RESOLUTION NO. 2005-52

RESOLUTION APPROVING PROCEEDINGS TO AUTHORIZE METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS, SALES AND USE TAX REVENUE COMMERCIAL PAPER NOTES, SERIES A, INCLUDING THE PREPARATION OF FINANCING AND OFFERING DOCUMENTS; APPROVING REQUESTS FOR PROPOSALS FOR A DEALER, LIQUIDITY BANK AND ISSUING AND PAYING AGENT FOR THE NOTES AND THE DISTRIBUTION THEREOF; APPROVING REIMBURSEMENT OF CERTAIN PRIOR EXPENDITURES FROM THE PROCEEDS OF SUCH NOTES; AND MAKING OTHER PROVISIONS REGARDING SUCH NOTES AND MATTERS INCIDENT THERETO

WHEREAS, the Board of Directors (the “Board”) of the Metropolitan Transit Authority of Harris County, Texas (the “Authority”), has determined that it is in the best interests of the Authority to authorize its Sales and Use Tax Revenue Commercial Paper Notes, Series A (the “Notes”), in the principal amount of $400,000,000, as authorized by Chapter 1371, Texas Government Code, as amended, and Section 451.362, Texas Transportation Code, as amended;

WHEREAS, the Notes will be payable from sales and use tax revenues collected by the Authority;

WHEREAS, the Authority anticipates that after the date hereof and prior to the issuance of the Notes, it will be obligated to pay certain costs constituting expenditures properly chargeable to a capital account (under general federal income tax principles) for Authorized Purposes for which the Notes may be issued, as described herein, in an aggregate amount of not more than $100,000,000 (herein, the “Expenditures”);

WHEREAS, the money to be used to pay the Expenditures set forth in this Resolution is in the Authority’s General Fund and such money is not appropriated for any other purpose;

WHEREAS, the Authority reasonably expects that such fund may be reimbursed for the Expenditures with proceeds of the Notes or of the Authority’s Sales and Use Tax Revenue Bond, Series 2005 (the “Bond”);

WHEREAS, after the first to occur of the issuance of the Notes or the Bond, it will (1) evidence each allocation of proceeds of the Notes and the Bond to the reimbursement of the Expenditures with an entry in its books and records maintained with respect to the Notes and the Bond, respectively, and (2) identify in such entry the actual prior Expenditure being reimbursed or the fund from which the Expenditure was made; and

WHEREAS, the Board wishes to approve (1) the preparation of all financing and offering documents to be used in the public offering of the Notes, (2) requests for proposals for a dealer, liquidity bank and issuing and paying agent for the Notes and the distribution thereof, (3) the initiation of the credit rating process in connection with the issuance and sale of the Notes and (4) the reimbursement of the Expenditures from the proceeds of the Notes and the Bond;
THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS, THAT:

ARTICLE I

PREPARATION OF FINANCING AND OFFERING DOCUMENTS

The Board hereby approves the preparation by the Authority’s legal counsel, Andrews Kurth LLP, of all financing and offering documents relating to the issuance and sale of the Notes.

ARTICLE II

REQUESTS FOR PROPOSALS; CREDIT RATING PROCESS

Section 2.1: The Board hereby approves the Requests for Proposals for Dealer, Liquidity Bank and Issuing and Paying Agent, substantially in the forms attached hereto as Exhibit A, Exhibit B and Exhibit C, respectively, and approves the distribution thereof to prospective dealers, liquidity banks and issuing and paying agents, as appropriate.

Section 2.2: The Board hereby approves the initiation by Authority staff, including its President and Chief Financial Officer, together with the Authority’s financial advisor, First Southwest Company, of all necessary and appropriate actions to secure a credit rating of the Authority and the Notes by at least two national credit rating agencies.

ARTICLE III

REIMBURSEMENT OF EXPENDITURES

Section 3.1: The Board hereby declares its intent within the meaning of Treasury Regulation § 1.150-2, as promulgated under the Internal Revenue Code of 1986, as amended, to authorize the issuance of $400,000,000 in principal amount of Notes and $50,000,000 in principal amount of the Bond, of which a maximum amount of $100,000,000 is expected to be used to reimburse the Authority for capital expenditures paid in connection with Authorized Purposes for which the Notes and the Bond may be issued prior to the issuance of the Notes and the Bond, as further described in Exhibit D attached hereto.

