



(Board Copy)
Washington Metropolitan Area Transit Authority
**METRO ELECTRONIC ACTION
DOCUMENT**

IDENTIFICATION			
MEAD ID:	99194	ACTION:	Initiate
AWARD VALUE:	(Not yet awarded)	CONTRACT: (Proposed)	
FUND SOURCES: (View)		CONTRACTOR:	
LAST MODIFIED:	01/04/2006		

DESCRIPTION	
SUBJECT:	Proposed purchase of a portion of the Bethesda Metro Center joint development project.
PURPOSE:	To obtain approval of the Real Estate Committee and the Board of Directors for a proposal from the ground lease tenant to purchase the land under the 3 story food court structure at the Bethesda Metro Center joint development project.

ORIGINATION					
INITIATOR			DEPARTMENTAL APPROVAL		
ELISA HILL on 12/15/2005			Approved by SALPEAS , PANAGIOTIS 12/27/2005		
PHONE:	202-962-1593	OFFICE:	LAND	DEPT:	Secretary and Chief of St

COORDINATION (ROUTING)		
OFFICE	NAME	ACTION/DATE
LAND (7310)	MALASKY, GARY	Approved 12/16/2005
(1120)	BARTLETT, HAROLD	Approved 12/20/2005
(4110)	SALPEAS, PANAGIOTIS	Approved 12/27/2005

FINAL APPROVALS	
OFFICE	NAME/ACTION
BEMR	Approved for by HAROLD BARTLETT on 12/20/2005
PLN_DEV_CMTE	Approved for by PANAGIOTIS SALPEAS on 12/27/2005
BEMR	Approved for by HAROLD BARTLETT on 01/03/2006
GM	Approved for GMGR by GMGR CEO on 01/09/2006
BOARD	BOARD WMATA (Not Yet Approved)



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NARRATIVE

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In December of 2004, the Real Estate Committee rejected an unsolicited offer from BMC Office, LLC, the owners of the office component of the Bethesda Metro project and the ground lease tenant, to purchase the underlying fee of the office building and plaza area. WMATA would have received a cash payment above the NPV of cash flows for the remainder of the lease term through December 31, 2052.

In October 2005, The Meridian Group (principle of BMC Office, LLC), submitted a second unsolicited offer. The new offer preserves the existing ground lease agreement for the office component. The Meridian Group has proposed to purchase only the land under the 3-story, 42,000 square foot food court building for the purpose of developing a 20-story, 183 unit condominium project. The purchase would also include 200 associated garage parking spaces needed for the development. The land area under the food court building totals approximately 22,000 square feet.

The Meridian Group has indicated strong political support for the project. A letter from County Executive Doug Duncan's Office is attached. In addition, staff has received 2 phone calls from Councilman Steve Silverman offering strong support.

If the project is approved, an amendment to the existing office component lease agreement will be executed to include details of the definitive agreement between WMATA and The Meridian Group and to ensure coordination between the two projects. Staff has negotiated a Term Sheet. The definitive agreement for the project will be presented to the Board of Directors for approval.

ALTERNATIVE

Reject the purchase offer for the ground under the 3-story food court building. If this action is taken, WMATA will continue to receive income from the project in the form of guaranteed minimum rent, participation rent, and capital event participation through the end of the lease term.

IMPACT ON FUNDING

WMATA would receive a lump sum payment as described in the Confidential Attachment. The sales price is subject to verification by updated appraisal and further engineering review, and any definitive agreements will be submitted, again, to the Board for approval (as well as subject to FTA approval). These funds would be deposited in the TIIF account.

RECOMMENDATION

That the Real Estate Committee and the Board of Directors a) approve the proposal to purchase the underlying fee of the land under the 3-story food court structure at Bethesda Metro Center and b) authorize staff to execute the Term Sheet and negotiate the definitive agreements, including an amendment to the existing ground lease. Staff recommends that funds from this project be deposited in the TIIF account.