

RESOLUTION NO. 2022-71

AUTHORIZING THE GREATER CLEVELAND REGIONAL TRANSIT
AUTHORITY TO ENTER INTO NON-BINDING LETTERS OF INTENT FOR THE
PURCHASE OF PROPERTY SUITABLE FOR THE RAIL FACILITIES
MAINTENANCE GROUP

WHEREAS, the Greater Cleveland Regional Transit Authority ("GCRTA") anticipates that the Rail Facilities Maintenance group will need to vacate its current facility at the rail shop near Hopkins Airport due to the necessity to use that facility for other operational needs; and

WHEREAS, GCRTA seeks to acquire real property to be used for the new facility for the Rail Facilities Maintenance group to service the west side rail stations and other facilities along the Red Line; and

WHEREAS, entering into non-binding Letters of Intent ("LOI"), and other documents required by property sellers, will allow the GCRTA to conduct negotiations and perform real estate due diligence in a timely fashion.


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

Section 1. That the General Manager, Chief Executive Officer is hereby authorized to execute non-binding Letters of Intent for the purchase of real property suitable for the Rail Facilities Maintenance group and is further authorized to execute other documents as required to complete the due diligence process.

Section 2. That if and when a property is found which is suitable for the Rail Facilities Maintenance group and related GCRTA needs, and the property has been successfully vetted in the due diligence process, and negotiations conducted between GCRTA and the seller, then a resolution will be submitted to the Board to authorize the purchase of property.

Section 3. That this resolution shall become effective immediately upon its adoption.

Adopted: August 16, 2022



President

Attest: 

Secretary-Treasurer



TITLE/DESCRIPTION: AUTHORIZING THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY TO ENTER INTO NON-BINDING LETTERS OF INTENT FOR THE PURCHASE OF PROPERTY SUITABLE FOR THE RAIL FACILITIES MAINTENANCE GROUP	Resolution No.: 2022-71
	Date: August 12, 2022
	Initiator: Programming & Planning
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 resolution seeks Board approval for the Greater Cleveland Regional Transit Authority ("GCRTA") to execute non-binding Letters of Intent ("LOI"), and other documents required by property sellers, as necessary to conduct negotiations and to perform real estate due diligence on property that would be suitable for the Rail Facilities Maintenance group in the vicinity of the rail car shop near Hopkins Airport (the "Brookpark Shop").
- 2.0 DESCRIPTION/JUSTIFICATION: The property would be purchased to be utilized as the new west side location for the Rail Facilities Maintenance group to service the west side rail stations and other properties along the Red Line. The purchase of property is necessitated by the anticipated relocation of the Rail Facilities Maintenance group. The new rail car purchase program will require using that group's current space at the Brookpark Shop for the testing and commissioning of the new rail cars. Management considered alternatives, such as constructing a new building adjacent to the Brookpark Shop, but factors such as the expense and time required for new construction make the purchase of an existing building the preferred option. Efforts to date to identify suitable property have proven that the market for commercial real estate in the required vicinity is fast-moving. Therefore authorization for the GCRTA to execute non-binding LOI without undue delay is necessary in order to conduct due diligence and negotiations with property sellers in a timely fashion. If a suitable property is located and is confirmed in the due diligence process and purchase negotiations, Management will return to the Board for approval of a binding purchase agreement.
- 3.0 PROCUREMENT BACKGROUND: Does not apply.
- 4.0 DBE/AFFIRMATIVE ACTION BACKGROUND: Does not apply.
- 5.0 POLICY IMPACT: The proposed non-binding LOI and related due diligence process is consistent with the Real Estate Policies of the GCRTA.
- 6.0 ECONOMIC IMPACT: There is no monetary cost to execute a non-binding LOI with a property seller. Much of the due diligence process will be performed by GCRTA personnel and any expenditures for outside consultants needed for due diligence are anticipated to fall within the range of Management's authority.
- 7.0 ALTERNATIVES: Without approval of authority for GCRTA to execute a non-binding LOI, GCRTA will not be able to conduct the negotiation and due diligence process for potentially suitable properties. The resulting delay may cause GCRTA to lose opportunities to purchase suitable properties, as they may already be taken by another purchaser.
- 8.0 RECOMMENDATION: Staff recommends the approval of authority for GCRTA to execute non-binding LOIs with sellers of suitable property.

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