

Date: August 7, 2007

Committee Meeting Date: August 16, 2007

Board Meeting Date: August 30, 2007

BOARD MEMORANDUM

ACTION DISCUSSION INFO

TO: Administration and Finance Committee
Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: Michael T. Burns
General Manager

FROM: Jerry G. Mikolajczyk
Chief Financial Officer

SUBJECT: Measure A Sales Tax Revenue Refunding Bonds, 2007 Series A

Policy-Related Action: No

Government Code Section 84308 Applies: Yes

RECOMMENDATION:

Adopt a resolution authorizing the General Manager or his designee to take all necessary actions to offer, via negotiated sale, up to \$140,000,000 of 2000 Measure A Sales Tax Revenue Refunding Bonds, 2007 Series A (2007 Refunding Bonds) to refund \$137,800,000 aggregate principal amount of VTA's 2000 Measure A Sales Tax Revenue Bonds, 2006 Series F and Series G (2006 Series F and G Bonds) and to pay the costs of issuance.

BACKGROUND:

In August 2006, VTA issued \$428,375,000 aggregate principal amount of 2000 Measure A Sales Tax Revenue Bonds, 2006 Series A-G (the 2006 Bonds). The 2006 Measure A Bonds were issued primarily to refund VTA's 2000 Measure A Sales Tax Revenue Bonds Series 2003, Series 2004 A and 2004 Series B prior to their mandatory tender date¹ in October 2006, and to finance certain 2000 Measure A projects.

At the time of issuance, VTA planned to redeem the 2006 Series F and G Bonds with funds it would receive through the State of California's Traffic Congestion Relief Program (TCRP) for reimbursement of preliminary engineering (PE) activities related to the Silicon Valley Rapid Transit (SVRT) Project. The 2006 Series F and G Bonds were issued as variable rate auction rate securities to facilitate the potential for early repayment.

¹ On the mandatory tender date, VTA was required to repurchase the bonds from bondholders and either remarket or refund the bonds.

DISCUSSION:

Since long-term interest rates are still at historically low levels, Staff recommends that the 2006 Series F and G Bonds remain outstanding, which will allow for the recently received TCRP funds to be used in support of 2000 Measure A capital needs and delay the need to issue additional bonds. Additionally, Staff recommends a refunding transaction be accomplished for programmatic reasons; specifically, to convert the existing variable rate bonds into traditionally fixed rate bonds. The benefits of fixing the interest rate for the 2006 Series F and G Bonds include: 1) the assurance of a fixed rate that is low by historical standards, and, is at a level under the interest rate assumption used in the adopted 2000 Measure A Expenditure Plan; and, 2) an increase in bonding capacity for the Measure A Program as variable rate bonds require higher interest rate assumptions when computing allowable levels of additional bonds.

In the current interest rate market, the interest rates on traditional high quality fixed rate bonds with a structure similar to the proposed 2007 Refunding Bonds range from approximately 3.85% to 4.75%. By contrast, the near term projected all-in² interest rate on the outstanding 2006 Series F and G Bonds is approximately 4.05%, but is subject to market fluctuations and escalating annual insurance premiums (0.05% per year increase).

Bond Structure

Staff proposes to structure the 2007 Refunding Bonds as traditional fixed rate bonds with a final maturity of April 1, 2036. This transaction does not include the addition of new money. The source of repayment for the 2007 Refunding Bonds is the 2000 Measure A ½ cent sales tax. If it is economically advantageous to purchase bond insurance at the time the 2007 Refunding Bonds are sold, Ambac (who currently insures the 2006 Series F and G Bonds) has agreed to provide insurance for the 2007 Refunding Bonds, at a projected cost that includes partial credit for insurance and surety bond fees previously paid by VTA. This results in a cost savings of approximately \$129,634 as compared to projected fees if VTA were to competitively bid the bond insurance and surety policies.

