

MINUTES
WORK SESSION OF THE BOARD OF DIRECTORS
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

May 9, 2019

12:03 p.m.

Board Members Present

Roberta Abdul-Salaam
Robert L. Ashe III
Jim Durrett
Roderick E. Edmond
William 'Bill' Floyd
Roderick A. Frierson
Jerry Griffin
Freda B. Hardage
John 'Al' Pond
Rita A. Scott
Christopher Sean Tomlinson*

Staff Members Present

Jeffrey A. Parker
Luz Borrero
Wanda Dunham
Gordon Hutchinson
Melissa Mullinax
Elizabeth O'Neill
Franklin Rucker
David Springstead
James Siebert (Interim)
Heather Alhadef
Marsha Anderson-Bomar
Virgil Fludd
Kirk Talbott
Emil Tzanov
William Taylor (Acting)

Also in attendance LaToya Brisbane of Holland & Knight, LLP; Executive Director Paula Nash; Sr. Directors Kevin Hurley, Colleen Kiernan and Erica Pines; Directors Rhonda Allen, John Cochran (Acting), Jonathan Hunt, Thomas Gaskin, Don Williams and David Emory; Managers Donna DeJesus and Stephany Fisher. Sr. Administrative Assistants Ashanti Boothe and Kenya Hammond. Sr. Administrative Assistant Board of Directors Tonya Gantt; Department Administrator Tracy Kincaid. Also in attendance Adrien Carter, Abebe Girmay, Cedric Griffin, Courtne Middlebrooks, LaTonya Pope and Yvette Willis.

Others in attendance Rhonda Briggins of Jacobs; Ila W. Collins of S.L. King & Associates; Scott Haggard of ATL; Aaron Johnson of ARA; Deidre Johnson of ATL; Jennifer LaRosa of ATL; Greg Mason of Atlanta Regional Commission; John S. Oliver of STV; Jon Ravenelle of ATL; Scheree Rawls of ATL; Joanne Rhone of West End; Jim Schmidt of HNTB; Tracy Selin of CS; Lisa Stines of NPUT; Danica Thompson of McGuire Woods Consulting; Bobbie Unger of The Architecture Group (Wendel).

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

Chair's Report

Upcoming Meetings

Thursday, May 30, 2019

- Planning & External Relations Committee – 9:30am
- Operations & Safety Committee – (immediately following Planning)
- Business Management Committee – (immediately following Operations)

Thursday, June 13, 2019

- Work Session – 12:00noon
- Board – 1:30pm

Approval of the April 11, 2019 Work Session Minutes

On motion by Mr. Ashe seconded by Mr. Griffin, the minutes were unanimously approved by a vote of 10 to 0, with 11* members present.

* * *

General Manager/CEO Report

Mr. Parker made the following announcements:

- MARTA Fresh Markets will open on Friday, May 10th
- MARTA Police Annual Awards will be held at 11:30, May 10th, James H. Sloppy Floyd Building
- The BRT trip to Los Angeles was a huge success
- The Authority has hit a milestone in the hiring of new bus drivers. Competitive wages and a new process in recruiting is the key to the current success

Bond Series 2019A

Mr. Hurley presented this briefing.

The current environment is very favorable at this time. We are seeing downward pressure on long term interest rates, as well as the bond market has a very high demand and currently a low supply. MARTA is anticipating very favorable rates during the bond sale.

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There will be an impact on the bonds as a result of the 15th Amendment not yet being passed. The bond term will be limited to 28 years versus 30 years. The bonds have to mature prior to July 1, 2047.

Dr. Edmond asked that Mr. Hurley to give a correlation between the 15th Amendment and the bonds.

Mr. Hurley explained the 15th Amendment extends the sales tax to 2057. MARTA currently cannot sell bonds to exceed the 2047 date. With the passage of the 15th Amendment, MARTA can sell bonds that mature past 2047. MARTA ties the bonds to the underlying useful life of the assets that we are investing in. We are investing in 30-year assets, but the bonds are on a shorter timeframe.

In addition, More MARTA City of Atlanta sales tax has not been pledged to these bonds, making the coverage ratios slightly lower than if we were allowed to pledge these bonds. .

