

MINUTES
MEETING OF THE BOARD OF DIRECTORS
PLANNING & EXTERNAL RELATIONS COMMITTEE
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

March 4, 2013

The Board of Directors Planning & External Relations Committee met on March 4, 2013 at 10:38 a.m. in the Board Room on the 6th Floor of the MARTA Headquarters Building, 2424 Piedmont Road, Atlanta, Georgia.

Board Members Present

Robert L. Ashe III
Harold Buckley, Sr.
Wendy Butler, *Chair*
Frederick L. Daniels, Jr.
Jannine Miller*
Adam Orkin

MARTA officials in attendance were: General Manager/ CEO Keith T. Parker, AICP; Interim Deputy General Manager/COO Rich Krisak; Interim Chief, Business Support Services Davis Allen; AGMs Deborah Dawson, Joseph Dorsey (Acting); Ben Graham, Georgetta Gregory, Robin Howard, Cheryl King, Miriam Lancaster (Acting), Ryland McClendon and Elizabeth O'Neill; Directors Undra Baldwin, John Crocker, Maurice Ficklin and Ferdinand Risco; Manager Cara Hodgson; Executive Manager to the Board Rebbie Ellisor-Taylor; Manager, Executive Office Administration Tyrene L. Huff; Finance Administrative Analyst Tracy Kincaid. Others in attendance Dontaye Brown, Kevin Gotell, Srinath Remala, Charisse Richardson and Tuan Vo.

Also in attendance Charles Pursley, Jr. of Pursley, Friese Torgrimson, LLP; Steve Visser of *The AJC*; Dan Sherman of DH Sherman, PLLC; Jeff Parker of HNTB; Pam Alexander of LTK Engineering.

Approval of the January 28, 2013 Planning & External Relations Committee Meeting Minutes

On motion by Mr. Ashe seconded by Mr. Buckley, the minutes were unanimously approved by a vote of 5 to 0, with 6 *members present.

*Jannine Miller is Executive Director of the Georgia Regional Transportation Authority (GRTA) and is therefore a non-voting member of the MARTA Board of Directors

Briefing – Lessons Learned from the Joint Development Program

Dr. Crocker briefed the Committee on lessons learned from the Joint Development Program.

Overview

- Goal – By July 2014 have five (5) active Joint Development projects substantially underway (Discussed in the Summer 2012)
- What have we learned to help us reach that goal (since 2000)
 - Identify potential issues upfront
 - Keep a long term perspective
 - Know what you want from your partners
 - Expect the unexpected

Identify Potential Issues Upfront

- Parking-define replacement parking needs prior to seeking proposals
 - Lindbergh (large parking lots)
 - Avondale (size of replacement one issue)
- Infrastructure needs and funding sources
 - Lindbergh-3rd Platform and bus loop reconfiguration
 - Avondale - Bus loop
 - Lakewood-Elevator
- How is MARTA addressing: Identified internal working group to identify issues at priority locations

Keep a Long-Term Perspective

- Phase II's have not always materialized:
 - Include performance clauses if appropriate
 - Abernathy
 - Medical Center
- Include appraisal resets - keeps funding at market rates
 - Not applied at Arts Center or Lenox
- Partners will change

Know What You Want From Your Partners

- Long-Term Partners

- Identify ongoing manager as part of development team evaluation
- Include Retail Partners Up-Front (avoids empty storefronts)
 - Include identification of retail partner in development team evaluation

Expect the Unexpected

- Change in Retail Environment
 - Rise of online retailing
 - Now more about community services, consumables or advertising
- External Shocks
 - Financial crisis
- Lawsuits
 - Engage the community early – ensure consistency with plans (LCI's and other)
- Unsolicited Proposals Will Arrive

How We Are Applying

- Goal: By July 2014 have five (5) active Joint Development projects substantially underway (Made in Summer 2012)
- Set up internal working group to identify issues
- Community plans should serve as foundation of proposals
- Evaluation of partners – develop a long-term team and retail/specialty partners; include partners at the front end

Mr. Ashe said in terms of seeking a long-term partner does MARTA incorporate that into the evaluation process or into the contract terms.

Dr. Crocker said in the evaluation process MARTA would look for someone who constructs a building then owns and manages it throughout the life-cycle of the project rather than someone that constructs a building and then sells it to another company to manage and operate.

Mr. Ashe said MARTA could also consider adding a clause in the contract documents that prohibits the transfer of the company's interest in the project

without MARTA's consent or an exit penalty. There are other ways to accomplish it that permit MARTA to continue to have the widest possible field of respondents to the RFP.

Dr. Crocker said MARTA's legal team would identify some of those ways.

Mr. Daniels said MARTA has a lot of unused parking. He asked how will MARTA look at replacement parking going forward in order to maximize the space versus having a lot of unused space that virtually cost the Authority more.

Dr. Crocker said one example is Brookhaven Station. It was opened in the mid-1980s as an end-of-the-line station so it has a very large parking lot. Since then MARTA has opened Chamblee and Doraville Stations. Twice per year, MARTA's Research & Analysis group does an analysis of utilization of MARTA's parking spaces. If the Authority releases Brookhaven for Joint Development, part of the documentation would state that MARTA anticipates needing X number of spaces, which is currently 30-35% of the total number of spaces. The Authority would expect to have this amount of replacement parking based on past utilization and future growth as determined by the Research & Analysis group.

Mr. Daniels said staff will actually provide an analysis which will help MARTA avoid redevelopment that would result in the same situation that already exists in terms of underutilized parking.

Dr. Crocker said that is correct. He added that the policy adopted in November 2010 allowing MARTA flexibility is one of the more progressive ones in the industry.