The following shows the estimated sources and uses of funds for the 2007 Refunding Bonds based on market conditions as of July 18, 2007:

| <u>SOURCES OF FUNDS</u> | | <u>USES OF FUNDS</u> | |
|--------------------------------|--------------------|--|--------------------|
| Par Amount of Refunding Bonds | 123,150,000 | Escrow Fund Deposit | 138,195,812 |
| Outstanding Reserve Funds | 12,817,145 | Reserve Fund Surety | 66,514 |
| Original Issue Premium | 3,314,358 | Underwriters' Fees | 431,025 |
| | | Estimated Costs of Issuance ³ | 588,152 |
| TOTAL SOURCES | 139,281,503 | TOTAL USES | 139,281,503 |

² Includes projected interest rate of 3.65%, annual broker/dealer fees of 0.25% and annual insurance premiums of 0.15% associated with the current auction rate securities that would not be required in a traditional fixed rate bond structure.

³ Fees for bond insurance, Financial Advisor, Bond Counsel, Rating Agencies, Trustee; and, other miscellaneous costs associated with the 2007 Refunding Bonds.

The recommendation for Board action includes a higher bond authorization of up to \$140 million (versus the \$123.2 million included in the Sources of Funds table above) to provide greater flexibility at the time of sale – for example, if it becomes more economic to fund the Reserve Fund with bond proceeds rather than with a surety bond.

The 2007 Refunding Bonds will be structured with the ability for VTA to call the bonds in the future if rates decline from current levels or for other reasons.

Manner of Sale

Staff is recommending that the 2007 Refunding Bonds be sold through a negotiated sale process. Under this approach, on the date of sale, the underwriter(s) would determine the interest rates at which various maturities would be offered, and after approval by VTA, would approach investors to determine whether the bonds can be sold at those rates. Adjustments can be made as necessary until a final set of maturities and interest rates are reached reflecting the supply and demand for the bonds. Negotiated sales are most effective if interest rates are volatile; in refunding transactions where timing flexibility is important; when a structure is new or complex or will be combined with innovative financing techniques such interest rate swaps; or if there are complicating circumstances surrounding the issuer or its programs. In this instance, the volatility of interest rates in the current market, coupled with the refunding nature of this transaction, argue for a negotiated sale. VTA used a negotiated sale approach with respect to its successful refunding bond issue in May 2007.

For the 2007 Refunding Bonds, Staff recommends the same team of underwriters used for the 2006 Series F and G Bonds being refunded: Citigroup (senior manager), Goldman Sachs, Bank of America and Morgan Stanley. This group is being recommended for consideration as a result of their familiarity with VTA and the 2000 Measure A Program. This team was originally selected in 2006 via a request for proposal process.

Financing Team

To prepare for this financing transaction, staff issued task orders to VTA's financial advisor (Ross Financial) and one firm in VTA's bond counsel pool (Orrick, Herrington & Sutcliffe LLP).

Documentation

The resolution recommended for approval by the Board of Directors describes the 2007 Refunding Bonds, the parameters for the sale of the 2007 Refunding Bond and the transaction documents being approved by the Board of Directors. These documents include:

- Second Supplemental Indenture
- Purchase Contract
- Official Statement
- Escrow Agreement
- Continuing Disclosure Agreement

The Second Supplemental Indenture supplements VTA's 2000 Measure A Master Indenture, dated August 1, 2006, and establishes the terms of the 2007 Refunding Bonds including principal payment

dates, redemption provisions, maturities, etc. The Master Indenture, together with any amendments is a legal contract between VTA and our Trustee, which establishes the responsibilities of VTA and the rights of bondholders. The master indenture defines the security, flow of funds, bond covenants, and other provisions for the protection of investors.

The Bond Purchase Contract, which is utilized in a negotiated sale, is a contract between VTA and the senior managing underwriter (Citigroup). It sets forth the price to be paid for the bonds, the interest rates that the bonds will bear and all closing conditions, including required legal opinions and certifications.

