

RESOLUTION NO. 2010-10

AUTHORIZING THE ISSUANCE OF REVENUE ANTICIPATION NOTES IN AN AMOUNT NOT TO EXCEED \$15,000,000 IN ANTICIPATION OF THE RECEIPT OF REVENUES OF THE AUTHORITY; PROVIDING FOR THE SECURITY AND THE PAYMENT OF SUCH NOTES; PROVIDING FOR THE SALE OF SUCH NOTES TO PNC BANK, NATIONAL ASSOCIATION, SUCCESSOR TO NATIONAL CITY BANK, AND PROVIDING FOR THE SEGREGATION AND DISTRIBUTION OF REVENUES OF THE AUTHORITY AND THE RIGHTS OF THE OWNERS OF SUCH NOTES

WHEREAS, the Secretary-Treasurer of the Greater Cleveland Regional Transit Authority (the "Authority") has heretofore certified that the estimated amount to be received by the Authority from current revenues of the Authority (defined herein as the "Revenues") for the remainder of this 2010 fiscal year, and not subject to any previous borrowing, is in excess of \$30,000,000, and the principal amount shall not exceed 50% of this amount; and

WHEREAS, the Secretary-Treasurer has determined it necessary to issue notes in anticipation of the collection of the Revenues, pursuant to Section 133.10 of the Ohio Revised Code, in an amount of not to exceed \$15,000,000.00 to provide funds to be used only for the purposes for which the Revenues are collected, distributed, and appropriated, including financing costs related to such notes; and

WHEREAS, the Secretary-Treasurer expects the general revenues of the Authority, including proceeds of the Authority's one percent (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 notes; and

WHEREAS, this Secretary-Treasurer finds that all conditions precedent to the issuance and sale of the herein-authorized revenue anticipation notes have been met or can be met prior to the closing of such note issue.

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 \$15,000,000.00 of revenue anticipation notes of the Authority (the "Notes") pursuant to Chapter 306 of the Ohio Revised Code and Section 133.10 of the Uniform Public Securities Law of the Ohio Revised Code in anticipation of the receipt of the Revenues. The Notes shall be substantially in the form of Exhibit A, attached hereto and incorporated herein by reference, and shall be designated "Revenue Anticipation Notes, Series 2010". Said Notes shall a principal amount not to exceed \$15,000,000.00, be numbered from R-1 upwards in order of issuance, be dated the date of their initial issuance, bear interest on the unpaid principal amount thereof at the rate not to exceed four per cent (4.00%) per annum, from the last date to which interest has been paid, or if no interest has been paid, from the date of their initial issuance, payable at maturity, and mature not later than December 31, 2010, as determined by the Secretary-Treasurer pursuant to this Resolution and set forth in a Certificate of Award signed by the Secretary-Treasurer. If the total principal of the Notes is not disbursed at the initial delivery of the Notes, such principal amount shall be disbursed by the owner of the Notes in installments upon the request of the Authority, and interest on each disbursement shall be calculated from the date of disbursement.

The Notes shall be signed by President of the Board of Trustees and the Secretary-Treasurer, provided that one of such signatures may be facsimiles. The Notes shall be in the denomination equal to the aggregate principal amount of the Notes. It is hereby determined that the issuance of the Notes upon the terms described herein are in the best interest of the Authority.

Section 2. That installments of principal of and interest on the Notes shall be payable in lawful money of the United States of America to the registered owner thereof as shown on the registration records for the Notes which shall be maintained by the Authority. No transfer of ownership of the Notes shall be valid unless made at the request of the registered owner thereof on the registration records of the Authority. The Authority may deem and treat the registered owner of the Notes as the absolute owner thereof for all purposes; and the Authority shall not be affected by any notice to the contrary. The Secretary-Treasurer of the Authority shall serve as registrar for the Notes, and payments of installments of principal of and interest on the Notes shall be made by check or draft mailed to the registered owner thereof at the address shown on the registration records of the Authority, except that the final installment of principal of and interest on the Notes shall be made upon presentation and surrender thereof to the Authority.

Section 3. That the Notes shall be subject to redemption in whole or in part, on any date, at the option of the Authority at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption. Notice of the exercise of such right of redemption shall be given by written notice to the registered owner of the Notes mailed not less than 30 days prior to the redemption date.

Section 4. That the Notes shall be payable solely from the Revenues deposited in the Authority's General Fund. Funds in the Authority's General Fund derived from such Revenues in an amount sufficient to provide for the payment of principal and interest on the Notes as and when the same become due or upon optional redemption are hereby appropriated for such purposes; and shall be placed in a separate and distinct fund (the "Note Payment Fund"), which together with all interest collected on the same, shall be pledged irrevocably for such purpose.

Section 5. That the Notes shall be sold to the Bank at par plus accrued interest, if any, by the Secretary-Treasurer in accordance with its offer to purchase which the Secretary-Treasurer is hereby authorized to accept without further action of the Board of Trustees. All proceeds received from the sale of the Notes, other than accrued interest, shall be deposited in the appropriate funds and accounts of the Authority and used only for the purposes for which the Revenues are collected and appropriated and for no other purpose. Any premium (which is not used to pay the costs of issuance of the Notes) and accrued interest shall be transferred to the Note Payment Fund to be applied to the payment of principal and interest of such Notes in the manner provided by law.

