

RESOLUTION NO. 1995 - 47

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT WITH THE McDONALD FINANCIAL SERVICES, INC. FOR THE DESIGN, ACQUISITION, INSTALLATION, CONSTRUCTION AND FINANCING OF AN EXTENSION TO GCRTA'S EXISTING LIGHT-RAIL SYSTEM RUNNING FROM TOWER CITY CENTER STATION THROUGH THE FLATS ENTERTAINMENT DISTRICT AND EAST BOUND ALONG THE LAKE ERIE SHORELINE WITHIN THE JURISDICTION OF THE AUTHORITY; AND ALL RELATED DOCUMENTS AND CERTIFICATES INCLUDING FOR CERTAIN PURPOSES A TRUST AGREEMENT AND AUTHORIZING THE USE AND DISTRIBUTION OF A PRELIMINARY AND FINAL OFFICIAL STATEMENT.

WHEREAS, the Board of Trustees of the Greater Cleveland Regional Transit Authority (the "Authority") has heretofore determined to enter into a lease in order to facilitate the design, acquisition, installation, construction and financing of an extension to its' existing light-rail system running from Tower City Center Station through the Flats Entertainment District and east bound along the Lake Erie Shoreline within the jurisdiction of the Authority (the "Project"); and

WHEREAS, the total cost of the design, acquisition, construction and financing of the Project is approximately \$50,000,000.00 and will be paid from various sources including amounts provided by the Ohio Department of Transportation ("ODOT") as grant funds, sublease payments, the Authority's bonds, or other form of financing instruments and other lawfully available sources; and

WHEREAS, House Bill Number 790 which was enacted by the Ohio General Assembly (the "Legislation") authorized ODOT to enter into "a lease agreement, lease purchase agreement, or other agreement with the City of Cleveland or the Authority"; and authorized ODOT to provide financial assistance to the Authority in a total amount of project costs of \$10,000,000.00 (excluding issuance costs, interest and any reserve fund) to provide for a portion of the construction costs of the Project; and

WHEREAS, the Authority intends to issue an amount not to exceed \$14,000,000.00 of Certificates of Participation (the "Certificates") and intends to make lease payments on the Certificates from money to be provided by ODOT pursuant to the Legislation or other lawfully available sources;

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

Section 1: That in order to facilitate the design, acquisition, construction and financing of an extension to an existing light-rail system

running from Tower City Center Station through the Flats Entertainment District and east bound along the Lake Erie Shoreline within the jurisdiction of the Authority (the "Project") this Board of Trustees of the Greater Cleveland Regional Transit Authority (the "Board") hereby authorizes a Lease Agreement dated March 1, 1995 with McDonald Financial Services, Inc. ("MFSI") (the "Lease Agreement") and subject to biennial appropriations with a maximum term of seven (7) years, such Lease Agreement shall be approved by the General Manager of the Authority, whose signature thereon is conclusive evidence of such approval.

Section 2: That the Authority hereby authorizes and approves the Lease Agreement, the Sublease Agreement dated March 1, 1995 by and between the Authority and ODOT, (the "Sublease Agreement") the Commitment and the Financial Guaranty Bond issued by Capital Guaranty Insurance Company, (the "Guaranty") the Leasehold Mortgage and Security Agreement dated March 1, 1995, (the "Mortgage"), the Trust Agreement dated March 1, 1995, with The Fifth Third Bank as Trustee (the "Trust Agreement"), the Assignment of Lease Agreement dated March 1, 1995 by and between the Authority and MFSI (the "Assignment"), the Certificate Purchase Contract (the "Purchase Contract") by and between the Authority and McDonald & Company Securities, Inc. (the "Underwriter") and other documents related to the financing of the Certificates and the aforementioned documents shall be executed on behalf of the Board by the General Manager, the AGM-Finance and Administration or any other Authorized Officer (as defined in the Lease Agreement).