The Official Statement (OS) discloses pertinent information about VTA and the 2007 Refunding Bonds. It is the municipal market's version of the "prospectus" or "offering circular" used in corporate markets. The OS includes a description of the bonds, the purpose of the bonds, what is pledged as security for repayment of the bonds and the risks inherent in owning the bonds. It also contains legal issues relevant to the bonds, such as the tax status of interest income earned by investors, specifically, if interest income is tax-exempt for federal and state purposes. A Preliminary Official Statement (POS) is included as Exhibit C to the resolution because the final OS will not be completed until after the 2007 Refunding Bonds are sold. The POS is the document used by the underwriters in marketing the 2007 Refunding Bonds. The OS will incorporate information that is only known when the bonds are sold including coupon interest rates, yields, prices and final principal amortization schedule. The OS will not be materially different from the POS.

The Escrow Agreement is a contract between VTA and our Escrow Agent that provides instructions to the Escrow Agent relative to the 2007 Refunding Bond proceeds and the early redemption of the 2006 Series F and G Bonds.

The Continuing Disclosure Agreement is a document that summarizes specific operating and financial information that VTA will provide on a continuing basis, as well as a list of material events that must be disclosed at occurrence. Operating and financial information includes VTA's audited financial reports and updated information relative to sales tax revenue collections.

ALTERNATIVES:

The Board could choose:

- not to issue the 2007 Refunding Bonds at this time and maintain the 2006 Series F and G Bonds as variable rate auction rate securities;
- Redeem either the 2006 Series F or 2006 Series G Bonds and refund the remaining series;
- Redeem either the 2006 Series F or 2006 Series G bonds and maintain the remaining series as variable rate auction securities.

FISCAL IMPACT:

Based on current market conditions, staff anticipates that the refunding of 2006 Series F and G will allow VTA to fix the interest rate on the 2007 Refunding Bonds at yields of approximately 3.75% to 4.85% and produce annual debt service payments of approximately \$8.6 million, which is comparable to the debt service payments for the 2006 Series F and G Bonds. Therefore, there are sufficient funds

for debt service related to the 2007 Refunding Bonds included in the Measure A FY 2008 and FY 2009 Adopted Budgets.

Prepared by: Kimberly Koenig, Manager, Business Strategy & Analysis/Debt Management

Listing of Consultants
Measure A 2007 Series A Refunding Bonds

Underwriting Firms and contact information:

| <u>Firm</u> | <u>Contact Information</u> |
|---|---|
| Citigroup Global Markets Inc (Senior Underwriter) Municipal Securities Division One Sansome Street, 28 th Floor San Francisco, CA 94104 | Michael Gomez, Director (415) 951-1615 |
| Banc of America Securities LLC Public Finance Group 600 Montgomery Street, 18 th Floor CA5-801-18-36 San Francisco, CA 94111 | Scott Nagelson, Principal (415) 953-7314 |
| Goldman, Sachs & Co. 555 California Street, 45 th Floor San Francisco, CA 94104 | Andrew S Nakahata, Vice President (415) 393-7514 |
| Morgan Stanley 555 California Street, Suite 2130 San Francisco, CA 94104 | John Sheldon, Executive Director (415) 576-2083 |

Resolution No. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF SANTA CLARA VALLEY
TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE OF
2000 MEASURE A SALES TAX REVENUE REFUNDING BONDS,
2007 SERIES A**

WHEREAS, the Santa Clara Valley Transportation Authority (the "Authority") is a public transit district duly organized and existing under the provisions of the Santa Clara Valley Transportation Authority Act, being Part 12 of Division 10 of the Public Utilities Code of the State of California, Sections 100000 et seq. (the "Law");