The bond validation available to execute transactions is currently \$311M. There is enough to execute this transaction.

Summary:

- MARTA will sell \$140M in bonds to reimburse MARTA's working capital fund on expenditures for systems, vehicles, facilities, etc. Please note: MARTA issues reimbursement bonds. We have already executed this work and then sell the bonds to replenish our working capital.
- Pricing will be conducted on the morning of June 13, 2019. Board members will be briefed at the Work Session on that date. Chair Hardage will present the resolution in the full Board meeting on that date
- The closing date will be July 2, 2019

Mr. Floyd asked what is the 15th Amendment impact on the bonds and what the impact will be moving forward.

Mr. Hurley responded over the course of time, if the 15th Amendment is not extended to allow the tax to extend, bonds will need to be sold in a prescribed window. We cannot sell bonds that mature after 2047. As we increase our debt load, the rating agencies will look at us and see that our debt load is getting higher because we cannot expand our payment schedule, therefore it will impact our bond rating and our interest rate will increase. Also, this may result in MARTA restructuring the Capital Program to keep this from happening.

Mr. Parker clarified, noting that until the City of Atlanta passes the 15th Amendment, MARTA will not be able to pledge that additional sales tax.

Mr. Hutchinson said the counties must validate the Authority's bonds. There is \$311M remaining. \$140M will be used for this transaction. The same counties that will pass the 15th Amendment have to validate the bonds. As a practical matter, before long, MARTA will be on a pay-as-you-go capital program, financing through available cash and cash flow.

Mr. Durrett stated this is serious. MARTA needs to meet with the jurisdictions and explain the impact of not ratifying a clean 15th Amendment; lets deal with the issues so that we can get down to business. The time is now. Let's make this a #1 priority.

Mr. Tomlinson asked what is coverage ratio.

Mr. Hurley explained that the coverage ratio is currently about 3.5x the outstanding debt service. Coverage is increasing as sales and Vehicle Title Ad Valorem Tax revenues are rising faster than MARTA's debt service.

Dr. Edmond asked how coverage ratio is determined/defined.

Mr. Hurley stated a coverage ratio is the amount of sale tax and Vehicle Ad Valorem Tax that MARTA have coming in that is pledged to the bond holders as compared to our debt service.

Atlanta-Region Transit Link Authority (ATL) Proposed Funding Policies

Mr. Tomlinson introduced Mr. Jonathan Ravenelle, Transit Funding Director of the ATL. Mr. Ravenelle reported on proposed policy changes.

Regional Formula Fund Policy Updates - Overview

- Process to suballocate FTA formula funding through the national apportionment formula is outlined by Atlanta UZA's Regional Formula Fund Policies
- Policies provide timeline and details regarding how suballocation is transmitted to eligible recipients

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- Policies developed by Designated Recipient and MPO (ARC) in coordination with eligible recipients
 - Policies will be approved by both Designated Recipient and MPO Boards

Regional Formula Fund Policy Updates – History

- Previous policies developed by MARTA as Designated Recipient and ARC as MPO
- Policies have been updated and adjusted periodically by MARTA and ARC as changes have been made in the region or at the Federal level
- MARTA and ARC began working to update policies in 2016
- MARTA and ARC's most recent draft policies were posted for review in December 2017
 - Review and adoption was delayed by MARTA and ARC due to changes made to regional transit governance structure in HB 930
- ATL and ARC have been working to update the Regional Suballocation Policies
- Policy updates include:
 - Adjustments to reflect the change in Designated Recipient
 - Adjustments to reflect the role of the ATL's Regional Transit Plan and HB 930
 - Updates to the Low-Income set-aside process to include biennial project calls
- Updated policies will go into effect October 1, 2019 (start of Federal Fiscal Year 2020) with the existing suballocation methodology being used for Federal Fiscal Year 2019

The goal of ATL and ARC has been to work with eligible recipients in the region and make sure everyone has opportunity to give feedback.

Between March 15th and April 25th ATL has been updating the region. There really has not been any negative feedback. During the April 26th Transit Operators Working Group meeting, there was opportunity for a group discussion including staff from MARTA, Gwinnet, GDOT, Cobb. We went through the policies. Again, there was no negative feedback related to the policies. Tomorrow ATL Regional Transit Planning Committee will receive its first review of the proposed policy update. Board adoption will run through August to go into effect October 1, 2019.

