



BOARD OF DIRECTORS

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

BUSINESS MANAGEMENT COMMITTEE

THURSDAY, FEBRUARY 23, 2023

ATLANTA, GEORGIA

MEETING MINUTES

1. CALL TO ORDER AND ROLL CALL

Committee Chair Durrett called the meeting to order at 11:13 A.M.

Board Members

Present:

Al Pond
Freda Hardage
James Durrett
Stacy Blakley
Rita Scott
Thomas Worthy

Board Members

Absent:

Kathryn Powers
Roderick Frierson
Russell McMurry
William Floyd
Roderick Mullice
Valencia Williamson
Jennifer Ide
Jacob Tzegaegbe
Jannine Miller

Staff Members Present:

Collie Greenwood
Luz Borrero
Rhonda Allen
Raj Srinath
Peter Andrews
Michael Kreher
George Wright

Also in Attendance: Leah Ward Sears, Kevin Hurley, Donna Jennings, Kirk Talbott, Paula Nash, Jacqueline Holland, Jonathan Hunt, Phyllis Bryant, Tyrene Huff and Kenya Hammond

2. APPROVAL OF THE MINUTES

Approval of the January 26, 2023, Business Management Committee Minutes

Approval of the January 26, 2023, Business Management Committee Minutes. On a motion by Board Member Worthy, seconded by Board Member Blakley, the motion passed by a vote of 6 to 0 with 6 members present.

3. RESOLUTIONS

Resolution Authorizing Renewal of Excess Workers' Compensation Insurance Coverage

Approval of the Resolution Authorizing Renewal of Excess Workers' Compensation Insurance Coverage. On a motion by Board Member Pond, seconded by Board Member Worthy, the resolution passed by a vote of 6 to 0 with 6 members present.

Resolution Authorizing a Modification in Contractual Authorization for Multi-Functional Printers (MFPs) Lease and Maintenance Services, RFP P33231

Approval of the Resolution Authorizing a Modification in Contractual Authorization for Multi-Functional Printers (MFPs) Lease and Maintenance Services, RFP P33231 On a motion by Board Member Pond, seconded by Board Member Blakley, the resolution passed by a vote of 6 to 0 with 6 members present.

Resolution Authorizing the Award of a Contract for the Procurement of Multi-Functional Printers Lease and Maintenance Services, IFB B50184

Approval of the Resolution Authorizing the Award of a Contract for the Procurement of Multi-Functional Printers Lease and Maintenance Services, IFB B50184 On a motion by Board Member Hardage, seconded by Board Member Blakley, the resolution passed by a vote of 6 to 0 with 6 members present.

Resolution for Authorization and Validation of additional Metropolitan Atlanta Rapid Transit Authority Sales Tax Revenue Bonds

Approval of the Resolution for Authorization and Validation of additional Metropolitan Atlanta Rapid Transit Authority Sales Tax Revenue Bonds On a motion by Board Member Hardage, seconded by Board Member Blakley, the resolution passed by a vote of 6 to 0 with 6 members present.

4. BRIEFING

Briefing - Bond Refinancing Transactions

Kevin Hurley, Deputy Chief Financial Officer/Treasurer, provided the Committee with the above briefing in preparation for future bond defeasance and bond sale approvals.

Notification to Use Regional Partners Funds for Windows 10 Upgrade Request for Proposals (RFP) P38189

Kirk Talbott, Assistant General Manager Technology/CIO, notified the Committee regarding the Use of Regional Partners Funds for Windows 10 Upgrade Request for Proposals (RFP) P38189.

5. OTHER MATTERS

FY2023 Financial Highlights and Financial Performance Indicators (As of January 31, 2023) (Informational Only)

6. ADJOURNMENT

The Committee meeting adjourned at 11:48 A.M.

Respectfully Submitted,



Tyrene L. Huff
Assistant Secretary to the Board

YouTube link: <https://youtube.com/live/8EVKazpwozl?feature=share>

Resolution Authorizing Placement of Excess Workers' Compensation Insurance for Policy Period April 1, 2023-2024

Business Management Committee, February 23, 2023

marta 



Purpose

- Define excess insurance coverage
- Describe Authority's workers' compensation program structure
- Cost of coverage

What is Excess Insurance Coverage?

