

**DALLAS AREA RAPID TRANSIT**

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**FOURTH SUPPLEMENTAL DEBT RESOLUTION**

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**authorizing**

**DALLAS AREA RAPID TRANSIT  
SENIOR LIEN SALES TAX REVENUE REFUNDING BONDS, SERIES 2007**

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**Adopted January 23, 2007**

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## RESOLUTION NUMBER \_\_\_\_\_

FOURTH SUPPLEMENTAL DEBT RESOLUTION AUTHORIZING THE ISSUANCE OF DALLAS AREA RAPID TRANSIT SENIOR LIEN SALES TAX REVENUE REFUNDING BONDS, SERIES 2007, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$925,000,000, SUBJECT TO CERTAIN PARAMETERS; PROVIDING THE SECURITY THEREFOR; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT RELATING TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT; APPOINTING A PAYING/AGENT REGISTRAR; PROVIDING FOR THE EXECUTION AND DELIVERY OF THE BONDS; APPROVING THE PRELIMINARY OFFICIAL STATEMENT; AND PROVIDING OTHER TERMS, PROVISIONS AND COVENANTS WITH RESPECT TO THE BONDS.

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**WHEREAS**, on January 23, 2001, the Subregional Board of Directors (the "Board") of Dallas Area Rapid Transit ("DART") adopted its Master Debt Resolution relating to the financing and refinancing of expansions, improvements and further developments to DART's System; and

**WHEREAS**, the Master Debt Resolution establishes the provisions, terms, and conditions of, and the security for, DART's bonds, notes, and credit agreements, to be issued and executed from time to time for its lawful purposes, by (i) prescribing the terms and conditions upon the basis of which the Initial Senior Lien Obligations, Additional Senior Lien Obligations, and Subordinate Lien Obligations, including Credit Agreement Obligations, may be issued and executed, and (ii) providing, establishing, and confirming the pledge, security, and liens securing DART's obligations to pay all of such Obligations when due; and

**WHEREAS**, DART has previously issued all of the Initial Senior Lien Obligations it is permitted to issue under the terms of the Master Debt Resolution; and

**WHEREAS**, the Board, pursuant to Chapter 1207, Texas Government Code, as amended, hereby determines that DART should authorize and issue its first series of Additional Senior Lien Obligations permitted by Section 3.1(a) of the Master Debt Resolution for the purpose of refunding the Refunded Obligations; and

**WHEREAS**, the Board hereby finds and determines that the specific terms and provisions of the first series of Additional Senior Lien Obligations shall be as set forth in the Pricing Certificate authorized to be executed as prescribed herein, such specific terms and provisions being subject to the parameters set forth in this Resolution; and

**WHEREAS**, there are presently outstanding certain commercial paper notes of DART and Senior Lien Obligations, described on Schedule I attached hereto and incorporated herein by reference for all purposes (collectively, the “Refunded Obligation Candidates”); and

**WHEREAS**, Chapter 1207, Texas Government Code, as amended (“Chapter 1207”), authorizes DART to enter into an escrow agreement with any paying agent for the Refunded Obligations, with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as DART and such paying agent may agree, provided that such deposits may be invested and reinvested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which shall mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or prepayment of the Refunded Obligations; and

**WHEREAS**, Deutsche Bank Trust Company Americas, is the paying agent for the Refunded Obligations, and the Escrow Agreement hereinafter authorized constitutes an escrow agreement of the kind authorized by said Chapter 1207; and

**WHEREAS**, the Board hereby finds and determines that the issuance of the first series of Additional Senior Lien Obligations, as long-term fixed rate obligations, for the purpose of refunding the Refunded Obligations to (i) achieve the debt service savings to be set forth in the Pricing Certificate with respect to DART’s Outstanding Senior Lien Obligations to be refunded, and (ii) restructure the debt payable from the Gross Sales Tax Revenues described in the Master Debt Resolution, is in the best interests of DART and is in the public interest, and the use of the proceeds in the manner herein specified constitutes a valid public purpose; and

**WHEREAS**, the Board finds and determines that the meeting at which this Resolution is adopted is open to the public, and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Resolution, was given, all as required by Applicable Law;

**THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DART:**

## ARTICLE I

### DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1. Short Title. This resolution may be cited herein as the or this “Resolution,” and hereafter in other documents and without further description as the “Fourth Supplemental Debt Resolution.”

Section 1.2. Definitions. The capitalized terms used herein, including in the preambles hereto, that are not otherwise defined herein shall have the same meanings and definitions as are applied to such terms, respectively, in, or incorporated into, the Master Debt Resolution. Additionally, unless otherwise expressly provided or unless the context clearly requires otherwise, the following additional terms shall have the respective meanings specified below:

**Authorized Officer** - means the President and Executive Director, the Chief Financial Officer, the Treasurer, the Assistant Treasurer, and such other officers or employees of DART as may be authorized to perform duties under this Resolution by the Board.

**Bond** - means any of the Bonds.

**Bond Counsel** - means Vinson & Elkins L.L.P., and West & Associates, L.L.P., both of Dallas, Texas, or one or more additional firms of nationally recognized attorneys selected by the Board that are experienced in financings through the issuance of tax-exempt obligations under Section 103 of the Code.

**Bond Purchase Agreement** - means the Bond Purchase Agreement to be entered into between DART and the Underwriters, as contemplated and authorized in Section 3.2(c) and substantially in the form of Exhibit A.

**Bonds** - means the first series of the Additional Senior Lien Obligations authorized by Section 3.2 of the Master Debt Resolution, entitled "Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Refunding Bonds, Series 2007," and further described in Section 3.1.

**Chief Financial Officer** - means the Chief Financial Officer of DART.

**Closing Date** - means the date on which the Bonds are actually delivered to and paid for by the Underwriters.

**Commercial Paper Revolving Credit Agreement** - means the agreement among DART and WestLB AG, acting through its New York Branch, Bayerische Landesbank, acting through its New York Branch, State Street Bank and Trust Company and Landesbank Baden-Württemberg, acting through its New York Branch, as Lenders, and West LB, acting through its New York Branch, as Administrative Agent for the Lenders and dated as of February 1, 2001, as amended, that provides a line of credit to DART supporting the Notes.

**Coverage Tests** - mean the financial tests that DART is required to meet as preconditions to the issuance of Senior Lien Obligations as set forth in Sections 3.2(b)(iii) and 3.2(b)(iv) of the Master Debt Resolution and in Section 5.13(c) of the Commercial Paper Revolving Credit Agreement.

**Designated Payment/Transfer Office** - means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Nashville, Tennessee, or such other location as may be designated by the Paying Agent/Registrar by written notice to DART, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by DART and such successor.

**DTC** - means The Depository Trust Company of New York, New York, or any successor securities depository.

**DTC Participant** - means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among such parties.

**Escrow Agent** - means Deutsche Bank Trust Company Americas, and its successors and assigns.

**Escrow Agreement** - means that certain Escrow Agreement to be executed between DART and the Escrow Agent as contemplated and authorized in Section 9.2 and substantially in the form of Exhibit B.

**Escrow Fund** - means the special fund established by that name in the Escrow Agreement.

**Federal Tax Certificate** - means a certificate regarding federal income tax matters, delivered by DART at the time of the first delivery of any of the Bonds, as amended or supplemented from time to time.

**First Supplemental Debt Resolution** - means Resolution Number 010015, adopted by the Board on January 23, 2001, as amended by the Board on October 25 2005, pursuant to Resolution Number 050149, that specifically describes and authorizes the Notes.

**Fitch** - means Fitch Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then such term shall be deemed to refer to any other nationally recognized securities rating agency selected by the Board.

**Initial Bond** - means the Bond described in Section 7.1(c) with the insertions required by Section 6.2(d).

**Insurer** - means the issuer of the Policy, as provided in the Pricing Certificate, having the rights and responsibilities set forth in Section 8.5, and any successor thereto.

**Interest Payment Date** - means the date or dates upon which interest on the Bonds is scheduled to be paid, such dates being June 1 and December 1 of each year commencing on the date set forth in the Pricing Certificate.

**Mandatory Redemption Dates** - means the dates on which DART is obligated to redeem Bonds in advance of their respective Stated Maturity Dates in accordance with Section 4.3, which dates are set forth in the Pricing Certificate.

**Master Debt Resolution** - means Resolution Number 010014, bearing that title, and adopted by the Board on January 23, 2001.



**Master Paying Agent Agreement** - means the Master Paying Agent Agreement between DART and the Paying Agent/Registrar that specifies the duties and responsibilities of the Paying Agent/Registrar with respect to the Bonds and other Obligations issued by DART pursuant to the authority reserved in the Master Debt Resolution.

**Moody's** - means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then such term shall be deemed to refer to any other nationally recognized securities rating agency selected by the Board.

**Notes** - means the commercial paper notes of DART entitled "Dallas Area Rapid Transit Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series 2001," previously authorized by the Board pursuant to Section 3.3(a) of the Master Debt Resolution and by the First Supplemental Debt Resolution.

**Outstanding Resolutions** - means the Master Debt Resolution, the First Supplemental Debt Resolution, the Second Supplemental Debt Resolution, the Third Supplemental Debt Resolution, this Resolution, and any other Supplemental Resolutions under and pursuant to which any Outstanding Obligations have been issued or executed, or prior resolutions amended.

**Paying Agent/Registrar** - means Deutsche Bank Trust Company Americas, New York, New York, appointed pursuant to Section 5.1, or any successor thereto as provided in this Resolution.

**Pledged Funds** - means the Senior Lien Debt Service Fund and the special accounts created thereunder.

**Policy** - means the policy of municipal bond insurance relating to the Bonds, if any, issued on the Closing Date by the Insurer.

**Preliminary Official Statement** - means, collectively, the Preliminary Supplemental Official Statement relating to the Bonds, and DART's 2007 Annual Disclosure Statement, dated January 23, 2007, all as approved in Section 10.1.

**President** - means the President/Executive Director of DART.

**Pricing Certificate** - means the certificate of the President or Chief Financial Officer authorized in Section 3.2.

**Rebate Fund** - means the special fund created in Section 8.4(h) and is the type of fund referred to in the definition of that term in the Master Debt Resolution.

**Record Date** - means the 15th day of the month next preceding an Interest Payment Date.

**Redemption Prices** - means the respective prices at which Bonds are to be redeemed pursuant to the optional and mandatory redemption provision hereof, the specific redemption prices being set forth in the Pricing Certificate.

**Refunded Obligation Candidates** - means the Notes and Senior Lien Obligations of DART described in Schedule I attached hereto which are authorized to be designated as Refunded Obligations in the Pricing Certificate.

**Refunded Obligations** - means those Notes and Senior Lien Obligations of DART to be designated in the Pricing Certificate from the universe of Refunded Obligation Candidates described in Schedule I attached hereto.

**Representation Letter** - means the "Blanket Issuer Letter of Representations" between DART and DTC, as ratified in Section 3.9(c).

**Resolution** - means this Fourth Supplemental Debt Resolution, approved by the Board pursuant to the Master Debt Resolution which authorizes the issuance of the Bonds.

**S&P** - means Standard & Poor's Ratings Services, A Division of The McGraw-Hill Companies, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then such term shall be deemed to refer to any other nationally recognized securities rating agency selected by the Board.

**Second Supplemental Debt Resolution** -- means Resolution Number 010096 adopted by the Board on July 10, 2001, that specifically describes and authorizes DART's Senior Lien Tax Revenue Bonds, Series 2001.

**Stated Maturity Dates** - means the respective dates on which the Bonds are stated to mature, in accordance with Section 3.2(b).

**Third Supplemental Debt Resolution** -- means Resolution Number 020114 adopted by the Board on July 9, 2002, that specifically describes and authorizes DART's Senior Lien Tax Revenue Bonds, Series 2002.

**Underwriters** - means the person, firm or entity or the group thereof, initially purchasing the Bonds from DART named in

the Bond Purchase Agreement.

Section 1.3. **Table of Contents, Titles and Headings.** The table of contents, titles and headings of the Articles and Sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Resolution or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation. (a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Article and Section references shall mean references to Articles and Sections of this Resolution unless designated otherwise.

(c) If any one or more of the covenants, provisions or agreements contained herein should be contrary to Applicable Law, then such covenants, provisions or agreements shall be deemed separable from the remaining covenants, provisions, and agreements hereof, and shall in no way affect the validity of the remaining covenants, provisions, and agreements contained in this Resolution.

Section 1.5. Declarations and Additional Rights and Limitations Under Master Debt Resolution and Other Documents. (a) For all purposes of the Master Debt Resolution, DART declares and provides as follows:

(i) The Bonds are Bond Obligations that are the first series of the Additional Senior Lien Obligations that are authorized by Section 3.2 of the Master Debt Resolution.

(ii) Prior to the issuance of the Bonds, DART will meet the Coverage Tests imposed as a precondition to the issuance of Additional Senior Lien Obligations.

(iii) The Bonds are not Interim Obligations.

(iv) Administrative Expenses relating to the Bonds shall include (A) the fees and reasonable expenses owed to the Paying Agent/Registrar, and (B) the amounts, if any, required by Applicable Law to be paid to the United States Internal Revenue Service as rebate of investment earnings on any fund or account subject to rebate under the Code.

(v) The Paying Agent/Registrar is a Paying Agent and Registrar required by the Master Debt Resolution with respect to the Bonds.

(vi) Each registered owner of each Bond according to the Obligation Register relating to such Bond Obligation is a Holder under the Master Debt Resolution.

(vii) This Resolution is a Supplemental Resolution adopted pursuant to Section 9.2(a)(vi) of the Master Debt Resolution.

(viii) Each of the Authorized Officers is designated and appointed as an "officer" of DART for the purposes of administering this Resolution, the Bond Purchase Agreement, the Escrow Agreement and the Master Paying Agent Agreement in accordance with Chapters 1207, Texas Government Code, as amended.

(ix) The Policy is a Credit Agreement and the related Credit Agreement Obligations are Senior Lien Obligations, and the Insurer is a Credit Provider; however,

the Policy does not create a Credit Agreement Obligation that is separate and apart from or is in addition to the Bonds.

(x) The Stated Maturity Dates and the Mandatory Redemption Dates established in accordance with Articles III and IV are Principal Payment Dates for the purposes of the Master Debt Resolution.

(xi) The Insurer, as a Credit Provider, is authorized to give and withdraw notices of default under the provisions of Section 7.1(iii) of the Master Debt Resolution.

(xii) The Bonds issued to refund Notes, being payable from the Pledged Revenues and having maturities longer than five (5) years, are subject to the Voted Tax and Debt Limits. Accordingly, after the issuance of the Bonds, DART shall have the right to issue, within the Voted Tax and Debt Limits, Bond Obligations that are payable solely from the Pledged Revenues and having maturities longer than five (5) years in the aggregate principal amount, to be set forth in the Pricing Certificate, as equals \$2.4 billion less the aggregate principal amount of the Bonds issued to refund Notes, including net original issue premium required by law to be allocated against voted authorization, if any.

(xiii) Because the principal amount of the Outstanding Senior Lien Obligations has previously been counted against the Voted Tax and Debt Limits, the Bonds, if any, issued to refund Outstanding Senior Lien Obligations shall not count against the Voted Tax and Debt Limits to the extent the principal amount of such Bonds is equal to or less than the principal amount of the Outstanding Senior Lien Obligations that are refunded.

(xiv) The Bonds and the Administrative Expenses described in subparagraph (iv) of this Section 1.5(a) are secured solely by the lien on and pledge of Pledged Revenues as Senior Lien Obligations, but, DART may, but is not required to, pay the same from any other legally available funds held by DART, including, without limitation, the proceeds of Obligations and amounts held in the General Operating Fund.

(b) For all purposes of the Outstanding Resolutions, the following additional rights and limitations are granted and imposed:

(i) In addition to its right to amend the Outstanding Resolutions without the consent of or notice to the Holders of Bond Obligations, under Section 9.2 of the Master Debt Resolution, DART shall have the right to amend the Outstanding Resolutions without the consent of or notice to the Holders of the Bonds, under Sections 9.3 or 9.4 of the Master Debt Resolution, if the Bonds are insured and such amendment is approved by the Insurer, and by all Credit Providers, if any, and each Bondholder Representative, if any, whose consent is required by another Supplemental Resolution. If the Bonds are not insured, DART must obtain the consent of the Holders if otherwise required by Article IX of the Master Debt Resolution. In the event that less than all of the maturities of the Bonds are insured, the Insurer shall be deemed to be the Holder of those Bonds for which the Policy of the Insurer is effective for the purpose of determining whether the

requisite percentage of Holders have given their consent, if required, pursuant to Sections 9.3 and 9.4 of the Master Debt Resolution.

(ii) Whenever in this Resolution or in the Master Debt Resolution, the right is granted to redeem Bonds in advance of a Stated Maturity Date, any such redemption may be accomplished with any lawfully available money. The Bonds may be redeemed according to their respective terms, and pro rata redemptions are not required. All money delivered to the Paying Agent/Registrar for the purpose of paying the principal of and interest on Bonds shall be held uninvested by the Paying Agent/Registrar.

(iii) In the event of the occurrence of an Event of Default, the right of acceleration of the Stated Maturity Date or the Mandatory Redemption Date of any Bond is not granted as a remedy, and the right of acceleration is expressly denied.

(iv) The specific information that must be provided pursuant to the disclosure requirements of the Rule with respect to the Bonds shall be (A) the audited financial statements of DART for each Fiscal Year ending on and after September 30, 2007, and (B) the annual financial information shall be the data contained in the charts set forth under "DART'S FINANCIAL PRACTICES AND RESOURCES" in DART's 2007 Annual Disclosure Statement, dated January 23, 2007.

## ARTICLE II

### PURPOSES, PLEDGE AND SECURITY FOR BONDS

Section 2.1. Purposes of Resolution. The purposes of this Resolution are to authorize, subject to the parameters set forth herein, the President or Chief Financial Officer to approve the specific terms and provisions of the Bonds as evidenced by the execution and delivery of the Pricing Certificate, to extend expressly the pledge, lien, security, and provisions of the Master Debt Resolution to and for the benefit of the Holders of the Bonds, to provide certain covenants to and for the benefit of the Insurer, to provide for certain rights in addition to those provided for in the Master Debt Resolution and to sell the Bonds to the Underwriters pursuant to the Bond Purchase Agreement.

