

RESOLUTION 2004-103

AUTHORIZING THE GENERAL MANAGER/SECRETARY-TREASURER TO APPOINT AN UNDERWRITING SYNDICATE AND TO EXECUTE CONTRACTS WITH MEMBERS OF THE SYNDICATE AT A RATE NOT TO EXCEED \$4.25 PER \$1,000.00 OF DEBT ISSUANCE FOR A PERIOD OF THREE YEARS WITH TWO ONE-YEAR OPTIONS (PAYABLE FROM THE PROCEEDS OF THE DEBT ISSUE)

WHEREAS, the Authority has identified a need to issue debt to support the capital improvement plan; and

WHEREAS, the General Manager/Secretary-Treasurer deems that it is in the best interest of the Authority to secure underwriting services to sell debt; and

WHEREAS, it is in the best interest of the Authority to create an Underwriter Syndicate to ensure that the Authority's debt issue is marketed to the largest universe of potential buyers; and

WHEREAS, based on their proposals, the Underwriting Syndicate will be composed of National City Investments, Inc. located at 1965 East 6th Street, Suite 800, Cleveland, Ohio 44114, SBK Brooks Investments Corporation Located at 840 Terminal Tower, 50 Public Square, Cleveland, Ohio 44113, KeyBanc Capital Markets located at 127 Public Square, Cleveland, Ohio 44114, BancOne Capital Markets, Inc. located at One Bank One Plaza, Chicago, Illinois 60670 ;Citigroup Global Capital Markets, Inc. located at 390 Greenwich Street, 2nd Floor, New York, NY 10013, Apex Pryor Securities located at 411 East Town Street, Columbus, Ohio 43215 and

WHEREAS, after negotiations, a rate not to exceed \$4.25 per \$1,000.00 of debt issuance was agreed upon for these underwriting services; and

WHEREAS, the General Manager/Secretary-Treasurer deems this rate, as negotiated, to be advantageous to the Authority, cost and all other factors considered, and recommends acceptance thereof.

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

Section 1. That the proposed rate, as negotiated, is hereby accepted as advantageous to the Authority.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into contracts with National City Investments, Inc., SBK Brooks Investments Corporation, KeyBanc Capital Markets, BancOne Capital Markets, Inc., Citigroup Global Capital Markets, Inc., and Apex Pryor Securities to provide Underwriting Services for the 2004 debt issuance as well as future debt issuances and possible refundings for a period of three years with two one-year options.

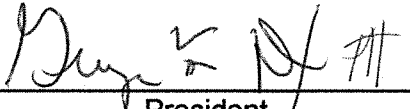
Section 3. That said contracted rate shall be in an amount not to exceed \$4.25 per \$1,000.00 of debt issuance payable out of the proceeds of the bonds.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon appropriation of funds for future years; compliance by the contractors to the Specifications and Addenda thereto, if any, the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2003-107; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that the members of the Underwriting Syndicate will attempt to exceed the 0% minimum DBE goal assigned to this procurement.

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

Adopted: July 20, 2004



President

Attest: 

CEO, General Manager/Secretary-Treasurer



TITLE/DESCRIPTION: AUTHORIZING THE GENERAL MANAGER/SECRETARY-TREASURER TO APPOINT AN UNDERWRITING SYNDICATE AND TO EXECUTE CONTRACTS WITH MEMBERS OF THE SYNDICATE AT A RATE NOT TO EXCEED \$4.25 PER \$1,000.00 OF DEBT ISSUANCE FOR A PERIOD OF THREE YEARS WITH TWO ONE-YEAR OPTIONS (PAYABLE FROM THE PROCEEDS OF THE DEBT ISSUE)	Resolution No.: 2004- 103
	Date: July 15, 2004
	Initiator: Finance & Administration Department
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 multiple contracts for Underwriting Services for the 2004 debt issuance, future debt issuances and debt refundings for a period of three years with two one-year options.
- 2.0 **DESCRIPTION/JUSTIFICATION:** During 2004 ,the Authority plans to issue \$25 million in long-term debt to fund capital improvement projects. Underwriting Services are required to advise the Authority on the optimum sizing and timing of the issue, assist in conformance with regulatory requirements, obtain rates for the bond issue, and to guarantee the sales of the securities. These services will also be needed for any additional debt issuances and possible debt refundings for the contract period.
- 3.0 **PROCUREMENT BACKGROUND:** Requests for Proposals were sent to sixty-three potential vendors. On June 14, 2004, fifteen proposals were received. After evaluation by a panel of Authority employees in accordance with established Procurement policies and procedures, and after negotiations, the not-to-exceed rate of \$4.25 per \$1,000.00 of debt issued was agreed upon.

In order to augment the sale and distribution of bonds and to obtain the lowest possible interest rates the Authority created a sales syndicate. The syndicate is composed of the following participants:

- (1) National City Investments, Inc.
- (2) SBK Brooks Investment Corporation
- (3) KeyBanc Capital Markets
- (4) BancOne Capital Markets, Inc.
- (5) Citigroup Global Capital Markets, Inc.
- (6) Apex Pryor Securities

A cost analysis has been performed and the Procurement Department has determined the proposed rate is fair and reasonable to the Authority.

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- 4.0 AFFIRMATIVE ACTION/DBE BACKGROUND: All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to the lack of subcontracting opportunities. Although there is no DBE participation, Apex Pryor Securities and SBK Brooks Investment Corporation are Minority Business Enterprises.
- 5.0 POLICY IMPACT: The financing complies with the Debt Policy adopted by the Board of Trustees.
- 6.0 ECONOMIC IMPACT: This procurement will be funded from the proceeds of the bonds.
- 7.0 ALTERNATIVES: Reject all proposals. Rejection of all offers would delay the Bond Issuances that may result in the Authority not having sufficient funding for its planned Capital Projects.
- 8.0 RECOMMENDATION: This procurement was reviewed by the Board of Trustees Finance Committee at their July 6, 2004 meeting and recommended for approval by the Board of Trustees. It is recommended that the proposed rate of the Underwriting Syndicate is accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to enter into contracts with each of the Underwriting Syndicate members.
- 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