



Planning, Development and Real Estate Committee

Board Action Item VIII-E

July 24, 2008

**Approve Amended & Restated
Joint Development Agreement
for
Greenbelt Metrorail Station**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100050	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

Amended Greenbelt Agreement

PURPOSE:

Obtain Committee concurrence, Board approval, and authorization for execution of an Amended and Restated Joint Development Agreement with Metroland Developers, LLC for the sale of the Greenbelt Metrorail Station joint development site.

DESCRIPTION:

In this action, staff is requesting that the Board approve three key items: modified development entity, time schedule, and payment schedule, all of which are reflected in an Amended and Restated Joint Development Agreement (Agreement).

On December 21, 2000, WMATA executed a Joint Development Agreement (JDA) with Metroland Developers, LLC (Developer) for the sale of the 78-acre Greenbelt Metrorail Station joint development site. The development process for this site has been lengthy because of the Developer's need to obtain state funding for construction of a new Beltway interchange, as well as Prince George's County funding for infrastructure; additions to the development process by local government including local legislation requiring high end retailing at the site and a court judgment requiring development approval rights for the City of Greenbelt; and the need to mesh project planning more closely with WMATA's operational needs. Progress has been made in the foregoing areas, but more time is needed to bring the project to fruition in a manner acceptable to all stakeholders.

WMATA facilities on the site include 3,399 Park & Ride surface parking spaces, 327 Kiss & Ride spaces, 17 bus bays and layover spaces, bicycle and motorcycle parking and storage, and 30 bus coach parking spaces for special events. Staff has been working with the Developer to ensure that all of these facilities are replaced on-site at the Developer's cost in a configuration that supports operational efficiency, customer convenience and safety. Present plans

call for the Park & Ride spaces to be in one structure located near the Greenbelt Station entrance with the bus bays sited between the parking structure and station entrance.

The development program in the Agreement remains the same as in the JDA: 270 residential units, 800,000 square feet (sf) of retail, 1,000,000 sf of office space and a hotel/conference center of 195,000 sf.

Negotiations leading to the Agreement were initiated by the Developer's request for WMATA to approve the sale of 100 % of Developer's membership interests to Greenbelt Ventures, LLC, which the new Agreement approves. Greenbelt Ventures, LLC includes affiliates of Petrie Ross Ventures, LLC, an experienced Annapolis commercial developer and Alfred H. Smith, an adjacent land owner, as well as the Prudential Insurance Company of America. Both Petrie Ross and Smith are members of the existing Developer team. The managing member of Greenbelt Ventures is Petrie Greenbelt, LLC.

In considering the request for approval of the sale of membership interests, WMATA sought more definitive milestones and termination dates if revised JDA milestones were not met. Prior milestones, in fact, had not been met, e.g., those for obtaining interchange funding or letters of interest from major tenants; however, after lengthy negotiations the Developer persuaded WMATA that progress had been made in meeting the milestones. WMATA relinquished its insistence on absolute deadlines that, if not met, could result in termination; however, the Agreement has an ultimate deadline for closing on the project: March 1, 2012. This is a one-year extension of the JDA closing deadline. This extension is considered justified in light of the time consumed in negotiating the approval of the sale of membership interests, which has exceeded one year.

The JDA provided for an original purchase price of \$6.4 million with 9% escalations after 5 years from December 2000 so that, if the sale closed in March 2011, the purchase price would have been \$10.7 million (and by extension \$11.7 million at March 2012). The Agreement provides that the purchase price will be \$10.4 million if closing occurs by September 30, 2008 and \$12.4 million starting October 1, 2008 with escalations at the daily equivalent of 9% per year starting October 1, 2009 so that by March 2012 the purchase price will be \$14 million. There are also yearly extension payments that WMATA receives as consideration for holding its property off the market. All prior payments required by the JDA have been made. The extension payment of \$105,000 due in December 2008 has been pushed forward to June 2009 in consideration of delays. Thereafter, the Developer will make extension payments of \$170,000 each in June 2010 and June 2011 as escalated by the prior year's Consumer Price Index (CPI) increase.

Renegotiation of the JDA has allowed updated joint development practices to be

incorporated in the Agreement, thereby providing added protections for WMATA. For example, the Agreement includes updated insurance required of the Developer. It also includes more expansive WMATA review and approval of Developer`s development plans and directs the Developer to furnish more detailed information for WMATA`s Compact Hearing.

FUNDING IMPACT:

Revenue received from the extension payments to hold the site and from the sale will be deposited into the Transit Infrastructure Investment Fund.

RECOMMENDATION:

Approve and authorize the execution of an Amended and Restated Joint Development Agreement with Metroland Developers, LLC for the sale of the Greenbelt Metrorail Station joint development site.



