

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202098

Resolution:
☒ Yes ☐ No

TITLE:

Approval to Indemnify BB&T Securities

PRESENTATION SUMMARY:

Staff is seeking Board approval to indemnify Branch, Banking & Trust (BB&T) Securities for customary risks associated with settling WMATA's investment trades.

PURPOSE:

In an effort to increase non-fare revenue, staff recommends indemnifying BB&T Securities as another financial institution with whom to invest cash deposits to generate better returns.

DESCRIPTION:

Key Highlights:

- WMATA currently invests cash with three financial institutions
- Opening an account with BB&T, increases the number of financial institutions in which WMATA can invest cash
- Adding another financial institution provides opportunity to leverage better interest rates
- Indemnifications are similar in scope to those granted to other financial institutions with whom WMATA currently conducts business.

Background and History:

WMATA recently issued a Request For Proposals for a revolving line of credit renewal. In response, banks offered competitive rates for repurpose agreements. And in line with continuing efforts to reduce cost and increase non-fare revenue, WMATA identified BB&T Securities as another financial institution with whom to invest cash deposits to generate better returns. BB&T Securities will open a bank account to clear the delivery of cash and collateral between them and US Bank (WMATA's custodial bank). Part of establishing the new account includes indemnifying BB&T Securities, which is standard in new account agreements.

Discussion:

These indemnifications, listed below, are included in the Resolution And Agreement for Securities Account document and are similar in scope to those granted to other financial institutions with whom WMATA currently conducts business:

1. WMATA assumes full responsibility and holds harmless BB&T Securities for any and all payments made or any other action taken by BB&T Securities in reasonable reliance upon the signatures, including facsimiles thereof, of any Designated Individual or person authorized by same, regardless of whether the use of the facsimile signature was unlawful or unauthorized and regardless of by whom or by what means the purported signature or facsimile signature may have been affixed to any item if such signature reasonably resembles the specimen or facsimile signature of WMATA, or for refusing to honor any signatures not provided to BB&T Securities.
2. WMATA agrees to indemnify BB&T Securities against any and all claims, demands, losses, costs, damages or expenses, (including reasonable attorney's fees) determined by a court of competent jurisdiction or an arbitration panel in a final non-appealable judgment or order suffered or incurred by BB&T Securities resulting from or arising out of any such payment.
3. These indemnities shall remain in full force and effect until WMATA officially notifies BB&T Securities to the contrary in writing. BB&T Securities may conclusively presume that this resolution and any Account Agreement executed pursuant hereto are in effect and that persons identified herein are properly authorized to act on behalf of the WMATA. As changes to the Designated Individuals are made WMATA will immediately report and certify such changes to BB&T Securities through submission of a new Resolution And Agreement for Securities Account. BB&T Securities shall be fully protected in relying on such certifications and shall be indemnified and saved harmless from any claims, demands, expenses, losses, or damages determined by a court of competent jurisdiction or an arbitration panel in a final non-appealable judgment or order resulting from, the signature of any Designated Individual so certified, or refusing to honor any signature not so certified.

FUNDING IMPACT:

Define current or potential funding impact, including source of reimbursable funds. None - without BB&T Securities WMATA will trade with the existing counterparties.	
Project Manager:	Robert Haas
Project Department/Office:	TRES

TIMELINE:

Previous Actions	None
Anticipated actions after presentation	Trade with BB&T Securities to further WMATA's interest goals

RECOMMENDATION:

Board approval to indemnify Branch, Banking & Trust (BB&T) Securities for customary risks associated with settling WMATA's investment trades.

SUBJECT: APPROVAL TO INDEMNIFY BB&T SECURITIES, LLC

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Resolution 2011-30 requires Board approval for WMATA to indemnify a counterparty; and

WHEREAS, WMATA desires an additional financial institution to invest its excess funds temporarily; and


WHEREAS, The selected institution, BB&T Securities LLC, requires an indemnification in its account enrollment forms;

NOW, THEREFORE, be it

RESOLVED, That the Board authorizes the General Manager and Chief Executive Officer or his designee to include an indemnity for BB&T Securities LLC as may be required in the account enrollment forms substantially in the form shown as Attachment A; and be it finally

RESOLVED, That, to timely invest excess WMATA funds, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

ATTACHMENT A

Institutional DVP Agreement Section 6, 2nd paragraph:

To the extent that WMATA's Board of Directors approves an indemnity in favor of Firm, which is not guaranteed, Client hereby indemnifies and holds harmless the Firm and its affiliates, agents, employees, and directors from any and all claims, losses, or costs (including, but not limited to, reasonable attorneys' fees) determined by a court of competent jurisdiction or an arbitration panel in a final non-appealable judgment or order related to the Firm's acting pursuant to Client instructions except to the extent that such claims, losses or costs are determined by a court of competent jurisdiction or an arbitration panel in a final non-appealable judgment or order to have resulted solely from the Firm's gross negligence or willful misconduct.

Bank Resolution page 2, paragraphs 2 and 3:

FURTHER RESOLVED, that to the extent that WMATA's Board of Directors approves, which is not guaranteed, the Organization assumes full responsibility and holds harmless BB&T Securities for any and all payments made or any other action taken by BB&T Securities in reasonable reliance upon the signatures, including facsimiles thereof, of any Designated Individual or person authorized by same, regardless whether or not the use of the facsimile signature was unlawful or unauthorized and regardless of by whom or by what means the purported signature or facsimile signature may have been affixed to any item if such signature reasonably resembles the specimen or facsimile signature of the Organization, or for refusing to honor any signatures not provided to BB&T Securities, and that only after and to the extent that the WMATA Board of Directors approves, such approval not being guaranteed, the Organization agrees to indemnify BB&T Securities against any and all claims, demands, losses, costs, damages or expenses, (including reasonable attorney's fees) determined by a court of competent jurisdiction or an arbitration panel in a final non-appealable judgment or order suffered or incurred by BB&T Securities resulting from or arising out of any such payment; and

FURTHER RESOLVED, that the foregoing resolutions shall remain in full force and effect until the Organization officially notifies BB&T Securities to the contrary in writing and that BB&T Securities may conclusively presume that this resolution and any Account Agreement executed pursuant hereto are in effect and that persons identified herein are properly authorized to act on behalf of the Organization, but that the Organization, as changes to the Designated Individuals are made, will immediately report and certify such changes to BB&T Securities through submission of a new Resolution And Agreement For Securities Account and BB&T Securities shall be fully protected in relying on such certifications and to the extent that WMATA's Board of Directors approves, such approval not being guaranteed, shall be indemnified and saved harmless from any claims, demands, expenses, losses, or damages determined by a court

of competent jurisdiction or an arbitration panel in a final non-appealable judgment or order resulting from, the signature of any Designated Individual so certified, or refusing to honor any signature not so certified; and

PROPOSED