

REGIONAL TRANSIT AUTHORITY

RESOLUTION NO. 86

A RESOLUTION of the Board of the Regional Transit Authority for the Pierce, King and Snohomish Counties region authorizing the issuance and sale to Bank of America National Trust and Savings Association, doing business as Seafirst Bank, of a limited tax general obligation bond in the principal amount of not to exceed \$8,000,000 to establish a line of credit to provide funds for preliminary costs of the Authority's ten-year regional transit system plan; providing the date, form and repayment terms of said bond; pledging certain tax revenues to pay the principal of and interest on said bond; and providing for the disposition of proceeds of draws on the line of credit established by the sale of such bond.

Adopted: March 27, 1997

Prepared by

Preston Gates & Ellis LLP

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WHEREAS, the Board of the Regional Transit Authority for the Pierce, King, and Snohomish Counties region (the "Authority"), by Resolution No. 73 has heretofore authorized a ten-year regional transit system plan to provide high capacity transportation services in the central Puget Sound region (the "Plan"); and

WHEREAS, on November 5, 1996, at an election held within the boundaries of the Authority, the requisite number of voters approved the special motor vehicle excise tax authorized by RCW 81.104.160 and the sales and use tax authorized by RCW 81.104.170 (collectively, the "Local Option Taxes") to implement of the Plan; and

WHEREAS, by Resolution No. 82, the Board has authorized the imposition of the Local Option Taxes and has authorized the State of Washington to collect and transfer such taxes to the Authority, beginning on April 1, 1997; and

WHEREAS, the Board has determined that the lag between collecting and receiving receipts of the Local Option Taxes requires the Authority to seek a financing mechanism to pay preliminary costs of the Plan until September 15, 1997; and

WHEREAS, the Board has approved a Banking Services Agreement with Bank of America National Trust and Savings Association, doing business as Seafirst Bank (the "Bank"), which agreement includes the Bank's offer to establish a line of credit, available until September 15, 1997, in

exchange for the Authority's limited tax general obligation bond in the principal amount of not to exceed \$8,000,000 (the "Bond"); and

WHEREAS, RCW 39.46.050 authorizes the Authority to establish a line of credit with a qualified public depository to be drawn upon in exchange for its bonds; and

WHEREAS, RCW 81.112.130 authorizes the Authority to issue its general obligation bonds for Authority purposes, and RCW 81.104.180 authorizes the Authority to pledge the Local Option Taxes to retire bonds issued for the purpose of providing high capacity transportation services;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Regional Transit Authority, as follows:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings, unless a different meaning clearly appears from the context:

"**Authority**" means the Regional Transit Authority for the Pierce, King, and Snohomish Counties region, a regional transit authority duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

"**Authorized Officer**" means the Treasurer or her designee.

"**Bank**" means Bank of America National Trust and Savings Association, doing business as Seafirst Bank, Seattle, Washington, or its business successor.

"**Board**" means the general legislative authority of the Authority as the same shall be duly and regularly constituted from time to time.

"**Bond**" means the limited tax general obligation bond in the principal amount of not to exceed \$8,000,000, authorized to be issued pursuant to and for the purposes provided in this resolution.

"**Bond Fund**" means the Regional Transit Authority Limited Tax General Obligation Bond Redemption Fund created by Section 2 of this resolution.

"**Bond Register**" means the books or records maintained by the Bond Registrar for the purpose of registration of the Bond.

"Bond Registrar" means the Treasurer, or his or her designee, for the purpose of registering and authenticating the Bond, maintaining the Bond Register, effecting transfer of ownership of the Bond, and paying principal of and interest on the Bond.

"Code" means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

"Fixed Rate" means the LIBOR Rate in effect two days prior to the day of a draw for the Interest Period (as such term is defined under "LIBOR Rate" herein) equivalent to the repayment period for such draw (which shall not extend beyond September 15, 1997), less 150 basis points.

"General Fund" means the general fund of the Authority heretofore created in the office of the Treasurer.

"International Banking Day" means any day that is both a Seattle Banking Day and a London Banking Day.