Section 2.2. Pledge, Security for, Sources of Payment of Bonds. (a) The levy of the Sales Tax, and the pledge, the security, and the filing provisions of Sections 2.2, 2.3 and 2.4, respectively, of the Master Debt Resolution are hereby expressly restated, fixed, brought forward and granted to the Holders of the Bonds, subject to the terms of such Sections.

(b) The Bonds, as the first series of the "Additional Senior Lien Obligations" under the Master Debt Resolution, are secured by an irrevocable, first and senior lien on and pledge of the Pledged Revenues and by money on deposit in the Senior Lien Debt Service Fund that is and will always continue to be (i) on a parity with any previously issued Initial Senior Lien Obligations and the Additional Senior Lien Obligations that are Outstanding from time to time, as declared and provided in Section 2.3 of the Master Debt Resolution, and (ii) senior to the liens, rights, and pledges heretofore or hereafter granted in favor of the Holders of Subordinate Lien Obligations.

## ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS  
REGARDING THE BONDS

Section 3.1. Authorization. (a) A series of Additional Senior Lien Obligations, to be designated "Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Refunding Bonds, Series 2007," in the maximum aggregate principal amount not to exceed \$925,000,000, is authorized to be issued and delivered in accordance with Applicable Law. The Bonds are to be issued for the purposes of refunding the Refunded Obligations.

(b) The Authorized Officers are authorized and directed to transfer to the Escrow Fund on the Closing Date at the direction of an Authorized Officer (a) all amounts held in the Senior Lien Debt Service Fund and the Senior Subordinate Lien Debt Service Fund allocable to the Refunded Obligations, and (b) such other moneys in DART's unencumbered funds and accounts, if any, which together with the deposit of Bond proceeds to the Escrow Fund pursuant to Section 8.1, are sufficient to defease the Refunded Obligations.

Section 3.2. Bond Date, Denominations, Numbers, Maturities, Interest and Characteristics of the Initial Bond. (a) The Bonds are hereby authorized to be issued, sold, and delivered, without interest coupons, in the maximum aggregate principal amount not to exceed \$925,000,000, and in denominations of \$5,000 or any integral multiple thereof, and shall be numbered separately from one (1) upward, except the Initial Bond, which shall be numbered T-1. The Bonds shall be dated the Closing Date, except the Initial Bond which shall be dated the date set forth in the Pricing Certificate. The Bonds shall mature on December 1 in the years and in the principal amounts set forth in the Pricing Certificate. The Bonds shall mature and become payable not later than December 1, 2037.

(b) As authorized by Chapter 1207, Texas Government Code, as amended, the President and the Chief Financial Officer, are each hereby authorized, appointed, and designated as authorized officers who are authorized to act individually on behalf of DART in the selling and delivering of the Bonds and carrying out the other procedures specified in this Resolution, including the determination of the price at which each of the Bonds will be sold, the Underwriters' fee (or discount), the form in which the Bonds shall be issued, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of the Refunded Obligations, the selection of the Refunded Obligations from the Refunded Obligation Candidates, the aggregate principal amount of the Bonds, the rate of interest to be borne by each maturity, the date, prices and terms upon and at which the Bonds shall be subject to redemption at the option of DART and shall be subject to mandatory sinking fund redemption, and all other matters relating to the issuance, sale, and delivery of the Bonds, including the refunding of the Refunded Obligations, all of which shall be specified in the Pricing Certificate.

(c) The President and Chief Financial Officer, acting for and on behalf of DART, are each authorized to enter into and carry out a Bond Purchase Agreement, in substantially the form attached hereto as Exhibit A, with the parties indicated in Exhibit A, with the terms specified in the Pricing Certificate, and other matters as shall be determined by the President or the Chief

Financial Officer and set forth therein; provided that (i) the net present value savings attributable to Refunded Obligations that are Senior Lien Obligations shall not be less than 3.00%, (ii) the maximum Underwriters' fee (or discount) shall be .6% of the principal amount of the Bonds; and (iv) no Bond shall bear interest at a rate greater than 5.75% per annum. It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds shall not be delivered unless, prior to delivery, the Bonds have been rated by either Fitch, Moody's, or S&P in one of the four highest rating categories for long-term obligations, as required by Applicable Law. The Refunded Obligations shall be identified in the Pricing Certificate executed on the date of the Bond Purchase Agreement by the President or Chief Financial Officer. The aggregate principal amount of the Bonds to be issued shall be that amount, not exceeding \$925,000,000, that can be issued in authorized denominations, at a price resulting in net Bond proceeds which would be sufficient, together with other amounts deposited to the Escrow Fund, and investment earnings thereon to pay when due the principal of and interest on all Refunded Obligations.

(d) The President and Chief Financial Officer are authorized to provide for a Policy with respect to the Bonds. The President or Chief Financial Officer shall specify the name of the Insurer in the Pricing Certificate and shall specify therein which maturity or maturities, if any, will be insured. Any Authorized Officer is authorized to execute any instruments requested by an Insurer in connection with the provision of insurance and to pay any insurance premiums as set forth in Section 3.1(b).

(e) The Bonds (i) may be redeemed prior to their respective Stated Maturity Dates as provided for in the Pricing Certificate, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated in this Resolution and as determined by the President or Chief Financial Officer in the Pricing Certificate, as provided herein, with such changes and additions otherwise consistent with this Resolution as are required to meet the terms of the Pricing Certificate and the Bond Purchase Agreement.

(f) In the event the Bond Purchase Agreement shall not be executed on or before 10:00 p.m. on May 1, 2007, the delegation to the President and the Chief Financial Officer pursuant to this Resolution shall cease to be effective unless the Board shall act to extend such delegation.

Section 3.3. Medium, Method and Place of Payment. (a) The principal of, premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America as provided in this Section.

(b) Interest on the Bonds shall be payable to the Holders whose names appear in the Obligation Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the Board. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be at least 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special

Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on the Bonds shall be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the Holder entitled to such payment, United States mail, first class postage prepaid, to the address of the Holder as it appears in the Obligation Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements.

(d) The principal of each Bond shall be paid to the Holder on the due date thereof (whether at the Stated Maturity Date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If a date for the payment of the principal of or interest on the Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

(f) Subject to any applicable escheat, unclaimed property, or similar and Applicable Law, unclaimed payments remaining unclaimed by the Holders entitled thereto for three years after the applicable payment or redemption date shall be paid to the Board and thereafter neither the Board, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds.

(g) Interest shall accrue and be paid on each Bond respectively until its maturity or prior redemption, from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the Pricing Certificate as provided in Section 3.2(b). Such interest shall be payable semiannually on each Interest Payment Date. Interest on the Bonds shall be calculated on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each, with the first Interest Payment Date to be the date set forth in the Pricing Certificate.

(h) Notwithstanding any other provision of this Resolution, during any period in which the Bonds are held in book-entry-only form by DTC in accordance with Section 3.9 hereof, payment of the principal, together with any premium, and interest on the Bonds, shall be paid to DTC in immediately available or next day funds on each Interest Payment Date in the manner specified in the Representation Letter.

Section 3.4. Ownership. (a) The Board, the Paying Agent/Registrar and any other person may treat each Holder of each Bond as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, and for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to each Holder on the Record Date), and for all other



purposes, whether or not such Bond is overdue, and neither the Board nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the Holder of a Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of DART and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.5. Registration, Transfer and Exchange. (a) So long as any Bonds remain Outstanding, the Board shall cause the Paying Agent/Registrar to keep an Obligation Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Resolution.

(b) Ownership of any Bond may be transferred in the Obligation Register only upon the presentation and surrender thereof at the Paying Agent's Designated Payment/Transfer Office for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of the Bonds, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the Bond or any portion thereof registered in the name of such assignee or assignees. No transfer of any Bond shall be effective until entered in the Obligation Register. Upon assignment and transfer of any Bond or portion thereof, a new Bond or Bonds will be issued by the Paying Agent/Registrar in conversion and exchange for such transferred and assigned Bond. To the extent possible the Paying Agent/Registrar will issue such new Bond or Bonds in not more than three Business Days after receipt of the Bond to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Bond may be converted and exchanged only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar together with a written request therefor duly executed by the Holder or assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantees of signatures satisfactory to the Paying Agent/Registrar, for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. If a portion of any Bond is redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the Holder, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Holder upon surrender thereof for cancellation. To the extent possible, a new Bond or Bonds shall be delivered by the Paying Agent/Registrar to the Holder of the Bond or Bonds in not more than three Business Days after receipt of the Bond to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each Bond issued in exchange for any Bond or portion thereof assigned, transferred or converted shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange the Bonds as provided herein, and each substitute Bond delivered in accordance with

this Section shall constitute an original contractual obligation of DART and shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such substitute Bond is delivered.

(e) The Board will pay, as Administrative Expenses, the Paying Agent/Registrar's reasonable and customary charge for the initial registration or any subsequent transfer, exchange or conversion of Bonds, but the Paying Agent/Registrar will require the Holder to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, exchange or conversion of a Bond. In addition, DART hereby covenants with the Holders of the Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration, conversion and exchange of Bonds as provided herein.

(f) Neither the Board nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Holder of the uncalled principal balance of a Bond.

Section 3.6. Cancellation and Authentication. All Bonds paid or redeemed before their Stated Maturity Dates in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Resolution, shall be canceled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of the canceled Bonds in accordance with Applicable Law.

Section 3.7. Temporary Bonds. (a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the Authorized Officers may execute and, upon request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the Authorized Officers executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Resolution.

(c) DART, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in

temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Holder.

Section 3.8. Replacement Bonds. (a) Upon the presentation and surrender to the Paying Agent/Registrar, at the Designated Payment/Transfer Office, of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. DART or the Paying Agent/Registrar may require the Holder of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to Chapter 1201, Texas Government Code, as amended, and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Holder first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and DART to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by DART and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, DART and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by DART or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond.

(e) Each replacement Bond delivered in accordance with this Section (but subject to the limitations contained in this Section) shall constitute an original contractual obligation of DART and shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.9. Book-Entry Only System. (a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each maturity. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, DART and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, DART and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Holder, as shown on the Obligation Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Holder, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, DART and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Obligation Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Holders, as shown in the Obligation Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge DART's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Holder, as shown in the Obligation Register, shall receive a certificate evidencing the obligation of DART to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks or drafts being mailed to the Holder at the close of business on the Record Date, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(c) The Representation Letter previously executed and delivered by DART applicable to DART's obligations delivered in book-entry form to DTC as securities depository for said obligations is hereby ratified and approved for the Bonds.

Section 3.10. Successor Securities Depository. In the event that DART or the Paying Agent/Registrar determine that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, DART or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to

such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Obligation Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Holders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

Section 3.11. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

#### ARTICLE IV

##### REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption. The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.2. Optional Redemption. (a) The President or Chief Financial Officer shall specify in the Pricing Certificate and in the Bonds the optional redemption provisions, if any, applicable to the Bonds.

(b) If less than all of the Bonds are to be redeemed pursuant to subsection (a) above, DART shall have the right to determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption as determined by DART in its sole discretion.

Section 4.3. Mandatory Redemption of Certain Bonds. (a) The President or Chief Financial Officer shall specify in the Pricing Certificate and in the Bonds the mandatory redemption provisions, if any, applicable to the Bonds.

(b) The principal amount of Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of DART, by the principal amount of any Bonds having the same maturity which, at least 45 days prior to the mandatory sinking fund redemption date, (i) shall have been acquired by DART at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.4. Redemption Procedures. (a) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying

Agent/Registrar shall treat each \$5,000 portion of the Bond as though it were a single Bond for purposes of selection for redemption.

(b) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.5 of this Resolution, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

(c) The Paying Agent/Registrar shall promptly notify DART in writing of the principal amount to be redeemed of any Bond as to which only a portion thereof is to be redeemed.

Section 4.5. Notice of Redemption to Holders. (a) DART, at least 45 days before a redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

(b) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond (or part thereof) to be redeemed, at the address shown on the Obligation Register.

(c) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Failure to give notice of redemption to any Holder of Bonds, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds for which notice was properly given.

Section 4.6. Payment Upon Redemption. (a) Before or on each redemption date, the Board shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from DART and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed, or the tender or negotiated price in the case of Bonds tendered or purchased under Section 4.3(b)(i).

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.7. Effect of Redemption. (a) Notice of redemption having been given as provided in Section 4.5 of this Resolution, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless DART fails in its

obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon on the date fixed for redemption, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If DART shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same by DART.

## ARTICLE V

### PAYING AGENT/REGISTRAR

Section 5.1. Appointment of Initial Paying Agent/Registrar. (a) Deutsche Bank Trust Company Americas, is hereby designated and appointed as the initial Paying Agent/Registrar for the Bonds, under and subject to the terms and provisions of the Master Debt Resolution, this Resolution and the Master Paying Agent Agreement.

(b) The Chairman of the Board and any other Authorized Officer is each hereby designated as an Authorized Officer, authorized to approve and execute such supplements, amendments and modifications to the Master Paying Agent Agreement that such officer finds and determines are necessary and appropriate and in the best interests of DART to fulfill the purposes of this Resolution.

Section 5.2. Qualifications. The Paying Agent/Registrar shall be a commercial bank, a trust company organized under applicable laws, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.3. Maintaining Paying Agent/Registrar. (a) At all times while any Bonds are Outstanding, DART will maintain a Paying Agent/Registrar that is qualified under Section 5.2 of this Resolution.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Board will promptly appoint a replacement.

Section 5.4. Termination. DART, upon not less than 60 days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.5. Notice of Change. Promptly upon each change in the entity serving as Paying Agent/Registrar, DART will cause notice of the change to be sent to each Holder and the Insurer, if any, by first class United States mail, postage prepaid, at the address in the Obligation Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.6. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar acknowledges receipt of copies of the Master Debt Resolution and this Resolution, and is deemed to have agreed to the provisions of thereof, and to perform the duties and functions of Paying Agent/Registrar prescribed therein and herein.

Section 5.7. Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent, promptly upon the appointment of the successor, will deliver the Obligation Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

## ARTICLE VI

### FORM OF THE BONDS

Section 6.1. Form Generally. (a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution and the Pricing Certificate, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by DART.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The Bonds, including the Initial Bond submitted to the Attorney General of Texas and any temporary Bonds, shall be typed, printed, lithographed, photocopied or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

Section 6.2. Form of Bonds. The form of Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:



(a) [Form of Bond]

REGISTERED

REGISTERED

No. \_\_\_\_\_

\$ \_\_\_\_\_

United States of America  
State of Texas  
DALLAS AREA RAPID TRANSIT  
SENIOR LIEN SALES TAX REVENUE REFUNDING BONDS, SERIES 2007

INTEREST RATE:      MATURITY DATE:      CLOSING DATE:      CUSIP NO.  
                                  \_\_\_\_\_%      December 1, \_\_\_\_\_      \_\_\_\_\_\*      \_\_\_\_\_

Dallas Area Rapid Transit ("DART"), a subregional transportation authority, public body corporate and politic of the State of Texas, for value received, hereby promises to pay to

\_\_\_\_\_ or registered assigns, on the Maturity Date, as specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Closing Date, as specified above, or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on June 1 and December 1 of each year, commencing \_\_\_\_\_.\*

Capitalized terms appearing herein that are defined terms in the Resolutions defined below, have the meanings assigned to them in the Resolutions. Reference is made to the Resolutions for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Nashville, Tennessee (the "Designated Payment/Transfer Office"), of Deutsche Bank Trust Company Americas, or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall

\* Information to be set forth in the Pricing Certificate.

be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the 15th day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof, issued in the aggregate principal amount of \$\_\_\_\_\_\*, pursuant to the "Master Debt Resolution," as defined in the Fourth Supplemental Debt Resolution adopted on January 23, 2007 by the Board of Directors of DART (the "Fourth Supplemental Resolution"). The Master Debt Resolution and the Fourth Supplemental Resolution are herein collectively referred to as the "Resolutions." This Bond is one of the first series of Additional Senior Lien Obligations authorized by the Resolutions and is subject to the terms and provisions thereof. The Resolutions and their respective terms and provisions are incorporated herein for all purposes.

[The Bonds were issued by DART for the purposes of (i) refunding a portion of DART's outstanding Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series 2001, its Senior Lien Sales Tax Revenue Bonds, Series 2001 and its Senior Lien Sales Tax Revenue Bonds, Series 2002 and (ii) paying a portion of the costs of issuance of the Bonds.]\*

The Bonds and the interest thereon are payable from, and are secured by a superior, senior, and first lien on and pledge of the Pledged Revenues and the Pledged Funds.

The lien on and pledge of the Pledged Revenues created and granted in the Resolutions in favor of the Bonds is on a parity with the lien and pledge thereof granted by DART in favor of the Holders of any Initial Senior Lien Obligations and any additional Additional Senior Lien Obligations that may be issued or executed pursuant to the Master Debt Resolution, as defined and permitted therein. DART has reserved the right in the Resolutions to issue or execute additional Additional Senior Lien Obligations that, after issuance, may be secured by liens on and pledges of the Pledged Revenues on a parity with the lien thereon in favor of the Bonds.

DART has also reserved the right in the Resolutions to issue and execute Subordinate Lien Obligations, provided the lien and pledge securing the same are expressly made junior and subordinate to the pledge and lien securing the Senior Lien Obligations.

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\* Information to be set forth in the Pricing Certificate.

All covenants requiring DART to pay principal and interest or other payments on Senior Lien Obligations and Subordinate Lien Obligations, as defined in the Resolutions, shall be payable and collectible solely from the revenues and funds expressly pledged thereto by the Resolutions or by a Supplemental Resolution; and each and every Holder shall by his acceptance of this Bond consent and agree that no claim, demand, suit, or judgment for the payment of money shall ever be asserted, filed, obtained or enforced against DART from sources other than the funds and revenues pledged thereto. The Holders hereof shall never have the right to demand payment of this obligation out of any Special Revenues or from any funds raised or to be raised by ad valorem taxation.

