

RESOLUTION NO. 2010-31

AUTHORIZING CONTRACT NO. 2010-026 WITH FIRSTMERIT BANK N.A. TO PROVIDE ESCROW SERVICES AND SERVE AS ESCROW AGENT FOR THE AUTHORITY'S DEPOSIT OF ESCROW RETAINAGE FUNDS FOR A PERIOD OF FIVE YEARS COMMENCING JUNE 1, 2010

WHEREAS, the Authority requires that funds which are due to a construction contractor from the Authority be either paid to the contractor or deposited in an escrow account; and

WHEREAS, the proposal of FirstMerit Bank N.A. located at 101 West Prospect Avenue, Suite 350, Cleveland, Ohio 44115, was received on the 29th day of March, 2010 to provide these services for a period of five (5) years; and

WHEREAS, the 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

WHEREAS, the General Manager/Secretary-Treasurer deems acceptance of the offer from FirstMerit Banc N.A. to be in the best interest of the Authority 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 proposal submitted by FirstMerit Bank N.A. to serve as escrow agent, be and is hereby accepted as being in the best interest of the Authority.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with FirstMerit Bank N.A. to provide escrow agent services for a period of five (5) years.

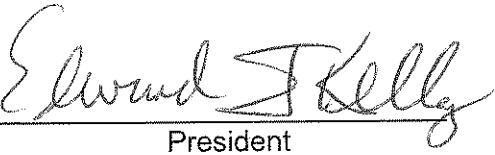
Section 3. That the construction contract retainage money escrowed in accordance to Ohio Revised Code 153.63 shall be deposited with FirstMerit Bank N.A. from time to time as required pursuant to contracts between the Greater Cleveland Regional Transit Authority and construction contractors, commencing June 1, 2010.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2010-28; 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 FirstMerit N.A. 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: May 18, 2010



President

Attest:



CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

<p>TITLE/DESCRIPTION</p> <p>CONTRACT: ESCROW SERVICES FOR A PERIOD OF FIVE (5) YEARS</p> <p>VENDOR: FIRSTMERIT BANK N.A.</p> <p>AMOUNT: FEES TO BE PAID OUT OF INTEREST EARNINGS</p>	<p>Resolution No.: 2010-31</p> <p>Date: May 13, 2010</p> <p>Initiator: Finance & Administration / Cash Management</p>
<p>ACTION REQUEST:</p> <p><input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____</p>	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a contract for Escrow Services for a period of five (5) years.

- 2.0 **DESCRIPTION/JUSTIFICATION:** Section 153.63 of the Ohio Revised Code requires that funds that are 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.

- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposal (RFP) was posted on the GCRTA Procurement web site and advertised in the local newspapers. Ten (10) prospective proposers downloaded the solicitation and a single (1) proposal was received. After evaluation by a panel of Authority employees in accordance with established Procurement Department policies and procedures, and after negotiations, the proposal was determined to be advantageous to the Authority.

A cost price analysis was performed and the Procurement Department has determined the offer of First Merit Bank N.A. to be fair and reasonable.

- 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.

- 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.

Fees for the 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 to meet Ohio Revised Code requirements and ensure funds are available to pay contractors when construction contracts are complete.

7.0 ALTERNATIVES: Reject the proposal. Rejection of this proposal would result in the Authority not being in compliance with Ohio Revised Code Section 153.63. Non-compliance 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/Secretary-Treasurer 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