

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
619.231.1466 FAX 619.234.3407

Agenda

****JOINT MEETING AND FINANCE WORKSHOP****

of the
BOARD OF DIRECTORS
for the

Metropolitan Transit System, San Diego Transit Corporation, and San Diego Trolley, Inc.

March 24, 2011

» » 9:00 a.m. « «

Board Meeting Room, 10th Floor, 1255 Imperial Avenue, Suite 1000, San Diego

This information will be made available in alternative formats upon request. To request an agenda in an alternative format, please call the Clerk of the Board at least five working days prior to the meeting to ensure availability. Assistive Listening Devices (ALDs) are available from the Clerk of the Board/Assistant Clerk of the Board prior to the meeting and are to be returned at the end of the meeting.

FINANCE WORKSHOP - 9:00 a.m.

**ACTION
RECOMMENDED**

1. Roll Call

2. a. MTS: FY 2011 Midyear Adjustment and FY 2012 Preliminary Projections
(Mike Thompson)

Approve

Action would: (1) approve the combined MTS FY 2011 midyear budget adjustment; and
(2) receive a report regarding preliminary projections for FY 2012 and provide guidance on
budgetary closure.

b. MTS: Fiscal Year 2012 Capital Improvement Program (CIP) (Mike Thompson)

Approve

Action would: (1) approve the fiscal year 2012 Capital Improvement Program (CIP) with
the estimated federal and nonfederal funding levels. As the federal appropriation figures
are finalized and/or other project funding sources become available, allow the
Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding
levels; (2) recommend that the San Diego Association of Governments (SANDAG) Board
of Directors approve the submittal of Federal Sections 5307 and 5309 applications for the
MTS fiscal year 2012 CIP; (3) approve the transfer of \$199,312 from previous CIP
projects to the fiscal year 2012 CIP; and (4) recommend that the SANDAG Board of
Directors approve the amendment of the Regional Transportation Improvement Program
(RTIP) in accordance with the fiscal year 2012 CIP recommendations.



MTS FINANCE WORKSHOP - CONTINUED

3. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please give your copies to the Clerk of the Board.
4. a. Next Meeting Date
The next MTS Finance Workshop is scheduled on April 28, 2011, at 9:00 a.m.
- b. Adjournment

BOARD MEETING - Meeting will begin when the Finance Workshop ends.

5. a. Roll Call
- b. Approval of Minutes - February 17, 2011 Approve
- c. Public Comments - Limited to five speakers with three minutes per speaker. Others will be heard after Board Discussion items. If you have a report to present, please furnish a copy to the Clerk of the Board.

CONSENT ITEMS

6. MTS: Increased Authorization for Legal Services Approve/
Ratify
Action would authorize the CEO to execute MTS Doc. No. G1078.6-07 with Ryan, Mercaldo & Worthington, LLP for legal services and ratify prior amendments entered into under the CEO's authority.
7. MTS: Investment Report - January 2011 Receive
Action would receive a report for information.
8. MTS: Property Insurance Renewal Approve
Action would authorize the CEO to renew the property insurance coverage for MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) with the California State Association of Counties (CSAC) Property Insurance Program, effective March 31, 2011, through March 31, 2012, with a basic coverage deductible of \$25,000, \$100,000 for collision on buses and light rail vehicles, and \$1,500,000 on roads, bridges, and tunnels.
9. MTS: Contract Assignments for On-Call Construction Management Services Approve
Action would authorize the CEO to execute assignments of contracts from the San Diego Association of Governments (SANDAG) for on-call construction management services with AECOM/LAN, PGH Wong Engineering, Inc., and CALTROP.

CLOSED SESSION

24. a. MTS: CLOSED SESSION - PUBLIC EMPLOYEE PERFORMANCE EVALUATION Possible
Action
CHIEF EXECUTIVE OFFICER Pursuant to California Government Code Section 54957 (Jeff Stumbo)

CLOSED SESSION - CONTINUED

- | | | |
|----|--|--------------------|
| b. | MTS: CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS Pursuant to California Government Code Section 54956.8; <u>Property</u> : The Transit Store, 1010 Second Avenue, Suite 102, San Diego, CA 92101; <u>Agency Negotiators</u> : Paul Jablonski, CEO; Karen Landers, General Counsel; Ryan McCrary, Hughes Marino; Mark Lowthian, Manager of Passenger Services; <u>Negotiating Parties</u> : Executive Complex LP and Jamison Realty, Inc.
Under Negotiation: Price and Terms of Payment | Possible
Action |
| c. | SDTC: CLOSED SESSION - CONFERENCE WITH LABOR NEGOTIATORS Pursuant to California Government Code Section 54957.6; Agency-Designated Representative - Jeff Stumbo; Employee Organization - International Brotherhood of Electrical Workers, Local Union 465 | Possible
Action |
| d. | MTS: CLOSED SESSION - CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION Pursuant to California Government Code Section 54956.9(a) <u>Beverly W. Bickler v. MTS, et al.</u> (San Diego Superior Court Case No. 37-2009-00086688-CU-PO-CTL) | Possible
Action |

Oral Report of Final Actions Taken in Closed Session

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

- | | | |
|-----|--|-------------------|
| 30. | <u>MTS: Leon Williams Station Dedication (Sharon Cooney)</u>
Action would authorize the CEO to move forward with dedication of the San Diego State University (SDSU) Trolley Station to former MTS Chair Leon Williams and to accept the gift of a plaque to commemorate this dedication at the station. | Approve |
| 31. | <u>MTS: Refunding of the 2001 MTS Tower Refunding Certificates of Participation (Karen Landers)</u>
Action would: (1) adopt Resolution No. 11-3 approving, authorizing, and directing the execution and delivery of certain documents relating to the County of San Diego Certificates of Participation (2011 MTS Tower Refunding); (2) authorize the CEO, General Counsel, and Chief Financial Officer to execute the documents necessary to complete the transaction; and (3) authorize the CEO to execute the "MTDB Option to Purchase County Improvements." | Adopt/
Approve |

REPORT ITEMS

- | | | |
|-----|---|-------------|
| 45. | <u>MTS: Year-End Security Report (January through December 2010) (Bill Burke)</u>
Action would receive a report for information. | Receive |
| 46. | <u>MTS: South Bay Maintenance Facility Update (Elliot Hurwitz)</u>
Action would receive a report for information and provide comments. | Receive |
| 60. | <u>Chairman's Report</u> | Information |
| 61. | <u>Audit Oversight Committee Chairman's Report</u> | Information |

62. Chief Executive Officer's Report

Information

63. Board Member Communications

64. Additional Public Comments Not on the Agenda

If the limit of 5 speakers is exceeded under No. 3 (Public Comments) on this agenda, additional speakers will be taken at this time. If you have a report to present, please furnish a copy to the Clerk of the Board. Subjects of previous hearings or agenda items may not again be addressed under Public Comments.

65. Next Meeting Date: April 14, 2011

66. Adjournment

METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS
ROLL CALL

MEETING OF (DATE): March 24, 2011

CALL TO ORDER (TIME): 9:39 AM

RECESS: _____

RECONVENE: _____

CLOSED SESSION: 9:41 AM

RECONVENE: 10:48 AM

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 11:32 AM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CASTANEDA	<input checked="" type="checkbox"/> (Rindone) <input type="checkbox"/>		
CUNNINGHAM	<input type="checkbox"/> (Mullin) <input type="checkbox"/>		
EWIN	<input type="checkbox"/> (Sterling) <input type="checkbox"/>		
EMERALD	<input type="checkbox"/> (Faulconer) <input type="checkbox"/>		
ENGLAND	<input checked="" type="checkbox"/> (Gastil) <input type="checkbox"/>		11:13 AM
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		10:47 AM
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
LIGHTNER	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		10:47 AM
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		11:29 AM
YOUNG	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		10:54 AM

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD: Valerie Vizkeleti

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL: Phyllis Cox

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Agenda

Item No. 2a

MTS OPERATORS FINANCE WORKSHOP

March 24, 2011

SUBJECT:

MTS: FY 2011 MIDYEAR ADJUSTMENT AND FY 2012 PRELIMINARY PROJECTIONS (MIKE THOMPSON)

RECOMMENDATION:

That the Board of Directors:

1. approve the combined MTS FY 2011 midyear budget adjustment; and
2. receive a report regarding preliminary projections for FY 2012 and provide guidance on budgetary closure.

Budget Impact

None at this time.

DISCUSSION:

Combined MTS FY 2011 Midyear Adjustment

Revenues. Passenger fare revenues resulted in a \$2,021,000 unfavorable midyear adjustment primarily due to a decrease in average fares experienced so far this fiscal year. Through January 2011, year-to-date ridership is down 0.7% compared to the original FY 2011 budget, while average fares are down 2.1%.

Advertising revenues are projected to decrease by approximately \$66,000. This revenue decrease is attributed partially to the continued slowdown in the advertising market, as well as the decreasing number of buses available for advertising.

Other revenue is projected to decrease \$140,000. This is primarily due to lower-than-expected interest income on MTS cash balances.

Subsidy revenues resulted in a \$14,145,000 favorable midyear adjustment. This is primarily due to State Transit Assistance (STA) revenues received in August 2010 (\$14.4 million net of replenishment of capital). The MTS Board previously approved \$7,200,000 of STA funds to be utilized as an additional pay down of the variable pension



debt loan. The MTS Board directed the use of the additional \$7,235,000 of STA funds toward operations over FY 2011 and FY 2012. Due to the decrease in passenger revenues and increased expenses mentioned below, operations requires a total of \$5,503,000 of STA funds to be included in the midyear adjustment. Other midyear adjustments include:

- \$1,046,000 of additional TransNet revenue. This increase is due to a projected 6% increase in sales tax-related revenue for FY 2011;
- \$500,000 in additional FasTrak revenue from SANGAG; and
- all other adjustments totaled a decrease of \$41,000.

In total, consolidated revenues resulted in an \$12,059,000 favorable midyear adjustment.

Expenses. Total operating expenses resulted in an \$12,059,000 unfavorable midyear adjustment. This is primarily due to changes within personnel-related costs relating to additional pay down of the variable pension debt loan (previously approved by the MTS Board), as well as the increased pension rate for transit operations and higher-than-expected volumes with Americans with Disabilities Act (ADA) paratransit services.

Personnel-related expenses resulted in a \$10,048,000 unfavorable midyear adjustment, which includes the following:

- \$7,200,000 in additional expenses added to the midyear budget as a result of the additional pay down of the variable pension obligation bonds;
- \$2,100,000 in additional expenses due to San Diego Transit Corporation's pension contribution rate rising from the estimate of 17% in the original budget to 22.71% per the actuarial report;
- \$1,026,000 in additional expenses due to workers' compensation medical payments being significantly higher than previously expected within operations; and
- all other wage adjustments produced a favorable \$221,000 adjustment.

Total outside services produced an unfavorable midyear adjustment of \$1,519,000. This is primarily due to increased costs within purchased transportation costs (\$1,417,000) due to higher-than-expected demand for ADA paratransit services. There were additional savings within security expenses (\$308,000), which were partially offset by increased costs in repair and maintenance services (\$177,000).

Staff projects an unfavorable midyear adjustment of \$6,000 for materials and supplies expenses.

A total unfavorable increase in energy for the 2011 fiscal year is \$373,000. This is primarily due to increased total fleet miles compared to the original budget and also the increased rate for gasoline. The amended rates are as follows:

	ORIGINAL FY 11	AMENDED FY 11
CNG	\$0.941	\$0.937
Diesel	\$2.600	\$2.600
Gasoline	\$2.800	\$3.130

Risk management produced a favorable midyear adjustment of \$79,000.

General and administrative costs produced an unfavorable midyear adjustment of \$256,000. In previous fiscal years and in the original budget, any credit card discount expenses were netted with the revenue received. In fiscal year 2011, these costs are being correctly captured within expenses resulting in this midyear adjustment.

Debt service produced a favorable midyear adjustment of \$335,000 due to the increased pay downs of the variable pension obligation bonds.

Vehicle/facility leases resulted in an unfavorable midyear adjustment of \$272,000, which is primarily due to the lease for the new ADA paratransit facility in Kearny Mesa.

(See Attachments A through L for proposed operating budget adjustments.)

MTS FY 2012 Forecast

Staff will present an updated forecast for the upcoming fiscal year 2012 budget, including preliminary sales tax-related income projections and high-level expense assumptions.

Time Line/Calendar of Budgetary Process

Attachment M provides a recommended budgetary process time line.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Mike Thompson, 619.557.4557, Mike.Thompson@sdmts.com

MARCH24-11.2a.FY 11 ADJUSTMT &
FY 12 PRELIM PROJECT.MTHOMPSON

- Attachments:
- A. Total combined MTS consolidated midyear budget adjustments
 - B. Total combined administrative proposed adjustments
 - C. Total combined other activities proposed adjustments
 - D. Combined operating budget adjustments
 - E. Proposed operating budget adjustments for SDTC
 - F. Proposed operating budget adjustments for SDTI
 - G. Proposed operating budget adjustments for Fixed-Route Services
 - H. Proposed operating budget adjustments for Paratransit
 - I. Proposed operating budget adjustments for Chula Vista Transit
 - J. Proposed operating budget adjustments for Coronado Ferry
 - K. Proposed operating budget adjustments for Administration
 - L. Nonoperating funding sources by activity and type
 - M. Recommended budgetary process time line

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. A, Al 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	87,502,940	88,752,066	86,730,762	(2,021,304)	-2.3%
ADVERTISING REVENUE	782,986	1,359,800	1,293,800	(66,000)	-4.9%
CONTRACT SERVICE REVENUE	127,665	30,000	-	(30,000)	-100.0%
OTHER INCOME	4,826,066	4,269,247	4,158,617	(110,631)	-2.6%
TOTAL OPERATING REVENUES	93,239,657	94,411,114	92,183,179	(2,227,934)	-2.4%
NON OPERATING REVENUE					
SUBSIDY REVENUE	119,492,077	113,894,140	128,101,006	14,206,866	12.5%
RESERVE REVENUE	9,783,867	92,217	78,835	(13,382)	-14.5%
OTHER INCOME	7,643,656	10,928,950	11,022,593	93,643	0.9%
TOTAL NON OPERATING REVENUE	136,919,600	124,915,307	139,202,434	14,287,127	11.4%
TOTAL COMBINED REVENUES	230,159,257	219,326,421	231,385,614	12,059,193	5.5%
OPERATING EXPENSES					
LABOR EXPENSES	62,486,356	61,006,161	61,460,427	454,266	0.7%
FRINGE EXPENSES	45,799,567	43,602,213	53,195,816	9,593,603	22.0%
TOTAL PERSONNEL EXPENSES	108,285,923	104,608,373	114,656,243	10,047,869	9.6%
SECURITY EXPENSES	5,742,786	5,938,924	5,630,527	(308,398)	-5.2%
REPAIR/MAINTENANCE SERVICES	3,544,363	3,645,212	3,822,387	177,174	4.9%
ENGINE AND TRANSMISSION REBUILD	1,099,946	941,502	1,072,473	130,971	13.9%
OTHER OUTSIDE SERVICES	5,762,390	5,806,825	5,908,696	101,871	1.8%
PURCHASED TRANSPORTATION	53,329,417	52,521,945	53,939,027	1,417,082	2.7%
TOTAL OUTSIDE SERVICES	69,478,902	68,854,409	70,373,110	1,518,701	2.2%
LUBRICANTS	345,623	421,777	372,478	(49,300)	-11.7%
TIRES	920,180	727,128	765,253	38,125	5.2%
OTHER MATERIALS AND SUPPLIES	5,382,609	5,853,136	5,870,321	17,185	0.3%
TOTAL MATERIALS AND SUPPLIES	6,648,413	7,002,041	7,008,051	6,010	0.1%
DIESEL FUEL	5,402,932	5,308,335	5,912,121	603,786	11.4%
CNG	8,758,563	7,040,881	6,762,441	(278,440)	-4.0%
TRACTION POWER	6,582,977	6,048,528	6,035,056	(13,472)	-0.2%
UTILITIES	3,409,245	3,218,346	3,279,616	61,269	1.9%
TOTAL ENERGY	24,153,717	21,616,090	21,989,234	373,143	1.7%
RISK MANAGEMENT	4,619,737	4,142,419	4,062,922	(79,497)	-1.9%
GENERAL AND ADMINISTRATIVE	1,226,580	1,307,520	1,563,536	256,017	19.6%
DEBT SERVICE	14,902,621	11,161,456	10,826,688	(334,768)	-3.0%
VEHICLE / FACILITY LEASE	577,342	634,113	905,830	271,717	42.8%
TOTAL OPERATING EXPENSES	229,893,234	219,326,421	231,385,613	12,059,192	5.5%
NET OPERATING SUBSIDY	(136,653,578)	(124,915,308)	(139,202,434)	(14,287,127)	-11.4%
OVERHEAD ALLOCATION	0	-	-	-	-
ADJUSTED NET OPERATING SUBSIDY	(136,653,577)	(124,915,308)	(139,202,434)	(14,287,127)	-11.4%
TOTAL REVENUES LESS TOTAL EXPENSES	266,023	(0)	0	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONSOLIDATED ADMINISTRATION
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. B, AI 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
ADVERTISING REVENUE	782,986	1,359,800	1,293,800	(66,000)	-4.9%
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	3,082,940	2,509,285	2,489,917	(19,369)	-0.8%
TOTAL OPERATING REVENUES	3,865,925	3,869,085	3,783,717	(85,369)	-2.2%
NON OPERATING REVENUE					
SUBSIDY REVENUE	463,561	17,500	87,500	70,000	400.0%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	7,531,065	7,580,764	7,580,764	-	0.0%
TOTAL NON OPERATING REVENUE	7,994,626	7,598,264	7,668,264	70,000	0.9%
TOTAL COMBINED REVENUES	11,860,552	11,467,349	11,451,981	(15,369)	-0.1%
OPERATING EXPENSES					
LABOR EXPENSES	9,992,524	9,153,302	9,995,463	842,161	9.2%
FRINGE EXPENSES	2,660,296	3,836,731	3,652,358	(184,373)	-4.8%
TOTAL PERSONNEL EXPENSES	12,652,820	12,990,033	13,647,821	657,788	5.1%
SECURITY EXPENSES	5,628,779	5,820,344	5,534,357	(285,988)	-4.9%
REPAIR/MAINTENANCE SERVICES	52,917	64,338	42,275	(22,063)	-34.3%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	3,175,761	3,365,063	3,257,866	(107,197)	-3.2%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	8,857,457	9,249,745	8,834,498	(415,247)	-4.5%
LUBRICANTS	-	-	-	-	-
TIRES	7,242	8,750	9,450	700	8.0%
OTHER MATERIALS AND SUPPLIES	8,167	9,500	10,600	1,100	11.6%
TOTAL MATERIALS AND SUPPLIES	15,409	18,250	20,050	1,800	9.9%
DIESEL FUEL	128,945	94,187	123,140	28,953	30.7%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	585,428	615,448	544,882	(70,566)	-11.5%
TOTAL ENERGY	714,372	709,635	668,022	(41,613)	-5.9%
RISK MANAGEMENT	542,963	322,917	495,311	172,395	53.4%
GENERAL AND ADMINISTRATIVE	824,507	880,807	1,200,254	319,446	36.3%
DEBT SERVICE	8,488,281	8,489,076	8,445,509	(43,568)	-0.5%
VEHICLE / FACILITY LEASE	74,891	106,773	162,721	55,948	52.4%
TOTAL OPERATING EXPENSES	32,170,701	32,767,236	33,474,185	706,949	2.2%
NET OPERATING SUBSIDY	(28,304,776)	(28,898,150)	(29,690,468)	(792,318)	-2.7%
OVERHEAD ALLOCATION	20,491,114	21,299,886	22,022,204	722,318	3.4%
ADJUSTED NET OPERATING SUBSIDY	(7,813,662)	(7,598,264)	(7,668,264)	(70,000)	-0.9%
TOTAL REVENUES LESS TOTAL EXPENSES	180,964	-	-	0	-

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONSOLIDATED OTHER ACTIVITIES
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. C, AI 2a, 3/24/11**

	<u>ACTUAL FY10</u>	<u>ORIGINAL BUDGET FY11</u>	<u>AMENDED BUDGET FY11</u>	<u>\$ CHANGE BUDGET/ AMENDED</u>	<u>% CHANGE BUDGET/ AMENDED</u>
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	1,025,660	975,006	979,900	4,894	0.5%
TOTAL OPERATING REVENUES	1,025,660	975,006	979,900	4,894	0.5%
NON OPERATING REVENUE					
SUBSIDY REVENUE	-	-	-	-	-
RESERVE REVENUE	177,896	92,217	78,835	(13,382)	-14.5%
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	177,896	92,217	78,835	(13,382)	-14.5%
TOTAL COMBINED REVENUES	1,203,556	1,067,223	1,058,735	(8,488)	-0.8%
OPERATING EXPENSES					
LABOR EXPENSES	602,995	542,128	552,128	10,000	1.8%
FRINGE EXPENSES	62,699	103,744	88,895	(14,849)	-14.3%
TOTAL PERSONNEL EXPENSES	665,694	645,873	641,023	(4,849)	-0.8%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	13,365	16,000	16,000	-	0.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	206,104	171,700	166,700	(5,000)	-2.9%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	219,468	187,700	182,700	(5,000)	-2.7%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	5,496	2,500	2,500	-	0.0%
TOTAL MATERIALS AND SUPPLIES	5,496	2,500	2,500	-	0.0%
DIESEL FUEL	5,343	6,600	6,600	-	0.0%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	6,009	5,500	5,500	-	0.0%
TOTAL ENERGY	11,353	12,100	12,100	-	0.0%
RISK MANAGEMENT	33,728	33,300	34,100	800	2.4%
GENERAL AND ADMINISTRATIVE	108,153	103,625	103,625	-	0.0%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	1,043,893	985,098	976,048	(9,049)	-0.9%
NET OPERATING SUBSIDY	(18,233)	(10,092)	3,852	13,943	138.2%
OVERHEAD ALLOCATION	(74,569)	(82,125)	(82,686)	(561)	0.7%
ADJUSTED NET OPERATING SUBSIDY	(92,802)	(92,217)	(78,835)	13,382	14.5%
TOTAL REVENUES LESS TOTAL EXPENSES	85,094	0	-	0	-90.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONSOLIDATED OPERATIONS
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. D, AI 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	87,502,940	88,752,066	86,730,762	(2,021,304)	-2.3%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	127,665	30,000	-	(30,000)	-100.0%
OTHER INCOME	717,466	784,956	688,800	(96,156)	-12.2%
TOTAL OPERATING REVENUES	88,348,072	89,567,022	87,419,562	(2,147,460)	-2.4%
NON OPERATING REVENUE					
SUBSIDY REVENUE	119,028,516	113,876,640	128,013,506	14,136,866	12.4%
RESERVE REVENUE	9,605,971	-	-	-	-
OTHER INCOME	112,591	3,348,186	3,441,829	93,643	2.8%
TOTAL NON OPERATING REVENUE	128,747,078	117,224,826	131,455,336	14,230,509	12.1%
TOTAL COMBINED REVENUES	217,095,149	206,791,848	218,874,898	12,083,049	5.8%
OPERATING EXPENSES					
LABOR EXPENSES	51,890,836	51,310,730	50,912,836	(397,895)	-0.8%
FRINGE EXPENSES	43,076,573	39,661,738	49,454,563	9,792,825	24.7%
TOTAL PERSONNEL EXPENSES	94,967,409	90,972,468	100,367,398	9,394,931	10.3%
SECURITY EXPENSES	114,007	118,580	96,170	(22,410)	-18.9%
REPAIR/MAINTENANCE SERVICES	3,478,081	3,564,875	3,764,112	199,237	5.6%
ENGINE AND TRANSMISSION REBUILD	1,099,946	941,502	1,072,473	130,971	13.9%
OTHER OUTSIDE SERVICES	2,380,526	2,270,062	2,484,130	214,068	9.4%
PURCHASED TRANSPORTATION	53,329,417	52,521,945	53,939,027	1,417,082	2.7%
TOTAL OUTSIDE SERVICES	60,401,976	59,416,964	61,355,912	1,938,948	3.3%
LUBRICANTS	345,623	421,777	372,478	(49,300)	-11.7%
TIRES	912,939	718,378	755,803	37,425	5.2%
OTHER MATERIALS AND SUPPLIES	5,368,946	5,841,136	5,857,221	16,085	0.3%
TOTAL MATERIALS AND SUPPLIES	6,627,507	6,981,291	6,985,501	4,210	0.1%
DIESEL FUEL	5,268,644	5,207,549	5,782,381	574,833	11.0%
CNG	8,758,563	7,040,881	6,762,441	(278,440)	-4.0%
TRACTION POWER	6,582,977	6,048,528	6,035,056	(13,472)	-0.2%
UTILITIES	2,817,807	2,597,398	2,729,234	131,835	5.1%
TOTAL ENERGY	23,427,992	20,894,355	21,309,112	414,756	2.0%
RISK MANAGEMENT	4,043,046	3,786,202	3,533,511	(252,691)	-6.7%
GENERAL AND ADMINISTRATIVE	293,920	323,087	259,658	(63,430)	-19.6%
DEBT SERVICE	6,414,340	2,672,379	2,381,179	(291,200)	-10.9%
VEHICLE / FACILITY LEASE	502,451	527,341	743,109	215,769	40.9%
TOTAL OPERATING EXPENSES	196,678,640	185,574,088	196,935,380	11,361,292	6.1%
NET OPERATING SUBSIDY	(108,330,569)	(96,007,066)	(109,515,817)	(13,508,752)	-14.1%
OVERHEAD ALLOCATION	(20,416,545)	(21,217,761)	(21,939,518)	(721,757)	3.4%
ADJUSTED NET OPERATING SUBSIDY	(128,747,113)	(117,224,827)	(131,455,335)	(14,230,509)	-12.1%
TOTAL REVENUES LESS TOTAL EXPENSES	(35)	(0)	0	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
SAN DIEGO TRANSIT CORPORATION
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. E, AI 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	26,708,013	27,208,351	25,851,503	(1,356,848)	-5.0%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	127,665	30,000	-	(30,000)	-100.0%
OTHER INCOME	54,235	60,000	60,000	-	0.0%
TOTAL OPERATING REVENUES	26,889,913	27,298,351	25,911,503	(1,386,848)	-5.1%
NON OPERATING REVENUE					
SUBSIDY REVENUE	55,971,877	52,704,876	64,139,683	11,434,808	21.7%
RESERVE REVENUE	9,605,971	-	-	-	-
OTHER INCOME	-	3,200,000	3,200,000	-	0.0%
TOTAL NON OPERATING REVENUE	65,577,848	55,904,876	67,339,683	11,434,808	20.5%
TOTAL COMBINED REVENUES	92,467,761	83,203,227	93,251,187	10,047,960	12.1%
OPERATING EXPENSES					
LABOR EXPENSES	30,193,560	29,420,423	29,049,298	(371,125)	-1.3%
FRINGE EXPENSES	34,190,965	30,208,446	40,247,953	10,039,507	33.2%
TOTAL PERSONNEL EXPENSES	64,384,526	59,628,869	69,297,251	9,668,382	16.2%
SECURITY EXPENSES	4,351	15,000	-	(15,000)	-100.0%
REPAIR/MAINTENANCE SERVICES	749,004	848,756	810,000	(38,756)	-4.6%
ENGINE AND TRANSMISSION REBUILD	594,049	409,502	462,328	52,826	12.9%
OTHER OUTSIDE SERVICES	616,422	566,615	616,836	50,221	8.9%
PURCHASED TRANSPORTATION	35,680	27,887	-	(27,887)	-100.0%
TOTAL OUTSIDE SERVICES	1,999,506	1,867,760	1,889,164	21,404	1.1%
LUBRICANTS	174,347	218,083	179,464	(38,620)	-17.7%
TIRES	891,183	718,378	733,783	15,405	2.1%
OTHER MATERIALS AND SUPPLIES	3,015,921	3,204,413	3,117,786	(86,627)	-2.7%
TOTAL MATERIALS AND SUPPLIES	4,081,451	4,140,875	4,031,033	(109,842)	-2.7%
DIESEL FUEL	837,639	778,344	906,412	128,067	16.5%
CNG	4,908,513	4,095,686	4,139,796	44,109	1.1%
TRACTION POWER	-	-	-	-	-
UTILITIES	585,418	547,543	586,230	38,687	7.1%
TOTAL ENERGY	6,331,571	5,421,573	5,632,437	210,864	3.9%
RISK MANAGEMENT	1,769,156	1,716,285	1,669,552	(46,733)	-2.7%
GENERAL AND ADMINISTRATIVE	122,432	131,276	119,738	(11,538)	-8.8%
DEBT SERVICE	6,414,340	2,672,379	2,381,179	(291,200)	-10.9%
VEHICLE / FACILITY LEASE	183,515	256,428	236,079	(20,349)	-7.9%
TOTAL OPERATING EXPENSES	85,286,497	75,835,444	85,256,432	9,420,988	12.4%
NET OPERATING SUBSIDY	(58,396,584)	(48,537,093)	(59,344,929)	(10,807,835)	-22.3%
OVERHEAD ALLOCATION	(7,181,264)	(7,367,782)	(7,994,755)	(626,972)	8.5%
ADJUSTED NET OPERATING SUBSIDY	(65,577,848)	(55,904,876)	(67,339,683)	(11,434,808)	-20.5%
TOTAL REVENUES LESS TOTAL EXPENSES	(0)	0	0	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
SAN DIEGO TROLLEY INCORPORATED
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. F, AI 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	33,049,792	33,576,682	35,057,363	1,480,681	4.4%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	461,740	724,956	628,800	(96,156)	-13.3%
TOTAL OPERATING REVENUES	33,511,533	34,301,638	35,686,163	1,384,525	4.0%
NON OPERATING REVENUE					
SUBSIDY REVENUE	25,921,478	25,107,192	23,865,641	(1,241,551)	-4.9%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	25,921,478	25,107,192	23,865,641	(1,241,551)	-4.9%
TOTAL COMBINED REVENUES	59,433,011	59,408,830	59,551,804	142,974	0.2%
OPERATING EXPENSES					
LABOR EXPENSES	20,877,551	20,905,296	21,058,381	153,085	0.7%
FRINGE EXPENSES	8,696,927	9,264,612	8,863,177	(401,434)	-4.3%
TOTAL PERSONNEL EXPENSES	29,574,478	30,169,907	29,921,558	(248,349)	-0.8%
SECURITY EXPENSES	109,655	103,580	96,170	(7,410)	-7.2%
REPAIR/MAINTENANCE SERVICES	2,678,890	2,597,293	2,753,468	156,175	6.0%
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	753,749	601,719	749,178	147,459	24.5%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	3,542,294	3,302,592	3,598,816	296,223	9.0%
LUBRICANTS	171,276	203,694	193,014	(10,680)	-5.2%
TIRES	21,756	-	22,020	22,020	-
OTHER MATERIALS AND SUPPLIES	2,347,694	2,616,333	2,733,174	116,841	4.5%
TOTAL MATERIALS AND SUPPLIES	2,540,726	2,820,027	2,948,208	128,181	4.5%
DIESEL FUEL	334,988	350,021	365,096	15,076	4.3%
CNG	-	-	-	-	-
TRACTION POWER	6,582,977	6,048,528	6,035,056	(13,472)	-0.2%
UTILITIES	2,068,564	1,919,961	2,026,471	106,509	5.5%
TOTAL ENERGY	8,986,529	8,318,510	8,426,623	108,113	1.3%
RISK MANAGEMENT	2,268,990	2,059,917	1,853,959	(205,958)	-10.0%
GENERAL AND ADMINISTRATIVE	169,182	164,671	122,168	(42,504)	-25.8%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	174,364	210,384	199,574	(10,810)	-5.1%
TOTAL OPERATING EXPENSES	47,256,563	47,046,009	47,070,905	24,896	0.1%
NET OPERATING SUBSIDY	(13,745,030)	(12,744,371)	(11,384,742)	1,359,629	10.7%
OVERHEAD ALLOCATION	(12,176,483)	(12,362,821)	(12,480,899)	(118,077)	1.0%
ADJUSTED NET OPERATING SUBSIDY	(25,921,513)	(25,107,192)	(23,865,641)	1,241,551	4.9%
TOTAL REVENUES LESS TOTAL EXPENSES	(35)	(0)	0	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONTRACTED BUS OPERATIONS - FIXED ROUTE
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. G, AI 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	22,567,701	23,220,777	21,240,310	(1,980,466)	-8.5%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	47,318	-	-	-	-
TOTAL OPERATING REVENUES	22,615,019	23,220,777	21,240,310	(1,980,466)	-8.5%
NON OPERATING REVENUE					
SUBSIDY REVENUE	23,975,413	22,425,361	24,764,272	2,338,911	10.4%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	125,874	125,874	-
TOTAL NON OPERATING REVENUE	23,975,413	22,425,361	24,890,146	2,464,785	11.0%
TOTAL COMBINED REVENUES	46,590,432	45,646,138	46,130,457	484,319	1.1%
OPERATING EXPENSES					
LABOR EXPENSES	278,945	332,746	355,993	23,247	7.0%
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	278,945	332,746	355,993	23,247	7.0%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	2,692	11,375	120,587	109,212	960.1%
ENGINE AND TRANSMISSION REBUILD	422,381	444,000	522,145	78,145	17.6%
OTHER OUTSIDE SERVICES	614,309	547,567	562,074	14,507	2.6%
PURCHASED TRANSPORTATION	38,311,179	38,108,603	38,397,873	289,270	0.8%
TOTAL OUTSIDE SERVICES	39,350,561	39,111,545	39,602,679	491,134	1.3%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	15,090	-	(15,090)	-100.0%
TOTAL MATERIALS AND SUPPLIES	-	15,090	-	(15,090)	-100.0%
DIESEL FUEL	2,420,930	2,385,057	2,537,686	152,629	6.4%
CNG	3,552,122	2,724,937	2,608,046	(116,891)	-4.3%
TRACTION POWER	-	-	-	-	-
UTILITIES	2,449	4,425	3,796	(629)	-14.2%
TOTAL ENERGY	5,975,501	5,114,418	5,149,527	35,109	0.7%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	(1,044)	4,965	3,344	(1,621)	-32.6%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	144,572	60,529	27,456	(33,072)	-54.6%
TOTAL OPERATING EXPENSES	45,748,534	44,639,294	45,139,000	499,706	1.1%
NET OPERATING SUBSIDY	(23,133,515)	(21,418,517)	(23,898,690)	(2,480,173)	-11.6%
OVERHEAD ALLOCATION	(841,898)	(1,006,844)	(991,457)	15,387	-1.5%
ADJUSTED NET OPERATING SUBSIDY	(23,975,413)	(22,425,361)	(24,890,147)	(2,464,786)	-11.0%
TOTAL REVENUES LESS TOTAL EXPENSES	0	(0)	(1)	(0)	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CONTRACTED BUS OPERATIONS - PARATRANSIT
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. H, AI 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	1,842,101	1,482,817	1,805,236	322,419	21.7%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	1,842,101	1,482,817	1,805,236	322,419	21.7%
NON OPERATING REVENUE					
SUBSIDY REVENUE	9,492,164	10,002,466	11,511,580	1,509,114	15.1%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	112,591	148,186	115,955	(32,231)	-21.8%
TOTAL NON OPERATING REVENUE	9,604,754	10,150,652	11,627,535	1,476,883	14.5%
TOTAL COMBINED REVENUES	11,446,855	11,633,469	13,432,771	1,799,302	15.5%
OPERATING EXPENSES					
LABOR EXPENSES	153,344	168,357	163,770	(4,587)	-2.7%
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	153,344	168,357	163,770	(4,587)	-2.7%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	212,168	242,700	238,852	(3,848)	-1.6%
PURCHASED TRANSPORTATION	9,385,779	9,209,470	10,428,093	1,218,623	13.2%
TOTAL OUTSIDE SERVICES	9,597,947	9,452,169	10,666,944	1,214,775	12.9%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	1,669,256	1,655,422	1,966,024	310,602	18.8%
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	1,448	-	1,033	1,033	-
TOTAL ENERGY	1,670,705	1,655,422	1,967,057	311,635	18.8%
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	1,339	4,800	8,277	3,477	72.4%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	280,000	280,000	-
TOTAL OPERATING EXPENSES	11,423,334	11,280,749	13,086,049	1,805,300	16.0%
NET OPERATING SUBSIDY	(9,581,233)	(9,797,931)	(11,280,813)	(1,482,881)	-15.1%
OVERHEAD ALLOCATION	(23,521)	(352,721)	(346,722)	5,998	-1.7%
ADJUSTED NET OPERATING SUBSIDY	(9,604,754)	(10,150,652)	(11,627,535)	(1,476,883)	-14.5%
TOTAL REVENUES LESS TOTAL EXPENSES	-	0	0	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CHULA VISTA TRANSIT
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. I, AI 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	3,335,333	3,263,439	2,776,350	(487,089)	-14.9%
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	154,173	-	-	-	-
TOTAL OPERATING REVENUES	3,489,506	3,263,439	2,776,350	(487,089)	-14.9%
NON OPERATING REVENUE					
SUBSIDY REVENUE	3,186,594	3,153,197	3,248,781	95,584	3.0%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	3,186,594	3,153,197	3,248,781	95,584	3.0%
TOTAL COMBINED REVENUES	6,676,100	6,416,636	6,025,131	(391,505)	-6.1%
OPERATING EXPENSES					
LABOR EXPENSES	387,436	483,908	285,393	(198,515)	-41.0%
FRINGE EXPENSES	-	-	154,753	154,753	-
TOTAL PERSONNEL EXPENSES	387,436	483,908	440,146	(43,762)	-9.0%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	47,495	107,450	80,056	(27,394)	-25.5%
ENGINE AND TRANSMISSION REBUILD	83,515	88,000	88,000	(0)	0.0%
OTHER OUTSIDE SERVICES	28,378	155,962	161,692	5,730	3.7%
PURCHASED TRANSPORTATION	5,459,969	5,036,617	4,973,693	(62,925)	-1.2%
TOTAL OUTSIDE SERVICES	5,619,358	5,388,029	5,303,441	(84,589)	-1.6%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	5,330	5,300	6,261	961	18.1%
TOTAL MATERIALS AND SUPPLIES	5,330	5,300	6,261	961	18.1%
DIESEL FUEL	5,831	38,705	7,164	(31,541)	-81.5%
CNG	297,928	220,257	14,599	(205,658)	-93.4%
TRACTION POWER	-	-	-	-	-
UTILITIES	159,928	125,469	111,704	(13,765)	-11.0%
TOTAL ENERGY	463,687	384,431	133,467	(250,964)	-65.3%
RISK MANAGEMENT	4,900	10,000	10,000	-	0.0%
GENERAL AND ADMINISTRATIVE	2,011	17,375	6,131	(11,244)	-64.7%
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	6,482,722	6,289,044	5,899,446	(389,598)	-6.2%
NET OPERATING SUBSIDY	(2,993,216)	(3,025,604)	(3,123,096)	(97,492)	-3.2%
OVERHEAD ALLOCATION	(193,379)	(127,593)	(125,685)	1,908	-1.5%
ADJUSTED NET OPERATING SUBSIDY	(3,186,594)	(3,153,197)	(3,248,781)	(95,584)	-3.0%
TOTAL REVENUES LESS TOTAL EXPENSES	(0)	(0)	0	0	0.0%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
CORONADO FERRY
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. J, AI 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
SUBSIDY REVENUE	136,810	139,368	139,368	-	0.0%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	136,810	139,368	139,368	-	0.0%
TOTAL COMBINED REVENUES	136,810	139,368	139,368	-	0.0%
OPERATING EXPENSES					
LABOR EXPENSES	-	-	-	-	-
FRINGE EXPENSES	-	-	-	-	-
TOTAL PERSONNEL EXPENSES	-	-	-	-	-
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	-	-	-	-	-
PURCHASED TRANSPORTATION	136,810	139,368	139,368	-	0.0%
TOTAL OUTSIDE SERVICES	136,810	139,368	139,368	-	0.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	136,810	139,368	139,368	-	0.0%
NET OPERATING SUBSIDY	(136,810)	(139,368)	(139,368)	-	0.0%
OVERHEAD ALLOCATION	-	-	-	-	-
ADJUSTED NET OPERATING SUBSIDY	(136,810)	(139,368)	(139,368)	-	0.0%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	-

