RESOLUTION NO. 2005-47

A RESOLUTION

AUTHORIZING AND DIRECTING THE PRESIDENT & CEO TO EXECUTE AND DELIVER A CONTRACT WITH JOE MYERS FORD FOR AUTOMOTIVE PARTS AND ACCESSORIES; AND MAKING FINDINGS AND PROVISIONS RELATIVE TO THE SUBJECT.

WHEREAS, METRO issued an Invitation for Bids for automotive parts and accessories for its fleet of non-revenue support vehicles; and

WHEREAS, Joe Myers Ford submitted the lowest responsive and responsible bid;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY THAT:

Section 1. The President & CEO is hereby authorized and directed to execute and deliver a contract with Joe Myers Ford for automotive parts and accessories for non-revenue support vehicles for an amount not to exceed $462,210.00.

Section 2. This resolution is effective immediately upon passage.

PASSED this 16th day of June, 2005
APPROVED this 16th day of June, 2005

ATTEST:

[Signature]
Assistant Secretary

David S. Wolff
Chairman

[Stamp] METROPOLITAN TRANSIT AUTHORITY
RESOLUTION NO. 2005-48

RESOLUTION APPROVING DEBT POLICY
AND OTHER MATTERS RELATING THERETO

WHEREAS, the Board of Directors (the “Board”) of the Metropolitan Transit Authority of Harris County, Texas (“Authority”) adopted Board Resolution No. 87-110 on October 22, 1987, establishing a “pay as you go” policy for Authority transit projects;

WHEREAS, the “METRO Solutions” transit plan was approved by public referendum on November 4, 2003, and the use of debt is essential to accelerate the implementation schedule of such plan;

WHEREAS, the proposition approved at the November 4, 2003, referendum specifically includes approval of $640 million in bond authorization; and

WHEREAS, the Board now desires to rescind the “pay as you go” policy approved Board Resolution No. 87-110 and approve a new debt policy in the form attached hereto as Exhibit A (the “Debt Policy”);

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS THAT:

Section 1. Board Determination. The Board hereby finds, determines and certifies that the facts and recitations contained in the preamble of this Resolution are true and correct and that rescinding the “pay as you go” policy approved by Board Resolution No. 87-110 is in the best interests of the Authority.

Section 2. Rescission of “Pay As You Go” Policy. The Board hereby rescinds the “pay as you go” policy approved by Board Resolution No. 87-110.

Section 3. Approval of Debt Policy. The Board has reviewed and hereby approves the Debt Policy substantially in the form attached hereto as Exhibit A.

Section 4. Authorization to Execute and Deliver Documents and Approval of Certain Other Matters. The Board hereby authorizes the President and Chief Executive Officer and any other officer of the Authority designated by the President and Chief Executive Officer (each, an “Authorized Representative”) to execute and deliver, or to cause to be executed and delivered, any documents, instruments and certificates, as any such Authorized Representative, in such person’s discretion, may deem necessary, advisable or appropriate to effectuate or carry out the obligations or responsibilities of the Authority under the Debt Policy or the purpose and intent of this Resolution and the taking of any such action shall conclusively evidence the appropriateness or necessity of any such documents, instruments and certificates.

Section 5. Further Actions. The Board hereby authorizes the Authorized Representatives to take all other actions and do all other things, as may be necessary, desirable or appropriate to carry out the obligations or responsibilities of the Authority under the Debt Policy or the purpose and intent of this Resolution.
Section 6. **Enforceable and Binding Act.** Any agreement authorized by this Resolution shall become the enforceable and binding act and obligation of the Authority upon execution and delivery thereof.

Section 7. **Severability.** If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 8. **Open Meeting.** It is hereby found, determined, and declared that a sufficient written notice of the date, hour, place, and subject of the meeting of the Board at which this Resolution was adopted was posted at a location and for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered, and formally acted upon. The Board further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 9. **Exhibit A Incorporated.** Exhibit A is incorporated hereby into and made a part of this Resolution for all purposes.

Section 10. **Power to Revise Form of Debt Policy.** Notwithstanding any other provision of this Resolution, each Authorized Representative is hereby authorized to make or approve such revisions, additions, deletions and variations in the form of Debt Policy attached hereto as Exhibit A as, in the judgment of such Authorized Representative and in the opinion of legal counsel to the Authority, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 11. **Ratification and Confirmation.** All acts, transactions or agreements undertaken prior to the adoption of this Resolution by any member of the Board or any representative of the Authority in connection with the matters authorized by this Resolution and all actions incidental thereto are hereby ratified, confirmed and adopted by the Authority.
RESOLUTION NO. 2005-48

APPROVED AND ADOPTED this June 16, 2005.