[DART has reserved the right and option to redeem the Bonds maturing on and after December 1, \_\_\_\_, in whole or part, in principal amounts equal to \$5,000 or any integral multiple thereof, before their respective maturity dates, on December 1, \_\_\_\_, or on any date thereafter, at a price equal to the principal amount thereof, plus interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, DART shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

The Bonds maturing December 1, \_\_\_\_, shall be redeemed prior to stated maturity in part by lot on December 1 as indicated, in each of the years set forth below from moneys required to be deposited to the credit of the Senior Lien Debt Service Fund at the principal amount thereof and accrued interest to date of redemption, without premium. Such required sinking fund installments as to each maturity are as follows:

BONDS MATURING DECEMBER 1, \_\_\_\_

<u>Year</u>	<u>Amount</u>
-------------	---------------

The Paying Agent/Registrar will select by lot the specific Bonds (or with respect to Bonds having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of DART, by the principal amount of any Bonds having the same maturity which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by DART at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.]\*

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\* Conform as necessary to the Pricing Certificate.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

As provided in the Resolutions, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such indorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither DART nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

DART, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither DART nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law.

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(Execution Page Follows)

IN WITNESS WHEREOF, the Board of Directors of DART has caused the facsimile seal of DART to be placed hereon and this Bond to be signed by the facsimile signature of its Chairman and countersigned by the facsimile signatures of its President and Secretary.

COUNTERSIGNED:

\_\_\_\_\_  
President,  
Dallas Area Rapid Transit

\_\_\_\_\_  
Chairman of the Board of Directors,  
Dallas Area Rapid Transit

\_\_\_\_\_  
Secretary of the Board of Directors  
Dallas Area Rapid Transit

(b) [Form of Certificate of Paying Agent/Registrar]

#### CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the Bonds referred to in the within mentioned Resolutions. The series of Bonds of which this Bond is a part was originally issued as one Initial Bond which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

DEUTSCHE BANK TRUST COMPANY  
AMERICAS  
as Paying Agent/Registrar

Dated: \_\_\_\_\_

By: \_\_\_\_\_

(c) [Form of Assignment]

## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): \_\_\_\_\_

\_\_\_\_\_  
 (Social Security or other identifying number: \_\_\_\_\_) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed By: \_\_\_\_\_

\_\_\_\_\_  
 Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(d) Initial Bond Insertions.

(i) The Initial Bond shall be in the form set forth in paragraph (a) of this Section, except that:

(A) immediately under the name of the Bonds, the heading "DATED AS OF:" shall be added and shall be completed with the date set forth in the Pricing Certificate; and

(B) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the words "CUSIP NO. \_\_\_\_" shall be deleted; and

(C) in the first paragraph:

the words "on the Maturity Date, as specified above" shall be deleted and the following will be inserted:

"on December 1 in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years	Principal Installments	Interest Rates
-------	------------------------	----------------

(Information to be inserted in accordance with Section 3.2(a) and (b) hereof and the Pricing Certificate)"; and

(D) the Initial Bond shall be numbered T-1.

(ii) The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond in lieu of the Certificate of the Paying Agent/Registrar:

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
OF THE STATE OF TEXAS	§	

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of Dallas Area Rapid Transit, and that this Bond has this day been registered by me.

WITNESS MY SIGNATURE AND SEAL this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

Section 6.3. CUSIP Registration. DART may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither DART, the Board, nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.4. Legal Opinion. The approving legal opinions of Bond Counsel shall be delivered to the Paying Agent/Registrar and the delivery thereof shall be acknowledged by the Paying Agent/Registrar on behalf of the Holders of the Bonds.

Section 6.5. Security Agreement, Filings. (a) A certified copy of this Resolution shall be delivered to the Trustee and the Paying Agent/Registrar, and the same shall constitute a security agreement pursuant to and for all purposes of Applicable Law, with the Holders of the Bonds as the secured parties to the extent stated herein and in the Outstanding Resolutions. The grants, assignments, liens, pledges and security interests created herein shall become effective immediately upon and from the time of payment for and delivery of the Bonds, and the same shall be continuously effective for so long as any Bonds are Outstanding.

(b) Such grants, assignments, liens, pledges and security interests shall be fully effective with respect to the Holders of the Bonds as to Pledged Revenues on hand and hereafter received, and all Pledged Revenues and such receipts shall be subject thereto whether or not they are actually and physically delivered to or received by the Trustee or the Paying Agent/Registrar as and to the extent required by this Resolution.

(c) A fully executed copy of this Resolution and of the Master Debt Resolution shall be kept at all times, and shall be filed and recorded as a security agreement, among the permanent records of DART. Such records shall be open for inspection to any member of the general public and to any individual, firm, corporation, governmental entity or other person proposing to do or doing business with, or having or asserting claims against DART, at all times during regular business hours.

(d) The provisions and filings required by subsections (a), (b) and (c) of this Section are included, provided, required and made herein pursuant to the requirements of, and with the effect stated in Applicable Law. Should any Applicable Law, in the opinion of counsel to DART, ever require filings additional to the filing required by subsection (c) in order to preserve and protect the priority of the grants, assignments, lien, pledge and security interest created herein as to all of the Bonds, then DART shall diligently and regularly make such filings to the extent required by Applicable Law to accomplish such result.

Section 6.6. Statement of Insurance. A statement relating to the Policy, if any, to be issued for any Bond may be printed on or attached to such Bond.

## ARTICLE VII

### EXECUTION, APPROVAL, REGISTRATION, SALE AND DELIVERY OF BONDS AND RELATED DOCUMENTS

Section 7.1. Method of Execution, Delivery of Bonds. (a) Each of the Bonds shall be signed and executed on behalf of DART by the manual or facsimile signature of the Chairman of its Board and countersigned by the manual or facsimile signatures of its President and Secretary, and the corporate seal of DART shall be impressed, printed, lithographed or otherwise reproduced or placed on each Bond. All manual or facsimile signatures placed upon the Bonds shall have the same effect as if manually placed thereon, all to be done in accordance with Applicable Law.

(b) In the event any signing officer of DART is absent or otherwise unable to execute any document or take any action authorized herein, the Vice Chairman of the Board, the



Assistant Secretary of the Board, and any other Authorized Officer, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by such persons shall, for the purposes of this Resolution, have the same force and effect as if such duties were performed by the Chairman, Secretary, and President, respectively.

(c) On the Closing Date, one "Initial Bond," representing the entire principal amount of the Bonds, payable in stated installments to the Underwriters or their designee, executed by manual or facsimile signatures of the Chairman of the Board and the President of DART and countersigned by the Secretary of the Board, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to the Underwriters or their designee. The Initial Bond shall be registered in the name specified in the Bond Purchase Agreement. Upon payment of the purchase price for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Underwriters registered definitive Bonds as described in Section 3.7(c).

(d) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Resolution, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/ Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Resolution, manually executed by the Comptroller of Public Accounts of the State of Texas or by her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of DART, and has been registered by the Comptroller.

Section 7.2. Approval and Registration. The Authorized Officers are authorized to have control and custody of the Bonds and all necessary records and proceedings pertaining thereto pending their delivery, and the Authorized Officers are hereby authorized and instructed to make such certifications and to execute such instruments as may be necessary to accomplish the delivery of the Bonds or the Initial Bond to the Attorney General of the State of Texas and to assure the investigation, examination and approval thereof by the Attorney General and their registration by the Comptroller of Public Accounts. Upon registration of the Bonds, the Comptroller of Public Accounts (or a deputy designated in writing to act for her) shall manually sign the Comptroller's Registration Certificate accompanying the Bonds and the seal of the Comptroller shall be impressed, or placed in facsimile, on such certificate. The Authorized Officers shall be further authorized to make such agreements and arrangements with the Underwriters of the Bonds and with the Paying Agent/Registrar as may be necessary to assure that the Bonds will be delivered to such Underwriters in accordance with the terms of sale.

## ARTICLE VIII

## GENERAL PROVISIONS

Section 8.1. Deposit and Uses of Bond Proceeds. The proceeds received from the sale of the Bonds shall be used to pay costs of issuance for the Bonds, with the balance of the proceeds to be deposited to the Escrow Fund to effect the purposes stated therein.

Section 8.2. Payment of the Bonds. The Paying Agent/Registrar shall calculate and furnish calculations of Accrued Aggregate Debt Service for the Bonds upon request of the Trustee as provided in Section 5.3(c) of the Master Debt Resolution. While any of the Bonds are outstanding and unpaid, the Trustee shall deposit Pledged Revenues to the Senior Lien Debt Service Fund at the times and in the amounts required by the Master Debt Resolution and shall make available to the Paying Agent/Registrar, out of the Senior Lien Debt Service Fund, the amounts and at the times required by this Resolution required to pay all amounts due and payable on the Bonds when and as due and payable.

Section 8.3. Representations and Covenants. (a) DART will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Outstanding Resolutions and this Resolution; and DART will promptly pay or cause to be paid from Pledged Revenues and the Senior Lien Debt Service Fund the principal of, interest on, and premium, if any, with respect to, each Bond on the dates and at the places and manner prescribed in each Bond.

(b) DART is duly authorized by Applicable Law to issue the Bonds; all action on its part required by Applicable Law for the issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Holders of the Bonds are and will be valid and enforceable special obligations of DART in accordance with their terms.

(c) The Board, the officers, employees and agents are hereby directed to observe, comply with and carry out the terms and provisions of the Master Debt Resolution and this Resolution.

Section 8.4. Covenants Regarding Tax-Exemption. (a) DART intends that the interest on the Bonds shall be excludable from gross income for purposes of federal income taxation pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Income Tax Regulations promulgated thereunder the ("Regulations"). DART covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in the gross income, as defined in section 61 of the Code, of the Holders thereof for purposes of federal income taxation. In particular, DART covenants and agrees to comply with each requirement of this Section 8.4; provided, however, that DART shall not be required to comply with any particular requirement of this Section 8.4 if DART has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if DART has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section 8.4 will satisfy the applicable

requirements of the Code, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section 8.4.

(b) DART covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds (including property financed with proceeds of the Refunded Obligations), and take such other and further action as may be required so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, DART shall certify, through an Authorized Officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) DART represents, covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the Regulations, except as permitted by section 149(b)(3) of the Code and the Regulations.

(d) DART represents, covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the Regulations.

(e) DART shall certify, through an Authorized Representative, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, DART will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the Regulations. Moreover, DART covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the Regulations.

(f) If DART does not qualify for an exception to the requirements of Section 148(f) of the Code, DART will take all necessary steps to comply with the requirement that certain amounts earned by DART on the investment of the "gross proceeds" of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, DART will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of DART allocable to other debt securities issued by DART or moneys which do not represent gross proceeds of any debt securities of DART, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is

required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, DART will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any Person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) DART covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the Regulations.

(h) DART hereby creates the Rebate Fund. All money at any time deposited in the Rebate Fund in accordance with the provisions of the Federal Tax Certificate shall be held by DART as a separate special account or fund in trust for payment to the United States of America, and neither DART, nor any Holder, shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Resolution and by the Federal Tax Certificate. Money shall not be transferred from the Rebate Fund except in accordance with the Federal Tax Certificate. Any amounts remaining in the Rebate Fund and not necessary for the payment of amounts to the United States of America in accordance with the Federal Tax Certificate shall be transferred, in accordance with instructions from an Authorized Officer, to the System Expansion and Acquisition Fund and/or to the Debt Service Fund.

(i) Notwithstanding any other provision of this Resolution, DART's obligations under the covenants and provisions of this Section 8.4 shall survive defeasance and discharge of the Bonds.

Section 8.5. Bond Insurance. (a) In the event that the President or Chief Financial Officer determines pursuant to Section 3.2(d) that the Bonds shall be offered and sold with bond insurance provided by the Insurer, the provisions of this Section 8.5 shall apply with respect to such Insurer, with the bond insurance to be evidenced by the then current legal form of the Policy. In the event that bond insurance is not issued on the Closing Date, this Section and all references to the Insurer and the Policy in this Resolution shall be of no force and effect. Subject to the preceding sentence, DART covenants and agrees that:

(i) Upon the occurrence of an Event of Default which would require the Insurer to make payments under the Policy, the Insurer and its designated agent shall be provided with access to the Obligation Register relating to the Bonds. In addition, the Insurer shall be deemed the sole Holder of the Bonds that it has insured with respect to any action taken pursuant to Article VII of the Master Debt Resolution. In determining whether a payment default relating to the Bonds has occurred pursuant to Section 7.1(i) of the Master Debt Resolution, no effect shall be given to payments made under the Policy. Furthermore, notice of any payment default with respect to the Bonds shall be given immediately by DART to the Insurer.

(ii) Notwithstanding any other provision of this Resolution, no resignation or removal of the Paying Agent/Registrar shall become effective until a successor has been appointed and has accepted the duties of the Paying Agent/Registrar. The Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent/Registrar and the appointment of any successor thereto.

(b) The following information and data shall be provided to the Insurer by the Board periodically as follows:

(i) Annually, when available, the annual budget of DART and its annual audited financial statements.

(ii) An official statement or offering document, if any, prepared in connection with the issuance of any Obligations.

## ARTICLE IX

### PAYMENT AND REDEMPTION OF REFUNDED OBLIGATIONS; APPROVAL OF ESCROW AGREEMENT; PURCHASE OF ESCROWED SECURITIES

#### Section 9.1. Redemption of Refunded Obligations.

(a) DART hereby calls for redemption prior to maturity the Refunded Obligations identified in the Pricing Certificate for redemption prior to maturity on the dates and at the prices set forth in the Pricing Certificate.

(b) The President and Chief Financial Officer are hereby authorized and directed to cause a copy of this Resolution to be delivered to the paying agent/registrar for the Refunded Obligations, the delivery of which shall constitute notice of redemption and notice of defeasance to such paying agent/registrar.

Section 9.2. Subscription of Federal Securities. Any Authorized Officer hereby authorized to make necessary arrangements for the purchase of the "Federal Securities," as referenced and defined in the Escrow Agreement, as may be necessary for the Escrow Fund, and the application for the acquisition of the Federal Securities is hereby approved and ratified. Money in the Escrow Fund shall be invested as provided in the Escrow Agreement.

Section 9.3. Approval of Escrow Agreement. The Escrow Agreement, in substantially the form attached hereto as Exhibit B, is approved and the Chairman of the Board and any other Authorized Officer is each hereby designated an Authorized Officer, authorized, empowered and directed to execute and deliver the same, with such changes therein as such officer shall deem appropriate and in the best interests of DART, as conclusively evidenced by the execution thereof.

Section 9.4. Notice of Deposit. The Escrow Agent is hereby authorized and directed to give notice of deposit and notice of redemption with respect to the Refunded Obligations to Holders of the Refunded Obligations as required under the Outstanding Resolutions pursuant to which the Refunded Obligations were issued.

## ARTICLE X

APPROVAL OF PRELIMINARY OFFICIAL STATEMENT,  
REPEAL, SEVERABILITY, AND EFFECTIVE DATE

Section 10.1. Approval of Official Statement. The Preliminary Official Statement in the form and substance attached hereto as Exhibit C is hereby approved, with such changes therein as may be approved by the President or Chief Financial Officer of DART. The Preliminary Official Statement is hereby deemed final as of its dated date (except for the omission of pricing and related information with respect to the Bonds) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The President and the Chief Financial Officer are each authorized and directed to complete on behalf of DART and in their official capacities, the Preliminary Official Statement, with such modifications, completions, changes and supplements, as those officers shall approve and authorize to reflect the rates of interest, redemption provisions and pricing information with respect to the Bonds, the Preliminary Official Statement as so completed being hereinafter referred to as the "Official Statement." The Authorized Officers are hereby authorized and directed to use and distribute or authorize the use and distribution of the Official Statement and any addendum, supplement or amendment thereto, to the Underwriters, in the offering and sale of the Bonds.

Section 10.2. Resolution Irrepealable. After any of the Bonds are issued, this Resolution shall constitute a contract between DART, the Holders of the Bonds, and the Insurer, and this Resolution and the Master Debt Resolution shall be and remain irrepealable until the Bonds and the interest thereon shall be fully paid, canceled, refunded or discharged or provision for the payment thereof shall be made.

Section 10.3. 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 lack of enforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 10.4. Further Action. The Authorized Officers and each of them are authorized, empowered and directed to execute such other documents in addition to those enumerated herein and to take such other actions as they deem necessary or advisable in order to carry out and perform the purposes of this Resolution.

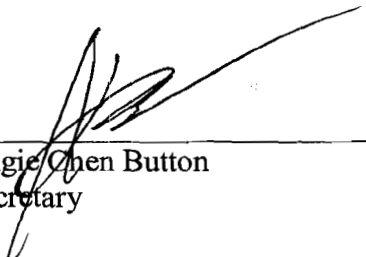

Section 10.5. Effective Date. This Resolution, when duly passed by the Board, shall be in full force and effect.



Dallas Area Rapid Transit

**RESOLUTION**

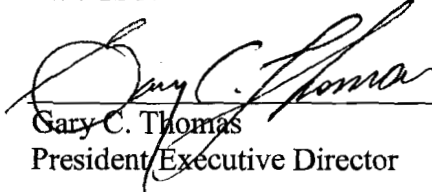
of the

**DALLAS AREA RAPID TRANSIT  
(Executive Committee)*****RESOLUTION*****Approval of Fourth Supplemental Debt Resolution**  
\_\_\_\_\_  
Angie Chen Button  
Secretary  
\_\_\_\_\_  
Mark Enoch  
Chairman

APPROVED AS TO FORM:

  
\_\_\_\_\_  
DART Counsel

ATTEST:

  
\_\_\_\_\_  
Gary C. Thomas  
President/Executive Director

January 23, 2007

\_\_\_\_\_  
Date

## ACCEPTANCE OF DUTIES AND TRUSTS

Deutsche Bank Trust Company Americas, acting by and through the below named duly authorized officers, hereby accepts the trusts imposed by this Resolution and the Master Debt Resolution and agrees to perform the duties of Paying Agent/Registrar hereunder, but only upon and subject to the express terms and conditions therein and in the Master Paying Agent/Registrar Agreement. Further, as Trustee under the Master Debt Resolution, Deutsche Bank Trust Company Americas, agrees to give notices and perform other actions required of the Trustee with respect to the Bonds.