WHEREAS, the Board of Directors of the Authority (the "Board") is authorized to issue bonds or notes payable from the proceeds of retail transactions and use taxes (hereinafter referred to as the "Measure A Sales Tax"), authorized pursuant to a ballot measure ("Measure A") approved on November 7, 2000 by the voters of the County of Santa Clara, which comprises the territory of the Authority, which Measure A Sales Tax was levied by the Authority pursuant to Section 100250 et seq. of the Law and Ordinance No. 01-1, adopted by the Board on March 1, 2001;

WHEREAS, the Authority has heretofore issued \$58,950,000 aggregate principal amount of Santa Clara Valley Transportation Authority 2000 Measure A Sales Tax Revenue Bonds, 2006 Series A, all of which remain outstanding, \$58,975,000 aggregate principal amount of Santa Clara Valley Transportation Authority 2000 Measure A Sales Tax Revenue Bonds, 2006 Series B, all of which remain outstanding, \$58,975,000 aggregate principal amount of Santa Clara Valley Transportation Authority 2000 Measure A Sales Tax Revenue Bonds, 2006 Series C, all of which remain outstanding, \$58,975,000 aggregate principal amount of Santa Clara Valley Transportation Authority 2000 Measure A Sales Tax Revenue Bonds, 2006 Series D, all of which remain outstanding, \$54,700,000 aggregate principal amount of Santa Clara Valley Transportation Authority 2000 Measure A Sales Tax Revenue Bonds, 2006 Series E, all of which were redeemed on August 2, 2007, \$68,900,000 aggregate principal amount of Santa Clara Valley Transportation Authority 2000 Measure A Sales Tax Revenue Bonds, 2006 Series F (the "2006 Series F Bonds"), all of which remain outstanding, and \$68,900,000 aggregate principal amount of Santa Clara Valley Transportation Authority 2000 Measure A Sales Tax Revenue Bonds, 2006 Series G (the "2006 Series G Bonds"), all of which remain outstanding, pursuant to an Indenture, dated as of August 1, 2006, as supplemented and amended by a First Supplemental Indenture, dated as of August 1, 2006 (hereinafter collectively referred to as the "Existing Indenture"), between the Authority and Deutsche Bank National Trust Company ("Deutsche Bank"), as trustee (the "Trustee");

WHEREAS, the Authority desires to refund and defease the 2006 Series F Bonds and the 2006 Series G Bonds ;

WHEREAS, in order to refund and defease 2006 Series F Bonds and the 2006 Series G Bonds (hereinafter collectively referred to as the "Refunded Bonds"), the Authority now

desires to issue an additional series of sales tax revenue bonds, such series of sales tax revenue bonds to be issued on a parity with the Refunded Bonds;

WHEREAS, the Board hereby determines that such additional series of bonds, in an aggregate principal amount not to exceed \$140 million, should be issued and entitled "Santa Clara Valley Transportation Authority 2000 Measure A Sales Tax Revenue Refunding Bonds, 2007 Series A (the "2007 Series A Bonds");

WHEREAS, the Board hereby further determines that the 2007 Series A Bonds will be issued pursuant to the Existing Indenture, as supplemented and amended by a Second Supplemental Indenture thereto (the "Supplemental Indenture," and, together with the Existing Indenture, hereinafter collectively referred to as the "Indenture") to be entered into between the Authority and Trustee;

WHEREAS, there has been prepared and distributed to the Board a proposed form of Supplemental Indenture providing for the issuance of the 2007 Series A Bonds;

WHEREAS, there has been prepared and distributed to the Board, a proposed form of purchase contract (hereinafter referred to as the "Purchase Contract") pursuant to which Citigroup Global Markets Inc., Banc of America Securities LLC, Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated (hereinafter collectively referred to as the "Underwriters"), propose to purchase the 2007 Series A Bonds from the Authority;

WHEREAS, there has been prepared and distributed to the Board, a proposed form of official statement describing the 2007 Series A Bonds and related matters (the "Official Statement"), to be used in connection with the offering and sale of the 2007 Series A Bonds;