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATIVE PASS THROUGH
OPERATING BUDGET - CONSOLIDATED
FISCAL YEAR 2011**

**Finance Workshop
Att. K, AI 2a, 3/24/11**

	ACTUAL FY10	ORIGINAL BUDGET FY11	AMENDED BUDGET FY11	\$ CHANGE BUDGET/ AMENDED	% CHANGE BUDGET/ AMENDED
OPERATING REVENUE					
PASSENGER REVENUE	-	-	-	-	-
ADVERTISING REVENUE	-	-	-	-	-
CONTRACT SERVICE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-	-
NON OPERATING REVENUE					
SUBSIDY REVENUE	344,180	344,180	344,180	-	0.0%
RESERVE REVENUE	-	-	-	-	-
OTHER INCOME	-	-	-	-	-
TOTAL NON OPERATING REVENUE	344,180	344,180	344,180	-	0.0%
TOTAL COMBINED REVENUES	344,180	344,180	344,180	-	0.0%
OPERATING EXPENSES					
LABOR EXPENSES	-	-	-	-	-
FRINGE EXPENSES	188,680	188,680	188,680	-	0.0%
TOTAL PERSONNEL EXPENSES	188,680	188,680	188,680	-	0.0%
SECURITY EXPENSES	-	-	-	-	-
REPAIR/MAINTENANCE SERVICES	-	-	-	-	-
ENGINE AND TRANSMISSION REBUILD	-	-	-	-	-
OTHER OUTSIDE SERVICES	155,500	155,500	155,500	-	0.0%
PURCHASED TRANSPORTATION	-	-	-	-	-
TOTAL OUTSIDE SERVICES	155,500	155,500	155,500	-	0.0%
LUBRICANTS	-	-	-	-	-
TIRES	-	-	-	-	-
OTHER MATERIALS AND SUPPLIES	-	-	-	-	-
TOTAL MATERIALS AND SUPPLIES	-	-	-	-	-
DIESEL FUEL	-	-	-	-	-
CNG	-	-	-	-	-
TRACTION POWER	-	-	-	-	-
UTILITIES	-	-	-	-	-
TOTAL ENERGY	-	-	-	-	-
RISK MANAGEMENT	-	-	-	-	-
GENERAL AND ADMINISTRATIVE	-	-	-	-	-
DEBT SERVICE	-	-	-	-	-
VEHICLE / FACILITY LEASE	-	-	-	-	-
TOTAL OPERATING EXPENSES	344,180	344,180	344,180	-	0.0%
NET OPERATING SUBSIDY	(344,180)	(344,180)	(344,180)	-	0.0%
OVERHEAD ALLOCATION	-	-	-	-	-
ADJUSTED NET OPERATING SUBSIDY	(344,180)	(344,180)	(344,180)	-	0.0%
TOTAL REVENUES LESS TOTAL EXPENSES	-	-	-	-	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
NON OPERATING FUNDING SOURCES BY ACTIVITY
FISCAL YEAR 2011
SECTION 9.01

	Federal	TDA	STA	State - Other	TransNet	Other Local	Other Non Operating	Reserves/ Carryovers	Total
SDTC	16,782,608	19,656,604	12,737,970	-	14,447,688	3,714,814	-	-	67,339,683
SDTI	16,800,000	2,065,641	-	-	5,000,000	-	-	-	23,865,641
MCS 801 - South Central	-	15,469,970	-	-	-	-	-	-	15,469,970
MCS 802 - JARC Otay	370,058	370,058	-	-	-	-	-	-	740,116
MCS 803 - JARC Mid City	142,463	142,463	-	-	-	-	-	-	284,926
MCS 820 - East County	-	4,515,289	-	-	-	-	-	-	4,515,289
MCS 830 - Commuter Express	-	-	-	-	-	967,416	-	-	967,416
MCS 831 - Murphy Canyon	-	-	-	-	-	125,874	-	-	125,874
MCS 835 - Central Routes 961-965	-	2,075,762	-	-	-	-	-	-	2,075,762
MCS 840 - Regional Transit Center Maintenance	-	210,497	-	-	-	-	-	-	210,497
MCS 850 - ADA Access	3,869,693	4,926,172	-	1,600,000	613,000	181,102	-	-	11,189,967
MCS 856 - ADA Certification	-	205,658	-	-	-	-	-	-	205,658
MCS 875 - Coaster Connection	-	115,955	-	-	-	115,955	-	-	231,910
MCS 880 - Rural	435,296	65,001	-	-	-	-	-	-	500,297
Chula Vista Transit	-	3,248,781	-	-	-	-	-	-	3,248,781
Coronado Ferry	-	139,368	-	-	-	-	-	-	139,368
Administrative Pass Thru	-	344,180	-	-	-	-	-	-	344,180
Subtotal Operations	38,400,118	53,551,399	12,737,970	1,600,000	20,060,688	5,105,161	-	-	131,455,335
Taxicab	-	-	-	-	-	-	-	85,575	85,575
SD&AE	-	-	-	-	-	-	-	(6,740)	(6,740)
Subtotal Other Activities	-	-	-	-	-	-	-	78,835	78,835
Administrative	87,500	-	-	-	-	-	7,580,764	-	7,668,264
Grand Total	38,487,618	53,551,399	12,737,970	1,600,000	20,060,688	5,105,161	7,580,764	78,835	139,202,434

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
FY 2012 BOARD MEETING CALENDAR

DATE	Meeting	Review Points
2/25/2011	Budget Development Committee	FY11 Mid Year, Subsidy Revenues, Prelim FY12 Budget
3/24/2010	Finance Workshop	FY11 Mid Year, Subsidy Revenues, Prelim FY12 Budget
4/4/2011	Budget Development Committee	FY 2012 Draft Budget: Revenues, Expenses, Policy Issues, Energy, Budget Closure
4/28/2011	Finance Workshop	FY 2012 Draft Budget: Revenues, Expenses, Policy Issues, Energy, Budget Closure
5/19/2011	Finance Workshop	Financial Status, Operational Issues Overview, Revenue, Expenses, Five Year Forecast, Budget Closure
6/9/2011	Public Hearing	Public Hearing, Board Adoption



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Agenda

Item No. 2b

MTS OPERATORS FINANCE WORKSHOP

March 24, 2011

SUBJECT:

MTS: FISCAL YEAR 2012 CAPITAL IMPROVEMENT PROGRAM (CIP)
(MIKE THOMPSON)

RECOMMENDATION:

That the MTS Board of Directors:

1. approve the fiscal year 2012 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels (Attachments A and B). As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
2. recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of Federal Sections 5307 and 5309 applications for the MTS fiscal year 2012 CIP (shown in Attachment A);
3. approve the transfer of \$199,312 from previous CIP projects to the fiscal year 2012 CIP; and
4. recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2012 CIP recommendations.

Budget Impact

The total estimated funding for fiscal year 2012 is \$89.3 million (Attachment A). After the utilization of \$41.5 million in preventative maintenance, \$3.9 million for Americans with Disabilities Act (ADA) preventative maintenance (fiscal year 2011 operating budget), and funding for planning studies for SANDAG totaling \$881,591, \$43 million is available for capital projects.



DISCUSSION:

Section 5307 and Section 5309 Funds

The fiscal year 2012-recommended MTS CIP (Attachments A and B) would serve as the basis for the federal formula grant applications. The Federal Transit Administration (FTA) requires submission of grant applications to obligate annual appropriations under Section 5309 (Rail Modernization and Fixed Guideway New Starts) and Section 5307 (Urbanized Area Formula Assistance). The Section 5307 and Section 5309 funding levels (as indicated within Attachment A) are estimates.

The Federal Transit Administration (FTA) funding that MTS receives is structured on a reimbursement basis (after expenses are incurred). Local funding (Transit Development Act [TDA]/TransNet) that MTS receives is scheduled at the beginning of the fiscal year and is received monthly. In many situations, funds are received before expenses are incurred. The FTA allows federal recipients to move federal dollars to operations to fund the organization's preventative maintenance.

Traditionally, SANDAG has apportioned the formula funds between MTS and the North County Transit District (NCTD) based on population with MTS receiving approximately 70 percent and NCTD receiving approximately 30 percent of the Section 5307 funds after the off-the-top funds are programmed for the regional vanpool program. Section 5307 and Section 5309 funds can generally be used to provide 80 percent of the cost of capital projects and the cost of preventive maintenance activities, which is an operating cost.

The Section 5307 Urbanized Area Formula Program is a block grant program in which each urbanized area over 50,000 in population receives financial assistance to provide public transit. The formula for determining each metropolitan area's share of funds is based on an urbanized area's population, population density, levels of existing fixed-guideway service, and levels of existing bus service and ridership. The Section 5307 program is designed to meet routine capital needs. Section 5307 Formula funds may not be used for operating assistance; however, the Transportation Equity Act for the 21st Century (TEA-21) expanded the definition of capital to include preventive maintenance, thereby, in effect, mitigating the relative lack of federal assistance for operations. In addition to the expanded definition of capital, the Section 5307 Urbanized Area Formula Program also allows for a 10 percent maximum allocation from the Federal 5307 apportionment to support operations of the ADA complementary paratransit service provided by MTS.

The estimated allocation for the MTS Section 5307 program is \$45.9 million (including carryforward from FY 2011), which would be matched with local funds of \$11.5 million. This program would provide an estimated \$57.4 million to fund fiscal year 2012 capital projects.

The Fixed-Guideway Modernization Program (also known as Rail Mod) is one of three categories of funding under the Section 5309 Capital Investment Program, which also includes the Bus Capital and Fixed-Guideway New Starts Programs. Unlike the Section 5309 Bus Capital and Fixed-Guideway New Starts Programs, which are designed to assist in meeting extraordinary capital needs and are awarded generally at

the discretion of Congress or the FTA, Section 5309 Rail Mod funds are allocated on a formula basis to rail systems that have been in operation for at least seven years. Eligible projects include the modernization of existing fixed-guideway systems, including rolling stock. For fiscal year 2012, the Section 5309 funds estimated allocation to MTS is \$14 million (including carryforward from FY 2011) and would be matched with local funds of \$3.5 million. The program would provide an estimated \$17.5 million to fund fiscal year 2012 capital projects.

MTS also received State of Good Repair funds totaling \$3,750,000 (including \$750,000 in local match), which have been applied to this year's CIP.

Local Match

The local match for CIP projects will come from the pooled transit finances for the MTS region. While it is likely that the actual funds used would be TDA funds, final decisions on the matching source would be made during the fiscal year 2012 CIP implementation process in order to maximize the availability and flexibility of funding.

Other Revenue

Historically, MTS has utilized TDA funds received in the prior fiscal year as the match for preventative maintenance. In the fiscal year 2012 CIP, staff is correcting this timing issue and utilizing the current-year TDA as match, which also generates a one-time infusion of \$10 million in the CIP received in the previous fiscal year.

Federal legislation passed that allows compressed natural gas (CNG) providers to receive a rebate of 50 cents per therm of CNG as part of an incentive for providers to increase infrastructure of this cleaner fuel. This rebate program administered through the Internal Revenue Service (IRS) was extended through December 31, 2012. The total financial rebate for fiscal year 2011 is estimated at \$3.2 million.

Prior to finalizing the recommendation, all previously budgeted capital projects were reviewed to identify certain projects that may have been delayed or completed under budget to be sure that deserving new projects do not go unfunded while prior-year capital programming remains tied up and unused. As a result of this review, we identified and transferred \$199,312 to the fiscal year 2012 CIP.

Revenue Shifted to Operations

In fiscal year 2011, \$13.2 million in capital revenues were shifted to support operations. Five million dollars in TDA funds were used to pay the variable pension obligation debt loan with Dexia. Another \$5 million in TDA funds and \$3.2 million in CNG credits were used in operations to balance the fiscal year 2011 budget.

Development of the MTS Fiscal Year 2012 CIP

The CIP process began in October 2010 with the call for projects. The recommended CIP assumes \$41.5 million for preventative maintenance, \$3.9 million for ADA preventative maintenance, and \$881,591 in SANDAG planning studies. The remaining projects compete for the balance of available funding. A meeting of the Capital Projects

Review Committee was held to review the project list and to develop a CIP recommendation for fiscal year 2012. In accordance with the capital projects selection process, the Capital Projects Review Committee is comprised of representatives from MTS Bus, MTS Rail, MTS Administration, Chula Vista Transit, and SANDAG. Each Capital Projects Review Committee member was responsible for submitting the capital requests for their division, agency, or city. The Capital Projects Review Committee reviewed and approved the prioritization of those capital requests.

The Capital Improvements Project List (Attachment B) represents the five-year, unconstrained need for the MTS operators. Each MTS agency submitted its capital project requests in priority order, and the lists were consolidated for review by the Capital Projects Review Committee. The Capital Projects Review Committee reviewed the projects in the context of their impact on operations and determined the most critical projects to fund this year. The remaining projects were deferred; however, it is recognized that the continued deferral of some projects could have negative impacts on system infrastructure in future years.

Of the \$43 million available after preventative maintenance and SANDAG planning studies, \$22.5 million (or 52.3 percent) has been dedicated to bus revenue vehicles. In addition, \$9.4 million (or 21.8 percent) would be dedicated to major facility and construction projects. The table below is a summary of the Capital Projects Review Committee's recommendations, the major categories that are proposed to be funded, and the percentage of total available funding.

FY 12 Capital Project Categories	Funding	% of Total
Bus Revenue Vehicles	\$ 22,500	52.3%
Major Facility & Construction Projects	9,382	21.8%
Information Technology	4,545	10.6%
LRV Components (Tires, Body Rehab, Other)	3,440	8.0%
Rail Infrastructure	2,012	4.7%
Other Equipment & Installations	873	2.0%
Miscellaneous Operating Capital	250	0.6%
Grand Total	\$ 43,003	

Five-Year Capital Program Projections

Attachment C summarizes a high-level look at the five-year capital program. The federal 5307 and 5309 funding levels are projected to increase by 2 percent for fiscal year 2013 and increase by 4 percent through 2016. Total capital needs for fiscal year 2013 and beyond exceed the available projected funding levels. The fiscal year 2013 capital needs total \$95.9 million, and the available funding for the year is 47.2 percent of total project needs.

The disparity between funding levels and capital needs will continue in future years without the identification of additional revenue sources. Total project needs over the five-year term are projected to be \$374.2 million. Projected deficits from fiscal year 2013 to fiscal year 2016 total \$75.3 million. The ratio of total funding to total capital needs over the five-year term is projected at 79.9 percent.



Paul C. Jablonski
Chief Executive Officer

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Attachments: A. Fiscal Year 2012 Funding Sources
B. Fiscal Year 2012 Capital Improvement Projects List
C. Funding Compared to Capital Needs for Fiscal Years 2013 – 2016

San Diego Metropolitan Transit System FY 2012 Funding Sources (\$000s)

Funding Description	FY12
Federal FY11 - 5307 Funding Estimate	\$ 38,697
FFY10 - 5307 Carryforward from FY11 grant	7,219
Federal FY11- 5309 Funding Estimate	13,792
Federal FY10- 5309 Carryforward	223
State of Good Repair Earmark (New 40 ft Bus procurement)	3,000
Transportation Development Act (TDA)	36,124
Compressed Natural Gas (CNG) Tax Credits	3,200
Project Transfers Federal - 11239	39
Project Transfers TDA- 11239	10
Project Transfers Federal - 11250	121
Project Transfers TDA - 11250	30
Operations Usage - \$5.0M TDA; \$3.2M CNG Credits	(8,200)
Variable Pension Obligation Debt (Dexia)	(5,000)
Total Available Funding	\$ 89,254
Preventive Maintenance - Federal 5307	\$ (19,185)
ADA Preventive Maintenance - Federal 5307	(3,870)
SANDAG Planning Study - Federal 5307	(705)
Preventive Maintenance - Federal 5309	(14,015)
Preventive Maintenance - FY12 TDA Match	(8,300)
SANDAG Planning Study - FY12 TDA Match	(176)
Total Preventative Maintenance/SANDAG Planning	\$ (46,251)
Available Funding for FY 12 Capital Program	\$ 43,003

**San Diego Metropolitan Transit System
FY 2012 Capital Improvement Project List (\$000s)**

Division	FY 2012 Priority	Project Description	Thru FY11	FY12 funded	FY12 Unfunded	FY13	FY14	FY15	FY16	BUDGET FY12 - 16
MTS Bus	1.0	Metropolitan Transit System Bus Replacement	-	19,980		18,842	18,000	22,500	24,589	103,911
MTS Bus	1.0	East County Facility Redevelopment (Construction)	14,117	5,000		9,819	14,824	10,831	8,909	49,383
MTS Bus	1.0	Para-Transit Vehicles(American Disability Act)	1,351	2,520		3,900	4,500			10,920
MTS Bus	1.0	South Bay Maintenance Facility Land Acquisition	7,294	2,000						2,000
MTS	1.0	San Ysidro Intermodal Transit Station	29,032	1,747						1,747
MTS Bus	1.1	South Bay & East County Radio/Automatic Vehicle Locator /Automatic Passenger Counter	1,000	1,235		4,165				5,400
SDTI	1.0	Substation rehab.	5,698	1,557		2,095				3,652
MTS	1.0	Regional Scheduling System Upgrade		1,000		250				1,250
MTS Bus	1.0	Regional Radio System Upgrade (IAD & KMD)		1,000		1,250				2,250
MTS	1.0	Information Technology Financial System	500	800		936				1,736
SDTI	1.0	Light Rail Vehicle Brake Overhaul	1,425	800		800	800	800	800	4,000
SDTI	1.0	Light Rail Vehicle Tires	2,880	750		750	750	750	750	3,750
MTS Bus	1.0	Compressed Natural Gas Station Improvements (IAD, KMD, SB)	5,413	635						635
SDTI	1.0	Buffer/ Coupler Overhaul (SD-100)	960	520						520
SDTI	1.0	Traction Motor Disconnects (SD100)	550	520						520
La Mesa	1.0	La Mesa Village Trolley Access Improvements	-	420						420
SDTI	1.0	New Wheel Truing Machine/ Wheel scan	1,800	400						400
MTS	1.0	Network Infrastructure		380						380
SDTI	1.0	Rail Profile Grinding	1,648	325		350	350	370	380	1,775
MTS	1.0	Miscellaneous Capital	1,085	250		500	500	500	500	2,250
SDTI	1.0	Light Rail Vehicle Body Rehabilitation	2,710	250		250	250	250	250	1,250
SDTI	1.0	Light Rail Vehicle Electronic Components	980	200						200
La Mesa	1.0	Allison Avenue Bus Corridor Improvements	-	140						140
MTS Bus	1.1	Teleinfo - Interactive Voice Response System Upgrade		130						130
SDTI	1.1	Escalator and Elevator Capital expenses	125	125		125				250
MTS	1.0	Transit Center Signage Project	100	100		100	50	50		300
SDTI	1.0	Blue Line Tie Replacement	1,215	80		200	200	250	250	980
La Mesa	1.0	La Mesa Boulevard Bus Shelters	-	70						70
SDTI	1.1	Beyer Blvd. Bridge Repairs		50		330				380
CVT	1.0	Walk Behind Shop Scrubber for Chula Vista Transit	-	18						18
MTS	1.0	Finance Budgeting Software			125					125
MTS	1.0	Stores Storage			50	-	-	-	-	50
SDTI	1.1	Overhead Catenary System standardization			975					975
SDTI	1.1	System Headway Improvements			880					880
SDTI	1.1	San Diego State University Fire Alarm Panel Upgrade			650					650
SDTI	1.1	Inverters Overhaul (SD100)			500					500
SDTI	1.1	Switch Frog & Diamond Replacement for Broadway WYE			460					460
SDTI	1.1	Mission Valley East Signal Verification and Drawing Revisions			350					350
SDTI	1.1	Mainline Drainage Improvements	403		250					250
SDTI	1.1	El Cajon Interlocking Modification			200	580				780
SDTI	1.1	System Grade Crossing Replacement			200	1,000	900	900	900	3,900
SDTI	1.1	Replace Wiggins Forklift			200					200
SDTI	1.1	Uninterruptible Power Supply Battery Replacement (SDSU and OCC)			150					150
SDTI	1.1	Replacement of Station Cleaning Equipment	1,630		150					150
MTS	1.1	Application Service Monitoring Software			125					125
SDTI	1.1	Passenger Window Retrofit (S70)			100					100
SDTI	1.1	Remove Commercial Street Switches			75					75

**San Diego Metropolitan Transit System
FY 2012 Capital Improvement Project List (\$000s)**

Division	FY 2012 Priority	Project Description	Thru FY11	FY12 funded	FY12 Unfunded	FY13	FY14	FY15	FY16	BUDGET FY12 - 16
SDTI	1.1	Bill Unit Upgrade/Overhaul			66					66
SDTI	1.2	Electronic Message Boards Replacement Signs			3,200					3,200
SDTI	1.2	Rio Vista Platform Repairs			790					790
MTS Bus	1.2	Regional Communication System/Radio System Replacement (American Disability Act & Ru	-		700					700
SDTI	1.2	Orange line Signal System Engineering Drawing and Plan Update			500					500
SDTI	1.2	8th Street Channel Bridge Repairs			470					470
SDTI	1.2	Las Chollas Creek Bridge Repairs			470					470
SDTI	1.2	Power Yard Switch Automation / Replacement Design			400					400
SDTI	1.2	Wood Chipper			80					80
MTS Bus	1.2	Kearny Mesa Division Building Improvements	254		75					75
SDTI	1.2	Building A- roll up door replacement	50		50					50
MTS Bus	1.3	Imperial Ave. Division Fall Protection/Cover	-		300					300
MTS Bus	1.3	Transit Store Improvements	-		110					110
SDTI	3.0	Blue Line Rehabilitation	88,803	-	-	38,567	38,744	38,744	29,058	145,112
SDTI	3.0	Interior / Exterior Lighting upgrade SD100		-	-	1,040				1,040
SDTI	3.0	Chopper Overhaul		-	-	1,450				1,450
SDTI	3.0	Journal Bearing rehabilitation(SD100)		-	-	375				375
SDTI	3.0	Brake Tooling (S70)		-	-	200				200
SDTI	3.0	Sanding / Shop		-	-	150				150
SDTI	3.0	Replace building "C" bay doors		-	-	275				275
MTS Bus	3.0	Service Trucks (3-F450's for MTS Bus)	335	-	-	330	200			530
MTS Bus	3.0	Imperial Ave. Division Heating Ventilation/Air Conditioning and Roof Repairs	209	-	-	1,500				1,500
MTS Bus	3.0	Solar Panels (Metropolitan Transit System)	-	-	-	4,175				4,175
MTS Bus	3.0	Para-Transit Vehicles Automatic Vehicle Locator & Mobile Data Terminal (ADA & Rural)	-	-	-	980				980
MTS Bus	3.0	Vehicle Camera System (American Disability Act & Rural)	-	-	-	500				500
La Mesa	3.0	Transit Corridor Bus Stop Improvements	-	-	-	114	114	114		342
Project Totals			171,568	43,003	12,651	95,898	80,182	76,058	66,386	374,177

**San Diego Metropolitan Transit System
Funding Compared to Capital Needs (\$000s)
Fiscal Years 2012-2016**

	Proposed FY12	Projected FY13	Projected FY14	Projected FY15	Projected FY16	Total FY12 to FY16
Total Revenues						
Recurring Dedicated CIP Revenues	\$ 76,055	\$ 66,922	\$ 69,600	\$ 72,383	\$ 75,279	\$ 360,239
Other Non Recurring Revenues	13,199	24,723	47,744	47,744	38,058	171,468
Total Capital Revenues	89,254	91,646	117,343	120,127	113,337	531,707
Less: "Off the Top" Expenses						
SANDAG Planning Studies	\$ (882)	\$ (899)	\$ (935)	\$ (973)	\$ (1,012)	\$ (4,700)
ADA Preventative Maintenance	(3,870)	(3,947)	(4,105)	(4,269)	(4,440)	(20,631)
Preventative Maintenance	(41,500)	(41,500)	(41,500)	(41,500)	(41,500)	(207,500)
Total "Off The Top" Expenses	(46,251)	(46,346)	(46,540)	(46,742)	(46,951)	(232,831)
Adjusted Available CIP Revenues	\$ 43,003	\$ 45,299	\$ 70,803	\$ 73,385	\$ 66,386	\$ 298,876
Total Project Needs	55,654	95,898	80,182	76,058	66,386	374,177
Total Deficit	\$ (12,651)	\$ (50,599)	\$ (9,378)	\$ (2,673)	\$ (0)	\$ (75,301)
% of Funding / Needs	77.3%	47.2%	88.3%	96.5%	100.0%	79.9%
Accumulated Deficit	\$ (12,651)	\$ (63,250)	\$ (72,628)	\$ (75,301)	\$ (75,301)	

Metropolitan Transit System FY 2011 Midyear Adjustment and FY 2012 Budget Development

MTS Board of Directors
Finance Workshop
March 24, 2011



1



Operating / Capital Budget Background

- FY09 - Moved Additional Federal into Operations (Preventative Maintenance), TDA to Capital
 - Increased to maximum availability based on Operations budget (\$41.5M)
 - Spending Federal dollars more timely
 - Swapped flexible, interest bearing TDA in Capital Program (\$10M)
- FY10 - Variable Pension Obligation Bonds re-finance
 - \$30M to be paid \$5M per year with TDA Capital
 - Current balance at \$17.8M after \$12.2M payment in FY11 (use of STA)
- FY11 Budget Closure
 - TDA from Capital (\$5M)
 - CNG Credits included in Operations (\$3.2M)
- State Transit Assistance (STA) received for FY10-11 (\$18.8M)
 - \$4.4M repayment to Capital
 - \$7.2M for additional payment of Variable Pension Obligation Bonds
 - \$7.2M set aside for Operations in FY11 and FY12



2



**Metropolitan Transit System
Mid Year Adjustment
Fiscal Year 2011 (\$000s)**

	Original Budget	Amended Budget	Variance	Variance %
Personnel Expenses	\$ 99,608	\$ 102,456	\$ (2,848)	-2.9%
Personnel Expenses - Dexia	5,000	12,200	(7,200)	-144.0%
Outside Services	68,854	70,373	(1,519)	-2.2%
Materials and Supplies	7,002	7,008	(6)	-0.1%
Energy	21,616	21,989	(373)	-1.7%
Risk Management	4,142	4,063	79	1.9%
General and Administrative	1,308	1,564	(256)	-19.6%
Debt Service	11,161	10,827	335	3.0%
Vehicle / Facility Lease	634	906	(272)	-42.8%
Total Expenses	\$ 219,326	\$ 231,386	\$ (12,059)	-5.5%

- Personnel - SDTC Pension rate, additional \$1.0 million increase in Workers Comp payments
- Outside Services - Purchased Transportation for ADA Services, \$1.3 million increase
- Energy - Gasoline/Diesel rates increased by 10%, increase in Total Miles
- Vehicle/Facility Lease - New ADA/Minibus Facility



**Metropolitan Transit System
Mid Year Adjustment
Fiscal Year 2011 (\$000s)**

	Original Budget	Amended Budget	Variance	Variance %
Operating Revenues	\$ 94,411	\$ 92,183	\$ (2,228)	-2.4%
Subsidy Revenues	124,823	139,124	14,301	11.5%
Reserve Revenues	92	79	(13)	-14.5%
Total Revenues	\$ 219,326	\$ 231,386	\$ 12,059	5.5%
Total Expenses	219,326	231,386	12,059	5.5%
Total Revenues Less Expenses	-	(0)	(0)	

- Total non-recurring revenue of \$13.7M (STA \$5.5M, TDA Capital \$5.0M, CNG credits \$3.2M)



Fiscal Year 2012 Projection Key Assumptions

- **Revenue**
 - **Subsidy Revenue**
 - Sales tax revenue - SANDAG is projecting a 4.0% increase for the 2012 fiscal year, impacting TDA / TransNet subsidy revenues
 - STA Revenue - \$1.7M remaining for operations from FY10-11
 - CNG credits of \$3.2M remain in operating budget
 - \$5M in Capital TDA shifted in FY11 remain in operating budget in FY12
 - **Passenger Revenue** - Preliminary ridership growth of 2%
- **Operating Expenses**
 - **Personnel** - Existing Labor Agreements increases ranging from 1.5-3.0%
 - **Contract Services** - Fixed Route Rate increases by 2.7%
 - **Energy**
 - Electricity Direct Access program - enrolled, January 1, 2012 switch (\$700K Savings)
 - Diesel/Gasoline increasing by 12% (February projection)
 - **Debt service reductions** - \$5 million (TDA) for Dexia loan payment (FY11 year end balance \$17.8M)



Metropolitan Transit System Operating Budget Projection Fiscal Year 2012

	FY11 Amended	FY12 Projection	Variance	Variance %
Operating Revenues	92,183	93,919	1,735	1.9%
Subsidy Revenues	139,124	135,934	(3,190)	-2.3%
Reserve Revenues	79	79	(0)	0.0%
Total Revenues	231,386	229,931	(1,455)	-0.6%
Total Expenses *	231,386	231,915	529	0.2%
Total Revenues Less Expenses	(0)	(1,984)	(1,984)	

- Net of debt service, expenses grow by \$7.8M or 3.6%
- Total non-recurring revenue of \$9.9M (TDA Capital \$5.0M, CNG \$3.2M, STA \$1.7M)



Capital Funding Levels
Fiscal Year 2012
(\$000's)

	Proposed FY 2012
Federal Funding Levels (Section 5307 / 5309)	\$ 52,489
Federal Funding Carry Forward	7,442
Transportation Development Act (TDA)	36,124
Capital Project Transfers	199
State of Good Repair (Bus)	3,000
CNG Credits	3,200
Operations Usage - \$5.0M TDA; \$3.2M CNG	(8,200)
Variable Pension Obligation Bonds (Dexia)	(5,000)
General Preventative Maintenance	(41,500)
ADA Preventative Maintenance	(3,870)
SANDAG Planning Studies	(882)
Total Funding Available	\$ 43,003



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FY12 Capital Project Highlights

Capital Project Categories	Funding	%
Bus Revenue Vehicles Fleet Replacement	\$ 22,500	52.3%
Major Facility & Construction Projects	9,382	21.8%
Information Technology	4,545	10.6%
LRV Components (Tires, Body Rehab, Other)	3,440	8.0%
Rail Infrastructure	2,012	4.7%
Other Equipment & Installations	873	2.0%
Miscellaneous Operating Capital	250	0.6%
Grand Total	\$ 43,003	

➤ 30 Projects Funded in FY12 CIP



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Fiscal Year 2012 CIP Recommendations

That the MTS Board of Directors:

1. approve the fiscal year 2012 Capital Improvement Program (CIP) with the estimated federal and nonfederal funding levels (Attachments A and B). As the federal appropriation figures are finalized and/or other project funding sources become available, allow the Chief Executive Officer (CEO) to identify and adjust projects for the adjusted funding levels;
2. recommend that the San Diego Association of Governments (SANDAG) Board of Directors approve the submittal of federal Sections 5307 and 5309 applications for the MTS fiscal year 2012 CIP (shown in Attachment A);
3. approve the transfer of \$199,312 from previous CIP projects to the fiscal year 2012 CIP;
4. recommend that the SANDAG Board of Directors approve the amendment of the Regional Transportation Improvement Program (RTIP) in accordance with the fiscal year 2012 CIP recommendations



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Fiscal Year 2012 Wrap Up

- **Open Items**
 - Federal funding - Reauthorization Proposal to roll back to FY08 levels
 - Potential \$6M reduction in funding
 - State of California Budget - STA funding
 - CNG credits
 - San Diego Transit Pension Contribution Rate
 - Variable Pension Obligation Bond payment
 - Diesel/Gasoline prices - Every \$0.01 inc. in price, \$19K inc. in Cost
- **How does MTS escape reliance on non-recurring funding**
 - Continued increase in TDA revenue
 - Stability in STA revenue
 - Moving in the Right Direction
 - FY11 Projected = \$13.7M
 - FY12 Projected = \$9.9M



18



JOINT MEETING OF THE BOARD OF DIRECTORS FOR THE
METROPOLITAN TRANSIT SYSTEM (MTS),
SAN DIEGO TRANSIT CORPORATION (SDTC), AND
SAN DIEGO TROLLEY, INC. (SDTI)
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

February 17, 2011

MINUTES

1. Roll Call

Chairman Mathis called the Board meeting to order at 9:03 a.m. A roll call sheet listing Board member attendance is attached.

2. Approval of Minutes

Mr. Van Deventer moved to approve the minutes of the January 20, 2011, MTS Board of Directors meeting. Ms. Emerald seconded the motion, and the vote was 13 to 0 in favor.

3. Public Comments

John Wood – Mr. Wood moved to Lemon Grove in 1987, and he started attending city council meetings and has been addressing city council members since 1989. He is stating once again that the trolley at the Lemon Grove Avenue and Broadway is a pain. The crossing gates are coming down as the trolley starts to enter the station every 15 minutes or less and is blocking traffic.

Mikail Hussein – Mr. Hussein is the President of the United Taxi Workers of San Diego (UTWSD). He brought a memorandum for the Board members to review regarding the need for public safety protections in the taxicab industry. Mr. Hussein read directly from that memo, which is attached.

Peter ZscGiesche – Mr. ZscGiesche is the director of the Employee Rights Center in San Diego, and they have adopted the UTWSD as an organization that they are trying to help. The taxicab system is a difficult system to deal with, the lease arrangements, the way the system is organized, and the co-ops. He is asking MTS to be patient while the taxi drivers figure out how to navigate through this industry and how they can better represent their members, resolve safety issues, and operate the cabs within the city. Mr. ZscGiesche then offered his services to MTS.

Moni Kehinde – Ms. Kehinde is volunteering her time at the Employee Rights Center and trying to help the UTWSD. She stated that the majority of taxi drivers are leased drivers and pay a fee to permit holders to operate their taxis; the permit holders in turn pay a fee to the city to operate the medallions. Ordinance No. 11 has provisions that regulate the drivers as well as the permit holders. She explained that drivers are responsible for having name tags, trip sheets, and clean vehicles while the permit holders are responsible for maintaining safe vehicles. She stated that Ordinance No. 11 has a very general definition of "safe" compared to other cities where there are limits on the number of miles or years the vehicles are used. MTS is tasked with ensuring

that vehicles are safe, but there is no incentive to taxi drivers. Ms. Kehinde is advocating for more active enforcement of Ordinance No. 11 for permit holders because there is no incentive for a driver to take the vehicle off the road when their main objective is to make money. She stated that the enforcement is a public safety issue. She is also advocating that the city enforce limits on the number of miles and number of years a taxi vehicle can operate.

CONSENT ITEMS:

6. MTS: San Diego and Arizona Eastern (SD&AE) Railway Company Quarterly Reports and Ratification of Actions Taken by the SD&AE Board of Directors at its Meeting on January 18, 2011

Action would: (1) receive the San Diego and Imperial Valley Railroad (SD&IV), Pacific Southwest Railway Museum Association (Museum), and Carrizo Gorge Railway, Inc. (Carrizo) quarterly reports; and (2) ratify actions taken by the San Diego and Arizona Eastern (SD&AE) Railway Company Board of Directors at its meeting on January 18, 2011.

7. MTS: Investment Report - December 2010

Action would receive a report for information.

8. MTS: Increased Authorization for Legal Services - Liebman, Quigley, Sheppard & Soulema, APC

Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1087.10-07 with Liebman, Quigley, Sheppard & Soulema, APC for legal services and ratify prior amendments entered into under the CEO's authority.

9. MTS: Increased Authorization for Legal Services - Oppen & Varco, LLP

Action would authorize the CEO to execute MTS Doc. No. G1165.6-08 with Oppen & Varco, LLP for legal services and ratify prior amendments entered into under the CEO's authority.

