or rebates of such excess investment earnings and to take such other actions and give such certifications as may be appropriate to assure such tax exemption of the interest.

Section 11. The Secretary-Treasurer is directed to deliver a certified copy of this resolution to the County Auditor.

Section 12. This Board determines that all acts and conditions necessary to be performed by the Authority or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the Authority have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; that the full faith, credit and revenues of the Authority are pledged for the timely payment of the principal of and interest on the Bonds; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

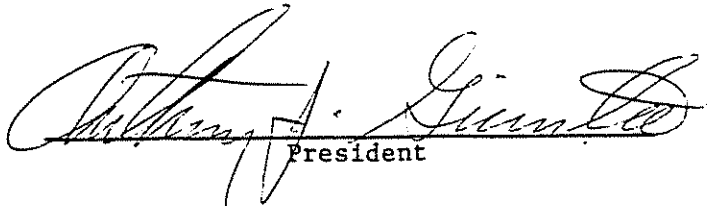
Section 13. The legal services of the law firm of Squire, Sanders & Dempsey be and are hereby retained, such legal services to be in the nature of legal advice and recommendations as to the documents and the proceedings in connection with the issuance and sale of the Bonds and the rendering of an

approving legal opinion. In rendering such legal services, as an independent contractor and in an attorney-client relationship, said firm shall not exercise any administrative discretion on behalf of this Authority in the formulation of public policy, expenditure of public funds, enforcement of laws, rules and regulations of the State, any county, or cities or of this Authority, or the execution of public trusts. For such legal services said firm shall, in addition to its reasonable fees for such services, be reimbursed for actual out-of-pocket expenses (including, but not limited to, travel, long-distance telephone and duplicating expenses) incurred in rendering such legal services, and the Secretary-Treasurer is hereby authorized and directed to make appropriate certification as to the availability of funds for such fees and reimbursement and to issue an appropriate order for the payment of the same as the same shall become payable.

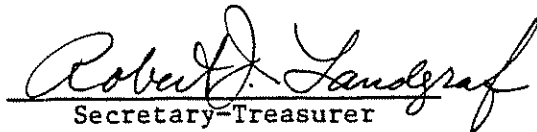
Section 14. This Board finds and determines that all formal actions of this Authority concerning and relating to the adoption of this resolution were taken in an open meeting of this Authority and that all deliberations of this Board and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with the law.

Section 15. This resolution shall become effective immediately upon its adoption.

Adopted: April 22, 1986

  
President

Attest:

  
Secretary-Treasurer