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS

Chairman, Board of Directors

ATTEST:

By:

Asst. Secretary of Board of Directors
1.0 Purpose

The purpose of the Metropolitan Transit Authority ("METRO") Board of Directors' ("Board") Debt Policy is to establish guidelines for the utilization of debt instruments. Debt instruments may include senior lien sales tax revenue bonds, subordinate lien sales tax revenue bonds, commercial paper, bank lines, standby purchase agreements or letters of credit, variable rate demand notes, variable rate auction rate notes, capital leases, grant anticipation revenue vehicles, and fare box revenue bonds ("Debt Instruments"). Debt Instruments will only be used to finance capital assets, infrastructure improvements, and additions, to refund or defease existing obligations, to fund capitalized interest, costs of issuance or to make deposits to reserve funds and other funds required or provided for in such Debt Instruments. Defeased leases are not considered debt instruments for purposes of this policy.

METRO will ensure that all uses of Debt Instruments are in compliance with state and Federal laws, the guidelines contained herein, adopted and active bond ordinances, insurance covenants and existing financial agreements. Further, METRO will ensure that the utilization of any Debt Instrument provides the most prudent and cost-effective funding possible taking all material matters into account.

2.0 Debt Limits:

2.1 Lines/Letters of Credit/Standby Purchase Agreements not enhancing a Debt Instrument – Up to $100 million and one year term (non-voted).

2.2 Lines/Letters of Credit/Standby Purchase Agreements enhancing a Debt Instrument – No limit.

2.3 Commercial Paper – Up to $400 million together with Notes and 5 years (non-voted).

2.4 Notes – Up to $400 million together with Commercial Paper and 5 years (non-voted).

2.5 Sales Tax Bonds – Up to voter authorized amounts and 35 years (voted).

2.6 Capital Leases – No limit.

2.7 Fare Box Revenue Bonds – No authorization currently.

2.8 Grant Anticipation Revenue Vehicles – No authorization currently.

3.0 Structure of Debt Instruments

3.1 Term – The term of the Debt Instruments should equal the lesser of the useful life of the facility being financed or 30 years after the project is placed
in service. There shall be no balloon amortization schedules when long-term Debt Instruments are planned for permanent financing.

3.2 Subordinate Lien Obligations – Subordinate lien obligations may be recommended by the Finance/Audit Committee for Board approval, and shall be based on the overall financing structure of METRO and shall not exceed 10% of the outstanding Debt Instruments.

3.3 Capital Leases – Capital leases or other equipment financing will generally only be used if the present value of lease payments is less than the present value of debt service payments on notes or bonds issued for the same time frame. Capital leases may be used, however, to increase long-term borrowing capacity irregardless of this present value calculation.

4.0 Financial Policies

4.1 Sales tax projections used in long term planning shall be performed by external economist(s) with management adjustments for the current year.

4.2 The General Fund should be managed to maintain a working capital reserve minimum of 15% of annualized budgeted operating expenditures.

4.3 Proceeds from the sale of capital assets should also be placed in a capital reserve and only used for the purposes of the reserve.

4.4 Bond Reserve Funds – It is the goal of METRO to only use bond reserve funds when economically feasible. It is METRO's goal to satisfy the liquidity requirements sought by bond investors and credit agencies by maintaining healthy General Fund working capital.

5.0 Variable Rate Exposure

5.1 Metro anticipates issuing commercial paper in the inaugural years of the issuance of Debt Instruments and then converting to fixed rates over time. As a result, variable rate debt will initially constitute 100% of METRO's Debt Instruments. Over time METRO will reduce this exposure to more traditional ratios.

5.2 Conservative budgeting practices should be utilized for budgeting interest costs on variable rate debt such as 1% above the two year historical average rate for the BMA index plus ongoing costs such as credit facilities. Savings from budget versus actual should be used to pay off variable rate debt annually.

5.3 Commercial paper may be used to provide interim financing. Outstanding commercial paper shall be counted as variable rate debt. METRO shall select commercial paper dealers through a competitive process. A minimum of two commercial paper dealers should be utilized for programs greater than $100 million to ensure competitive pricing. The maximum maturity shall not exceed 270 days. Principal outstanding under a commercial paper program may be refinanced to a longer term with fixed or variable rate debt.
6.0 Method of Sale – METRO may use both competitive and negotiated sales.

6.1 Negotiated Sales – In general negotiated sales may be used in any of the following circumstances:

6.1.1 Complex transactions that require extensive financial modeling, credit analysis, or pre-marketing efforts, or that are interest rate sensitive;

6.1.2 Volatile financial markets; or

6.1.3 To better accomplish the objectives of METRO’s Small Business Program.

6.1.4 Short Term remarketings.

6.2 Competitive Sales – Competitive sales may be used when each of the following circumstances are satisfied:

6.2.1 Long-term, fixed rate senior lien sales tax revenue bonds being issued for new projects or to currently refund commercial paper;

6.2.2 Simple structure and financial analysis;

6.2.3 Stable financial markets; and

6.2.4 Moderate par amounts.

7.0 Refunding of Fixed Rate Debt Parameters

7.1 Overall transaction net of costs of issuance, should produce positive net present value (“PV”) savings of at least approximately 5.0% of the refunded par and gross debt service savings.