10. MTS: Excess Liability Insurance Renewal

Action would ratify and confirm the purchase of the liability insurance policy (limits of \$75 million less a \$2 million self-insurance retention).

11. MTS: Increased Authorization for Legal Services - Law Offices of R. Martin Bohl

Action would authorize the CEO to execute MTS Doc. No. G1072.7-07 with Law Offices of R. Martin Bohl for legal services and ratify prior amendments entered into under the CEO's authority.

Action on Recommended Consent Items

Mr. Janney moved to approve Consent Agenda Item Nos. 6, 7, 8, 9, 10, and 11. Mr. McClellan seconded the motion, and the vote was 13 to 0 in favor.

CLOSED SESSION:

24. None

NOTICED PUBLIC HEARINGS:

25. None.

DISCUSSION ITEMS:

30. MTS: Minibus Fixed-Route Services

Claire Spielberg, Chief Operating Officer for Transit briefly explained that MTS minibus operates 11 fixed routes and 4 Sorrento Valley Coaster Connection (SVCC) routes. John Davenport, Contract Services Administrator, discussed the minibus fixed-route operations and mentioned that they operate Monday through Saturday. Sean Reed, Procurement Specialist, provided an overview of the Request for Proposal (RFP) process for Minibus Fixed-Route Services. He stated that four proposals were received with three firms being deemed responsive and competitive. He explained that the three firms submitted Best and Final Offers (BAFOs), and the evaluation panel recommended that First Transit be awarded the contract as the best, most cost-effective choice.

Mr. Gloria wanted to know what the criteria are for a minibus fixed route versus a conventional bus. Ms. Spielberg explained that lower ridership in a certain area and neighborhoods that cannot accommodate a large bus would be good candidates for a minibus fixed route. Mr. Gloria wanted clarification on the technical scoring. Mr. Reed explained that in this procurement, the RFP included a management plan on how the vendor would execute the day-to-day management and maintenance, staffing of the facility, and overall operations. Mr. Gloria wanted to make sure that the cost savings would not be due to a reduction in service or higher fares. Mr. Reed responded that the cost reduction is in the overall cost and management. Mr. Jablonski commented that MTS sets the schedules and the number of hours, and the vendor provides an hourly rate. He added that the technical scoring was based on how capable the vendor is of running a transit operation.

Ms. Lightner asked for clarification of the weighted scoring for the RFP. Mr. Davenport responded that the technical score was 50% and the cost score was 50% of the total score. Ms. Lightner wanted to know how many contracts we have for vendors that are not based in California and if MTS make provisions for companies regionally or California-based. Mr. Jablonski stated that we have two major suppliers of service (Veolia and First Transit), and they are not California-based companies. He also stated that there is not a provision in our RFP process that would allow extra points for a California-based company.

Mr. Janney questioned the cost increase over the 5-year contract period. Mr. Reed stated that there is a slight increase, but it remains lower than 3%. Mr. Janney wanted to know what the subsidy-per-passenger rate is for the minibus service. Sharon Cooney, Chief of Staff, explained that while she does not have the exact number, the passengers per revenue hour are roughly 15.5 versus a standard urban route of 24.9. Ms. Cooney stated that she did have the subsidy rate from fiscal year 2010, which was \$1.96 for minibus and fixed-bus routes was roughly \$1.40.

Ms. England wanted to know how the technical scoring for mechanical maintenance was weighted. Mr. Davenport explained that the proposals were reviewed by the Director of Maintenance, and he went through the proposals line by line. He stated that since the vehicles are owned by MTS, it is important that MTS sets the standard and preventative maintenance schedules. He also explained that as a matter of course, MTS quality assurance visits each off-site location at least once a quarter to make sure that all of the buses are up to MTS standards of safety.

Mr. Castaneda wanted to know how and when areas are analyzed for minibus fixed routes in South County. Mr. Davenport stated that Chula Vista has a high ridership and that the Planning Department is constantly reviewing routes. Ms. Cooney stated that the Planning Department performs three shake-ups per year but is constantly looking at efficiencies. Ms. Spielberg explained that Lisa Madsen would be the project manager with Contract Services to contact with questions or concerns. Mr. Jablonski added that Andy Trujillo at Chula Vista Transit would be the first point of contact for Chula Vista buses.

Action Taken

Mr. Castaneda moved to authorize the CEO to execute MTS Doc. No. G1313.0-10 with First Transit, Inc. for minibus fixed-route services for a base period of five years with five 1-year options. Mr. McClellan seconded the motion, and the vote was 15 to 0 in favor.

31. SDTI: Trolley Onboard Video Surveillance System - Contract Award

Bill Burke, Director of Security, introduced Marianne Lawrence, Principal Contract Administrator, whom discussed the procurement process for a trolley onboard video surveillance system. She explained that four proposals were received and two of them were deemed responsive and competitive. She explained further that both proposers submitted BAFOs, and UTC Fire and Security represented the best value.

Mr. Burke talked about the funding of the project and stated that \$1.95 million would come from fiscal year 2007 Federal Transit Security Grant Program, and \$1.736 million will come from State Proposition 1B Transit System Safety, Security & Disaster Response Account (TSSSDRA). He then gave an overview of the surveillance system capabilities and stated that the system will have a minimum of 15 days of recording.

Mr. Ewin wanted to ensure that UTC Fire and Security has a history of longevity. Ms. Lawrence stated that the contract includes a performance bond for the entire contract as well as for any system installed on additional cars in the future.

Mr. Burke told the Board of Directors that yesterday, due to the security systems already in place, a bank robber was identified by MTS special enforcement and apprehended.

Mr. Janney wanted clarification between the technical differences of the two final proposers. Ms. Lawrence stated that UTC Fire and Security performed slightly higher during the testing phase of the proposal process and is already familiar with the type of security system we will be installing.

Mr. Cunningham congratulated staff for getting the grant money and wanted to know how long data tapes are would be maintained. Mr. Burke stated that copies will be made for inventory that will be stored for three years.

Action Taken

Mr. Cunningham moved to authorize the CEO to execute MTS Doc. No. L0955.0-10 with UTC Fire and Security for a trolley onboard video surveillance system. Mr. Ovrom seconded the motion, and the vote was 15 to 0 in favor.

32. MTS: Siemens Light Rail Vehicle (LRV) Procurement - Contract Amendment

Wayne Terry, Chief Operating Office of Rail, provided the Board with an overview of Amendment 6 to the Siemens Light Rail Vehicle (LRV) Procurement Contract. He explained that Amendment 6 would modify the braking field of the existing SD 100 and S70 vehicles to accommodate an enhanced wiring configuration for mixed-consist vehicle operations. He explained further that the amendment would provide a permanent solution to the past tire-wear irregularities initially corrected by a software modification, and this work should be done by the manufacturer due to the complexity of the brake control circuitry.

Mr. Jablonski stated that this amendment is a good solution to an issue with Siemens' brake field modifications as the work is complex and their expertise is important. In return for doing the work at no cost, Siemens would like MTS to release \$1 million of the \$2.7 million retention and change invoice payment terms from 45 days to 30 days upon acceptance of the invoice.

Ms. Lightner asked if the work will be under warranty. Mr. Terry explained that Siemens will perform and certify the work, which alleviates any risk for MTS and the work will be under warranty.

Action Taken

Mr. McClellan moved to authorize the CEO to execute MTS Doc. No. L0914.6-10, authorizing Siemens to: (1) modify the friction brake control circuitry of the 52 SD 100 and 11 S70 light rail vehicles in MTS's current fleet; (2) revise certain invoice processing terms; and (3) release funds being withheld as part of the 5% retention. Mr. Van Deventer seconded the motion, and the vote was 15 to 0 in favor.

REPORT ITEMS:

45. MTS: Operations Budget Status Report - December 2010

Mike Thompson, Budget Manager, provided the Board with an operations budget status report for the month of December 2010 compared to the approved fiscal year 2011 budget. He stated that the year-to-date December 2010 MTS net-operating income unfavorable variance totaled \$5,737,000, and \$3,600,000 is due to the accounting adjustment for the additional \$7,200,000 pay down of the variable debt loan. Mr. Thompson stated that year-to-date combined revenues through December 2010 were \$46,164,000 compared to the year-to-date budget of \$48,117,000 repressing a \$1,953,000 negative variance, which is primarily due to unfavorable variance within passenger revenue. He then explained that expenses through December 2010 were

\$108,860,000 compared to the year-to-date budget of \$105,076,000 resulting in a \$3,784,000 unfavorable variance.

Mr. Thompson stated that the personnel-related costs totaled \$56,768,000 compared to the year-to-date budgetary figure of \$52,695,000 producing an unfavorable variance, and outside services for the first six months of the fiscal year totaled \$34,148,000 compared to budget of \$34,848,000 resulting in a year-to-date unfavorable variance of \$700,000. He also stated that materials and supplies expenses totaled \$3,731,000 compared to a budgetary figure of \$3,527,000 resulting in an unfavorable expense variance of \$204,000, and that energy costs were \$11,209,000 compared to \$10,960,000 resulting in a year-to-date unfavorable variance of \$249,000.

Mr. Thompson stated that the December 2010 year-to-date net income totaled an unfavorable variance of \$1,996,000, which is -3.5%. He explained that these factors include unfavorable variances in passenger revenue, materials, supplies, energy, and personnel costs partially offset by favorable variances in outside services and risk management.

Mr. Jablonski explained that there was an increase in ridership for the month of January and if it continues to be a trend, we will have a balanced budget. He also stated that next month, the Board will be presented with an amended budget.

Ms. Emerald asked if MTS was planning on launching a campaign to increase ridership due to the gas prices rising. Mr. Jablonski mentioned that MTS is planning an anniversary event that will focus on ridership.

Action Taken

Mr. McClellan moved to receive an operations budget status report for December 2010. Mr. Ewin seconded the motion, and the vote was 15 to 0 in favor.

46. MTS: Trolley Rehabilitation Project Update

This agenda item has been postponed.

47. MTS: Service Performance Monitoring Report for July through December 2010

Devin Braun, Senior Transportation Planner, provided to the Board a service performance monitoring report for fiscal year 2011 for quarters 1 and 2. Ms. Cooney explained that the MTS Board Policy No. 42 states that services will be evaluated annually but that the information is provided for the first six months of fiscal year 2011 in order to see recent data and show trends for the current fiscal year.

Mr. Braun explained that total passenger ridership was down compared to fiscal year 2010 but that system ridership increased 9.3% in the month of January 2011. He explained that there was a direct correlation between ridership and unemployment from fiscal year 2009 to present.

Ms. Cooney talked briefly about the North University City restructuring that occurred in September 2010. She explained that the restructuring was done to eliminate overlap, reduce operating costs, and increase frequency on key segments.

Mr. Braun stated that the total average weekday passenger statistics show a 0.3% decrease in average weekday riders year over year, which equates to a loss of 782 passengers per average weekday. The largest increase was the Urban Standard category with a 15.4% increase in average weekday riders (5,644 riders). The largest percentage decrease was found in the Express category with a decline of 4.9% or 382 passengers per weekday. The productivity on Express routes has increased 7.6% from 28.0 to 30.1 passengers per revenue hour. He explained that the passengers per revenue hour for the first six months of fiscal year 2011 were 43.3, which is a 2.2-riders-per-revenue-hour increase (or 5.3%).

Mr. Braun explained that on-time performance has remained around 86% to 88%. MTS's goal for on-time performance is 85% for urban frequent routes and 90% for all other routes. He further explained that there is always a slight downward trend in on-time performance for the September service changes due to school start-ups and generally higher ridership. Light rail on-time performance has trended down mostly due to the sharp increase in wheelchair lift deployments. Mr. Braun briefly explained on-time performance campaigns, such as exiting the bus at the rear exit so oncoming passengers can enter unobstructed through the front entrance. He explained that the campaigns were successful and increase on-time performance by roughly 5%.

Mr. Braun stated that bus preventable accidents are slightly down for fiscal year 2010. There is a slight increase of 15.9% for contracted routes. The trolley has had no preventable accidents this fiscal year to date, which is 100% better than the one accident that occurred last fiscal year. He explained that complaints for bus are almost flat from fiscal year 2010 to the current time period, and that contract services fixed-route complaints have decreased by almost 20%. He said that rail services have had a 59.2% increase in the amount of calls to customer service from fiscal year 2010.

Mr. Braun stated that due to budget-related service cuts, weekly in-service hours are down 6.2% from the September 2009 service period, and due to budget-related service cuts, weekly in-service miles are down 6.4% from the September 2009 service period. He also stated that the Weekday Peak-Vehicle Requirement shows the maximum number of vehicles that are on the road at any time in order to provide the levels of service that have been planned, and bus had an overall increase of one vehicle while contract services decreased by two peak buses in the same time period.

Action Taken

Mr. McClellan moved to receive a report for information. Mr. Cunningham seconded the motion, and the vote was 15 to 0 in favor.

60. Chairman's Report

Chairman Mathis thanked the members of the Board for their perfect attendance at today's meeting.

61. Audit Oversight Committee Chairman's Report

There was no Audit Oversight Committee Chairman's report.

62. Chief Executive Officer's Report

Mr. Jablonski mentioned that the American Public Transportation Association (APTA) Chief Executive Officers' Conference was in San Diego last week and held at the Westgate Hotel.

63. Board Member Communications

Mr. Young mentioned that he recently witnessed a security operation on the trolley to ticket passengers for fare evasion and he saw some passengers exit the trolley to avoid the security. He commented that the fare recovery rate may not be as accurate as we think. Mr. Jablonski responded that we are aware that this occurs, and in a sense, we allow passengers to ride using the honor system. He explained that code enforcement often perform swarms to catch patrons exiting the trolley to avoid fare checks. Mr. Burke explained that our fare evasion rate is roughly 2-3%, which is consistent with other transit systems in the country.

64. Additional Public Comments on Items Not on the Agenda

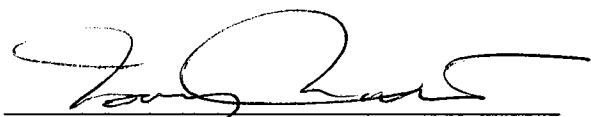
Christian Chaffee – Mr. Chaffee deals with art and antiques and is the former Vice President of the Electric Railway Association. He is advocating that the Class 1 historic streetcars will best serve San Diego's future for reasons he outlined in the attached paper.

65. Next Meeting Date

The next regularly scheduled Board meeting is Thursday, March 10, 2011, including a Finance Workshop at 9:00 a.m.

66. Adjournment

Chairman Mathis adjourned the meeting at 10:35 a.m.



Chairperson
San Diego Metropolitan Transit System

Filed by:



Office of the Clerk of the Board
San Diego Metropolitan Transit System

Approved as to form:



Office of the General Counsel
San Diego Metropolitan Transit System

Attachments: Roll Call Sheet
Memorandum from Mikail Hussein
Document from Christian Chaffee

METROPOLITAN TRANSIT DEVELOPMENT BOARD
ROLL CALL

MEETING OF (DATE): February 17, 2011

CALL TO ORDER (TIME): 9:03 AM

RECESS: _____

RECONVENE: _____

CLOSED SESSION: _____

RECONVENE: _____

PUBLIC HEARING: _____

RECONVENE: _____

ORDINANCES ADOPTED: _____

ADJOURN: 10:35 AM

BOARD MEMBER	(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
CASTANEDA	<input checked="" type="checkbox"/> (Rindone) <input type="checkbox"/>		
CUNNINGHAM	<input checked="" type="checkbox"/> (Mullin) <input type="checkbox"/>	9:15 AM	
EWIN	<input checked="" type="checkbox"/> (Sterling) <input type="checkbox"/>		
EMERALD	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
ENGLAND	<input checked="" type="checkbox"/> (Gastil) <input type="checkbox"/>		
GLORIA	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
JANNEY	<input checked="" type="checkbox"/> (Bragg) <input type="checkbox"/>		
LIGHTNER	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>		
MATHIS	<input checked="" type="checkbox"/> (Vacant) <input type="checkbox"/>		
MCCLELLAN	<input checked="" type="checkbox"/> (Hanson-Cox) <input type="checkbox"/>		
MINTO	<input checked="" type="checkbox"/> (McNelis) <input type="checkbox"/>		
OVROM	<input checked="" type="checkbox"/> (Denny) <input type="checkbox"/>		
ROBERTS	<input checked="" type="checkbox"/> (Cox) <input type="checkbox"/>		
VAN DEVENTER	<input checked="" type="checkbox"/> (Zarate) <input type="checkbox"/>		
YOUNG	<input checked="" type="checkbox"/> (Faulconer) <input type="checkbox"/>	9:25 AM	10:31 AM

SIGNED BY THE OFFICE OF THE CLERK OF THE BOARD:

Valerie Vizkeleti

CONFIRMED BY OFFICE OF THE GENERAL COUNSEL:

Allen Cord



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
(619) 231-1466 • FAX (619) 234-3407

Agenda

Item No. 6

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

LEG 491 (PC 50633)

March 24, 2011

SUBJECT:

MTS: INCREASED AUTHORIZATION FOR LEGAL SERVICES

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. G1078.6-07 (in substantially the same form as Attachment A) with Ryan, Mercado & Worthington, LLP for legal services and ratify prior amendments entered into under the CEO's authority.

Budget Impact

Not to exceed \$45,000 for Ryan, Mercado & Worthington, LLP. The budget for this action would be covered in FY 11 and FY 12.

DISCUSSION:

On January 18, 2007, the Board approved a list of qualified attorneys for general liability and workers' compensation for use by MTS, San Diego Trolley, Inc. (SDTI), and San Diego Transit Corporation (SDTC) (hereinafter referred to as the Agencies) staffs on an as-needed basis. Thereafter, MTS began to contract with approved attorneys for various amounts depending upon current and anticipated needs.

Pursuant to Board Policy No. 52 (Procurement of Goods and Services), the CEO may enter into contracts with service providers for up to \$100,000. The Board must approve all agreements in excess of \$100,000. All attorneys listed have multiple cases that are scheduled to proceed to trial, and the total cost of their legal services will exceed the CEO's authority.

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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.

Ryan, Mercaldo & Worthington, LLP are currently under contract with the Agencies for \$195,000. Attorneys Norm Ryan and Tim White have successfully defended the Agencies in a number of tort liability matters. Pending future invoices for two open matters along with past billings are anticipated to exceed the current contract authority.

The CEO has approved contracts up to the \$100,000 authority level. Staff is requesting Board approval of MTS Doc. No. G1078.6-07 with Ryan, Mercaldo & Worthington, LLP, for legal services and ratification of prior contracts/amendments entered into under the CEO's authority.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: James Dow, 619.557.4562, jim.dow@sdmts.com

MARCH24-11.6.LEGAL SVCS.RYAN MERCALDO WORTHINGTON.JDOW

Attachment: A. MTS Doc. No. G1078.6-07

DRAFT

March 24, 2011

MTS Doc. No. G1078.6-07
LEG 491 (PC 50633)

Mr. Norman A. Ryan
Ryan, Mercaldo & Worthington, LLP
3636 Nobel Drive, Suite 200
San Diego, CA 92122-1063

Dear Mr. Ryan:

Subject: AMENDMENT NO. 6 TO MTS DOC. NO. G1078.0-07: LEGAL SERVICES – GENERAL
LIABILITY

This letter will serve as Amendment No. 6 to MTS Doc. No. G1078.0-07. This contract amendment authorizes additional costs not to exceed \$45,000 for professional services. The total value of this contract, including this amendment, is \$240,000. Additional authorization is contingent upon MTS approval.

If you agree with the above, please sign below, and return the document marked "Original" to the Contracts Specialist at MTS. The other copy is for your records.

Sincerely,

Accepted:

Paul C. Jablonski
Chief Executive Officer

Norman A. Ryan
Ryan, Mercaldo & Worthington, LLP

Date: _____

MARCH24-11.6.AttA.G1078.6-07.
RYAN MERCALDO & WORTHINGTON.JDOW



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Agenda

Item No. 7

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

March 24, 2011

SUBJECT:

MTS: INVESTMENT REPORT – JANUARY 2011

RECOMMENDATION:

That the Board of Directors receive a report for information.


Budget Impact

None.

DISCUSSION:

Attachment A comprises a report of MTS investments as of January 2011. The combined total of all investments has decreased by \$9.5 million in the current month largely due to scheduled payments totaling \$8.4 million for the acquisition of capital assets and normal variations in the timing of cash receipts and payments for normal operating expenses.

The first column provides details about investments restricted for capital improvement projects and debt service—the majority of which are related to the 1995 lease and leaseback transactions. The funds restricted for debt service are structured investments with fixed returns that will not vary with market fluctuations if held to maturity. These investments are held in trust and will not be liquidated in advance of the scheduled maturities. The second column, unrestricted investments, reports the working capital for MTS operations allowing for employee payroll and vendors' goods and services.


Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Linda Musengo, 619.557.4531, Linda.Musengo@sdmts.com

MARCH24-11.7.INVESTMT RPT JAN 2011.LMUSENGO

Attachment: A. Investment Report for January 2011

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Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc., San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations), and San Diego Vintage Trolley, Inc., a 501(c)(3) nonprofit corporation, in cooperation with Chula Vista Transit. MTS is the taxicab administrator for seven cities. MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego.



**San Diego Metropolitan Transit System
Investment Report
January 31, 2011**

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>	Average rate of return
Cash and Cash Equivalents				
Bank of America - concentration sweep account	\$ 5,291,772	\$ 10,286,906	\$ 15,578,678	0.00%
Total Cash and Cash Equivalents	<u>5,291,772</u>	<u>10,286,906</u>	<u>15,578,678</u>	
Cash - Restricted for Capital Support				
US Bank - retention trust account	2,785,610		2,785,610	N/A *
Local Agency Investment Fund (LAIF) Proposition 1B TSGP grant funds	4,658,049		4,658,049	0.54%
Total Cash - Restricted for Capital Support	<u>7,443,659</u>	<u>-</u>	<u>7,443,659</u>	
Investments - Working Capital				
Local Agency Investment Fund (LAIF) San Diego County Investment Pool		3,430,930 20,645,548	3,430,930 20,645,548	0.54%
Total Investments - Working Capital	<u>-</u>	<u>24,076,478</u>	<u>24,076,478</u>	
Investments - Restricted for Debt Service				
US Bank - Treasury Strips - market value (Par value \$39,474,000)	36,609,791	-	36,609,791	
Rabobank - Payment Undertaking Agreement	83,556,240	-	83,556,240	7.69%
Total Investments Restricted for Debt Service	<u>120,166,030</u>	<u>-</u>	<u>120,166,030</u>	
Total cash and investments	<u><u>\$ 132,901,462</u></u>	<u><u>\$ 34,363,384</u></u>	<u><u>\$ 167,264,846</u></u>	

N/A* - Per trust agreements, interest earned on retention account is allocated to trust beneficiary (contractor)



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Agenda

Item No. 8

JOINT MEETING OF THE BOARD OF DIRECTORS for the

LEG 491

Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

March 24, 2011

SUBJECT:

MTS: PROPERTY INSURANCE RENEWAL

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to renew the property insurance coverage for MTS, San Diego Transit Corporation (SDTC), and San Diego Trolley, Inc. (SDTI) with the California State Association of Counties (CSAC) Property Insurance Program, effective March 31, 2011, through March 31, 2012, with a basic coverage deductible of \$25,000, \$100,000 for collision on buses and light rail vehicles, and \$1,500,000 on roads, bridges, and tunnels.

Budget Impact

The preliminary renewal premium is approximately \$944,678, which is about one and one half percent below last year's preliminary premium of \$959,174. The premium is anticipated to be charged against the budgets of MTS (\$3,091), SDTC (\$192,022), and SDTI (\$749,565). No additional budget adjustment is proposed at this time. Fiscal year 2012 budgets are being developed, and funds will be designated and included within them.

PROPERTY PREMIUM ESTIMATED FISCAL YEAR SPLIT			
Policy Period: 03/31/11 - 03/31/12			
Agency	FY 11	FY 12	Total Premium
MTS	\$773	\$2,318	\$3,091
SDTC	\$48,006	\$144,017	\$192,022
SDTI	\$187,391	\$562,174	\$749,565
TOTAL	\$236,170	\$708,509	\$944,678

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DISCUSSION:

MTS's property insurance policy expires on March 31, 2011, and covers the real and personal property of MTS, SDTC, and SDTI. The policy is obtained through California State Association of Counties (CSAC), a joint purchase group of all but a handful of California counties created for the purpose of obtaining insurance at a reduced cost. SDTC has been insured through this group since 1993. Effective November 1, 1997, all MTS entities became insured with CSAC.

The CSAC Property Program is a complex layering of multiple insurance carriers, including both domestic and European insurers. Some of the CSAC members, including both the City and County of San Diego, have purchased earthquake insurance in the past. MTS and its entities have elected not to purchase this optional coverage.

The entire CSAC Program consists of 52 of the 58 California counties, along with 29 other public entities, which gives it tremendous purchasing power with premiums. The CSAC Annual Financial Report ending June 30, 2010, indicated total property premiums of over \$40 million, which allows CSAC to take advantage of significant leverage in the marketplace.

Special form perils coverage provides risk protection, most perils, and causes of loss unless specifically excluded by the policy. Some excluded perils excluded in MTS's policy are earthquake, wear and tear, pollution, war risk, fraud (by an employee), nuclear radiation, and loss to trees, money, or watercraft. These exclusions do not include all of the perils or properties specifically excluded but give an idea of the kind of losses that would not be covered.

MTS's current policy carries a blanket limit of \$602.5 million, which applies to perils for any one occurrence (some sublimits are applicable to specific types of losses). MTS has a \$25,000 self-insured retention per occurrence, \$100,000 for collision on buses and light rail vehicles, \$250,000 for comprehensive coverage on buses, and \$1,500,000 on roads, bridges, and tunnels. In general, loss valuation is on a replacement-cost basis.

The premium is preliminarily estimated to be decreasing one and one half percent from the previous year. The policy includes terrorism coverage for all CSAC members. In general, the premium rate charged per unit value remains very competitive within the insurance marketplace.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: James Dow, 619.557.4562, jim.dow@sdmts.com

MARCH24-11.8.PROPERTY INS RENEWAL.JDOW

Attachment: A. Preliminary Premium Allocation for MTS, SDTC, & SDTI

*****PRELIMINARY PREMIUM ALLOCATION*****

CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM

POLICY TERM: March 31, 2011 to March 31, 2012

SAN DIEGO METROPOLITAN TRANSIT SYSTEM - METROPOLITAN TRANSIT DEVELOPMENT
BOARD

DATE: March 4, 2011

REASON FOR REVISION OF PREMIUM ALLOCATION: 2011/2012 UPDATED RENEWAL ESTIMATE

2011/2012 TOTAL ESTIMATED ANNUAL PREMIUM:	\$3,091
2010/2011 TOTAL ANNUAL PREMIUM:	\$2,958
INCREASE (DECREASE) IN ANNUAL PREMIUM:	\$133
2011/2012 TOTAL REPORTED INSURABLE VALUES:	\$10,376,408
2010/2011 TOTAL REPORTED INSURABLE VALUES:	\$9,511,780
PERCENTAGE INCREASE (DECREASE) IN TOTAL INSURED VALUES:	9.09%

- CALCULATIONS -

COVERAGE DESCRIPTION	DECLARED VALUES	RATE (\$/100)	ANNUAL PREMIUM
All Risk incl. Flood and Deductible Pool Contribution	\$10,085,938	0.0188	\$1,895
Terrorism, Excess Boiler and Machinery, Brush Fire and Cyber Liability (Miscellaneous Other Coverages)			\$527
OPTIONAL COVERAGES:			
A. Earthquake per schedule including Rooftop (if applicable)	\$0	0.0000	\$0
B. Licensed Vehicles	\$290,470	0.2100	\$610
Buses (Part of Coverage B. Licensed Vehicles)	\$0	0.1600	\$0
C. Mobile Equipment (Non-highway licensed)	\$0	0.1500	\$0
D. Fine Arts (scheduled)	\$0	0.0188	\$0
E. Green Building Coverage	N/A	N/A	\$0
Total Estimated Annual Premium			\$3,032
Estimated Taxes and Fees			\$14
EIA Administration Fee			\$50
Pre-Paid Balance Adjustment			\$17
No Claims Bonus (2009/10)			-\$ 23
ESTIMATED COLLECTIBLE PREMIUM			\$3,091

*****PRELIMINARY PREMIUM ALLOCATION*****

CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM

POLICY TERM: March 31, 2011 to March 31, 2012

SAN DIEGO METROPOLITAN TRANSIT SYSTEM - SAN DIEGO TRANSIT CORPORATION

DATE: March 4, 2011

REASON FOR REVISION OF PREMIUM ALLOCATION: 2011/2012 UPDATED RENEWAL ESTIMATE

2011/2012 TOTAL ESTIMATED ANNUAL PREMIUM:	\$192,022
2010/2011 TOTAL ANNUAL PREMIUM:	\$176,532
INCREASE (DECREASE) IN ANNUAL PREMIUM:	\$15,491
2011/2012 TOTAL REPORTED INSURABLE VALUES:	\$142,397,618
2010/2011 TOTAL REPORTED INSURABLE VALUES:	\$146,730,234
PERCENTAGE INCREASE (DECREASE) IN TOTAL INSURED VALUES:	-2.95%

- CALCULATIONS -

COVERAGE DESCRIPTION	DECLARED VALUES	RATE (\$/100)	ANNUAL PREMIUM
All Risk incl. Flood and Deductible Pool Contribution	\$44,422,549	0.0544	\$24,153
Terrorism, Excess Boiler and Machinery, Brush Fire and Cyber Liability (Miscellaneous Other Coverages)			\$6,797
OPTIONAL COVERAGES:			
A. Earthquake per schedule including Rooftop (if applicable)	\$0	0.0000	\$0
B. Licensed Vehicles	\$1,053,803	0.2100	\$2,213
Buses (Part of Coverage B: Licensed Vehicles)	\$96,921,266	0.1600	\$155,074
C. Mobile Equipment (Non-highway licensed)	\$0	0.1500	\$0
D. Fine Arts (scheduled)	\$0	0.0544	\$0
E. Green Building Coverage	N/A	N/A	\$0
Total Estimated Annual Premium			\$188,237
Estimated Taxes and Fees			\$1,044
EIA Administration Fee			\$3,106
Pre-Paid Balance Adjustment			\$1,082
No Claims Bonus (2009/10)			-\$1,446
ESTIMATED COLLECTIBLE PREMIUM			\$192,022

*****PRELIMINARY PREMIUM ALLOCATION*****

CSAC EXCESS INSURANCE AUTHORITY
PROPERTY PROGRAM

POLICY TERM: March 31, 2011 to March 31, 2012

SAN DIEGO METROPOLITAN TRANSIT SYSTEM - SAN DIEGO TROLLEY, INC.

DATE: March 4, 2011

REASON FOR REVISION OF PREMIUM ALLOCATION: 2011/2012 UPDATED RENEWAL ESTIMATE

2011/2012 TOTAL ESTIMATED ANNUAL PREMIUM:	\$749,565
2010/2011 TOTAL ANNUAL PREMIUM:	\$779,685
INCREASE (DECREASE) IN ANNUAL PREMIUM:	-\$30,119
2011/2012 TOTAL REPORTED INSURABLE VALUES:	\$1,007,535,158
2010/2011 TOTAL REPORTED INSURABLE VALUES:	\$1,004,547,796
PERCENTAGE INCREASE (DECREASE) IN TOTAL INSURED VALUES:	0.30%

- CALCULATIONS -

COVERAGE DESCRIPTION	DECLARED VALUES	RATE (\$/100)	ANNUAL PREMIUM
All Risk incl. Flood and Deductible Pool Contribution	\$638,244,533	0.0142	\$90,526
Terrorism, Excess Boiler and Machinery, Brush Fire and Cyber Liability (Miscellaneous Other Coverages)			\$52,563
OPTIONAL COVERAGES:			
A. Earthquake per schedule including Rooftop (if applicable)	\$0	0.0000	\$0
B. Licensed Vehicles	\$2,164,417	0.2100	\$4,545
Buses (Part of Coverage B. Licensed Vehicles)	\$366,126,208	0.1600	\$585,802
C. Mobile Equipment (Non-highway licensed)	\$1,000,000	0.1500	\$1,500
D. Fine Arts (scheduled)	\$0	0.0142	\$0
E. Green Building Coverage	N/A	N/A	\$0
Total Estimated Annual Premium			\$734,937
Estimated Taxes and Fees			\$3,926
EIA Administration Fee			\$12,125
Pre-Paid Balance Adjustment			\$4,222
No Claims Bonus (2009/10)			-\$5,645
ESTIMATED COLLECTIBLE PREMIUM			\$749,565



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Agenda

Item No. 9

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

March 24, 2011

SUBJECT:

MTS: CONTRACT ASSIGNMENTS FOR ON-CALL CONSTRUCTION MANAGEMENT SERVICES

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute assignments of contracts (in substantially the same format as Attachment A) from the San Diego Association of Governments (SANDAG) for on-call construction management services with AECOM/LAN, PGH Wong Engineering, Inc., and CALTROP.

Budget Impact

Funding for these contract services is approved by the MTS Board on an annual basis within MTS, San Diego Transit Corporation, and San Diego Trolley, Inc. (hereinafter "the Agencies") operating budgets. The total authorization would be \$1,500,000.

DISCUSSION:

SANDAG has entered into agreements with engineering firms to provide on-call services to support the capital program and to support MTS and other agencies as needed. The solicitation used by SANDAG for these services included language permitting assignment of a portion of the contracts to MTS.

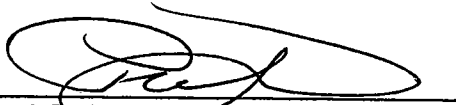
Previous MTS contracts for these types of services have expired or are near expiration with the intent to use the assignment provisions from the SANDAG solicitation process. The assignment of the on-call contracts would supply MTS with construction management services for various efforts to support the MTS capital program and other noncapital needs.



The contracts proposed to be assigned are listed in the following table:

SANDAG CONTRACT NO.	CONSULTANTS	ASSIGNED VALUE	CONTRACT EXPIRATION
5001070	CALTROP	\$500,000	May 31, 2016
5001071	AECOM / LAN	\$500,000	May 31, 2016
5001072	PGH Wong Engineering, Inc.	\$500,000	May 31, 2016

Attachment A is a draft of the proposed Assignment of Contract agreement for the CALTROP contract. The other contracts would be in substantially the same format.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Tim Allison, 619.595.4903, tim.allison@sdmts.com

MARCH24-11.9.ON-CALL CM SVCS.TALLISON

Attachment: A. Proposed Assignment of Contract Agreement

PROJECT NUMBER: Various

**PARTIAL ASSIGNMENT# 1 OF CONTRACT FOR
SAN DIEGO ASSOCIATION OF GOVERNMENTS
Construction Management On-Call Services
(CALTROP)
CONTRACT # 5001070**

THIS PARTIAL ASSIGNMENT 1 AND ASSUMPTION OF CONTRACT FOR Construction Management On-Call Services herein after "Assignment," is made and entered into, between the San Diego Association of Governments (SANDAG), a public agency (hereinafter "Assignor"), Metropolitan Transit System (MTS), a public agency (hereinafter "Assignee"), and CALTROP (Contractor).

WHEREAS, Assignor entered into Construction Management On-Call Services contract with Contractor on June 1, 2009, SANDAG contract # 5001070;

WHEREAS, when Assignor procured the Construction Management On-Call Services that are the subject of this Assignment, the solicitation included language permitting assignment to Assignee of a portion of Contract # 5001070;

NOW THEREFORE, the parties agree as follows.

1. Assignor hereby assigns, transfers, and sets over unto Assignee a \$ 500,000 portion of Assignor's interest in its contract for Construction Management On-Call Services, Contract # 5001070, a copy of which is incorporated herein by reference.
2. Assignee hereby: (i) accepts the partial assignment of Assignor's interest in the Construction Management On-Call Services contract; (ii) assumes the relevant portion of Assignor's obligations under the Contract and (iii) agrees to fully and faithfully perform each and every term and condition of Assignor under the Construction Management On-Call Services Contract Number 5001070 or task or work orders issued by Assignee.
3. Assignor confirms that it procured Contract # 5001070 in compliance with its competitive procurement policies and applicable Federal Transit Administration procurement laws. Assignor makes no warranty, representation, guarantee, covenant, or averment of any nature whatsoever concerning SANDAG Contract # 5001070.
4. Should any suit be commenced to enforce, protect, or establish any right or remedy of any of the terms and conditions of this Assignment, the prevailing party shall be entitled to have and recover from the losing party reasonable attorney fees and costs of suit.
5. All task or work orders issued by Assignee shall be labeled with a letter or other distinct numbering designation that clearly distinguishes the documents from Task Orders issued by Assignor to Contractor.



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Agenda

Item No. 30

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

March 24, 2011

SUBJECT:

MTS: LEON WILLIAMS STATION DEDICATION (SHARON COONEY)

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to proceed with the dedication of the San Diego State University (SDSU) Transit Center Station to former MTS Chairman Leon Williams and to accept the gift of a plaque to commemorate this dedication at the station.

Budget Impact

None with this action. Funding for the commemoration would be provided by private sources.

DISCUSSION:

On January 26, 2006, the Board of Directors instructed the CEO to form a working group to dedicate the SDSU Transit Center Station to former Chairman and Board Member Leon Williams. The Board further instructed the dedication to include a visual display and plaque commemorating Mr. Williams' achievements to be located at an appropriate, highly visible location at the station. The dedication would preclude honoring anyone else at the station, and the station name would remain the "SDSU Transit Center Station." Since that time, funding has been secured from a private source for a plaque to commemorate the dedication of the station.

A handwritten signature in black ink, appearing to read 'Paul C. Jablonski', is written over a horizontal line.

Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Sharon Cooney, 619.557.4513, sharon.cooney@sdmts.com

MARCH24-11.30.LEON WILLIAMS DEDICATION.SCOONEY



The Trolley Station at San Diego State University

IN HONOR of
Former MTS Chairman, County Supervisor, City Councilmember and SDSU Alumnus
LEON L. WILLIAMS
A dedicated visionary and champion of public transit.





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Agenda

Item No. 31

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation and
San Diego Trolley, Inc.

March 24, 2011

SUBJECT:

MTS: REFUNDING OF THE 2001 MTS TOWER REFUNDING CERTIFICATES OF PARTICIPATION (KAREN LANDERS)

RECOMMENDATION:

That the Board of Directors:

1. adopt Resolution No. 11-3 (Attachment A) approving, authorizing, and directing the execution and delivery of certain documents relating to the County of San Diego Certificates of Participation (2011 MTS Tower Refunding);
2. authorize the Chief Executive Officer, General Counsel, and Chief Financial Officer to execute the documents necessary to complete the transaction (in substantially the same format as Attachments C-E); and
3. authorize the Chief Executive Officer to execute the "MTDB Option to Purchase County Improvements" (Attachment F).

Budget Impact

If approved, refunding the 2001 MTS Tower Refunding Certificates of Participation (2001 COPs) would result in savings generated by lowering the annual sublease payment made by MTS to the County of San Diego (County) for the lease of the first, ninth, and tenth floors of the James R. Mills Building.

Based on current market conditions, the estimated annual savings in principal and interest payments for the COPs is approximately \$405,000. MTS is entitled to a pro-rata share of these savings. MTS currently makes a sublease payment in an amount equal to 27.61% of the principal and interest payments on the certificates and would therefore be entitled to receive 27.61% of the total projected savings or an estimated \$112,000 annually through fiscal year 2018-19.



DISCUSSION:

MTS Tower Refunding Documents

MTS purchased the parcel of land underneath the James R. Mills Building (Mills Building) in mid-1985. In 1987, the County of San Diego (County) and MTS formed a joint powers authority known as the San Diego Regional Building Authority (SDRBA). The SDRBA was formed to provide for the financing of public capital improvements, including the construction of the Mills Building. Upon completion of construction, MTS occupied floors 1, 9, and 10, and the County occupied floors 2 through 8. The transaction is structured such that MTS leases the land underneath the building to the SDRBA, which in turn leases the building to the County. MTS then subleases floors 1, 9, and 10 from the County. Annual rent is based upon each agency paying its prorated share of the financing costs equivalent to the percentage of the building that each agency occupies.

The original COPs from the initial 1989 transaction were refunded in 1991 and again in 2001. Previously, the transaction was structured such that MTS and the County each paid SDRBA a portion of a lease payment that SDRBA then paid MTS the annual ground lease payment. This resulted in MTS essentially paying itself for a portion of the rent. Financing staffs of each agency concluded that this redundancy could be eliminated by MTS simply taking a credit for the ground lease payment from its annual sublease payment. During the 2001 transaction, the financing documents, ground lease, and sublease were amended to reflect this credit or deduction from MTS's sublease payment.

On September 13, 2001, MTS approved the sale and delivery of the \$36,960,000 2001 MTS Tower Refunding COP. The average annual lease payment is approximately \$3.1 million, and the current final maturity date is November 1, 2019. Pursuant to the financing documents and the sublease, MTS's annual payment equals 27.61% of the principal and interest payable in connection with the 2001 COPs; this payment obligation is then reduced for the ground lease rent credit. Interest rates on the outstanding 2001 COPs range from 4.60% to 5.25%. There is currently \$22,115,000 of the 2001 COPs outstanding.

Current market conditions have created an opportunity to lower the annual lease payments associated with the 2001 COPs via a refunding (2011 MTS Tower Refunding). The 2010 MTS Tower Refunding would achieve savings by replacing the 2001 COPs, which were issued at a higher interest rate, with obligations issued at a lower rate, thereby lowering borrowing costs. Today's interest rates for a long-term obligation that will mature in 2019 are lower than the current rates on the outstanding 2001 COPs. Refunding the 2001 COPs would result in a lower annual lease payment of approximately \$2.7 million generating a total savings of approximately \$400,000 per year. These estimated savings are based on current market conditions and reflect the costs of the refunding, including fees paid to the finance team, the underwriter, and other administrative costs related to the delivery of the 2011 MTS Tower Refunding. The savings generated by refunding the 2001 COPs would benefit the County and MTS.

MTS would realize approximately 27.61% of these annual savings (\$112,000) by way of a reduction in annual sublease rent. By way of comparison, MTS's 2010 annual sublease payment was \$577,263.57 (which reflects the credit to MTDB for the County's share of the SDRBA ground lease payment to MTDB). Attachment B depicts a side-by-side comparison of the sublease payments that MTS would make under the 2001 COPs

as compared to the proposed cost savings realized with the 2011 MTS Tower Refunding.

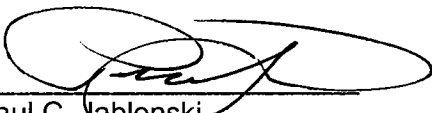
Based on the foregoing, staff is recommending that the Board of Directors adopt Resolution No. 11-3 approving, authorizing, and directing the execution and delivery of certain documents relating to the County of San Diego Certificates of Participation (2011 MTS Tower Refunding), and authorize the Chief Executive Officer, General Counsel, and Chief Financial Officer to execute the documents necessary to complete the transaction in substantially the same format as Attachments C-E).

MTDB Option to Purchase County Interest in MTS Tower Parking Structure

The MTS Tower Project consists of both the Office Building and the Parking Structure. The Office Building is on real property owned by MTDB and ground leased to the SDRBA. The Parking Structure is on property owned by the SDRBA. At the time that the MTS Tower Project was commenced, MTDB and the County agreed to the following undivided interests in the Parking Structure and related real property: MTDB (21.96%) and County (78.04%). At the time that the COPs are paid off (estimated for 2019), the SDRBA will transfer title to the Parking Structure and real property to MTDB and County according to these designated shares. Title to the Office Building will also vest in MTDB at that time. Each property will remain subject to the Ground Lease, Lease, and Sublease associated with the Project.

Under the Lease and Sublease, the County has the option to terminate the lease arrangement beginning in 2042. If that happens, MTDB would own the Office Building free and clear of any interest of the County or the SDRBA. However, MTDB and County would continue to own the Parking Structure property jointly. In order to avoid a situation where MTDB owned the 10-story office building, but did not have legal rights to use a sufficient portion of the Parking Structure to support the Office Building, County and MTDB have negotiated an Option for MTDB to purchase the County's interest in the Parking Structure in the event the County terminates the Lease. This Option would also apply at the time the Lease expires in 2086. The price of the Parking Structure would be set by a fair market value appraisal prepared at the time the Option is exercised.

Based on the foregoing, staff is recommending that the Board of Directors authorize the Chief Executive Officer to execute the MTDB Option to Purchase County Improvements (in substantially the same format as Attachment F).



Paul C. Jablonski
Chief Executive Officer

Key Staff Contacts: Karen Landers, 619.557.4512, Karen.Landers@sdmts.com

MARCH24-11.31.MTS TOWER REFUNDING.KLANDERS

- Attachments:
- A. Resolution No. 11-3
 - B. Comparison of 2001 COP and Proposed 2011 COP Lease Payments
 - C. Amended and Restated Ground Lease between MTDB and the Authority
 - D. Nondisturbance Agreement
 - E. Sublease between the County and MTDB
 - F. MTDB Option to Purchase County Improvements

**Board
Only Due
to Volume**

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

RESOLUTION NO. 11-3

A Resolution of the Board of Directors of the
San Diego Metropolitan Transit Development Board
(Also known as the San Diego Metropolitan Transit System)
Approving, Authorizing, and Directing the Execution and Delivery
of Certain Documents Relating to the County of San Diego
Certificates of Participation (2011 MTS Tower Refunding)

WHEREAS, Certificates of Participation (2001 MTS Tower Refunding Project) (the "Prior Obligations"), were executed and delivered on September 27, 2001, in the original principal amount of \$36,960,000 pursuant to that Trust Agreement, dated as of September 1, 2001, by and between the San Diego Regional Building Authority (the "Authority") and U.S. Bank National Association, successor in interest to State Street Bank and Trust Company of California, N.A., as trustee;

WHEREAS, the Prior Obligations were secured by rental payments made by the County of San Diego (the "County") and the Metropolitan Transit Development Board ("MTDB"), as lessee and subleasee, to the Authority, as lessor, pursuant to that Lease Agreement, dated as of September 1, 2001 (the "Prior Lease"), by and between the County and the Authority and that Sublease Agreement dated as of September 1, 2001 (the "Prior Sublease"), encumbering certain real property and the improvements located thereon in the City of San Diego, California (the "Leased Property");

WHEREAS, the Authority, County, and MTDB now desire to refund the Prior Obligations which remain outstanding with the proceeds of the County of San Diego Certificates of Participation (2011 MTS Tower Refunding) (the "Certificates");

WHEREAS, in order to cause the execution and delivery of the Certificates, the Authority will enter into a new lease (the "Lease") with the County, to replace the Prior Lease, under which the County will lease from the Authority certain real property and the improvements thereon, the Base Rental Payments under which will be used to pay the Certificates;

WHEREAS, the real property upon which a portion of the improvements are located, namely the James R. Mills Building and Clock Tower, is owned by MTDB and leased to the Authority under a Ground Lease by and between MTDB and the Authority, a Memorandum of Ground Lease for which was recorded on November 3, 1987, in the Official Records of the County as Document No. 87-617734, as amended by a First Amendment to Memorandum of Ground Lease, which was recorded in the Official Records of the County on May 25, 1988, as Document No. 88-244926, an unrecorded Second Amendment to Ground Lease Agreement dated January 26, 1994, by and between MTDB and the Authority, and as amended and restated in the Amended and Restated Ground Lease dated as of September 1, 2001, by and between MTDB and the Authority, which was recorded in the Official Records of the County on September 26, 2001, as Document Number 2001-0694986 (collectively, the "Prior Ground Lease");

WHEREAS, it is necessary for MTDB to enter into a new ground lease, dated as of April 1, 2011 (the "Amended and Restated Ground Lease"), with the Authority, to replace the Prior Ground Lease, under which MTDB will lease to the Authority the Leased Property;

WHEREAS, the County as Lessor and MTDB as Lessee entered into the Prior Sublease dated as of September 1, 2001, which was recorded on September 26, 2001, in the Official Records of the

County as Document No. 2001-0694988, pursuant to which MTDB subleased from the County a portion of the Leased Property.

WHEREAS, the County, as lessor, and MTDB, as lessee, propose to enter into a new Sublease, dated as of April 1, 2011 (the "Sublease"), to replace the Prior Sublease, to reflect the updated financing arrangements; and

WHEREAS, there have been presented at this meeting proposed forms of the following documents:

1. an Amended and Restated Ground Lease dated as of April 1, 2011 between MTDB and the Authority;
2. a Sublease dated as of April 1, 2011 between the County and MTDB; and
3. a Nondisturbance Agreement and Agreement Re: Ground Lease (2011 MTS Tower Refunding) dated as of April 1, 2011 (the "Nondisturbance Agreement").

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Directors of MTDB as follows:

Section 1. Recitals. MTDB finds and determines that the foregoing recitals are true and correct.

Section 2. Approval of Amended and Restated Ground Lease. The form and content of the Amended and Restated Ground Lease, between the MTDB and the Authority, under which, among other things, the MTDB agrees to lease the Leased Property to the Authority, is hereby approved. The Chief Executive Officer, General Counsel, Chief Financial Officer, and each and any of them, or his or her designee (the "Authorized Officer") is hereby authorized and directed, for and in the name of and on behalf of the MTDB, to execute and deliver the Amended and Restated Ground Lease in substantially the same form presented to the Board, and the Clerk or his or her designee (the "Clerk") is authorized to attest thereto, with such changes as may be approved by such officer as being in the best interests of the MTDB, and as are approved as to form by counsel to the MTDB, such approval to be conclusively evidenced by such officer's execution and delivery of said Amended and Restated Ground Lease, which form is hereby in all respects approved and incorporated by reference and made a part hereof.

Section 3. Approval of Nondisturbance Agreement. The form and content of the Nondisturbance Agreement, between the Authority and the MTDB, is hereby approved. The Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the MTDB, to execute and deliver the Nondisturbance Agreement in substantially the same form presented to the Board, and the Clerk is authorized to attest thereto, with such changes as may be approved by such officer as being in the best interests of the MTDB, and as are approved as to form by counsel to the MTDB, such approval to be conclusively evidenced by such officer's execution and delivery of said Nondisturbance Agreement, which form is hereby in all respects approved and incorporated by reference and made a part hereof.

Section 4. Approval of Amended and Restated Sublease. The form and content of the Amended and Restated Sublease, between the County and the MTDB, is hereby approved. The Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the MTDB, to execute and deliver the Amended and Restated Sublease in substantially the same form presented to the Board, and the Clerk is authorized to attest thereto, with such changes as may be approved by such officer as being in the best interests of the MTDB, and as are approved as to form by counsel to the MTDB, such approval to be conclusively evidenced by such officer's execution and

delivery of said Amended and Restated Sublease, which form is hereby in all respects approved and incorporated by reference and made a part hereof.

Section 5. Ratification of Actions. All actions heretofore taken by any officer, employee, or agent of the MTDB with respect to the execution, delivery, or sale of the Certificates, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed, and ratified in all respects.

Section 6. General Authorization. The Authorized Officer of the MTDB is hereby authorized and directed, for and in the name of and on behalf of MTDB, to take such actions and to execute such additional agreements, documents, and certificates as may be necessary to effectuate the purposes of this Resolution.

Section 7. Effectiveness. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the MTS Board of Directors this ____ day of _____ 2011 by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAINING:

Chairperson
San Diego Metropolitan Transit System

Filed by:

Approved as to form:

Clerk of the Board
San Diego Metropolitan Transit System

Office of the General Counsel
San Diego Metropolitan Transit System

MARCH24-31.AttA.RESO 11-3.TOWER REFUNDING.KLANDER

\$19,760,000.00

Att. B, AI 31, 3/24/11

COUNTY OF SAN DIEGO

Certificates of Participation

(2011 MTS Tower Refunding) - Rates as of 3.10.11 and Assumes AA+/AA+/Aa3

Sources & Uses

Dated 04/27/2011 | Delivered 04/27/2011

Sources Of Funds

Par Amount of Bonds	\$19,760,000.00
Reoffering Premium	750,725.70
Transfers from Prior Issue Debt Service Funds	560,508.33
Transfers from Prior Issue DSR Funds	3,405,636.67

Total Sources	\$24,476,870.70
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Uses Of Funds

Total Underwriter's Discount (0.500%)	98,800.00
Costs of Issuance	250,000.00
Deposit to Debt Service Reserve Fund (DSRF)	1,360,475.00
Deposit to Current Refunding Fund	22,762,542.28
Rounding Amount	5,053.42

Total Uses	\$24,476,870.70
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\$19,760,000.00**Att. B, AI 31, 3/24/11**

COUNTY OF SAN DIEGO

Certificates of Participation

(2011 MTS Tower Refunding) - Rates as of 3.10.11 and Assumes AA+/AA+/Aa3

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
11/01/2011	2,638,438.89	(6,953.18)	2,631,485.71	3,031,689.90	400,204.19
11/01/2012	2,711,750.00	(13,604.76)	2,698,145.24	3,104,439.90	406,294.66
11/01/2013	2,668,850.00	(13,604.76)	2,655,245.24	3,063,402.40	408,157.16
11/01/2014	2,720,950.00	(13,604.76)	2,707,345.24	3,113,689.90	406,344.66
11/01/2015	2,658,750.00	(13,604.76)	2,645,145.24	3,050,314.90	405,169.66
11/01/2016	2,691,400.00	(13,604.76)	2,677,795.24	3,083,789.90	405,994.66
11/01/2017	2,702,600.00	(13,604.76)	2,688,995.24	3,093,864.90	404,869.66
11/01/2018	2,704,600.00	(13,604.76)	2,690,995.24	3,098,974.90	407,979.66
11/01/2019	1,367,600.00	(1,374,079.76)	(6,479.76)	(303,243.03)	(296,763.27)
Total	\$22,864,938.89	(1,476,266.26)	\$21,388,672.63	\$24,336,923.67	\$2,948,251.04

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	4,423,182.80
Effects of changes in DSR investments	(1,750,714.61)
Net PV Cashflow Savings @ 3.042%(AIC)	2,672,468.19
Transfers from Prior Issue Debt Service Fund	(560,508.33)
Contingency or Rounding Amount	5,053.42
Net Present Value Benefit	\$2,117,013.28
Net PV Benefit / \$22,115,000 Refunded Principal	9.573%
Net PV Benefit / \$19,760,000 Refunding Principal	10.714%

Refunding Bond Information

Refunding Dated Date	4/27/2011
Refunding Delivery Date	4/27/2011

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\$19,760,000.00**Att. B, AI 31, 3/24/11****COUNTY OF SAN DIEGO****Certificates of Participation****(2011 MTS Tower Refunding) - Rates as of 3.10.11 and Assumes AA+/AA+/Aa3****Pricing Summary**

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
11/01/2011	Serial Coupon	2.000%	0.700%	2,325,000.00	100.662%	2,340,391.50
11/01/2012	Serial Coupon	2.000%	1.000%	2,145,000.00	101.495%	2,177,067.75
11/01/2013	Serial Coupon	2.000%	1.350%	2,145,000.00	101.599%	2,179,298.55
11/01/2014	Serial Coupon	3.000%	1.750%	2,240,000.00	104.238%	2,334,931.20
11/01/2015	Serial Coupon	3.000%	2.300%	2,245,000.00	102.983%	2,311,968.35
11/01/2016	Serial Coupon	4.000%	2.610%	2,345,000.00	107.091%	2,511,283.95
11/01/2017	Serial Coupon	4.000%	2.930%	2,450,000.00	106.300%	2,604,350.00
11/01/2018	Serial Coupon	4.000%	3.210%	2,550,000.00	105.235%	2,683,492.50
11/01/2019	Serial Coupon	4.000%	3.450%	1,315,000.00	104.026%	1,367,941.90
Total	-	-	-	\$19,760,000.00	-	\$20,510,725.70

Bid Information

Par Amount of Bonds	\$19,760,000.00
Reoffering Premium or (Discount)	750,725.70
Gross Production	\$20,510,725.70
Total Underwriter's Discount (0.500%)	\$(98,800.00)
Bid (103.299%)	20,411,925.70
Total Purchase Price	\$20,411,925.70
Bond Year Dollars	\$87,029.56
Average Life	4.404 Years
Average Coupon	3.5676833%
Net Interest Cost (NIC)	2.8185979%
True Interest Cost (TIC)	2.7359625%

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TO BE RECORDED AND WHEN RECORDED

RETURN TO:

Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street, 32nd Floor
Los Angeles, California 90017
Attention: William W. Bothwell

LAWYER'S TITLE ORDER NO. _____

**THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER
TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION
CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO
SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.**

AMENDED AND RESTATED GROUND LEASE

Dated as of April 1, 2011

by and between

SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD

and

SAN DIEGO REGIONAL BUILDING AUTHORITY

AMENDED AND RESTATED GROUND LEASE

This Amended and Restated Ground Lease (this "Restated Ground Lease"), executed and entered into as of April 1, 2011, by and between SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD, an agency organizing and existing under and by virtue of the laws of the State of California (the "MTDB"), and the SAN DIEGO REGIONAL BUILDING AUTHORITY, a joint powers agency duly organized and existing under and by virtue of the laws of the State of California (the "Authority").

WITNESSETH

In consideration of the rents and covenants hereinafter set forth, MTDB hereby leases to the Authority, and the Authority hereby leases from MTDB, the hereinafter described premises (the "Premises"), subject to all matters of record or apparent, upon the terms and conditions set forth herein.

RECITALS

A. The Authority is a joint powers authority formed by the County of San Diego ("County") and MTDB. The Authority is governed by a three person Commission consisting of two members appointed by the County Board of Supervisors and one member appointed by MTDB. The Authority was formed to provide for the financing of public capital improvements for its members through the issuance of bonds by the Authority and the leasing of the public capital improvements to the members.

B. A Ground Lease by and between MTDB and the Authority, a Memorandum of Ground Lease for which was recorded on November 3, 1987, in the Official Records of the County as Document No. 87-617734, as amended by a First Amendment to Memorandum of Ground Lease which was recorded in the Official Records of the County on May 25, 1988, as Document No. 88-244926, an unrecorded Second Amendment to Ground Lease Agreement dated January 26, 1994, by and between MTDB and the Authority, and as amended and restated in the Amended and Restated Ground Lease dated as of September 1, 2001, by and between MTDB and the Authority which was recorded in the Official Records of the County on September 26, 2001, as Document Number 2001-0694986 (collectively, the "Prior Ground Lease") was entered into under which MTDB, as Lessor, leased the Premises to the Authority, as Lessee.

C. The purpose of the Prior Ground Lease was in furtherance of the development of the Premises and adjacent real property as a ten-story office building tower, a 10,000 square foot covered trolley station and a trolley right of way and an approximately 1002-space parking structure (the "Project").

D. The construction of the Project was financed initially through the issuance of Bonds (the "Bonds") by the Authority pursuant to a Trust Indenture with U.S. Bank National Association, successor in interest to State Street Bank and Trust Company of California, N.A., as trustee, dated as of November 1, 1987.

E. The Bonds were refunded in 1989 by the issuance of San Diego Regional Building Authority Lease Revenue Bonds (MTS Tower Project) Series 1989A (the "1989A Bonds") under a First Supplemental Indenture dated as of April 1, 1989, by and between U.S. Bank National Association, successor in interest to State Street Bank and Trust Company, N.A., as trustee, and the Authority.

F. To refund the Series 1989A Bonds, Certificates of Participation (1991 MTS Tower Refunding Project) (the "1991 Prior Obligations") were executed and delivered on October 2, 1991, in the original principal amount of \$46,965,000 pursuant to a Trust Agreement dated as of October 1, 1991, by and between the Authority and U.S. Bank National Association, successor in interest to State Street Bank and Trust Company of California, N.A. as trustee, and secured by rental payments made by the County pursuant to that Lease Agreement dated as of October 1, 1991, by and between the County and the Authority (the "1991 Prior Lease") which was recorded in the Official Records of the County on October 22, 1991 as Document No. 1991-0543765.

G. The County as Lessor and MTDB as Lessee entered into a Sublease agreement dated as of October 1, 1991 (the "1991 Prior Sublease") which was recorded on October 22, 1991, in the Official Records of the County as Document No. 1991-0543766, pursuant to which MTDB subleased from the County a portion of the Project.

H. To refund the 1991 Prior Obligations, Certificates of Participation (2001 MTS Tower Refunding) (the "2001 Prior Obligations") were executed and delivered on September 27, 2001, in the original principal amount of \$36,960,000 pursuant to a Trust Agreement dated as of September 1, 2001, among the County, the Authority and U.S. Bank National Association, successor in interest to State Street Bank and Trust Company of California, N.A. as trustee, and secured by rental payments made by the County of San Diego (the "County") pursuant to that Lease Agreement dated as of September 1, 2001, by and between the County and the Authority (the "2001 Prior Lease") which was recorded in the Official Records of the County on September 26, 2001 as Document No. 2001-069487.

I. The County as Lessor and MTDB as Lessee entered into a Sublease agreement dated as of September 1, 2001 (the "2001 Prior Sublease") which was recorded on September 26, 2001, in the Official Records of the County as Document No. 2001-0694988, pursuant to which MTDB subleased from the County a portion of the Project.

J. The County desires to restructure the financing arrangements concerning the 2001 Prior Obligations in order to reduce the annual rental paid for such arrangements.

K. To that end the County has determined that it would be in its best interest to cause the execution and delivery of Certificates of Participation (2011 MTS Tower Refunding) in the original principal amount of \$XX,000,000 (the "Certificates") pursuant to that Trust Agreement, dated as of April 1, 2011, by and among the County, the Authority and Zions First National Bank, as Trustee (the "Trustee") which Certificates evidence undivided interests in Base Rental Payments under a Lease dated as of April 1, 2011, (the "Lease") by and between the Authority as Lessor and the County, as Lessee, which replaces the 2001 Prior Lease, and use the proceeds from the issuance thereof to defease the 2001 Prior Obligations.

L. The County, as lessor, and MTDB, as lessee, proposed to enter into a new Sublease dated as of April 1, 2011, (the "2011 Sublease") to replace the 2001 Prior Sublease, to reflect the updated financing arrangements of the County.

M. MTDB and the Authority also wish to amend and restate the Prior Ground Lease through the execution and delivery of this Restated Ground Lease in complete substitution for the Prior Ground Lease, so as to reflect the revised obligations of the Authority hereunder as a consequence of the proposed refinancing of the Project.

ARTICLE I

PREMISES

1.1 Premises Defined. The Premises, which are more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, comprise certain real property located in the City of San Diego, County of San Diego, State of California, consisting of an area of approximately 82,428 square feet of surface area.

1.2 Reservation of Oil, Gas, Mineral and Water Rights. MTDB has reserved oil, gas, mineral and water rights in the Premises but without right of entry on the surface or within 500 feet thereof.

1.3 [Reserved].

ARTICLE II

TERM

2.1 Length of Term. The original term of this Restated Ground Lease commenced on November 3, 1987 (the "Commencement Date") and terminates on November 1, 2086. The Authority shall have the option to terminate this Restated Ground Lease on November 1, 2042 and each tenth anniversary thereafter, upon six months' prior written notice to MTDB.

ARTICLE III

RENT

3.1 Minimum Rent.

3.1.1 The minimum rent amount for this Restated Ground Lease ("Minimum Rent") is set forth in Section 3.1.2 below and periodically adjusted pursuant to Section 3.2. As long as the Sublease is in effect, and MTDB receives a rent credit against its Sublease Base Rental Payment equal to the County's 73.4% share of Minimum Rent described in Section 3.1.2 below (as adjusted pursuant to Section 3.2. below), the Authority's obligation to pay the Minimum Rent shall be reduced to \$1 for each twelve-month period during the term beginning November 1, 2001. In any Lease Year in which MTDB does not receive a credit against its Sublease Base Rental Payment under the Sublease equal to the County's 73.4% share of the Minimum Rent described in Section 3.1.2 below (as adjusted pursuant to Section 3.2 below), Minimum Rent shall not be reduced and shall instead be payable by the Authority in the amount set forth in Section 3.1.2 below (as adjusted pursuant to Section 3.2).

3.1.2 Commencing November 1 of each Lease Year, the Authority shall pay to MTDB in advance, without offset, for each remaining month in lease term, as minimum rent, the sum of \$32,164.34. Minimum Rent shall be adjusted periodically pursuant to Section 3.2 below. As determined by the County and MTDB's calculated share of the Authority's Building Costs related to the Project (see MTS Tower Project Cost Allocation Summary dated June 1, 1989, attached as Exhibit "B"), the County's share of the Minimum Rent is equal to 73.4% of the Minimum Rent. MTDB, as lessor under this Ground Lease, acknowledges receipt of MTDB's share of the Authority's Minimum Rent, which is equal to 26.6% of the Minimum Rent. MTDB acknowledges this receipt for the term of this Ground Lease without further obligation of the Authority to make such payment.

3.1.3 Minimum Rent shall be payable (a) on the first day of November of each year in the case of Minimum Rent payable under paragraph 3.1.1 hereof and (b) on or before the first day of each calendar month in the case of Minimum Rent payable under paragraph 3.1.2 hereof. Minimum Rent for any fractional part of a calendar month at the beginning or end of the lease term shall be a proportionate part of the Minimum Rent for a full calendar month and shall be payable, with respect to any fractional month at the beginning of the lease term, on the first day of the first full calendar month during the lease term and, with respect to any fractional month at the end of the lease term, on the first day of such month.

3.2 Rental Adjustments.

3.2.1 On (a) November 1, 2012, and (b) November 1, 2017 (in each case, a “CPI Adjustment Date”), the rate of Minimum Rent required by paragraph 3.1.2 hereof shall be increased to reflect the increase, if any, in the Consumer Price Index published from time to time by the Bureau of Labor Statistics of the United States Department of Labor for All Urban Consumers, All Items, for the San Diego Metropolitan Statistical Area (the “Index”). On each such CPI Adjustment Date, the rate of such Minimum Rent shall be increased to an amount determined by multiplying the rate of such Minimum Rent in effect immediately prior to such CPI Adjustment Date by a fraction, the numerator of which shall be the most recent Index available as of such CPI Adjustment Date, and the denominator of which shall be the most recent Index available as of (x) November 1, 2007, for the November 1, 2012 CPI Adjustment Date and (y) November 1, 2012, for the November 1, 2017 CPI Adjustment Date; provided that in no event shall the rate of such Minimum Rent be decreased, and provided further that in no event shall the rate of such Minimum Rent be increased by greater than 46.93% on any CPI Adjustment Date.

3.2.2 On November 1, 2019 (the “First Market Adjustment Date”), the Minimum Rent shall be adjusted to eight percent (8%) of seventy percent (70%) of the fair market value of the Premises, as if unimproved, uncumbered and available for its highest and best use, as mutually agreed by the MTDB and the Authority. If MTDB and the Authority are unable to agree before the First Market Adjustment Date, then the fair market value shall be as determined by an appraiser mutually selected by MTDB and the Authority. If MTDB and the Authority cannot agree on a single appraiser within ten (10) days, then each shall select an appraiser. If the two appraisers cannot agree on the fair market value within thirty (30) days, then they shall appoint a third appraiser, and the fair market value shall be deemed to be the average of the two closest appraisals. Each appraiser shall be a disinterested member of the American Institute of Real Estate Appraisers, or a body of comparable standing, with at least five (5) years experience in commercial real estate appraisal. MTDB and the Authority shall each bear the cost of the appraiser appointed by them, and shall share equally the cost of the appraiser mutually selected by them or of the third appraiser appointed, if any.

3.2.3 On (a) November 1, 2024, (b) every five years thereafter until November 1, 2042, and (c) annually thereafter throughout the balance of the lease term (in each case, a “CPI Adjustment Date”), the rate of Minimum Rent required by paragraph 3.1.2 hereof (as adjusted pursuant to Sections 3.2.1, 3.2.2 and 3.2.3 hereof, as applicable) shall be increased to reflect the increase, if any, in the Consumer Price Index published from time to time by the Bureau of Labor Statistics of the United States Department of Labor for All Urban Consumers, All Items, for the San Diego Metropolitan Statistical Area (the “Index”), provided that no such adjustment shall be made on any CPI Adjustment Date which is also a Market Adjustment Date. On each such CPI Adjustment Date, the rate of such Minimum Rent shall be increased to an amount determined by multiplying the rate of such Minimum Rent in effect immediately prior to such CPI Adjustment Date by a fraction, the numerator of which shall be the most recent Index available as of such CPI Adjustment Date, and the denominator of which shall be the most

recent Index available as of the later of (x) November 1, 2019, and (y) the most recent CPI Adjustment Date, if any, preceding such CPI Adjustment Date, provided that in no event shall the rate of such Minimum Rent be decreased, and provided further that in no event shall the rate of such Minimum Rent be increased by greater than (i) 46.93% on any CPI Adjustment Date prior to November 1, 2042, or (ii) 8% on any CPI Adjustment Date thereafter.

3.2.4 On November 1, 2042, and every ten years thereafter (a “Market Adjustment Date”), the Minimum Rent shall be adjusted to eighty percent (80%) of the fair rental value of the Premises, as if unimproved, unencumbered and available for its highest and best use, as mutually agreed by MTDB and the Authority. If MTDB and the Authority are unable to agree before the applicable Market Adjustment Date, then the fair rental value shall be as determined by an appraiser mutually selected by MTDB and the Authority. If MTDB and the Authority cannot agree on a single appraiser within ten (10) days, then each shall select an appraiser. If the two appraisers cannot agree on the fair rental value within thirty (30) days, then they shall appoint a third appraiser, and the fair rental value shall be deemed to be the average of the two closest appraisals. Each appraiser shall be a disinterested member of the American Institute of Real Estate Appraisers, or a body of comparable standing, with at least five (5) years experience in commercial real estate appraisal. MTDB and the Authority shall each bear the cost of the appraiser appointed by them, and shall share equally the cost of the appraiser mutually selected by them or of the third appraiser appointed, if any.

3.2.5 In the event the compilation and/or publication of the Index shall be transferred to any other governmental agency or shall be discontinued, or the frequency thereof shall be changed, then the index most nearly the same as the Index shall be used to determine adjustments to Minimum Rent. In the event that MTDB and the Authority are unable to agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in San Diego County, California, in accordance with the then applicable rules of said Association and the decision of the arbitrator shall be binding upon the parties. The cost of said arbitration shall be paid equally by MTDB and the Authority. In the event of such an arbitration, the Authority shall continue to pay the rent at the rate previously in effect until the increase, if any, is determined. Within five days following the date on which the arbitration is concluded, the Authority shall make a lump sum payment to MTDB to reflect the increase in Minimum Rent.

ARTICLE IV

TAXES

4.1 Real Property Taxes. The Authority shall pay, as additional rent, in installments as the same become due, all “real property taxes” (as hereinafter defined) levied or assessed by, or becoming payable to any governmental authority having jurisdiction of the Premises, for or in respect of the Premises, if any, for each tax period wholly included in the term. All such payments shall be made directly to the Authority charged with the collection thereof not less than five (5) days prior to the last date on which the same may be paid without interest or penalty. For any fraction of a tax period included in the term at the beginning or end thereof, the Authority shall pay to MTDB, within thirty (30) days after receipt of MTDB’s invoice therefor, that portion of the total taxes levied or assessed or becoming payable which is allocable to such included period, determined by multiplying the total taxes by a fraction whose denominator is the total number of days in the tax period and whose numerator is the number of days in such period included in the lease term.

4.2 Definitions.

4.2.1 The term “real property taxes” shall include all (i) taxes, assessments and governmental charges and surcharges (including, without limitation, assessments for public improvements or benefits whether or not commenced or completed during the term of this Restated Ground Lease, water, sewer, storm drains and other rents, rates and charges, excises, levies, license fees, use fees, permit fees and other authorization fees), and all other charges (in each case whether general or special, ordinary or extraordinary, foreseen or unforeseen) of every kind and character (including all penalties and interest thereon), levied upon or with respect to the Premises, (ii) any tax or excise on or measured by rents, and (iii) any other tax, however described, levied against MTDB on account of the rent reserved hereunder or on the business of renting the Premises; provided, however, that the term “real property taxes” shall not include any franchise, estate, inheritance, succession, capital, levy, net income or excess profits taxes imposed upon MTDB.

4.2.2 To the extent permitted by law, the Authority shall have the right, at the Authority’s cost, to apply for the conversion of any assessment for local improvements assessed during the term of this Restated Ground Lease in order to cause the same to be payable in annual installments, and upon any such conversion the Authority shall pay and discharge punctually all installments which become due and payable during the term of this Restated Ground Lease and that portion of any installment for any tax year partially included at the beginning or the end of the lease term determined pursuant to paragraph 4.1. MTDB agrees to permit the application for the foregoing conversion to be filed in MTDB’s name, if necessary, and shall execute any and all documents reasonably requested by the Authority to accomplish the foregoing result. As between MTDB and the Authority, it is agreed that as to any local improvement assessment levied within the last three (3) years of the term of this Restated Ground Lease which cannot be made payable to the taxing authorities in installments, the Authority shall be required to pay only that part of such assessment which bears the same proportion to the whole as the unexpired number of years of the term of this Restated Ground Lease bears to ten (10).

4.3 Separate Tax Parcel.

4.3.1 If the Premises do not constitute a separate tax parcel, MTDB shall use its best efforts to cause the Premises to be assessed and taxed as a separate tax parcel.

4.3.2 If the Premises are not assessed and taxed as a separate tax parcel, then notwithstanding anything to the contrary set forth in this Article IV, “real property taxes for or in respect of the Premises” shall mean:

(a) That portion of the real property taxes assessed against the land underlying the tax parcel which the gross area of the surface of the Premises bears to the gross area of the surface of the entire tax parcel; plus

(b) That portion of the real property taxes assessed against the improvements included within the tax parcel which the valuation assigned by the taxing authorities to the improvements included within the Premises bears to the valuation so assigned to all of the improvements included within such tax parcel. If such separate valuations are not reasonably available to MTDB, then the reasonable determination by MTDB, in good faith, from the best information reasonably available to it, of the proportion of the real property taxes assessed against the improvements included within such tax parcel which is attributable to the improvements included within the Premises shall be conclusive for the purposes of this Article.

4.3.3 If the Premises are not assessed and taxed as a separate tax parcel, then real property taxes for or in respect of the Premises shall be paid by the Authority to MTDB within ten (10) days after The Authority's receipt of MTDB's invoice therefor.

4.4 Other Taxes. The Authority shall be responsible for and shall pay or cause to be paid before delinquency all municipal, county and state taxes, levies and fees of every kind and nature, including but not limited to general or special assessments assessed during the term of this Restated Ground Lease against any leasehold interest, leasehold improvements or personal property of any kind, owned by or placed in, upon or about the Premises by the Authority or its sublessees, concessionaires or licensees, if any.

4.5 Right to Contest. The Authority shall have the right, at the Authority's sole risk and cost, to contest the amount and/or the validity of the applicable real property taxes by appropriate legal proceedings; provided, however, that said right shall be availed of by the Authority only upon condition that the Authority shall indemnify and hold MTDB and the Premises harmless from any loss, cost or expense, including but not limited to, MTDB's reasonable attorneys' fees and court costs, which in any manner arise from or with respect to such contest and upon the further condition that the Authority shall take any and all action, including, but not limited to, the payment of any judgment or bonding requirement, so as to prevent the loss or forfeiture of the Premises or any part thereof. The foregoing shall not, however, be deemed or construed to relieve, modify, or extend the Authority's covenant to pay any such real property taxes at the time and in the manner provided in this Article IV unless such proceedings shall operate to prevent the sale of the Premises or any part thereof or the placing of any lien thereon to satisfy such taxes prior to the final determination of such proceedings. Upon the termination of such proceedings, the Authority shall promptly pay all real property taxes, if any, then payable and the interest and penalties in connection therewith, and the charges accruing in such proceedings.