Section 6. That this Board of Trustees hereby covenants that it will restrict the use of the proceeds of the Notes hereby authorized in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time the debt is incurred, so that said notes will not constitute "arbitrage bonds" under Sections 103(b)(2) and 148 of the Internal Revenue Code, as amended (the "Code") and the regulations prescribed thereunder. The Secretary-Treasurer is authorized and directed to give an appropriate certificate on behalf of the Authority, on the date of delivery of said notes, for inclusion in the transcript of proceedings, setting forth the facts, estimates, circumstances and reasonable expectations pertaining to the use of the proceeds thereof and the provisions of said Sections 103(b)(2) and regulations thereunder.

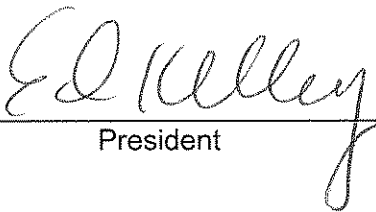
Section 7. That it is found and determined that all formal actions of this Board of Trustees concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Board of Trustees, and that all deliberations of this Board of Trustees and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with the law, including Section 121.22 of the Ohio Revised Code.

Section 8. That all resolutions and orders of the Authority, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed, and each section of this Resolution is independent and the finding or holding of any section or subdivision hereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivision of this Resolution. The provisions of this Resolution are subject to the laws of the State of Ohio.


Section 9. That this resolution shall take effect immediately upon its adoption.

Attachment: Exhibit A – Draft Revenue Anticipation Note

Adopted: January 19, 2010



President

Attest: 

CEO, General Manager/Secretary-Treasurer

DRAFT

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF OHIO
COUNTY OF CUYAHOGA

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
REVENUE ANTICIPATION NOTE,
SERIES 2010

<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Dated</u> <u>Date</u>	<u>CUSIP</u>
REGISTERED OWNER:	CEDE & CO.		
PRINCIPAL AMOUNT:	\$15,000,000 FIFTEEN MILLION AND 00/100 DOLLARS		

KNOW ALL MEN BY THESE PRESENTS, that the Greater Cleveland Regional Transit Authority (the "Issuer"), in the County of Cuyahoga, Ohio, for value received, hereby promises to pay to the registered owner specified above, or its registered assigns, but solely out of the sources as herein provided, the principal sum of [FIFTEEN MILLION DOLLARS [\$15,000,000)], or such lesser amount as may be disbursed hereunder, on or before [December ____ 2010] in accordance with the terms hereof, and to pay to such registered owner interest on said sum from the date hereof at the interest rate of ([____]%) per annum at maturity. This Note bears interest from the most recent date to which interest has been paid or, if no interest has been paid, from the date hereof. If the total principal of this Note is not disbursed at the initial delivery of this Note, such principal amount shall be disbursed by the owner of this Note in installments upon the request of the Issuer, and interest on each disbursement shall be calculated from the date of disbursement.

The principal of and interest on this Note shall be payable in lawful money of the United States of America to the registered owner hereof as shown on the registration records of the Issuer. No transfer of ownership of this Note shall be valid unless made at the request of the registered owner thereof on the registration records of the Issuer and on this Note. The Issuer may deem and treat the registered owner of this Note as the absolute owner hereof for all purposes, and the Issuer shall not be affected by any notice to the contrary. The Secretary-Treasurer of the Board of Trustees of the Issuer serves as registrar for this Note, and payments of installments of principal of and interest on this Note shall be made by check or draft mailed to the registered owner hereof at the address shown on the registration records of the Issuer, except that the final installment of principal of and interest on this Note shall be made upon presentation and surrender hereof to the Issuer.

This Note is one of a duly authorized series of Notes, aggregating \$15,000,000 in principal amount and has been issued by the Issuer in anticipation of the receipt of the Revenues, as hereinafter defined, and in full compliance with the Constitution and statutes of the State of Ohio, particularly Section 306.30, et seq., of the Ohio Revised Code, and Resolution No. 2010-__, adopted by the Board of Trustees (the "Board") of the Authority on

_____, 2010 (the "Note Resolution"), copies of which are on file in the office of the Secretary-Treasurer of the Board of Trustees of the Issuer, the terms and conditions of which, the registered owner hereof, by its acceptance hereof, assents.

Notes of this issue may be called for redemption by the Issuer at its option on any date, in whole or in part, at a redemption price shall be 100% of the principal amount to be redeemed plus accrued interest to the date of redemption. Notice of the exercise of such right of redemption shall be given by written notice to the registered owner of the Notes mailed not less than 30 days prior to the redemption date. All Notes as to which the Issuer exercises its right of redemption and as to which notice aforesaid shall have been given and for the retirement of which funds are duly provided will cease to bear interest on the redemption date.