7.2 Individual maturities can be included if they generate net PV savings of greater than 5.0% for maturities longer than five years and greater than 2.0% if they are less than five years.

8.0 Continuing Disclosure

METRO shall comply with all continuing disclosure agreements to which it enters in order to comply with SEC Rule 15c2-12. These filings may include the filing of annually updated financial information as well as notice of specified material events as appropriate.

9.0 Interest Rate Swaps and Derivative Debt Instruments

Derivative products shall not be used by METRO.
CERTIFICATE FOR RESOLUTION

STATE OF TEXAS

METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS

I, the undersigned officer of the Board of Directors of the Metropolitan Transit Authority of Harris County, Texas, hereby certify as follows:

1. The Board of Directors (the "Board") of the Metropolitan Transit Authority of Harris County, Texas (the "Authority") convened in a regular meeting on June 16, 2005, at the regular meeting place thereof within said Authority (the "Meeting"), and the roll was called of the duly constituted officers and members of the Board, to wit:

   Mr. David S. Wolff  Chairman
   Mr. Gerald B. Smith  Vice Chairman
   Mr. Jackie Freeman  Secretary
   Mr. George A. Demontrond, III  Director
   Bishop James Dixon, II  Director
   Ms. Carmen Orta  Director
   Mr. Rafael Ortega  Director
   Ms. Louise T. Richman  Director
   Mr. C. Jim Stewart, III  Director

   and all of such persons were present at the meeting, except [Signature], thus constituting a quorum. Whereupon, the following was transacted at such meeting:

RESOLUTION APPROVING DEBT POLICY AND OTHER MATTERS RELATING THERETO

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that this resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of this resolution, prevailed and carried by the following vote:

AYES: 6  NOES: 0  ABSTENTIONS: 0

2. That a true, full and correct copy of the aforesaid resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that such true, full and correct copy of the aforesaid resolution is thereby included among the public records of the Authority; that this resolution has been duly recorded in said Board's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of the Meeting pertaining to the adoption of this resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid Meeting, and that this resolution would be
introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; that the Meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of the Meeting was given as required by Chapter 551, Texas Government Code, as amended.

SIGNED AND SEALED this \underline{June 16}, 2005.

\begin{center}
\text{METRO AUTHORITY (AUTHORITY SEAL)}
\end{center}

\begin{center}
\text{Ant. Secretary, Board of Directors}
\end{center}
RESOLUTION AUTHORIZING A FUNDED "METRO TRANSIT CAPITAL RESERVE" FOR PROCEEDS FROM THE SALE OF SURPLUS ASSETS UNTIL NEEDED FOR IMPLEMENTATION OF METRO SOLUTIONS TRANSIT PLAN AND APPROVING OTHER MATTERS RELATING THERETO

WHEREAS, the Board of Directors (the "Board") of the Metropolitan Transit Authority of Harris County, Texas (the "Authority") has recently approved certain transactions disposing of fixed assets deemed to be surplus to the Authority's operations;

WHEREAS, under past practice, the proceeds of such sales would be placed in the Authority's investment portfolio along with other funds and used as needed for the payment of operating, general mobility or capital costs;

WHEREAS, the "METRO Solutions" transit plan was approved by public referendum on November 4, 2003 and, given the amount of capital expenditures required to implement such plan, the Authority's staff has recommended the establishment of a transit capital reserve account and the allocation of proceeds from the disposition of surplus assets to such account for the payment of capital expenditures relating to the METRO Solutions transit plan;

WHEREAS, the Board has considered the staff recommendation and now desires to approve the establishment of a transit capital reserve account and the allocation of proceeds from the disposition of surplus assets to such account for the payment of capital expenditures relating to the METRO Solutions transit plan;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS THAT:

Section 1. Board Determination. The Board hereby finds, determines and certifies that the facts and recitations contained in the preamble of this Resolution are true and correct and that the establishment of a transit capital reserve account and the allocation of proceeds from the disposition of surplus assets to such account for the payment of capital expenditures relating to the METRO Solutions transit plan are in the best interests of the Authority.