ARTICLE V

CONDUCT OF BUSINESS BY THE AUTHORITY

5.1 Use of Premises. The Authority may use the Premises for any lawful purpose.

5.2 Restrictions on Use. The Authority shall comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use by the Authority of the Premises. The Authority shall not use or permit the use of the Premises in any manner that will tend to create a nuisance or tend to damage or deface the Premises. Nothing shall be done upon or about the Premises that shall be contrary to any law, ordinance, regulation, or requirement of any public authority having jurisdiction.

ARTICLE VI

MAINTENANCE, REPAIRS AND ALTERATIONS

6.1 MTDB's Obligations. MTDB shall not be obligated or required, in its capacity as lessor under this Restated Ground Lease, at any time to repair or maintain the Premises or any part thereof or to make or bear any part of the expense of any improvement, alteration or change of any nature in or about the Premises or any part thereof. MTDB and the Authority acknowledge that the Authority has inspected the Premises and accepts the same "AS IS."

6.2 The Authority's Obligations.

6.2.1 Subject to the provisions of Article VIII of this Restated Ground Lease, the Authority shall during the term of this Restated Ground Lease keep in first-class order, condition and repair all of the Premises and all improvements thereon. The Authority shall promptly at the Authority's own cost and expense make all necessary repairs, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, as necessary to maintain the Premises and all improvements thereon in first-class condition. The Authority shall provide whatever treatment may be necessary, as often as may be required, to keep the Premises and all improvements thereon neat and attractive.

6.2.2 If the Authority fails to perform its obligations under this paragraph 6.2, then MTDB may at its option, after ten (10) days' written notice to the Authority, enter upon the Premises and put the same in good order, condition and repair and the cost thereof shall become due and payable as additional rent by the Authority to MTDB upon demand.

6.2.3 On the last day of the term hereof, or on any sooner termination, the Authority shall surrender the Premises and all improvements thereon to MTDB in first-class condition, ordinary wear and tear excepted.

6.3 Alterations and Additions.

6.3.1 The Authority shall not, without the prior written consent of MTDB, which consent shall not unreasonably be withheld, make any alterations, improvements, remodeling or additions to the Improvements currently situated on the Premises. Alterations made by the Authority during the term hereof shall be done with reasonable diligence in a good and workmanlike manner, consistent with first-class construction, in compliance with all applicable laws and regulations of all governmental authorities having jurisdiction, and shall be of such a character as not to reduce or otherwise adversely affect the value of the Premises. The cost of any alteration shall be paid or discharged by the Authority so that the Premises and all improvements thereon shall at all times be free of mechanics' or other liens for work, labor, services or materials supplied to the Premises in connection with such alteration.

6.3.2 The Authority's original construction pursuant to the Original Ground Lease and all alterations, improvements, remodeling, additions or fixtures (other than trade fixtures not permanently affixed to the Premises) which may be made or installed in the Premises or any improvements thereon and which are attached to the floor, walls or ceiling of any improvements on the Premises and any floor covering which is cemented or otherwise affixed to the floor of any improvements on the Premises (collectively called "leasehold improvements") shall be the property of MTDB and shall remain upon and be surrendered with the Premises at the termination of this Restated Ground Lease.

6.4 Removal of Signs and Movable Trade Fixtures. All interior signs and movable trade fixtures installed in or on the Premises during the term of this Restated Ground Lease by the Authority shall not be deemed part of the Premises and may be removed by the Authority at any time or times during the term of this Restated Ground Lease or upon the termination of the term of this Restated Ground Lease, if the Authority shall not then be in default in the performance or observance of any of the agreements or conditions in this Restated Ground Lease to be performed or observed by the Authority. The Authority shall promptly repair any damage to the Premises or any improvements thereon resulting from the installation or removal of any such signs or movable trade fixtures. Movable

trade fixtures shall include trade fixtures and other installations not affixed to the realty and trade fixtures and other installations affixed only by nails, screws, or similar means.

ARTICLE VII

INSURANCE; INDEMNITY

7.1 Public Liability and Property Damage Insurance. The Authority shall maintain or cause to be maintained, throughout the term of this Restated Ground Lease, but only if and to the extent available from reputable insurers at reasonable cost, a standard comprehensive general insurance policy or policies in protection of the MTDB. The Authority, and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Premises and the Project. Said policy or policies. shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event (subject to a deductible clause of not to exceed \$250,000), and in a minimum amount of \$150,000 (subject to a deductible clause of not to exceed \$75,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the minimum amount of \$3,000,000 covering all such risks, subject to a deductible of not to exceed \$250,000. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the Authority, and may be maintained in whole or in part in the form of self-insurance. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the proceeds of such insurance shall have been paid.

7.2 Fire and Extended Coverage Insurance; Rental Interruption Insurance. The Authority shall procure and maintain, or cause to be procured and maintained with respect to the Project, coverages and amounts of insurance required by Section 6.03 of the Lease, throughout the term of this Restated Ground Lease except as otherwise permitted under Section 6.03 of the Lease.

7.3 [Reserved]

7.4 Insurance Net Proceeds; Form of Policies. Each policy of insurance required by paragraph 7.2 hereof shall provide that, so long as any Certificates or Additional Certificates are outstanding, all proceeds thereunder shall be payable and applied as provided in paragraph 8.2 of this Restated Ground Lease. If no Certificates are Outstanding, net proceeds shall be allocated as provided in paragraph (5) of Section 6.03 of the Lease. The Authority shall pay or cause to be paid when due the premiums for all insurance policies required by this Restated Ground Lease, and shall promptly furnish or cause to be furnished evidence of such payments to the MTDB. All such policies shall provide that MTDB and the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. MTDB and the Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by them.

7.5 Waiver of Subrogation.

7.5.1 MTDB and the Authority (for itself and its assignees and subtenants) each waives any and all rights of recovery against the other and against the officers, employees, agents,

representatives, customers and business visitors of such other party, for loss of or damage to such waiving party or its property or the property of others under its control, arising from any cause insured against under any policy of insurance required to be carried by such waiving party pursuant to the provisions of this Restated Ground Lease (or any other policy of insurance carried by such waiving party). The foregoing waiver shall be effective whether or not a waiving party shall obtain and maintain the insurance which such waiving party is required to obtain and maintain pursuant to this Restated Ground Lease. The policies of insurance which the Authority is required to maintain or cause to be maintained hereunder shall include an acknowledgement by the insurer that the foregoing mutual waiver of subrogation is contained in this Restated Ground Lease.

7.6 Indemnity. The Authority shall defend, indemnify and hold MTDB harmless from and against any liability or expense (including attorneys' fees and costs of defense) for any damage or injury to persons or property in or about the Premises or any improvements thereon which may result from the use or occupation of the Premises or any improvements thereon by the Authority, its agents, employees, invitees, licensees, concessionaires or other persons claiming under the Authority. It is understood and agreed that payment shall not be a condition precedent to enforcement of the foregoing indemnity.

7.7 Exemption of MTDB. MTDB shall not be liable for injury or damage which may be sustained by any person or property of the Authority, its assignees, subtenants, employees, invitees or customers or any other person in or about the Premises or any improvements thereon caused by or resulting from fire, steam, electricity, gas, water or rain, which may leak or flow from or into any part of the Premises or any improvements thereon, or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures of the same, whether the damage or injury results from conditions arising from or upon the Premises or any improvements thereon or from other sources.

ARTICLE VIII

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF PROCEEDS; ABATEMENT OF RENT

8.1 Eminent Domain. If all of the Project shall be taken permanently under the power of eminent domain or sold to a governmental agency threatening to exercise the power of eminent domain, the Term of this Restated Ground Lease shall cease as of the day possession shall be so taken. If less than all of the Project shall be taken permanently, or if all of the Project or any part thereof shall be taken temporarily, under the power of eminent domain, (a) this Restated Ground Lease shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be an abatement of Minimum Rent in an amount agreed upon by MTDB and the Authority such that the resulting Minimum Rent for the Project represents fair consideration for the use and occupancy of the remaining portions of the Project.

8.2 Application of Proceeds.

8.2.1 The proceeds of any insurance award resulting from any damage to or destruction of the Project by fire or other insured casualty (other than rental interruption insurance) shall, so long as any Certificates or Additional Certificates are Outstanding, be deposited in the Insurance Proceeds and Condemnation Awards Fund, as defined in the Trust Agreement, by the County promptly upon receipt thereof and applied as set forth in Section 5.03 of the Trust Agreement and Section 7.01 of the Lease. From and after the time at which no Certificates or Additional Certificates are Outstanding, proceeds of insurance contemplated by this Section shall be allocated as proceeds of insurance are allocated pursuant

to paragraph (4) of Section 6.03 of the Lease. Upon the completion of the work and payment in full therefor by the Authority, any insurance monies then remaining shall be turned over to the Authority .

8.2.2 The proceeds of any eminent domain award resulting from any event described in paragraph 8.1 of this Restated Ground Lease shall, so long as any Certificates or Additional Certificates are Outstanding or any amounts are due, be deposited in the Insurance Proceeds and Condemnation Awards Fund, as defined in the Trust Agreement, and applied as set forth in Section 5.03 of the Trust Agreement and Section 7.01 of the Lease. From and after the time at which no Certificates or Additional Certificates are Outstanding, award for taking and exercise of eminent domain shall be allocated as proceeds of insurance are allocated pursuant to paragraph (5) of Section 6.03 of the Lease. Nothing contained herein, however, shall preclude the Authority from obtaining, or to give MTDB any interest in, any award to the Authority for loss of or damage to the Authority's trade fixtures and removable personal property, for loss of or damage to improvements constructed by The Authority, for damages for cessation or interruption of the Authority's business or for the cost of relocation, provided that such damages are set forth in a separate award to the Authority or are separately broken out in a single award.

8.3 Abatement of Rent. The amount of Minimum Rent for the Project shall be abated, during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the Authority of the Project, or any portion thereof. The amount of such abatement shall be an amount agreed upon by the Authority and MTDB such that the resulting Minimum Rent for the Project represents fair consideration for the use and occupancy of the portions of the Project not damaged or destroyed; provided, however, that such abatement shall not result so long as moneys in the "Reserve Fund" under the Trust Agreement and the net proceeds of rental interruption insurance are sufficient to make Minimum Rent payments when and as due, it being hereby declared that such moneys and net proceeds constitute special funds for the payment of Minimum Rent. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Restated Ground Lease shall continue in full force and effect and the Authority waives any right to terminate this Restated Ground Lease by virtue of any such damage and destruction.

ARTICLE IX

ASSIGNMENT AND SUBLETTING

9.1 MTDB's Rights.

9.1.1 Subject to the provisions of paragraphs 9.3 and 9.4 hereof, the Authority shall not, either voluntarily or by operation of law, assign, sell, encumber, pledge or otherwise transfer all or any part of the Authority's leasehold estate hereunder, or permit the Premises to be used or occupied by anyone other than the Authority or the Authority's employees or sublet the Premises or any portion thereof, without MTDB's prior written consent in each instance, which shall not be unreasonably withheld. Consent by MTDB to one or more assignments of this Restated Ground Lease or to one or more sublettings of the Premises shall not operate to exhaust MTDB's rights under this section. The voluntary or other surrender of this Restated Ground Lease by the Authority or a mutual cancellation hereof shall not work a merger, and shall, at the option of MTDB, terminate all or any existing subleases or subtenancies or shall operate as an assignment to MTDB of such subleases or subtenancies.

9.1.2 Subject to the provisions of paragraphs 9.3, if the Authority desires at any time to assign this Restated Ground Lease or to sublet the Premises or any portion thereof, it shall first notify MTDB in writing of its desire to do so and shall submit in writing to (a) the name of the proposed subtenant or assignee; (b) the nature of the proposed subtenant's or assignee's business to be carried on in the Premises; (c) the terms and provisions of the proposed sublease or assignment; and (d) such reasonable financial information as MTDB may request concerning the proposed subtenant or assignee, including but not limited to a balance sheet of the proposed subtenant or assignee as of a date within ninety (90) days of the request for MTDB's consent, statements of income or profit and loss of the proposed subtenant or assignee for the two-year period preceding the request for MTDB's consent and a written statement in reasonable detail as to the business experience of the proposed subtenant or assignee during the five years preceding the request for MTDB's consent.

9.1.3 At any time within fifteen (15) days after MTDB's receipt of the information specified in paragraph 9.1.2 hereof, MTDB may by written notice to the Authority elect to (a) consent to the sublease or assignment upon the terms and to the subtenant or assignee proposed, or (b) refuse to give its consent, specifying in reasonable detail the reasons therefor. If MTDB consents to such assignment or subletting, the Authority may, within ninety (90) days after the date of MTDB's consent, enter into a valid assignment or sublease of the Premises or portion thereof upon the terms and conditions described in the information required to be furnished by the Authority to MTDB pursuant to paragraph 9.1.2, or upon other terms not less favorable to the Authority ; provided, however, that any material change in such terms shall be subject to MTDB's consent as provided in this paragraph 9.1.

9.2 Release of The Authority. Any assignment or sublease made with the consent of MTDB shall not relieve the Authority of its obligation to pay the rent and to perform all of the other obligations to be performed by the Authority hereunder with respect to the portion of the Premises so assigned or sublet. No sublease, even pursuant to paragraph 9.3 or with the consent of MTDB shall relieve the Authority of its obligation to pay rent and to perform all of its other obligations hereunder with respect to any portion of the Premises retained by the Authority. The acceptance of rent by MTDB from any other person shall not be deemed to be a waiver by MTDB of any provision of this Lease or to be a consent to any assignment, sublease or transfer.

9.3 Permitted Subleases.

9.3.1 Without complying with paragraph 9.1.1 through and including paragraph 9.1.3, or 9.2, the Authority may freely sublease space within the Project to the County. In turn, the County may freely sublease space within the Project to MTDB, and MTDB may freely sublease portions of the space it subleases from the County to private parties and government agencies, provided that (a) the Trustee shall receive a copy of such sublease at least thirty (30) days prior to its execution, (b) no sublease shall cause the Certificates to be defined as "private activity bonds" under the Internal Revenue Code, and (c) the Authority shall not be authorized to execute any such sublease upon receiving written notice from the Trustee or that such sublease will cause the Certificates to be treated as "private activity bonds" under the Internal Revenue Code.

9.4 Assignment of Interest. The Authority may assign its interest in this Restated Ground Lease and the improvements to be constructed by the Authority pursuant to Article XIV of this Restated Ground Lease to the Trustee or any successor Trustee appointed pursuant to Article VIII of the Trust Agreement.

ARTICLE X

[RESERVED FOR FUTURE USE]

ARTICLE XI

UTILITY SERVICES

11.1 Utility Charges. The Authority shall pay all charges for all utility services furnished to the Premises during the lease term.

11.2 Interruption of Service. MTDB shall not be liable in damages or otherwise for any failure or interruption of any utility service being furnished to the Premises and no such failure or interruption shall entitle the Authority to terminate this Restated Ground Lease or to an abatement of any rent due hereunder.

ARTICLE XII

DEFAULTS AND REMEDIES

12.1 Defaults. The occurrence of any one or more of the following events shall constitute a default hereunder by the Authority:

12.1.1 The abandonment of the Premises by the Authority.

12.1.2 The failure by the Authority to make any payment of rent, additional rent, or other payment required to be made by the Authority hereunder, as and when due, where such failure shall continue for a period of ten (10) days after written notice thereof from MTDB to the Authority, provided, however, that any such notice shall be in lieu of, and not in addition to any notice required under California Code of Civil Procedure Section 1161, as amended.

12.1.3 The failure by the Authority to observe or perform any of the express covenants or provisions of this Restated Ground Lease to be observed or performed by the Authority, other than as specified in paragraphs 12.1.1 and 12.1.2, where such failure shall continue for a period of thirty (30) days after written notice thereof from MTDB to the Authority; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161, as amended; provided further, that if the nature of the Authority's default is such that more than thirty (30) days are reasonably required for its cure, then the Authority shall not be deemed to be in default if the Authority shall commence such cure within said thirty (30) day period and thereafter diligently prosecute such cure to completion.

12.1.4 (a) The making by the Authority of any general assignment for the benefit of creditors; (b) the filing by or against the Authority of a petition to have the Authority adjudged bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against the Authority, the same is dismissed within ninety (90) days); (c) the appointment of a trustee or receiver to take possession of substantially all of the Authority's assets located at the Premises or of the Authority's interest in this Restated Ground Lease, where possession is

not restored within ninety (90) days; (d) the attachment, execution or other judicial seizure of substantially all of the Authority's assets located at the Premises or of the Authority's interest in this Restated Ground Lease, where such seizure is not discharged within ninety (90) days; or (e) the Authority's convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts.

12.2 Remedies.

12.2.1 In the event of any default by the Authority as defined herein, MTDB shall provide written notice thereof to the Trustee. In the event such default is not cured by the Trustee within thirty (30) days after the date of such notice (or, if due to the nature of the default more than thirty (30) days are reasonably required for its cure, in the event the Trustee does not commence such cure within said thirty (30) day period and thereafter diligently prosecute such case to completion), then MTDB may exercise the following remedies:

(a) Terminate the Authority's right to possession of the Premises by any lawful means, in which case this Restated Ground Lease shall terminate and the Authority shall immediately surrender possession of the Premises to MTDB. In such event MTDB shall be entitled to recover from the Authority:

(i) The worth at the time of award of the unpaid rent and additional rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent and additional rent which would have been earned after termination until the time of award exceeds the amount of such loss that the Authority proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent and additional rent for the balance of the term after the time of award exceeds the amount of such loss that the Authority proves could be reasonably avoided;

(iv) Any other amount necessary to compensate MTDB for all the detriment proximately caused by the Authority's failure to perform its obligations under this Restated Ground Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, the cost of recovering possession of the Premises, expenses of reletting, including necessary repair, renovation and alteration of the Premises, reasonable attorneys' fees, and any other reasonable costs; and

(v) At MTDB's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The "worth at the time of award" of the amounts referred to in paragraphs (i) and (ii) above shall be computed by allowing interest at the per annum rate determined pursuant to paragraph 13.5.1 from the due dates through the date of payment. The worth at the time of award of the amount referred to in paragraph (iii) above shall be computed by discounting such amount at one (1) percentage point above the discount rate of the Federal Reserve Bank of San Francisco at the time of award.

(b) Without terminating or effecting a forfeiture of this Restated Ground Lease or otherwise relieving the Authority of any obligation hereunder in the absence of express written notice of MTDB's election to do so, MTDB may, but need not, relet the Premises or any portion thereof at any time or from time to time for such terms and upon such conditions and rental as MTDB in its sole

discretion may deem proper. Whether or not the Premises are relet, the Authority shall pay to MTDB all amounts required to be paid by the Authority hereunder up to the date that MTDB terminates the Authority's right to possession of the Premises. Such payments by the Authority shall be due at the times provided in this Restated Ground Lease, and MTDB need not wait until the termination of this Restated Ground Lease to recover them by legal action or in any other manner. If MTDB relets the Premises or any portion thereof, such reletting shall not relieve the Authority of any obligation hereunder, except that MTDB shall apply the rent or other proceeds actually collected by it for such reletting against amounts due from the Authority hereunder to the extent such proceeds compensate MTDB for non-performance of any obligation of the Authority hereunder. MTDB may execute any lease made pursuant hereto in its own name, and the lessee thereunder shall be under no obligation to see to the application by MTDB of any proceeds to MTDB, nor shall the Authority have any right to collect any such proceeds. MTDB shall not by any re-entry or other act be deemed to have accepted any surrender by the Authority of the Premises or the Authority's interest therein, or be deemed to have terminated this Restated Ground Lease, or to have relieved the Authority of any obligation hereunder, unless MTDB shall have given the Authority express written notice of MTDB's election to do so.

(c) MTDB may terminate this Restated Ground Lease by express written notice to the Authority of its election to do so. Such termination shall not relieve the Authority of any obligation hereunder which has accrued prior to the date of such termination. In the event of such termination, MTDB shall be entitled to recover from the Authority the amounts determined pursuant to paragraph (a) above. In the event of a default by reason of an event stated in paragraph 12.1.4, this Restated Ground Lease and any interest in the Premises shall not become an asset in any such proceeding and, in any such event and in addition to all other remedies of MTDB hereunder or provided by law, MTDB may declare the term of this Restated Ground Lease ended and re-enter the Premises and take possession thereof and remove all persons therefrom, and the Authority and its creditors (other than MTDB) shall have no further claim thereon or hereunder.

12.2.2 MTDB shall be under no obligation to observe or perform any covenant of this Restated Ground Lease on its part to be observed or performed which accrues after the date of any default by the Authority hereunder.

12.2.3 In any action for unlawful detainer commenced by MTDB against the Authority by reason of any default hereunder, the reasonable rental value of the Premises for the period of the unlawful detainer shall be deemed to be the amount of rent and additional rent reserved in this Restated Ground Lease for such period, unless MTDB or the Authority shall prove to the contrary by competent evidence.

12.2.4 The rights and remedies reserved to MTDB herein, including those not specifically described, shall be cumulative, and, except as provided by California statutory law in effect at the time, MTDB may pursue any or all of such rights and remedies, at the same time or otherwise.

12.2.5 No delay or omission of MTDB to exercise any right or remedy shall be construed as a waiver of an such right or remedy or of any default by the Authority hereunder. The acceptance by MTDB of rent or any additional rent hereunder shall not be a waiver of any preceding breach or default by the Authority of any provision hereof, other than the failure of the Authority to pay the particular rent or any additional rent accepted, regardless of MTDB's knowledge of such preceding breach or default at the time of acceptance of such rent or any additional rent, or a waiver of MTDB's right to exercise any remedy available to MTDB by virtue of such breach or default. The acceptance of any payment from a debtor in possession, a trustee, a receiver or any other person acting on behalf of the Authority or the Authority's estate shall not waive or cure a default under paragraph 12.1.4.

12.3 Default by MTDB. MTDB shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within ninety (90) days after written notice by the Authority to MTDB specifying wherein MTDB has failed to perform such obligation; provided, however, that if the nature of MTDB's obligation is such that more than ninety (90) days are required for its performance then MTDB shall not be deemed to be in default if it shall commence such performance within such ninety (90) day period and thereafter diligently prosecute the same to completion.

12.4 Expense of Litigation. If either party incurs any expense, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default of alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its said reasonable expenses from the other party. Such reasonable expenses, including attorneys' fees, shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. For purposes of this provision, in any unlawful detainer or other action or proceeding instituted by MTDB based upon any default or alleged default by the Authority hereunder, MTDB shall be deemed the prevailing party if (a) judgment is entered in favor of MTDB or (b) prior to trial or Judgment the Authority shall pay all or any portion of the rent and charges claimed by MTDB, and/or eliminate the condition, cease the act, or otherwise cure the omission claimed by MTDB to constitute a default by the Authority hereunder.

12.5 Holding Over. If the Authority or anyone claiming under the Authority shall remain in possession of the Premises or any part thereof after expiration of the lease term, or any permitted or agreed extensions thereof, without any agreement in writing between MTDB and the authority with respect thereto prior to acceptance of the rent by MTDB, the person remaining in possession shall be deemed a the Authority at sufferance and, after acceptance of rent by MTDB in the amount(s) specified in Article III, the person remaining in possession shall be deemed a the Authority from month to month, subject to the provisions of this Restated Ground Lease insofar as the same may be made applicable to a tenancy at will. Any such month to month tenancy shall be terminable at the end of any calendar month by either party by written notice to the other party given not less than ten (10) days prior to the end of such month.

12.6 Right of MTDB to Perform. All covenants and agreements to be performed by the Authority under this Restated Ground Lease shall be performed by the Authority at the Authority's sole cost and expense and without any abatement of rent. If the Authority fails to pay any sum of money, other than rent, required to be paid by it or fails to perform any other act on its part to be performed, and such failure continues beyond any applicable grace period set forth in this Article, then in addition to any other remedies provided herein MTDB may, but shall not be obligated so to do, without waiving or releasing the Authority from any obligations of The Authority, make any such payment or perform any such other act on the Authority's part. MTDB's election to make any such payment or perform any such act on the Authority's part shall not give rise to any responsibility of MTDB to continue making the same or similar payments or performing the same or similar acts. The Authority shall, promptly and upon demand therefor by MTDB, reimburse MTDB for all sums so paid by MTDB and all necessary incidental costs, together with interest thereon at the rate determined under paragraph 13.8, accruing from the date of such payment by MTDB; and MTDB shall have the same rights and remedies in the event of failure by the Authority to pay such amounts as MTDB would have in the event of a default by The Authority in payment of rent.

12.7 Exculpation. Notwithstanding any other provision to the contrary in this Restated Ground Lease, there shall be no default hereunder by reason of a failure of the Authority to perform any

of the covenants, terms and conditions imposed by this Restated Ground Lease, which covenant, term or condition is or was also imposed during the term hereof by any sublease upon MTDB, as sublessee.

12.8 Immunity From Liability. Notwithstanding any other provision to the contrary in this Restated Ground Lease, each and every term, covenant, condition and provision of this Restated Ground Lease is hereby made specifically subject to the provisions of this paragraph 12.8, which shall survive the expiration or termination of this Restated Ground Lease. It is specifically understood and agreed that there shall be no personal liability against the Authority or any of its officers, directors or commissioners, for the performance of any term, covenant, condition or provision of this Restated Ground Lease, including without limitation, the payment of any rent, or for any claim based thereon or otherwise in respect thereof. MTDB shall look solely to the interest of the Authority in the Premises, the improvements located thereon and any subleases with respect thereto for the satisfaction of each and every remedy of MTDB in the event of any breach of the terms, covenants and conditions of this Restated Ground Lease, such exculpation of personal liability to be absolute and without any exception whatsoever.

ARTICLE XIII

MISCELLANEOUS

13.1 Estoppel Certificates.

13.1.1 Each party shall at any time and from time to time upon not less than ten (10) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (a) certifying that this Restated Ground Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Restated Ground Lease, as so modified, is in full force and effect) and the date to which the monthly Minimum Rent and other charges are paid in advance, if any, and (b) acknowledging that there are not, to the certifying party's knowledge, any uncured defaults on the part of the requesting party hereunder, or specifying such defaults if any are claimed. Any such statement may be relied upon by any prospective purchaser or encumbrancer of the Premises or any portion thereof or interest therein.

13.1.2 A party's failure to deliver such statement within such time shall be conclusive upon such party that (a) this Restated Ground Lease is in full force and effect, without modification except as may be represented by the requesting party, (b) there are not uncured defaults in the requesting party's performance, and (c) not more than one month's Minimum Rent has been paid in advance.

13.2 MTDB's Right of Access. MTDB and its agents shall have free access to the Premises and all improvements thereon during all reasonable hours, and at any time during an emergency, for the purpose of examining the same to ascertain if they are in good repair, making reasonable repairs or installations which MTDB may be required or permitted to make, posting notices which MTDB may deem necessary for its protection and exhibiting the same to prospective purchasers or the Authority s; provided, MTDB's access shall not, under the circumstances, unreasonably interfere with the Authority's use and enjoyment of the Premises.

13.3 Transfer of MTDB's Interest. In the event of any transfer or transfers of MTDB's interest in the Premises MTDB shall be automatically relieved of any and all obligations and liabilities on the part of MTDB accruing from and after the date of such transfer.

13.4 Severability. Any provision of this Restated Ground Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and such remaining provisions shall remain in full force and effect.

13.5 Late Payments.

13.5.1 Any amount due from the Authority to MTDB hereunder which is not paid to MTDB when due shall bear interest at the maximum rate of interest then permitted by applicable usury law, accruing from the date due until the same is fully paid. Payment of such interest shall not excuse or cure any default by the Authority.

13.5.2 THE AUTHORITY ACKNOWLEDGES THAT THE LATE PAYMENT BY THE AUTHORITY TO MTDB OF RENT AND OTHER SUMS DUE HEREUNDER WILL CAUSE MTDB TO INCUR COSTS NOT CONTEMPLATED BY THIS RESTATED GROUND LEASE, THE EXACT AMOUNT OF WHICH WILL BE EXTREMELY DIFFICULT TO ASCERTAIN. SUCH COSTS MAY INCLUDE, BUT ARE NOT LIMITED TO, ADMINISTRATIVE, PROCESSING AND ACCOUNTING CHARGES, AND LATE CHARGES WHICH MAY BE IMPOSED ON MTDB BY THE TERMS OF ANY ENCUMBRANCE COVERING THE PREMISES. ACCORDINGLY, IF ANY SUM DUE FROM THE AUTHORITY SHALL NOT BE RECEIVED BY MTDB OR MTDB'S DESIGNEE WITHIN FIVE DAYS AFTER THE DATE DUE, THE AUTHORITY SHALL PAY TO MTDB, IN ADDITION TO THE INTEREST PROVIDED ABOVE, A LATE CHARGE IN THE AMOUNT OF \$100.00, AS LIQUIDATED DAMAGES. THE PARTIES AGREE THAT SUCH LATE CHARGE REPRESENTS A FAIR AND REASONABLE ESTIMATE OF THE COST MTDB WILL INCUR BY REASON OF LATE PAYMENT BY THE AUTHORITY. ACCEPTANCE OF SUCH LATE CHARGE SHALL NOT CONSTITUTE A WAIVER OF THE AUTHORITY'S DEFAULT WITH RESPECT TO SUCH OVERDUE AMOUNT, NOR PREVENT MTDB FROM EXERCISING ANY OTHER RIGHTS AND REMEDIES GRANTED HEREUNDER OR BY LAW TO MTDB.

MTDB's Initials

The Authority's initials

13.6 Time of Essence. Time is of the essence with respect to the performance of every provision of this Restated Ground Lease in which time of performance is a factor.

13.7 Headings. The article and section captions contained in this Restated Ground Lease are for convenience only and shall not be considered in the construction and interpretation of any provision hereof.

13.8 Incorporation of Prior Agreements; Amendments. This Restated Ground Lease and the exhibits hereto contain all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Restated Ground Lease, and all preliminary negotiations, agreements or understandings pertaining to any such matter, except those contained herein, shall not be effective for any purpose. The Authority acknowledges that MTDB has made no representations, promises or guarantees, either by verbal statement or by its conduct, upon which the Authority has relied except for those that are expressly contained in this Restated Ground Lease or in any exhibit attached hereto. No person, firm or corporation has at any time had any authority from MTDB to make any representations on behalf of MTDB. No verbal agreement or implied covenant shall be held to vary the provisions hereof, any statute, law or custom to the contrary notwithstanding. No provision of this Restated Ground Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

13.9 Notices. Any notice, consent or approval (“notice”) required or permitted to be given hereunder shall be in writing and may be served personally or by mail. If served by mail it shall be addressed to MTDB, the Authority or the Trustee, as the case may be, as follows:

To MTDB: Metropolitan Transit Development Board
1255 Imperial Avenue, Suite 1000
San Diego, California 92101-7490
Attn: General Counsel

with a copy to:
County of San Diego
1600 Pacific Highway, Room 166
San Diego, California 92101
Attention: Chief Financial Officer

To the Authority: San Diego Regional Building Authority
1255 Imperial Avenue, Suite 1000
San Diego, California 92101-7490
Attn: Clerk of the Board

with a copy to:
County of San Diego
1600 Pacific Highway, Room 166
San Diego, California 92101
Attention: Chief Financial Officer

To the Trustee: Zions First National Bank
550 South Hope Street, Suite 2650
Los Angeles, California 90071
Attn: Corporate Trust Department

with a copy to:
County of San Diego
1600 Pacific Highway, Room 166
San Diego, California 92101
Attention: Chief Financial Officer

Any notice which is personally served shall be effective upon service; any notice given by mail shall be deemed effectively given three (3) days after deposit in the United States mail, registered or certified, postage prepaid and addressed as specified above. Either party may by written notice to the other from time to time specify a different address for notice purposes.

13.10 Waivers. No waiver of any provision of this Restated Ground Lease shall be deemed to be a waiver of any other provision hereof. Consent to or approval of any act by one of the parties hereto shall not be deemed to render unnecessary the obtaining of such party’s consent to or approval of any subsequent act.

13.11 Recording. The parties shall execute and acknowledge, and the Authority may record a memorandum of this Restated Ground Lease.

13.12 Liens.

13.12.1 The Authority shall do all things reasonably necessary to prevent the filing of any mechanics' or other liens against the Premises or any part thereof by reason of work, labor, services or materials supplied or claimed to have been supplied to the Authority , or anyone holding the Premises, or any part thereof, through or under the Authority . If any such lien shall at any time be filed against the Premises, the Authority shall either cause the same to be discharged of record within twenty (20) days after the date of filing of the same or, if the Authority in the Authority's discretion and in good faith determines that such lien should be contested, shall furnish such security as may be necessary or required to (a) prevent any foreclosure proceedings against the Premises during the pendency of such contest, and (b) cause Ticor Title Insurance Company or other mutually satisfactory title company to remove such lien as a matter affecting title to the Premises on a preliminary title report or title policy issued with respect to the Premises.

13.12.2 Nothing contained herein shall imply any consent or agreement on the part of MTDB to subject MTDB's estate to liability under any mechanics' or other lien law. The Authority shall give MTDB adequate opportunity and MTDB shall have the right to post such notices of nonresponsibility as are provided for in the mechanics' lien laws of California.

13.13 Force Majeure. Each party hereto shall be excused from performing any of its respective obligations or undertakings provided in this Restated Ground Lease for to long as the performance of such obligation is prevented or delayed by an act of God, fire, earthquake, flood, explosion, extraordinary actions of the elements, war, invasion, insurrection, riot, mob violence, sabotage, general shortage of materials in the open market, failure of transportation, strike or lockout. The foregoing shall not, however, apply to any obligation of either party to pay money under any provision of this Restated Ground Lease.

13.14 Yield Up Premises; Quitclaim.

13.14.1 At the expiration or earlier termination of this Restated Ground Lease, the Authority shall peaceably yield up the Premises and all additions made upon the same to MTDB, in first class condition, reasonable wear and tear excepted.

13.14.2 At the expiration or earlier termination of this Restated Ground Lease, the Authority shall execute, acknowledge and deliver to MTDB, within five (5) days after written demand from MTDB to the Authority , any quitclaim deed or other document as may be reasonably requested by any reputable title company to remove this Restated Ground Lease as a matter affecting title to the Premises.

13.15 Authority. Each individual executing this Restated Ground Lease on behalf of the Authority represents and warrants that the execution and delivery of this Restated Ground Lease on behalf of the Authority is duly authorized, in accordance with a duly adopted resolution of its Commissioners, and that this Restated Ground Lease is binding upon the Authority in accordance with its terms. The Authority shall, within thirty (30) days after execution of this Restated Ground Lease, deliver to MTDB a certified copy of the resolution of the Commissioners of the Authority authorizing or ratifying the execution of this Restated Ground Lease.

13.16 Survival of Indemnities. The obligations of the indemnifying party under each and every indemnification and hold harmless provision contained in this Restated Ground Lease shall survive the expiration or earlier termination of this Restated Ground Lease to and until the last to occur

of (a) the last date permitted by law for the bringing of any claim or action with respect to which indemnification may be claimed by the indemnified party against the indemnifying party under such provision or (b) the date on which any claim or action for which indemnification may be claimed under such provision is fully and finally resolved and, if applicable, any compromise thereof or judgment or award thereon is paid in full by the indemnifying party and the indemnified party is reimbursed by the indemnifying party for any amounts paid by the indemnified party in compromise thereof or upon a judgment or award thereon and in defense of such action or claim, including reasonable attorneys' fees incurred.

13.17 Hypothecation. The Authority shall have the right to execute, acknowledge and deliver an assignment, mortgage, deed of trust or other instrument hypothecating all or any portion of the leasehold interest created hereby to secure any bona fide loan or loans to the Authority; provided, however, that any such encumbrance shall be subject and subordinate to all of MTDB's rights, title and interest in and to the Premises and MTDB's rights under this Restated Ground Lease. Provided, also, that any such mortgage or deed of trust or assignment shall specifically provide: (a) that in the event of a default by the Authority thereunder, MTDB shall have the right at its option (but shall not be required) to cure such default; and (b) that no action shall be taken by the lender to foreclose upon any such mortgage or deed of trust or assignment until at least thirty (30) days after such lender shall have notified in writing MTDB of any default by the Authority at the address specified herein for notices or otherwise designated by MTDB to said lender. The rights of any such encumbrancer shall be subject to all of the terms and provisions of this Restated Ground Lease (as the same may from time to time be amended). The making of any such encumbrance shall not relieve The Authority of any obligation or liability hereunder and shall not render any such encumbrances liable to perform or satisfy any of the terms or provisions of this Restated Ground Lease unless such encumbrances acquires, by foreclosure or otherwise, the Authority's leasehold estate, in which case it shall be liable for the performance of the terms and provisions hereof to be performed by the Authority during the period of its holding such leasehold estate. Any purchaser of the Authority's leasehold estate upon foreclosure or under power of sale shall succeed to the rights of the Authority hereunder, including possession of the Premises, and shall be liable for the performance of the terms and provisions hereof to be performed by the Authority during the period he holds such leasehold estate. The Authority shall furnish MTDB at the time of such encumbrance a complete copy of such encumbrance.

13.18 Dispute Resolution/Mediation. This section shall apply to any issues disputes between Authority, MTDB and/or County regarding this Ground Lease.

13.18.1 Commencement of Mediation. A party may submit the matter to non-binding mediation under the Mediation Rules of the American Arbitration Association ("AAA") ("Mediation"). The parties covenant that they will participate in the Mediation in good faith and that they will share equally in its costs. All offers, communications, conduct, promises and statements, whether written or oral, made in the course of the Mediation by or on behalf any of the parties (including without limitation their experts and attorneys) and by the mediator or any AAA employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the Mediation.

