

**MINUTES**  
**MEETING OF THE BOARD OF DIRECTORS**  
**BUSINESS MANAGEMENT COMMITTEE**  
**METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY**

**April 27, 2017**

The Board of Directors Business Management Committee met on April 27, 2017 at 11:03 a.m. in the Board Room on the 6<sup>th</sup> Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

**Board Members Present**

Robert F. Dallas  
Frederick L. Daniels, Jr., *Chair*  
Jim Durrett  
Roderick E. Edmond  
William "Bill" Floyd  
Jerry Griffin  
Freda B. Hardage  
J. Al Pond

MARTA officials in attendance were: GM/CEO Keith T. Parker, AICP; Chief Administrative Officer LaShanda Dawkins (Acting); Chief Financial Officer Gordon L. Hutchinson; Chief Operating Officer Richard A. Krisak; Chief Counsel Elizabeth O'Neill; Chief Communications Officer Goldie Taylor; Chief of Staff Rukiya S. Thomas; AGMs Elayne Berry, Wanda Dunham, Torrey Kirby (Acting), Benjamin Limmer, Ryland McClendon, David Springstead and Emil Tzanov; Executive Director Paula Nash (Acting); Sr. Directors Kevin Hurley, Amanda Rhein and George Wright; Directors Lisa DeGrace, Jonathan Hunt, Sherrie Johnson, Patricia Sullivan and William Taylor; Executive Manager to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene L. Huff; Senior Executive Administrator Keri Lee (Acting). Others in attendance were Davis Allen, Rhonda Allen, Garrett Eberly, Abebe Girmay, Courtne Middlebrooks, LaTonya Pope and Columbus Ussery.

Also in attendance was Helen McSwain of MATC; Jim Schmidt of HNTB; Sid Sparks of S. L. King.

**Approval of the March 30, 2017 Business Management Committee Meeting Minutes**

On motion by Mr. Durrett seconded by Mr. Pond, the minutes were approved by a vote of 7 to 0, with 8 members present.

Mr. Griffin abstained.

**Resolution Authorizing the Extension of the Lease for Johnsontown South Site at the Lenox Station**

Mrs. Rhein presented this resolution for Board of Directors' approval authorizing the extension of the lease for Johnsontown South Site at the Lenox Station.

On motion by Mr. Durrett seconded by Mrs. Hardage, the resolution was unanimously approved by a vote of 8 to 0, with 8 members present.

**Resolution Authorizing the Award of a Contract for the Procurement of Authority-Wide Wireless Communication Devices, RFP P39132 Utilizing the State of Georgia Contract**

Mrs. Sullivan presented this resolution for Board of Directors' approval authorizing the General Manager/CEO or his delegate to enter into a contract with Georgia Technology Authority's (GTA), State of Georgia vendors: Sprint Solutions, Inc. and AT&T Mobility National Accounts LLC to procure Services for Wireless Communication Devices used by the Authority.

On motion by Mr. Durrett seconded by Mr. Griffin, the resolution was unanimously approved by a vote of 8 to 0, with 8 members present.

**Briefing – FY2017 February Budget Variance Analysis and Performance Indicators**

Mr. Hutchinson briefed the Committee on FY2017 February Budget Variance Analysis and Performance Indicators.

- Year-to-Date (YTD) through February MARTA had a surplus of \$10.5M, \$2.5M better than budget, driven by lower Expenses and better than expected Revenues
- Sales Tax continues to lag; however, when combined with Ad Valorem Tax, MARTA is positive
- Ridership was up in January but softened in February
- Overtime continues to run high
- Benefits were slightly positive but Pension is negative

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- Capital charges were unfavorable
- Overall, the current month is on trend with YTD
- Bus Mean Distance Between Failure (MDBF) has been lagging for most of the fiscal year
- All Rail KPIs are positive
- Mobility On-Time Performance has significantly improved
- Part I Crime rate is consistently better than target

Dr. Edmond said overtime has been an issue for a long time. It is understood that it is driven by vacancies and absenteeism. He requested that staff provide additional data on what is being done to make improvements.

Mr. Parker said reducing absenteeism and overtime is a top internal priority. Staff will provide a full-scale presentation on the actions taken and next steps within the next 30-60 days.

### **Other Matters**

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#### **Plan of Finance Discussion**

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Mr. Hurley briefed the Committee on MARTA's Debt Initiatives.

#### *Rating Agency Upgrade Actions*

- Methods examined to close First and Second Indentures
  - First Indenture - \$38.4M
    - Cash fund a defeasance account of outstanding bonds with up to four years remaining maturity
    - Taxable Refunding
    - Early tender
  - Second Indenture – \$194.5M Floating Rate Notes
    - Execute Series 2000 A and B refunding and replacement of Variable Rate Debt under 3rd Indenture
  - The third indenture (working lien) will no longer be subordinated
- Increase Additional Bonds Test (ABT) to 2.2 from 2.0

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- Eliminate First and Second Lien Indentures
  - First Indenture - \$38.4M
    - Fund a defeasance account of outstanding bonds
    - Current debt service set aside - \$10.0M
    - Additional escrow funds to fully defease – \$28.4M
    - Defeasance funds partially reimbursed from release of the Series 2009A Debt Service Reserve Fund - \$25.0M
  - Second Indenture – \$194.5M
    - Execute Series 2000 A and B refunding under 3rd Indenture
- Elected not to increase the ABT to 2.2

### *Series 2000 A and B Refunding*

- Call date is July 1, 2017
- Maintain variable rate debt
- Conduct an RFP to select products and terms from those offered by participating financial institutions
- Floating Rate Notes
- Standby Bond Purchase Agreements
- Direct Purchase Bonds
- Other products within established parameters
- Closing – June 27, 2017

### *Series 2009A Refunding – Refunding (S&P AA+, Moody's Aa2)*

- Call date is July 1, 2019
- Fixed rate refunding
- Approximately \$8.9M NPV savings, or approximately 3.6% of the refunded par amount (Based on full refunding of \$250M)
- Releases existing Series 2009A Debt Service Reserve Fund of \$25.0M
- Closing – June 27, 2017

*Board Actions*

- May 11 Board Meeting
  - Approve the Defeasance of the Series N and Series P First Indenture bonds
- June 1 Board Meeting
  - Approve the pricing, execution and delivery of the replacement for the Series 2000A and B Floating Rate Notes
  - Approve the pricing, execution and delivery of the Series 2017B refunding bonds which replace 2009A bonds

*Timeline/Next Steps*

- April 27 – Brief Business Management Committee on Debt Initiatives
- May 11 – Brief Board Work Session
- May 11 – Board Approval of 1<sup>st</sup> Indenture Defeasance
- June 1 – Board Approval of Pricing and Sale of 2000A and B Refunding
- June 1 – Board Approval of Pricing and Sale of 2017B Refunding Bonds
- June 27 – Closing of the Series 2000AB Refunding and 2017B Bond Transactions

Mr. Pond asked if MARTA's reserves affect the bonds.

Mr. Hurley said yes; rating agencies like to see that there is a rainy-day fund.

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The FY2017 February Key Performance Indicators were provided to the Committee as informational only.

**Adjournment**

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The meeting of the Business Management Committee adjourned at 12:09 p.m.