Section 3.2: The Authority will maintain this Resolution at the office of the Authority at 1900 Main Street, Houston, Texas 77002, and make it continuously available for inspection by the general public during normal business hours on business days beginning within 30 days after the date of this Resolution.
ARTICLE IV

MISCELLANEOUS

Section 4.1: Authorization of Other Matters Relating Thereto. The Chairman and Vice Chairman of the Board, the President and the Chief Financial Officer and other appropriate officials of the Authority (the “Officials”) are hereby authorized and directed by the Board to do and perform all acts and things and to execute, acknowledge and deliver in the name, under the seal and on behalf of the Authority all certificates, financing statements, instruments and other documents, whether or not herein mentioned, as are necessary or desirable to carry out the terms and provisions of this Resolution. The Officials and such other officials and employees of the Authority as may be designated by the Officials are authorized to incur reasonable and necessary expenses, including travel expenses, in connection with the sale and delivery of the Notes and for presentations to rating agencies, dealers and liquidity banks and prospective purchasers of the Notes. All such persons shall be entitled to reimbursement by the Authority of such expenses after review and approval thereof by the Board as to reasonableness and necessity.

Section 4.2: Monitoring Program. The Authority's staff and consultants are directed to develop a program to monitor the issuance of commercial paper notes and present such program to the Board for approval at the next Board meeting.

Section 4.3: 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 4.4: 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 place convenient and readily accessible at all times to the general public for the time required by law preceding this meeting, as required by the Open Meetings Law, 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 such written notice and the contents and posting thereof.

Section 4.5: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 4.6: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.
RESOLUTION NO. 2005-52

PASSED AND ADOPTED this ___________, 2005.

METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS

[Signature]
Chairman, Board of Directors

ATTEST:

[Signature]
Secretary, Board of Directors
EXHIBIT A

REQUEST FOR PROPOSALS FOR DEALER
Request for Interest and Qualifications No. RFIQ050006

For

Investment Banking Services

Issue Date: June 10, 2005

Due Date: 5:00 p.m. July 1, 2005

The Metropolitan Transit Authority of Harris County (the “METRO”) intends to hire investment bankers for a three year period. The only financings that are currently contemplated during that period are the establishment of two tax-exempt commercial paper (“CP”) programs. METRO expects to name two (2) different firms to serve as dealers for these two programs, and to handle any unanticipated financing needs during this period. Only submittals by individual firms will be considered for award of Contract. No joint submittals are allowed. Firms interested in serving as investment bankers for METRO should submit a response via e-mail and a hard copy by 5:00 p.m. Friday, July 1, 2005 (See Submittal of Responses on page 2)

METRO has implemented a Small Business Program for small businesses attempting to provide goods and/or services as prime contractors to METRO or as subcontractors to other prime contractors to METRO. It is METRO’s policy that small businesses shall have the maximum practicable opportunity to participate in METRO projects. METRO shall not discriminate against any contractor because of race, color, religion, sex, age, veteran’s status, disability, or national origin. Although this solicitation does not have a small business goal, companies selected as finalists may be requested to provide information on diversity, and level of business participation by socially disadvantaged firms.

Interested parties should refrain from contacting METRO officials or Board members directly.

Plan of Finance:

Currently, METRO has no long-term debt. Sales tax receipts for fiscal year ending 2004 were $381.933 million. 75% of these sales taxes are available to secure debt. Given the relatively modest amount of debt that METRO anticipates incurring over the next few years, it is anticipated that the sales tax receipts will provide ample collateral.
RFIQ No. RFIQ050006

METRO has two types of legal authorization to issue CP. The first is “Voted CP” that was authorized by the voters in November, 2003 for METRO Solutions projects. This includes extensions of the light rail system. The “Voted CP” is secured by 75% of the sales tax receipts. "Non-Voted CP" is legislatively authorized. It is not limited as to amount, but it is required to have no more than a five (5) year term. This program can be secured by a broader revenue stream, but METRO may limit the pledge to 75% of sales tax receipts in order to have parity debt. A final determination of the size of this program has not been made, but it will likely be in the $400 million range.