DEUTSCHE BANK TRUST COMPANY  
AMERICAS,  
as Paying Agent/Registrar and Trustee

By:

\_\_\_\_\_  
Authorized Officer

ATTEST:

\_\_\_\_\_  
Authorized Officer

Date: \_\_\_\_\_



**SCHEDULE I -- Refunded Obligation Candidates**

1. Dallas Area Rapid Transit Senior Subordinate Lien Sales Tax Revenue Commercial Paper Notes, Series 2001, in the following principal amounts:

<u>Maturity Date as of</u> <u>January 18, 2007</u>	<u>Principal Amount</u>	<u>Issuance Date</u>	<u>Interest Rate</u>
2/1/2007*	\$5,100,000	10/5/2006	3.50%
2/1/2007*	8,000,000	11/7/2006	3.55%
2/1/2007*	2,500,000	10/12/2006	3.53%
2/2/2007*	8,400,000	11/6/2006	3.52%
2/5/2007*	5,000,000	10/4/2006	3.50%
2/7/2007*	35,595,000	11/2/2006	3.50%
2/7/2007*	10,000,000	1/5/2007	3.50%
2/9/2007*	5,000,000	12/4/2006	3.50%
2/9/2007*	20,000,000	12/1/2006	3.53%
2/9/2007*	2,000,000	1/8/2007	3.52%
2/12/2007*	7,500,000	12/6/2006	3.50%
2/12/2007*	26,000,000	12/7/2006	3.50%
2/14/2007*	10,700,000	11/7/2006	3.55%
2/14/2007*	5,000,000	1/8/2007	3.52%
2/15/2007*	25,000,000	1/3/2007	3.52%
2/15/2007*	4,800,000	1/5/2007	3.50%
2/15/2007*	4,000,000	1/5/2007	3.50%
2/15/2007*	1,000,000	1/5/2007	3.50%
2/15/2007*	5,000,000	1/8/2007	3.52%
2/15/2007*	6,000,000	1/9/2007	3.55%
2/15/2007*	19,000,000	1/9/2007	3.55%
2/15/2007*	7,000,000	1/10/2007	3.55%
2/15/2007*	7,000,000	12/7/2006	3.50%
2/15/2007*	6,950,000	11/7/2006	3.53%
2/15/2007*	10,000,000	12/1/2006	3.53%
2/20/2007*	30,000,000	11/8/2006	3.58%
2/20/2007*	27,500,000	11/9/2006	3.58%
2/20/2007*	30,000,000	11/9/2006	3.58%
2/20/2007*	30,000,000	11/17/2006	3.65%
2/20/2007*	30,000,000	1/3/2007	3.59%
4/3/2007	30,000,000	7/19/2006	3.80%
4/3/2007	20,000,000	8/10/2006	3.68%
4/5/2007	28,400,000	9/5/2006	3.55%
4/5/2007	3,200,000	9/5/2006	3.55%

\*On their respective maturity dates, these obligations will be paid with the proceeds of other Notes in the same aggregate principal amount currently outstanding. Such Notes will be eligible to be refunded with the proceeds of the Bonds.

2. All of the Outstanding Dallas Area Rapid Transit Senior Lien Bonds, Series 2001, that are subject to optional redemption.

3. All of the Outstanding Dallas Area Rapid Transit Senior Lien Bonds, Series 2002, that are subject to optional redemption.

**EXHIBIT A**

**Form of Bond Purchase Agreement**

## DALLAS AREA RAPID TRANSIT

\$ \_\_\_\_\_  
 SENIOR LIEN SALES TAX  
 REVENUE REFUNDING BONDS,  
 Series 2007

## BOND PURCHASE AGREEMENT

\_\_\_\_\_, 2007

Subregional Board of Directors  
 Dallas Area Rapid Transit  
 1401 Pacific Avenue  
 P.O. Drawer 619428  
 Dallas, Texas 75202

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Representative"), acting on behalf of itself and the other underwriters listed on Exhibit "A" hereto (collectively the "Underwriters"), offers to enter into this Bond Purchase Agreement (this "Agreement") with the Dallas Area Rapid Transit ("DART"), for the purchase by the Underwriters, jointly and severally, of \$ \_\_\_\_\_ Senior Lien Sales Tax Revenue Refunding Bonds, Series 2007 (the "Bonds").

The Representative hereby informs DART that it is authorized, on behalf of itself and the Underwriters, to enter into this Agreement and that it is authorized to execute this Agreement and to take any other actions which may be required hereby on behalf of the other Underwriters. This offer is made subject to written acceptance by DART or an authorized committee on behalf of DART on or before 10:00 P.M., Dallas, Texas time, on the date hereof and upon such acceptance, this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon DART and the Underwriters.

In connection with the offering of the Bonds, DART intends to issue its Official Statement, dated the date hereof. The Official Statement, including the cover page, the inside cover page and Appendices thereto, as further amended only in the manner hereinafter provided, is hereinafter called the "Official Statement." Terms used herein, unless otherwise defined, have the meanings ascribed thereto in the Official Statement.

Section 1. Sale of Bonds: Good Faith Check. Upon the terms and conditions and upon the basis of the representations hereinafter set forth, the Underwriters hereby agree, jointly

and severally, to purchase all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the Bonds, at a purchase price of \$\_\_\_\_\_ (which price reflects a reoffering premium of \$\_\_\_\_\_, an original issue discount of \$\_\_\_\_\_ and an underwriters' discount of \$\_\_\_\_\_). The Bonds, shall be as described in and shall be issued and secured under and pursuant to the provisions of the "Master Debt Resolution," as defined in the Fourth Supplemental Debt Resolution adopted by the Board of Directors of DART (the "Board") on January 23, 2007. The Master Debt Resolution and the Fourth Supplemental Debt Resolution are herein collectively referred to as the "Resolution." The Bonds shall mature on the dates, bear interest at the rates, and be subject to optional and mandatory redemption on such terms, all as described in Schedule I.

The Underwriters agree to make a bona fide public offering of the Bonds at the initial offering price or prices set forth in the Official Statement described below. The Representative has received written assurances from all "obligated persons," as such term is defined in Rule 15c2-12, promulgated by the Securities and Exchange Commission (the "Rule"), for each such obligated person to file annually with all "Nationally Recognized Municipal Securities Information Repositories" ("NRMSIR) and any state information repository ("SID") which may be established in this State, annual financial and/or operating information about each such obligated person in form and substance of similar content and scope as is being made available about each such obligated person in the Official Statement with respect to the Bonds.

The Underwriters reserve the right to change such initial offering price or prices as the Underwriters shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts and others at prices lower than the initial offering price or prices set forth in the Official Statement. The Underwriters also reserve the right (i) to over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced, at any time.

We herewith deliver to DART, a corporate check drawn on the Representative's account payable to the order of DART in the amount of \$\_\_\_\_\_, as security for the performance by the Underwriters of their obligation to accept and pay for the Bonds in accordance with the provisions of this Agreement (the "Good Faith Check"). The Good Faith Check shall be held, uncashed by DART, until one of the following events occur.

In the event DART does not accept this offer, the Good Faith Check shall be immediately returned to the Representative. No interest shall be deemed earned by or payable to the Representative upon said security deposit. Concurrently with the delivery of and payment for the Bonds at the Closing, the Good Faith Check shall be returned to the Representative.

Upon DART'S failure to deliver the Bonds at the Closing, or if DART shall be unable to satisfy the conditions precedent required by the Underwriters and contained in this Agreement or if such Underwriters' obligations shall be terminated for any reason permitted by this Agreement, the Good Faith Check shall be immediately returned to the Representative.

In the event that the Underwriters fail (other than for a reason permitted under this Agreement) to accept and pay for the Bonds at the Closing, the Good Faith Check shall be

cash by DART and the proceeds thereof shall be retained by DART as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and thereupon all DART'S claims and rights hereunder against the Underwriters shall be fully released and discharged.

Section 2. Official Statement. DART hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and sale of any and all of the Bonds. DART hereby ratifies and confirms the use by the Underwriters in the offering of any and all of the Bonds prior to the date hereof of the Preliminary Official Statement for the Bonds dated \_\_\_\_\_, 2007 and that the Preliminary Official Statement was "deemed final" by DART, as of the date of its initial mailing within the meaning, and for the purposes, of the Rule. DART agrees to cooperate with the Underwriters to provide a reasonable number of final Official Statements within seven business days of the date of this Agreement. The Underwriters will use their best efforts to assist DART in the preparation of the final Official Statement in order to ensure compliance with the aforementioned rules.

Section 3. DART Representations and Agreements. DART represents to and agrees with the Underwriters that:

(a) DART is a subregional transportation authority, public body corporate and politic of the State, duly created, existing and acting under the Constitution and laws of the State. DART is authorized and has the legal right: (i) to issue the Bonds; (ii) to pay the costs of issuance related thereto; (iii) to secure the Bonds in the manner contemplated by the Resolution; (iv) to adopt the Resolution; and (v) to execute and deliver the Escrow Agreement, this Agreement and the Bonds (collectively, the "Transaction Documents"); further, DART has complied with the terms of applicable law and with the obligations on its part in connection with the issuance of the Bonds contained in the Resolution and the Transaction Documents.

(b) DART has duly adopted and authorized: (i) the Resolution and the execution and delivery of the Transaction Documents; (ii) the distribution and use of the Preliminary Official Statement and execution, delivery, and distribution of the Official Statement; and (iii) the taking of any and all such action as may be required on the part of DART to carry out, give effect to, and consummate the transactions contemplated by such instruments. All consents or approvals necessary to be obtained by DART in connection with the foregoing have been received and are in full force and effect.

(c) The Resolution is in full force and effect and constitutes the legal, valid, and binding act of DART, and the Transaction Documents when executed and delivered, will constitute legal, valid, and binding obligations of DART and each such instrument is enforceable against DART in accordance with its respective terms, except that: (i) enforceability thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally; (ii) certain equitable remedies, including specific performance, may be unavailable; and (iii) indemnification may be limited by applicable securities laws, state law, and public policy.

(d) The information relating to DART contained in the Preliminary Official Statement is, and as of the date of Closing such information in the final Official Statement will be, true and correct in all material respects, and the Preliminary Official Statement does not and the final Official Statement will not, contain any untrue or misleading statement of a material fact relating to DART or omit to state any material fact relating to DART necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) Neither the adoption of the Resolution nor the execution and delivery of the Transaction Documents nor the consummation of the transactions contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with, or constitute on the part of DART a violation of, or a breach of or default under: (i) any statute, indenture, mortgage, commitment, note, or other agreement or instrument to which DART is a party or by which it is bound; (ii) any provision of the Constitution; or (iii) any existing law, rule, regulation, ordinance, judgment, order, or decree to which DART (or the members of the Board or any of DART'S officers in their respective capacities as such) is subject.

(f) The adoption and authorization of the Resolution and the authorization, execution, and delivery of the Transaction Documents, and compliance with the provisions hereof and thereof, will not conflict with, nor constitute a breach of or default under any law, administrative regulation, consent decree, ordinance, resolution, indenture, mortgage, commitment, note, or any agreement or other instrument to which DART was or is subject, as the case may be, nor will such adoption, execution, delivery, authorization, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of DART, or under the terms of any law, administrative regulation, ordinance, order, resolution, or instrument, except as expressly provided by the Resolution.

(g) On the date of Closing, DART will be in compliance in all respects with the covenants and agreements contained in the Resolution and the Transaction Documents and no event of default and no event which, with the lapse of time or giving of notice, or both, would constitute an event of default under the Resolution and the Transaction Documents will have occurred or be continuing.

(h) Except as is specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, pending or, threatened, which in any way questions the powers of DART referred to in paragraph (b) above, or the validity of any proceeding taken by DART in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Agreement, or any other document or instrument required or contemplated by this financing, or which, in any way, could adversely affect validity or enforceability of the Resolution or the Transaction Documents or, to the knowledge of DART, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal Income tax purposes or in any other way questions the status of the Bonds under federal or state tax laws or regulations.

(i) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by DART of its obligations under, the Transaction Documents have been duly obtained, except for the approval of the Attorney General of Texas and requirements under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(j) Any certificate signed by any official of DART and delivered to the Underwriters shall be deemed a representation and warranty by DART to the Underwriters as to the truth of the statements therein contained.

(k) DART has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(l) DART will apply the proceeds from the sale of the Bonds in a manner consistent with the Resolution and the Transaction Documents and will not knowingly take or omit to take any action which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

(m) DART will promptly notify the Underwriters as soon as it may become aware of any fact which, in its reasonable judgment, casts doubt on or questions the ability of DART: (i) to issue, sell, and deliver the Bonds as provided for by this Agreement; or (ii) to perform any of its other obligations in a timely manner pursuant to this Agreement.

(n) DART shall take no action including, without limitation, the issuance of similarly secured debt, the effect of which will be to prevent the issuance and delivery of any of the Bonds on the date of Closing (as defined below).

Section 4. Closing. At 10:00 A.M., Dallas, Texas time, on \_\_\_\_\_, 2007, or at such other time or on such earlier or later date as the Underwriters and DART may mutually agree upon (the "Closing" or the "Closing Date"); DART will deliver or cause to be delivered to the Underwriters at the Dallas, Texas office of Vinson & Elkins L.L.P., or at such other place as the Underwriters and DART may mutually agree upon, the Bonds (the "Initial Bonds"), in printed or typewritten form duly executed by DART, together with the other documents hereinafter mentioned.

The Underwriters will accept delivery of the Initial Bonds and pay the purchase price of such Bonds set forth in Section 1 hereof, in federal funds or by wire transfer of funds as directed by DART. Upon surrender of the Initial Bonds for exchange, definitive bonds shall be issued in the form of one typewritten or printed bond certificate for each maturity, registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), in the aggregate principal amount of \$\_\_\_\_\_. Delivery of the definitive Bonds shall be filed with DTC (at which location they may be inspected by the Representative) at least 24 hours before the Closing. The definitive Bonds shall bear proper CUSIP numbers (provided, however, that neither the printing of wrong CUSIP numbers on any



Bond nor the failure to print a CUSIP number thereon shall constitute cause to refuse to accept delivery of any Bond).

Section 5. Conditions Precedent. The Representative has entered into this Agreement in reliance upon the accuracy of DART's representations and agreements set forth herein and the performance by DART of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriters' obligations under this Agreement are and shall be subject to the following further conditions:

At the time of the Closing, the Resolution, the Transaction Documents, the Official Statement and all other documents and agreements executed and delivered in connection with the issuance of the Bonds and the transactions contemplated thereby shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriters and DART; and DART shall have duly adopted and there shall be in full force and effect such other resolutions as, in the opinion of Vinson & Elkins L.L.P. and West & Associates LLP, Co-Bond Counsel to DART, and Fulbright & Jaworski L.L.P. and Delgado, Acosta, Braden & Jones, P.C., Co-counsel to the Underwriters, shall be necessary in connection with the transactions contemplated hereby.

(a) The representations and warranties of DART contained herein shall be true, complete and correct on the date hereof and shall be true, complete and correct in all material respects on and as of the date of Closing, as if made on the date of Closing.

(b) DART shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money.

(c) DART will provide for the purchase of securities as may be necessary to effectuate the defeasance as contemplated by the Escrow Agreement.

(d) At or prior to the Closing, Underwriters shall have received one or more copies of each of the following documents:

(i) the Official Statement, and each supplement or amendment thereto, if any, executed on behalf of DART by the Chairman of the Board, or such other official as may have been agreed to by the Representative;

(ii) the Resolution with such supplements or amendments as may have been agreed to by the Representative;

(iii) the approving opinion of Co-Bond Counsel with respect to the Bonds, in substantially the form included in the Official Statement as Appendix C;

(iv) a supplemental opinion of Co-Bond Counsel addressed to DART and Underwriters, substantially in the form attached hereto as Exhibit "B";

(v) an opinion, dated the date of the Closing and addressed to the Underwriters, of Co-counsel for the Underwriters in substantially the form attached hereto as Exhibit "C";

(vi) an unqualified opinion of the Attorney General of the State, dated on or prior to the Closing Date, relating to the legality and validity of the Bonds and approving the Bonds as required by law, and evidence satisfactory to Co-Bond Counsel that the Initial Bonds have been registered by the Comptroller of Public Accounts of the State;

(vii) an opinion of the General Counsel to DART, dated as of the Closing Date, addressed to the Underwriters, in substantially the form attached hereto as Exhibit "D";

(viii) specimen Bonds;

(ix) an executed original or a copy of the Resolution and all other orders or resolutions or other proceedings of DART authorizing and approving the issuance and sale of the Bonds and the execution and delivery of the Transaction Documents, in each case certified by the Secretary of DART Board as having been duly adopted and being in full force and effect and as being true, accurate, and complete copies thereof with such changes or amendments as may have been agreed to by the Representative and which Resolution (or other agreement as approved by the Representative) shall contain the agreement of DART, in form satisfactory to the Representative, which is described under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(x) the Escrow Agreement;

(xi) evidence satisfactory to the Underwriter of receipt of municipal bond insurance for the maturities set forth in the Official Statement and ratings on such maturities of "Aaa" by Moody's Investors Service ("Moody's"), "AAA" from Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("S&P") and "AAA" by Fitch, Inc. ("Fitch") and that the current underlying ratings of DART of "Aa3," "AA" and "AA" by Moody's, S&P and Fitch, respectively, have not been downgraded;

(xii) a certificate, in form and substance satisfactory to the Representative and Underwriters' Co-counsel, of DART by any duly authorized officer or official of DART, satisfactory to the Representative and Underwriters' Co-counsel, dated as of the Closing, to the effect that: (i) each of DART'S respective representations, warranties, and covenants contained herein and in the Transaction Documents are true and correct as of the Closing; (ii) DART has authorized, by all action necessary under the laws of the State, the adoption of the Resolution, and the execution, delivery, and due performance of the Bonds and the Transaction Documents; (iii) except as disclosed in the final Official Statement, no litigation is pending, or threatened, in any court to restrain or enjoin the issuance, delivery, or sale of the Bonds, the security of the Bonds pledged under the Resolution, or in any way contesting or affecting any authority for or the validity of the Resolution, the Bonds and the Transaction Documents, contesting in any way the accuracy, completeness or fairness of the Preliminary Official Statement (to the extent not modified by the final Official Statement), or the final Official Statement; (iv) no event affecting DART has occurred since the date of the final Official Statement which should be disclosed therein for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein

not misleading in any respect; and (v) the Bonds and the Transaction Documents as executed and delivered by DART are in form and in substantially the form approved for such execution and delivery by appropriate proceedings of DART;

(xiii) a certificate, in form and substance satisfactory to the Representative, Underwriters' Co-counsel and Co-Bond Counsel, of DART dated as of the Closing, to the effect that, on the basis of the facts, estimates, and circumstances in effect on the date of delivery of the Bonds, it is not expected that proceeds of the Bonds will be used in a manner that will cause the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Internal Revenue Code of 1986, as amended;

(xiv) [The Policy issued by \_\_\_\_\_ unconditionally and irrevocably guaranteeing the payment of the principal of and interest on the Bonds, together with an opinion of counsel to \_\_\_\_\_ as to the validity and enforceability of the Policy in a form acceptable to the Representative];

(xv) A copy of a special report prepared by the independent Certified Public Accountants named in the Official Statement, addressed to DART, Co-Bond Counsel and the Underwriters verifying (A) the arithmetical computations of the adequacy of the maturing principal and interest on the escrowed securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the bonds being refunded and (B) the computation of the yield with respect to such securities and the Bonds;

(xvi) Evidence satisfactory to the Representative demonstrating compliance by DART with the requirements of the Resolution with respect to the issuance of Additional Senior Lien Obligations, including a certificate(s) executed by the Chief Financial Officer of DART or the applicable Authorized Officer of DART in accordance with Section 3.2 of the Master Debt Resolution and 5.12 of the Commercial Paper Revolving Credit Agreement;

(xvii) A signed copy of the letter of Deloitte & Touche, LLP, independent auditors, consenting to the use and inclusion of their report and general purpose audited financial statements of DART for the fiscal year ended September 30, 2006, in Appendix A to the 2007 Annual Disclosure Statement, contained in the Preliminary Official Statement and the Official Statement;

(xviii) Such additional legal opinions, certificates, instruments and other documents as the Representative or Underwriters' Counsel may request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of DART's representations and warranties contained herein and of the statements and information contained in the Official Statement, including the 2007 Annual Disclosure Statement and the due performance or satisfaction by DART on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by DART.