- Policy provides limits above an underlying policy or self-insured retention
- Purpose is to provide additional limits of insurance for catastrophic loss



Workers' Compensation: Basics

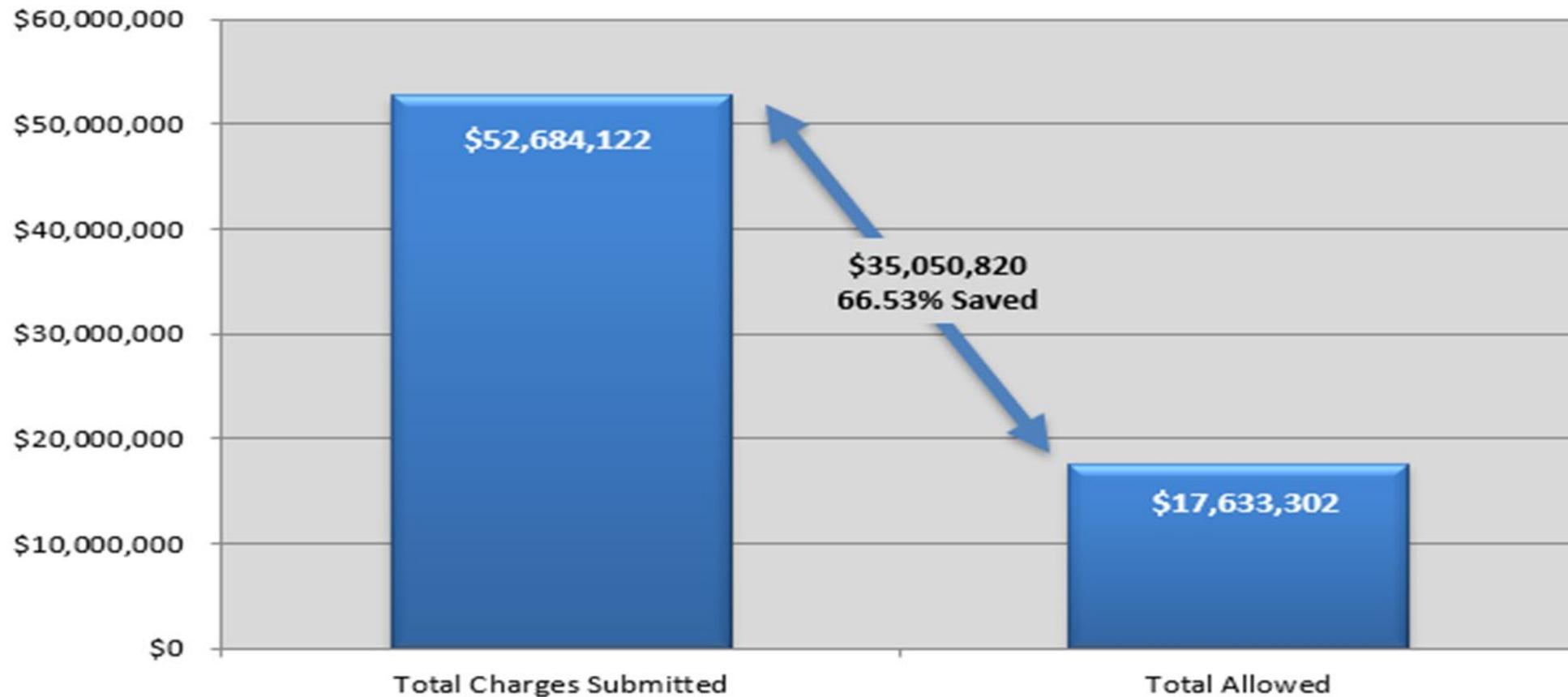


- Regulated by statute O.C.G.A Title 34, Chapter 9
- Accident insurance program provided by employers that covers medical care and income benefits if an employee is injured on the job.
- Maximum weekly lost wage benefit as of July 2021 is \$ 725
- Maximum number of weeks employee **may** receive income benefits for inability to work = 400 weeks

Workers' Compensation Program Medical Cost Containment

- WC-MCO/Workers' Compensation Managed Care Organization
- Provides telephonic nurse case management on all claims
- Provides medical cost containment services
- Maintains network of providers

Workers' Compensation Managed Care Savings FY18 – FY22



Workers' Compensation Program Structure



- Stay @ Work Philosophy: Key component is Modified Duty Program
- Goal is to return employees to productive capacity as soon as possible after an injury ideally within the statutory waiting period of 7 days
- Formal program managed by Occupational Medical Services Office