5307 Urbanized Area Formula Fund Program

This formula fund program is based on population, population density, bus vehicle revenue miles, fixed guideway directional route miles, an incentive tier of ratio of passenger miles to operating costs. The categories of funds this can be used for are planning, capital expansion, capital maintenance, preventive maintenance as well as ADA paratransit operating.

Specifically, there is a question regarding regional planning set-aside. Currently ARC receives $\frac{1}{2}$ of 1% of the 5307 apportionment in the region exclusive of the low-income component. The proposal in the updated policy is for that $\frac{1}{2}$ of 1% to increase to a full 1% with ATL to receive $\frac{3}{4}$ of 1% and ARC receiving $\frac{1}{4}$ of 1%.

Dr. Edmond asked where the low-income set-aside comes from – is it statutory, federally mandated?

Mr. Ravenelle responded, noting the low income set aside is based on the percentage that FTA establishes as its low-income set-aside on a national level. From there, the region has a call for projects that have a low-income focus.

Dr. Edmond asked if ARC have the ability to do more than the standard.

Mr. Ravenelle said the region has the ability to establish a higher percentage, if they so choose.

There is also history for this region to collectively come together. In 2006 the Transit Planning Board (TPB) was formed. This region established a 25% set-aside of the 5340 Program (a population-based program). From 2008 to 2013 funds were set-aside for TPB. The goal of the funds was to address regional issues.

Mr. Ashe asked if between 2013 and 2019, the .25% was not being withheld?

Mr. Ravenelle said that is correct, it was 25% of approximately \$4M.

What's being proposed is the regional planning set aside to go from $\frac{1}{2}$ of 1% to a full 1% with ARC receiving $\frac{1}{4}$ of 1% and ATL receiving $\frac{3}{4}$ of 1%. ARC receiving \$166K and ATL receiving just less than \$500K. The overall set-aside for regional planning entities.

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Mr. Ashe said the set-aside increase is \$332K, but that also means the remainder has a decrease of \$332K. That \$332K less, going to all the transit entities, approximately how much less would come to MARTA.

Mr. Ravenelle responded approximately \$239K.

Mr. Durrett asked what does MARTA get back in terms of benefits.

Mr. Ravenelle said MARTA's funding (5307) would decrease by approximately 3/10% of a percent overall. The ATL's role in the region is to reduce barriers to entry and improve coordination amongst systems. If the ATL is successful in this, these types of projects will feed MARTA's ridership to a greater extent.

Mr. Tomlinson explained that the \$65M that comes into the region is inclusive of funds going to counties that do not have transit. MARTA is also receiving funds that are not being used by other counties. There are counties, based on population, who have no transit footprint whatsoever. Those funds then go back to those recipients who can use those funds. MARTA is receiving funds based on population.

Mr. Ravenelle further noted that this is known as the regional residual. Dollars are allocated to the eligible recipients in the region, but some recipients are not able to utilize those dollars. The money is then returned to the region. MARTA receives benefit from this.

Chair Hardage said at some point, please let the Board know in detail how much money this is. Why increase it another 1/2% when MARTA is already paying for projects. Why not come to MARTA on a yearly basis showing how you want to spend the \$229K and give MARTA the opportunity to give input on how the money is spent.

Dr. Edmond thanked Mr. Tomlinson and Mr. Ravenelle for the presentation. It provided a regional perspective. He said he would like to know the percentages of dollars that MARTA will receive from the \$66M (the Federal funds that were coming in), compared to what was happening before.

Mr. Tomlinson said we are talking about \$332K that the region has always had and we are talking about 1% from \$330K to approximately \$660K.

Mr. Ashe said there is a big change – a change in the designated recipient. The legislature said MARTA will not dole out the \$66M per year, the ATL will distribute the \$66M. He stated his concern is the remaining 99% and the reservation of right that goes from MARTA to determine whether that is fully withheld or distributed.

Mr. Tomlinson said ATL is proposing a change from ½% to 1% on this piece. It is open, we are meeting with jurisdictions before it goes for a vote.

Mr. Ashe asked when the ATL begins to fund the Regional Onboard Survey out of the \$332K, will MARTA still be expected to fund this effort.