Questions:

All questions concerning the RFIQ must be received via e-mail by both Drew Masterson, dmasterson@firstsw.com and Andy Chang, aw16@ridemetro.org no later than 5:00 p.m. June 22, 2005. METRO will post answers to these questions on our procurement website, www.ridemetro.org/procurement_materials, RFIQ050006 under Current Solicitations by June 27, 2005.

Submittal of Responses:

Responses must be received in both electronic and hard copy formats no later than 5:00 p.m. Central Standard Time on Friday, July 1, 2005.

The required information should be submitted in an electronic format such that data and results can be easily assimilated into another document, (i.e. non PDF version). A PDF version should also be sent. Responses should not exceed 10 pages, excluding tables, graphs and appendices. Please send all electronic responses via email to Andy Chang at ac16@ridemetro.org

A hard copy, one signed original and five (5) copies of the response must be delivered to:

Metropolitan Transit Authority
METRO Procurement Plan Room
Attn: RFIQ050006
1900 Main St., Suite 2021
Houston, TX  77002

Please insure that the envelope is labeled with the RFIQ Number – RFIQ050006

Page Limit: 10 pages, excluding appendices, tables and graphs.

METRO will evaluate the submitted responses for potential award of Contract according to the evaluation criteria outlined in III. RFIQ Response Evaluation on page 5. METRO reserves the right to: (1) negotiate and award contract(s) resulting from the RFIQ, (2) not to award a contract(s) resulting from the RFIQ, (3) extend the RFIQ due date, (4) amend the RFIQ, (5) cancel the RFIQ and to (6) waive minor technicalities. The cost of preparing a response is solely that of the respondent and neither METRO nor its consultants will be liable for any corresponding expenses. METRO reserves the right to negotiate all resulting Contract terms with selected respondents.
I. Firm Information

Please provide the following information, using the tabular format below.

<table>
<thead>
<tr>
<th>Headquarters Location</th>
<th>Address</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Lead Banker - Primary Contact</th>
<th>Name, Title, Address, Phone, Fax, Email</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Lead Banker – Alternate</th>
<th>Name, Title, Address, Phone, Fax, Email</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Underwriting Desk Contact - Short-Term</th>
<th>Name, Title, Address, Phone, Fax, Email</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Is your firm a Historically Disadvantaged Business? (Yes/No) (If Yes, certified by City of Houston or State of Texas?)</th>
</tr>
</thead>
</table>

II. CP Dealer and Remarketing Agent Qualifications

A. Distribution/marketing capability

1. Describe the firm’s ability to market short-term or variable rate products, including CP, VRDBs and Auction Rate Securities, including a description of the team that would be involved in tax-exempt CP, VRDBs or Auction Rate programs for METRO. Provide information on the number of
professionals and location of offices dedicated to sales, trading and underwriting short-term securities.

2. CP

Please complete the following table to indicate the number and dollar volume of programs for which your firm serves as a CP dealer as of June 1, 2005.

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Dollar Volume Authorized</th>
<th>Dollar Volume Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax-Exempt CP Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxable CP Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please provide supporting detail in a separate appendix, in tabular format. For each program, include the name of the issuer, title of the program, original issue date you became dealer, amount authorized, and amount outstanding as of June 1, 2005. Provide a separate table for taxable and tax-exempt programs. Each table must include a total for the number of deals and a total for the dollar volume. METRO reserves the right to disregard responses that contain obvious errors, such as duplicate listings, mathematical errors or inconsistencies between the summary tables and the appendix. Please also provide this data in an Excel or Lotus spreadsheet file via email, as more fully described in “Form of Response” above.

3. Choose two programs from the table above, preferably that have been in place at least two years, and provide graphs that compare each program to the 7-day BMA index and 30-day MMD MIG-1 scale for 24 month period for June 1, 2003 – June 1, 2005. Please provide a separate graph for each Index.

4. Describe the capital commitment your firm makes to dealing in CP, VRDBs and auction rate securities, particularly your firm’s commitment to purchase unsold securities and the rate that you would charge. Have you ever had a client activate a line of credit or had to rely on a co-dealer to place paper? If so, discuss the circumstances and procedures involved. Please distinguish between taxable and tax-exempt programs.

