



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

| IDENTIFICATION | | | |
|---|-------------------|----------------------|----------|
| MEAD ID: | 99309 | ACTION: | Initiate |
| AWARD VALUE: | (Not yet awarded) | CONTRACT: (Proposed) | |
| FUND SOURCES: (View) | | CONTRACTOR: | |
| LAST MODIFIED: | 04/28/2006 | | |

| DESCRIPTION | |
|-------------|--|
| SUBJECT: | Approve a 180-day extension of the Morgan Boulevard Master Development Agreement negotiation period |
| PURPOSE: | To obtain approval from the Real Estate Committee and the WMATA Board of Directors for a 180-day extension of the Master Development Agreement negotiation period for the Morgan Boulevard Joint Development project and authorization for staff to continue negotiations with Garrett Morgan Boulevard Joint Venture, the Selected Developer. |

| ORIGINATION | | | | | |
|--------------------------|--------------|---------|--|-------|---------------------------|
| INITIATOR | | | DEPARTMENTAL APPROVAL | | |
| ELISA HILL on 02/10/2006 | | | Approved by SALPEAS , PANAGIOTIS 05/03/2006 | | |
| PHONE: | 202-962-1593 | OFFICE: | LAND | DEPT: | Secretary and Chief of St |

| COORDINATION (ROUTING) | | |
|------------------------|---------------------|---------------------|
| OFFICE | NAME | ACTION/DATE |
| LAND (7310) | MALASKY, GARY | Approved 04/28/2006 |
| (1120) | Moneme, Emeka | Approved 04/26/2006 |
| COUN (1410) | O'KEEFFE, CAROL | Approved 05/01/2006 |
| (4110) | SALPEAS, PANAGIOTIS | Approved 05/03/2006 |
| (1120) | Moneme, Emeka | Approved 05/05/2006 |

| FINAL APPROVALS | |
|-----------------|--|
| OFFICE | NAME/ACTION |
| BEMR | Approved for by Emeka Moneme on 04/26/2006 |
| PLN_DEV_CMTE | Approved for by PANAGIOTIS SALPEAS on 05/03/2006 |
| BEMR | Approved for by Emeka Moneme on 05/05/2006 |
| GM | Approved for GMGR by GMGR CEO on 05/09/2006 |
| BOARD | BOARD WMATA (Not Yet Approved) |



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NARRATIVE

Discussion

On November 17, 2005 the WMATA Board of Directors designated the Garrett Morgan Boulevard Joint Venture as the Selected Developer of the Morgan Boulevard joint development site and authorized the execution of a Term Sheet with the Selected Developer. Pursuant to existing policy, the parties are to negotiate a Master Development Agreement within 120 days.

The Selected Developer is to construct a multi-phase, mixed-use, transit-oriented development project on WMATA's 37-acre property near the northwest corner of Central Avenue (MD Route 214) and Garrett Morgan Boulevard in Prince George's County, Maryland. As planned, this project will consist of 460 condominium units, 84 townhouses, 485 rental apartments, 153,000 square feet of office space, and 120,000 square feet of retail space. Presently, the site includes 608 park and ride parking spaces, 78 Kiss & Ride parking spaces, 14 bus bays, a motorcycle parking area, bicycle racks and lockers, a day care center, and vacant land.

WMATA's site is irregularly-shaped with interrupted frontages on Central Avenue and Garrett Morgan Boulevard (please refer to the attached illustrative land use plan). During the Proposal Evaluation stage of the joint development process, Prince George's County and WMATA staff agreed that the site plan would be greatly improved if the WMATA site were assembled with a parcel fronting on Garrett Morgan Boulevard and the property fronting on Central Avenue. A local real estate developer controls the site on Garrett Morgan Boulevard and a family with long ties to Prince George's County controls the other property. At the time the Term Sheet was negotiated, the Selected Developer was able to provide WMATA with evidence that assemblage negotiations were proceeding satisfactorily with the developer controlling the Garrett Morgan Boulevard frontage, but, according to the Selected Developer and County and State officials, the Central Avenue parcel was not available.

Subsequent to the selection of a developer for the Morgan Boulevard station site, the family controlling the Central Avenue property approached public officials about the possibility of assembling this property with the WMATA site, *provided that* a major portion of the Central Avenue site would be devoted to public use. Using the good offices of County and State officials, the Selected Developer has initiated negotiations with the owners of the Central Avenue property. Since the owners appear to be motivated by civic responsibility as well as financial considerations, negotiations are delicate and time-consuming.

Staff anticipates that it will take six months for the Selected Developer to reach agreement with the Central Avenue property owners and make any resultant revisions to the site plan as it affects the WMATA property. Any site plan revisions will necessitate changes to key elements of the Master Development Agreement such as the timing and composition of the phases located on the WMATA property.

Alternatives

Do not approve the extension request. If this alternative is selected, the Selected Developer and WMATA will not be able conclude Master Development Agreement negotiations in the requisite amount of time, and the Morgan Boulevard joint development site will have to be readvertised. This would have the adverse consequence of delaying the development without necessarily improving the net present value of the consideration WMATA would receive from the transaction.

Impact on Funding

Extending the deadline for completing negotiations on the Master Development Agreement will have no adverse impact on funding. WMATA staff will not accept any changes to the Master Development Agreement that reduce the value of the transaction to less than the value of the Term Sheet transaction.

Recommendation

That the Real Estate Committee and the Board (a) approve a 180-day extension of the negotiation period for the Morgan Boulevard Master Development Agreement, and (b) authorize staff to continue negotiations with Garrett Morgan Joint Venture.