

MINUTES
MEETING OF THE MARTA BOARD OF DIRECTORS
BUSINESS MANAGEMENT COMMITTEE
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

March 26, 2020

The Board of Directors Business Management Committee met on March 26, 2020 at 11:53 a.m. via WebEx, 1-866-432-9903, Atlanta, Georgia.

Board Members Present

Roberta Abdul-Salaam
Jim Durrett
Roderick E. Edmond
William "Bill" Floyd
Roderick A. Frierson
Jerry Griffin
Freda B. Hardage
John "Al" Pond
Rita A. Scott

MARTA officials in attendance were: General Manager/ CEO Jeffrey A. Parker; C-Suite Team Members Chief Customer Experience Officer Rhonda Allen, Chief of System Safety, Security & Emergency Management/Police Wanda Dunham, Chief of Bus Operations Collie Greenwood, Chief Financial Officer Kevin Hurley (Interim), Chief of Staff Melissa Mullinax, Chief Counsel Elizabeth O'Neill, Chief of Capital Programs, Expansion & Innovation Franklin Rucker and Chief of Rail Operations David Springstead; AGMs Marsha Anderson-Bomar, LaShanda Dawkins, Kirk Talbott and George Wright; Executive Director Paula Nash; Senior Directors Debbie Frank, Jacqueline Holland (Acting), Dorinda McCombs, Remy Saintil, Jacob Vallo and Ryan VanSickle; Manager MARTA Board of Directors Rebbie Ellisor-Taylor; Others in attendance Abebe Girmay.

Approval of the February 27, 2020 Business Management Committee Meeting Minutes

On motion by Mrs. Hardage seconded by Mr. Durrett, the minutes were unanimously approved by a vote of 9 to 0, with 9 members present.

Business Management Committee

03/26/20

Page 2

Resolution Authorizing Placement of Builders Risk Insurance and General Liability Owner Controlled Insurance Program (OCIP) for the Station Rehabilitation Program, RFP P44312

Mrs. Jennings presented a resolution authorizing the General Manager/CEO or his delegate to effect placement of the following policies based on proposals received by MARTA's insurance broker of record, MARSH, Builders Risk Insurance at a total cost of \$247,000 and a General Liability Owner Controlled Insurance (OCIP) program at a total cost of \$2,513,000 with each program having a five (5) year term.

The term would be covered from April 10, 2020 to April 10, 2025.

Both policies cover MARTA and contractors of all tiers that would be involved in the Station Rehabilitation Program, RFP P44312.

MARTA has entered into a contract for Construction Management at Risk with Preconstruction Services to support the Station Rehabilitation Program. This contract has a value of \$300M dollars over five years and consists of three phases with six rail stations per phase.

To provide the Authority with adequate insurance coverage during this project, staff determined that it is in MARTA's best interest to provide a Master Builders Risk policy and a General Liability Owner Controlled Insurance Program (OCIP) for the duration of the project.

Builders Risk coverage protects the Authority's property and while on-site the contractor's materials, equipment and other property during construction on each rail station. The policy provides coverage on all risk basis with varying levels of deductibles with no deductible greater than \$50,000 and limits of \$15M per station and a separate limit for the Airport Station of \$30M.

A General Liability OCIP provides primary and excess liability coverage for the job site risks of MARTA, (the owner), construction manager, general contractor, contractors and subcontractors. The program has a \$50,000 deductible and \$150M in limits.

Mr. Pond asked is the payment performance bond to workers' compensation directly paid for by the independent contractors.

Mrs. Jennings said that is correct. This contract justifies the builders risk coverage.

Business Management Committee

03/26/20

Page 3

Mr. Pond asked does a lawsuit include the inside of the deductible against the project.

Mrs. Jennings said yes, however, there are requirements in the contract documents as to the contribution level for anyone who has a claim.

Dr. Edmond asked does this contract authorize the CEO to purchase insurance.

Mrs. Jennings said yes, it does

Dr. Edmond asked are there any specifics within the contract regarding DBE initiatives. There are a number of minorities who sell insurance.