Mr. Tomlinson said what came before this Board a few months ago, was whether MARTA was putting up the local match. The federal funds used for Regional Onboard Survey were flexible block grant funds. MARTA put up the local match piece. A discussion is happening as we speak, on how we can proportion the local match so that MARTA is not putting up the entire amount.

Mr. Parker clarified - MARTA was the only entity that had funds for a local match. The question is has the ATL built into their budget, state funds to fund the local match for these regional activities and to what extent should MARTA expect that we will have to contribute less regionally.

Mr. Tomlinson said the issue can be discussed. If the thought is the local match should be funded centrally, we can certainly have a discussion about it.

Mr. Parker said there needs to be a local match to leverage the \$332K.

Mr. Tomlinson said MARTA should not pay more than the proportional share of its cost. The burden should not all be on MARTA.

Mr. Ashe said MARTA will lose \$230K a year, does that offset any of those things that in 2018 we were asked to pay for.

Mr. Tomlinson said yes, by way of example, planning tools used for route planning.

Mr. Ashe said the other piece is transparency around things we purchase such as the remix license.

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Mr. Tomlinson said this is type of transparency we want to provide moving forward; on how the money is used. It will not be used for administrative costs. We started by introducing this information at the staff level due to its granularity and complexity. Chair Hardage asked that I take this information out to the jurisdictions. We are happy to talk about this anywhere and anytime.

Mr. Ravenelle said the remaining 99% has been an option available to the region for a number of years. When ATL and ARC sat down, they wanted to make it a bit more formal. The decision was made that the designated recipient and the MPO would set aside a portion of the 5307, the remaining 99%, for regional projects. There would be a written agreement that details the parties involved. It would go through the Designated Recipient's Board as well as ARC's Board.

Mr. Ashe noted that it requires a consensus decision which mean unanimity. He asked if the next version would require a majority vote?

Mr. Ravenelle said it would not require a vote, it would require that the ATL as a designated recipient and ARC as the MPO working in conjunction and both agreeing. Both of whom would have to go through respective bodies that are representative of the whole region - TAQC level and the ATL Board level.

Mr. Tomlinson said the Transit Operator's Subcommittee comes to a consensus and not a vote. What we are saying is the ATL Board and the ARC would have to have an agreement.

Mr. Ashe said his concern is from the prospective of 450K people whose representatives ask me to be here making sure they have as much protection as possible, that the \$65M will not disappear without their input.

Mr. Tomlinson said he is happy to look at changing consensus. This is the type of feedback we want.

Chair Hardage asked how much money has been taken in the past for this.

Mr. Ravenelle stated that two models were funded through the set-aside.

Mr. Tomlinson said it is hard to put a number on it. But to Mr. Ashe's point, we certainly can have a discussion about consensus.

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Dr. Edmond said the bottom line is the issue of trust. The Legislators under the dome changed the law. Why were things changed? We are trying to reassure ourselves that this will not result in less than the \$66M that has been coming to MARTA in the past. The implication of this change indicates those that were doing it were not doing it well or we will change it so that those that were doing it will get less money. He thanked Mr. Tomlinson for being here and being transparent. This will be a rocky transition. In order to get this right; to fix this will take a regional approach. Again, I will lay it out there – show me how it is we will not lose any money.

Mr. Tomlinson said a regional approach will take transparency and collaboration.

Mr. Ashe said this is a labor of love and he cares about the structure.

Mr. Ravenelle said he is committed to the fact in order for the ATL to be successful, we have to do everything we can to support MARTA as well as all the operators in the region. We have to fight hard in moving the ball forward.

Mr. Floyd asked for clarification – noting that consensus will be taken out and designated recipient will be added? Will MARTA be involved in the consensus decision.

Mr. Ravenelle responded MARTA is a member of TAQC. MARTA will have a swing vote. Fulton, Clayton and DeKalb is also involved.

Mr. Tomlinson asked Board members to please not gloss over this one fact: It was consensus at a staff level. This consensus was below the GM/CEO. We are talking about getting it up to the group that MARTA has representatives.