Workers' Compensation Program Claims Data FY18-FY22

- Two types of claims
- Statutory waiting period of 7 days is threshold
- Medical only- medical treatment and disabled from working by physician for 7 days or less
- Lost time- disabled from working by physician for more than 7 days, weekly lost wage benefits commence

Claim Type	5 Year Total	Annual Average #	% of Total
Lost Time	684	136	27%
Medical Only	1887	377	73%
Grand Total	2571	513	

Workers' Compensation Program Claims Data FY18 – FY 22

- Lost time claims = 27% of total claim volume and 60% of total spend
- Medical only claims = 73% of total claim volume and 40% of total spend

Claim Type	5 Year Total Incurred Cost	Average Cost of Claim	% of Total Cost
Lost Time	\$16,553,070	\$24,343	60%
Medical Only	\$11,064,372	\$5,870	40%

Renewal Policy



- Cost of policy = \$ 268,000
- Increase YOY 7.14% or \$ 17,864



Thank You



Resolution Authorizing the Modification in Contractual Authorization for Multi- Functional Printers (MFPs) Lease and Maintenance RFP P33231

Kirk Talbott, AGM

Department of Technology

Resolution Authorizing the Modification in Contractual Authorization for Multi-Functional Printers (MFPs) Lease and Maintenance RFP P33231

- Request to extend current contract 2 months (until May 31, 2023)
- Authorize additional expenditures of \$109,361.55
- Extension will allow for a smooth transition to the new contract
- Extension required as the competitive procurement took longer than anticipated due to lack of initial responses

DBE Considerations

Due to the lack of DBEs in the industry, the Office of Diversity & Inclusion assigned a 0% DBE goal to the original procurement. No change in the DBE goal was made for this modification.

Resolution Authorizing the Modification in Contractual Authorization for Multi-Functional Printers (MFPs) Lease and Maintenance RFP P33231

Procurement History

- A Request for Proposal (RFP) was conducted
- Canon Solutions America Inc. was awarded the Multi-Functional Printers (MFPs) Lease and Maintenance (RFP 33231) (Jan 2017)
- The original contract value was \$1,718,999.12 for a three (3) year base term with two (2), one (1)-year options.
- General Manager's contingency of \$85,949.96 was exercised on June 22,2020 to cover additional service charges.
- November 12,2020 MARTA's Board of Directors authorized a modification to add \$492,380.00. This modification included the MARTA Printshop and sixteen (16) additional printers. A flatbed printer was added to enable MARTA to print more jobs in house and save on outsourcing.

Resolution Authorizing the Modification in Contractual Authorization for Multi-Functional Printers (MFPs) Lease and Maintenance RFP P33231

Financial Considerations

This procurement is being funded with 26% Local Operating Funds and 74% Local Capital Funds from the approved Fiscal Year 2023 Budget.

Date	Description	Amount
1/17/2017	Original Contract Value	\$1,718,999.12
6/22/2020	GM Contingency	\$85,949.96
11/12/2020	Modification	\$492,380.00
2/23/2023	Requesting Additional Funding	\$109,361.55
	Total Modified Contract Value	\$2,406,690.63



Thank You





Resolution Authorizing the Award of a Contract for the Procurement of Multi-Functional Printers Lease and Maintenance Services, IFB B50184

Kirk Talbott, AGM
Department of Technology

Resolution Authorizing the Award of a Contract for the Procurement of Multi-Functional Printers Lease and Maintenance Services, IFB B50184

- Competitive procurement to provide MARTA with multi-function copiers, printers, scanners
- Request permission to award contract to Canon Solutions America Inc for:
 - 137 Devices
 - 945,000 black & white + 100,000 color copies per month
 - 3 Years base contract with 2 1-year options
 - \$1,346,353.04 total price

DBE Considerations

Due to the lack of DBEs in the industry, the Office of Diversity & Inclusion assigned a 0% DBE goal to this procurement.