Section 6. Amendments and Supplements to the Official Statement. The “end of the underwriting period” for the Bonds for all purposes of the Rule is the date of the Closing. In the event the Underwriters request an extension of the underwriting period, DART in its sole discretion may agree to such request or to deny such request, which discretion shall not be exercised in an arbitrary or capricious manner. The “end of the underwriting period” for the Bonds as used in this Agreement shall mean the date of Closing or such later date as to which DART has consented in accordance with the preceding sentence. During the period from the date hereof to and including a date which is twenty-five (25) days following the end of the underwriting period for the Bonds (as determined in accordance with this Section) the Board will (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriters shall reasonably object to in writing unless DART has obtained the opinion of Co-Bond Counsel, stating that such amendment or supplement is necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein in the light of the circumstances under which they were made not misleading and (b) if any event relating to or affecting DART or the Bonds shall occur as a result of which it is necessary, in the opinion of Fulbright & Jaworski L.L.P. and Delgado, Acosta, Braden & Jones, P.C., Co-counsel to the Underwriters, to amend or to supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser of the Bonds, DART shall forthwith prepare and furnish to the Underwriters (at the expense of DART) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to DART and the Underwriters) which will amend or supplement the Official Statement so that such Official Statement, as amended or supplemented, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made not misleading. For the purpose of this Section, DART will furnish such information with respect to itself as the Underwriters may from time to time reasonably request.

Section 7. Expenses. (a) The Underwriters shall be under no obligation to pay, and DART shall pay, any expenses incident to the performance of DART obligations hereunder, including but not limited to: (i) the costs of the preparation and printing of the Bonds; (ii) the fees and disbursements of Co-Bond Counsel to DART; (iii) the reasonable and agreed upon costs of the preparation and printing of the Preliminary Official Statement and the Official Statement added and reasonable and agreed upon costs associated with distributing the Preliminary Official Statement and the Official Statement; (iv) the fees and disbursements of the Co-Financial Advisors to DART; and (v) the fees for bond ratings and bond insurance premium, if any.

(b) The Underwriters shall pay: (i) the costs of printing or reproducing this Agreement; (ii) all advertising expenses in connection with the public offering of the Bonds; (iii) all fees and/or assessments payable to the MSRB, the Municipal Advisory Council of Texas or the Public Securities Association; and (vi) all other expenses incurred in connection with the public offering and distribution of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

Section 8. Termination. (a) The Representative shall have the right to cancel the obligation of the Underwriters to purchase the Bonds, by notifying DART of its election to do so, if between the date hereof and the Closing:

(i) legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States or the U.S. Department of the Treasury or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or (ii) a decision shall have been required by a court established under Article III of the Constitution of the United States, or the United States Tax Court: or (iii) an order, ruling, regulation, or communication (including a press release) shall have been issued by the Treasury Department of the United States or the Internal Revenue Service, in each case referred to in clauses (i), (ii), and (iii); with the purpose or effect, directly or indirectly, of including in gross income for federal income tax purposes interest to be received by any owners of the Bonds; or

(ii) legislation shall have been enacted, or action taken by the Securities and Exchange Commission, that, in the opinion of Co-counsel to the Underwriter, has the effect of requiring the contemplated offering of the Bonds to be registered under the Securities Act of 1933, as amended (the "1933 Act"), or the Indenture to be qualified under the Trust Indenture Act of 1939, as amended; or

(iii) There shall have occurred after the date hereof a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock exchange whether by virtue or a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or the declaration of a general banking moratorium by the United States of America, the State of New York, or the State, or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred or any outbreak of hostilities or any national or international calamity, crisis or emergency or other calamity or crisis, or an escalation of any thereof; or the effect of which, in the Underwriter's reasonable judgment, will adversely affect the marketability of the Bonds; or

(iv) any event shall have occurred, which, in the Representative's reasonable opinion, as a result of which the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and as to which DART does not agree to amend or supplement the Official Statement; or

(v) additional restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which, in the Representative's reasonable opinion, materially adversely affects the market price of the Bonds; or

(vi) there is a withdrawal or downgrading of any rating on any of DART's debt obligations substantially similar to the Bonds.

Section 9. Notices. Any notice or other communication to be given to DART under this Agreement may be given by delivering the same in writing at the address for DART set forth

above, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to Goldman, Sachs & Co., 85 Broad Street, New York, New York 10004, Attention: Gregory B. Carey.

Section 10. Benefit. This Agreement is made solely for the benefit of DART and the Underwriters (including the successors or assigns thereof) and no other person, entity, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All representations and agreements by DART in this Agreement shall remain operative and in full force and effect except as otherwise provided herein, regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of any payment of the Bonds.

Section 11. No Personal Liability. None of the members of DART nor any officer, agent or employee of DART shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, of this Agreement.

Section 12. Counterparts. This Agreement may be executed in multiple counterparts each of which shall be regarded for all purposes as an original and shall constitute one and the same instrument.

Section 13. Governing Law. THIS AGREEMENT AND THE PROVISIONS HEREIN SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

Section 14. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided for in this Agreement, shall not be a Business Day such payment may, unless otherwise provided for in this Agreement, be made or such act to be performed or right expressed on the next succeeding Business Day with the same force and effect as if done on the nominal date provided for in this Agreement.

Section 15. Entire Agreement. This Agreement constitutes the entire agreement, understanding, representations, warranties and obligations of the parties hereto with respect to the transactions contemplated hereby, and shall become effective upon the acceptance of this offer by the execution and the acceptance hereof as provided, and shall be valid and enforceable as of the time of such acceptance.

Section 16. Effective Date. This Agreement shall become effective upon the execution hereof by DART or by an Authorized Officer acting on behalf of DART and shall be valid and enforceable as of the time of such acceptance.

Section 17. Severability. If any Section, paragraph, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or lack of enforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Agreement.

[EXECUTION PAGE FOLLOWS]

By: GOLDMAN, SACHS & CO.,  
 individually and as the Representative of  
 the Underwriters

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

Accepted and agreed to as of the date hereof:

DALLAS AREA RAPID TRANSIT

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**SCHEDULE I**

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
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**Redemption Provisions****Optional Redemption**

The Bonds maturing in the years \_\_\_\_, and thereafter, may be redeemed, at the option of DART, in whole or from time to time in part on December 1, \_\_\_\_ or on any date thereafter, at a price of par plus accrued interest to the redemption date.

**Mandatory Sinking Fund Redemption**

The Bonds maturing in the years \_\_\_\_, \_\_\_\_ and \_\_\_\_ (the "Term Bonds") are subject to mandatory redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

**TERM BONDS MATURING IN THE YEAR \_\_\_\_**Mandatory Redemption DatePrincipal Amount**TERM BONDS MATURING IN THE YEAR \_\_\_\_**Mandatory Redemption DatePrincipal Amount**TERM BONDS MATURING IN THE YEAR \_\_\_\_**Mandatory Redemption DatePrincipal Amount



070013

**EXHIBIT "A"**

**Underwriters**

## EXHIBIT "B"

## [FORM OF SUPPLEMENTAL OPINION OF CO-BOND COUNSEL]

[DATE]

Dallas Area Rapid Transit  
1401 Pacific Avenue  
Dallas, Texas 75202

\_\_\_\_\_  
as Representative of the Underwriters  
\_\_\_\_\_

Re: \$ \_\_\_\_\_ Dallas Area Rapid Transit Senior Lien Sales Tax Revenue  
Refunding Bonds. Series 2007

Ladies and Gentlemen:

We have represented Dallas Area Rapid Transit ("DART") as its Co-Bond Counsel in connection with the issuance of the captioned securities (the "Bonds"). This opinion is delivered pursuant to Section 5(d)(4) of the Bond Purchase Agreement (the "Bond Purchase Agreement") dated \_\_\_\_\_, 2007, between DART and \_\_\_\_\_, as Representative of the Underwriters named in Exhibit A attached to the Bond Purchase Agreement (collectively, the "Underwriters"), pertaining to the Bonds.

In our capacity as Co-Bond Counsel to DART, we have reviewed a certified copy of the Master Debt Resolution, adopted January 23, 2001, and the Fourth Supplemental Debt Resolution, adopted January 23, 2007, by the Board of Directors of DART (collectively, the "Resolution"), authorizing the issuance of the Bonds, an executed Bond Purchase Agreement, the Preliminary Supplemental Official Statement of DART, dated \_\_\_\_\_, 2007 (together with the 2007 Annual Disclosure Statement, dated January 23, 2007, the "Preliminary Official Statement"), and the Supplemental Official Statement dated \_\_\_\_\_, 2007 (the "Supplemental Official Statement" and together with the 2007 Annual Disclosure Statement, dated January 23, 2007, the "Official Statement"), and such other agreements, certificates, documents, opinions, letters and other papers as we have deemed necessary or appropriate in rendering the opinions set forth below. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the Bond Purchase Agreement.

In making our review, we have assumed the authenticity of all documents and agreements submitted to us as originals, conformity to the originals of all documents and agreements submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and agreements, and the accuracy of the statements contained in such documents.

Based upon the foregoing, and limited in all respects to the existing laws of the State of Texas and the United States of America, it is our opinion that: (i) the Resolution has been duly adopted and is in full force and effect; (ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act, or to qualify the Resolution under the Trust Indenture Act; (iii) the Bond Purchase Agreement has been duly authorized, executed and delivered by DART and, assuming due and valid authorization, execution and delivery of the Bond Purchase Agreement by the Underwriters, constitutes a valid and binding obligation enforceable in accordance with its terms; and (iv) all consents, approvals or other actions of governmental bodies and all consents, approvals or other actions required under the Resolution, the First Supplemental Debt Resolution, the Second Supplemental Debt Resolution, the Third Supplemental Resolution or the Commercial Paper Revolving Credit Agreement required for the valid execution and delivery of the Resolution and the Bond Purchase Agreement by DART and the valid issuance of the Bonds by DART have been obtained.

The opinions expressed in clause (ii) above are based upon our opinion of even date rendered to DART, on which you are entitled to rely, in our capacity as Co-Bond Counsel in connection with the validity of the issuance and sale of the Bonds and the tax-exemption of interest thereon.

The opinions expressed in clause (iii) above are qualified to the extent that (i) the enforceability of such instrument may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application in effect from time to time relating to or affecting the enforcement of creditors' rights, and (ii) certain equitable remedies including specific performance may be unavailable.

Except to the extent noted herein, we have not verified and are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement. We have, however, reviewed the statements and information contained in the 2007 Annual Disclosure Statement under the captions "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS," (excluding the information contained under the subcaption "Bond Obligations We Expect to Issue in 2007"), "CONTINUING DISCLOSURE OF INFORMATION," "OBLIGATIONS AS LEGAL INVESTMENTS," "LEGAL COUNSEL" and "Appendix B-Summary of Certain Terms of the Master Debt Resolution" and in the Supplemental Official Statement under the captions "THE BONDS," (except for the first paragraph appearing under "THE BONDS-Paying and Defeating Outstanding Commercial Paper Notes and Prior Bonds"), "CONTINUING DISCLOSURE AND ACCESS TO INFORMATION," (except for the first paragraph under such caption), "TAX MATTERS" and "APPROVALS AND LEGAL OPINIONS" (except for the financial and statistical information contained under any of such captions), and we are of the opinion that the information relating to the Bonds and the Resolution contained under such captions in all respects accurately and fairly reflects the provisions thereof and, insofar as such information relates to matters of law, is true and accurate.

Based on the examinations which we have made as Co-Bond Counsel and our participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy or completeness of the statements in the Official Statement other than those described in the paragraph above, we have no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical data included in the Official Statement (including, by way of description and not limitation, Appendix A to the 2007 Annual Disclosure Statement) and except for information regarding the Depository and its book-entry system and information regarding insurance company, in each case as to which no view is expressed).

The addressees may rely on our bond opinion, dated as of the date hereof, delivered in connection with the issuance of the Bonds to the same extent as if such opinion were specifically addressed to them.

This opinion is furnished solely for your benefit and may be relied upon only by the addressees hereof or anyone to whom specific permission is given in writing by us.

**EXHIBIT "C"**

**Underwriter's Counsel Opinion**

**EXHIBIT "D"****NO-LITIGATION CERTIFICATE**

The undersigned, the duly appointed and acting General Counsel of Dallas Area Rapid Transit ("DART"), hereby certifies as follows:

1. This Certificate relates to the issuance of Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Refunding Bonds, Series 2007 (the "Bonds"), and the execution and delivery of certain agreements (collectively, the "Agreements") pertaining to the issuance of the Bonds, all as authorized and approved under the terms and provisions of that certain Master Resolution adopted by the Board of Directors of DART on January 23, 2001 (the "Master Resolution") and the Fourth Supplemental Resolution adopted by the Board of Directors of DART on January 23, 2007 (the "Supplemental Resolution" and together with the Master Resolution, the "Resolution").

2. No litigation of any nature is now pending which seeks to restrain or enjoin the issuance or delivery of the Agreements or the Bonds, or which would affect the provision made for the payment or security of the Bonds, or in any manner questioning the proceedings or the authority of DART or the Board of Directors of DART concerning the issuance thereof or the corporate existence of DART, the boundaries of DART, the right to hold office of any member of the Board, nor the title of its present officers to their respective offices and, to the best of my knowledge and belief, no litigation is threatened.

Executed \_\_\_\_\_.

**EXHIBIT B**  
**Form of Escrow Agreement**

**ESCROW AGREEMENT**

**Between**

**DALLAS AREA RAPID TRANSIT**

**and**

**DEUTSCHE BANK TRUST COMPANY AMERICAS**

**in connection with**

**Dallas Area Rapid Transit  
Senior Lien Sales Tax Revenue Refunding Bonds,  
Series 2007**

**Dated as of \_\_\_\_\_, 2007**



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**ESCROW AGREEMENT**

THIS ESCROW AGREEMENT, dated as of \_\_\_\_, 2007 (herein, together with any amendments or supplements hereto, called the "Agreement"), entered into by and between the DALLAS AREA RAPID TRANSIT (the "Issuer"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation authorized to do business in the State of Texas, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent").

**WITNESSETH:**

WHEREAS, the Issuer has heretofore issued and there presently remain outstanding the obligations (the "Refunded Obligations") of the Issuer listed and described on Exhibit A, attached hereto;

WHEREAS, the Refunded Obligations are scheduled to mature or have been called for redemption on such dates, bear interest at such rates, and are payable at such times and in such amounts as are set forth in Exhibit B attached hereto and made a part hereof; and

WHEREAS, when firm banking and financial arrangements have been made for the payment of principal and interest to the maturity dates or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with any place of payment for any of the Refunded Obligations, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with a paying agent for any of the Refunded Obligations with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent may agree, provided that such deposits may be invested only in direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Obligations when due; and

WHEREAS, the Escrow Agent is the paying agent for the Refunded Obligations and this Agreement constitutes an escrow agreement of the kind authorized by Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the other places of payment, if any, for the Refunded Obligations the amounts required to provide for the payment of the principal of and

interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the issuance, sale, and delivery of the Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Refunding Bonds, Series 2007 (the "Refunding Bonds") issued under the Master Debt Resolution, adopted on January 23, 2001 and the Fourth Supplemental Debt Resolution adopted on January 23, 2007 (collectively, the "Resolution"), have been duly authorized for the purpose of obtaining a portion of the funds required to provide for the payment of the principal of and interest on the Refunded Obligations at their respective maturity dates or redemption dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Bonds to the purchasers thereof, a portion of the proceeds of the Bonds shall be applied to purchase certain "Federal Securities" (as herein defined) for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Federal Securities shall mature and the interest thereon shall be payable at such times and in such amounts as will provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay the interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity dates or redemption dates; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Federal Securities, the Issuer desires to establish the Escrow Fund at the designated office of the Escrow Agent; and

WHEREAS, the Escrow Agent is a party to this Agreement and hereby acknowledges its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby is acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Capitalized terms not defined under this Section 1.01 shall have the meaning set forth in the Resolution and unless the context clearly indicates otherwise, the following terms have the meanings assigned to them below when they are used in this Agreement:

"Beginning Cash Balance" means the funds described in Exhibit C attached to this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions thereunder.

"Escrow Fund" means the fund created in Section 3.01 of this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Master Debt Resolution" means Resolution No. 010014, bearing that title, and adopted by the Board of Directors of the Issuer on January 23, 2001.

"Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, that mature and/or bear interest payable at such times and in such amounts sufficient without reinvestment to provide for the scheduled payment of the principal of and interest on the Refunded Obligations. Investments in mutual funds and unit investment trusts are prohibited.

