

RESOLUTION NO. 2014-122

AUTHORIZING THE GENERAL MANAGER/SECRETARY-TREASURER TO APPOINT AN UNDERWRITING SYNDICATE CONSISTING OF HUNTINGTON INVESTMENT COMPANY AND PIPER JAFFRAY, AND TO EXECUTE CONTRACTS WITH MEMBERS OF THE SYNDICATE AT A RATE NOT TO EXCEED \$3.95 PER \$1,000.00 OF DEBT ISSUANCE FOR A PERIOD OF FIVE 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 underwriter syndicate to ensure that the Authority's debt issuance is marketed to the largest number of potential buyers; and

WHEREAS, based upon their proposals, the underwriting syndicate will be composed of Huntington Investment Company, located at 200 Public Square, Cleveland, Ohio 44113 and Piper Jaffray, located at 159 Crocker Park Blvd. Suite 250, Westlake, Ohio 44145; and

WHEREAS, the General Manager/Secretary-Treasurer deems the proposed 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 appoint an underwriting syndicate consisting of Huntington Investment Company and Piper Jaffray and to enter into contracts with members of the syndicate to provide underwriting services for the 2015 debt issuance as well as future debt issuances, short-term borrowings, and possible refunding for a period of five years.

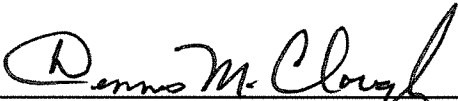
Section 3. That said contracted rate should be in an amount not to exceed \$3.95 per \$1,000.00 of debt issuance payable out of the proceeds of the bonds.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon future funding, compliance by the contractor to the Specifications and Addenda, thereto, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2013-31; 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 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: December 16, 2014



President

Attest: 

CEO, General Manager/Secretary-Treasurer



TITLE/DESCRIPTION: CONTRACT: UNDERWRITING SERVICES VENDOR: HUNTINGTON INVESTMENT COMPANY & PIPER JAFFRAY AMOUNT: NTE \$3.95 PER \$1,000.00 OF DEBT ISSUANCE	Resolution No.: 2014-122
	Date: December 11, 2014
	Initiator: Finance & Administration
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 2015 debt issuance, future debt issuances and debt refunding for a period of five years.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority plans to issue \$25 million in long-term debt to fund capital improvement projects in 2015, \$20 million in 2017, and \$25 million in 2019. Underwriting Services are required to advise the Authority on the optimum sizing and timing of the issue, assist in complying with regulatory requirements, obtain rates for the bond issue, and to guarantee the sales of the securities. These services also will be needed for any additional debt issuances and possible debt refunding for the contract period.
- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposals (RFP) was posted on the GCRTA Procurement website and advertised in the local newspaper. Twenty-eight prospective proposers downloaded the solicitation package. Twelve 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 \$3.95 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:
 - a) Huntington Investment Company
 - b) Piper Jaffray

A cost analysis has been performed and the Procurement Department has determined that the proposed rate is 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 do to the 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 Finance Committee of the Board of Trustees Finance Committee at its December 2, 2014 meeting and recommended for approval by the Board of Trustees. It is recommended that the proposed rate of the 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