Section 2. Establishment of Transit Capital Reserve Account. The Board hereby authorizes and approves the creation of a capital reserve account to be designated as "The Metropolitan Transit Authority of Harris County, Texas, Transit Capital Reserve Account" (the "Capital Reserve Account"). Funds on deposit in the Capital Reserve Account shall only be used for the payment of capital expenditures relating to the METRO Solutions transit plan unless otherwise directed by the Board. The Capital Reserve Account shall be funded from time to time with proceeds derived from the disposition of fixed assets deemed to be surplus to the Authority's operations, including proceeds from the following:
RESOLUTION NO. 2005-49

Sale of Surplus Assets | Net Receipts
---|---
1. Sale of six surplus trolleys to Capital Metro Austin | $99,604
2. Sale of surplus property adjacent to Hiram Clarke Transit Center to City of Houston for multi-purpose center | $409,982
3. Sale of Alief Park & Ride lot to City of Houston for Health Center by Harris County | $625,100
4. Sale of West Loop Park & Ride lot to Wal-Mart | $2,948,640

TOTAL | $4,083,326

Section 3. Authorization to Execute and Deliver Documents and Approval of Certain Other Matters. The Board hereby authorizes the President and Chief Executive Officer and any other officer of the Authority designated by the President and Chief Executive Officer (each, an “Authorized Representative”) to execute and deliver, or to cause to be executed and delivered, any documents, instruments and certificates, as any such Authorized Representative, in such person’s discretion, may deem necessary, advisable or appropriate to effectuate or carry out the obligations or responsibilities of the Authority with respect to the Capital Reserve Account or the purpose and intent of this Resolution, and the taking of any such action shall conclusively evidence the appropriateness or necessity of any such documents, instruments and certificates.

Section 4. Further Actions. The Board hereby authorizes the Authorized Representatives to take all other actions and do all other things, as may be necessary, desirable or appropriate to carry out the obligations or responsibilities of the Authority with respect to the Capital Reserve Account or the purpose and intent of this Resolution.

Section 5. Enforceable and Binding Act. Any agreement authorized by this Resolution shall become the enforceable and binding act and obligation of the Authority upon the execution and delivery thereof.

Section 6. Severability. If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. Open Meeting. It is hereby found, determined, and declared that a sufficient written notice of the date, hour, place, and subject of the meeting of the Board at which this Resolution was adopted was posted at a location and for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this
Resolution and the subject matter thereof has been discussed, considered, and formally acted upon. The Board further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 8. Ratification and Confirmation. All acts, transactions or agreements undertaken prior to the adoption of this Resolution by any member of the Board or any representatives of the Authority in connection with the matters authorized by this Resolution and all actions incidental thereto are hereby ratified, confirmed and adopted by the Authority.
RESOLUTION NO. 2005-49

APPROVED AND ADOPTED this June 16, 2005.

METROPOLITAN TRANSIT AUTHORITY OF
HARRIS COUNTY, TEXAS

By: [Signature]
Chairman, Board of Directors

ATTEST:

By: [Signature]
Asst. Secretary, Board of Directors
CERTIFICATE FOR RESOLUTION

STATE OF TEXAS

METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS

I, the undersigned officer of the Board of Directors of the Metropolitan Transit Authority of Harris County, Texas, hereby certify as follows:

1. The Board of Directors (the "Board") of the Metropolitan Transit Authority of Harris County, Texas (the "Authority") convened in a regular meeting on June 16, 2005, at the regular meeting place thereof within said Authority (the "Meeting"), and the roll was called of the duly constituted officers and members of the Board, to wit:

   Mr. David S. Wolff   Chairman
   Mr. Gerald B. Smith  Vice Chairman
   Mr. Jackie Freeman   Secretary
   Mr. George A. Demontroind, III Director
   Bishop James Dixon, II Director
   Ms. Carmen Orta      Director
   Mr. Rafael Ortega    Director
   Ms. Louise T. Richman Director
   Mr. C. Jim Stewart, III Director

and all of such persons were present at the meeting except , thus constituting a quorum. Whereupon, the following was transacted at such meeting:

RESOLUTION AUTHORIZING A FUNDED "METRO TRANSIT CAPITAL RESERVE" FOR PROCEEDS FROM THE SALE OF SURPLUS ASSETS UNTIL NEEDED FOR IMPLEMENTATION OF METRO SOLUTIONS TRANSIT PLAN AND APPROVING OTHER MATTERS RELATING THERETO

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that this resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of this resolution, prevailed and carried by the following vote:

   AYES: 6          NOES: 0          ABSTENTIONS: 0

2. That a true, full and correct copy of the aforesaid resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that such true, full and correct copy of the aforesaid resolution is thereby included among the public records of the Authority; that this resolution has been duly recorded in said Board's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of the Meeting pertaining to the adoption of this resolution;
that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid Meeting, and that this resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; that the Meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of the Meeting was given as required by Chapter 551, Texas Government Code, as amended.

SIGNED AND SEALED this June 16, 2005.

[Signature]

Anahy de Leon
Secretary, Board of Directors

(AUTHORITY SEAL)