

RESOLUTION NO. 1998 - 135

RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$35,000,000 OF BONDS FOR THE PURPOSE OF PAYING PART OF THE COST OF ADVANCE REFUNDING THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY'S GENERAL OBLIGATION (LIMITED TAX) CAPITAL IMPROVEMENT BONDS, SERIES 1996, AND MATTERS RELATED TO SUCH BONDS

WHEREAS, this Board of Trustees has heretofore determined the necessity of making certain capital improvements to this Greater Cleveland Regional Transit Authority's (the "Authority") transportation system including constructing an extension to the light rail line from Tower City Center Station through the Flats district to the North Coast Harbor area, relocating offices to the Root McBride Building, rehabilitating, constructing and improving bridges, tracks, roads, stations and bus stops, and acquiring and installing cars and other equipment, furniture and fixtures relating thereto (the "Project"); and

WHEREAS, this Board of Trustees has previously authorized and issued \$70,000,000 Greater Cleveland Regional Transit Authority General Obligation (Limited Tax) Capital Improvement Bonds, Series 1996, dated as of September 15, 1996 (the "Prior Bonds") for the purpose of financing a portion of the Project; and

WHEREAS, this Board of Trustees desires to advance refund a portion of the Prior Bonds which will result in interest cost savings which will accrue to the benefit of this Authority; and

WHEREAS, this Board of Trustees expects the general revenues of this Authority, particularly proceeds of this Authority's one per cent (1%) sales and use tax approved by the electors in 1975 (the "Revenues") to be the source of payment of debt service charges on such Bonds (as defined below);

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

SECTION 1. That it is necessary to issue and sell bonds of this Authority in a principal sum not to exceed \$35,000,000 (the "Bonds") for the purpose of paying part of the cost of advance refunding the Prior Bonds, including "financing costs" as defined in Section 133.01 of the Ohio Revised Code, related to the issuance of the Bonds and the refunding of the Prior Bonds under authority of and pursuant to the general laws of the State of Ohio particularly Chapter 133 of the Ohio Revised Code.

SECTION 2. That the Bonds shall be issued for the purpose aforesaid. The Bonds shall (i) be dated as determined by the Secretary-Treasurer, (ii) be in a principal amount determined by the Secretary-Treasurer but not exceeding the maximum amount set forth in Section 1 hereof, (iii) be numbered from R-1 upwards in order of issuance, (iv) be of the denominations of \$5,000 and any integral multiple thereof, provided that each Bond shall

be of a single maturity, (v) mature or be subject to mandatory sinking fund redemption on the dates and in the amounts determined by the Secretary-Treasurer, provided that the final maturity of the Bonds shall be not later than December 1, 2016, and provided the net present value savings shall not be less than \$400,000 and the percentage savings shall not be less than two per cent (2%), and (vi) bear interest payable semiannually on the first day of June and the first day of December of each year commencing June 1, 1999, at the rate or rates per annum determined by the Secretary-Treasurer, provided that the average interest rate payable by this Authority over the life of the Bonds shall not exceed six per cent (6%) per annum. The determinations made by the Secretary-Treasurer pursuant to this Resolution shall be made without further action of this Board of Trustees, shall be set forth in a Certificate of Award signed by the Secretary-Treasurer, and shall be conclusive.

The Bonds shall be callable for redemption at the option of the Authority in whole or in part on the dates, at such price or prices (but in any case not greater than 103% of the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date) and at such times all as determined by the Secretary-Treasurer pursuant to this Resolution shall be made without further action of this Board of Trustees, shall be set forth in a Certificate of Award signed by the Secretary-Treasurer, and shall be conclusive.

If fewer than all of the outstanding Bonds of a single maturity are called for redemption, the selection of Bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiple thereof, shall be made by lot by the Paying Agent and Registrar (as hereinafter defined) in any manner which the Paying Agent and Registrar may determine. In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of \$5,000. If one or more, but not all, of such \$5,000 units of face value represented by a Bond are to be called for redemption, then upon notice of redemption of a \$5,000 unit or units, the registered holder of that Bond shall surrender the Bond to the Paying Agent and Registrar (a) for payment of the redemption price for the \$5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (b) for issuance, without charge to the registered holder thereof, of a new Bond or Bonds of the same series, of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

The notice of call for redemption of Bonds shall identify (i) by designation, letters, numbers or other distinguishing marks, the Bonds or portions thereof to be redeemed, (ii) the redemption price to be paid, (iii) the date fixed for redemption, and (iv) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Paying Agent and Registrar on behalf of the Authority by mailing a copy of the redemption notice by certified mail, return receipt requested, at least thirty (30) days prior to the date fixed for redemption, to the registered holder of each Bond subject to redemption in whole or in part at such registered holder's address shown on the Bond registration records on the fifteenth day preceding that mailing. Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any Bond. Notice having been mailed in the manner provided above, the

Bonds and portions thereof called for redemption shall become due and payable on the redemption date and on such redemption date, interest on such Bonds or portions thereof so called shall cease to accrue; and upon presentation and surrender of such Bonds or portions thereof at the place or places specified in that notice, such Bonds or portions thereof shall be paid at the redemption price, including interest accrued to the redemption date.