"LIBOR Rate" means for any one to twelve month period (the "Interest Period") that per annum rate equal to the arithmetic mean (rounded up to the nearest hundredth of a percentage point) of the offered rates for U.S. Dollar deposits for a period equal to the Interest Period appearing on the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page on such service as may replace said page or, if none, on such other available service which displays two or more London interbank offered rates of major banks for U.S. Dollar deposits) as of 11:00 a.m., London time, on the day which is two London Banking days prior to the first day of the Interest Period (unless said day is not a Seattle Banking Day, in which case the first International Banking Day preceding two London Banking Days prior shall be referenced). If there is no period equal to the Interest Period on the display, the LIBOR Rate shall be determined by straight-line interpolation to the nearest month (or week or day if expressed in weeks or days) corresponding to the Interest Period between the two nearest neighboring periods on the display.

"Local Option Taxes" means the special motor vehicle excise tax authorized by RCW 81.104.160 and the sales and use tax authorized by RCW 81.104.170.

"London Banking Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London, England.

"Outstanding Principal Balance" of the Bond means on any particular day the aggregate of all funds that the Authority has drawn from the Bank under the Bond to that day, less the aggregate of all principal payments on the Bond made by the Authority on or before that day.

"Plan" means the ten-year regional transit system plan to provide high capacity transportation services in the central Puget Sound region, as approved by Resolution No. 73 of the Board and as it may hereafter be amended and supplemented.

"Reference Rate" means the rate of interest publicly announced from time to time by Bank in San Francisco, California, as its "Reference Rate." The Reference Rate is set based on various factors, including Bank's costs and desired return, general economic conditions, and other factors, and is used as a reference point for pricing some loans. Bank may price loans to its customers at, above, or below the Reference Rate. Any change in the Reference Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Reference Rate.

"Seattle Banking Day" means any day on which commercial banks are open for business in Seattle, Washington.

"Treasurer" means the Finance Director of the Authority.

Section 2. Authorization of Bond. The Authority shall now issue and sell to the Bank its limited tax general obligation bond in the principal amount of not to exceed \$8,000,000 (the "Bond") to establish a line of credit with the Bank for the purpose of providing funds to pay the costs of the Plan and the costs of issuance of the Bond. The Bond shall be designated the "Regional Transit Authority, Limited Tax General Obligation Bond, 1997 (Seafirst Line of Credit)," shall be dated as of the date of its delivery to the Bank, shall be fully registered as to both principal and interest, shall be in the denomination of not to exceed \$8,000,000, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Bond shall mature on September 15, 1997, and shall bear interest on the Outstanding Principal Balance at a variable rate equal to forty-eight percent (48%) of the Reference Rate calculated

on the basis of a year of 365/366 days and actual days elapsed; provided, however, that at the Authority's option, any draw may bear interest at a Fixed Rate calculated on the basis of a year of 360 days and twelve 30-day months. Interest on a particular principal amount drawn under the Bond shall be determined from the date the Bank honors such draw. Interest shall be payable at maturity. The Authority shall be obligated to pay interest at the same rate on the Bond from and after the maturity date thereof until the Bond shall have been paid in full.

Section 3. Registration and Payments. The Treasurer shall act as authenticating agent, paying agent and registrar for the Bond (collectively, the "Bond Registrar"). Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond shall be paid by warrant, check or draft of the Bond Registrar mailed five calendar days prior to the date due or by electronic funds transfer made on the date due to the Bank at the address appearing on the Bond Register. Upon final payment of all principal and interest thereon, the Bond shall be submitted to the Bond Registrar for cancellation and surrender. The Bond is not transferable.

Section 4. Prepayment. On 5 days' notice, the Authority may prepay at any time all or a portion of the Outstanding Principal Balance. There shall be no penalty for prepaying all or any portion of the Outstanding Principal Balance that bears interest at a variable rate. A penalty for prepaying all or any portion of the Outstanding Principal that bears interest at a Fixed Rate shall be computed in accordance with the offer of the Bank approved pursuant to Section 10 hereof.