5. Include a detailed description of the technology/information delivery system that your firm would use to communicate interest rate information for CP issues, CP rolls to METRO and issuing and paying agent. In an appendix, provide copies of sample reports for each type of program. Indicate whether reports could be customized and the technology/information delivery systems by which the reports would be made available.

6. It is METRO’s intent to provide periodic reports to the Board on the performance of the each program and dealer or remarketing agent. Describe what reports or information resources you would make available to METRO to prepare such reports, and what indexes or comparable issuers you would include as performance benchmarks to compare METRO’s program against in a periodic performance report.
7. Identify and explain any minimum credit requirement (i.e. underlying rating) your firm would require if it were to be selected as a CP dealer.

B. Transit Investment Banking Experience

Please summarize succinctly, your firm’s experience in serving as investment bankers to transit agencies in the U.S. METRO will run SDC rankings so it is not necessary to provide ranking information. Please provide two case studies that you consider most relevant and applicable to METRO’s contemplated plan of finance. Provide reference contacts for these two case studies. Please discuss the qualifications of your firm’s bankers with transit related experience that will be specifically assigned to METRO.

C. Fees and expenses

Provide your response fee structure to serve as dealer to METRO for a $150 to $250 million CP program and a $50 to $150 million CP program.

III. RFIQ Response Evaluation

The responses will be evaluated by an Evaluation Committee comprised of METRO staff members who have expertise and knowledge in the disciplines related to the project. Responses will be evaluated using the criteria set forth below. The importance of each factor is also listed below.

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>RELATIVE IMPORTANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Qualifications/Experience of Firm/Past Performance Distribution/Marketing Capabilities (see pages 4 &amp; 5) And Transit Investment Banking Experience (page 5)</td>
<td>70 points</td>
</tr>
<tr>
<td>2. Pricing</td>
<td>30 points</td>
</tr>
<tr>
<td>Total</td>
<td>100 points</td>
</tr>
</tbody>
</table>
EXHIBIT B

REQUEST FOR PROPOSALS FOR LIQUIDITY BANK
Request for Interest and Qualifications No. RFIQ050007

For

Liquidity Provider

Issue Date: July 22, 2005
Due Date: 5:00 p.m. August 8, 2005

The Metropolitan Transit Authority of Harris County, Texas ("METRO") is seeking proposals from qualified financial institutions to provide a liquidity facility to cover its anticipated $400 million tax-exempt commercial paper program (the "TECP") to assist in financing its capital improvement program. The anticipated amount of liquidity required for the program will be the TECP limit ($400 million) plus interest for 270 days calculated at the maximum rate of interest for the TECP Notes. METRO has not issued any long-term debt at this time and does not anticipate doing so in the near future. However, METRO is in the process of applying for short-term and long-term ratings from two of the three major rating agencies.

METRO has implemented a Small Business Program for small businesses attempting to provide goods and/or services as prime contractors to METRO or as subcontractors to other prime contractors to METRO. It is METRO's policy that small businesses shall have the maximum practicable opportunity to participate in METRO projects. METRO shall not discriminate against any contractor because of race, color, religion, sex, age, veteran's status, disability, or national origin. Although this solicitation does not have a small business goal, companies selected as finalists may be requested to provide information on diversity, and level of business participation by socially disadvantaged firms.

Interested parties should refrain from contacting METRO officials or Board members directly.

We are soliciting your firm's proposal to provide a liquidity facility for the TECP on the terms provided in this letter and the attached "Information Sheet." Proposals may include various terms for the liquidity facility up to five years, (e.g. 364 days, 2 years, etc.) along with fee structures as they relate to each proposed term. METRO desires an "evergreen" provision with periodic credit review, so that METRO will always have at least four months remaining on the term of the facility. METRO will negotiate an agreement with only one "fronting" bank for the facility. Syndication of the liquidity facility will be at the discretion of the fronting bank, but only on the same terms negotiated with METRO by the fronting bank.