Pending preparation of definitive Bonds, any Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when such definitive Bonds are ready for delivery. The temporary Bonds may be printed, lithographed or typewritten and may contain such reference to any of the provisions of this resolution as may be appropriate. Every temporary Bond shall be executed by the Paying Agent and Registrar upon the same conditions and in substantially the same manner as definitive Bonds. If the Paying Agent and Registrar delivers temporary Bonds, it shall execute and furnish definitive Bonds at the earliest practicable time, and thereupon, the temporary Bonds shall be surrendered for cancellation at the principal office of the Paying Agent and Registrar, and the Paying Agent and Registrar shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this resolution as definitive Bonds delivered pursuant hereto.

The Bonds shall be designated "General Obligation (Limited Tax) Capital Improvement Refunding Bonds, Series 1998R."

It is hereby determined by this Board of Trustees that the issuance of the Bonds provided herein, including without limitation, the redemption provisions set forth above, are in the best interests of the Authority.

SECTION 3. That the Bonds shall express upon their faces the purpose for which they are issued and that they are issued in pursuance of this resolution. The Bonds shall be in fully registered form without coupons, shall be signed by the President of this Board of Trustees and by the Secretary-Treasurer of this Authority, provided that any or all such signatures may be facsimile signatures, may bear the seal of such Authority or a facsimile thereof, and shall bear the manual authenticating signature of an authorized representative of a bank or trust company determined by the Secretary-Treasurer of this Authority, as the paying agent, registrar and transfer agent (the "Paying Agent and Registrar") for the Bonds. The principal amount of each Bond shall be payable at the principal office of the Paying Agent and the Registrar and interest thereon shall be made on each interest payment date to the person whose name appears on the record date (May 15 and November 15 for June 1 and December 1 interest, respectively) on the Bond registration records as the registered holder thereof, by check or draft mailed to such registered holder at his address as it appears on such registration records.

The Bonds shall be transferable by the registered holder thereof in person or by his attorney duly authorized in writing at the principal office of the Paying Agent and Registrar upon presentation and surrender thereof to the Paying Agent and Registrar or an office of the Paying Agent and Registrar as designated by the Paying Agent and Registrar or by wire transfer made at the request of a holder of at least \$1,000,000 aggregate principal

amount of Bonds. The Authority and the Paying Agent and Registrar shall not be required to transfer any Bond during the 15-day period preceding any interest payment date or preceding any selection of Bonds to be redeemed, or after such Bond has been selected for partial or complete redemption, and no such transfer shall be effective until entered upon the registration records maintained by the Paying Agent and Registrar. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount shall be issued to the transferee in exchange therefor.

The Authority and the Paying Agent and Registrar may deem and treat the registered holders of the Bonds as the absolute owners thereof for all purposes, and neither the Authority nor the Paying Agent and Registrar shall be affected by any notice to the contrary.

SECTION 4. That such Bonds shall be sold at not less than par and accrued interest by the Secretary-Treasurer of this Authority to Merrill Lynch & Co. in accordance with its offer to purchase which the Secretary-Treasurer is hereby authorized to accept without further action of this Board of Trustees, and the proceeds from such sale, except any premium or accrued interest thereon, shall be used for the purpose aforesaid and for no other purpose, and for which purpose such proceeds are hereby appropriated. Any premium (which is not used to pay the costs of issuance of the Bonds) and accrued interest shall be transferred to the bond retirement fund to be applied to the payment of principal and interest of such Bonds in the manner provided by law.

SECTION 5. That such Bonds shall be the full general obligations of this Authority, and the full faith, credit and revenue of this Authority are hereby pledged for the prompt payment of the same. The principal amount received from the sale of the Bonds and any excess fund resulting from the issuance of the Bonds shall, to the extent necessary, be used only for the retirement of the Bonds at maturity, together with interest thereon and is hereby pledged for such purpose.