Section 3: That it is acknowledged that the Underwriter will sell the Certificates, the proceeds of which are to be used for the Project and it is further acknowledged that the Authority hereby authorizes the Certificates of Participation in the Lease Agreement in an amount not to exceed \$14,000,000.00 to be sold to provide such funds and to create a reserve fund and pay the costs of issuing said Certificates; and all funds for the design, acquisition, construction and financing the Project shall be deposited with The Fifth Third Bank, Cleveland, Ohio, as Trustee under a Trust Agreement (as hereinafter identified) in the proper funds and used for this purpose aforesaid and for no other purpose.

The Board hereby approves and authorizes the General Manager to execute a Certificate of Award establishing certain terms and conditions including providing for the dates, maturities, denominations and interest rates for the Certificates of Participation. The Certificates will mature on July 1 in the years and in the principal amounts and shall bear interest at the rates set forth in the Certificate of Award.

Section 4: That the Authority intends to use funds provided by ODOT

for the prompt payment of the Base Rent set forth in the Lease Agreement, which Base Rent consists of a Principal Component and an Interest Component. The Authority (as defined in the Lease Agreement) shall call a special meeting of the Board to make funds available to make Lease Payments on the Certificates in the event that there is an Event of Non-Appropriation (as defined in the Lease Agreement) by ODOT.

Section 5: That this Board hereby covenants that it will restrict the use of the funds received by it for design, acquisition, construction and financing of the Project in such manner and in such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of the Lease Agreement is entered, so that the Lease Agreement will not constitute "arbitrage bonds" under Section 103 (B)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and applicable Treasury Regulations. The Board, the General Manager or any Authorized Officer (as defined in the Lease Agreement) is authorized and directed to give an appropriate certificate on behalf of the Authority, on the date of delivery of said Lease Agreement, setting forth the facts, estimates and circumstances and reasonable expectations, pertaining to the use of such funds and the provisions of said Code sections and applicable Treasury Regulations thereunder, and to execute and deliver on behalf of the Authority an IRS Form 8038 G with respect to the Lease Agreement.

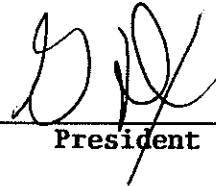
Section 6: That in connection with the Lease Agreement, the Board has authorized a Trust Agreement with The Fifth Third Bank (the "Trustee"), as trustee to provide for the issuance of Certificates of Participation in the Lease Agreement; that in connection therewith this Board authorizes the Authority to be a party to said Trust Agreement for the limited purposes stated therein; and that this Board authorizes the General Manager to execute and deliver on behalf of the Authority the Trust Agreement for the purpose set forth therein; and the Authority authorizes the use of a Preliminary and final Official Statement herein (collectively, the "Official Statement") in connection with the issuance of Certificates of Participation in the Lease Agreement and their placement by the Underwriter and finally authorizes the execution of all other certificates, documents and instruments in connection with the Lease Agreement and the issuance of Certificates of Participation.

Section 7: That the Lease Agreement, the Sublease Agreement, the Trust Agreement, the Assignment, the Mortgage, the Purchase Contract and Official Statement are hereby approved and the Underwriter is hereby authorized to use the Official Statement in connection with the placement of the certificates of participation. The Official Statement is deemed "near final" for purposes of Securities and Exchange Commission Rule 15c2-12.

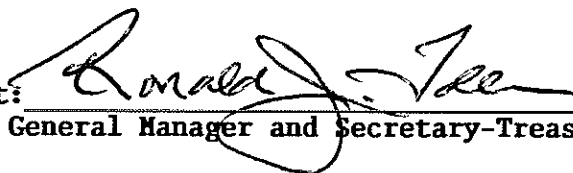
Section 8: That it is found and determined that all formal actions of this Board concerning and relating to the passage of this Resolution were passed in an open meeting of this Board, and that all deliberations of this Board and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Section 121.22 of the Revised Code.

Section 9: That this Resolution shall become effective immediately upon its adoption.

Adopted: _____ March 21 _____, 1995.



President

Attest: 

General Manager and Secretary-Treasurer