13.18.2 Settlement Agreement. If the parties reach resolution of the matter as a result of the Mediation, the parties shall enter into a written agreement ("Settlement Agreement") which shall set forth in reasonable detail the settlement terms, the action to be taken (if any) by either party and the period in which such action (if any) is to be completed. The Settlement Agreement shall be subject to approval by the County's Settlement Committee, Board of Supervisors, or such other committees,

boards or groups as may be required from time to time to approve the settlement of disputes for the County.

13.18.3 Failure to Resolve Matter. Any party may initiate litigation with respect to the matters submitted to Mediation after the initial mediation session or the failure of the parties to attend mediation within ninety (90) days of an initial request for mediation. The Mediation may continue after the commencement of litigation if the parties so desire.

ARTICLE XIV

CONSTRUCTION OF PREMISES

14.1 Construction of Building. MTDB hereby acknowledges that the Authority has constructed on the Premises a building and related structures which were approved all by MTDB.

14.2 Easements. Upon request by the Authority, which will not be unreasonably denied, MTDB agrees to grant to public entities or public service corporations, for the limited purpose of serving the Project, rights of way or easements on, under or over the Premises for the installation, maintenance and replacement of telephone, electrical, water, storm and sanitary sewer and other utilities. To the extent an easement or right of way requested by the Authority conflicts with County or MTDB facilities or planned facilities, the parties shall meet and confer to agree upon the location and scope of the requested property rights so as to eliminate and/or minimize the adverse impact on the Premises and the parties' facilities.

14.3 No Event of Default Under Prior Ground Lease. As of the date hereof there is no event of default, or an event which, with the passage of time or the giving of notice, or both, could become an event of default, under the Prior Ground Lease, or if any such event of default or event has occurred, the same has been waived by MTDB.

14.4 Termination of Prior Ground Lease. This Restated Ground Lease completely amends and restates the Prior Ground Lease. Upon the recording of this Restated Ground Lease in the Official Records of the County, the Prior Ground Lease dated as of November 1, 1987, by and between MTDB and the Authority, a Memorandum of Ground Lease for which was recorded on November 3, 1987, in the Official Records of the County as Document Number 87-617734, as amended by a First Amendment of Memorandum of Ground Lease which was recorded in the Official Records of the County on May 25, 1988, as Document Number 88-244926, an unrecorded Second Amendment to Ground Lease Agreement dated January 26, 1994, by and between MTDB and the Authority, as amended and restated in the Amended and Restated Ground Lease dated as of September 1, 2001, by and between MTDB and the Authority which was recorded in the Official Records of the County on September 26, 2001, as Document Number 2001-0694986, shall thereupon terminate and be of no further force or effect.

IN WITNESS WHEREOF the parties hereto have executed this Restated Ground Lease as of the dates indicated below.

“The Authority ”

SAN DIEGO REGIONAL,
BUILDING AUTHORITY,
a joint exercise of powers agency, as lessee

By: _____

Its: _____

Dated: _____

“MTDB”

SAN DIEGO METROPOLITAN TRANSIT
DEVELOPMENT BOARD, as lessor

By: _____

Its: _____

Dated: _____

APPROVED AS TO FORM:

By: _____
Senior Deputy County Counsel

By: _____
MTS General Counsel

EXHIBIT "A"

Legal Description of the Premises

Parcel B:

Parcel 2 of Parcel Map No. 15016, in the City of San Diego, County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County, November 2, 1987 as File/Page No. 87-616160 of Official Records.

Except that portion thereof lying below a depth of 500.00 feet, measured vertically, from the contour of the surface of said property; however, with no right of any purpose whatsoever to enter upon, into or through the surface of said property or any part thereof lying between said surface and 500.00 feet below said surface, as excepted in the deed recorded November 9, 1979 as File/Page No. 79-475090 of Official Records.

Parcel D:

An easement and right of way for road, sewer, water, gas, power and telephone lines and appurtenances thereto over, under, along and across:

That portion of Commercial Avenue (formerly "N" Street) lying Southerly of and adjacent to Blocks 154 and 155 of Horton's Addition, said Commercial Avenue being vacated and closed to public use, in the City of San Diego, County of San Diego, State of California, described as follows:

Beginning at the Southeast corner of said Block 154; thence North 89°52'08" West along the Southerly boundaries of said Blocks 154 and 155, and the Westerly prolongation of said Southerly boundary of Block 155, a total distance of 500.28 feet; thence South 00°07'52" West, 20.00 feet; thence South 89°52'08" East, 500.59 feet; thence North 00°06'26" East, 20.00 feet to the Point of Beginning.

The easement herein described is hereby declared to be appurtenant to and for the benefit of the present and future owners of all or any portion of Parcel B.

EXHIBIT B

MTS Tower Project Cost Allocation Summary dated June 1, 1989

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FOR NOTARY SEAL OR STAMP		1
FOR NOTARY SEAL OR STAMP		1

An extra section break has been inserted above this paragraph. Do not delete this section break if you plan to add text after the Table of Contents/Authorities. Deleting this break will cause Table of Contents/Authorities headers and footers to appear on any pages following the Table of Contents/Authorities.

STATE OF _____)
COUNTY OF _____) SS

On _____ before me, _____, a Notary
Public in and for said State, personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

FOR NOTARY SEAL OR STAMP

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

Name (typed or printed), Notary Public in and for said County and State

STATE OF _____)
COUNTY OF _____) SS

On _____ before me, _____, a Notary
Public in and for said State, personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

FOR NOTARY SEAL OR STAMP

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____

Name (typed or printed), Notary Public in and for said County and State

MARCH24-11.31.AttC.GROUND LEASE.
TOWER REFUND.KLANDERS

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

William W. Bothwell, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
777 South Figueroa Street, Suite 3200
Los Angeles, California 90017

(space above for Recorder's use)

This document is recorded for the benefit of the County of San Diego and the recording is fee-exempt under Section 6103 of the California Government Code.

**NONDISTURBANCE AGREEMENT
AND AGREEMENT RE: GROUND LEASE
(2011 MTS TOWER REFUNDING)**

THIS NONDISTURBANCE AGREEMENT AND AGREEMENT RE: GROUND LEASE (this "Agreement") is made as of April 1, 2011 by and between SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD, as landlord ("MTDB"), SAN DIEGO REGIONAL BUILDING AUTHORITY, as tenant (the "Authority") for the benefit of ZIONS FIRST NATIONAL BANK, and its successors and assigns, as trustee ("Trustee").

WHEREAS, MTDB, as lessor, and the Authority, as lessee, are parties to that certain Ground Lease dated as of November 1, 1987 (the "Ground Lease") covering premises in the City of San Diego, County of San Diego more particularly described in Exhibit "A" attached hereto (the "Premises"). The Ground Lease is evidenced by a Memorandum of Ground Lease dated as of November 1, 1987 which was recorded on November 3, 1987 in the Official Records of San Diego County ("Official Records") as Document No. 87-617734, as amended by a First Amendment to Memorandum of Ground Lease dated as of April 19, 1998 which was recorded in the Official Records on May 25, 1988 as Document No. 88-244926, an unrecorded Second Amendment to Ground Lease Agreement dated January 26, 1994, and an Amended and Restated Ground Lease dated as of September 1, 2001, by and between MTDB and the Authority which was recorded in the Official Records of the County on September 26, 2001, as Document Number 2001-0694986;

WHEREAS, the Authority, as Lessor and the County of San Diego (the "County") have heretofore entered into a Lease Agreement dated as of September 1, 2001, by and between the County and Lessee, which was recorded in the Official Records of the County on September 26, 2001 as Document No. 2001-069487 (the "Prior Lease");

WHEREAS, Certificates of Participation (2001 MTS Tower Refunding) (the "Prior Obligations") were executed and delivered on September 27, 2001, in the principal amount of \$36,960,000 pursuant to that Trust Agreement dated as of September 1, 2001, by and between the Authority and U.S. Bank National Association, successor in interest to State Street

Bank and Trust Company of California, N.A., as trustee, in which interests in the Base Rental Payments payable by the County under the Prior Lease were distributed to the public;

WHEREAS, the County wishes to restructure its lease arrangements concerning the Prior Obligations;

WHEREAS, in order to effectuate such restructuring it is necessary that the County repay its obligations under the Prior Lease, thereby defeasing the Prior Obligations and substitute for the Prior Lease a new Lease dated as of April 1, 2011, by and between the Authority as lessor and the County as Lessee (the "New Lease") whereby the County will lease the real property covered by the Ground Lease and improvements thereon, as well as other real property and improvements thereon, all as more fully described in the New Lease;

WHEREAS, concurrently, the Trustee under a Trust Agreement dated as of April 1, 2011 (the "Trust Agreement"), by and between the Authority and Zions First National Bank, as trustee (the "Trustee"), the Trustee will execute and deliver Certificates of Participation ("COPs") to investors evidencing proportionate shares in the County's lease obligations under the New Lease, and the proceeds of the sale of such COPs shall be used to defease the Prior Obligations (collectively, the "2011 Refunding"); and

WHEREAS, the Authority as lessor is executing an Assignment Agreement dated as of the date hereof in which the Authority assigns to the Trustee all of its rights as lessee in the Ground Lease and its rights to receive rental payments from the County under the New Lease.

WHEREAS, the 2011 Refunding is conditioned upon the Ground Lease being amended and restated by an Amended and Restated Ground Lease dated as of April 1, 2011, by and between MTDB and the Authority (the "New Ground Lease") to reflect the 2011 Refunding and the requirements of the New Lease, and the assurances of MTDB set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals and the Refunding, the parties agree as follows:

1. There currently exists under the Ground Lease and under the New Ground Lease no event of default or event which with the passage of time or the giving of notice of both would constitute an event of default. MTDB agrees that in the event the Trustee obtains possession of the land and facilities covered by the Ground Lease and the New Ground Lease through actions taken under the New Lease, MTDB will recognize the Trustee, and one claiming through the Trustee as the rightful occupier of the Facilities under the Lease and will not withhold consent to such a transfer, provided that the Trustee or new occupying lessee assumes obligations under the New Lease and there does not occur thereafter an event of default under the New Lease or event which with the passing of time or giving of notice or both would constitute such an event of default. MTDB further acknowledges that performance by the Lessee under the New Lease will satisfy performance by the Authority under the New Ground Lease. Upon an event of default under the New Ground Lease, MTDB will give notice of such event of default to the Trustee and any Insurer (as defined in the Trust Agreement) under the Trust Agreement and will accept tender and performance from the Trustee and/or such Insurer as if the same were tender and performance by the Authority.

2. The parties acknowledge that the Trustee is relying upon this Agreement in issuing the COPS and completing the 2011 Refunding.

3. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof. No amendment or modification of this Agreement shall be valid or binding unless in writing, signed by the party or parties to be bound thereby.

4. This Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns. This Agreement shall be governed by and construed and enforced in accordance with California law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

MTDB:

SAN DIEGO METROPOLITAN TRANSIT
DEVELOPMENT BOARD

By: _____

Name: _____

Title: _____

THE AUTHORITY:

SAN DIEGO REGIONAL BUILDING
AUTHORITY

By: _____

Name: _____

Title: _____

[ALL SIGNATURES MUST BE DULY ACKNOWLEDGED BY A NOTARY PUBLIC]

EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

Parcel B:

Parcel 2 of Parcel Map No. 15016, in the City of San Diego, County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County, November 2, 1987 as File/Page No. 87-616160 of Official Records.

Except that portion thereof lying below a depth of 500.00 feet, measured vertically, from the contour of the surface of said property; however, with no right of any purpose whatsoever to enter upon, into or through the surface of said property or any part thereof lying between said surface and 500.00 feet below said surface, as excepted in the deed recorded November 9, 1979 as File/Page No. 79-475090 of Official Records.

Parcel D:

An easement and right of way for road, sewer, water, gas, power and telephone lines and appurtenances thereto over, under, along and across:

That portion of Commercial Avenue (formerly "N" Street) lying Southerly of and adjacent to Blocks 154 and 155 of Horton's Addition, said Commercial Avenue being vacated and closed to public use, in the City of San Diego, County of San Diego, State of California, described as follows:

Beginning at the Southeast corner of said Block 154; thence North 8952'08" West along the Southerly boundaries of said Blocks 154 and 155, and the Westerly prolongation of said Southerly boundary of Block 155, a total distance of 500.28 feet; thence South 0007'52" West, 20.00 feet; thence South 8952'08" East, 500.59 feet; thence North 0006'26" East, 20.00 feet to the Point of Beginning.

The easement herein described is hereby declared to be appurtenant to and for the benefit of the present and future owners of all or any portion of Parcel B.

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

William W. Bothwell, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
777 South Figueroa Street, Suite 3200
Los Angeles, California 90017

(Space above for Recorder's use)

This document is recorded for the benefit of the County of San Diego and the recording is fee-exempt under Section 6103 of the California Governmental Code.

SUBLEASE

Dated as of April 1, 2011

by and between the

COUNTY OF SAN DIEGO

and the

SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD

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SUBLEASE

This Sublease (this "Sublease"), executed and entered into as of April 1, 2011, by and between the COUNTY OF SAN DIEGO, a political subdivision duly organized and existing under the Constitution and laws of the State of California (the "County") and the SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD, an agency duly organized and existing under and by virtue of the laws of the State of California (the "MTDB").

W I T N E S S E T H:

WHEREAS, pursuant to a Ground Lease dated as of November 1, 1987, by and between MTDB and the San Diego County Regional Building Authority (the "Authority"), a Memorandum of Ground Lease for which was recorded on November 3, 1987, in the Official Records of the County as Document Number 87-617734, as amended by a First Amendment of Memorandum of Ground Lease which was recorded in the Official Records of the County on May 25, 1988, as Document Number 88-244926, an unrecorded Second Amendment to Ground Lease Agreement dated January 26, 1994, by and between MTDB and the Authority, as amended and restated in the Amended and Restated Ground Lease dated as of September 1, 2001, by and between MTDB and the Authority which was recorded in the Official Records of the County on September 26, 2001, as Document Number 2001-0694986, as amended and restated in the Amended and Restated Ground Lease dated as of April 1, 2011, by and between MTDB and the Authority (collectively the "Ground Lease"), MTDB leased to the Authority certain real property in the County of San Diego, as described therein and inscribed in Exhibit A hereto (the "MTDB Facilities");

WHEREAS, pursuant to a Lease Agreement dated as of September 1, 2001, by and between the County and the Authority (the "Prior Lease") which was recorded in the Official Records of the County on September 26, 2001 as Document No. 2001-069487, the Authority leased to the County certain real property located in the County of San Diego, including the land covered by the Ground Lease, as well as other land, and all existing facilities and improvements located thereon (the "Facilities");

WHEREAS, pursuant to a Sublease agreement dated as of September 1, 2001 (the "Prior Sublease") which was recorded on September 26, 2001, in the Official Records of the County as Document No. 2001-0694988, MTDB subleased from the County a portion of the Facilities which is described in Exhibit A hereto;

WHEREAS, the County desires to restructure its lease arrangements under the Prior Lease in order to effectuate refinancing of the obligations issued in connection with the Prior Lease by entering into the Lease dated as of April 1, 2011, by and between the County as lessee and the Authority as Lessor, under which the County is leasing the Facilities, including the real property thereunder, which shall replace the Prior Lease;

WHEREAS, MTDB and the County wish to substitute this Sublease for the Prior Sublease so as to reflect the revised obligations of MTDB; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and

entering into of this Sublease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Sublease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All other capitalized terms used herein without definition shall have the meanings as set forth in the Lease or Trust Agreement.

Authority

“Authority” means the San Diego Regional Building Authority, a joint powers agency, duly organized and existing under and by virtue of the laws of the State of California.

Closing Date

“Closing Date” means _____, 2011.

Code

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury issued thereunder, and in this regard reference to any particular section of the Code shall include reference to all successors to such section of the Code.

Common Costs

“Common Costs” means (i) all costs of management, operation, maintenance and repair of the Facilities, including, without limitation, janitorial, maintenance, maintenance and repair of the roof, security guard(s) and other service contracts; costs of supplying, replacing and cleaning employee uniforms; charges for heat, air conditioning, light, power, gas, water, sewer and waste disposal and other utilities furnished by County and not otherwise billed directly to MTDB by the County or otherwise so billed; materials, supplies, equipment and tools; costs for maintenance, replacements and repairs not paid by insurance or third parties; license, permit and inspection fees; operating assessments imposed by public districts for services rendered to a service area which includes the Facilities; the fair market rental value of the property manager’s office in the Facilities; wages, salaries, employee benefits and payroll costs of on-site personnel engaged in management, operation and maintenance; fees, charges and other costs, including,

without limitation, management fees, consulting fees, legal fees and accounting fees, of all independent contractors engaged by the County or reasonably charged by the County if the County performs any such services; and (2) the cost of any capital improvements made after the date hereof (a) which are included in the annual budget of the MTDB with respect to the Facilities, or (b) which are made after the date hereof as a result of governmental orders, ordinances, codes, rules and regulations that were inapplicable at the time permits for its construction were obtained. Notwithstanding the foregoing, Common Costs shall not include taxes (which are otherwise covered herein), costs of installing capital improvements (except as provided in clause (2) above), real estate brokers' commissions, compensation of personnel of either the County or MTDB, tenant installation costs, and capital items other than those referred to in this definition.

County

"County" means the County of San Diego, a political subdivision duly organized and existing under the constitution and laws of the State of California.

County Improvements

"County Improvements" means an undivided 78.04% interest in the Parking Structure.

Expiry Date

"Expiry Date" means November 1, 2086, unless sooner terminated as hereinafter provided.

Facilities

"Facilities" means the facilities and improvements located on the real property covered by the Lease and described in Exhibit A.

Index

"Index" means the Consumer Price Index published from time to time by the Bureau of Labor Statistics of the United States Department of Labor for All Urban Consumers, All Items, for the San Diego Metropolitan Statistical Area.

Lease

"Lease" means the Lease, executed and entered into as of April 1, 2011, by and between the County as lessee and the Authority as lessor, under which the County is leasing the Facilities, including the real property thereunder, from the Authority, as originally executed and entered into and as it may from time to time be amended in accordance herewith and therewith.

Lease Year

The term “Lease Year” means the period from each July 1 to and including the following June 30 during the term hereof.

MTDB

“MTDB” means San Diego Metropolitan Transit Development Board, an agency organized and existing under and by virtue of the laws of the State of California. MTDB is also known as San Diego Metropolitan Transit System. See Cal. Pub. Util. Code §§ 120050, *et seq.*

MTDB Improvements

“MTDB Improvements” means the Office Building, the Third Rail and a 21.96% undivided interest in the Parking Structure.

MTDB Representative

“MTDB Representative” means the Chairman of MTDB or another official designated by such officer and authorized to act on behalf of MTDB under or with respect to this Sublease and all other agreement related hereto.

MTDB Proportionate Share

“MTDB Proportionate Share” means 24.95%.

MTDB Sublease Rent Credit

“MTDB Sublease Rent Credit” means County’s share of the Ground Lease Minimum Rent, which is an amount equal to 73.4% of the Minimum Rent, as such term is defined in Section 3.1.2 of the Ground Lease.

Office Building

“Office Building” means the ten-story office building constructed on the real property described in Exhibit A hereto, which real property is also covered by the Ground Lease.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County.

Owner

“Owner” means the registered owner of any Outstanding Certificate.

Parking Structure

“Parking Structure” means the parking structure located on Parcel A described in Exhibit A hereto, including such real property.

Permitted Encumbrances

“Permitted Encumbrances” means, as of any particular time: (i) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which MTDB may, pursuant to Section 6.02, permit to remain unpaid; (ii) this Sublease, as it may be amended from time to time; (iii) the Lease and the Ground Lease, as the same may be amended from time to time (iv) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, which exist of record as of the date of initial delivery of the Certificates; and (vi) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, established following the date of recordation of this Sublease and to which the County and MTDB consent in writing.

Prior Lease

“Prior Lease” means that certain Lease Agreement dated as of September 1, 2001, by and between the County and Authority which was recorded in the Official Records of the County on September 26, 2001 as Document No. 2001-069487, pursuant to which the Authority leased the Facilities and underlying real property to the County.

Sublease

“Sublease” means this Sublease, executed and entered into as of April 1, 2011, by and between MTDB, as lessee, and the County, as lessor, under which MTDB is leasing the Subleased Facilities.

Sublease Additional Rental

“Sublease Additional Rental” means all amounts payable by MTDB pursuant to Section 5.01(b) hereof.

Sublease Base Rental Payments

“Sublease Base Rental Payments” means all amounts payable by MTDB as Base Rental pursuant to Section 5.01(a) hereof.

Subleased Facilities

“Subleased Facilities” means Floors 9 and 10 in the Office Building, the retail space on the first floor of the Office Building, the Third Rail and the right to use and occupy 220 spaces in the Parking Structure and rights of ingress and egress to the Office Building common areas and elevators so that employees, guests, and licensees may have access to the Office

Building floors being leased to MTDB hereunder and to the Parking Structure so as to use and occupy Subleased Facilities therein.

Third Rail

“Third Rail” means a portion of the Facilities consisting of a rail line and station, including onsite and offsite facilities.

Trust Agreement

“Trust Agreement” means that certain Trust Agreement executed and entered into as of April 1, 2011, by and among the Trustee, the County and the Authority, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance therewith, under and pursuant to which the Trustee executes and delivers the Certificates.

Trustee

“Trustee” means Zions First National Bank, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee acting in its capacity as such under the Trust Agreement, or any successor as therein provided.

ARTICLE II

THE SUBLEASED FACILITIES

Section 2.01. Sublease of the Subleased Facilities; Reservation of Rights of Ingress and Egress; Termination of this Sublease; Transfer of Title to the Improvements .

The County hereby subleases to MTDB, and MTDB hereby rents and hires from the County, the Subleased Facilities on the conditions and terms hereinafter set forth. MTDB hereby agrees and covenants that during the term hereof, except as hereinafter provided, it will use the Subleased Facilities for public purposes so as to afford the public the benefits contemplated hereby and so as to permit the County to carry out its agreements and covenants contained herein and in the Trust Agreement, and MTDB hereby further agrees and covenants that during the term hereof that it will not abandon or vacate the Subleased Facilities. The County hereby reserves unto itself its successors and assigns rights of ingress and egress to the Office Building elevators and common areas located on the first floor of the Office Building so that its employees, guests and licensees may have access to the Office Building space being leased which the County is leasing under the Lease and not covered by the Sublease. The right of MTDB to lease the Subleased Facilities under this Sublease is subject to the continued existence of the Ground Lease and the Lease.

Upon the date on which there are no Certificates or Additional Certificates Outstanding, or the Expiry Date, whichever occurs first, the parties, through their membership in the Authority, shall cause the following to occur:

(a) title to the MTDB Improvements and any improvements thereon or additions thereto, shall be transferred directly to MTDB or to its assigns or nominees free and clear of the

interest of the County or its assignees, subject only to the right of the County to continue to occupy the same in accordance with the Lease and any other leases in effect; and

(b) title to the County Improvements and any improvements thereon or additions hereto, shall be transferred directly to the County or to its assigns or nominees free and clear of the interest of MTDB; subject only to the right of MTDB to continue to occupy the same in accordance with the Sublease and any other leases in effect.

Section 2.02. Quiet Enjoyment. The parties hereto mutually covenant that, subject to the terms of Section 2.01 hereto, MTDB, so long as it observes and performs the agreements, conditions, covenants and terms required to be observed or performed by it contained herein and is not in default hereunder, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Subleased Facilities without suit, trouble or hindrance from the County, subject to the County's right of ingress and egress as described in Section 2.01.

Section 2.03. Right of Entry and Inspection. The County shall have the right to enter the Subleased Facilities and inspect the Subleased Facilities during reasonable business hours (and in emergencies at all times) for any purpose connected with the County's rights or obligations hereunder and for all other lawful purposes.

Section 2.04. Prohibition Against Encumbrance or Sale. MTDB and the County will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Subleased Facilities, except Permitted Encumbrances, and except incident to the execution and delivery of Additional Certificates as contemplated by Section 5.07 hereof. MTDB and the County will not sell or otherwise dispose of the Subleased Facilities or any Subleased Facilities essential to the proper operation of the Subleased Facilities, except as otherwise provided herein. Notwithstanding anything to the contrary herein contained, but subject to the Ground Lease and the Lease, MTDB may assign, transfer or lease any and all of the Subleased Facilities or its other rights hereunder, *provided* that (a) the rights of any assignee, transferee or sublessee shall be subordinate to all rights of MTDB under the Ground Lease, the Authority under the Lease and the County hereunder, (b) no such assignment, transfer or lease shall relieve MTDB of any of its obligations hereunder, (c) the assignment, transfer or lease shall not result in a breach of any covenant of MTDB contained in any other Section hereof, (d) any such assignment, transfer or lease shall by its terms expressly provide that the fair rental value of the Subleased Facilities for all purposes shall be first allocated to this Sublease, as the same may be amended from time to time before or after any such assignment, transfer or lease and (e) no such assignment, transfer or lease shall confer upon the parties thereto any remedy which allows reentry upon the Subleased Facilities unless concurrently with granting such remedy the same shall be also granted hereunder by an amendment to this Sublease which shall in all instances be prior to and superior to any such assignment, transfer or lease. Nothing in this section is intended to limit the sublease rights of County and MTDB set forth in Section 9.3.1 of the Ground Lease.

Section 2.05. Liens. In the event MTDB shall at any time during the term hereof cause any improvements to the Subleased Facilities to be constructed or materials to be supplied in or upon or attached to the Subleased Facilities, MTDB shall pay or cause to be paid when due

all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for MTDB in, upon, about or relating to the Subleased Facilities and shall keep the Subleased Facilities free of any and all liens against the Subleased Facilities or the County's interest therein. In the event any such lien attaches to or is filed against the Subleased Facilities or the County's interest therein, and the enforcement thereof is not stayed or if so stayed such stay thereafter expires, MTDB shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, MTDB shall forthwith pay and discharge or cause to be paid and discharged such judgment. MTDB shall, to the maximum extent permitted by law, indemnify and hold the County and its assignee and its directors, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Subleased Facilities or the County's interest therein.

ARTICLE III

TERM OF THE SUBLEASE

Section 3.01. Sublease Term. The effective date of this Sublease is the Closing Date, and the term of this Sublease shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. This Sublease shall automatically terminate upon termination of the Lease.

ARTICLE IV

TAX COVENANTS

Section 4.01. [Reserved].

Section 4.02. Tax Covenants.

(a) MTDB will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest evidenced and represented by the Certificates pursuant to Section 103 of the Code.

(b) To the ends covenanted in this section, MTDB hereby specifically agrees that no more than five percent of the Office Building, the Parking Structure and the Third Rail (determined both on the basis of space and on the basis of cost) shall be used in the trade or business of one or more nongovernmental persons (not including the portion of the proceeds properly allocable to facilities expected to be used by an organization described in Section 501(c)(3) of the Code).

ARTICLE V

RENTAL PAYMENTS

Section 5.01. Rental Payments. MTDB agrees to pay to the County, its successors or assigns, without deduction or offset of any kind, as rental for the use and occupancy of the Subleased Facilities, the following amounts at the following times:

(a) Base Rental. MTDB shall pay to the County rental hereunder as Sublease Base Rental Payments with respect to the Subleased Facilities in the amounts set forth in the Sublease Base Rental Payment Schedule attached hereto as Exhibit B. The Sublease Base Rental Payments payable hereunder is equal to 27.61 percent of the Base Rental Payments of the County under the Lease, reduced by the MTDB Sublease Rent Credit and certain credits as described in Exhibit B. Notwithstanding the dates designated for the payment of the Sublease Base Rental Payments on such Exhibit B attached hereto, all Sublease Base Rental Payments hereunder due in any Lease Year shall be due and payable in one sum, on the Closing Date in the case of Sublease Base Rental Payments payable in the Lease Year ending June 30, 2011, and on the first Business Day of each Lease Year thereafter.

To the extent that the amount paid by MTDB as Sublease Base Rental Payments on the first Business Day of a particular Lease Year is higher than the amount payable for such Lease Year, after giving effect to an adjustment calculated as of November 1 of that year pursuant to Section 3.2 of the Ground Lease, there shall be credited against the Sublease Base Rental Payment due hereunder in the next Lease Year an amount equal to the sum of (a) the difference and (b) interest on the difference, calculated on the basis of 365-day year, at a rate equal to the average yield on the portfolio of the County's Investment Pool, from the adjustment date to the first Business Day of the following Lease Year, which yield shall be determined by taking the average of the annual yields being earned on such portfolio during each day of the period for which interest is to be calculated.

(b) Sublease Additional Rental. MTDB shall also pay, as rental hereunder in addition to the Sublease Base Rental Payments, as hereinafter provided, such amounts ("Sublease Additional Rental") in each year as shall be required for the following: the MTDB Proportionate Share of insurance premiums paid by the County for insurance required hereunder, the MTDB Proportionate Share of Common Costs payable for the Facilities as a whole and the MTDB Proportionate Share of any taxes levied against the County with respect to the Facilities as a whole.

The foregoing Sublease Additional Rental other than that related to Common Costs shall be billed to MTDB by County from time to time, together with a statement certifying that the amount billed has been incurred or paid by the County, for one or more of the items above described, or that such amount is then so payable for such items. Amounts so billed shall be paid by MTDB not later than the latest time as such amounts may be paid without penalty or, if no penalty is associated with a late payment of such amounts, within 30 days after receipt of a bill by MTDB for such amounts. The obligation of MTDB to pay Sublease Additional Rental shall continue throughout the term of this Sublease even though no Certificates or Additional Certificates are Outstanding.

With respect to Common Costs attributable to MTDB:

(i) During the last month of each Lease Year, or as soon thereafter as practicable, the County shall give to MTDB notice of the Authority's budget estimate of the amounts payable as Common Costs for the following Lease Year. On or before the first day of each month during the following Lease Year, MTDB shall pay to the County one-twelfth (1/12th) of the MTDB Proportionate Share of such estimated amounts; provided, however, that if the County fails to give such notice in the last month of the prior Lease Year, then MTDB shall continue to pay on the basis of the prior Lease Year's budget estimate by the Authority until the first day of the calendar month next succeeding the date such notice is given by the County. If at any time or times the Authority determines that the amounts payable as Common Costs for the current Lease Year vary from its earlier budget estimate, the County, by notice to MTDB, shall provide to MTDB the Authority's revised budget estimate for such Lease Year, and subsequent payments by MTDB for such shall be based upon such revised estimate.

(ii) Following the end of each Lease Year, the County shall deliver to MTDB a statement of amounts payable by MTDB its MTDB Proportionate Share as Common Costs for such Lease Year. If such statement shows an amount owing by MTDB that is less than the payments for such Lease Year previously made by MTDB, and if no Event of Default has occurred and is continuing at the time such statement is delivered, the County shall credit such amount to the next payments of Sublease Base Rental Payment falling due under this Sublease. If such statement shows an amount owing by MTDB that is more than the estimated payments for such Lease Year previously made by MTDB, MTDB shall pay the deficiency to the County within thirty (30) days after delivery of such statement. The respective obligations of the County and MTDB under this paragraph shall survive the Expiry Date, and, if the Expiry Date is a day other than the last day of a Lease Year, the adjustment in rent payments for Common Costs pursuant to the Lease Year in which the Expiry Date occurs shall be prorated in the proportion that the number of days in such Lease Year preceding the Expiry Date bears to 365.

(c) Consideration.

(i) Such payments of Sublease Base Rental Payments and Sublease Additional Rental for each Sublease Year or portion thereof during the term of this Sublease shall constitute the total rental for such Sublease Year or portion thereof and shall be paid or payable by MTDB for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Subleased Facilities. On the Closing Date, MTDB shall deliver a certificate to the County and the Trustee, which shall set forth the annual fair rental value of the Subleased Facilities. The parties hereto have agreed and determined that the annual fair rental value of the Subleased Facilities is not less than the maximum Sublease Base Rental Payments payable hereunder in any year. In making such determinations of annual fair rental value, consideration has been given to a variety of factors including the replacement costs of the existing improvements on the Subleased Facilities, other obligations of the parties under this Sublease, the uses and purposes which may be served by the improvements on the Subleased Facilities and the benefits therefrom which will accrue to MTDB and the general public.

(ii) The parties hereto hereby acknowledge that the parties hereto may amend this Sublease from time to time to increase the Sublease Base Rental Payments payable

hereunder so that Additional Certificates may be executed and delivered pursuant to Section 5.07 hereof and Sections 2.11 and 2.12 of the Trust Agreement. The proceeds of such Additional Certificates shall be used for any lawful purpose. Notwithstanding anything to the contrary herein contained, this Sublease may not be amended in a manner such that the sum of Sublease Base Rental Payments, including Sublease Base Rental Payments payable pursuant to such amendment, and Sublease Additional Rental with respect to the Outstanding Certificates and Additional Certificates secured by the Subleased Facilities in any year is in excess of the annual fair rental value of the Subleased Facilities and other land and improvements Subleased to MTDB hereunder.

(d) Payment; Credit. Each installment of Sublease Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the County, or such other place as the County shall designate. Any such installment of rental accruing hereunder which shall not be paid when due shall remain due and payable until received by the County, and to the extent permitted by law shall bear interest at the rate of ten percent per annum from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between MTDB and the County, MTDB shall make all rental payments when due, without deduction or offset of any kind, other than as expressly provided herein, and shall not withhold any rental payments pending the final resolution of any such dispute. In the event of a determination that MTDB was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall, at the option of MTDB, be credited against subsequent rental payments due hereunder or be refunded at the time of such determination.

Section 5.02. Annual Budgets; Reporting Requirements. MTDB covenants to take such action as may be necessary to include all Sublease Base Rental Payments and Sublease Additional Rental payments due under this Sublease in its operating budget for each fiscal year commencing after the date hereof (an "Operating Budget") and to make all necessary appropriations for such Sublease Base Rental Payments and Sublease Additional Rental payments. In addition, to the extent permitted by law, MTDB covenants to take such action as may be necessary to amend or supplement the budget appropriations for payments under this Sublease at any time and from time to time during any fiscal year in the event that the actual Sublease Base Rental Payments and Sublease Additional Rental paid in any fiscal year exceeds the pro rata portion of the appropriations then contained in MTDB's budget.

Section 5.03. [Reserved].

Section 5.04. Rental Abatement. During any period in which, by reason of material damage, destruction, title defect, condemnation, there is substantial interference with the use and possession by MTDB of any portion of the Subleased Facilities, rental payments due hereunder with respect to the Subleased Facilities shall be abated to the extent that the annual fair rental value of the portion of the Subleased Facilities in respect of which there is no substantial interference is less than the annual Sublease Base Rental Payments and Sublease Additional Rental, in which case rental payments shall be abated only by an amount equal to the difference. In the event MTDB shall assign, transfer or Sublease any or all of the Subleased Facilities or other rights hereunder, as permitted by Section 2.04 hereof, for purposes of determining the annual fair rental value available to pay Sublease Base Rental Payments and Sublease Additional

Rental, annual fair rental value of the Subleased Facilities shall first be allocated to this Sublease as provided in clause (d) of Section 2.04 hereof. Any abatement of rental payments pursuant to this Section shall not be considered an Event of Default as defined in Article X hereof. MTDB waives the benefits of Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate this Sublease by virtue of any such interference and this Sublease shall continue in full force and effect. Such abatement shall continue for the period commencing with the date of such damage, destruction, title defect or condemnation and ending with the substantial completion of the work of repair or replacement of the portions of the Subleased Facilities so damaged, destroyed, defective or condemned.

Section 5.05. [Reserved]

Section 5.06. Obligation to Make Rental Payments. The agreements and covenants on the part of MTDB contained herein shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of MTDB to take such action and do such things as are required by law in the performance of the official duty of such officials to enable MTDB to carry out and perform the agreements and covenants contained herein agreed to be carried out and performed by MTDB.

THE OBLIGATION OF THE BOARD TO MAKE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE BOARD FOR WHICH THE BOARD IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE BOARD HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION TO MAKE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE BOARD, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Section 5.07. Additional Certificates. In addition to the Certificates to be executed and delivered under the Trust Agreement MTDB may, from time to time, but only upon satisfaction of the conditions to the execution and delivery of Additional Certificates set forth in Sections 2.11 and 2.12 of the Trust Agreement, enter into a Supplemental Trust Agreement to execute and deliver Additional Certificates on a parity with the Certificates and any previously executed and delivered Additional Certificates (unless otherwise provided in the related Supplemental Trust Agreement), the proceeds of which may be used for any lawful purpose by MTDB, as provided in the Supplemental Trust Agreement; *provided* that prior to or concurrently with the execution and delivery of the Additional Certificates, MTDB and the County shall have entered into an amendment to this Sublease, providing for an adjustment in the Sublease Base Rental Payments to be made hereunder subject to the limitations set forth in Section 5.01(c)(ii) hereof.

ARTICLE VI

MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 6.01. Maintenance of the Subleased Facilities by MTDB. MTDB agrees that, at all times during the term hereof, it will, at its own cost and expense, maintain, preserve and keep the Subleased Facilities and every portion thereof in good repair, working order and condition and that it will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals. The County shall have no responsibility in any of these matters or for the making of additions or improvements to the Subleased Facilities.

Section 6.02. Taxes, Other Governmental Charges and Utility Charges. The parties hereto contemplate that the Subleased Facilities will be used for public purposes by MTDB and, therefore, that the Subleased Facilities will be exempt from all taxes presently assessed and levied with respect to real and personal Subleased Facilities, respectively. In the event that the use, possession or acquisition by MTDB or the County of the Subleased Facilities is found to be subject to taxation in any form, MTDB will pay during the term hereof, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Subleased Facilities and any other Subleased Facilities acquired by MTDB in substitution for, as a renewal or replacement of, or a modification, improvement or addition to, the Subleased Facilities, as well as all gas, water, steam, electricity, heat, power, air conditioning, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Subleased Facilities; *provided*, that with respect to any governmental charges or taxes that may lawfully be paid in installments over a period of years, MTDB shall be obligated to pay only such installments as are accrued during such time as this Sublease is in effect; *provided*, further that nothing in this Section shall obligate MTDB to pay taxes or charges imposed upon third parties or interests held by such third parties.

