

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100338	Resolution: <input checked="" type="radio"/> Yes <input type="radio"/> No
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TITLE:

Issuance of Series 2009 Metro Matters Bonds

PURPOSE:

To request Board approval for the issuance of Series 2009 Metro Matters Bonds in an amount up to \$340 million, at an average interest rate not to exceed 5.50% and for a term not to exceed 25 years. This action is to replace the existing commercial paper program and to fund future capital projects as provided for in the Metro Matters Funding Agreements.

DESCRIPTION:

Metro currently has a commercial paper program for \$330 million that will expire in September 2010. Metro's capital program costs for the period FY 2005 - 2010 are expected to exceed capital funding for the period. The issuance of Metro Matters Bonds in the amount of \$340 million (composed of \$307 million in principal, any required debt service reserve, and costs of issuance) will close the funding gap. Proceeds from the funding will be used to replace the existing commercial paper program, with the remaining money used to fund new capital projects. Each participating jurisdiction has the option to opt out of the program and by doing so will reduce the amount of capital funding to be raised through bond issuance.

FUNDING IMPACT:

Annual debt service payments of \$25.4 million for 25 years included in the Metro Matters Funding Agreement

Program: Metro Matters Program Management and Debt Service

Project: Metro Matters Debt Service

This Action: Commensurate with the needs within the approved total budget

RECOMMENDATION:

Approval of the resolution that authorizes the issuance of Series 2009 Metro Matters Bonds in an amount not to exceed \$340 million, with a weighted average interest rate not to exceed 5.50%, and with a term not to exceed 25 years, subject to the jurisdictions opting out with a commensurate reduction in the principal amount consistent with the Metro Matters Financing Agreement.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

**2009 PROJECT
SUPPLEMENTAL BOND RESOLUTION**

Adopted May __, 2009

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**2009 PROJECT
SUPPLEMENTAL BOND RESOLUTION**

BE IT RESOLVED by the Board of Directors (the "Board") of WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (the "Authority"), as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 1.01. Supplemental Resolution. This resolution is supplemental to, and is adopted in accordance with Article II and Article IX of, a resolution of the Authority adopted on September 25, 2003, entitled "Gross Revenue Bond Resolution" (the "Resolution").

SECTION 1.02. Definitions.

1. All capitalized terms which are used but not otherwise defined in this 2009 Project Supplemental Bond Resolution (the "Supplemental Resolution") shall have the same meanings, respectively, as such terms are given by Section 101 of the Resolution.

2. In this Supplemental Resolution:

"Build America Bonds" shall mean a form of Obligations authorized by Section 54AA of the Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Note Resolution" shall mean the resolution of the Authority adopted October 21, 2004 authorizing the issuance from time to time of up to \$330,000,000 Commercial Paper Notes, Series A.

"Series A Notes" shall mean the Commercial Paper Notes, Series A authorized by and outstanding under the Note Resolution.

"Series 2009 Bonds" shall mean the Gross Revenue Transit Bonds, Series 2009, authorized by Article II of this Supplemental Resolution.

SECTION 1.03. Authority for this Supplemental Resolution. This Supplemental Resolution is adopted pursuant to the provisions of the Compact and the Resolution.

ARTICLE II

AUTHORIZATION OF SERIES 2009 BONDS

SECTION 2.01. Authorized Principal Amount, Designation, Purpose and Series. Pursuant to the provisions of the Resolution, and in order to (i) pay all or any part of

the maturing principal amount and interest accrued or to accrue on maturing Series A Notes or costs related thereto or through the reimbursement of amounts under the related Credit Agreement (as such term is defined in the Note Resolution), and (ii) finance Capital Costs, Obligations entitled to the benefit, protection and security of the provisions of the Resolution are hereby authorized to be issued in an aggregate principal amount not exceeding the principal amount necessary so that, after giving effect to any original issue discount (exclusive of any premium) and underwriters' discount from the principal amounts, the amounts to be deposited in any Series A Note payment fund and in the Proceeds Account established pursuant to Section 3.01 of this Supplemental Resolution (exclusive of the amount so deposited therein determined in any Certificate of Determination as estimated to be necessary to fund a debt service reserve fund, to pay capitalized interest or to pay any Costs of Issuance of the Series 2009 Bonds payable from such Proceeds Account) shall not exceed \$340,000,000.