Resolution Authorizing the Award of a Contract for the Procurement of Multi-Functional Printers Lease and Maintenance Services, IFB B50184

Procurement Considerations

- On October 3, 2022, Notice to Bidders was sent to twelve (12) vendors for the procurement of Multi-Functional Printers Lease and Maintenance Services.
- Notice of the Invitation for Bids was advertised in the Atlanta Journal Constitution, the Georgia Procurement Registry, the Georgia Local Government Access Marketplace, and on MARTA's website.
- Twelve (12) firms retrieved the online solicitation and/or purchased the CD.
- At the bid opening on November 16, 2022, 3 bids were received.
- Canon Solutions America Inc., submitted the lowest responsive and responsible bid in the amount of \$1,346,353.04.
- The price is determined to be fair and reasonable based on price competition.

Resolution Authorizing the Award of a Contract for the Procurement of Multi-Functional Printers Lease and Maintenance Services, IFB B50184

Financial Considerations

This procurement is being funded with 2.5% Local Operating Funds and 97.5% Local Capital Funds from the approved Fiscal Year 2023 budget.

Description	Amount
Base Term Three 3 Years	\$ 935,546.16
Option Year One	\$ 311,848.72
Option Year Two	\$ 98,958.16
Total	\$1,346,353.04 <i>(27.6% lower than current)</i>



Thank You





Bond Validation Approval

MARTA Business Management Committee
February 23, 2023

Agenda

- Bond Validation
 - Process
 - Current Status
 - Timeline
 - Committee Action

Bond Validation Process

- The MARTA Act and the State of Georgia Revenue Bond Law requires Bond Validation to issue bonds
 - Bond Validation establishes that the bonds and the security are valid and legally incontestable
 - Bond validation is necessary to issue new debt as well as to refinance/refund existing debt
- Due to the time/efforts required to validate bonds – MARTA pre-validates potential transactions over a three-to-five-year period based on the capital spend plan and future refunding/refinancing
- The MARTA Board approves a resolution to increase Bond Validation
 - Authorizing bond validation is **not** an authorization to issue debt or refinance
 - Staff will seek separate board approvals to issue debt or refinance
- A “Petition and Complaint” is filed in Fulton County Superior Court
- All MARTA Jurisdictions are parties to the bond validation proceedings

Bond Validation Current Status

- Most recent validations were \$700M in 2019 and \$800M in 2020 (15th Amendment passed - Pledged City of Atlanta ½ penny to bondholders)
- MARTA currently has ~\$490.8M in bond validation remaining
- Near term transactions being brought to the Board for consideration will consume approximately \$250M to \$450M of the current validation amount
- MARTA will be requesting bond validation in the amount of \$1.8B
 - MARTA Capital Improvement Program – \$1.3B
 - Refunding Transactions - \$500M

Bond Validation Timeline

- ~~Board Work Session – February 9, 2023~~
- Resolution presented to BMC – February 23, 2023
- Full Board approval of validation resolution – March 9, 2023
- Pre-Brief County and City Attorneys – March 2023
- File Complaint in Fulton County Superior Court – Mid-March 2023
- Hearing held within 20 days – April 2023
- MARTA, County and City Attorneys file answers prior to hearing date in April 2023
- Court hearing conducted – April 2023
- Validation order authorizes additional \$1.8B – April/May 2023
- I respectfully, request approval of the Additional Bond Validation Resolution

Committee Action

- I respectfully, request approval of the Additional Bond Validation Resolution in the amount of \$1.8 billion.



Thank You





Bond Refinancing Transactions

MARTA Business Management Committee
February 23, 2023

Agenda

- Background
- Underwriter Selection
- “Tender” and Investor Participation
- Defeasance/“Cash Optimization” Strategy
- Key Refunding Points
- Next Steps

Background

- Changes in Federal Law no longer allows advance tax-exempt bond refinancing
- Tender transactions have become more prevalent in the municipal market
 - MARTA executed a tender for savings in 2021 resulting in \$47M in debt service savings on a present value basis
- Current spreads between taxable and tax-exempt rates place MARTA's taxable bond series 2021D and 2020B in the window for refinancing:
 - 1) Qualified for tax purposes
 - 2) Economically feasible for tender
- “Cash Optimization” is using existing cash to pay off higher rate bonds early and then selling new lower rate debt for cash replacement after a 15-Day waiting period
 - Higher interest rates on escrows and having the cash on hand makes defeasance for savings of MARTA's Series 2007A bonds attractive
- Underwriters were chosen from MARTA's Negotiated Bond Underwriting Pool

Underwriter Selection

- MARTA Approved Negotiated Pool:

National Firms

Bank of America
 Barclays Capital Inc.
 Citi
 Goldman Sachs & Co. LLC
 J.P. Morgan Securities LLC
 Jefferies LLC
 Morgan Stanley
 RBC Capital Markets
 UBS
 Wells Fargo

Regional Firms

FHN Financial Capital Markets
 Fifth Third Securities, Inc.
 Mesirow Financial, Inc.
 Piper Sandler & Co
 PNC Capital Markets LLC
 Raymond James
 Robert W. Baird
 Truist

Diverse Firms

Academy Securities Inc.
 Blaylock Van, LLC
 Drexel Hamilton
 Estrada Hinojosa & Company, Inc.
 Loop Capital Markets LLC
 Ramirez & Co., Inc.
 Security Capital Brokerage Inc.
 Siebert Williams Shank & Co., LLC
 Stern Brothers & Co.

- Underwriters selected from the pool are:

“Tender” method (2023A) - Goldman Sachs (Co-Senior Manager); Jefferies LLC (Co-Senior Manager); Wells Fargo (Co-Manager); Loop Capital (Co-Manager); Ramirez & Co., Inc. (Co-Manager)

“Cash Optimization” strategy (2023B) - Wells Fargo (Co-Senior Manager); Goldman Sachs (Co-Senior Manager); Academy Securities (Co-Manager); Security Capital Brokerage (Co-Manager)

Tender

- MARTA's current investors in taxable bond series 2020B and 2021D will be given a fair tender price to purchase their bonds which includes a premium as a participation incentive creating a win-win situation for both the investor and MARTA
- Enhances savings by allowing MARTA to issue lower rate tax-exempt bonds
- A Preliminary Official Statement was posted on February 16, 2023
- Tender Notice posted to MSRB's Electronic Municipal Market Access System (EMMA)
- MARTA only accepts tenders for bonds that increase savings and reduce debt service
- Tendered bonds are purchased with proceeds from the Series 2023A tax-exempt refunding bonds
- Series 2023A Refinancing Bonds will be designated "Green Bonds" by a Second Party Verifier (Kestrel)
- Assuming 40% of bondholders participate in the tender, anticipated savings is **\$10M to \$20M**

Tender – Investor Participation

- Net Present Value (NPV) dollar savings and 2023A bond series par amounts will vary upon the level of investor participation
- Level of premium will increase investor participation – 40% or higher participation is more likely at 3pt than 2pt premium

Participation Rate 100%						
Series	Tender Refunding (+2pt Premium)			Tender Refunding (+3pt Premium)		
	Refunded Par (\$)	PV Savings (\$)	PV Savings (%)	Refunded Par (\$)	PV Savings (\$)	PV Savings (%)
2020B	265,270,000	23,322,231	8.79%	263,500,000	20,564,818	7.80%
2021D	231,930,000	21,288,013	9.18%	222,900,000	18,893,618	8.48%
Total	497,200,000	44,610,244	8.97%	486,400,000	39,458,436	8.11%