There was an adjustment to the shared component of the 5337 program. This is another formula-based program based on full criteria: HOV/HOT directional route miles for buses, bus vehicle route new miles, fixed guideway directional route new miles as well as fixed guideway. Specifically, we are focused on HOV/HOT bus directional route miles concurrent. The region brought in \$59.1M in FY 19. \$55.4M goes to the fixed guideway component. High intensity motor bus is what is call HOV/HOT service.

Mr. Tomlinson noted that the \$55.4M is not in play. MARTA receives all of these funds.

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Mr. Ravenelle informed the Board that the focus will be on the \$1.5M directional route mile component. This is based on who operated in the segment first. They receive all the funding. This was not a proportional or equitable way to suballocate the 5337 formula, because it does not represent the amount of service in each segment. There is a dollar value associated with each mile. What is being proposed is to suballocate the funding in each individual segment based on the amount of service each operator is providing in that segment. There was feedback from operators that they would like this phased in over the next two years.

Mr. Tomlinson noted this would result in a significant increase of dollars coming to express service run by SRTA because it runs most of the service on the highways. It also means that as we talk about efforts like More MARTA and there is any expansion, you get the proportional amount of service that you have.

Next Steps

- We have met with most of the 13 counties
- We have been very up front from the start
- We look forward to additional feedback
- We will update the ATL Committee on tomorrow

Mr. Griffin thanked Mr. Tomlinson and Mr. Ravenelle for today's presentation. There will be continued discussion as we all recognize something must be done for transit in the region.

ATL Update

Mr. Tomlinson provided an update on the ATL.

The ATL has a sixteen-member Board, with fifteen voting members (Commissioner McMurry is a non-voting member). Five Board members are appointed at the State level - one by the Governor, two by the Lt. Governor and two by the Speaker of the House. The remaining ten members are picked through a process of local caucuses that are made up of State Reps, State Senators, County Commissioners and at least one mayor from within the ten districts. Former ATL Board member Marsha Bomar has joined the staff and we are looking forward to working with her in a new capacity. Why ten districts ? It was to reinforce the idea of regionalism.

ATL Key Activities and Next Steps

- Regional Coordination - transparency, partnership and collaboration
- Regional Transit Plan, Policies and Standards – this is at the heart and core of the ATL. A listing of all the transit projects within the 13-county region that are seeking federal and state funds
- Annual Report and Audit – there is a statutory requirement to produce, by December 1, an Annual Report and Audit
- Transit Tech & Innovation – will be key to a seamless transit network
- Regional Unified Branding – Super Bowl, Union Negotiations, meeting statutory requirements on new assets by January 1st, GRTA Express co-branding
- Transit Planning Services – we are working with other counties and cities to help develop plans

The ATL's mission is focused on regional transit planning and funding governance – not operations, projects management or construction.

A well-functioning ATL working in partnership with its operators such as MARTA will result in more projects, more work and hopefully an expansion of the MARTA system. The ATL as a regional planning entity will not result in any reduction in the planning staff. The ATL's role is master planner (in the macro sense).

There are a number of working groups. Transit Executive Working Group. On a quarterly basis we will bring together senior level executives of the transit industry in the region. The Transit Operators Subcommittee, working groups are being set up at the staff, executive and Board level along with MPOs – We are setting up a structure where at the staff, executive and Board level, ATL and MPOs are working together. This is key because we do not want to see planning and policy without making sure we understand any operational impact.

The Planning framework is set for adoption by the ATL Board on May 23, 2019. These are the guiding principles that will govern the process. MARTA has been an active participant in all the workshops to-date.

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Because of time, Chair Hardage invited Mr. Tomlinson back for the June 13th Work Session to continue his presentation.

Mr. Parker suggested Mr. Tomlinson present the Regional Transit Policy Standards and the Regional Transit Planning Process.

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On motion by Mr. Ashe seconded by Mr. Pond the Board unanimously agreed by a vote of 10 to 0, with 11* members present to go into Executive Session at 1:35 p.m. to discuss a legal matter.

On motion by Mr. Ashe seconded by Mr. Griffin the Board unanimously agreed by a vote of 10 to 0, with 11* members present to adjourn the Executive Session at 1:42 p.m.

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Adjournment

The meeting of the MARTA Board of Directors adjourned at 1:42 p.m.