

**Washington Metropolitan Area Transportation Authority
Board Action/Information Summary**

<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information	MEAD Number: 99700	Resolution: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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PURPOSE

Indemnification of U.S. Bank National Association, Escrow Agent.

DESCRIPTION

In February 2006, the Board approved Modification #3, the Single Platform modification of Contract C44444 with Cubic Transportation Systems (CTS), which dealt with upgrades to the WMATA fare collection system to handle the Regional SmartCard program. As a condition of approval, the action contained several provisions designed to assure both product quality and schedule adherence. \$8.5 million, or 75%, of the contract amount is to be deposited into an escrow account until the project is complete and ready for use by the public. The use of the escrow account was agreed to as the vehicle to assure both product quality and schedule adherence. Since the bank assumes fiduciary responsibilities to provide this service to WMATA and CTS, they are seeking standard indemnification protections within the agreement. Only the WMATA Board is empowered to provide such indemnification.

FUNDING IMPACT

Cost of the Bank Account.

RECOMMENDATION

Approval to execute the U.S. Bank escrow agreement.

PRESENTED & ADOPTED:

SUBJECT: APPROVAL TO EXECUTE ESCROW AGREEMENT WITH
INDEMNIFICATION PROVISIONS

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

WHEREAS, The Board of Directors of the Washington Metropolitan Area Transit Authority has approved the modification of Contract C44444 with Cubic Transportation Systems on February 16, 2006; and

WHEREAS, The Board has determined that it is in the Authority's best interest to enter into an escrow agreement in order to assure product quality and schedule adherence; and

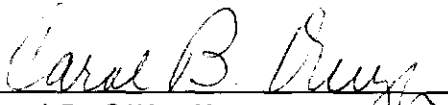
WHEREAS, These transactions typically provide the escrow agent indemnification of certain risks in fulfillment of its fiduciary role; now, therefore, be it

RESOLVED, That the Acting General Manager or the Treasurer, hereby is authorized to enter into an agreement between the Authority, the contractor Cubic transportation Systems, and the escrow agent, as may be in the Authority's best interest, based upon most favorable quotations; and be it further

RESOLVED, That the Board approves the execution of the attached Escrow Agreement provided it is executed in substantially the same form as presented or with changes that, when viewed as a whole, are not materially adverse to the Authority's interests; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency:



Carol B. O'Keeffe
General Counsel