SECTION 6. That during the year or years while such Bonds run there shall be levied upon all of the taxable property with the territorial boundaries of this Authority, in addition to all other taxes, a direct tax annually during the period the Bonds are to run in an amount sufficient to provide funds to pay upon the Bonds as and when the same becomes due and also to provide a fund for the discharge of the principal of the Bonds at maturity or upon mandatory sinking fund redemption; provided, however, that in each year to the extent that the Revenues or other moneys are available for the payment of such Bonds and are appropriated for such purpose, the amount of such tax shall be reduced by the amount of the Revenues or other moneys so available and appropriated.

SECTION 7. That such 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 such years are certified, extended and collected. Such tax shall be placed before and in preference to all other items and for the full amount thereof. The funds derived from such tax levy hereby required, or from the other described sources, shall be placed in a separate and distinct fund, which together with all interest collected on the same, shall be pledged irrevocably for the payment of the principal and interest of such Bonds when and as the same becomes due.

SECTION 8. That this Board of Trustees hereby covenants that it will restrict the use of the proceeds of the Bonds hereby authorized in such manner and to such extent, if any, and take such other actions as may be necessary, after taking into account reasonable expectations at the time the debt is incurred, so that they will not constitute obligations the interest on which is subject to federal income taxation or "arbitrage bonds" under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations prescribed thereunder, including any expenditure requirements, investment limitations or rebate requirements. The Secretary-Treasurer of this Authority or any other officer having responsibility with respect to the issuance of such Bonds is authorized and directed to give an appropriate certificate on behalf of this Authority on the date of delivery of the Bonds for inclusion in the transcript of proceedings, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to the use of the proceeds thereof and the provisions of said Sections 103(b)(2) and 148 and regulations thereunder.

SECTION 9. That the form of preliminary official statement with respect to such Bonds now on file with this Board of Trustees, the distribution thereof to prospective purchasers of the Bonds, and the deeming thereof to be final in accordance with Rule 15c-2-12(b)(1) of the Securities and Exchange Commission, except for certain information which has been omitted in accordance with such Rule and which will be provided in the final official statement, are hereby authorized, approved, ratified and confirmed. The President of this Board of Trustees, the Secretary-Treasurer of this Authority and the Assistant General Manager-Finance and Administration of this Authority are each hereby authorized, separately or with others and without further action of this Board of Trustees, to execute and deliver the final official statement on behalf of this Authority, in substantially the form submitted to this Board of Trustees with such changes as the signers thereof may approve, to the purchasers of the Bonds for distribution to prospective purchasers of the Bonds and other interested persons. Such final official statement shall be prepared in accordance with the requirements of Rule 15c2-12(b)(3) of the Securities and Exchange Commission, in order that this Authority may provide or cause to be provided a reasonable number of final official statements to the purchasers of the Bonds within seven business days of the date of the final agreement to sell the Bonds, and such signers are hereby authorized to make such determinations regarding the final official statement as are required by such Rule.

The Authority hereby covenants and agrees that it will execute, comply with and carry out all of the provisions of a continuing disclosure certificate dated the date of issuance and delivery of the Bonds (the "Continuing Disclosure Certificate") in connection with the issuance of the Bonds. Failure to comply with any such provisions of the Continuing Disclosure Certificate shall not constitute a default on the Bonds; however, any holder of the Bonds may take such action as may be necessary and appropriate, including seeking specific performance, to cause the Authority to comply with its obligations under this paragraph and the Continuing Disclosure Certificate.

SECTION 10. That for purposes of this Resolution, the following terms shall have the following meanings:

"Book entry form" or "book entry system" means a form or system under which (i) the beneficial right to payment of principal of and interest on the Bonds may be transferred only through a book entry, and (ii) physical Bond certificates in fully registered

form are issued only to the Depository or its nominee as registered owner, with the Bonds "immobilized" to the custody of the Depository, and the book entry maintained by others than this Authority is the record that identifies the owners of beneficial interests in those Bonds and that principal and interest.

"Depository" means any securities depository that is a clearing agency under federal law operating and maintaining, together with its Participants or otherwise, a book entry system to record ownership of beneficial interests in Bonds or principal and interest, and to effect transfers of Bonds, in book entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"Participant" means any participant contracting with a Depository under a book entry system and includes security brokers and dealers, banks and trust companies, and clearing corporations.

