



MakingtheConnection

Triangle Transit Authority



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Master Developer Agreement

Key Local Officials

Presentation

November 3, 2006



Agenda

- Introduction
- TTA Presentation
- Cherokee Remarks
- Questions



TTA Presentation

- Objectives
- Legal Structure
- Financial Structure
- Affordable Housing
- Disadvantaged Business Enterprises



Major Objectives of Partnership between TTA and Cherokee

- Enhance rail system ridership
- Comprehensive approach to station development
- Get the timing (of development) right
- Promote wise growth
- Financial participation in development



Objectives of Partnership

- Enhance rail system ridership
 - Traditional approach to TOD in the U.S.
 - TOD – the right kind of development in the right place
 - TOD for a much larger area around the station sites
- Comprehensive approach to station development
 - We emphasized Master Developer (MD), not individual site developers
 - Distinction between horizontal and vertical developer
 - Agreement envisions TOD at almost every station site



Objectives (continued)

- Get the timing (of development) right
 - Development in place when rail system opens
 - Reduces need for redevelopment costs and disruptions in the future
- Promote wise growth
 - Density beside and around major transportation facility
 - Mixed use development, which reduces overall demand on roads
 - Contributes to downtown revitalization
 - Major economic development stimulus



Objectives (continued)

- Financial participation in development
 - TTA will partner with Cherokee in TOD development, and thus share in development gains (or losses)
 - Financial benefits to TTA will reduce need for future federal, state and local public funding



Legal Structure of Partnership

- At each station site, the agreement provides for two development entities (LLC's)
 - CORE Development Entity
 - TTA Property & Cash
 - MD Cash
 - Operating Agreement
 - PERIPHERAL Development Entity
 - MD Cash
 - Property within roughly ¼ mile of stations
 - Operating Agreement
- But property is planned and developed as a whole



Legal Structure (continued)

- Each station site development plan must be reviewed and approved by appropriate local government(s) according to local ordinances and regulations
- MD or an affiliate will manage each company; expect local developer team for each site or group of sites
- Parties agreed to significant involvement of local firms in planning and development
- Trigger for TOD development activities will be funding for 2 or more stations for rail or BRT (bus rapid transit, or buses generally in separate lanes or roads)



Legal Structure (continued)

- TTA's right to build "Station Elements," including station platform, parking and bus transfer facilities, is preserved regardless of status of TOD activities
- If development occurs prior to FFGA, space for placement and construction of platforms, parking, access & common areas preserved
- Future expansion space preserved
- MD will build station platforms where designed by TTA, and TTA retains right to review and approve design of station elements in site plan to protect transit function



Financial Structure of Partnership

- Two investors: Cherokee and TTA
- TTA and Cherokee participate in profits (or losses) from both CORE & PERIPHERAL companies
 - Gain or loss is shared proportionate to relative investment
- Distribution of gain
 - Preferred Return (10%), then
 - Return of Capital Investment, then
 - 30% to MD which goes generally to site development team, then
 - 70% shared by TTA and MD, pari passu
- TTA has option to “cash out” at any time



Affordable Housing

- First, meet local government affordable housing requirements
- MD will make reasonable efforts to set-aside 15% of total housing, and 10% of units is required - affordable housing defined as 80% of median income
- Seek all eligible subsidies, grants and other incentives
- If unable to provide on CORE or PERIPHERAL property then must do so within 1 mile radius; if unable then, move to increasingly larger radius to achieve 10%
- May purchase and renovate existing housing to reach goal if sites for new housing not available
- Units constructed to be eligible for LEED certification



Disadvantaged Business Enterprises

- DBE goals will be set on each contract based on dollar value of contract and the availability of certified DBE's
- Developer is expected to meet or exceed goal
- Developer shall focus on local DBE's first



Questions?

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