

RESOLUTION NO. 2010-24

AUTHORIZING THE GENERAL MANAGER/SECRETARY-TREASURER TO APPOINT AN UNDERWRITING SYNDICATE AND TO EXECUTE CONTRACTS WITH MEMBERS OF THE SYNDICATE AT A NOT TO EXCEED RATE OF \$4.85 PER \$1,000.00 OF DEBT ISSUANCE FOR A PERIOD OF FIVE (5) YEARS (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 Underwriting 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 Fifth Third Securities located at 600 Superior Avenue, 6th Floor, Cleveland, Ohio 44114, PNC Capital Markets located at 1965 East 6th Street, Cleveland, Ohio 44114, Blaylock Rv located at 1707 Terminal Tower, 50 Public Square, Cleveland, Ohio 44113, KeyBanc Capital Markets located at 127 Public Square, 4th Floor, Cleveland, Ohio 44114 and Rice Financial Products Company located at 92 Northwoods Blvd., Suite B-1, Columbus, Ohio 43235; and

WHEREAS, after negotiations, a not to exceed rate of \$4.85 per \$1,000.00 of debt issuance was agreed upon for these underwriting services; and

WHEREAS, the General Manager/Secretary-Treasurer deems this rate to be in the best interest of the Authority, price and other factors considered, and recommends acceptance thereof by the Board of Trustees.

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 not to exceed rate of \$4.85, be and the same is hereby accepted.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into contracts with Fifth Third Securities, PNC Capital Markets, Blaylock Rv, KeyBanc Capital Markets and Rice Financial Products Company to provide Underwriting Services for the 2010 debt issuance as well as future debt issuances and possible refunding for a period of five (5) years.

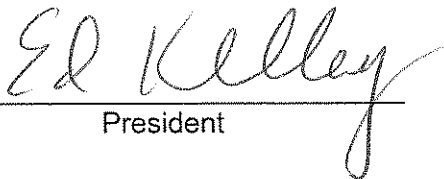
Section 3. That said contracted rate shall be at a not to exceed rate of \$4.85 per \$1,000.00 of debt issuance payable out of the proceeds of the bonds.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon future funding; compliance by the contractors to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2009-23; bonding and insurance requirements and all applicable laws relating to the 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: April 20, 2010



President

Attest: 

CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION CONTRACT: APPOINTMENT OF AN UNDERWRITING SYNDICATE AND TO EXECUTE CONTRACTS WITH MEMBERS OF THE SYNDICATE FOR A FIVE-YEAR PERIOD AMOUNT: NOT TO EXCEED RATE OF \$4.85 PER \$1,000.00 OF DEBT ISSUANCE	Resolution No.: 2010-24
	Date: April 15, 2010
	Initiator: Finance & Administration
ACTION REQUEST: <input 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 2010 debt issuance, future debt issuances and debt refunding for a period of five (5) years.

2.0 **DESCRIPTION/JUSTIFICATION:** During 2010, the Authority plans to issue \$20 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, short-term borrowings, and possible debt refunding for the contract period.

3.0 **PROCUREMENT BACKGROUND:** The Request for Proposal (RFP) was posted on the GCRTA Procurement web site and advertised in the local newspapers. Thirty-five (35) prospective proposers downloaded the solicitation and eleven (11) proposals were received. After evaluation by a panel of Authority employees in accordance with established Procurement Department policies and procedures, and after negotiations, five (5) proposers were selected as the most advantageous to the Authority.

In order to augment the sale and distribution of bonds and to obtain the lowest possible interest rates, the Authority created an Underwriting Syndicate. This syndicate is composed of the following participants:

- (1) Fifth Third Securities, Inc.
- (2) PNC Capital Markets
- (3) Blaylock Rv
- (4) KeyBanc Capital Markets
- (5) Rice Financial Products Company


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

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

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 April 6, 2010 meeting and recommended for approval by the Board of Trustees. It is recommended that the proposed Underwriting Syndicate be 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