Such Obligations shall be designated as, and shall be distinguished from the Obligations of all other Series by the title, "Gross Revenue Transit Bonds, Series 2009" pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Supplemental Resolution. Notwithstanding any other provision hereof, to the extent provided in one or more Certificates of Determination such Series 2009 Bonds may be issued in one or more Series or subseries, on the same or on different dates, with such further or different designations as set forth in such Certificates of Determination. The Series 2009 Bonds shall be issued as Tax-Exempt Obligations, and as may be determined by an Authorized Officer pursuant to a Certificate of Determination authorized hereunder to be in the Authority's interest, a portion of the Series 2009 Bonds may be issued as Obligations in the form of Build America Bonds. Any such Build America Bonds would be issued as a separate Series or subseries of bonds and conform to the requirements of Section 54AA of the Code, this Supplemental Resolution and the Resolution.

SECTION 2.02. Dates, Maturities, Principal Amounts and Interest. The Series 2009 Bonds, except as otherwise provided in the Resolution, shall be dated the date or dates determined in the related Certificate of Determination and shall bear interest from such date or dates. The Series 2009 Bonds shall mature on the date or dates and in the year or years and principal amount or amounts, and shall bear interest at the rate or rates per annum, or in the manner determined in the related Certificate of Determination.

SECTION 2.03. Interest Payments. The Series 2009 Bonds shall bear interest from their date or dates and payable on such date or dates as may be determined pursuant to the related Certificate of Determination. Except as otherwise provided in the related Certificate of Determination, interest on the Series 2009 Bonds shall be computed on the basis of twelve 30-day months and a 360-day year.

SECTION 2.04. Denominations, Numbers and Letters. Unless otherwise provided in the related Certificate of Determination, the Series 2009 Bonds shall be issued in fully registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The Series 2009 Bonds shall be lettered as provided in the related Certificate of Determination, and shall be numbered from one consecutively upwards.

SECTION 2.05. Places of Payment and Paying Agent. Except as otherwise provided in the related Certificate of Determination, principal and Redemption Price of the Series 2009 Bonds shall be payable to the registered owner of each Series 2009 Bond when due upon presentation of such Series 2009 Bond at the principal corporate trust office of The Bank of New York Mellon, as Trustee. Except as otherwise provided in the related Certificate of Determination, interest on the registered Series 2009 Bonds will be paid by check or draft mailed on the interest payment date by The Bank of New York Mellon, as Paying Agent, to the registered owner at his address as it appears on the registration books or, at the option of any Owner of at least one million dollars (\$1,000,000) in principal amount of the Series 2009 Bonds, by wire transfer in immediately available funds on each interest payment date to such Owner thereof upon written notice from such Owner to the Trustee, at such address as the Trustee may from time to time notify such Owner, containing the wire transfer address (which shall be in the continental United States) to which such Owner wishes to have such wire directed, if such written notice is received not less than twenty (20) days prior to the related interest payment date (such notice may refer to multiple interest payments).

SECTION 2.06. Sinking Fund Redemptions. The Series 2009 Bonds, if any, determined in the related Certificate of Determination shall be subject to redemption in part, by lot, on each date in the year or years determined in the Certificate of Determination at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on each such date the principal amount of such Series 2009 Bonds.

SECTION 2.07. Redemption Terms. The Series 2009 Bonds may also be subject to redemption prior to maturity, at the option of the Authority, upon notice as provided in Article IV of the Resolution, at any time as a whole or in part (and by lot within a maturity if less than all of a maturity is to be redeemed), from maturities designated by the Authority on and after the date and in the years and at the Redemption Prices (expressed as a percentage of principal amount) determined in the related Certificate of Determination, plus accrued interest up to but not including the redemption date.