Section 1.02. Other Definitions. The terms "Agreement," "Chapter 1207," "Issuer," "Escrow Agent," "Refunded Obligations," and "Refunding Bonds," when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

## ARTICLE II

### DEPOSIT OF FUNDS

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Bonds the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the Beginning Cash Balance and the Federal Securities described in Exhibit C attached hereto and incorporated by reference as a part of this Agreement for all purposes. The Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

## ARTICLE III

### CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent hereby creates on its books a special trust and irrevocable escrow fund to be known as the Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Refunding Bonds, Series 2007 Escrow Fund (the "Escrow Fund") for the purpose of paying the principal of and interest on the Refunded Obligations, in order to make firm banking and financial arrangements therefor. The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the Beginning Cash Balance and

the Federal Securities described in Exhibit C attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) to the extent needed to pay the principal and interest requirements on the Refunded Obligations, are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer for immediate deposit to the Senior Lien Debt Service Fund created under the Master Debt Resolution, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer, from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Obligations at their respective maturity date or dates as of which such Refunded Obligations have been called for earlier redemption, and interest thereon when due, in the amounts and at the times shown in Exhibit B attached hereto.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Federal Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to each place of payment for the Refunded Obligations, at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of the Refunded Obligations as such principal comes due, all as more fully set forth in Exhibit D attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each place of payment for the Refunded Obligations to make the payments set forth in Section 3.02 hereof, the Issuer shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional moneys in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Issuer's failure to make additional deposits thereto.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Federal Securities and all other assets of the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Federal Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Federal Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations, and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to a preferred claim and first lien upon the Federal Securities, the proceeds thereof, and all other assets of the Escrow Fund. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right or title with respect

thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by a place of payment for the Refunded Obligations.

Section 3.05. Security for Cash Balances. Cash balances, if any, from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct noncallable obligations of, or noncallable obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

#### ARTICLE IV SUBSTITUTION OF FEDERAL SECURITIES

Section 4.01. In General. Except as provided in Section 4.02 and 4.03 hereof, the Escrow Agent shall not have any power or duty to make substitutions for the Federal Securities described in Exhibit C hereto, or to sell, transfer, or otherwise dispose of such Federal Securities.

Section 4.02. Substitution of Federal Securities at Bond Closing. Concurrently with the sale and delivery of the Bonds, the Issuer, at its option, may substitute cash or Federal Securities for the Federal Securities listed in part III of Exhibit C attached hereto, but only if such cash and/or Federal Securities:

(a) are in an amount, and/or mature in an amount, which, together with any cash substituted for such obligations, is equal to or greater than the amount payable on the maturity date of the obligation listed in part III of Exhibit C for which such obligation is substituted, and

(b) mature on or before the maturity date of the obligation listed in part III of Exhibit C for which such obligation is substituted.

The Issuer may at any time substitute the Federal Securities listed in part III of Exhibit C which, as permitted by the preceding sentence, were not deposited to the credit of the Escrow Fund, for the cash and/or obligations that were substituted concurrently with the sale and delivery of the Bonds for such Federal Securities, provided, that upon any such substitution the Escrow Agent receives (i) a new verification report from a firm of independent certified public accountants as to the sufficiency of the Federal Securities to provide for the payment of the Refunded Obligations (assuming such substitution has been made and assuming a zero percent reinvestment rate) and (ii) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of interest on the Refunded Obligations or the Bonds.

Section 4.03. Substitution of Federal Securities following Bond Closing. (a) At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of all or any portion of the Federal Securities and apply the proceeds therefrom to purchase Refunded Obligations or other Federal Securities. Any such transaction may be effected by the Escrow Agent only if (1) the Escrow Agent shall have received a written opinion from a firm of independent certified public accountants that such transaction will not cause the amount of

money and securities in the Escrow Fund to be reduced below an amount which will be sufficient, when added to the interest to accrue thereon and assuming a zero percent reinvestment rate, to provide for the payment of principal of and interest on the remaining Refunded Obligations as they become due, and (2) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel acceptable to the Issuer and the Escrow Agent to the effect that (A) such transaction will not cause any of the Bonds to be an "arbitrage bond" within the meaning of the Code or otherwise adversely affect the tax-exempt status of the Refunded Obligations or the Bonds, and (B) that such transaction complies with the Constitution and laws of the State of Texas.

(b) The foregoing provisions of substitution notwithstanding, the Escrow Agent shall be under no obligation to effect the substitution of the Federal Securities in the manner contemplated by Subsection 4.03(a) if the Issuer fails to deliver or cause to be delivered to the Escrow Agent no later than three Business Days prior to the proposed date such substitution is to be effected a written certificate setting forth in reasonable detail the maturity dates and maturity amounts of the Federal Securities to be substituted and the proposed date such substitution is to occur.

Section 4.04. Allocation of Certain Federal Securities. The maturing principal of and interest on the Federal Securities may be applied to the payment of any Refunded Obligations and no allocation or segregation of the receipts of principal or interest from such Federal Securities is required.

## ARTICLE V

### ARBITRAGE

Section 5.01. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Federal Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Bonds or Refunded Obligations to be an "arbitrage bond" within the meaning of Section 148 of the Code.

## ARTICLE VI

### APPLICATION OF CASH BALANCES

Section 6.01. In General. Except as provided in Sections 5.02 and 5.03 hereof, neither the Issuer nor the Escrow Agent shall reinvest any moneys deposited to or held as part of the Escrow Fund.

Section 6.02. Reinvestment in SLGS. Cash balances, if any, in the Escrow Fund shall be reinvested as set forth on Exhibit E attached hereto.

Section 6.03. Reinvestment of Cash Balances. At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall permit or cause



the reinvestment of cash balances in the Escrow Fund at variance from the reinvestment schedule described in Section 5.02, pending the use thereof to pay when due the principal of and interest on the Refunded Obligations, in Federal Securities which obligations must mature on or before the respective dates needed for payment of the Refunded Obligations. Any such modification must include (i) an opinion of nationally recognized bond counsel that such transaction does not adversely affect the tax-exempt nature of the Refunding Bonds or the Refunded Obligations and complies with the Constitution and laws of the State of Texas and (ii) a verification report by a firm of independent certified public accountants verifying the sufficiency of the Escrow Fund and the yield on the investment thereof to provide for the payment of the Refunded Obligations (assuming such reinvestment is made).

## ARTICLE VII

### RECORDS AND REPORTS

Section 7.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Federal Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 7.02. Reports. While this Agreement remains in effect, the Escrow Agent at least annually shall prepare and send to the Issuer a written report summarizing all transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Federal Securities and the cash balance, if any, on deposit in the Escrow Fund.

## ARTICLE VIII

### CONCERNING THE PAYING AGENT AND ESCROW AGENT

Section 8.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 8.02. Limitation on Liability. (a) The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Federal Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor any place of payment for the Refunded Obligations shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Federal Securities to make timely payment thereon, except for the obligation to notify the Issuer promptly of any such occurrence.

(b) The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any

obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Bonds or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

(c) The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters. It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

(d) The Escrow Agent shall not be liable for any action taken or omitted by it in good faith in any exercise of reasonable care and reasonably believed by it to be authorized hereby or with the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequence of any error of judgment; and the Escrow Agent shall not be answerable for any loss unless the same shall have been through its negligence or want of good faith.

(e) Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

Section 8.03. Compensation. (a) Concurrently with the sale and delivery of the Refunding Bonds, the Issuer shall pay the Escrow Agent the sum of \$\_\_\_\_\_ the sufficiency of which is hereby acknowledged by the Escrow Agent to pay its fee for performing the services of Escrow Agent hereunder and for all expenses incurred or to be incurred by it as Escrow Agent in the administration of this Agreement. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or

extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) The Escrow Agent and the Issuer agree that any amounts payable with respect to the Refunded Obligations will be paid pursuant to the paying agent/registrar agreement pertaining to the Refunded Obligations and the Escrow Agent agrees that the sole remedy for nonpayment will be an action under such agreement.

Section 8.04. Successor Escrow Agents. (a) If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as Escrow Agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

(b) The Escrow Agent may at any time resign and be discharged from the trust hereby created by giving not less than 60 days' written notice to the Issuer; provided, that, no such resignation shall take effect unless: (i) a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided; (ii) such successor Escrow Agent shall have accepted such appointment; (iii) the successor Escrow Agent shall have agreed to accept the fees currently in effect for the Escrow Fund; and (iv) the Escrow Agent shall have paid over to the successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder. Such resignation shall take effect immediately upon compliance with the foregoing requirements.

(c) Any successor Escrow Agent shall: (i) be a corporation organized and doing business under the laws of the United States or the State of Texas; (ii) be authorized under such laws to exercise corporate trust powers; (iii) have an office and place of business in the State of Texas; (iv) have a combined capital and surplus of at least \$5,000,000; (v) be subject to the supervision or examination by Federal or State authority; and (vi) be qualified to serve as Escrow Agent under the provisions of Chapter 1207.

(d) Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such

successor Escrow Agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder.

## ARTICLE IX

### MISCELLANEOUS

Section 9.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder, shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

To the Escrow Agent:	Deutsche Bank Trust Company Americas Attention: Corporate Trust Office 60 Wall Street, 27th Floor New York, NY 10005 Telephone: (212) 250-7848 Facsimile: (212) 797-8618
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To the Issuer:	Dallas Area Rapid Transit 1401 Pacific Avenue Dallas, Texas 75202 Attention: Chief Financial Officer Telephone: (214) 749-3148 Facsimile: (214) 749-3657
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Receipt of delivery of courier service or the United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Either party hereto may change the address to which notices are to be delivered by giving to the other party not less than ten (10) days prior notice thereof.

Section 9.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 9.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 9.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. In the event any one or more provisions hereof are

held to be invalid, illegal or unenforceable the Issuer shall promptly notify each of the rating agencies then maintaining a rating on the Refunded Obligations.

Section 9.05. Governing Law. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 9.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 9.07. Effective Date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in Exhibit C attached hereto and the Federal Securities, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses and services.

Section 9.08. Modification of Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement (1) shall alter the firm financial arrangements made for the payment of the Refunded Obligations or (2) shall be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the Issuer and the Escrow Agent may, without the consent of holders of the Refunded Obligations, amend or modify the terms and provisions of this Agreement to cure in a manner not adverse to the holders of the Refunded Obligations any ambiguity, formal defect or omission in this Agreement. Prior notice of any such modification shall be given to each rating agency then maintaining a rating on the Refunded Obligations.

## ARTICLE X

### PAYMENT OF REFUNDED OBLIGATIONS

Section 10.01. Payment of Refunded Obligations. Pursuant to the Fourth Supplemental Debt Resolution adopted by the Issuer on January 23, 2007, authorizing the issuance of the Refunding Bonds, the Issuer has provided funds for the payment of the Refunded Obligations, at a price equal to the principal amount thereof plus interest accrued thereon to the maturity dates or redemption dates, on the dates set forth in Exhibit A.

Section 10.02. Acknowledgment of Notice of Payment. The Escrow Agent, by its execution hereof, as paying agent for the Refunded Obligations, acknowledges the defeasance of such Refunded Obligations as provided in Section 10.2 of the Master Debt Resolution. The Escrow Agent agrees to provide notice of defeasance to the Holders of the Refunded Obligations as provided in First Supplemental Debt Resolution, the Second Supplemental Debt Resolution and the Third Supplemental Debt Resolution, as applicable.

[Execution Page Follows]

IN WITNESS WHEREOF, this Escrow Agreement has been executed in multiple counterparts, each one of which shall constitute one and the same original Agreement, as of the date and year appearing on the first page of this Agreement.

DALLAS AREA RAPID TRANSIT

By: \_\_\_\_\_  
Chairman, Board of Directors

ATTEST:

By: \_\_\_\_\_  
Secretary, Board of Directors

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, as Escrow Agent

By: \_\_\_\_\_  
Title: \_\_\_\_\_

*Signature Page for Escrow Agreement*

## INDEX TO EXHIBITS

<u>Exhibit A</u>	Description of the Refunded Obligations
<u>Exhibit B</u>	Schedule of Debt Service on Refunded Obligations
<u>Exhibit C</u>	Description of Beginning Cash Balance and Federal Securities
<u>Exhibit D</u>	Escrow Fund Cash Flow
<u>Exhibit E</u>	Reinvestments in Zero Interest Rate SLGS

EXHIBIT A  
DESCRIPTION OF THE REFUNDED OBLIGATIONS



EXHIBIT B

SCHEDULE OF DEBT SERVICE ON REFUNDED OBLIGATIONS

See Attached Schedule

## EXHIBIT C

## DESCRIPTION OF BEGINNING CASH BALANCE AND FEDERAL SECURITIES

## I. Cash

**Amount****Source**

Total Cash: \$\_\_\_\_\_

## II. State and Local Government Series Obligations

## III. Open Market Securities

EXHIBIT D  
ESCROW FUND CASH FLOW

EXHIBIT E  
REINVESTMENTS IN ZERO INTEREST RATE SLGS

070013

**EXHIBIT C**

**Form of Preliminary Official Statement**

## Preliminary Supplemental Official Statement

Ratings:  
 Fitch: Applied For  
 Moody's: Applied For  
 S&P: Applied For

SEE "BOND INSURANCE" AND "RATINGS OF BONDS" HEREIN

\$ \_\_\_\_\_  
**Dallas Area Rapid Transit**  
**Senior Lien Sales Tax Revenue Refunding Bonds**  
**Series 2007**

**NEW ISSUE - BOOK ENTRY ONLY**

*This Supplemental Official Statement supplements our 2007 Annual Disclosure Statement dated January 23, 2007. Together, these documents comprise the Official Statement for the Senior Lien Sales Tax Revenue Refunding Bonds, Series 2007 offered hereby and are referred to herein collectively as the or this "Official Statement." The 2007 Annual Disclosure Statement and this Supplemental Official Statement have been filed as public records with the Central Repositories named in the 2007 Annual Disclosure Statement and are posted on the Internet at our website, [www.dart.org](http://www.dart.org).*

You should carefully consider the Investment Considerations beginning on page [S-15] of this Supplemental Official Statement and on page [20] of the 2007 Annual Disclosure Statement.

**The Bonds** - We are issuing and offering for sale, through the underwriters named below, \$925,000,000\* in principal amount of our Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Refunding Bonds, Series 2007 (the "Bonds"). We will use the proceeds of the Bonds, together with certain other funds of Dallas Area Rapid Transit ("DART"), and the investment earnings thereon, (i) to pay or defease all or a portion of our Outstanding Dallas Area Rapid Transit Senior Subordinate Lien Commercial Paper Notes, Series 2001 (the "Commercial Paper Notes"), Senior Lien Sales Tax Revenue

Bonds, Series 2001 (the "2001 Bonds") and Senior Lien Sales Tax Revenue Bonds, Series 2002 (the "2002 Bonds") and (ii) to pay the costs of issuance of the Bonds.

**Security for the Bonds - Lien Ranking** - As authorized under the provisions of our Master Debt Resolution adopted on January 23, 2001 (the "Master Debt Resolution"), we previously issued the 2001 Bonds, in the principal amount of \$400,000,000, and the 2002 Bonds, in the principal amount of \$98,735,000, as Initial Senior Lien Obligations. Such series of bonds constitute the entire amount of Initial Senior Lien Obligations we are authorized to issue under our Master Debt Resolution. The Bonds are the first series of Additional Senior Lien Obligations we are authorized to issue under the provisions of our Master Debt Resolution. In order to issue Additional Senior Lien Obligations, we are required to satisfy the financial tests and limitations contained in the Master Debt Resolution and the Revolving Credit Agreement relating to the Commercial Paper Notes. See, "COMPLIANCE WITH FINANCIAL TESTS FOR THE ISSUANCE OF ADDITIONAL SENIOR LIEN OBLIGATIONS." The Bonds are payable from and are secured by a pledge of and lien on the Gross Sales Tax Revenues that we receive from the levy and collection of a 1% sales and use tax (the "Sales Tax") on taxable items sold within our boundaries. The lien on Gross Sales Tax Revenues that secures the Bonds, the 2001 Bonds, the 2002 Bonds and any subsequently issued Senior Lien Obligations, is first and senior to any other claim against the pledged Gross Sales Tax Revenues. See, the 2007 Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Security for the Obligations—Flow of Funds."

**Bond Insurance** - We have made application to municipal bond insurance companies to have the payment of the principal and interest on the Bonds insured by a municipal bond guaranty policy.

**(SEE MATURITY SCHEDULE ON INSIDE COVER)**

**Delivery, Legality** - We expect to deliver the Bonds to the underwriters through The Depository Trust Company, New York, New York ("DTC"), on or about March 22, 2007. However, such delivery is subject to the approval of the Attorney General of the State of Texas and to our receipt of the legal opinions of Vinson & Elkins L.L.P., Dallas, Texas, and West & Associates L.L.P., Dallas, Texas, our Co-Bond Counsel. See, Appendix B, "Form of Opinion of Co-Bond Counsel." Certain legal matters will be passed on for the underwriters by Fulbright & Jaworski L.L.P., Dallas, Texas and Delgado, Acosta, Braden & Jones, P.C., Dallas, Texas, Co-Underwriters Counsel.

Goldman, Sachs & Co.	Siebert Brandford Shank & Company, LLC
Banc of America Securities LLC	Popular Securities, Inc.
First Albany Capital Inc.	Merrill Lynch & Co.
Ramirez & Co. Inc.	Southwest Securities
	Morgan Keegan & Company
	Walton, Johnson & Company

\_\_\_\_\_, 2007

\* Preliminary, subject to change.

**Interest Rates, Maturities and Redemption** - The Bonds will be dated the date of delivery (the "Closing Date"), and will bear interest from that date, payable on each June 1 and December 1, commencing on \_\_\_\_\_, 2007 (the "Interest Payment Dates"), at the rates set forth below. The Bonds mature on December 1 of each year (the "Stated Maturity Dates") shown below:

CUSIP Prefix: 235241

\$ \_\_\_\_\_ **Serial Bonds** \*\*

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>Cusip Suffix</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>Cusip Suffix</u>
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\$ \_\_\_\_\_ % Term Bonds \*\* Due December 1, \_\_\_\_\_ to Yield \_\_\_\_\_ %

The Bonds maturing on and after December 1, \_\_\_\_\_ are subject to optional redemption on December 1, \_\_\_\_\_ or any day thereafter. In addition, the Term Bonds are subject to mandatory redemption. See "THE BONDS—Redemption Provisions—*Optional Redemption*" and "THE BONDS—Redemption Provisions—*Mandatory Redemption*."

\*CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

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\*\* Preliminary, subject to change.