Mrs. Jennings said the Authority have an insurance broker of record, MARSH. There is already a contract that the Authority uses to access insurance markets.

Mr. Griffin said based on what was discussed in the past, this would help minority contractors in a tremendous way.

Mrs. Jennings said yes, the goal is to help minorities with DBE participation.

On motion by Mr. Durrett seconded by Mr. Griffin, the resolution was unanimously approved by a vote of 5 to 0, with 6* members present.

Briefing – Contracts & Procurement

Mrs. Holland provided an overview of the Office of Contracts, Procurement and Materials (CPM).

CPM has direct oversight of three (3) branches:

- Contracts
- Purchasing
- Materials

In January 2020, a business process improvement was implemented to consolidate Contracts, Procurement and Materials. This improvement eliminated the Director of Materials position and combining the Director positions into one. The office now reports to Legal Service.

Business Management Committee

03/26/20

Page 4

Two (2) Types of Procurement fall under the Office of CPM:

- Formal Procurement – Over 200K (Board approval required)
- Informal Procurements – Under 200K (Solicit at minimum of 3 quotes)

Purchasing

- Stock Purchases
 - Inventory Management System, Automated process via Oracle
 - Responsible for replenishment of stock for all six (6) storerooms to include: Bus, Rail, Maintenance of Way and Facilities
- Non-stock Purchases
 - Responsible for informal one time purchases for the Authority – Under 200K
 - Request for Quotations (RFQ)
 - Small/ Micro Purchases- less than 10K

Materials

- Physically receive goods and issue parts from MARTA storerooms.

Six (6) Storerooms (Additional Opening in July)

- Hamilton – Bus
 - Brownsmill – Bus
 - Laredo – Bus
 - Perry – Bus
 - Avondale – Rail
 - Armour Yard – Rail
 - South Yard – Rail
- (opening July 2020 in preparation for the CQ312 Rehab Program)

Authority-Wide Active Contracts

CPM currently administers 390 active contracts with a value over the term of the contracts in excess of \$3.3B, excluding Real Estate and Intergovernmental Agreements (IGA).

▪ Capital	123 Contracts	Approx. \$2.1B
▪ Operating	210 Contracts	Approx. \$940M
▪ Planning	25 Contracts	Approx. \$102M
▪ Revenue Generating	15 Contracts	Approx. \$40M
▪ No-cost, No-compensation	11 Contracts	
▪ Pension, Energy savings Company (ESCO), Bond Counsel	6 Contracts	Approx. \$41M

Business Management Committee

03/26/20

Page 5

Largest Active Contracts

▪ New Rail Car	150 Months	\$646M
▪ Group Health & Wellness	3 Yrs. 2 (1) Options	\$474.M
▪ 40' CNG Buses	5 Years	\$172M
▪ Tunnel Ventilation	6 Years	\$165M
▪ Elevator, Escalator Rehab	10 years	\$150M
▪ Rail Car Life Extension	5.5 Years	\$147M

Process for Request for Proposals (RFP)

- Request Permission to Solicit
- Pre-Planning Meeting
- Notice to Offerors and Advertisement
- Pre-Proposal Conference
- Proposal Deadline
- Proposal Evaluation
- Recommendation to Award
- Contract Execution

Successes/ Achievements

- FY2019 FTA Triennial
 - No Procurement findings
- New Rail Car Procurement
 - Defended Bid Protest

Improvements/ Updated Procedure Manual to include the following:

- Updated Protest Procedures
 - Protest Security
- Updated Work Order Procedure
 - Create ease of Process

Mandating Safety and Quality Assurance involvement to comply with the Federal Transit Administration (FTA)

Initiatives/Automations of Contracts and Procurement Business Processes

- Encumbrance Process
 - Requisition thru Payment
- Self-Invoicing
 - Electronic Invoicing
 - Provides transparency via iSupplier

Business Management Committee

03/26/20

Page 6

- Automation of Contracts Mgmt.
 - Anticipated Fall 2020

Briefing – Diversity and Inclusion

Ms. Nash provided an overview on the Office of Diversity and Inclusion.