Section 5. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

Not to Exceed \$8,000,000
(Drawn as provided herein)

STATE OF WASHINGTON
REGIONAL TRANSIT AUTHORITY
LIMITED TAX GENERAL OBLIGATION BOND, 1997
(SEAFIRST LINE OF CREDIT)

MATURITY DATE: September 15, 1997

REGISTERED OWNER: Bank of America National Trust and Savings Association

PRINCIPAL AMOUNT: EIGHT MILLION AND NO/100 DOLLARS (Drawn as provided herein)

The Regional Transit Authority of the Pierce, King and Snohomish Counties region (the "Authority"), a regional transit authority organized and existing under and by virtue of the laws of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, the Outstanding Principal Balance (as defined below) of this bond, in an amount not to exceed the Principal Amount specified above, and to pay interest thereon (as provided herein) at an interest rate equal to _____ percent (___%) of the Reference Rate, or at a Fixed Rate, as provided in the Bond Resolution, payable on the Maturity Date indicated above or on the date of prepayment, or until such Outstanding Principal Balance shall have been paid. The Outstanding Principal Balance on any particular day shall be the aggregate of all principal payments made by the Authority on or before that day. Interest on a particular principal amount drawn under this bond shall be determined from the date the Bank honors such draw. Interest at the variable rate shall be calculated on the basis of a year of 365/366 days and actual days elapsed. Interest at a Fixed Rate shall be calculated on the basis of a year of 360 days and twelve 30-day months.

This bond is issued pursuant to Resolution No. _____ of the Authority (the "Bond Resolution"), and reference is hereby made to the Bond Resolution for definitions of capitalized terms used and not otherwise defined herein.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Principal of and interest on the Bond shall be paid by warrant, check or draft of the Treasurer of the Authority (the "Bond Registrar") mailed five calendar days prior to the date such principal or interest is due or by electronic funds transfer made on the date such principal or interest is due to the Bank at the address appearing on the Bond Register. Upon final payment of all principal of and interest thereon, this bond shall be submitted to the Bond Registrar for cancellation and surrender.

The Authority hereby covenants with the Bank that, to pay the principal of and interest on this bond as the same shall become due, the Authority will use money in the General Fund, including revenues from the Local Option Taxes or other funds legally available therefor. This bond does not require approval by a vote of the electors of the Authority. Accordingly, the Authority is not obligated or authorized to levy property taxes to pay principal of and interest on this bond. The full faith, credit and resources of the Authority are hereby irrevocably pledged for the prompt payment of such principal and interest.

On 5 days' notice, the Authority may prepay all or a portion of the Outstanding Principal Balance. There shall be no penalty for prepaying all or any portion of the Outstanding Principal Balance that bears interest at a variable rate. A penalty for prepaying all or any portion of the Outstanding Principal that bears interest at a Fixed Rate shall be computed in accordance with Exhibit A attached hereto and incorporated herein by this reference.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

THIS BOND IS NOT TRANSFERABLE.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and duly adopted resolutions of the Authority, and that all acts, conditions and things required to have happened, been done, and performed precedent to and in the issuance of this bond have happened, been done, and performed.

IN WITNESS WHEREOF, the Regional Transit Authority for the Pierce, King and Snohomish Counties region has caused this bond to be executed on behalf of the Authority by the Chair of the Board and by the Board Administrator this ____ day of ____, 1997.

THE REGIONAL TRANSIT AUTHORITY

By _____
Bob Drewel
Chair of the Board

ATTEST:

Marcia Walker
Board Administrator

CERTIFICATE OF AUTHENTICATION

This bond is the bond described in the within-mentioned Bond Resolution and is the Limited Tax General Obligation Bond, 1997 (Seafirst Line of Credit) of the Regional Transit Authority for the Pierce, King and Snohomish Counties region, dated _____, 1997.

Treasurer, Regional Transit Authority

Section 6. Execution of Bond. The Bond shall be signed on behalf of the Authority by the manual or facsimile signatures of the Chair of the Board and the Board Administrator. In case either of the officers who shall have executed the Bond shall cease to be an officer or officers of the Authority before the Bond so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the Authority, such Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Authority as though those who signed the same had continued to be such officers of the Authority. Any Bond may also be signed and attested on behalf of the Authority by such persons who are at the actual date of delivery of such Bond are the proper officers of the Authority although at the original date of such Bond any such person shall not have been such officer of the Authority.