Section 6.03. Insurance. (a) The County shall secure and maintain or cause to be secured and maintained at all time with Insurers of recognized responsibility or through a program of self-insurance or self-funding to the extent specifically permitted in this Section 6.03, all coverage on the Subleased Facilities required by this Section 6.03(a). Such insurance shall consist of:

(1) A policy or policies of insurance against loss or damage to the Subleased Facilities known as "all risk," including flood, but excluding earthquake, which shall be maintained at any time in an amount per occurrence at least equal to the greater of (i) the cumulative replacement values of the Subleased Facilities and, in the case of a policy covering more than the Subleased Facilities, as permitted by the next succeeding sentence, any other Subleased Facilities which is the subject of a lease, installment purchase agreement or other financing arrangement for which bonds, certificates of participation or other obligations shall have been issued ("Obligations") or (ii) the unpaid principal or face amounts due on all Obligations and Certificates which are Outstanding; *provided* the amount of coverage required by this sentence may be reduced to a smaller amount if an Insurance Consultant retained by the County provides written advice that, based upon its evaluation of the County's maximum

foreseeable loss in the event of a major conflagration, windstorm, explosion, riot, flood or similar event, a specified smaller amount is believed to be reasonable given the nature of the risks insured and the proximity of the insured properties to each other. The County is, however, under no obligation to provide insurance against loss or damage occasioned by the perils of earthquake. Such insurance may be in the form of a policy which covers the Subleased Facilities and one or more additional parcels of real property leased or owned by the County which may be limited in an amount per occurrence in the aggregate to the amount required by the preceding sentence. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$100,000 for any one loss (except for flood, in which case the deductible may not exceed \$250,000 for any one loss). The County may obtain such coverage as a joint insured with one or more other public agencies located within or without the County of San Diego which may be limited in an amount per occurrence in the aggregate for all insureds as described in the first sentence of this paragraph (1). Otherwise conforming policies satisfying the requirements of this paragraph (1) may provide that amounts payable as coverage under this paragraph (1) may be reduced by amounts payable under paragraph (3) for the same occurrence, and vice versa.

(2) In the event that such coverage is not included in paragraph (1) above, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Subleased Facilities in an amount not less than \$50,000,000 per occurrence; *provided, however*, that the amount of coverage required by this sentence may be reduced to a smaller amount if an Insurance Consultant retained by the County provides written advice that, based upon its evaluation of the County's maximum foreseeable loss in the event of loss or damage by steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Subleased Facilities, a specified smaller amount is believed to be reasonable. Such insurance may be in the form of a policy which covers the Subleased Facilities and one or more additional parcels of real property leased or owned by the County which may be limited in amount to \$50,000,000 per occurrence in the aggregate for all properties. Such insurance may at any time include a deductible clause providing for a deductible not to exceed \$100,000 for any one loss. The County may obtain such coverage as a joint insured with one or more public agencies located within or without the County of San Diego which may be limited in amount to \$50,000,000 per occurrence in the aggregate for all insureds. Otherwise conforming policies satisfying the requirements of this paragraph (2) may provide that amounts payable as coverage under this paragraph (2) may be reduced by amounts payable under paragraph (3) for the same occurrence, and vice versa.

(3) So long as any Certificates or Additional Certificates are Outstanding, rental interruption insurance to cover loss, total or partial, of the use of any part of the Subleased Facilities as a result of any of the hazards covered by the insurance required pursuant to paragraph (1) or (2) above, as the case may be, in an amount sufficient at all times to pay the total rent payable under this Sublease for a period adequate to cover the period of repair or replacement, but in no event shall such policy be in an amount less than two years' Sublease Base Rental Payments for the Subleased Facilities; *provided* that such rental interruption insurance may be included in the policy or policies provided pursuant to paragraph (1) or (2) without increasing the aggregate limits for coverage with respect to any hazard covered thereby. Such insurance also may be in the form of a policy which covers the Subleased Facilities and one or more additional parcels of real property leased or owned by the County. The County also may obtain an otherwise conforming policy required by this paragraph (3) as a joint insured with one

or more other public agencies within or without the County of San Diego which may, with respect to any hazard, be limited in aggregate amount for all insureds to the amount of the policy or policies required pursuant to paragraph (1) or (2) above, as the case may be, which insures against such hazard. Otherwise conforming policies satisfying the requirements of this paragraph (3) may provide that amounts payable as coverage under this paragraph (3) may be reduced by amounts payable under paragraph (1) or (2), as the case may be, for the same occurrence, and vice versa.

The County shall collect, adjust and receive all moneys which may become due and payable under any policies contemplated by paragraphs (1), (2) and (3) above, and, may compromise any and all claims thereunder and shall transfer the net proceeds of such insurance as provided herein or in the Trust Agreement. The Trustee shall not be responsible for the sufficiency of any insurance herein required. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the County.

Any insurance policy issued pursuant to paragraph (1), (2) and (3) above shall be so written or endorsed as to make losses, if any, payable to the Authority, the County and MTDB and the Trustee as their respective interests may appear and the net proceeds of the insurance required by paragraphs (1), (2) and (3) above shall be applied as provided in Section 7.01 hereof. The net proceeds, if any, of the insurance policy described in paragraphs (1) and (2) above shall be payable to the Trustee for deposit in the Insurance Proceeds and Condemnation Awards Fund. The net proceeds, if any, of the insurance policy described in paragraph (3) above shall be payable to the Trustee and deposited in the Base Rental Payment Fund.

(4) Notwithstanding the above provisions, as an alternative to providing the insurance required by paragraph (1) above, the County may provide a self-insurance or self-funding method or plan of protection for any part or all of the requirements for such insurance and, through such a plan or method, provide for deductible or retention amounts greater than those contemplated by paragraph (1) above. Any such self-insurance or self-funding maintained by the County pursuant to the foregoing shall comply with the following terms:

(a) the self-insurance or self-funding program shall be approved by an Insurance Consultant;

(b) the self-insurance or self-funding program shall include a reasonable claims reserve fund out of which each self-insured or self-funded claim and any deductible amount authorized by paragraph (1) above shall be paid; prior to the end of the first Lease Year, the adequacy of each such fund shall be evaluated by an Insurance Consultant who shall also evaluate the appropriateness of the reserving methods and practices employed in establishing and maintaining each such fund; any deficiencies in any claims reserve fund shall be remedied in accordance with the recommendation of the Insurance Consultant and any recommended changes in the reserving methods or practices shall be adopted in accordance with the recommendation of the Insurance Consultant; after the first Lease Year, at least annually and not later than January 31 of each year that is a Lease Year, the County shall provide a report by either the independent accountants which provide the audit report on the County's annual audited financial statements or by an Insurance Consultant, as selected by the County, as to the

appropriateness of the reserving and self-funding methods and practices employed by the County in funding the claims funds, and any changes recommended by the report shall promptly be implemented by the County;

(c) the claims reserve fund shall be held in a separate fund by the County but may be invested as other County funds are invested in the San Diego County Pooled Investment Fund; and

(d) in the event the self-insurance or self-funding program shall be discontinued, the soundness of its claim and deductible or retention reserve fund, as determined by the Insurance Consultant, shall be maintained.

(5) From and after the time at which no Certificates or Additional Certificates are Outstanding, and consistent with paragraph (4) of Section 6.03 of the Lease, proceeds of insurance contemplated by paragraphs (1) and (2) above shall be allocated as follows:

(a) Proceeds from the insurance related to the Parking Structure shall be received and held by the County. Any decision not to repair or rebuild the Parking Structure shall be made without the express written consent of MTDB and the Authority. In the event that the County, MTDB and the Authority mutually decide not to restore or rebuild the Parking Structure with insurance proceeds, then the County shall provide to MTDB the MTDB Proportionate Share of such proceeds and retain the balance for itself.

(b) Proceeds from the insurance related to the Office Building, Third Rail and related improvements shall be received and held by MTDB. Any decision not to repair or rebuild the Office Building shall only be made with the express, written consent of County and the Authority. In the event MTDB, County and the Authority mutually decide not to restore or rebuild the Office Building with the insurance proceeds within 270 days after the event giving rise to the payment of the insurance proceeds, then MTDB may keep the proceeds for its own purposes.

Section 6.04. Advances. In the event MTDB fails to keep the Subleased Facilities in good repair and operating condition, the County may (but shall be under no obligation to) make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by the County shall become Sublease Additional Rental, which amounts MTDB agrees to pay within 30 days of a written request therefor, together with interest thereon at the maximum rate allowed by law.

Section 6.05. Assignment and Sublease by MTDB. Except as provided herein, MTDB shall not mortgage, pledge, assign or transfer any interest of MTDB in this Sublease by voluntary act or by operation of law, or otherwise. MTDB may sublease all or any portion of the Subleased Facilities, may grant concessions to others involving the use of any portion of the Subleased Facilities, whether such concessions purport to convey a leasehold interest or a license to use a portion of the Subleased Facilities, subject to the following conditions:

(a) This Sublease and the obligations of MTDB to make Sublease Base Rental Payments hereunder shall remain obligations of MTDB;

(b) MTDB shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the County and the Trustee a true and complete copy of such sublease; and

(c) No such sublease by MTDB shall cause the Subleased Facilities to be used for a purpose other than as may be authorized under the provisions of the laws of the State of California; and

(d) MTDB shall furnish the County and the Trustee with a written Opinion of Counsel, stating that such sublease does not cause the interest to become subject to federal or State of California personal income taxes.

MTDB shall at all times remain liable for the performance of the covenants and conditions on its part to be performed under this Sublease, notwithstanding any subletting or granting of concessions which may be made. Nothing herein contained shall be construed to relieve MTDB of its obligation to pay Sublease Base Rental Payments and Additional Sublease Base Rental Payments as provided in this Sublease or to relieve MTDB of any other obligations contained herein. In no event will MTDB sublease or permit the use of all or any part of the Subleased Facilities to any person so as to cause the portion of Sublease Base Rental Payments under the Lease designated as and comprising interest to be included in gross income for Federal income tax purposes or to be subject to State personal income tax.

ARTICLE VII

DAMAGE, DESTRUCTION, TITLE DEFECT AND CONDEMNATION

Section 7.01. Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds. If prior to the termination of the term hereof (a) the Subleased Facilities or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) title to, or the temporary use of, the Subleased Facilities or any portion thereof or the estate of MTDB or the County in the Subleased Facilities or any portion thereof is defective or shall be taken under the exercise of the power of eminent domain by any governmental body or by any person or firm or County acting under governmental County, then MTDB and the County will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged, destroyed, defective or condemned portion of the Subleased Facilities, and any balance of the net proceeds remaining after such work has been completed shall be paid to the County and MTDB according to each party's Proportionate Share; *provided*, that the County and MTDB, at their mutual option and provided the proceeds of such insurance or condemnation award together with any other moneys then available for the purpose are at least sufficient to prepay the aggregate annual amounts of principal and interest represented by Outstanding Certificates and Additional Certificates attributable to the portion of the Subleased Facilities so destroyed, damaged, defective or condemned (determined by reference to the proportion which the annual fair rental value of the destroyed, damaged, defective or condemned portion thereof bears to the annual fair rental value of the Subleased Facilities), may elect not to repair, reconstruct or replace the damaged, destroyed, defective or condemned portion of the Subleased Facilities and thereupon

shall cause said proceeds to be used for the prepayment of Outstanding Certificates and Additional Certificates pursuant to the provisions of Section 4.01(a) of the Trust Agreement.

In the event that the proceeds, if any, of said insurance or condemnation award are insufficient either to (i) repair, rebuild or replace the Subleased Facilities so that the fair rental value of the Subleased Facilities would be at least equal to the Sublease Base Rental Payments or (ii) to prepay all the Outstanding Certificates and Additional Certificates, both as provided in the preceding paragraph, then the County may, in its sole discretion, budget and appropriate an amount necessary, but in no event more than the net proceeds available from any insurance claim or condemnation award described in this Section 7.01, to effect such repair, rebuilding or replacement or prepayment; *provided* that the failure of the County to so budget and/or appropriate shall not be a breach of or default under this Sublease.

The provisions of this Section 7.01 shall only apply so long as any Certificates or Additional Certificates are Outstanding. Thereafter, the provisions of paragraph (5) of Section 6.03 hereof shall apply both as to insurance proceeds and proceeds of a condemnation award.

ARTICLE VIII

DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE SUBLEASED FACILITIES

Section 8.01. Disclaimer of Warranties. NEITHER THE TRUSTEE NOR THE COUNTY MAKES ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE SUBLEASED FACILITIES, OR WARRANTY WITH RESPECT THERETO. THE BOARD ACKNOWLEDGES THAT NEITHER THE TRUSTEE NOR THE COUNTY IS A MANUFACTURER OF ANY PORTION OF THE SUBLEASED FACILITIES OR A DEALER THEREIN, THAT THE BOARD SUBLEASES THE SUBLEASED FACILITIES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE BOARD. In no event shall the County or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Sublease or the existence, furnishing, functioning or MTDB's use of the Subleased Facilities as provided hereby.

Section 8.02. Use of the Subleased Facilities; Improvements. MTDB will not use, operate or maintain the Subleased Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated hereby. MTDB shall provide all permits and licenses, if any, necessary for the use of the Subleased Facilities. In addition, MTDB agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each portion of the Subleased Facilities) with all laws of the jurisdictions in which its operations involving any portion of the Subleased Facilities may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Subleased Facilities; *provided*, that MTDB may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of MTDB adversely affect the estate of the County in and to the Subleased Facilities or its interest or rights hereunder.

ARTICLE IX

ASSIGNMENT AND INDEMNIFICATION

Section 9.01. [Reserved].

Section 9.02. Assignment by MTDB. This Sublease and the interest of MTDB in the Subleased Facilities may not be assigned or encumbered by MTDB except as permitted by Section 2.04 hereof.

Section 9.03. Indemnification. MTDB shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Authority, the County and the Trustee and their respective directors, officers and employees from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the entering into of this Sublease, the acquisition, construction, installation and use of the Subleased Facilities and each portion thereof or any accident in connection with the operation, use, condition or possession of the Subleased Facilities or any portion thereof resulting in damage to Subleased Facilities or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by MTDB or the County; any claim arising out of the use, presence, storage, disposal or release of any Hazardous Substances on or about the Subleased Facilities; any claim for patent, trademark or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this Section 9.03 shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason. MTDB, the Trustee and the County mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following the learning thereof by such party.

ARTICLE X

DEFAULT

Section 10.01. Default.

(a) The following events shall be “Events of Default” under this Sublease and the terms “Event of Default” and “Default” shall mean, whenever they are used in this Sublease, any one or more of the following events:

(1) MTDB shall fail to pay the County any Sublease Base Rental Payment required to be so deposited by the close of business on the day such deposit is required pursuant to Section 5.01(a) hereof, provided, that the failure to deposit any Sublease Base Rental Payments abated pursuant to Section 5.04 hereof shall not constitute an Event of Default;

(2) MTDB shall fail to pay any item of Sublease Additional Rental when the same shall become due and payable pursuant to Section 5.01(b) hereof; or

(3) MTDB shall breach any other terms, covenants or conditions contained herein or in the Trust Agreement, and shall fail to remedy any such breach with all

reasonable dispatch within a period of 30 days after written notice thereof from the County to MTDB; *provided, however*, that if the failure stated in the notice cannot be corrected within such period, then the County shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by MTDB within such period and is diligently pursued until the default is corrected.

(b) Upon the happening of any of the Events of Default specified in Section 10.01(a) or (e) hereof, it shall be lawful for the Authority or its assignee, subject to the terms of this Lease, to exercise any and all remedies granted to it hereunder.

(c) The County or its assignee, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Sublease in the manner hereinafter provided on account of default by MTDB, notwithstanding any retaking of possession or re-letting of the Subleased Facilities as hereinafter provided for in subparagraph (2), or to retake possession of the Subleased Facilities without such termination. In the event of such retaking, MTDB agrees to surrender immediately possession of the Subleased Facilities, without let or hindrance, and to pay the County or its assignee all damages recoverable at law that the County or its assignee may incur by reason of default by MTDB, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such retaking possession of the Subleased Facilities. Neither notice to pay rent nor to deliver up possession of the Subleased Facilities given pursuant to law nor any proceeding in unlawful detainer, or otherwise, brought by the County or its assignee for the purpose of obtaining possession of the Subleased Facilities nor the appointment of a receiver upon initiative of the County or its assignee to protect the County's or its assignee's interest under this Sublease shall of itself operate to terminate this Sublease, and no termination of this Sublease on account of default by MTDB shall be or become effective by operation of law or acts of the parties hereto, unless and until the County or its assignee shall have given written notice to MTDB of the election on the part of the County or its assignee to terminate this Sublease.

(2) Without terminating this Sublease, to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by MTDB. In the event the County or its assignee does not elect to terminate this Sublease in the manner provided for in subparagraph (1) then, MTDB shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by MTDB and, to pay the rent to the end of the term of this Sublease or, in the event that the Subleased Facilities is re-let, to pay any deficiency in rent that results therefrom. The County agrees that the terms of this Sublease constitute full and sufficient notice of the right of the County or its assignee to re-let the Subleased Facilities in the event of such reentry without effecting a termination of this Sublease, and further agrees that no acts of the County or its assignee in effecting such re-letting shall constitute a surrender of termination of this Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that on the contrary, in the event of such default by MTDB, the right to terminate this Sublease shall vest in the County or its assignee to be effected in the sole and exclusive manner provided for in subparagraph (1). The County further waives the right to rental obtained by the County or its assignee in excess of the rental herein specified and hereby conveys and releases such excess to

the County or its assignee as compensation to the County or its assignee for its services in re-letting the Subleased Facilities or any items thereof.

(d) The County expressly waives the right to receive any amount from MTDB pursuant to Section 1951.2(a)(3) of the California Civil Code.

(e) In addition to any Event of Default resulting from breach by MTDB of any agreement, condition, covenant or term hereof, if MTDB's interest herein or any part thereof assigned, sublet or transferred without the written consent of the County (except as otherwise permitted by Section 2.04 hereof), either voluntarily or by operation of law; or MTDB or any assignee shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby MTDB asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if MTDB shall make a general or any assignment for the benefit of its creditors; or MTDB shall abandon or vacate the Subleased Facilities or any portion thereof (except as permitted by Section 2.04 hereof); then in each and every such case MTDB shall be deemed to be in default hereunder.

(f) Neither MTDB nor the County shall be in default in the performance of any of its obligations hereunder (except for the obligation to make Sublease Base Rental Payments pursuant to Section 5.01 hereof) unless and until it shall have failed to perform such obligation within 30 days after notice by MTDB or the County, as the case may be, to the other party properly specifying wherein it has failed to perform such obligation.

(g) MTDB and County and its successors and assigns shall honor the exclusive rights of MTDB to use the Subleased Facilities.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Notices. All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to MTDB:

San Diego Metropolitan Transit Development Board
1255 Imperial Avenue, Suite 1000
San Diego, California 92101-7490
Attention: Clerk of the Board

If to the County:

County of San Diego
1600 Pacific Highway, Room 166
San Diego, California 92101
Attention: Chief Financial Officer

County of San Diego
5560 Overland Avenue, Suite 410
San Diego, California 92123-1294
Attention: Director of General Services

Section 11.02. Binding Effect. This Sublease shall inure to the benefit of and shall be binding upon the County and MTDB and their respective successors and assigns.

Section 11.03. [Reserved].

Section 11.04. Net Sublease. It is the purpose and intent of the County and MTDB that Sublease payments hereunder shall be absolutely net to the County so that this Sublease shall yield to the County the Sublease payments, free of any charges, assessments or impositions of any kind charged, assessed or imposed on or against the Subleased Facilities, and without counterclaim, deduction, defense, deferment or set-off by MTDB except as herein specifically otherwise provided. The County shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability hereunder except as herein expressly set forth, and all costs, expenses and obligations of any kind relating to the maintenance and operation of the Subleased Facilities which may arise or become due during the term of this Sublease shall be paid by MTDB.

Section 11.05. Amendments. This Sublease may be amended in writing as may be mutually agreed by the County and MTDB.

Section 11.06. Discharge of MTDB. Upon the payment of all Sublease Base Rental Payments and Sublease Additional Rental payable hereunder, all of the obligations of MTDB hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied.

Section 11.07. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms hereof shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining agreements, conditions, covenants or terms hereof shall be affected thereby, and each provision of this Sublease shall be valid and enforceable to the fullest extent permitted by law.

Section 11.08. California Law. This Sublease shall be governed by and construed and interpreted in accordance with the laws of the State of California.

Section 11.09. Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision hereof.

Section 11.10. Execution. This Sublease may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 11.11. Subordination to Lease. The rights of MTDB hereunder are subject to subordination to the rights of the Authority under the Lease, and any assignor thereof, including the Trustee.

Section 11.12. No Event of Default Under Prior Sublease. As of the date hereof there is no event of default, or an event which, with the passage of time or the giving of notice, or both, could become an event of default, under the Prior Sublease, or if any such event of default or event has occurred, the same has been waived by MTDB.

Section 11.13. Effect on Prior Sublease. This Sublease completely amends and restates the Prior Sublease. Upon recording in the Official Records of the County of this Sublease, the Sublease Agreement dated as of September 1, 2001 which was recorded on September 26, 2001, in the Official Records of the County as Document No. 2001-0694988 and shall thereupon terminate and be no further force or effect.

Section 11.14. Dispute Resolution/Mediation. This section shall apply to any issues disputes between Authority, MTDB and/or County regarding this Sublease.

(a) **Commencement of Mediation.** A party may submit the matter to non-binding mediation under the Mediation Rules of the American Arbitration Association (“AAA”) (“Mediation”). The parties covenant that they will participate in the Mediation in good faith and that they will share equally in its costs. All offers, communications, conduct, promises and statements, whether written or oral, made in the course of the Mediation by or on behalf any of the parties (including without limitation their experts and attorneys) and by the mediator or any AAA employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the Mediation.

(b) **Settlement Agreement.** If the parties reach resolution of the matter as a result of the Mediation, the parties shall enter into a written agreement (“Settlement Agreement”) which shall set forth in reasonable detail the settlement terms, the action to be taken (if any) by either party and the period in which such action (if any) is to be completed. The Settlement Agreement shall be subject to approval by the County’s Settlement Committee, Board of Supervisors, or such other committees, boards or groups as may be required from time to time to approve the settlement of disputes for the County.

(c) **Failure to Resolve Matter.** Any party may initiate litigation with respect to the matters submitted to Mediation after the initial mediation session or the failure of the parties to attend mediation within ninety (90) days of an initial request for mediation. The Mediation may continue after the commencement of litigation if the parties so desire.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Sublease by their officers thereunto duly authorized as of the day and year first written above.

SAN DIEGO METROPOLITAN TRANSIT
DEVELOPMENT BOARD, as lessee

By: _____
Authorized Officer

ATTEST:

Clerk of the Board

COUNTY OF SAN DIEGO, as lessor

By: _____
Authorized Officer

ATTEST:

Clerk of the Board of Supervisors

APPROVED AS TO FORM:

THOMAS E. MONTGOMERY County Counsel By: _____ Rachael H. Witt, Senior Deputy County Counsel	 _____ Karen Landers, MTDB General Counsel
--	--

EXHIBIT A
Description of the Subleased Facilities

Parcel A:

Parcel 1 of Parcel Map No. 15016, in the City of San Diego, County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County, November 2, 1987 as File/Page No. 87-616168 of Official Records.

Also: Except that portion thereof lying below a depth of 500.00 feet, measured vertically, from the contour of the surface of said property; however, with no right of any purpose whatsoever to enter upon, into or through surface of said property or any part thereof lying between said surface and 500.00 feet below said surface, as excepted in the deed recorded November 9, 1979 as File/Page No. 79-475090 of Official Records.

Parcel B:

Parcel 2 of Parcel Map No. 15016, in the City of San Diego, County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County, November 2, 1987 as File/Page No. 87-616160 of Official Records.

Except that portion thereof lying below a depth of 500.00 feet, measured vertically, from the contour of the surface of said property; however, with no right of any purpose whatsoever to enter upon, into or through the surface of said property or any part thereof lying between said surface and 500.00 feet below said surface, as excepted in the deed recorded November 9, 1979 as File/Page No. 79-475090 of Official Records.

Parcel D:

An easement and right of way for road, sewer, water, gas, power and telephone lines and appurtenances thereto over, under, along and across:

That portion of Commercial Avenue (formerly "N" Street) lying Southerly of and adjacent to Blocks 154 and 155 of Horton's Addition, said Commercial Avenue being vacated and closed to public use, in the City of San Diego, County of San Diego, State of California, described as follows:

Beginning at the Southeast corner of said Block 154; thence North 89°52'08" West along the Southerly boundaries of said Blocks 154 and 155, and the Westerly prolongation of said Southerly boundary of Block 155, a total distance of 500.28 feet; thence South 00°07'52" West, 20.00 feet; thence South 89°52'08" East, 500.59 feet; thence North 00°06'26" East, 20.00 feet to the Point of Beginning.

The easement herein described is hereby declared to be appurtenant to and for the benefit of the present and future owners of all or any portion of Parcels A and B.

EXHIBIT B

Projected Sublease Base Rental Payments Schedule

Lease Payment Due	Base Rental Payment Under the Lease Agreement	MTDB Portion 0.2761⁽¹⁾	MTDB Sublease Rent Credit ⁽²⁾	MTDB Portion⁽³⁾	Credits⁽⁴⁾	Net Amount due from MTDB
07/05/11						
07/05/12						
07/05/13						
07/05/14						
07/05/15						
07/05/16						
07/05/17						
07/05/18						
07/05/19						

Notes

- (1) Per Section 5.01(a) of the Sublease, MTDB's share of the County's Lease base rental payment is 27.61%.
- (2) Subject to adjustment on November 1, 2012 and November 1, 2017 and does not include Sublease Additional Rental required by in Section 5.01(b) of the Sublease. The MTDB Sublease Rent Credit, as adjusted from time to time, corresponds to the County's 73.4% share of the Minimum Rent under the Ground Lease.
- (3) Gross amount due to the County of San Diego for MTDB's portion of the 2011 MTS Base Rental Payments.
- (4) This credit reflects MTDB's 27.61% share of investment earnings and other amounts credited to the Base Rental Payment under the Lease Agreement.

STATE OF _____)

SS

COUNTY OF _____)

On _____ before me, _____, a Notary Public in
and for said State, personally appeared _____

who proved to me on the basis of satisfactory evidence to
be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(ies) and by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

FOR NOTARY SEAL OR STAMP

I certify under PENALTY OF PERJURY under the laws of
the State of California that the foregoing paragraph is true
and correct.

WITNESS my hand and official seal.

Signature: _____

Name (typed or printed), Notary Public in and for said County and State

STATE OF _____)

SS

COUNTY OF _____)

On _____ before me, _____, a Notary Public in
and for said State, personally appeared _____

who proved to me on the basis of satisfactory evidence to
be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(ies) and by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

FOR NOTARY SEAL OR STAMP

I certify under PENALTY OF PERJURY under the laws of
the State of California that the foregoing paragraph is true
and correct.

WITNESS my hand and official seal.

Signature: _____

Name (typed or printed), Notary Public in and for said County and State

STATE OF _____)
COUNTY OF _____) SS

On _____ before me, _____, a Notary Public in
and for said State, personally appeared _____

who proved to me on the basis of satisfactory evidence to
be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(ies) and by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

FOR NOTARY SEAL OR STAMP

I certify under PENALTY OF PERJURY under the laws of
the State of California that the foregoing paragraph is true
and correct.

WITNESS my hand and official seal.

Signature: _____

Name (typed or printed), Notary Public in and for said County and State

STATE OF _____)
COUNTY OF _____) SS

On _____ before me, _____, a Notary Public in
and for said State, personally appeared _____

who proved to me on the basis of satisfactory evidence to
be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(ies) and by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

FOR NOTARY SEAL OR STAMP

I certify under PENALTY OF PERJURY under the laws of
the State of California that the foregoing paragraph is true
and correct.

WITNESS my hand and official seal.

Signature: _____

Name (typed or printed), Notary Public in and for said County and State

STATE OF _____)
COUNTY OF _____) SS

On _____ before me, _____, a Notary Public in
and for said State, personally appeared _____

who proved to me on the basis of satisfactory evidence to
be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that
he/she/they executed the same in his/her/their authorized
capacity(ies) and by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

FOR NOTARY SEAL OR STAMP

I certify under PENALTY OF PERJURY under the laws of
the State of California that the foregoing paragraph is true
and correct.

WITNESS my hand and official seal.

Signature: _____

Name (typed or printed), Notary Public in and for said County and State

MTDB Option to Purchase County Improvements

Upon payment of all outstanding Certificates of Obligation, MTDB and County will jointly own the Parking Structure described in this Lease, consisting of 1002 designated spaces and located on the property described in Exhibit A-2. County's share is an undivided 78.04% interest. MTDB's share is an undivided 21.96% interest. The Parking Structure is operated jointly by MTDB, County and the Authority with the operation of the Office Building and the Common Costs pursuant to the Sublease.

In the event that the County exercises its option to terminate this Lease pursuant to Section 3.01, MTDB shall have the option, for a period of 3 months after notice by the County of its intention to terminate this Lease, to notify the County of MTDB's intention to purchase the County Improvements at the then fair market value of the County Improvements.

Such purchase date must occur on a date no later than 6 months after MTDB's notice of intention to purchase the County Improvements, subject to unavoidable and commercially reasonable delays or a separate mutually agreed upon closing date.

If MTDB and the County are unable to agree to the then fair market value of the County Improvements, then the fair market value shall be as determined by an appraiser mutually selected by MTDB and the County. If MTDB and the County cannot agree on a single appraiser within ten (10) days, then each shall select an appraiser. If the two appraisers cannot agree on the fair market value within thirty (30) days, then they shall appoint a third appraiser, and the fair market value shall be deemed to be the average of the two closest appraisals. Each appraiser shall be a disinterested member of the American Institute of Real Estate Appraisers, or a body of comparable standing, with at least five (5) years' experience in commercial real estate appraisal. MTDB and the County shall each bear the cost of the appraiser appointed by them, and shall share equally the cost of the appraiser mutually selected by them or of the third appraiser appointed, if any. The costs of escrow shall be divided between the buyer and seller according to the escrow holder's standard practice.

MTDB shall have the right, up until thirty (30) days after receipt of the final appraised value, to abandon the purchase of the County Improvements. In the event MTDB elects not to purchase the County Improvements, or upon the expiration or earlier termination of the Lease while the parties still hold undivided interests in the Parking Structure, MTDB and County shall negotiate in good faith and use commercially reasonable efforts to enter into an agreement regarding joint operation and ownership of the parking garage. Until such time as a joint operating agreement for the parking garage is in effect, the Parking Structure shall continue to be operated under the terms set forth in the Sublease. If MTDB either elects not to exercise this option, or to abandon a proposed purchase under this option, then County shall have the right to sell the property, at its discretion.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Option by their officers thereunto duly authorized as of the last day and year written below

MTDB

COUNTY OF SAN DIEGO

By: _____

Paul C. Jablonski
Chief Executive Officer

By: _____

April Heinze, P.E.
Director
Department of General Services

Date: _____

Date: _____

REFUNDING OF 2001 MTS TOWER CERTIFICATES OF PARTICIPATION (COPs)

Item No. 31



1



Refinancing of MTS Tower Debt

- COP term remains the same - paid off in 2018
- Refinancing will result in annual savings of approximately \$400,000
- MTS Share of Savings: \$112,000 per year



2



Lease Documents

- Ground Lease (MTDB to SDRBA)
 - Leases Land under Office Building
- Lease (SDRBA to County)
 - Leases Office Building *and* Parking Garage
- Sublease (County to MTDB)
 - Subleases 1st, 9th and 10th floors plus 220 spaces in parking garage



3



MTS Costs**

- 2011 Net Costs: \$877,363
- 2012-2019 Net Costs: \$723,384*
- 2020 Net Costs: approx. \$0

*Based on estimate for 2012

** Includes Ground Lease Rent Received, Sublease Rent/Debt Service Paid & Common Costs Paid



4



Other Changes to Documents

- MTS Option to Purchase County Share (78.04%) of Parking Garage at FMV
- Clean-up/Clarification of language in Lease documents
 - Joint Occupancy issues
 - Clarification of Indemnification Language (*pending*)



5



ACTION RECOMMENDED:

- Adopt Resolution No. 11-3 (authorizing 2011 MTS Tower Refunding)
- Authorize execution of all documents necessary to complete the transaction
- Authorize execution of the MTDB Option to Purchase County Improvements



6



SCHEDULE OF ACTIONS

- March 24, 2011: MTS Board Approval
- April 5, 2011: County BOS Approval
- April 7, 2011: SDRBA Approval
- April 12-27, 2011: COP transaction/closing
- Mid to Late May 2011: Redeem 2001 COPs
(30 days after closing)





1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
(619) 231-1466 • FAX (619) 234-3407

Agenda

Item No. 45

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

OPS 970.11

March 24, 2011

SUBJECT:

MTS: YEAR-END SECURITY REPORT (JANUARY THROUGH DECEMBER 2010)
(BILL BURKE)

RECOMMENDATION:

That the Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Statistics related to security incidents concerning the transit system are compiled by staff based on reports generated by security personnel and Code Compliance Inspectors. This information is augmented by reports from local police authorities and is then compiled, summarized, and submitted to the Board of Directors on a midyear and year-end basis. The year-end report covers the period from January 1, 2010, through December 31, 2010.



DEPARTMENT OF HOMELAND SECURITY – TRANSPORTATION SECURITY GRANT PROGRAM (TSGP)

The Transit Enforcement Department has been the recipient of several Department of Homeland Security grants on an annual basis. Approved funding through the grant process for this reporting period is approximately \$12,977,000.

Federal Grants

- TSGP FY 2007

Award: \$1.2 million plus a \$400,000 MTS match
Projects: \$1.2 million for rail; \$192,000 for bus to install onboard CCTVs

This investment will consist of installing additional CCTV systems in 60 LRVs and 44 buses and will also include the installation of a wireless download system in addition to a 90-day recording capability.

Performance dates: 01/13/2008 – 09/30/2011

- TSGP FY 2008

Award: \$1.5 million (no match)
Projects: Phase II of onboard CCTV; 50/50 split with San Diego Transit Center (SDTC) and San Diego Trolley, Inc.

MTS will expand and enhance an existing program of installing onboard CCTVs. Phase II is a continuation of the multiphase project in order to ultimately attain the dual goal of remote surveillance capability in the Operations Control Center of all CCTV-equipped stations in addition to all trains and buses also equipped with onboard CCTVs. This phase will consist of installing camera systems in 60 LRVs and 40 buses, including a “back office” download and health check with 90 days of video storage.

Performance dates: 07/15/2009 – 04/30/2011

- TSGP FY 2009

Award: \$896,000 (no match)
Projects: \$398,000 for installation of CCTV at four transit centers
\$498K for onboard CCTV on 80 buses (Phase III)

This investment will fund acquisition and installation of four fixed CCTV high-risk stations/transit centers: Santa Fe Depot, Pacific Fleet, Convention Center, and County Center. Additionally, Phase III of the ongoing onboard CCTV project for buses will use grant funds for the acquisition and installation of 80 vehicles.

Performance dates: 07/29/2009 – 05/31/2012

- TSGP FY 2010

Award: \$3,981,000
 Projects: \$2.6 million for Fiber-Optic Green Line Project
 \$750,000 Fiber-Optic Orange Line Project
 \$500,000 Onboard bus video (Phase IV)
 \$100,000 Vulnerability Assessment/Cyber Security Plan

This funding will enable MTS to continue various fiber-optic projects that will greatly enhance the transmission of video data to the Operations Control Center. Additionally, another phase of onboard CCTV for buses will be completed as well as an assessment of MTS's information technology security in order to create a cyber-security plan in the future.

Status: MTS is waiting for the final Grant Summary document from the Department of Homeland Security that is required prior to expending any funds.

California Funding

- Proposition 1B FY 2007-08

Award: \$2.7 million
 Projects: \$1.5 million for 10 station CCTVs (modified to include Mills Building security project)
 \$1.2 million for onboard CCTV for 100 contractor buses

This investment will consist of acquisition and installation of fixed CCTV at selected transit centers and enhanced security measures at the Mills Building (screening and X-ray devices). It will also fund onboard CCTVs for approximately 100 contractor buses throughout the MTS region.

Performance dates: 06/30/2008 – 12/31/2011

- Proposition 1B FY 2008-09

Award: \$2.7 million
 Projects: \$2.7 million for fiber-infrastructure enhancements

This investment is a two-phase project to create a high-speed quality network connection for all Mission Valley East stations terminating at the Operations Control Center.

Performance dates: 08/30/2010 – 12/31/2012

- Proposition 1B FY 2009-10

Award: \$2.7 million
Projects: \$2.7 million for wireless infrastructure to capture real-time video from trolley Onboard Video Surveillance System (OBVSS)

This investment funds the continuing phases of onboard CCTV on LRVs and will enable viewing of onboard CCTVs at the Operations Control Center on trains and buses via wireless uplinks strategically located along train lines and selected transit centers.

Performance dates: Unknown at this time. The state has not funded the bond projects.

TRAINING

Training is a critical component to the Transit Enforcement Department and consists of ongoing, formal classroom instruction, seminars, guest speakers, written directives, and other coaching media. Subjects covered are connected with field operations, including public relations, laws of arrest, criminal enforcement, gang activity, and court testimony. During this reporting period, the following training was conducted for field security and code enforcement personnel:

- Management and Leadership Training
- Response to Improvised Explosive Devices
- Response to Homemade Explosives
- Introduction to Modern Terrorist Activities
- Taxi Enforcement Rules and Regulations
- Scenario Training to Test Officers' Responses to Field Situations

TRANSPORTATION SECURITY ADMINISTRATION (TSA)

The TSA created a local "Regional Transportation Security Working Group" in 2009 to focus on ground transportation terrorism threats and homeland security issues. The group is comprised of both private sector transportation security organizations and local, federal, and state law enforcement agencies. Meetings are conducted quarterly and consist of regional intelligence briefings and presentations containing information relating to area activity in technology advances and other terrorism-prevention and mitigation strategies. The MTS Assistant Director of Transit System Security is the current committee chairman and will hold the position through 2011.