To assist you in preparing your proposal, we have provided following documents on our website (http://www.ridemetro.org/about/publications.asp):

Please understand that payment of all fees (including bank counsel fees, if any) by METRO are contingent upon the final approval of the liquidity agreement by the Attorney General of Texas and that the laws of the State of Texas will govern the obligations of METRO. Proposals will be evaluated on the basis of costs, as well as on the terms and conditions of the facility, and the impact, if any, on the ratings of the TECP. Any necessary credit approvals required by your bank should be completed upon the submission of your proposal, if possible. METRO reserves the right to further interview a limited number of banks in order to select the bank with which METRO will enter into negotiations and execute an agreement. METRO reserves the right to waive technicalities or irregularities in proposals in its discretion or to reject any or all proposals.

If your bank is interested in providing a liquidity facility for the TECP, please complete a term sheet which addresses the following items.

- Please provide the contact details for the main point of contact for the proposer.

- Provide the term of the liquidity facility (including alternatives that you wish to propose), the fees for the respective terms, the options available to METRO for extending the facility beyond the initial term, and the level of review required by the bank to extend the initial term or to revise the initial fee structure. METRO will not consider a facility with a term longer than five years.

- Identify the bank counsel (who must be acceptable to METRO), indicate whether METRO is expected to pay for such services, and detail their fees and expenses separately, including a cap on such fees and expenses (No legal fees or expenses will be paid to counsel for participating banks).

- Detail the other costs associated with providing the proposed liquidity facility, including start-up fees, administrative fees, commitment fees, and expenses, if any. METRO will consider any term of facility that is proposed up to five years and will evaluate each term along with its associated fees in making its selection.

- Describe the interest rate on borrowings, if any, under the liquidity facility and the interest rate in the event of default. Indicate the cost for draws with same-day reimbursement.

- Discuss the terms for conversion into a term loan for draws not paid within a stated period and for amounts outstanding at the expiration of the liquidity facility.

- Itemize the conditions precedent to bank draws, including any cost of funding such draws.

- Describe the bank’s long-term and short-term credit ratings and discuss the current status of these ratings.

All questions concerning the RFIQ must be received via e-mail by both Drew Masterson, dmasterson@firstsw.com and Andy Chang, aw16@ridemetro.org no later than 5:00 p.m. Friday, July 29, 2005. METRO will post answers to these questions on our procurement website, www.ridemetro.org/procurement_materials, RFIQ050007 under Current Solicitations by Wednesday, August 3, 2005.

Responses must be received in both electronic and hard copy formats no later than 5:00 p.m. Central Standard Time on Monday, August 8, 2005. The required information should be submitted in an electronic format such that data and results can be easily assimilated into another document, (i.e. non PDF version). A PDF version should also be sent. Please send all electronic responses via email to Andy Chang at ac16@ridemetro.org
RFIQ No. RFIQ050007

A hard copy, one signed original and five (5) copies of the response must be delivered to:

Metropolitan Transit Authority
METRO Procurement Plan Room
Attn: RFIQ050007
1900 Main St., Suite 2021
Houston, TX 77002

Please insure that the envelope is labeled with the RFIQ Number – RFIQ050007

The responses will be evaluated by an Evaluation Committee comprised of METRO staff members who have expertise and knowledge in the disciplines related to the project. Responses will be evaluated based on pricing provided.
| **Issuer:** | Metropolitan Transit Authority of Harris County, Texas |
| **Facility:** | Standby line of credit or other similar facility to provide liquidity support for the payment of the principal amount of and interest on one or series of TECP and 270 days of interest. |
| **Facility Amount:** | A total commitment covering the principal amount (up to $400 million) plus 270 days of interest at the maximum rate of interest (to be determined by METRO) for the facility. |
| **Use of Commercial Paper Program:** | The TECP notes are issued from time to time to provide interim financing for METRO's capital improvement program and to pay, renew, refinance or refund outstanding notes of the same series. |
| **Security:** | The TECP notes are special obligations of METRO that are payable from and secured by sales and use tax revenues (as defined in the Order). METRO does not levy an ad valorem tax. |
| **Termination:** | METRO reserves the right to terminate the facility at any time, in whole or in part, upon thirty (30) day's notice to the Bank without any costs incurred by METRO. |
| **Events of Default:** | METRO requests standard events of default and special events of default as to bankruptcy, non-payment of debt and breaches of covenants. A ratings downgrade or loss of tax-exempt status may not constitute an event triggering automatic termination of the facility. |
| **Covenants:** | METRO requests standard covenants as to maintenance of existence, licenses, permits and records, maintenance of tax-exempt status of the TECP, tax exemption, and no amendments to the authorizing order without prior written consent. |
| **Legal Opinions:** | METRO requests legal opinions relating to the enforceability of the facility from U.S. counsel and foreign counsel in the case of foreign banks. |
| **Schedule:** | METRO expects to select a bank with whom to begin negotiations on or about the week of August 8, 2005. METRO is expected to approve and authorize the execution of a liquidity agreement at a date to be determined. METRO is currently targeting September 1, 2005 as the effective date of the liquidity facility. |
EXHIBIT C