SECTION 2.08. Delegation to an Authorized Officer. 1. There is hereby delegated to each Authorized Officer, subject to the limitations contained in this Supplemental Resolution, the following powers with respect to the Series 2009 Bonds:

(a) to determine the principal amount of the Series 2009 Bonds to be issued to accomplish the purposes authorized by Section 2.01 of this Supplemental Resolution which principal amount shall not exceed the principal amount permitted by Section 2.01 of this Supplemental Resolution; and to determine whether to issue any portion of the Series 2009 Bonds as Build America Bonds and to redesignate the Series or subseries accordingly;

(b) to determine the maturity date and principal amount of each maturity of the Series 2009 Bonds and the amount and due date of each Sinking Fund Installment if any; provided that the Series 2009 Bonds shall not mature later than July 1, 2034;

(c) to determine the date or dates which the Series 2009 Bonds shall be dated and the interest rate or rates of the Series 2009 Bonds or the manner of determining such interest rate or rates; provided, however, that the true interest cost with respect to the Series 2009 Bonds (as determined by an Authorized Officer of the Authority which determination shall be conclusive) shall not exceed five and one-half percent (5.5%) per annum;

(d) if applicable, to determine the purchase price for the Series 2009 Bonds to be paid by the Underwriters referred to in the Contract of Purchase described in Section 2.09 of this Supplemental Resolution, which price may include such original issue discount and original issue premium as shall be determined in the related Certificate of Determination;

(e) to take all actions required for the Series 2009 Bonds to be eligible under the rules and regulations of The Depository Trust Company (“DTC”) for investment and trading as uncertificated securities, to execute and deliver a standard form of letter of representation with DTC and, notwithstanding any provisions to the contrary contained in this Supplemental Resolution, to include in the related Certificate of Determination such terms and provisions as may be appropriate or necessary to provide for uncertificated securities in lieu of Series 2009 Bonds issuable in fully registered form;

(f) to determine the Redemption Price or Redemption Prices, if any, and the redemption terms, if any, for the Series 2009 Bonds; provided, however, that if the Series 2009 Bonds are to be redeemable at the election of the Authority, the Redemption Price shall not be greater than one hundred three percent (103%) of the principal amount of the Series 2009 Bonds to be redeemed, plus accrued interest thereon up to but not including the date of redemption;

(g) to determine any redemption provisions with respect to Series 2009 Bonds issued as Build America Bonds, which provisions may include make whole call provisions requiring an Owner to receive the full benefit of such Owner’s bargain upon initial purchase;

(h) to determine the advisability, as compared to an unenhanced transaction, of obtaining a policy of bond insurance or a surety bond as a Credit Facility, to select a provider thereof and to determine and accept the terms and provisions and price thereof, to determine such other matters related thereto as in the opinion of the Authorized Officer executing the related Certificate of Determination shall be considered necessary or appropriate and to effect such determinations by entering into any reasonable contractual arrangements required by such Credit Facility provider; provided, such Authorized Officer estimates, based upon the advice of the Authority’s financial advisor, Public Financial Management, Inc., that the interest savings on the Series 2009 Bonds to be realized by purchasing such Credit Facility is greater than the premium paid for the purchase of such Credit Facility;

(i) to determine whether to fund, either with cash or a Credit Facility, a 2009 Bonds Debt Service Reserve Fund hereinafter established to further secure the

Series 2009 Bonds, and to size the requirement therefor consistent with current federal tax rules relating to Tax-Exempt Obligations and to further authorize a Credit Facility to initially fund any such requirement or to substitute cash therefor, all in accordance with the provisions of the Resolution and upon the recommendation of the Authority's financial advisor, Public Financial Management, Inc., that funding such debt service reserve fund will enhance the marketability of the Series 2009 Bonds;

(j) to make such changes in or from the form of this Supplemental Resolution as may be necessary or desirable in order to cure any ambiguities, inconsistencies or other defects; and

(k) to determine such other matters specified in or permitted by (i) Sections 202 and 203 of the Resolution or (ii) this Supplemental Resolution.

2. Any Authorized Officer is hereby authorized to proceed with the offering and sale of the Series 2009 Bonds when that Authorized Officer deems such offering and sale advisable and pay any Costs of Issuance associated with such offering and sale.

3. Any Authorized Officer shall execute one or more Certificates of Determination evidencing the determinations made pursuant to subsection 1 of this Section 2.08 and any such Certificate of Determination shall be conclusive evidence of the determinations of such Authorized Officer, as stated therein. Any Certificate of Determination shall be delivered to the Trustee prior to the authentication and delivery of the Series 2009 Bonds by the Trustee. Determinations set forth in the Certificate of Determination shall have the same effect as if set forth in this Supplemental Resolution.