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SCHEDULE I – Schedule of Refunded Obligations  
APPENDIX A – Form of Opinion of Co-Bond Counsel

## IMPORTANT NOTICES

In this Supplemental Official Statement, “we,” “our,” “us,” and “DART” refer to Dallas Area Rapid Transit. If we use a capitalized term in this Supplemental Official Statement and do not define the term in this document, its definition is given or summarized in Appendix B to the 2007 Annual Disclosure Statement.

We are providing information to you about the Bonds in two separate documents: (1) the accompanying 2007 Annual Disclosure Statement dated January 23, 2007, which provides general information about DART (some of which may not apply to the Bonds), and (2) this Supplemental Official Statement, dated January 23, 2007, which describes the specific terms of the Bonds. **All references herein to the “Disclosure Statement” mean the 2007 Annual Disclosure Statement.**

Our Disclosure Statement includes a detailed discussion of the Sales Tax and the Gross Sales Tax Revenues that we have pledged as security for the Bonds, the previously issued Dallas Area Rapid Transit Senior Subordinate Lien Commercial Paper Notes, Series 2001 (the “*Commercial Paper Notes*”), Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Bonds, Series 2001 (the “*2001 Bonds*”) and Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Bonds, Series 2002 (the “*2002 Bonds*,” and, together with the 2001 Bonds, the “*Previously Issued Bonds*”) and other Obligations that we may issue or enter into in the future, of our rights to issue additional Bond Obligations and related Credit Agreement Obligations, of the financial tests that are imposed as preconditions to their issuance, and of other matters relating to our organization and our public transportation system. We refer you to specific captions within the Disclosure Statement where additional information may be found regarding specific subjects.

Our most recently audited financial statements, for the Fiscal Year ended September 30, 2006, are included in the Independent Auditors’ Report that is attached to the 2007 Annual Disclosure Statement as Appendix A thereto.

*In making an investment decision regarding the Bonds, you should rely only on the information contained or incorporated by reference in this Official Statement. We have not authorized anyone to provide you with other information. If information varies between the Supplemental Official Statement and the Disclosure Statement you should rely on the information in this Supplemental Official Statement.*

After the Bonds are initially issued on the Closing Date, if the Underwriters use this Official Statement in connection with the sale of Bonds from time to time, you are reminded that we do not claim that the information contained in the Disclosure Statement and in this Supplemental Official Statement is accurate as of any date other than their respective dated dates. The audited financial statements contained in Appendix A to the 2007 Annual Disclosure Statement provide information only as of September 30, 2006.

You may obtain a copy of the Master Debt Resolution adopted on January 23, 2001, the First Supplemental Debt Resolution (that authorized our Outstanding Commercial Paper Notes), adopted on January 23, 2001, and amended on October 25, 2005, the Second Supplemental Debt Resolution (that authorized our Outstanding 2001 Bonds) adopted on July 10, 2001, the Third

Supplemental Debt Resolution (that authorized our Outstanding 2002 Bonds) adopted on July 9, 2002 and the Fourth Supplemental Debt Resolution (that authorizes the issuance of the Bonds) adopted on January 23, 2007, from the Central Repositories named in the Master Debt Resolution, or on the Internet at our website, [www.dart.org](http://www.dart.org), or by contacting us at the following address or phone number to request a free copy: Chief Financial Officer, DART, 1401 Pacific Avenue, Dallas, Texas 75202, (214) 749-3148. Descriptions and summaries of such documents contained herein are qualified in their entirety by reference to this Official Statement in its entirety and to each such document.

We have not authorized any person to give any information or to make any representation other than as contained in this Official Statement, and, if given or made, such other information or representation may not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds. No person may sell the Bonds in any jurisdiction in which such offer, solicitation, or sale is unlawful. The information and expressions of opinion herein are subject to change without notice. This Official Statement is submitted in connection with the sale of Bonds and may not be reproduced or used for any other purpose. In no instance may this Official Statement be reproduced or used in part.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF DART AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the securities laws of any state or other jurisdiction.

## FORWARD-LOOKING STATEMENTS

*We make "forward-looking statements" in this document by using forward-looking words such as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates," or others. You are cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, conditions in the financial markets, our financial condition, our sales tax revenues, receipt of federal grants, and various other factors which may be beyond our control. Because we cannot predict all factors that may affect future decisions, actions, events, or financial circumstances, what actually happens may be different from what we include in forward-looking statements.*

## GENERAL INFORMATION ABOUT DART

### Summary

DART is a subregional transportation authority of the State of Texas. We were created and confirmed by passage of a referendum on August 13, 1983, pursuant to Article 1118y of Vernon's Annotated Civil Statutes, as amended and recodified as Chapter 452, Texas Transportation Code. Our current boundaries include the territory lying within the corporate limits of the following Participating Municipalities: the Cities of Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Irving, Plano, Richardson, Rowlett and University Park and the Towns of Addison and Highland Park. We are governed by a 15-member Subregional Board of Directors.

Our administrative office is located in Dallas, Texas, and our boundaries include approximately 700 square miles and a population of approximately 2.3 million persons, as of January 1, 2006\*.

The Participating Municipalities have certain limited rights to withdraw from DART, subject to the continuing collection of the Sales Tax within the withdrawing municipality until its share of all obligations of DART are collected and paid to DART. See, the 2007 Annual Disclosure Statement, "INFORMATION ABOUT DART—DART's Boundaries, Additions, Withdrawal Rights."

### Sources of Revenue

We have levied the Sales Tax within our boundaries. For additional information regarding the Sales Tax, farebox revenues, and other sources of revenue and funds, see the 2007 Annual Disclosure Statement, "DART'S FINANCIAL PRACTICES AND RESOURCES."

### Application of Voted Debt Limit

\$\_\_\_\_\_ in principal amount of the Bonds being issued to refund our Outstanding Commercial Paper Notes, plus \$\_\_ in net premium allocable to such principal amount, will be applied as a reduction of the amount of our Voted Tax and Debt Limits since the Bonds have maturities longer than 5 years. Because \$\_\_\_\_\_ representing the aggregate principal amount of the 2001

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\* Population information obtained from the North Central Texas Council Governments.

Bonds and the 2002 Bonds, plus net premium allocable to such bonds, has already been applied to reduce the amount of our Voted Tax and Debt Limits, \$\_\_ in principal amount of the Bonds being issued to refund the 2001 Bonds and the 2002 Bonds will not be applied as a reduction of the amount of our Voted Tax and Debt Limits. After issuing the Bonds and applying the premium on any Bonds net of any original issue discount on any Bonds as required by the Attorney General of the State of Texas, we will have the right, without further elections, to issue Bond Obligations having maturities longer than 5 years as Senior Lien Obligations, as Senior Subordinate Lien Obligations, and/or as Junior Subordinate Lien Obligations in an aggregate amount of up to \$\_\_\_\_\_ billion. See, 2007 Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Bond Obligations We Expect to Issue in 2007."

### **Previously Issued Debt**

Our currently Outstanding Bond Obligations consist of: (i) our Commercial Paper Notes that as of the date hereof are Outstanding in the principal amount of \$\_\_\_\_\_, (ii) our 2001 Bonds that as of the date hereof are Outstanding in the principal amount of \$\_\_\_\_\_ and (iii) our Series 2002 Bonds that as of the date hereof are Outstanding in the principal amount of \$\_\_\_\_\_. Upon completion of the offering and sale of the Bonds and the application of the proceeds thereof, \$\_\_\_\_\_ of Commercial Paper Notes, \$\_\_\_\_\_ of 2001 Bonds and \$\_\_\_\_\_ of 2002 Bonds will be Outstanding.

In order to obtain a line of credit supporting the Commercial Paper Notes, we entered into a Revolving Credit Agreement, dated as of February 1, 2001, among DART and WestLB AG, acting through its New York Branch, Bayerische Landesbank, acting through its New York Branch, State Street Bank and Trust Company and Landesbank Baden-Württemberg, acting through its New York Branch, as Lenders (as amended, the "Revolving Credit Agreement"). Under the Revolving Credit Agreement, we may not have more than \$600 million in principal amount of Commercial Paper Notes and Loans Outstanding. See, the 2007 Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS."

## **THE BONDS**

The following description of the Bonds is a summary only and is not intended to be comprehensive. The description should be read together with the description of the terms and provisions of the Master Debt Resolution provided in Appendix B to the 2007 Annual Disclosure Statement, "SUMMARY OF CERTAIN TERMS OF THE MASTER DEBT RESOLUTION."

### **General Description**

The Previously Issued Bonds represent all of the \$500 million principal amount of Initial Senior Lien Obligations we are authorized to issue by Section 3.1(a) of the Master Debt Resolution. The Bonds represent the first series of Additional Senior Lien Obligations we are authorized to issue by Section 3.2 of the Master Debt Resolution.

The Bonds will be issued in the form of an Initial Bond in the denomination and principal amount of \$925,000,000\*. Thereafter, we will execute and deliver to the Paying Agent/Registrar Bonds representing the appropriate interest rates and maturities, which will be available in book-entry form only in minimum denominations of \$5,000 or any integral multiple thereof.

### **Compliance with Financial Tests for the Issuance of Additional Senior Lien Obligations**

In accordance with the requirements of Section 3.2 of the Master Debt Resolution, on the date of delivery of the Bonds, we will provide the Trustee with a certificate executed by our Chief Financial Officer certifying and demonstrating that: (i) for our most recent Fiscal Year or during 12 out of the most recent 18 months, our Gross Sales Tax Revenues were equal to at least 200% of the maximum Debt Service that will be due on the Bonds and the Previously Issued Bonds that will remain Outstanding after the issuance of the Bonds during the current or any future Fiscal Year; and (ii) our estimated Gross Sales Tax Revenues, during each of three consecutive Fiscal Years beginning with the Fiscal Year in which Debt Service is due on the Bonds, will be sufficient to pay all Senior Lien Obligations and all Subordinate Lien Obligations during such three Fiscal Years.

In addition to the tests under the Master Debt Resolution, the Revolving Credit Agreement imposes two additional financial tests as preconditions to the issuance of Additional Bond Obligations because not all of the net proceeds of the Bonds are being used to pay or defease outstanding Commercial Paper Notes. Under the first test, we are required to provide the Lenders with a written report prepared by an independent economist or certified public accountant setting forth projections of Gross Sales Tax Revenues which indicate that the reasonably estimated Gross Sales Tax Revenues for each of three following and consecutive fiscal years, beginning with the first fiscal year in which Debt Service will be due on the proposed Bond Obligations, are equal at least to 150% of the Debt Service that will be due on all Bond Obligations that are issued as Senior Lien Obligations and Senior Subordinate Lien Obligations that will be outstanding after the proposed new issue during each of such three fiscal years. The second test under the Revolving Credit Agreement requires that in any four consecutive calendar quarters out of the six calendar quarters immediately preceding the date of issuance of the proposed Senior Lien Obligations, Gross Sales Tax Revenues shall have been deposited to the Gross Sales Tax Revenue Fund in an amount equal to at least 200% of the Debt Service on the Outstanding Senior Lien Obligations and Senior Subordinate Lien Obligations during such four calendar quarters plus Debt Service on such proposed Senior Lien Obligations during such period, assuming that they were outstanding during such four quarter period. Prior to and as a condition of issuing the Bonds, DART will provide the Lenders with a certificate demonstrating compliance with these tests. See, 2007 Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Preconditions to Issuance of Bond Obligations—Financial Coverage Tests," and "THE BONDS—Paying and Defeasing Outstanding Commercial Paper Notes and Prior Bonds" below.

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\* Preliminary, subject to change.

### **Principal Installments, Interest Rates**

The Bonds will mature on the dates and will bear interest at the rates as to each maturity stated on the inside cover page of this Supplemental Official Statement. Interest on the Bonds, at said rates, will be calculated on the basis of a 360-day year of twelve thirty-day months, paid semiannually on June 1 and December 1 of each year (or on the next succeeding Business Day if such date is not a Business Day), commencing \_\_\_\_\_, 2007. Interest will accrue and be paid on each Bond respectively until its maturity or prior redemption, from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for.

### **Security for Bonds**

The Bonds are secured by, and are payable solely from, a lien on and a pledge of the Gross Sales Tax Revenues that we receive from the levy and collection of the Sales Tax. This lien is senior to the lien on Gross Sales Tax Revenues that is created in the Master Debt Resolution in favor of all Subordinate Lien Obligations, including the Commercial Paper Notes. For additional information regarding the Sales Tax and Gross Sales Tax Revenues, see the 2007 Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Security for the Obligations—Flow of Funds."

### **Payments of Principal, Interest, and Mandatory Redemption Amounts**

#### ***- Deposits to and Payments from Senior Lien Debt Service Fund***

The Trustee is required (1) to accumulate money in the Senior Lien Debt Service Fund in amounts sufficient to pay the principal of and the interest on the Bonds that are due and payable on each Interest Payment Date and on each Stated Maturity Date and each Mandatory Redemption Date (defined below) by depositing Gross Sales Tax Revenues to the Gross Sales Tax Revenue Fund as such revenues are received from the Comptroller, and then transferring such revenues to the Senior Lien Debt Service Fund, in amounts equal to the Accrued Aggregate Debt Service on the Outstanding Bonds during each Debt Service Accrual Period, and (2) to transfer funds to the Paying Agent/Registrar sufficient in amount to pay the principal of and the interest on the Outstanding Bonds on their respective Interest Payment Dates, Mandatory Redemption Dates and Stated Maturity Dates. See, 2007 Annual Disclosure Statement, "OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Security for the Obligations—Flow of Funds."

If amounts on deposit in the Senior Lien Debt Service Fund are not sufficient on any Interest Payment Date, Mandatory Redemption Date or Stated Maturity Date for such purposes, such an occurrence constitutes an Event of Default under the Master Debt Resolution. In such an event, the Trustee is required to deposit all Gross Sales Tax Revenues to the Senior Lien Debt Service Fund when and as received from the Comptroller and to suspend all further transfers of Gross Sales Tax Revenues to any other fund created in the Master Debt Resolution or to us until the Senior Lien Debt Service Fund has on deposit therein all amounts required to pay all amounts due on the Bonds when due and payable. See, Appendix B to the 2007 Annual Disclosure Statement, "SUMMARY OF CERTAIN TERMS OF THE MASTER DEBT RESOLUTION—DEFAULTS AND REMEDIES—Remedies for Default" and "SUMMARY OF CERTAIN

TERMS OF THE MASTER DEBT RESOLUTION—SPECIAL FUNDS, USES OF MONEYS—Gross Sales Tax Revenue Fund.”

*- Medium, Method and Place of Payment*

Interest on the Bonds will be payable to the Holders whose names appear in the Obligation Register at the close of business on the 15th day of the month next preceding each Interest Payment Date (the “*Record Date*”); provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a “*Special Record Date*”) will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the Board. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “*Special Payment Date*,” which will be at least 15 days after the Special Record Date) will be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice. Interest on the Bonds will be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the Holder entitled to such payment, United States mail, first class postage prepaid, to the address of the Holder as it appears in the Obligation Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person will bear all risk and expenses of such other customary banking arrangements.

Interest on the Bonds will be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the Holder entitled to such payment, United States mail, first class postage prepaid, to the address of the Holder as it appears in the Obligation Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements.

The principal of each Bond will be paid to the Holder on the due date thereof (whether at the Stated Maturity Date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent, initially in Nashville, Tennessee. If a date for the payment of the principal of or interest on the Bonds is not a Business Day, then the date for such payment will be the next succeeding Business Day, and payment on such date will have the same force and effect as if made on the original date payment was due.

Subject to any applicable escheat, unclaimed property, or similar and Applicable Law, unclaimed payments remaining unclaimed by the Holders entitled thereto for three years after the applicable payment or redemption date will be paid to the Board and thereafter neither the Board, the Paying Agent/Registrar, nor any other person will be liable or responsible to any Holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds.

Notwithstanding any other provision of this Supplemental Official Statement, during any period in which the Bonds are held in book-entry-only form by DTC, payment of the principal, together with any premium, and interest on the Bonds, will be paid to DTC in immediately available or next day funds on each Interest Payment Date.



## Redemption Provisions

### *- Optional Redemption*

Bonds maturing on and after December 1, \_\_\_\_\_ are subject to redemption, in whole or in part, at our option on any day on and after December 1, \_\_\_\_\_, at the redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date, without premium.

### *- Mandatory Redemption*

The Bonds maturing on December 1, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ are subject to mandatory sinking fund redemption on each December 1, in each of the years set forth below (the "Mandatory Redemption Dates"), at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date, without premium. Such required sinking fund installments as to each maturity are as follows:

<u>Term Bonds Maturing in the Year _____</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
December 1, _____	\$ _____
December 1, _____ (maturity)	_____

### *- Partial Redemption*

We may select, in our sole discretion, the maturity or maturities and amounts of any Bonds being redeemed at our option. The Paying Agent/Registrar will call by lot any Bonds (or portions thereof within a maturity) being redeemed by optional or mandatory redemption.

### *- Tenders In Lieu of Mandatory Redemption*

We may reduce the principal amount of Bonds required to be redeemed on any redemption date under the mandatory sinking fund redemption provisions described above, at our option, by the principal amount of any Bonds having the same maturity which, at least 45 days prior to the mandatory sinking fund redemption date, (i) have been acquired by us at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of such purchase, and delivered to the Paying Agent/Registrar for cancellation, or (ii) have been redeemed under the optional redemption provisions described above and not previously credited to a mandatory sinking fund redemption.

### *- Redemption Procedures*

A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar will treat each \$5,000 portion of the Bond as though it were a single Bond for purposes of selection for redemption.

### **- Notice of Redemption**

The Paying Agent/Registrar is required to give notice of any redemption to the Holder of each Bond (or part thereof) to be redeemed by first class United States mail not less than 30 days before the date fixed for redemption. The notice of redemption shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered, and if less than all the Bonds are to be redeemed, an identification of the Bonds or portions of the Bonds to be redeemed. Any notice so given is conclusively presumed to have been duly given, whether or not the Holder actually receives notice. Failure to give notice of redemption to any Holder of Bonds, or any defect therein, will not affect the validity of any proceedings for redemption of any Bonds for which notice was properly given.

### **Registration, Transfer, Exchange and Replacement of Bonds**

The Bonds may be registered, transferred, exchanged or replaced by the Paying Agent/Registrar who at all times is obligated to maintain an Obligation Register. Neither the Board nor the Paying Agent/Registrar is required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 calendar days after the transfer or exchange date; provided, however, such limitation is not applicable to an exchange by the Holder of the uncalled principal balance of a Bond.