REQUEST FOR PROPOSALS FOR ISSUING AND PAYING AGENT
Request for Quotes No. RQ0500221

For

Issuing and Paying Agent

Solicitation for Quotes Date: ________, 2005

The Metropolitan Transit Authority of Harris County, Texas ("METRO") is in the process of establishing and securing a liquidity facility to sell bonds for a tax-exempt revolving loan program (the "Program") for its capital expansion program. The program will be approximately $400 million.

Should you have any questions, please submit them via e-mail to both Drew Masterson, dmasterson@firstsw.com and Andy Chang, aw16@ridemetro.org no later than ____________, 2005. Firms interested in receiving any supplemental information should e-mail both Drew Masterson and Andy Chang with their e-mail and other contact information.

The required information should be submitted in an electronic format such that data and results can be easily assimilated into another document (i.e. non PDF version). Responses should not exceed 10 pages. Please send responses to both Drew Masterson, dmasterson@firstsw.com and Andy Chang, aw16@ridemetro.org no later than ____________, 2005.

I. SELECTION CRITERIA

The following criteria will be used to evaluate each quote and to make a final selection. Such proposer shall be required to execute an issuing and paying agency agreement with METRO, as prepared by the METRO’s Bond Counsel.

- Lowest cost, consistent with the other selection criteria
- Proposed responsiveness
- Ability to meet service requirements

METRO further reserves the ability to consider a respondent’s past performance on similar programs.

II. STATEMENT OF REQUIRED SERVICES

Services shall include but not be limited to the minimum service requirements outlined in this section.
As Issuing and Paying Agent, METRO shall require you to act as the agent for the safekeeping, completion, authentication and payment of METRO’s promissory notes which METRO may deliver to you from time to time under the following terms:

- Dollar amount
- Date of issue
- Maturity date (less than 270 days)
- Place of payment (if not printed on the note)
- Authenticate by counter-signature
- Deliver per instructions to purchaser

METRO shall provide collected funds to the paying agent for principal and interest due on the due date in the manner provided in the agreement. Given that adequate collected funds have been provided, the paying agent shall:

1. Pay on behalf to METRO the principal of each note at its maturity to the bearer of the note upon surrender of the note to the paying agent.
2. Provide periodic statements to METRO on a timely basis, in accordance with METRO’s requirements that will be specified in the final agreement.
3. Return to METRO any money deposited with the paying agent remaining unclaimed for one year after final maturity of the notes. The owner of the notes shall thereafter look only to METRO for payment, and all liability of the paying agent with respect to such monies shall thereupon cease.
4. Wire transfer available funds to METRO’s bank account to be specified by METRO on the day of an issuance or rollover. The paying agent will be required to comply with DTC rules and regulations, including same day settlement funds procedures. METRO will receive a confirmation code from the paying agent.

III. FORM OF RESPONSE

All respondents must provide responses in the order listed below:

1. **Service Charges and Fees** – Please include a list of all fees and charges including any
   a. Upfront flat fees
   b. Specific drawing/paying charges
   c. Monthly service charges
   d. Miscellaneous charges for reports and other services
   e. Other fees, including legal fees
2. **Bank Contact** – Please provide a list of those individuals at your firm who will be responsible for providing information and assistance to METRO. Please designate one individual who will be assigned the relationship officer to METRO.
3. **Description of System** – Please describe the system you will make available for METRO to review and approve all transactions before their release. Is your system an in-house system or do you purchase time on another firm’s system? Is your system compatible with systems of major commercial paper dealers? If the system is something other than Dalcomp, please include:
   a. A description of any hardware or software required for METRO to access the system
   b. A list of reports available to METRO on the system