WHEREAS, there has been prepared and distributed to the Board, a proposed form of escrow agreement (the "Escrow Agreement"), to be entered into between the Authority and Deutsche Bank, acting as trustee and as escrow agent for the Refunded Bonds (Deutsche Bank, acting in such capacity being hereinafter referred to as the "Escrow Agent"), such Escrow Agreement to provide for the refunding and defeasance of the Refunded Bonds;

WHEREAS, there has been prepared and distributed to the Board, a proposed form of continuing disclosure certificate (the "Continuing Disclosure Certificate"), to be executed by the Authority in order to assist the Underwriters to comply with Securities and Exchange Commission Rule 15c2-12(b)(5);

WHEREAS, in order to provide credit support for the 2007 Series A Bonds, a commitment for bond insurance has been secured from Ambac Assurance Corporation ("Ambac");

WHEREAS, in order to fund the reserve fund being established for the 2007 Series A Bonds, a commitment for a surety bond has been secured from Ambac;

WHEREAS, the Board now deems it necessary and advisable and in the financial interest of the Authority (i) to authorize the issuance and sale of the 2007 Series A Bonds

pursuant to the Indenture and the Purchase Contract, (ii) to approve the forms of, and to authorize the execution and delivery of, the Supplemental Indenture, the Purchase Contract, the Official Statement, the Escrow Agreement, and the Continuing Disclosure Certificate (hereinafter collectively referred to as the "Financing Documents"), (iii) to approve the distribution of the Official Statement in preliminary and final form, and (iv) to authorize the taking of various other actions in connection therewith; and

WHEREAS, all acts, conditions and things required by the Law and the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing contemplated hereby do exist, have happened and have been performed as required by law, and the Authority is now duly authorized and empowered, pursuant to each requirement of law, to authorize and consummate the financing for the purposes, in the manner and upon the terms provided in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Transportation Authority as follows:

Section 1. The foregoing recitals are true and correct and the Board hereby so finds and determines.

Section 2. The issuance by the Authority of not to exceed \$140 million aggregate principal amount of Santa Clara Valley Transportation Authority Measure A Sales Tax Revenue Refunding Bonds, 2007 Series A, is hereby authorized and approved.

Section 3. The proposed form of the Supplemental Indenture, between the Authority and the Trustee, attached hereto as Exhibit A, and the terms and provisions thereof, which are hereby incorporated by reference, are hereby approved. The Secretary of the Board (the "Secretary") is directed to file a copy of said form of Supplemental Indenture with the minutes of this meeting. The General Manager of the Authority or any designee appointed by the General Manager in accordance with Section 12 of this Resolution (hereinafter referred to as the "General Manager") or the Chief Financial Officer of the Authority or any designee appointed by the Chief Financial Officer in accordance with Section 12 of this Resolution (hereinafter referred to as the "Chief Financial Officer") is authorized and directed to execute and deliver the Supplemental Indenture to the Trustee, in substantially the form of the Supplemental Indenture attached hereto as Exhibit A, with such additions thereto or changes therein, as such officer of the Authority executing the same, with the advice of counsel to the Authority, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Supplemental Indenture.

The date, maturity date or dates (not to exceed April 1, 2036), interest rate or rates, (not to exceed 5.50% true interest cost on the 2007 Series A Bonds), interest payment dates, forms, denominations, registration and exchange privileges, place or places of payment, terms of redemption (optional redemption may or may not be provided, as determined by the officer of the Authority executing the Supplemental Indenture), and all other terms of the

2007 Series A Bonds shall be (subject to the foregoing limitations) as provided in the Supplemental Indenture as finally executed and delivered.