The Office of Diversity and Inclusion is composed of thirteen positions divided into three (3) core areas:

- Equal Employment Opportunity – Affirmative Action Program, Title VI Program, Environmental Justice, Limited English Proficiency Plan, Americans with Disabilities Act Plan and Protocols for Discrimination complaints/investigations
- Supplier Diversity – Disadvantage Business Enterprise (DBE) Program, Small Business Enterprise Program, and DBE Certifications
- Outreach – MARTA Accessibility Committee (MAC), Targeted Partnerships, Business/Employee Resource Groups, Cross Cultural Mentoring, Diversity Awareness, Cultural Diversity, Organizational Memberships, Internal Partnerships

2019 EEO Metrics

- EEO Allegations – 95
- ADA Inquiries – 2620
- Mystery Shop Tracking - 667

2019 Supplier Diversity Metrics

- DBE Goal Achieved – 30%
- Small Business Contract Awarded – 29%
- DBE Certifications - 499

2019 Outreach Metrics

- Total Outreach Events – 81
- Total Targeted Partnerships/Memberships – 12
- Modes of Outreach – 8+

2019 Accomplishments

- Successful Triennial Review
 - No findings (EEO, Title VI and ADA)

Awarded COMTO's Public Agency of the Year Award

Business Management Committee

03/26/20

Page 7

Small Business Enterprise (SBE) Program

- Pitch Tank and Industry Day participants awarded contracts and/or selected as MARTA vendors:
 - SquarePac
 - Occasional Occasions
 - Phase3Promotions
- Increase of DBEs as Primes by 7%
- Increased number of outreach events by 25%

Ms. Scott said Georgia is quickly becoming a location where people are aging in place. She asked if age diversity is tracked in the work place as well.

Ms. Nash said tracking diversity in the Workplace is not an area that the FTA has staff tracking. The Office of D&I does track age diversity along with the ADA Group.

Mr. Floyd said the new FDA Loan Program potentially offers \$2B for firms effected by the COVID-19 virus. He asked should MARTA be apart of that program and should MARTA ensure that its small business programs are aware of the FDA Loan Program.

Ms. Nash said the Authority should be aware of the FDA Loan Program as well as inform small business partners about the program. Staff is proficient with receiving information and distributing to organizations registered as small businesses.

Briefing – MARTA Series 2012A Taxable Bond Refunding

Mr. Bailey provided an overview on Series 2012A Taxable Bond Refunding.

Series 2020B Refunding

Marketing conditions present acceptable savings to execute an advance refunding.

Recent Coronavirus fears have seen a financial market flight to safety

- Investors move money out of stock and into treasuries and municipal bonds
- Municipal bonds have experienced significant price increases and yield reductions
- Creates very favorable economic conditions for municipal bond issuers

Advance vs. Current Refunding

- The 'Tax Cuts and Jobs Act' eliminated tax-exempt advance refunding in 2017

Business Management Committee

03/26/20

Page 8

- Series 2012A bonds cannot be refunded on a tax-exempt basis until April 2022 but may be refunded on a taxable basis
- Taxable Advance Refunding Estimated Results
 - Opportunity to realize material debt service savings
 - Under current market conditions MARTA could realize:
\$38.1M in Net Present Value (NPV) savings/ \$2.3M in average annual cashflow Savings
- Tax-exempt Current Refunding Estimated Results
 - Opportunity to realize debt service savings
 - Authority waits until April 2022 to execute and market conditions stay consistent
MARTA could realize:
\$56.9M in Net Present Value (NPV) savings/ \$3.8M in average annual cashflow Savings
- Due to future interest rate uncertainty staff recommends moving forward with a taxable refunding since market rates are at historic lows

Board Actions

- May 14 Board Meeting
 - Approve issuance, sale, execution and delivery of the \$268.590 million Taxable Advance Refunding Series 2020B fixed rate bonds.

Other Matters

- a. FY 2020 January Financial Highlights and Financial Performance Indicators (Informational Only)

* * *

Adjournment

The meeting of the Business Management Committee adjourned at 12:51 p.m.