Greenbelt Station Joint Development Site

Approval of Amended and Restated Joint Development Agreement

Presented to the Board of Directors:

Planning, Development and Real Estate Committee

July 24, 2008





Purpose

Approve and authorize execution of Amended and Restated Joint Development Agreement with Metroland Developers, LLC for Sale of Greenbelt Metrorail Station Joint Development Site





Benefits/Costs

- **Benefits**

- Adds transit oriented development to Greenbelt
- Attracts new Metro riders
- Augments Metro revenue
- Increases local tax base
- Provides updated Metro facilities

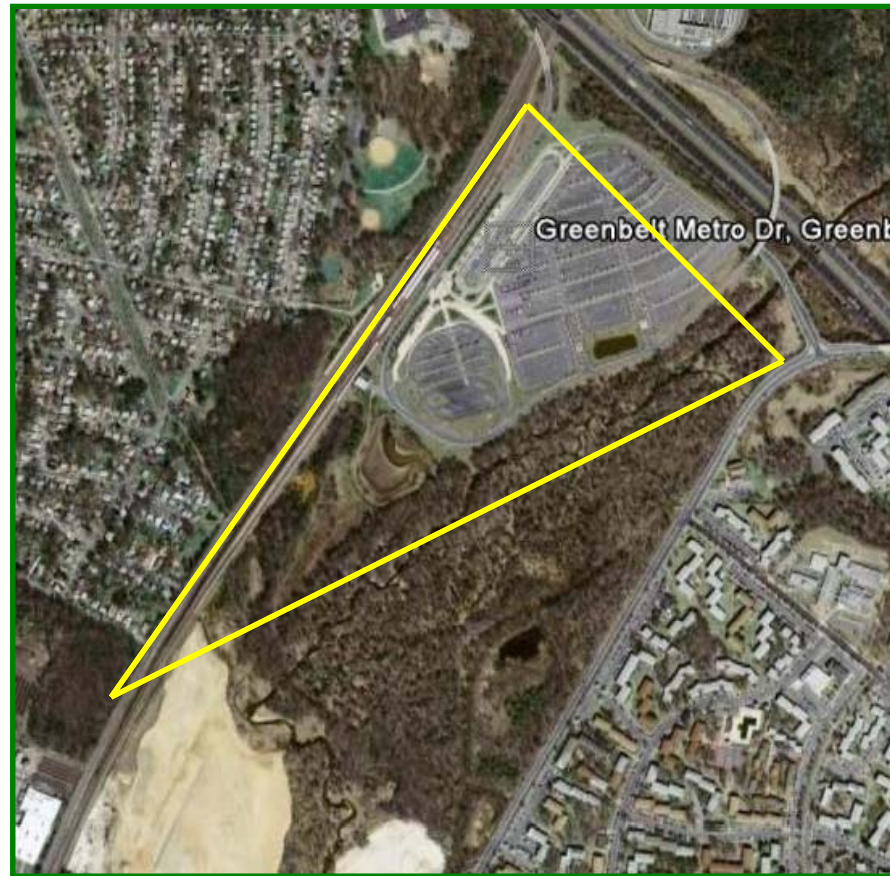
- **Costs**

- Requires staff time to review development proposal
- Requires staff time to monitor construction
- Causes temporary disruption to WMATA facilities/operations during construction



Greenbelt Station Joint Development Site

78 acres





Previous Action and Community Involvement

September 1998 : Selected Developer

**December 2000: Executed Joint Development
Agreement**

- **Prince George's County Planning Board has approved
Conceptual Site Plan**
- **Metro made presentation to City of Greenbelt**



Development Concept New Development



Greenbelt Station Towne Centre
Petrie Ross Ventures

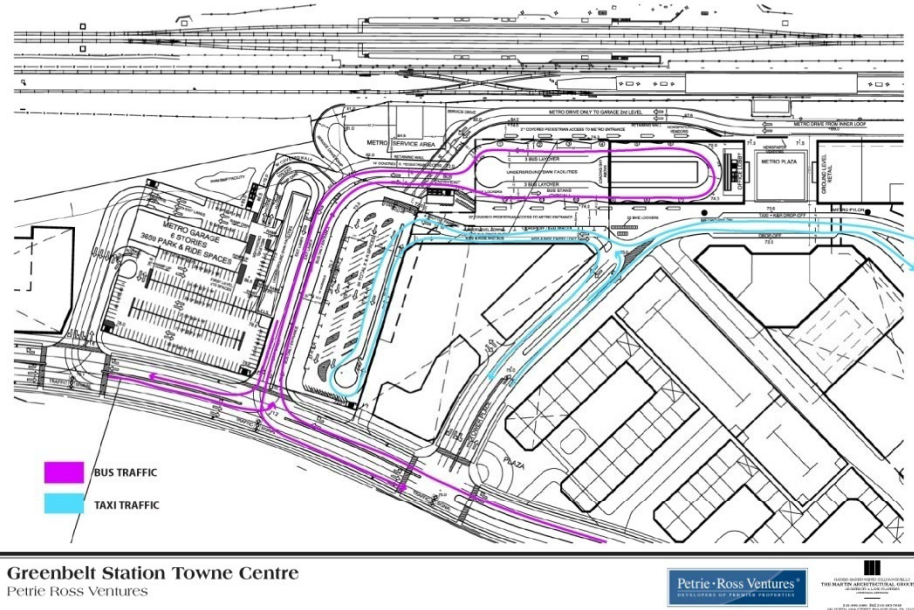
TOWNE CENTRE PLAN



- 270 residential units
- 800,000 sf retail
- 1,000,000 sf office
- 195,000 sf hotel/conference center



Development Concept WMATA Facilities



- 3,399 Park-and-Ride spaces in structure
- 327 Kiss & Ride spaces
- 17 bus bays and layover spaces
- Bicycle, motorcycle parking and storage, coach parking



This Action

- **Approve sale of all membership interests of Metroland Developers, LLC to Greenbelt Ventures, LLC**
- **Extend outside closing date from March 2011 to March 2012**
- **Defer sale price from March 2011 (\$10.7 million) to March 2012 (\$14 million)**



Recommendation

Approve and authorize execution of Amended and Restated Joint Development Agreement with Metroland Developers, LLC for Sale of Greenbelt Metrorail Station Joint Development Site