Section 4. The proposed form of the Purchase Contract, between the Authority and the Underwriters, attached hereto as Exhibit B, providing for the sale of the 2007 Series A Bonds to the Underwriters, and the terms and conditions thereof, which are hereby incorporated by reference, are hereby approved. The Secretary is directed to file a copy of said form of Purchase Contract with the minutes of this meeting. The sale of the 2007 Series A Bonds to the Underwriters at the principal amount thereof, less an underwriters' discount of not to exceed 0.5% of such principal amount, less any agreed-upon original issue discount, plus any original issue premium, in accordance with said form of Purchase Contract is hereby authorized and approved. The General Manager or the Chief Financial Officer is authorized and directed to execute and deliver the Purchase Contract to the Underwriters, in substantially the form of the Purchase Contract attached hereto as Exhibit B, with such additions thereto or changes therein, as such officer of the Authority executing the same, with the advice of counsel to the Authority, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Purchase Contract.

Section 5. The proposed form of Official Statement, attached hereto as Exhibit C, describing the 2007 Series A Bonds and related matters, and the terms and provisions thereof, which are hereby incorporated by reference, are hereby approved. The Secretary is directed to file a copy of said form of Official Statement with the minutes of this meeting. The Official Statement in preliminary form may be deemed final by the General Manager or the Chief Financial Officer on behalf of the Authority for purposes of compliance with Securities and Exchange Commission Rule 15c2-12 and the distribution of the Official Statement in such preliminary form as is deemed final by the General Manager or the Chief Financial Officer is hereby authorized.

The General Manager or the Chief Financial Officer is hereby authorized and directed to execute and deliver a final Official Statement in substantially the form of the Official Statement attached hereto as Exhibit C, with such additions thereto or changes therein as the General Manager or the Chief Financial Officer, with the advice of counsel to the Authority, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Official Statement. The Underwriters are hereby authorized and directed to distribute copies of the Official Statement to persons purchasing the 2007 Series A Bonds.

Section 6. The proposed form of the Escrow Agreement, attached hereto as Exhibit D, and the terms and conditions thereof, which are hereby incorporated by reference, are hereby approved. The Secretary is directed to file a copy of said form of Escrow Agreement with the minutes of this meeting. The General Manager or the Chief Financial Officer is authorized and directed to execute and deliver the Escrow Agreement, in substantially the form of the Escrow Agreement attached hereto as Exhibit D, with such additions thereto or changes therein, as such officer of the Authority executing the same, with the advice of counsel to the Authority, may require or approve, the approval of such

additions or changes to be conclusively evidenced by the execution and delivery of the Escrow Agreement.

Section 7. The proposed form of the Continuing Disclosure Certificate, attached hereto as Exhibit E, and the terms and conditions thereof, which are hereby incorporated by reference, are hereby approved. The Secretary is directed to file a copy of said form of Continuing Disclosure Certificate with the minutes of this meeting. The General Manager or the Chief Financial Officer is hereby authorized to execute and deliver a Continuing Disclosure Certificate in substantially the form of the Continuing Disclosure Certificate attached hereto as Exhibit E, with such additions thereto or changes therein, as such officer of the Authority executing the same, with the advice of counsel to the Authority, may require or approve, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 8. The General Manager or the Chief Financial Officer is hereby authorized and directed to negotiate with Ambac and, if the General Manager or the Chief Financial Officer, with the advice of Ross Financial (the "Authority Financial Advisor"), determines that securing credit enhancement in the form of a financial guaranty insurance policy (the "Bond Insurance Policy") from Ambac is necessary to minimize interest expense and maximize benefits to the Authority, the General Manager or the Chief Financial Officer is hereby authorized to secure the Bond Insurance Policy from Ambac on such terms as the General Manager or the Chief Financial Officer, with the advice of the Authority Financial Advisor, determines are appropriate, and the General Manager or the Chief Financial Officer is authorized and directed to execute and deliver such agreements as are deemed necessary or desirable by the General Manager or the Chief Financial Officer in connection with securing such Bond Insurance Policy. For ease of administration, the Underwriters, acting on behalf of the Authority, are hereby authorized to pay the premium for the Bond Insurance Policy directly to Ambac, such premium to be paid from the proceeds of the 2007 Series A Bonds.

