

RESOLUTION NO. 2003- 072

AUTHORIZING CONTRACT NO. 2002-109A WITH FIRSTMERIT BANK N.A.
TO SERVE AS ESCROW AGENT FOR THE AUTHORITY'S DEPOSIT OF
ESCROW RETAINAGE FUNDS FOR A FIVE YEAR PERIOD.

WHEREAS, the proposal of FirstMerit Bank N.A. located at 101 West Prospect
Avenue Suite 350, Cleveland, Ohio 44115, was received on the 12th day of September
2002; and

WHEREAS, Ohio Revised Code Section 153.12 requires that the Authority
withhold retainage on construction contracts, and Ohio Revised Code Section 153.63
requires that such withheld amounts be deposited in an escrow account; and

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

Section 1. That the proposal submitted by FirstMerit Bank N.A. to serve as
escrow agent, be and is hereby accepted as the most advantageous to the Authority,
price 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 FirstMerit Bank N.A. for escrow agent services.

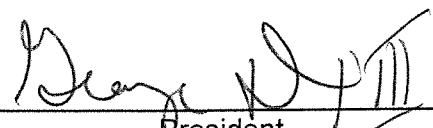
Section 3. That the said contract be consistent with the proposal of FirstMerit
Bank N.A. dated September 12, 2002.

Section 4. That the construction contract retainage money escrowed per O.R.C.
153.63 shall be deposited with FirstMerit Bank N.A. from time to time as required
pursuant to contracts between the Greater Cleveland Regional Transit Authority and
construction contractors, commencing June 1, 2003.

Section 5. That FirstMerit Bank N.A. shall serve as the Escrow Agent for the
Greater Cleveland Regional Transit Authority's deposit of escrow retainage funds under
construction contracts until May 31, 2008.

Section 6. That this resolution shall become effective immediately upon its
adoption.

Adopted: May 20, 2003



President

Attest: 

CEO, General Manager/Secretary-Treasurer



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TITLE/DESCRIPTION: AUTHORIZING CONTRACT NO. 2002-109A WITH FIRSTMERIT BANK N.A. TO SERVE AS ESCROW AGENT FOR THE AUTHORITY'S DEPOSIT OF ESCROW RETAINAGE FUNDS FOR A FIVE YEAR PERIOD COMMENCING JUNE 1, 2003.	Resolution No.: 2003- 072
	Date: May 15, 2003
Initiator: Finance & Cash Management	
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 an Escrow Agent contract with FirstMerit Bank N.A.

2.0 DESCRIPTION/JUSTIFICATION: Section 153.63 of the Ohio Revised Code requires that funds due to a construction contractor from the Authority be either paid to the contractor or deposited in an escrow account. The escrow is used to protect the statutory retainage withheld on construction contracts. This action will establish a master escrow account, with subsidiary accounts established for each individual construction contract.

FirstMerit Bank N.A. will separately account for each construction contract's share of the total funds in escrow. Further, at the end of each month, FirstMerit Bank N.A. will prepare a master escrow statement for the Authority, which reconciles all activity in the master escrow account and subordinate escrow accounts. A cost price analysis was performed and the Procurement Department has determined the offer of FirstMerit Bank N.A. to be fair and reasonable.

3.0 PROCUREMENT BACKGROUND: Proposals were solicited from ten (10) banking institutions within the service area of the Authority. Two (2) responses to the RFP were received by the Authority, and were reviewed by an evaluation committee in accordance with the criteria set forth in the proposal. After negotiations, the proposal submitted by J P Morgan Chase was recommended and approve by the Board of Trustees via resolution number 2002-171. J P Morgan Chase refused to execute the Authority's form of contract without including changes that were unacceptable to the Authority. As a result, it was determined to be in the best interest of the Authority to rescind board resolution 2002-171 for J P Morgan Chase and to request authorization to award a contract to FirstMerit Bank N.A.

4.0 DBE/AFFIRMATIVE ACTION BACKGROUND: All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to the lack of subcontracting opportunities.

5.0 POLICY IMPACT: Implementation of the master escrow agreement will bring the Authority into compliance with the Ohio Revised Code.

6.0 ECONOMIC IMPACT: This action is for administrative purposes only. All fees will be paid for out of interest earned on the escrow account. The Authority has no economic interest in these funds.

STAFF SUMMARY & COMMENTS

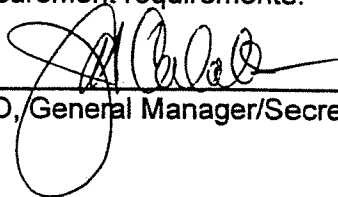
FirstMerit Bank N.A.

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Fees for escrow agent will be paid from interest earnings on the funds on deposit in the master escrow account. FirstMerit Bank N.A. proposal meets the requirements of the Ohio Revised Code and allows flexibility for the Authority's to meet Ohio Revised Code requirements and ensure funds are available to pay contractors when construction contracts are complete.

- 7.0 ALTERNATIVES: Reject all proposals. Rejecting all proposals would result in the Authority not being in compliance with Ohio Revised Code Section 153.63. Noncompliance has resulted in management comments by outside auditors in prior years.
- 8.0 RECOMMENDATION: It is recommended that the proposal of FirstMerit Bank N.A. be accepted and the resolution passed authorizing the General Manager to enter into an agreement.
- 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