HOU:2458291.4
EXHIBIT D

DESCRIPTION OF CAPITALIZED EXPENDITURES EXPECTED TO BE PAID PRIOR TO ISSUANCE OF THE NOTES
Capital Improvement Program

Buses and Support Equipment

Bus and Support Equipment includes: bus acquisitions which replace buses being retired in accord with FTA guidelines; bus improvements such as the replacement of major bus components, primarily engines and transmissions; capital campaigns for seat replacements, bus air conditioning improvements, rebuilding wheelchair lifts, and replacing floors, doors and windows; support equipment and systems such as replacement of non revenue vehicles, light duty gas powered vehicles, light duty diesel powered vehicles and heavy duty vehicles. Tools and equipment are also included.

General Mobility Program

The General Mobility Program was established by the METRO Board of Directors in October, 1987 via Resolution 87-110 and is funded by the dedication of twenty-five percent of METRO's sales tax revenues. In partnership with other governmental agencies this program strives to improve mobility within the METRO service area through the construction of new streets, reconstruction/widening of existing streets, and overlay and signal projects.

Operating Facilities and Upgrades

This program funds new operating facilities such as the new administration office building. Facility Upgrade projects include facility upgrades such as transit centers, park & rides, and bus operating facilities. It also includes projects for the Major Facility Rehabilitation Initiative Program, which supports the rehabilitation and refurbishment of facilities, along with installed systems and sub-components.

Regional Bus Plan

The Regional Bus Plan (RBP) is a comprehensive transportation and transit plan including clean-fueled accessible buses; capital facility improvements such as park & ride lots, transit centers, patron amenities, operating facilities, HOV lanes, and street improvements (reconstruction and resurfacing of traffic lanes, upgrading sidewalk and construction of turn lanes for a collection of the Downtown/Midtown and the South Main/Texas Medical Center area streets). It also includes a Regional Computerized Traffic Signal System.

Transitways and Related Facilities

This program funds the Fixed Guideway Modernization Program and the Transitway Program. The Fixed Guideway Modernization Program consists of various projects which utilize new technologies in an effort to enhance transitway operations and safety such as entrance ramp control signals, changeable message signs, emergency call boxes and infrared beam detectors. The Transitway program includes the design and construction of the Southwest Transitway.
2025 Plan

The 2025 Plan is a comprehensive advanced transportation plan which includes projects consisting of land acquisition, design and construction of 7.5 Miles of LRT (Main St. Starter Line), park & ride facilities, AA/DEIS and PE-FEIS for the future extensions to the Main St. Starter Line. The park & ride facilities include the expansion of the existing Kingsland &West Bellfort Park & Ride lots, and addition of the new Cypress and Clear Lake Park & Ride lots. This program also provides funding for METRO improvements in the Katy and West Loop Corridors.
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
   Mr. Gerald B. Smith
   Mr. Jackie Freeman
   Mr. George A. Demontrond, III
   Bishop James Dixon, II
   Ms. Carmen Orta
   Mr. Rafael Ortega
   Ms. Louise T. Richman
   Mr. C. Jim Stewart, III

   and all of such persons were present at the meeting, except Mr. Ortega, thus constituting a quorum. Whereupon, the following was transacted at such meeting: written RESOLUTION APPROVING PROCEEDINGS TO AUTHORIZE METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TEXAS, SALES AND USE TAX REVENUE COMMERCIAL PAPER NOTES, SERIES A, INCLUDING THE PREPARATION OF FINANCING AND OFFERING DOCUMENTS; APPROVING REQUESTS FOR PROPOSALS FOR A DEALER, LIQUIDITY BANK AND ISSUING AND PAYING AGENT FOR THE NOTES AND THE DISTRIBUTION THEREOF; APPROVING REIMBURSEMENT OF CERTAIN PRIOR EXPENDITURES FROM THE PROCEEDS OF SUCH NOTES; AND MAKING OTHER PROVISIONS REGARDING SUCH NOTES AND MATTERS INCIDENT 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: 9
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.

METERPOLITAN TRANSIT

AUTHORITY

METRO.

AUTHORITY SEAL

SIGNED AND SEALED this June 16, 2005.

Asst. Secretary, Board of Directors