SECTION 2.09. Sale of Series 2009 Bonds. Each Authorized Officer is hereby authorized to sell and award the Series 2009 Bonds to the underwriters (the "Underwriters") then approved by the Authority and referred to in the Contract of Purchase (the "Contract of Purchase"), which Contract of Purchase shall be substantially in the form annexed hereto as Exhibit A, with such revisions to reflect the terms and provisions of the Series 2009 Bonds as may be approved by the Authorized Officer executing the Contract of Purchase, and with such other changes, omissions, insertions and revisions as such Authorized Officer shall deem advisable. Each Authorized Officer is hereby authorized to agree to the selection of the representative of the Underwriters as referred to in the Contract of Purchase and to execute and deliver the Contract of Purchase for and on behalf and in the name of the Authority with such changes, omissions, insertions and revisions as may be approved by the Authorized Officer executing the Contract of Purchase, said execution being conclusive evidence of such approval and concurrence in the selection of the representative of the Underwriters.

Each Authorized Officer is hereby authorized to make public and to authorize the use and distribution by said Underwriters or other appropriate parties of a preliminary official statement (the "Preliminary Official Statement") in connection with the public offering of the Series 2009 Bonds, in substantially the form annexed hereto as Exhibit B, with such changes, omissions, insertions and revisions as such officer shall deem advisable. The Authority authorizes any of said officers to deliver a certification to the effect that such Preliminary Official Statement, together with such other documents, if any, described in such certificate, was

deemed final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, as applicable.

Each Authorized Officer is hereby authorized to make public and to authorize distribution of a final Official Statement in substantially the form of the Preliminary Official Statement, but reflecting the provisions of the Certificate of Determination, together with such changes, omissions, insertions and revisions as such Authorized Officer shall deem advisable, to sign such Official Statement and to deliver such Official Statement to the purchasers of the Series 2009 Bonds, such execution being conclusive evidence of the approval of such changes, omissions, insertions and revisions.

Each Authorized Officer is hereby authorized to execute and deliver for and on behalf and in the name of the Authority, to the extent determined by such Authorized Officer to be necessary or convenient, a Continuing Disclosure Agreement, substantially in the form appended hereto as Exhibit C, with such changes, omissions, insertions and revisions as such Authorized Officer shall deem advisable (the "Continuing Disclosure Agreement"), said execution being conclusive evidence of the approval of such changes, omissions, insertions and revisions.

The proceeds of the good faith check, if any, received by the Authority from the Underwriters under the terms of the Contract of Purchase may be invested by the Authority pending application of the proceeds of such good faith check for the purposes provided in Section 2.01 of this Supplemental Resolution at the time of the issuance and delivery of such Series 2009 Bonds.

Each Authorized Officer is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts necessary or proper, including the indemnification of the Underwriters and other service providers as provided for in such documents and instruments for carrying out the Contract of Purchase, the Continuing Disclosure Agreement, the terms of any Credit Facility, and the issuance, sale and delivery of the Series 2009 Bonds and for implementing the terms of the Series 2009 Bonds, the payment in full of principal and interest due on the Series A Notes as required hereby and required by the terms of the Note Resolution and in accordance with the requirements of the Code, and the transactions contemplated hereby or thereby, including ongoing payments for debt service, Trustee and other applicable fees and services.

When reference is made in this Supplemental Resolution to the authorization of an Authorized Officer to do any act, such act may be accomplished by any of such officers individually.

SECTION 2.10. Forms of Series 2009 Bonds and Trustee's Authentication Certificate. Subject to the provisions of the Resolution, the form of registered Series 2009 Bonds, and the Trustee's certificate of authentication, shall be substantially in the form set forth in Exhibit A to the Resolution including, if necessary, any changes to comply with the requirements of DTC or the provisions of this Supplemental Resolution or any Certificate of Determination.

ARTICLE III

DISPOSITION OF SERIES 2009 BOND PROCEEDS

SECTION 3.01. Disposition of Series 2009 Bond Proceeds.

1. The proceeds of the sale of the Series 2009 Bonds, other than accrued interest, if any, shall be deposited, simultaneously with the issuance and delivery of the Series 2009 Bonds, at one time or from time to time in one or more Series or subseries, in each case in amounts as determined in any Certificate of Determination as follows:

(a) either in the Proceeds Account or in the fund established therefor in the Note Resolution and applied to the payment of the purposes authorized in Section 2.01 (i) hereof and, in any event, together with any other funds legally available therefor, all as may be more particularly provided for in any Certificate of Determination;

(b) in the Proceeds Account which is hereby established in the Proceeds Fund to be applied to the payment of all or any part of the Capital Costs;

(c) to fund, either with cash or the purchase of a Credit Facility, as provided in such Certificate of Determination, a 2009 Bonds Debt Service Reserve Fund in the amount, if any, required pursuant to such Certificate of Determination; and

(d) the balance of such proceeds, exclusive of accrued interest, shall be deposited in the Costs of Issuance Account and applied to the payment of Costs of Issuance.