Mr. Daniels asked is MARTA looking at any performance clauses that would allow a reset. Once a partner leaves, MARTA should be able to reset and look at all of the pieces to determine if things need to change – things that may not be in the Authority's best financial interest in the long run.

Dr. Crocker said MARTA can use those opportunities. One opportunity that may come up soon involves Deck 2 near Tongue & Groove. It has the foundation and parking support to provide for a 200,000 square foot office building. However, the office market is not the greatest and is not expected to turn around soon. Carter, MARTA's leasee at that location, has indicated that they are exploring whether or not they can construct apartments. In order to change that MARTA would have to reopen the lease there which would change the financial arrangement.

Planning & External Relations Committee

3/4/13

Page 5

Mr. Daniels said contracts going forward need to provide some level of flexibility for MARTA if the markets or partners change, which they inevitably do. The Authority needs to be able to work with a new developer or new financial real estate partner to establish what makes sense for the ongoing liability of MARTA's income stream.

Dr. Crocker agreed.

Mr. Daniels said when a proposal comes back all the opportunity costs need to have been examined. He asked about methods of income capture and revenue generation for the Authority.

Dr. Crocker said that is why staff is very hopeful to have the planning technical assistance contract awarded beforehand because each subsection will be MARTA's real estate financial analysis. MARTA will rely on them to help in that area. The contract should be before the Board in the coming months. The real estate evaluation is part of that contract.

Mr. Daniels asked that staff follow-up on some of the incentives that ARC's Steve Brown presented.

Dr. Crocker said ARC is currently updating their Transportation Demand Management (TDM) Plan. MARTA has worked closely with the lead and is in discussion about those incentives.

Mr. Orkin said in real estate it is hard to duplicate what was done year after year. It may be very difficult to create a template that will fit all of MARTA stations. He said what staff is doing is very solid. One of MARTA's biggest assets outside of ground is its air rights. The Authority's airspace has a tremendous amount of value.

Ms. Miller said it is difficult to assess how to proceed given the fact that there are many moving parts, different types of arrangements and/or opportunities at all these different stations, with nothing more than a goal of getting five underway by next summer. Unless there are high-level goals and an orientation towards what MARTA is trying to achieve, this is going to be "the tail wagging the dog". MARTA has to get this absolutely right. Today, Lindbergh is great but it took a long time to get there. MARTA has a decade of lessons learned. Now is the time to realistically take a step back and figure out what the Authority is trying to achieve. Is it revenue generation on a long-term basis or to what degree should it

Planning & External Relations Committee

3/4/13

Page 6

be captured upfront. How much is MARTA looking at TOD to improve ridership? To what degree is MARTA looking for TOD's to achieve regional goals like more reliable commutes and better quality of life. These things should be a part of every presentation as a reminder to the MARTA Board so that message can be conveyed appropriately. MARTA needs support – people have to know that the Authority knows what it is doing and has very specific goals in mind.

Dr. Crocker said MARTA ended up with a goal of five (which was narrowed from ten) based on things such as parking and land availability. The goal is to generate Operating Revenue. There is some ongoing analysis and strategic thinking – staff will work to make that more explicit to the Board.

Ms. Miller said MARTA has a lot of experience and the Board trusts that staff is doing a great job. At a higher level though, MARTA needs to be able to articulate what TOD is trying to do and has done for the Authority.

Ms. King said this is key for MARTA and staff is very focused on trying to achieve a set of defined goals. MARTA already has the guidelines and policies in place. Once the Real Estate Advisor is onboard they will also help with this.

Mrs. Butler said the Board needs to be refreshed on the TOD policies. She asked that staff reference the policies in future joint development presentations.

Mr. Buckley said MARTA needs to also establish a way in which to handle unsolicited proposals.

Mrs. Butler said proposals have to go through the RFP process unless it comes from a jurisdiction.

Mr. Parker said MARTA is hosting a Work Session for Board Members on Development Day that will address many of the concerns raised today.

Mr. Ashe asked that the Board receive a copy of the Work Session materials.

Resolution Authorizing the Solicitation of Proposals for P29268 – Joint Development of Parcel D1124 at King Memorial Station

Mr. Crocker presented this resolution for Board of Directors' approval authorizing the solicitation of proposals for Joint Development of Parcel D1124 at King Memorial

Station by means other than competitive bidding, in accordance with Section 14(m) of the MARTA Act, through the use of Request for Proposals.

On motion by Mr. Ashe seconded by Mr. Daniels, the resolution was unanimously approved by a vote of 5 to 0, with 6 *members present.

Other Matters

Mrs. McClendon announced the following special events:

- MARTOC Meeting – March 6
- MARTA Development Day – March 7
- APTA Legislative Conference (Washington, D.C.) – March 10-12
- Small Business Roundtable – March 15
- DeKalb Jurisdictional Briefing – March 19
- Central Atlanta Progress Annual Meeting – March 28
- MARTA Women's History Program – March 29

Mrs. McClendon highlighted meetings in the community attended by MARTA's GM/CEO as follows:

- Senator Schaffer – March 13
- Representative Abrams – March 13
- Lieutenant Governor Cagle – March 19
- Fulton and DeKalb Counties Commissioners (Eaves, Garner, Hausmann, May, Johnson) – March 27
- House Speaker Ralston – March 27
- MARTA Tour (Senator Gooch, Representative Tom Taylor, Senator Miller) – March 27

Adjournment

The Planning & External Relations Committee meeting adjourned at 11:30 a.m.

Respectfully submitted,



Kellee N. Mobley

Senior Executive Administrator to the Board