

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100975	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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**TITLE:**

Approve Amended Twinbrook JDA Terms

**PURPOSE:**

Obtain approval of amended terms for the Twinbrook Joint Development Agreement (JDA) and Phase 1A lease. These terms reflect current market conditions rather than those that prevailed when the JDA was executed in 2002, the Board approved an amended term sheet in 2005, and the JDA was amended in 2007, all prior to collapse of the financial markets in October 2008.

**DESCRIPTION:**

This action will support Metro`s goal of using every resource wisely by restarting the development of the Twinbrook transit oriented development to provide additional ridership and revenue for the Authority.

The JDA development program for the 26-acre site comprises 1,000 apartments, 595 condominium residences, 220,000 square feet of retail space, and 325,000 square feet of office space to be built in three phases, each with two subparts. The developer, JBG, is also to construct two Metro parking garages. The start schedule is: 1A (2007), West Side Metro Garage (before 1B), 1B (2008), 2B (2009), 2A (2011), East Side Metro Garage (before 3A), 3A (2013), and 3B (2013).

Subparts 1A, 1B, 2B, and the West Side Metro Garage are in default. Subparts 2A, 3A, 3B, and the East Side Metro Garage are not in default since they are not scheduled to start until 2011 and 2013 respectively.

Due to the dramatic decline in market values, the project no longer makes economic sense based on the terms the Board approved in 2005, and JBG is not willing to continue the project on those terms. Staff and JBG have negotiated amended terms that would enable JBG to restart the project and meet a spring 2011 target to refinance Phase 1A.

Staff is recommending the amended terms which would govern remaining project phases because the terms are above current market valuation; JBG was the only original respondent; Metro is not likely to get a superior offer in the near term

from any other developer; JBG has considerable financial strength; and, subject to the amended terms, JBG is willing to proceed with the construction of the West Side Metro Garage (426-spaces).

The Twinbrook project has achieved national recognition for its design and LEED-ND (Leadership in Energy and Environmental Design-Neighborhood Development) compliance.

Phase 1A now completed by JBG (a 279 unit apartment development ("Alaire") with 15,500 square feet of retail space) is considered to be a success. To date, leasing of its residential component (64% leased) and its retail component (55% leased) has been consistent with the developer's schedule; unfortunately from an overall perspective, Phase 1A is in default since the West Side Metro Garage (426 spaces) has not been built, and 94 surface spaces displaced by development have not been replaced.

Further, detailed business terms have been provided to the Board in Executive Session and in a confidential memorandum. These terms will remain confidential until an amendment to the joint development agreement is approved and executed, at which point the agreement terms would be publicly disclosable.

Upon Board approval of the amended terms, staff would within 90 days bring back for approval a revised JDA and Phase 1A lease.

**FUNDING IMPACT:**

Approval of the amended terms would result in a reduction in the originally anticipated revenue for the TIF. By enabling a currently-stalled joint development project to move forward, approval of the terms would also hasten an increase in passenger ridership and associated revenue.

Otherwise, approval of the proposed terms would not alter any of the funding impacts associated with the original approval of the Twinbrook joint development terms and JDA.

Project Department/Office: PLJD/SAAM  
Project Manager: Rosalyn Doggett

**RECOMMENDATION:**

Approval of amended terms for the Twinbrook Joint Development Agreement and Phase 1A lease.