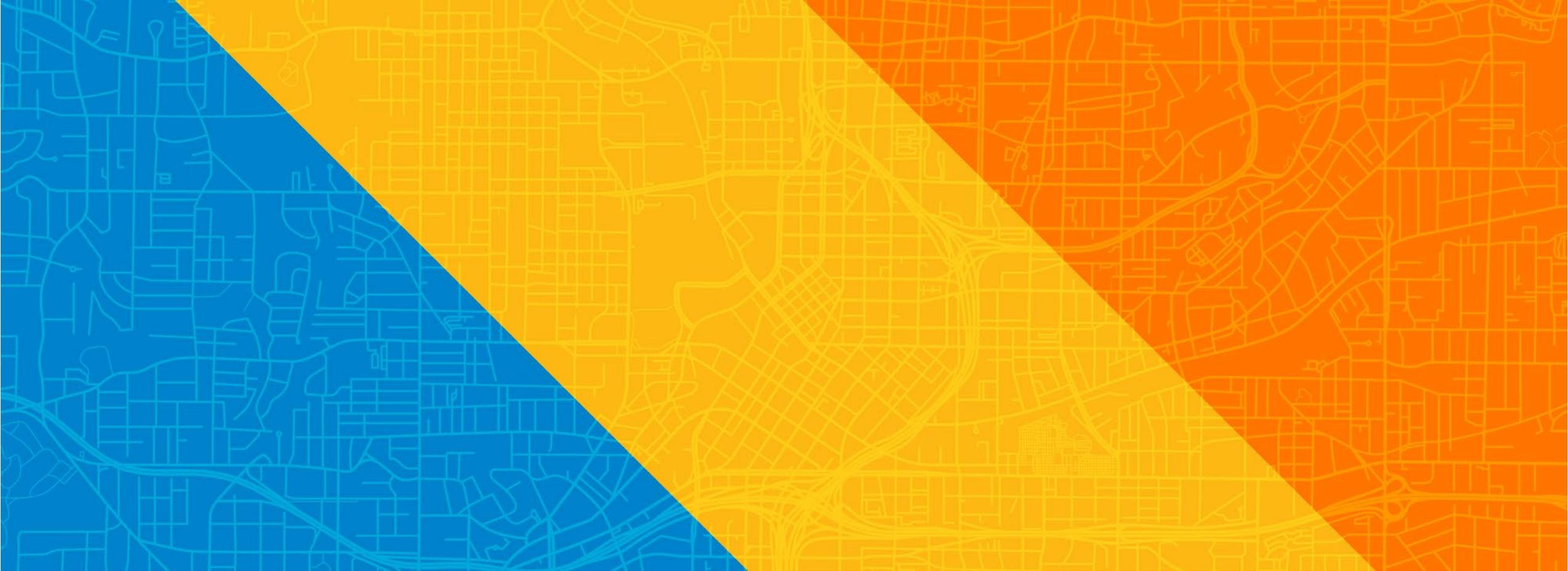
Participation Rate 40%						
Series	Tender Refunding (+2pt Premium)			Tender Refunding (+3pt Premium)		
	Refunded Par (\$)	PV Savings (\$)	PV Savings (%)	Refunded Par (\$)	PV Savings (\$)	PV Savings (%)
2020B	106,115,000	9,329,623	8.79%	105,405,000	8,226,593	7.80%
2021D	92,775,000	8,515,717	9.18%	89,165,000	7,557,921	8.48%
Total	198,890,000	17,845,340	8.97%	194,570,000	15,784,514	8.11%

Bond Defeasance – “Cash Optimization”

- The outstanding tax-exempt Bond Series 2007A will be paid off or “defeased” with cash
- Cash is placed into a defeasance escrow account and invested at current higher rates
- After a required waiting period of 15 days for tax purposes, new money tax exempt bonds will be issued in similar amount and same amortization as the Series 2007A bonds - Series 2023B Bonds
- The new Series 2023B Bonds will be designated “Green Bonds” by a Second Party Verifier (Kestrel)
- Approximate net present value savings **\$5M – \$8M**

Refinancing Key Points

- Strong, experienced Underwriter Pool (Structuring/Marketing/Investor Participation/Pricing)
- 2nd Party Certified as Green Bonds 
- Par amount up to \$497M
- Tender savings are scalable with NPV savings remaining at ~8%
- Overall estimated Net Present Value savings is **\$15M to \$28M**
- Bond Series 2020B and Bond Series 2021D “Tender” (2023A)
 - Pricing March 8, 2023
 - Board approval March 9, 2023
 - Closing on April 4, 2023
- Series 2007A “Cash Optimization” (2023B)
 - Cash defeasance approved by Board on March 9, 2023 – Bonds defeased April 25, 2023
 - Board approves pricing of new bonds on May 11, 2023
 - Closing - May 17, 2023



Thank You





Notification to Use Allocation of Regional Partner's Funds for Windows 10 Upgrade with Cubic

Kirk Talbott, AGM

Department of Technology

Notification to Use Allocation of Regional Partner's Funds from Cubic Contract to Upgrade AFC Devices to Windows 10

- Utilizing Existing Cubic Contract P38189 (Entered into 2016)
 - Upgrade Ticket Vending Machines (TVM) and Ticket Office Machines (TOM) from Windows 7 (End of Life) to Windows 10
 - Cost of Upgrade is \$6,092,863
- Original contract was authorized for \$ 52,751,162
 - \$ 8,788,964 was allocated for Regional Partner Enhancements
 - Remaining allocation after upgrade will be \$2,696,101
- Does not require addition of funds
- No additional enhancements for regional partners planned



Thank You