### **Paying and Defeating Outstanding Commercial Paper Notes and Prior Bonds**

Concurrently with the delivery of and payment for the Bonds, we will deposit the net proceeds from the sale of the Bonds, and certain other funds of DART, into an escrow fund (the "*Escrow Fund*") to be held by the Paying Agent for the Commercial Paper Notes and Prior Bonds, as Escrow Agent, for the purpose of defeasing and retiring \$\_\_\_\_\_ in principal amount of the Outstanding Commercial Paper Notes and \$\_\_\_\_\_ in principal amount of the Outstanding Prior Bonds described on Schedule I (the "*Refunded Obligations*"). See "SOURCES AND USES OF FUNDS." The amount of net proceeds so deposited, when added to any other lawfully available funds and the investment earnings thereon, will be sufficient to accomplish the discharge and final payment of the Refunded Obligations on their respective payment or redemption dates.

The funds deposited with the Escrow Agent will be used to purchase direct obligations of the United States of America (the "*Federal Securities*"). The Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Obligations and amounts therein will not be available to pay the Bonds. Grant Thornton LLP, Certified Public Accountants (the "*Verification Agent*"), will verify at the time of delivery of the Bonds to the Underwriters that the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, on the scheduled interest payment dates and payment or redemption dates, as applicable, the principal of and interest on the Refunded Obligations, and will issue a report to this effect (the "*Verification Report*"). The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company to the Verification Agent on behalf of DART relating to (a) computation of the sufficiency of the anticipated receipts from the Federal Securities, together with the initial cash deposit, if any, to pay when due the principal, interest and redemption premium, if any, of the Refunded Obligations and (b) computation of the yields on the Federal Securities will be

verified by the Verification Agent. Such computations will be completed using certain assumptions and information provided by First Southwest Company on behalf of DART. The Verification Agent will restrict its procedures to recalculating the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations are based, and accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome. By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent, DART will have effected the defeasance of all of the Refunded Obligations in accordance with Texas law. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being Outstanding Obligations of DART, and the obligations of DART to make payments in support of the debt service on such Refunded Obligations will be extinguished.

The Verification Report will be relied upon by Co-Bond Counsel in rendering their opinions with respect to the tax-exemption of interest on the Bonds and with respect to the defeasance of the Refunded Obligations.

#### **Amendments to Master Debt Resolution and Fourth Supplemental Debt Resolution**

We have the right to amend the Master Debt Resolution, the Fourth Supplemental Debt Resolution and any other Supplemental Resolution (including the First Supplemental Debt Resolution, the Second Supplemental Debt Resolution and the Third Supplemental Debt Resolution) without your consent under certain circumstances.

The Fourth Supplemental Debt Resolution imposes rights and limitations for all purposes of the Outstanding Resolutions and grants to the Insurer, if any, certain rights with respect to the amendment of Outstanding Resolutions.

In addition to other rights of DART to amend the Outstanding Resolutions without the consent of or notice to the Holders of the Bonds, DART will have the right under the Master Debt Resolution to amend the Outstanding Resolutions without the consent of or notice to the Holders of the Bonds if the Bonds are insured and such amendment is approved by the Insurer, and by all Credit Providers, if any, and each Bondholder Representative, if any, whose consent is required by another Supplemental Resolution. In the event that less than all of the maturities of the Bonds are insured, the Insurer shall be deemed to be the Holder of those Bonds for which the Policy of the Insurer is effective for the purpose of determining whether the requisite percentage of Holders have given their consent, if required, under the Master Debt Resolution. See, Appendix B to the 2007 Annual Disclosure Statement, "SUMMARY OF CERTAIN TERMS OF THE MASTER DEBT RESOLUTION—Amendments to Resolution."

**SOURCES AND USES OF FUNDS**

The proceeds from the sale of the Bonds will be applied approximately as follows:

**SOURCES**

Par Amount of the Bonds	\$ _____
Net Original Issue Premium	
Less: Underwriters' Discount	
Transfer from Senior Lien Debt Service Fund	
Transfer from Senior Subordinate Lien Debt Service Fund	
Transfer from General Operating Fund	_____
<b>Total Sources</b>	<b>\$ _____</b>

**USES**

Deposits to Escrow Fund	\$ _____
Cost of Issuance	
Bond Insurance	_____
<b>Total Uses</b>	<b>\$ _____</b>

**PRO FORMA ANNUAL BOND DEBT SERVICE REQUIREMENTS**

The following table sets forth, for each fiscal year, beginning with the fiscal year ending September 30, 2007, the amounts required for the payment of principal, mandatory sinking fund redemptions, and interest on the Bonds, the 2001 Bonds and the 2002 Bonds (excluding the debt service attributable to that portion of the 2001 Bonds and the 2002 Bonds being refunded by the Bonds). The table excludes Commercial Paper Notes in the amount of \$ \_\_\_\_\_ that will remain Outstanding following the delivery of the Bonds.

<b>Fiscal Year Ending September 30,</b>	<b>Debt Service Requirements for the Bonds</b>			<b>2001 and 2002 Bonds Debt Service Requirements</b>	<b>Total Debt Service Requirements</b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>		

### THE PAYING AGENT/REGISTRAR

Deutsche Bank Trust Company Americas, New York, New York, is the Paying Agent/Registrar for the Bonds. We retain the right to replace the Paying Agent/Registrar, but we are obligated to maintain and provide for a Paying Agent/Registrar for the Bonds at all times, and any successor must be a commercial bank or trust company or other entity that is duly and legally authorized to perform the duties of Paying Agent/Registrar under the Master Debt Resolution and the Fourth Supplemental Debt Resolution. The Paying Agent/Registrar is responsible for paying the principal of and interest on the Bonds from amounts received from the Trustee, for maintaining the Obligation Register with respect to the Bonds and, subject to the conditions described under "BOOK-ENTRY SYSTEM" below, administering the transfer and exchange of Bonds.

### BOOK-ENTRY SYSTEM

AS LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE "HOLDERS," THE "BONDHOLDERS," OR THE "OWNERS OF THE BONDS" SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNER OF THE BONDS. WHEN REFERENCE IS MADE TO ANY ACTION WHICH IS REQUIRED OR PERMITTED TO BE TAKEN BY SUCH BENEFICIAL OWNER, SUCH REFERENCE ONLY RELATES TO ACTION BY SUCH BENEFICIAL OWNER OR THOSE PERMITTED TO ACT (BY STATUTE, REGULATION, OR OTHERWISE) ON BEHALF OF SUCH BENEFICIAL OWNER FOR SUCH PURPOSES.

DART and the Underwriters cannot and do not give any assurances that DTC will distribute to its Participants or that Direct Participants or Indirect Participants will distribute to Beneficial Owners of the Bonds (i) payments of the principal of, or interest or premium, if any, on the Bonds, or (ii) confirmation of ownership interests in the Bonds, or (iii) redemption or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Supplemental Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "procedures" of DTC to be followed in dealing with its Participants are on file with DTC.

DART AND THE UNDERWRITERS WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE BONDS; (C) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE MASTER DEBT RESOLUTION, THE FOURTH SUPPLEMENTAL DEBT RESOLUTION OR ANY OTHER SUPPLEMENTAL RESOLUTION UNDER AND PURSUANT TO WHICH ANY OUTSTANDING OBLIGATIONS HAVE BEEN ISSUED OR EXECUTED, OR PRIOR RESOLUTIONS AMENDED; (D) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (E) ANY

CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

### **General Provisions**

*The following information concerning DTC and its book-entry system has been furnished for use in this Supplemental Official Statement by DTC. DART, the Financial Advisors and the Underwriters take no responsibility for the accuracy or completeness of such information.*

The Depository Trust Company ("DTC"), New York, NY, acts as securities depository for the Bonds. The Bonds are issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate has been and will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue and has been deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn recorded on the Direct and Indirect Participants' records. Beneficial Owners do not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or

Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners do not receive certificates representing their ownership interests in the Bonds, except in the event that use of the Book-Entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners are governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DART and the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from DART or the Paying Agent/Registrar on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners shall be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, DART or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DART, the Board or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of the DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to DART, the Board or the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be delivered as described in the Fourth Supplemental Debt Resolution.

DART and the Board may decide to discontinue use of the system of Book-Entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be delivered as described in the Fourth Supplemental Debt Resolution.

The information in this section concerning DTC and DTC's Book-Entry system has been obtained from sources that DART believes to be reliable, but DART and the Board take no responsibility for the accuracy thereof.

## **INVESTMENT CONSIDERATIONS**

*The following information, which you should carefully consider, identifies certain investment considerations associated with the purchase of Bonds. You should also carefully consider the information set forth under "Investment Considerations" on page 19 of the 2007 Annual Disclosure Statement.*

### **Issuance of Additional Senior Lien Obligations**

Subject to our Voted Tax and Debt Limits, the Master Debt Resolution permits us to issue, if we can satisfy the financial tests and limitations contained in the Master Debt Resolution, Additional Senior Lien Obligations. We must also satisfy any limitations contained in Supplemental Resolutions and in Credit Agreements in order to issue any Senior Lien Obligations. The financial tests that apply to future issues of Additional Senior Lien Obligations require us to demonstrate an ability to pay the Bonds and such future Obligations based on economic forecasts of future economic conditions. Those forecasts do not and cannot guarantee that we will receive Gross Sales Tax Revenues at the times and in the amounts required to pay all of our Obligations, including the Bonds, when and as due and payable.

### **Ratings of the Bonds do not assure their payment**

The Bonds are currently rated by nationally recognized rating agencies, as shown on the cover page hereof. A rating reflects the rating agency's assessment of how likely it is that holders of a class of securities will receive the payments to which they are entitled. A rating may not remain in effect for any given period of time, and a rating agency may lower or withdraw a rating entirely. A rating is not a recommendation to purchase, hold, or sell securities because it does not address the market price of the securities or the suitability of the securities for any particular investor.

### **Book-Entry registration of Bonds may limit liquidity and transferability, and may delay distributions**

Securities issued in book-entry form may have only limited liquidity in the resale market, since investors may be unwilling to purchase securities for which they cannot obtain physical instruments. Transactions in book-entry securities can be effected only through DTC, its



participating organizations, its indirect participants, and some banks. Therefore, your ability to transfer or pledge securities issued in book-entry form may be limited. You may also experience some delay in the receipt of distributions on book-entry securities since the distributions will be forwarded by the Paying Agent/Registrar for the Bonds to DTC for it to credit the accounts of its participants. In turn, these participants will then credit the distributions to your account either directly or indirectly through indirect participants.

### **The Master Debt Resolution Provides for Cross-Defaults.**

The Master Debt Resolution provides that an “Event of Default” occurs thereunder if, under certain circumstances, we default in the due and punctual performance of any covenant, condition, agreement or provision contained in any Obligation (including any Credit Agreement) or any Outstanding Resolution. See, Appendix B to the 2007 Annual Disclosure Statement, “SUMMARY OF CERTAIN TERMS OF THE MASTER DEBT RESOLUTION—DEFAULTS AND REMEDIES.” The Revolving Credit Agreement (which expires November 30, 2015, if not renewed) specifies, and any subsequent Obligation or Resolution could specify, events of default that could trigger an Event of Default under the Master Debt Resolution. For example, the Revolving Credit Agreement imposes certain financial tests as preconditions to the issuance of additional Bond Obligations under certain circumstances, as described in the 2007 Annual Disclosure Statement under “OUTSTANDING OBLIGATIONS AND OUR FINANCING PLANS—Preconditions to Issuance of Bond Obligations—Financial Coverage Tests.” We have also covenanted under the Revolving Credit Agreement to maintain a ratio of available funds to debt service on all Outstanding Senior Lien Obligations and Senior Subordinate Lien Obligations of 1.10 to 1.00 as of the end of each of our fiscal quarters.

### **CONTINUING DISCLOSURE AND ACCESS TO INFORMATION**

We intend to replace the 2007 Annual Disclosure Statement annually, to update it quarterly, and to prepare a Supplemental Official Statement or Supplemental Disclosure Statement and Offering Memorandum in connection with each issue of Bond Obligations. These disclosure documents and each Supplemental Debt Resolution will be filed with the Central Repositories identified in the 2007 Annual Disclosure Statement. All of these documents will also be posted on the Internet at our website, [www.dart.org](http://www.dart.org).

We have undertaken in the Master Debt Resolution to comply with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. See, the 2007 Annual Disclosure Statement, “CONTINUING DISCLOSURE OF INFORMATION.”

### **Compliance with Prior Undertakings**

With respect to the filing of annual financial information for the fiscal year ending September 30, 2005, due to an administrative error, our annual financial information was filed late. We have implemented procedures to ensure timely filing of all future financial information. We have otherwise complied in all material respects with all continuing disclosure agreements made by us in accordance with the Rule.

## RATINGS OF BONDS

The respective ratings that have been assigned to the Bonds by Fitch Ratings, Moody's Investors Service, Inc., and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. are stated on the cover page of this Supplemental Official Statement.

An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations. We make no representation as to the appropriateness of the ratings. We can provide no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any or all rating companies, if in the judgment of any or all companies, circumstances so warrant. Any downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price or marketability of the Bonds.

## TAX MATTERS

### Tax-Exemption

In the opinion of our Co-Bond Counsel (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of the Bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States, and a requirement that the issuer file an information report with the Internal Revenue Service. DART has covenanted in the Master Debt Resolution and in the Fourth Supplemental Debt Resolution that it will comply with these requirements.

Co-Bond Counsel's opinions will assume continuing compliance with the covenants of the Master Debt Resolution and in the Fourth Supplemental Debt Resolution and all other Supplemental Resolutions pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representation by us, by our Co-Financial Advisors and the Underwriters with respect to matters solely within our knowledge, the knowledge of our Co-Financial Advisors and the Underwriters, respectively, which Co-Bond Counsel has not independently verified. Co-Bond Counsel will further rely on the Verification Report. If we should fail to comply with the covenants in the Master Debt Resolution and the Supplemental Resolutions or if the foregoing representations or Verification Report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the

amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

Except as stated above, Co-Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Co-Bond Counsel's knowledge of facts as of the date thereof. Co-Bond Counsel assume no duty to update or supplement their opinions to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Co-Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Co-Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced in accordance with its current published procedures, the Service is likely to treat DART as the taxpayer and the Holders of Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

## **Additional Federal Income Tax Considerations**

### ***- Collateral Tax Consequences***

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

***- Tax Accounting Treatment of Original Issue Discount***

The issue price of all or a portion of the Bonds (the “*Original Issue Discount Bonds*”) may be less than the stated redemption price payable at maturity of such Bonds. In such event, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bonds in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bonds continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the captions “Tax Exemption” and “Collateral Tax Consequences” above generally applies, and should be considered in connection with the discussion this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (a) the Underwriters have purchased the Bonds for contemporaneous sale to the public and (b) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transaction for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither DART nor Co-Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described

above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination of federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

***- Tax Accounting Treatment of Original Issue Premium***

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the “*Premium Bonds*”) will be considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes, however, for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond which is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

## LITIGATION

See, “LITIGATION” in our 2007 Annual Disclosure Statement for a discussion of pending litigation or claims affecting DART.

## APPROVALS AND LEGAL OPINIONS

We will not issue any of the Bonds unless and until we have received an opinion of the Attorney General of the State of Texas approving the issuance of the Bonds pursuant to the Master Debt Resolution and the Fourth Supplemental Debt Resolution.

All legal matters incident to the legality and enforceability of the Bonds, including their authorization, issuance, and sale, are subject to the approval of Vinson & Elkins L.L.P., Dallas, Texas, and West & Associates L.L.P., Dallas, Texas, our Co-Finance Counsel and Co-Bond Counsel.

The initial delivery of the Bonds to DTC for the account of the Underwriters is subject to our receipt from Co-Bond Counsel of their opinion substantially to the effect set forth in the form and substance attached hereto as Appendix A.

Our Co-Bond Counsel have reviewed the information describing the Obligations in the 2007 Annual Disclosure Statement and the information describing the Bonds contained in this Official Statement to verify that such information conforms to the provisions of the Master Debt Resolution, the First Supplemental Debt Resolution, the Second Supplemental Debt Resolution, the Third Supplemental Debt Resolution, the Fourth Supplemental Debt Resolution and the Revolving Credit Agreement.

Portions of the fees paid by us to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds under the Master Debt Resolution and the Fourth Supplemental Debt Resolution are contingent on the issuance and sale of the Bonds.

Certain legal matters relating to the Bonds will be passed upon for the Underwriters by their Co-Counsel, Fulbright & Jaworski L.L.P. and Delgado, Acosta, Braden & Jones, P.C.

### **BOND INSURANCE**

We have made application to municipal bond insurance companies to have the payment of the principal and interest on the Bonds insured by a municipal bond guaranty policy.

### **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. We assume no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

### **FINANCIAL ADVISORS**

We have retained First Southwest Company, Dallas, Texas, and Estrada Hinojosa & Company, Inc., Dallas, Texas, as our Co-Financial Advisors to assist us in the issuance of the Bonds. The Co-Financial Advisors have not independently verified any of the data contained in the Official Statement or conducted a detailed investigation of the affairs of DART to determine the accuracy or completeness of those documents. The fees of the Co-Financial Advisors are not contingent upon the issuance and sale of the Bonds. In the normal course of business, one or both of the Co-Financial Advisors may also from time to time, for fees to be paid by DART or by others, sell to DART or arrange for the purchase by DART of investment securities for the investment of debt proceeds or other funds of DART upon our request.

**UNDERWRITING**

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds at a purchase price of \$\_\_\_\_\_ (representing the principal amount of the Bonds plus a net original issue premium of \$\_\_\_\_\_ and less an underwriters' discount of \$\_\_\_\_\_). The Underwriters are obligated to purchase all of the Bonds if any are purchased.

\_\_\_\_\_

This Official Statement was approved and adopted by the Board of Directors of DART on January 23, 2007, as the Official Statement relating to the Bonds in accordance with the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

/s/\_\_\_\_\_  
Chairman, Board of Directors

ATTEST:

/s/\_\_\_\_\_  
Secretary, Board of Directors

/s/\_\_\_\_\_  
President/Executive Director, Dallas Area Rapid Transit

APPENDIX A

**FORM OF OPINION OF CO-BOND COUNSEL**