

RESOLUTION NO. 2020-55

AUTHORIZING THE GENERAL MANAGER, CHIEF EXECUTIVE OFFICER TO APPOINT AN UNDERWRITING SYNDICATE AND TO EXECUTE CONTRACTS WITH MEMBERS OF THE SYNDICATE AT A RATE NOT TO EXCEED \$3.25 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, Chief Executive Officer 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 utilize an underwriting syndicate to ensure that the Authority's debt issue is marketed to the largest pool of potential buyers; and

WHEREAS, based on their proposals, the underwriting syndicate will be composed of the following: Huntington Securities, Inc. located at 200 Public Square, Cleveland Ohio 44114, Fifth Third Securities, Inc. located at 600 Superior Ave East, Cleveland Ohio 44114, Stifel, Nicolaus & Company, Inc. located at 200 Public Square, Cleveland Ohio 44114, KeyBanc Capital Markets, Inc. located at 127 Public Square, Cleveland Ohio 44114, and Piper Sandler & Co. located at 444 W. Lake Street, Chicago, IL 60606 to provide underwriting services for a period of five years; and

WHEREAS, after negotiations, a rate not to exceed \$3.25 per \$1,000.00 of debt issuance was agreed upon for these underwriting services; and

WHEREAS, the General Manager, Chief Executive Officer deems the proposed rate, as negotiated, to be advantageous to the Authority, cost and all 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 rate, as negotiated, is hereby accepted as advantageous to the Authority.

Section 2. That the General Manager, Chief Executive Officer of the Authority is hereby authorized to enter into contracts with Huntington Securities, Inc., Fifth Third Securities, Inc., Stifel, Nicolaus & Company, Inc., KeyBanc Capital Markets, Inc. and Piper Sandler & Co. to provide underwriting services for debt issuances, short-term borrowings, and possible refundings for a period of five years.

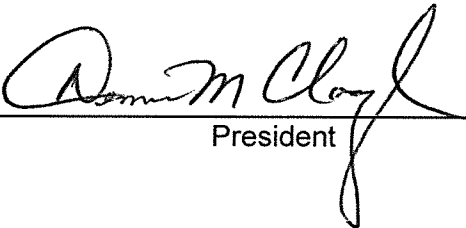
Section 3. That said contracted rate should be in an amount not to exceed \$3.25 per \$1,000.00 of debt issuance payable out of the proceeds of the bonds.

Section 4. That said contracts 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; 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 28, 2020



President

Attest: 

Interim Secretary-Treasurer



<p>TITLE/DESCRIPTION:</p> <p>CONTRACT: UNDERWRITING SERVICES</p> <p>VENDOR: HUNTINGTON SECURITIES, INC.; FIFTH THIRD SECURITIES, INC.; KEYBANC CAPITAL MARKETS, INC.; STIFEL, NICOLAUS & COMPANY, INC.; AND PIPER SANDLER & CO.</p> <p>AMOUNT: NTE \$3.25 PER \$1,000.00 OF DEBT ISSUANCE</p>	<p>Resolution No.: 2020-55</p> <p>Date: July 23, 2020</p> <p>Initiator: Finance & Administration</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 multiple contracts for Underwriting Services for future debt issuances and debt refundings for a period of five years.
- 2.0 **DESCRIPTION/JUSTIFICATION:** During the five year term, the Authority plans to issue 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 refunding during the contract period.
- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposals ("RFP") was posted on the GCRTA Procurement web site and advertised in the local newspapers. Twenty-Eight (28) interested parties reviewed the solicitation and thirteen (13) 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 \$3.25 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 uses an underwriting syndicate. The syndicate is composed of the following participants:

- (1) Huntington Securities, Inc.
- (2) Fifth Third Securities, Inc.
- (3) KeyBanc Capital Markets, Inc.
- (4) Stifel, Nicolaus & Company, Inc.
- (5) Piper Sandler & Co.

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

- 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 certified DBE firms.

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- 5.0 POLICY IMPACT: The financing complies with the debt policies 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 Organizational, Services & Performance Monitoring Committee at its July 14, 2020 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, Chief Executive Officer 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.



General Manager, Chief Executive Officer