Only such Bond as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

Section 7. Application of Bond Proceeds. Money derived from draws on the line of credit established by the sale of the Bond shall be deposited in the appropriate fund of the Authority and shall be expended to pay costs of the Plan and the costs of issuance of the Bond.

Section 8. Pledge of Funds and Credit. To pay principal of and interest on the Bond as the same shall become due, the Authority hereby irrevocably covenants that it will use money in the General Fund, including revenues from the Local Option Taxes or other funds legally available

therefor. The Bond does not require approval by a vote of the electors of the Authority. Accordingly, the Authority is not obligated or authorized to levy property taxes to pay principal of and interest on the Bond. The full faith, credit and resources of the Authority are hereby irrevocably pledged for the prompt payment of such principal and interest.

Section 9. Tax Covenants and Designation.

(a) Covenants Regarding Arbitrage and Private Activity Bonds. The Authority hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the Authority that may be deemed to be proceeds of such Bond pursuant to Section 148 of the Code that will cause the Bond to be an "arbitrage bond" within the meaning of said section and said regulations. The Authority will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) and the applicable Regulations thereunder throughout the term of the Bond.

The Authority further covenants that it will not take any action or permit any action to be taken that would cause the Bond to constitute a "private activity bond" under Section 141 of the Code.

(b) Bond Designated "Qualified Tax-Exempt Obligations." The Authority hereby designates the Bond as a "qualified tax-exempt obligation" for purchase by financial institutions pursuant to Section 265(b) of the Code. The Authority does not anticipate that it will issue more than \$10,000,000 in qualified tax-exempt obligations during the year 1997.

Section 10. Sale of the Bond. By Resolution No. 84, the Authority has heretofore approved the Banking Services Agreement with Bank of America National Trust and Savings Association, doing business as Seafirst Bank, Seattle, Washington (the "Bank"), which includes the Bank's offer to purchase the Bond and establish a line of credit in accordance with the terms of such Agreement and this resolution. The appropriate Authority officials are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bond and for the proper application and use of the proceeds thereof.

Section 11. Procedures for Draws on the Bond. A request for draw on the line of credit established under the Bond may be made by an Authorized Officer in writing, by electronic or telephonic transfer, or in any other manner approved by the Bank and the Authorized Officer. The Authorized Officer shall notify the Bank of its intent to make a draw that will bear interest at a Fixed Rate no later than 2:00 p.m. on a business day that is at least two business days prior to the intended draw date.


Section 12. Lost or Destroyed Bond. In case the Bond authorized by this resolution shall be lost, stolen or destroyed, the Authority may execute and deliver a new bond of like amount, date, and tenor to the Bank upon the Bank's paying the expenses and charges of the Authority in connection therewith, and upon its filing with the Authority evidence satisfactory to the Board that the Bond was actually lost, stolen or destroyed, and upon furnishing the Authority with indemnity satisfactory to the Board.

Section 13. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the Authority shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bond.


Section 14. Prior Acts. Any act taken pursuant to the authority of this resolution but prior to its effective date is hereby ratified and confirmed.

ADOPTED by the Board of the Regional Transit Authority for the Pierce, King and Snohomish Counties region at a regular meeting thereof held this 27th day of March, 1997.

REGIONAL TRANSIT AUTHORITY



Bob Drewel
Chair of the Board

ATTEST:


Marcia Walker
Board Administrator

CERTIFICATE OF BOARD ADMINISTRATOR

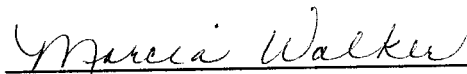
I DO HEREBY CERTIFY that I am the duly chosen, qualified and acting Board Administrator (the "Board Administrator") of the Regional Transit Authority for the Pierce, King and Snohomish Counties region (the "Authority"), and keeper of the records of the Board of the Authority; and

I HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 86 of the Board (the "Resolution"), as adopted at a regular meeting of the Board held on the 27th day of March, 1997, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the passage of the Resolution; that all other requirements and proceedings incident to the proper passage of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of March, 1997.



Marcia Walker
Board Administrator