

RESOLUTION NO. 2002- 132A

AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A U.S. LEASE-TO-SERVICE CONTRACT WITH ICX CORPORATION AND KBC BANK NV FOR VARIOUS PASSENGER RAIL VEHICLES

WHEREAS, The Authority under Resolution 2001-142 authorized the General Manager to develop a plan for lease/leaseback and/or sale/leaseback transactions; and

WHEREAS, a U.S. Lease-To-Service Plan was developed for various passenger rail vehicles and proposals solicited; and

WHEREAS, the proposal of ICX Corporation, located at 2 Summit Park Drive, Suite 300, Cleveland OH 44131 and KBC Bank NV, located at 125 West 55th Street, 10th Floor, New York, New York 10019, as equity investor for a U.S. Lease-To-Service Contract for various passenger rail vehicles, was received on May 24, 2002, in response to a competitive solicitation; and

WHEREAS, after negotiations, the proposal of ICX Corporation and KBC Bank NV, was determined to be the most advantageous to the Authority, cost and all other factors considered; and

WHEREAS, the General Manager deems acceptance of the offer of ICX Corporation and KBC Bank NV, as negotiated, to be in the best interest of the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the offer of ICX Corporation and KBC Bank NV as negotiated, as equity investor for various passenger rail vehicles, is hereby accepted as the most advantageous to the Authority, cost and all other factors considered.

Section 2. That the General Manager of the Authority be and he is hereby authorized to enter into a contract with ICX Corporation and KBC Bank NV, as equity investor of said assets.

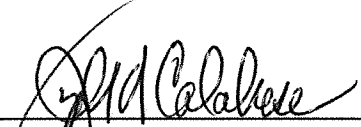
Section 3. That said contract shall be payable from the proceeds of the transaction. If the transaction is not executed as a result of GCRTA action, costs associated with contract preparation shall be paid from the General Fund, Various Department Budgets in an amount not to exceed one hundred twenty-five thousand and 00/100 (\$125,000.00). This may require additional budget appropriation by the Board of Trustees.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon compliance by the contractor to the Specification and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2002-120; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

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Section 5. That this resolution shall become effective immediately upon its adoption.

Adopted: _____ July 16 _____, 2002  _____
President

Attest:  _____
CEO/General Manager/Secretary-Treasurer



K-4

TITLE/DESCRIPTION: AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A U.S. LEASE-TO- SERVICE CONTRACT WITH ICX CORPORATION AND KBC BANK NV FOR VARIOUS PASSENGER RAIL VEHICLES	Resolution No.: 2002- 132A
	Date: July 16, 2002
	Initiator: Finance and Administration Division
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a U.S. Lease-To-Service Contract with ICX Corporation and KBC Bank NV, for various passenger rail vehicles.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Board of Trustees, under Resolution 2001-142, authorized the General Manager to develop a plan for lease/leaseback and/or sale/leaseback transactions and to enter into a contract with CIBC World Markets Inc. for Lessee Advisor Services in connection therewith.

CIBC World Markets, Inc. assisted the Authority in developing a plan, which identified the Authority's capital assets that qualify for a lease/leaseback and or sale/leaseback transaction. CIBC in turn identified and prepared a public offering of those assets.

- 3.0 **PROCUREMENT BACKGROUND:** Proposals were solicited from 56 potential offerors, three proposals were received in response to the request for proposals. After evaluation of the proposals in accordance with established Procurement Department Policies and Procedures, and in accordance with the Authorities Cash Management and Investment Policy: RTA Administrative Policies and Procedures No. 1989-11 (Revised 10-1-99), Resolution No. 1998-90 and Ohio Revised Code Section 135, and after negotiations, the proposal of ICX Corporation and KBC Bank NV, was selected to be the most advantageous to the Authority.

ICX Corporation is the equipment leasing subsidiary of Charter One Bank with assets in excess of \$2 billion and headquartered in Cleveland, Ohio. Charter One Bank has \$38 billion in total assets and ranks as one of the top 34 banks in the United States. ICX Corporation is an experienced equity investor in structured tax lease transactions and has participated in both domestic and international transactions, they recently participated in a service-to-lease transaction with Amtrak.

KBC Bank NV is a branch of KBC Bank and Insurance Group headquartered in Belgium with total assets in excess of \$210 billion. KBC Bank NV is in the process of closing a transaction with Washington Metropolitan Area Transit Authority (WMATA).

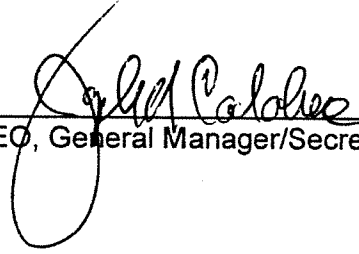
A cost analysis was performed, and the Procurement Department has determined the negotiated rates and total not to exceed price to be fair and reasonable to the Authority.

STAFF SUMMARY AND COMMENTS

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- 4.0 DBE/AFFIRMATIVE ACTION BACKGROUND: The DBE and Affirmative Action requirements were attached to the Financial Advisor for Leaseback Transaction with CIBC World Markets and therefore there was no review necessary for this transaction.
- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: This procurement will be payable from the proceeds of the transaction. If the transaction is not executed as a result of GCRTA action, the costs associated with contract preparation shall be paid from the General Fund, Various Department Budgets in an amount not to exceed one hundred twenty-five thousand and 00/100 (\$125,000.00). This may require additional budget appropriations by the Board of Trustees.
- 7.0 ALTERNATIVES: Reject this contract. Rejection of this resolution would deprive the Authority of a potential source of revenue.
- 8.0 RECOMMENDATION: The Lease-To-Service Plan was reviewed by the Finance Committee on July 2, 2002, and recommended to the full Board. It is recommended that the offer of ICX Corporation and KBC Bank NV be accepted and the resolution passed authorizing the General Manager to enter into a contract. Public Financial Management our financial advisor and Roetzel and Andress our legal counsel concur with the recommendation.
- 9.0 ATTACHMENTS: None.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



CEO, General Manager/Secretary-Treasurer