All or any portion of the Bonds may be initially issued to a Depository for use in a book entry system, and the provisions of this Section shall apply to such Bonds, notwithstanding any other provision of this Resolution. If and as long as a book entry system is utilized with respect to any of such Bonds: (i) there shall be a single Bond of each maturity; (ii) those Bonds shall be registered in the name of the Depository or its nominee, as registered owner, and immobilized in the custody of the Depository; (iii) the beneficial owners of Bonds in book entry form shall have no right to receive Bonds in the form of physical securities or certificates; (iv) ownership of beneficial interests in any Bonds in book entry form shall be shown by book entry on the system maintained and operated by the Depository and its Participants, and transfers of the ownership of beneficial interests shall be made only by book entry by the Depository and its Participants; and (v) the Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by this Authority. Debt service charges on Bonds in book entry form registered in the name of a Depository or its nominee shall be payable in the manner provided in this Authority's agreement with the Depository to the Depository or its authorized representative (i) in the case of interest, on each interest payment date, and (ii) in all other cases, upon presentation and surrender of Bonds as provided in this Resolution.

The Paying Agent and Registrar may, with the approval of this Authority, enter into an agreement with the beneficial owner or registered owner of any Bond in the custody of a Depository providing for making all payments to that owner of principal and interest on that Bond or any portion thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner (including wire transfer of federal funds) other than as provided in this Resolution, without prior presentation or surrender of the Bond, upon any conditions which shall be satisfactory to the Paying Agent and Registrar and to this Authority. That payment in any event shall be made to the person who is the registered owner of that Bond on the date that principal is due, or, with respect to the payment of interest, as of the applicable date agreed upon as the case may be. The Paying Agent and Registrar shall furnish a copy of each of those agreements, certified to be correct by the Paying Agent and Registrar, to other paying agents for Bonds and to this Authority. Any payment of principal or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Resolution.

The Secretary-Treasurer of this Authority is authorized and directed without further action of this Board of Trustees to execute, acknowledge and deliver, in the name of and on behalf of this Authority, a letter agreement among this Authority, the Paying Agent and Registrar and The Depository Trust Company, as Depository, to be delivered in connection with the issuance of the Bonds to the Depository for use in a book entry system.

If any Depository determines not to continue to act as Depository for the Bonds for use in a book entry system, this Authority and the Paying Agent and Registrar may attempt to establish a securities depository/book entry relationship with another qualified Depository under this Resolution. If this Authority and the Paying Agent and Registrar do not or are unable to do so, this Authority and the Paying Agent and Registrar, after the Paying Agent and Registrar has made provision for notification of the beneficial owners by the then Depository, shall permit withdrawal of the Bonds from the Depository and authenticate and deliver Bond certificates in fully registered form to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing definitive Bonds), if the event is not the result of action or inaction by this Authority or the Paying Agent and Registrar, of those persons requesting such issuance.

In the event the book-entry only system is discontinued, principal of and any redemption premium on the Bonds will be payable when due to the registered owners thereof upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent and Registrar or an office of any Paying Agent and Registrar or by wire transfer made at the request of a holder of at least \$1,000,000 aggregate principal amount of Bonds; interest thereon will be payable when due by the Paying Agent and Registrar by check or draft, mailed or delivered on the Interest Payment Date to the registered owner at the address shown on the Paying Agent and Registrar as of the last day of the calendar month preceding the Interest Payment Date or at an office of any Paying Agent and Registrar or by wire transfer made at the request of a holder of at least \$1,000,000 aggregate principal amount of Bonds; and the Bonds will be exchangeable for the Bonds of authorized denominations, and transferable, at the office of the Paying Agent and Registrar without charge (except taxes or other governmental fees). No transfer or exchange of the Bonds may be required to be made (i) between the fifteenth (15th) day preceding the mailing of a notice of redemption and the date of such mailing or (ii) of any Bond selected for redemption (in whole or in part).


SECTION 11. That the Secretary-Treasurer of this Authority is hereby authorized without further action of this Board of Trustees to execute and deliver (i) an agreement for the sale of such Bonds with the purchaser thereof (including any forward purchase contract or other document to purchase the escrow securities), (ii) an escrow agreement with the Paying Agent, Registrar and transfer agent for the refunding defeasance of the Prior Bonds, and (iii) an agreement with the Paying Agent and Registrar for its services as paying agent, registrar and transfer agent for the Bonds, in each case in such form as such officer may approve, the execution thereof by such officer to be conclusive evidence of such authorization and approval.

SECTION 12. That the Secretary-Treasurer of this Authority is hereby directed to forward a certified copy of this Resolution to the County Auditor of each county in which any part of the territory of this Authority is located.

SECTION 13. That it is found and determined that all formal actions of this Board of Trustees concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Board of Trustees, and that all deliberations of this Board of Trustees and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with the law, including Section 121.22 of the Revised Code of Ohio.

SECTION 14. That this Resolution shall take effect immediately upon its adoption.

ADOPTED: October 20, 1998.


Acting President

ATTEST: 
General Manager/Secretary-Treasurer