This Note and the issue, of which it is one, are payable solely from and secured by and constitutes a charge on the current revenues of the Issuer deposited in the general fund (the "Revenues"), as authorized in the Note Resolution. This Note is payable only from the Revenues and the moneys and investments in the Note Payment Fund, as defined in the Note Resolution, and does not in any manner constitute an indebtedness of the Issuer, the State of Ohio or any other political subdivision thereof within the provisions and limitations of the laws and the Constitution of Ohio, and the holder of this Note shall have no right to have taxes or excises levied by the Issuer, the State of Ohio, or any political subdivision thereof for the payment of principal of or interest on this Note.

This Note is transferable only upon presentation to the Issuer with a written transfer duly acknowledged by the registered owner or his attorney; any such transfer shall be noted hereon and upon the books of the Issuer kept by the Issuer for that purpose. If the total principal of this Note is not disbursed at the initial delivery of this Note, this Note may not be transferred without the consent of the Issuer until the entire principal amount of this Note has been disbursed. The Issuer may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer shall not be affected by any notice to the contrary.

Reference is hereby made to the Note Resolution for a more complete description of the Revenues and the Note Payment Fund, the nature and extent of the security for this Note, the rights, duties and obligations of the Noteowners and the Issuer in respect of such security, and the terms and conditions upon which this Note is, and is to be issued and secured, to all the provisions of which Note Resolution each Noteowner, by the acceptance hereof, assents. A copy of the Note Resolution is on file in the office of the Issuer.

Upon default in the payment of the principal or interest on this Note or upon failure of the Issuer to comply with any other provisions of this Note or the provisions of the Note Resolution, the registered owner hereof may at its option institute all rights and remedies provided by law and in the Note Resolution.

This Note shall not constitute the personal obligation, either jointly or severally, of the members of the Board of Trustees of the Issuer or its officers or employees.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to any issuance of this Note, now exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Greater Cleveland Regional Transit Authority acting by its Board of Trustees, has caused this Note to be executed by the facsimile signature of its President and attested by its Secretary-Treasurer, as of February ____, 2010.

GREATER CLEVELAND REGIONAL TRANSIT
AUTHORITY

By: _____
George F. Dixon, III
President

ATTEST:

By: _____
Joseph A. Calabrese
General Manager/Secretary-Treasurer

ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____

(PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE)

Please Print or Typewrite Name and Address of Assignee:

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in, the premises.

Dated: _____

Signature Guaranteed

Signature

NOTICE: Signature(s) must be guaranteed by an Eligible Signature Guarantor Institution.

NOTICE: The signature to this assignment must correspond with name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION: AUTHORIZING THE ISSUANCE OF REVENUE ANTICIPATION NOTES IN 2010. AMOUNT: \$15,000,000	Resolution No.: 2010-10
	Date: February 11, 2010
	Initiator: Finance & Administration
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will authorize the issuance of revenue anticipation notes, in a total sum not to exceed \$15,000,000 by the Authority pursuant to Ohio Revised Code, including Section 133.10, for the purpose of paying current expenses of the Authority in anticipation of revenues to be received by the Authority through the remainder of the current fiscal year. The resolution further authorizes the Secretary-Treasurer to sell the notes to PNC Bank, National Association, successor to National City Bank, in accordance with the terms set forth in the resolution and the offer from PNC Bank, which offer the Secretary-Treasurer is authorized to accept without any further action of the Board of Trustees.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The sale of the Revenue Anticipation Notes, Series 2010 will involve the issuance of tax-exempt notes in an amount sufficient to meet the Authority's current capital expenses, including paying the costs of issuance of the notes. The major capital expense will be preventive maintenance, which is grant eligible and reimburses the General Fund. Interest Expense will accrue at a rate not to exceed four percent (4%) per annum and by law, must mature no later than December 31, 2010 (the end of the current fiscal year).
- 3.0 **PROCUREMENT BACKGROUND:** Contract 2005-150 with PNC Bank, National Association, successor to National City Bank authorizes the Authority to issue debt through PNC Bank, National Association until March 9, 2010.
- 4.0 **DBE/AFFIRMATIVE ACTION BACKGROUND:** All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to lack of certified DBE firms.
- 5.0 **POLICY IMPACT:** The notes and any other debt will be issued within the constraints of the Greater Cleveland Regional Transit Authority's Financial and Debt Policies. The issuance of these notes will allow the Authority to meet cash flow needs while maintaining a sufficient cash balance.
- 6.0 **ECONOMIC IMPACT:** The Underwriter fee for PNC Bank, National Association, successor to National City Bank, will be payable out of the proceeds at a rate of \$1.40 per thousand dollars (approximately \$21,000). Interest expense in an amount not to exceed three hundred thousand (\$300,000) shall be payable out of the General Fund pending Board authorization of the budget appropriation.

- 7.0 ALTERNATIVES: Rejection of this resolution may cause the Authority to be unable to meet cash flow requirements.
- 8.0 RECOMMENDATION: It is recommended that this resolution be adopted authorizing the issuance of Revenue Anticipation Notes.
- 9.0 ATTACHMENTS: None.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



CEO, General Manager/Secretary-Treasurer