Unless otherwise provided in a Certificate of Determination, the accrued interest, if any, and any capitalized interest, received on the sale of the Series 2009 Bonds shall be deposited in the Debt Service Fund.

2. There is hereby established the "2009 Bonds Debt Service Reserve Fund" which shall be held and administered by the Trustee. No cash or Credit Facility shall be deposited therein except and to the extent provided in the related Certificate of Determination. In addition, in accordance with the provisions of Section 504(b) of the Resolution, the Authority will be obligated to build up or replenish such Fund at the times, in the manner and in the amounts provided in such Certificate of Determination. Amounts, if any, on deposit therein shall be applied by the Trustee for the benefit of the Owners of the Series 2009 Bonds and the provider, if any, of such Credit Facility, all to the extent and in the manner provided in such Certificate of Determination.

ARTICLE IV

TAX COVENANTS AND DEFEASANCE

SECTION 4.01. Tax Covenants Relating to the Series 2009 Bonds. The Authority covenants that, in order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Series 2009 Bonds issued as Tax-Exempt Obligations,

the Authority will satisfy, or take such actions as are necessary to cause to be satisfied, each provision of the Code necessary to maintain such exclusion. In furtherance of this covenant, the Authority agrees to comply with such written instructions as may be provided by Bond Counsel. In furtherance of the covenant contained in the preceding sentence, the Authority agrees to continually comply with the provisions of any "Arbitrage and Use of Proceeds Certificate" to be executed by the Authority in connection with the execution and delivery of any Series 2009 Bonds issued as Tax-Exempt Obligations, as amended from time to time.


Notwithstanding any other provision of the Resolution to the contrary, upon the Authority's failure to observe, or refusal to comply with, the above covenant (a) the Owners of the Series 2009 Bonds, or the Trustee acting on their behalf, shall be entitled to the rights and remedies provided to Owners or the Trustee under Section 702 of the Resolution, and (b) neither the Owners of the Obligations of any Series or holders of any Parity Debt (other than the Series 2009 Bonds or the Trustee acting on their behalf), nor the Trustee acting on their behalf, shall be entitled to exercise any right or remedy provided to the Owners, the Parity Debt holders or the Trustee under the Resolution based upon the Authority's failure to observe, or refusal to comply with, the above covenant.

The provisions of the foregoing covenants set forth in this Section, shall not apply to any Series 2009 Bonds, including any subseries thereof, which the Authority determines pursuant to the applicable Certificate of Determination to issue as Taxable Obligations.

SECTION 4.02. Defeasance. In the event the Authority shall seek, prior to the maturity or redemption date thereof, to pay or cause to be paid, within the meaning and with the effect expressed in the Resolution, all or less than all Outstanding Series 2009 Bonds issued as Tax-Exempt Obligations and the provisions of Section 4.01 hereof shall then be of any force or effect, then, notwithstanding the provisions of Article XI of the Resolution, the Series 2009 Bonds issued as Tax-Exempt Obligations which the Authority then seeks to pay or cause to be paid shall not be deemed to have been paid within the meaning and with the effect expressed in Section 1101 of the Resolution unless (i) the Authority has confirmed in writing that the Owners of the Series 2009 Bonds issued as Tax-Exempt Obligations which the Authority then seeks to pay or cause to be paid will continue, after such action, to have the benefit of a covenant to the effect of the covenant of the Authority contained in Section 4.01 hereof or (ii) there shall have been delivered to the Trustee an Opinion of Bond Counsel to the effect that non-compliance thereafter with the applicable provisions of the Code will not affect the then current treatment of interest on the Series 2009 Bonds issued as Tax-Exempt Obligations in determining gross income for Federal income tax purposes.

This Supplemental Resolution shall be effective immediately.

Reviewed for form and legal sufficiency,



Carol B. O'Keeffe
General Counsel