Section 9. The General Manager or the Chief Financial Officer is hereby authorized and directed to negotiate with Ambac and, if the General Manager or the Chief Financial Officer, with the advice of the Authority Financial Advisor, determines that it is necessary to minimize interest expense and maximize benefits to the Authority, the General Manager or the Chief Financial Officer is hereby authorized to secure a surety bond (the "Reserve Fund Surety Bond") from Ambac on such terms as the General Manager or the Chief Financial Officer, with the advice of the Authority Financial Advisor, determines are appropriate, in order to fund a reserve fund for the 2007 Series A Bonds, and the General Manager or the Chief Financial Officer is authorized and directed to execute and deliver such agreements as are deemed necessary or desirable by the General Manager or the Chief Financial Officer in connection with securing such Reserve Fund Surety Bond. For ease of administration, the Underwriters, acting on behalf of the Authority, are hereby authorized to pay the premium for such Reserve Fund Surety Bond directly to Ambac, such premium to be paid from the proceeds of the 2007 Series A Bonds.

Section 10. The General Manager or the Chief Financial Officer is hereby authorized and directed to take such actions as are necessary in connection with the

investment of funds deposited in the escrow fund established pursuant to the Escrow Agreement (the "Escrow Fund"), and, if applicable, the Escrow Agent is hereby authorized and directed to file such applications and other documents on behalf of the Authority as may be required to order and obtain U.S. Treasury Obligations - State and Local Government Series to be purchased with proceeds of the 2007 Series A Bonds and deposited in the Escrow Fund.

Section 11. All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, including, without limitation, any of the foregoing which may be necessary or desirable in connection with any investment of the proceeds of the 2007 Series A Bonds, any investment or reinvestment of the amounts held on deposit in any of the funds or accounts established under the Indenture, any amendment of such documents or the redemption, purchase in lieu of redemption, refunding or defeasance of any 2007 Series A Bonds, may be given by the General Manager or the Chief Financial Officer without further authorization or direction by the Board, and the General Manager or the Chief Financial Officer, each acting alone, is hereby authorized and directed to give any such approval, consent, direction, notice, order or request and to take any such action which such officer of the Authority may deem necessary or desirable to further the purposes of this Resolution.

Section 12. The General Manager, the Chief Financial Officer and each other appropriate officer of the Authority, are authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver any and all agreements, certificates, documents and instruments, including, without limitation, signature certificates, no-litigation certificates, disclosure certificates, tax certificates, letters of representation relating to book-entry registration, insurance agreements, certificates concerning the representations in the Purchase Contract, certificates concerning the contents of the Official Statement and contracts for rebate compliance services, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution and to carry out, consummate and perform the duties of the Authority set forth in the Financing Documents and all other documents executed in connection with the issuance of the 2007 Series A Bonds and the defeasance and refunding of the Refunded Bonds.

Each of the General Manager and the Chief Financial Officer of the Authority may appoint in writing a designee to perform any of the actions which such officer of the Authority may take under this Resolution.

Section 13. The General Counsel of the Authority is authorized and directed to provide such opinions, on behalf of the Authority, as are required under the terms of the Financing Documents and as are required to consummate the transactions authorize by this Resolution.

Section 14. All actions heretofore taken by the members of the Board, the General Manager, the Chief Financial Officer, the General Counsel of the Authority or any other officers, agents or employees of the Authority, with respect to the issuance of the 2007 Series

A Bonds, securing commitments for the Bond Insurance Policy and the Reserve Fund Surety Bond, the refunding and defeasance of the Refunded Bonds, and the other transactions contemplated hereby, by the Financing Documents and by the Official Statement, are hereby ratified, confirmed and approved.

Section 15. 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 or clause or provision shall not affect any of the remaining provisions of this Resolution.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Transportation Authority this 30th day of August, 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

Dean J. Chu, Chairperson
Santa Clara Valley Transportation Authority

ATTEST:

Board Secretary

Approved as to Form:

General Counsel