MTS also works in concert with the TSA in conducting Visual Intermodal Prevention and Response (VIPR) operations. The mission of a VIPR operation is to observe public high-density transit centers that may be attractive targets for terrorist activity. The role of MTS Transit Enforcement personnel during these exercises is to perform normal duties consisting of checking fares and issuing citations for MTS ordinances. The TSA's role is

to observe and report any suspicious activity to our personnel. Four VIPR operations were conducted during this reporting period:

- November: Qualcomm Stadium Station
- October: Various stations along the Blue Line (12th & Imperial to the border)
- August: PETCO Park and Bayside stations
- July: Gaslamp Quarter Station

CLOSED-CIRCUIT TELEVISION (CCTV)

The MTS Transit Enforcement Department has established a prioritized list of stations and transit centers that would benefit with the addition of CCTV. All stations were scored and ranked according to several factors, including passenger density, potential terrorism target, crime statistics, location, and other factors. At the present time, there are 30 stations equipped with CCTV, which includes the following stations that were added during this reporting period:

- 25th & Commercial Station
- 32nd & Commercial Station
- Encanto/62nd Street Station
- Massachusetts Avenue Station
- Lemon Grove Depot Station
- 70th Street Station
- Grantville Station
- Gaslamp Quarter Station

Standard CCTV installation consists of a combination of fixed, pan-tilt-zoom, and high-resolution cameras. In recent years, emerging technologies have provided the CCTV industry with cameras that can pan, tilt, or zoom while reviewing previously recorded events. Conventional camera surveillance systems do not have this capability. MTS recently installed cameras utilizing the newer technology and has adopted it as the standard for future projects where applicable.

SPECIAL ENFORCEMENT OPERATIONS

Special enforcement activities occur on a continuing basis for the purposes of detecting specific criminal activities, such as graffiti, onboard thefts, transient camps on or near the rights-of-way, illegal ticket sales, and illegal drug use and sales on MTS property. These operations are sometimes conducted in concert with other law enforcement agencies. During this reporting period, the results of special enforcement activities were as follows:

PLAINCLOTHES DETAILS

During calendar year 2010, there were 13 plainclothes details—one was to detect illegal solicitation of passengers by “wildcatters” at the border. Four felony arrests as well as over a dozen citations were issued for various other incidents.

LAW ENFORCEMENT JOINT OPERATIONS

In calendar year 2010, there were five joint field operations with local law enforcement agencies. The purpose of these operations was to address all violations ranging from quality-of-life issues to removing chronic violators from the MTS system. There was one “rolling” joint operation where officers did not remain in one location but instead rode trains between various stations on one of the trolley lines. Transit enforcement personnel also attended several law enforcement briefing sessions for the purpose of familiarizing other agencies with the types of ordinances that are enforced and situations handled by the department. These joint meetings help other agencies better understand MTS’s enforcement activities and ultimately when participating in joint operations.

SPECIAL ENFORCEMENT UNIT (SEU)

Special Enforcement Unit (SEU) operations are conducted at random transit centers at irregular intervals to check all patrons for proper fare media who are boarding and debarking trains. Twenty-seven SEU details were conducted in 2010. Some of these exercises are held with the local law enforcement agency having jurisdiction over the city wherein the SEU was conducted.

- Patrons Inspected: 94,981
- Citations Issued: 2,553
- Fare Evasion Rate: 2.69%

COMMUNITY OUTREACH

In 2010, several Transit Enforcement Department officers and management personnel attended and/or gave presentations to various community groups on seven occasions. Some of the presentations included our canine teams visiting elementary schools to present the “Operation Lifesaver” Program in addition to attending the Bike Giveaway Program at Logan Elementary School. These programs serve to acquaint neighborhood youth with MTS and safety rules associated with the trolley and bus systems.

BORDER TRANSPORTATION COMMITTEE (BTC)

MTS is an active participant on the Border Transportation Committee (BTC). The BTC is comprised of individuals and organizations responsible for the San Ysidro Port of Entry, including law enforcement, parking enforcement, transportation, local businesses, and concerned citizens. The primary concerns during this reporting period were the increase of illegal “wildcatting” by unauthorized vehicles, taxi enforcement, parking in red zones, and solicitors without permits. MTS enforcement personnel work in conjunction with various law enforcement agencies and other organizations in the area to ensure a safe and secure environment for our patrons.

SCHOOL SAFE-PASSAGE PROGRAM

The primary purpose of this program is for all participants to assist in their areas of expertise to provide solutions to any problems or concerns that may affect the student

community. MTS is committed to the success of every safe passage program that the San Diego Unified School District implements. MTS also remains vigilant in confiscating trolley and bus passes from students who are disruptive or are caught vandalizing MTS vehicles or property. During this reporting period, MTS enforcement personnel attended three committee meetings at Bell Middle School, Montgomery Middle School, and Horace Mann School.

CANINE TEAMS

Three explosive-detection canine teams are funded through a cooperative agreement with the Transportation Security Administration (TSA). Primary duties include patrol of trains and facilities, fare enforcement, and response to check suspicious packages. During this reporting period the following activity was generated by the teams:

Patrons contacted	155,794
Training hours	400
Citations issued	299
Training scenarios conducted	286
Calls for service	20

On one call for service at San Diego State University, an explosive substance in an abandoned backpack was discovered by one of our teams. The local explosives enforcement agency took over the investigation and disposed of the substance.

The construction of a permanent kennel for the dogs was also completed in 2010.

BUSES AND BUS STOPS

Several proactive steps were initiated during this reporting period to eliminate various issues that arose regarding bus operations.

- Nimitz and Rosecrans Streets - selective enforcement of loiterers and smokers.
- Routes 7 and 11 were the targets of several undercover operations as the result of patron complaints. Numerous citations were issued for various violations.
- Special enforcement detail at a bus stop in the 800 Block of Pearl Street in San Diego was conducted to observe and enforce transient drug-use and trash issues.
- Responded to and enforced various violations committed by students riding buses in the Claremont area of San Diego.

SAN DIEGO TROLLEY, INC.

San Diego Trolley, Inc. experienced 2,337 Part II arrests and 148 reports of Part I incidents during 2010. This is an 8% reduction in Part I incidents and 5% reduction in Part II arrests over the same period in 2009. In 2009, there were 2,459 Part II arrests and 161 reports of Part I incidents.

SAN DIEGO TRANSIT CORPORATION

San Diego Transit Corporation experienced 219 Part II arrests and 30 reports of Part I incidents in 2010. In 2009, there were 224 Part II arrests and 32 reports of Part I incidents.

CONTRACT TRANSPORTATION SERVICES

MTS Contract Services experienced 90 Part II arrests and 11 reports of Part I incidents for this period in 2010. In the same period in 2009, there were 108 Part II arrests and 13 reports of Part I incidents.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Bill Burke, 619.595.4947, Bill.Burke@sdmts.com

MARCH24-11.45.YEAREND SECURITY RPT.BBURKE

Attachments: A. Board FTA 405 Reports (January - December 2010 SDTI)
B. Board FTA 405 Reports (January - December 2009 SDTI)
C. Board FTA 405 Reports (January - December 2010 SDTC)
D. Board FTA 405 Reports (January - December 2009 SDTC)

☐ Form not applicableNTD ID ☐☐☐☐☐ Form 005 Included**BOARD 405 REPORT**

Required from transit agencies serving UZAs of 200,000 or more population.

Mode ☐Type of Service ☐

Based on the Uniform Crime Reporting Handbook

Security Items			In Vehicle	In Station	Other Transit Prop.
Location SDTI					
Part I Offenses (Reports)					
Violent Crime	Inc Inv	Arrests			
Homicide	0	0			
			Patrons 0	0	0
			Employees 0	0	0
			Others 0	0	0
Forcible rape	0	0			
			Patrons 0	0	0
			Employees 0	0	0
			Others 0	0	0
Robbery	23	10			
			Patrons 11	12	0
			Employees 0	0	0
			Others 0	0	0
Aggravated assault	20	7			
			Patrons 5	7	3
			Employees 1	1	1
			Others 3	3	2
Property Crime	Inc Inv	Arrests			
Burglary	1	0	0	0	1
Larceny/theft	78	9			
			Patrons 19	11	34
			Employees 0	0	3
			Others 0	7	7
Motor vehicle theft	25	0			
			Patrons 0	0	21
			Employees 0	0	0
			Others 0	0	4
Arson	1	0	0	0	1
Part II Offenses (Arrests)					
	Inc Inv	Arrests			
Other assaults	108	66	17	43	6
Vandalism	385	91	23	53	15
Sex offenses	15	12	6	3	3
Drug abuse violations	356	358	26	268	64
Driving under the influence	5	5	0	0	5
Drunkenness	271	270	65	188	17
Disorderly conduct	985	915	257	609	49
Trespassing	506	369	0	3	366
Fare evasion	16,262	14,832	9,577	5,252	3
Curfew & loitering laws	295	251	0	208	43
Total Transit Property Damage			\$ 20,891.61		

Internal Use Only

Report Run Date

Report Run Time

Reporting Period

03/08/2011

11:41:20AM

01/01/2010 To 12/31/2010

☐ Form not applicableNTD ID ☐ ☐ ☐ ☐☐ Form 005 Included**BOARD 405 REPORT**

Required from transit agencies serving UZAs of 200,000 or more population.

Mode ☐ ☐Type of Service ☐ ☐

Based on the Uniform Crime Reporting Handbook

Security Items			In Vehicle	In Station	Other Transit Prop.
Location SDTI					
Part I Offenses (Reports)					
Violent Crime	Inc Inv	Arrests			
Homicide	0	0			
			Patrons 0	0	0
			Employees 0	0	0
			Others 0	0	0
Forcible rape	0	0			
			Patrons 0	0	0
			Employees 0	0	0
			Others 0	0	0
Robbery	47	14			
			Patrons 24	26	2
			Employees 0	0	0
			Others 1	2	0
Aggravated assault	18	9			
			Patrons 3	2	2
			Employees 0	3	0
			Others 2	6	4
Property Crime	Inc Inv	Arrests			
Burglary	1	0			
			0	0	1
Larceny/theft	69	8			
			Patrons 21	18	23
			Employees 0	0	2
			Others 1	4	2
Motor vehicle theft	26	1			
			Patrons 0	0	25
			Employees 0	0	0
			Others 0	0	1
Arson	0	0			
			0	0	0
Part II Offenses (Arrests)					
	Inc Inv	Arrests			
Other assaults	117	72	13	56	3
Vandalism	692	134	75	52	7
Sex offenses	29	13	11	1	1
Drug abuse violations	306	314	47	220	47
Driving under the influence	4	4	0	0	4
Drunkenness	295	285	62	203	20
Disorderly conduct	1,012	958	235	675	48
Trespassing	603	442	0	2	440
Fare evasion	21,023	19,960	16,669	3,290	1
Curfew & loitering laws	247	237	2	205	30
Total Transit Property Damage				\$ 19,415.05	

Internal Use Only

Report Run Date

Report Run Time

Reporting Period

03/09/2011

08:57:23AM

01/01/2009 To 12/31/2009

☐ Form not applicableNTD ID ☐ Form 005 Included**BOARD 405 REPORT**

Required from transit agencies serving UZAs of 200,000 or more population.

Mode Type of Service

Based on the Uniform Crime Reporting Handbook

Security Items	In Vehicle	In Station	Other Transit Prop.
Location SDTC			
Part I Offenses (Reports)			
Violent Crime	Inc Inv	Arrests	
Homicide	0	0	
			Patrons 0 0 0
			Employees 0 0 0
			Others 0 0 0
Forcible rape	0	0	
			Patrons 0 0 0
			Employees 0 0 0
			Others 0 0 0
Robbery	8	2	
			Patrons 1 7 0
			Employees 0 0 0
			Others 0 1 0
Aggravated assault	9	3	
			Patrons 1 6 0
			Employees 2 0 0
			Others 2 0 0
Property Crime	Inc Inv	Arrests	
Burglary	0	0	
Larceny/theft	13	0	
			Patrons 9 0 1
			Employees 0 0 2
			Others 0 0 1
Motor vehicle theft	0	0	
			Patrons 0 0 0
			Employees 0 0 0
			Others 0 0 0
Arson	0	0	
			0 0 0
Part II Offenses (Arrests)			
	Inc Inv	Arrests	
Other assaults	52	11	
Vandalism	65	4	
Sex offenses	8	4	
Drug abuse violations	33	31	
Driving under the influence	1	1	
Drunkenness	61	59	
Disorderly conduct	358	56	
Trespassing	2	1	
Fare evasion	59	14	
Curfew & loitering laws	57	52	

Total Transit Property Damage

\$ 6,699.85

Internal Use Only

Report Run Date

Report Run Time

Reporting Period

03/08/2011

11:41:20AM

01/01/2010 To 12/31/2010

<input type="checkbox"/> Form not applicable NTD ID <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		BOARD 405 REPORT		Required from transit agencies serving UZAs of 200,000 or more population.	
<input type="checkbox"/> Form 005 Included				Mode <input type="text"/>	
		Based on the Uniform Crime Reporting Handbook		Type of Service <input type="text"/>	
Security Items		In Vehicle	In Station	Other Transit Prop.	
Location SDTC					
Part I Offenses (Reports)					
Violent Crime	Inc Inv	Arrests			
Homicide	1	0			
			Patrons 0	0	0
			Employees 0	0	3
			Others 0	0	0
Forcible rape	0	0			
			Patrons 0	0	0
			Employees 0	0	0
			Others 0	0	0
Robbery	11	3			
			Patrons 6	4	0
			Employees 0	0	0
			Others 0	1	0
Aggravated assault	8	3			
			Patrons 4	2	0
			Employees 0	0	0
			Others 1	0	1
Property Crime	Inc Inv	Arrests			
Burglary	0	0			
				0	0
Larceny/theft	12	0			
			Patrons 9	1	0
			Employees 2	0	0
			Others 0	0	0
Motor vehicle theft	0	0			
			Patrons 0	0	0
			Employees 0	0	0
			Others 0	0	0
Arson	0	1			
				0	0
Part II Offenses (Arrests)					
	Inc Inv	Arrests			
Other assaults	46	9	2	7	0
Vandalism	90	11	2	9	0
Sex offenses	8	0	0	0	0
Drug abuse violations	24	24	0	20	4
Driving under the influence	0	0	0	0	0
Drunkenness	55	55	24	27	4
Disorderly conduct	319	76	14	59	3
Trespassing	5	5	0	0	5
Fare evasion	45	10	1	9	0
Curfew & loitering laws	55	44	0	22	22
Total Transit Property Damage				\$ 667.11	
Internal Use Only					
Report Run Date		Report Run Time		Reporting Period	
03/09/2011		08:57:23AM		01/01/2009 To 12/31/2009	

Year end Security Report **January – December 2010**

Presented by

William Burke
Director of Transit System Security

March 24, 2011



1



Part I Incidents - Rail

	2007	2008	2009	2010
Ridership	36,835,828	36,054,592	31,631,065	30,514,609
Homicide	1	1	0	0
Rape	0	0	0	0
Robbery	41	59	47	23 (-51%)
Agg. Assault	25	16	18	20
Burglary	1	0	1	1
Theft	88	124	69	78*
MV Theft	22	28	26	25
Arson	0	0	0	1
Part I Incidents	178	228	161 (-29%)	148 (-8%)
Per 100,000	.47	.63	.51	.49



2



Bike Thefts

Plain Clothes Details - Old Town and El Cajon

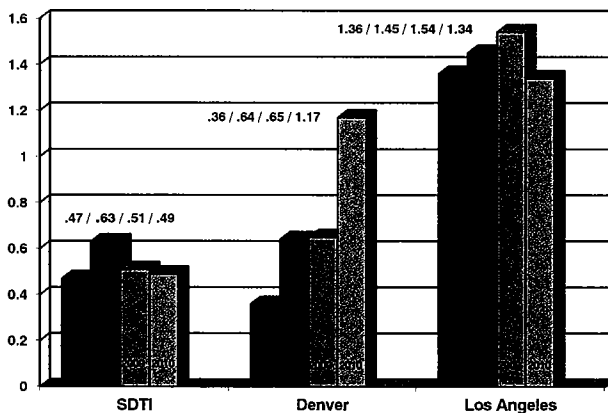
Influx of bike thefts system-wide by homeless and transient community



- 26 bikes/bike parts stolen prior to August 2010; most from Old Town and El Cajon where bike racks are somewhat isolated from busy areas
- 11 bikes/bike parts stolen during same period in 2009
- Special Plain Clothes Detail began in August 2010
- Only 3 bikes stolen remainder of year



Part I Incidents Per 100,000 Passengers 2007 - 2010 Light Rail



Part II Arrests - Rail

	2007	2008	2009	2010
Ridership	36,835,828	36,054,592	31,631,063	30,514,609
Other Assaults	64	93	72	66
Vandalism	120	78	134	91
Sex Offenses	9	11	13	12
Drug Abuse	308	390	314	358
DUI	4	11	4	5
Drunkenness	234	269	285	270
Disorderly Conduct	725	931	958	915
Trespassing	224	553	442	369
Curfew/Loitering	112	223	237	251
Total*	1,800	2,559	2,459	2,337
Arrests per 100,000 passengers	4.88	7.08	7.77	7.66

*Does not include citations for fare evasion.



Part I Incidents - Bus

	2007	2008	2009	2010
Ridership	26,075,859	29,657,073	28,194,051	26,549,413
Homicide	0	1	1	0
Rape	0	0	0	0
Robbery	3	11	11	8
Agg. Assault	10	12	8	9
Burglary	0	0	0	0
Theft	3	11	12	13
MV Theft	0	0	0	0
Arson	0	0	0	0
Total	16	35	32	30
Per 100,000	.06	.12	.11	.11



Part II Arrests - Bus

	2007	2008	2009	2010
Ridership	26,075,859	29,657,073	28,194,051	26,549,413
Other Assaults	4	5	9	11
Vandalism	8	8	11	4
Sex Offenses	0	0	0	4
Drug Abuse	32	31	24	31
DUI	0	3	0	1
Drunkenness	32	49	55	59
Disorderly Conduct	39	89	76	56
Trespassing	0	2	5	1
Curfew/Loitering	6	23	44	52
Total*	121	210	224	219

*Does not include citations for fare evasion.



CCTV

Transit Security Grant Program (TSGP)
8-Station Project



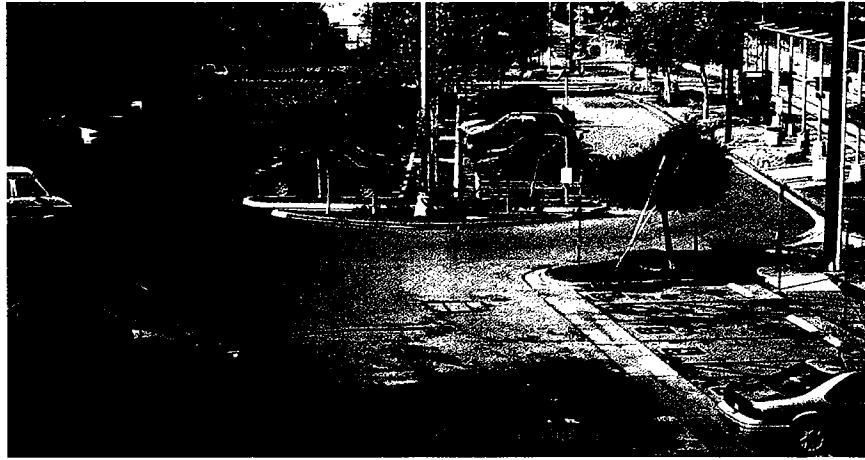
Massachusetts Ave. Station

- 25th and Commercial Station
- 32nd and Commercial Station
- 62nd/Encanto Station
- 70th Street Station
- Gaslamp Station
- Grantville Station
- Lemon Grove Station
- Massachusetts Station



CCTV

Transit Security Grant Program (TSGP)
8-Station Project



9



CCTV

Transit Security Grant Program (TSGP)
8-Station Project



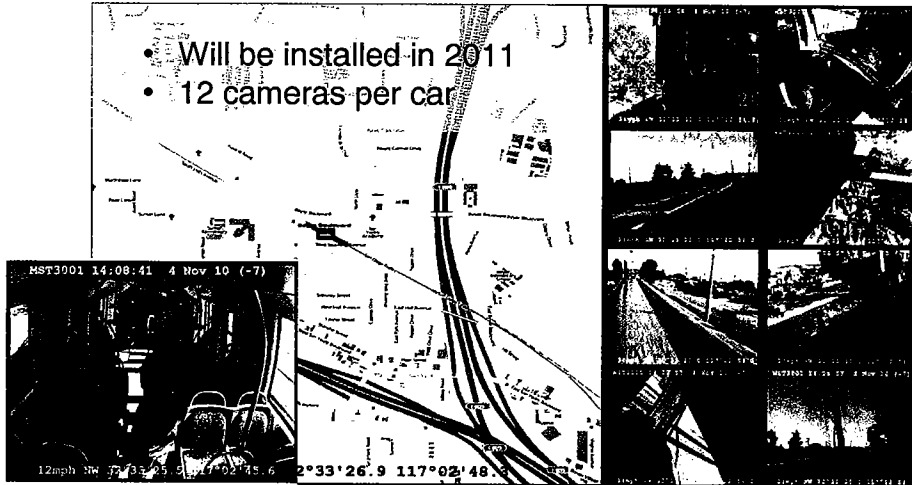
10



Onboard CCTV

GPS Mapping

- Will be installed in 2011
- 12 cameras per car



11



Service Interruption

Single Track Opportunities
Provide an Alternative to Closing the Rail Line



LRV/Bicycle
Accident



12



Service Interruption Problems

Annual Trolley Ridership in 2010 was 30 Million Patrons
Approximately 25% are Senior, Disabled, Medicare or Youth

When a rail line is closed for a lengthy period of time due to a crime or other incident at transit center:

- Customers impacted and crowds build when trains don't arrive on time.
- Patrons in wheelchairs may be stranded.
- Being unfamiliar with the area, patrons may walk away from a transit center, putting themselves at risk.
- Mentally challenged patrons may become confused or disoriented and may get lost.
- Senior citizens may not have the ability to contact others via a cell phone.



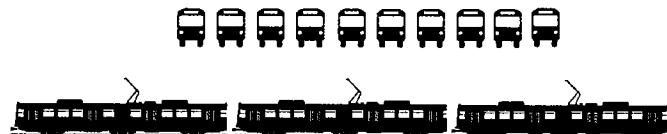
13



Service Interruption

As many as 48 trains affected during peak ridership

It takes up to ten (10) buses
to accommodate passengers
from a single 3-car train.



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Service Interruption

- MTS staff identified the ongoing problems of rail line closure.
- MTS arranged a round table and discussed problems with Chiefs of Police/staff from seven police jurisdictions.
- Discussed challenges and serious consequences of service interruptions (closure of rail lines) for both MTS and police agencies.
- Developed the first ever "Service Interruption Policy".



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Service Interruption Policy

William D. Gore Date 1/25/11
 William D. Gore
 San Diego Sheriff
 San Diego County Sheriff's Department

William D. Gore Date 1/25/11
 William D. Gore
 Chief of Police
 San Diego Police Department

Alan Lanning Date 1-12-11
 Alan Lanning
 Chief of Police
 La Mesa Police Department

O. Rios Date 1-12-11
 O. Rios
 Chief of Police
 Chula Vista Police Department

P. S. Rios Date 1-12-11
 P. S. Rios
 Chief of Police
 El Cajon Police Department

Robert Long Date 1-28-2011
 Robert Long
 Chief of Police
 National City Police Department

John L. Browning Date 1-18-2011
 John L. Browning
 Chief of Police
 San Diego State University

Metropolitan Transit System's San Diego Trolley
 Service Interruption Policy
 for
 Accidents and Incidents
 Controlled by Law Enforcement

The Metropolitan Transit System (MTS) and area law enforcement agencies recognize the importance of service interruption in critical for safe and effective service to the community. In some circumstances, it is necessary to close a rail line or section of a rail line to ensure the safety of the public and the safety of the rail line. When an enforcement agency requests a rail line or section of a rail line to be closed, MTS will coordinate with the enforcement agency to ensure that the rail line is closed in a safe and effective manner. MTS will also coordinate with the enforcement agency to ensure that the rail line is closed in a manner that minimizes disruption to the public. The undersigned police agencies and MTS agree to cooperate in the event of a service interruption to ensure that the rail line is closed in a safe and effective manner and that the public is kept informed of the situation.

San Diego Trolley, Inc. (SDTI), which is part of MTS, requests that law enforcement agencies coordinate with MTS when responding to the needs of passengers on the San Diego Trolley. MTS will coordinate with the enforcement agency to ensure that the rail line is closed in a safe and effective manner. MTS will also coordinate with the enforcement agency to ensure that the rail line is closed in a manner that minimizes disruption to the public. The undersigned police agencies and MTS agree to cooperate in the event of a service interruption to ensure that the rail line is closed in a safe and effective manner and that the public is kept informed of the situation.

An MTS supervisor will also attempt to contact the on-scene law enforcement supervisor as soon as possible after a service interruption to establish a safe-to-leave design in order to maintain (at least) single track operations.

The area of the single-track operation will be determined by the investigating law enforcement agency. The authority to approve single track operations or other access to, or through, the agency is held by the investigating law enforcement agency. San Diego Trolley will provide staff to assist the investigating law enforcement agency in the event of a service interruption to ensure the safety of the public and the safety of the rail line.

MTS understands that law enforcement agencies must conduct thorough investigations of crime and accident scenes occurring on MTS property. MTS believes that it is also able to the safety of our riders to their destination as quickly as possible.

A single-track operation allows trains to operate in one direction on an unidirectional track. Single-track operation is used when the rail line is closed in a manner that minimizes disruption to the public. The undersigned police agencies and MTS agree to cooperate in the event of a service interruption to ensure that the rail line is closed in a safe and effective manner and that the public is kept informed of the situation.

When possible, allows law enforcement to open rail line for single track operation, passing crime/incident scenes, rather than shutting down entire line.

Developed by MTS and all jurisdictional law enforcement agencies.



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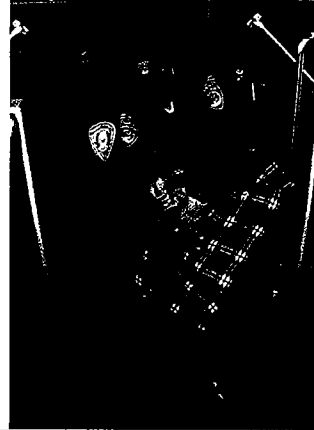


Arrests made by MTS Officers for Non MTS-related Crimes

The Transit Enforcement Department makes many other contacts and arrests

- The fare inspection process allows us the opportunity to identify people for other crimes
- Police BOL through CCTV or radio notification
- Arrest suspects for serious incidents such as robbery, rape, aggravated assault and theft incidents which did not occur on MTS property. Examples:

Off Property Incidents	MTS Officer Arrest Location
Robbery in Mission Valley	Euclid Ave. Station
Robbery in La Mesa	Onboard @ Grossmont Station
Assault w/Deadly Weapon (16 th @ Ntl.)	12 th & Imperial Station
Thefts from Horton Plaza	5 th Ave. Station (2 separate incidents)
Theft from Target	SDSU Station
Theft from Private Residence	47 th St. Station
Theft from Starbucks	47 th St. Station



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Special Enforcement Unit Details 2010

- 100% of all passengers onboard trains and in stations are inspected
- Up to 30 MTS personnel conduct inspections
- Evaders are deboarded, cited and instructed to purchase a fare



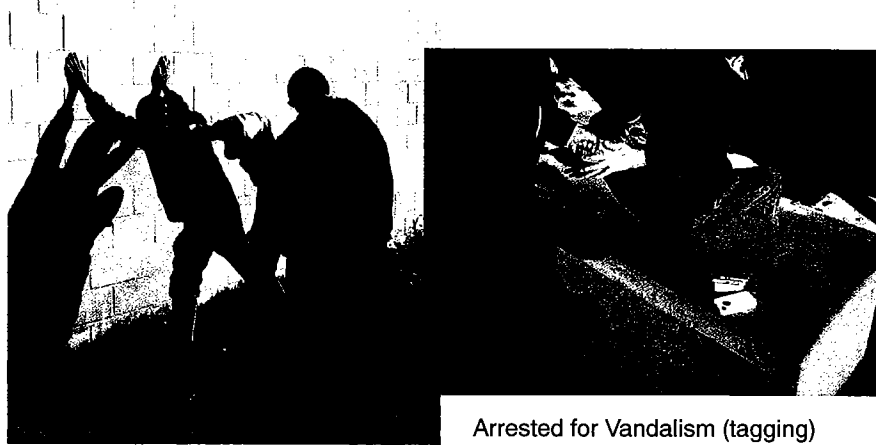
94,981 Patrons Inspected
2,553 Citations Issued
2.69% Fare Evasion Rate



18



Plain Clothes Details



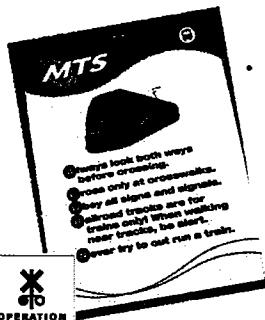
Arrested for Vandalism (tagging)



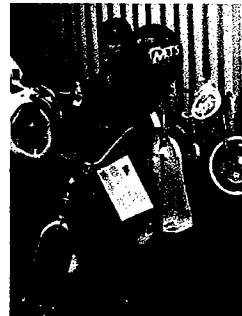
19



MTS Sponsored Annual Bike Giveaway and Operation Lifesaver Training Logan Elementary



- MTS Booster Club fundraises to purchase bikes and helmets for 1st grade children.
- *Operation Lifesaver* safety education presentation geared toward young children and their parents.
 - ✓ Includes general safety information on bus and rail, including staying behind the yellow line and the ACORN and "Look, Listen and Live" messages.
 - ✓ MTS Safety coloring books, crayons and pencils provided in gift bags.
- San Diego Police also spoke about bicycle safety.



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1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
(619) 231-1466 • FAX (619) 234-3407

Agenda

Item No. 46

JOINT MEETING OF THE BOARD OF DIRECTORS
for the
Metropolitan Transit System,
San Diego Transit Corporation, and
San Diego Trolley, Inc.

CIP 10485

March 24, 2011

SUBJECT:

MTS: SOUTH BAY MAINTENANCE FACILITY UPDATE (ELLIOT HURWITZ)

RECOMMENDATION:

That the Board of Directors receive a report for information and provide comments.

Budget Impact

None.

DISCUSSION:

Site-development activities and compressed natural gas (CNG) fuel station construction upgrades have been actively in progress at the South Bay Maintenance Facility (SBMF) in Chula Vista since October 2010. The site development has focused on the 3650 Main Street parcel where five storage buildings have been removed, site grading has begun, and utility infrastructure is being installed. Trillium has installed the new CNG compressors and dispensers, and the equipment is in final stages of assembly.

MTS has been working closely with the San Diego Association of Governments staff to develop a consultant task order to begin a design-build scoping process for new maintenance and operations facilities at SBF. An additional \$30 million in TransNet Early Action funds has been committed to the SBF expansion project allowing the expansion project to begin the design-build scoping process.



MTS staff will provide the Executive Committee with an update on the current construction projects and the upcoming design-build process for new facilities.



Paul C. Jablonski
Chief Executive Officer

Key Staff Contact: Elliot Hurwitz, 619.595.7031, Elliot.Hurwitz@sdmts.com

MARCH24-11.46.SBMF UPDATE.EHURWITZ

SOUTH BAY MAINTENANCE FACILITY UPDATE

JOINT BOARD OF DIRECTORS MEETING
FOR THE
METROPOLITAN TRANSIT SYSTEM,
SAN DIEGO TRANSIT CORPORATION, AND
SAN DIEGO TROLLEY, INC.
MARCH 24, 2011
ITEM No. 46



1



SOUTH BAY MAINTENANCE FACILITY UPDATE

1. Site Development Construction Project
2. CNG Facility Upgrades
3. New Facility Design-Build Scoping Process

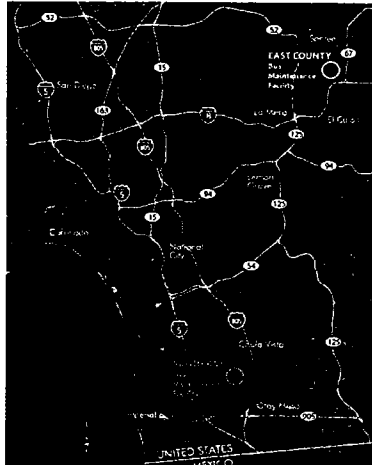


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2

**SOUTH BAY
BUS MAINTENANCE FACILITY
VICINITY MAP**



3



**SOUTH BAY
MAINTENANCE FACILITY**

- Located in the City of Chula Vista
- Owned by MTS
- Operated via contract with Veolia Transportation
- 158 CNG buses currently



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SOUTH BAY FACILITY EXPANSION

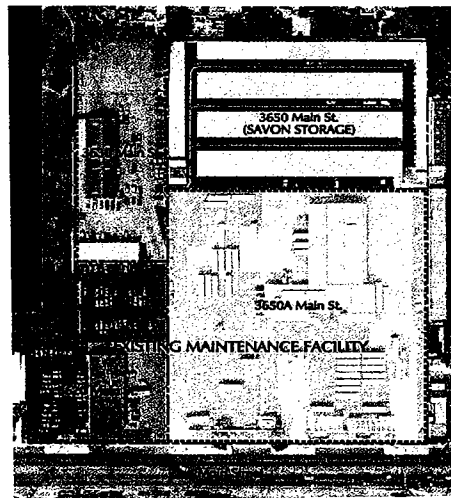
- Expansion required for existing and future services, including the I-805 Bus Rapid Transit (BRT) service
- Several property acquisitions have occurred in last few years - 3620, 3630, 3648 and 3650 Main Street
- Total expanded site = 10.6 acres



5



SOUTH BAY BUS MAINTENANCE FACILITY EXISTING SITE



6



SOUTH BAY FACILITY SHORT-TERM SITE DEVELOPMENT CONSTRUCTION

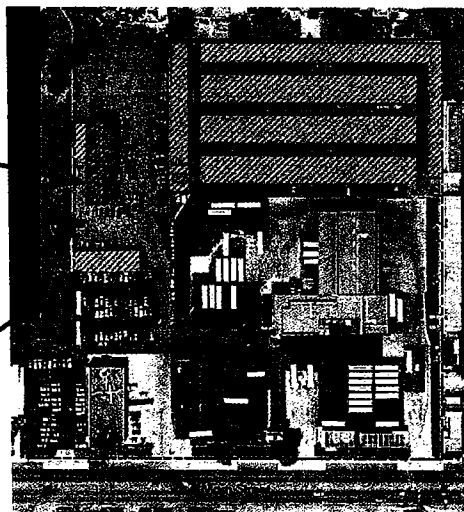
- Demo older structures to improve parking
- Building demo, grading, and paving at 3630 and 3650 Main sites
- Improve site lighting
- Drainage and Storm Water Pollution prevention
- Replace landscaping and irrigation
- Minor modifications to existing Maintenance facilities



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SOUTH BAY BUS MAINTENANCE FACILITY CURRENT PROJECT: BUILDING DEMO, GRADING & PAVING



8



**SOUTH BAY FACILITY
3650 MAIN SAVON-STORAGE**



9



**SOUTH BAY FACILITY
CURRENT CONSTRUCTION**



10



SOUTH BAY FACILITY CNG FUEL STATION UPGRADES

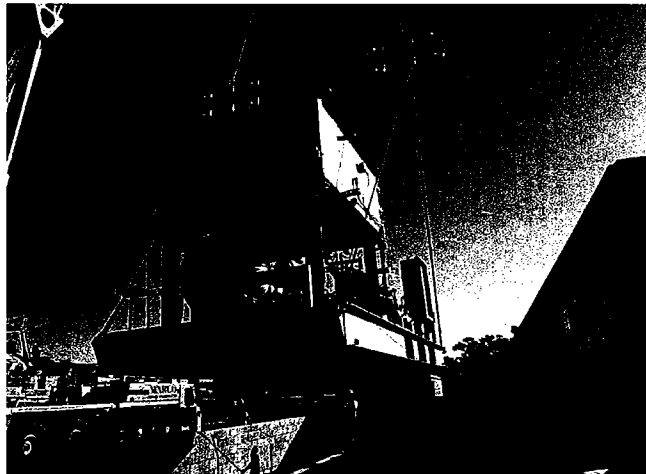
- Expand CNG fueling capacity from **160** buses to **240** buses
- Add two new compressor/motor units
- Add two new fuel dispensers
- Upgraded controls and monitoring to improve efficiency (energy) and reduce fueling times
- Project is 80 percent complete. Pending utility work and start-up/testing.



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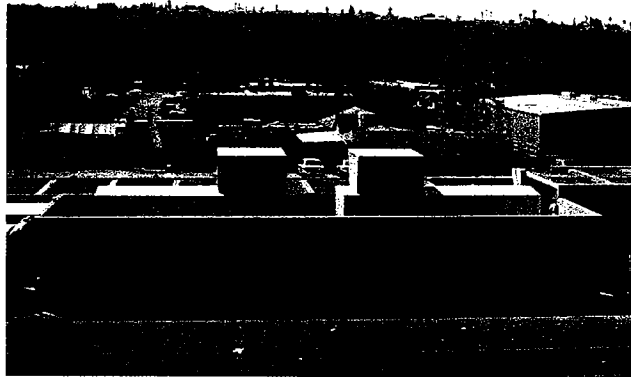
CNG INSTALLATION/UPGRADES



12



CNG INSTALLATION/UPGRADES



13



CNG INSTALLATION/UPGRADES



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SOUTH BAY FACILITY MASTER PLAN

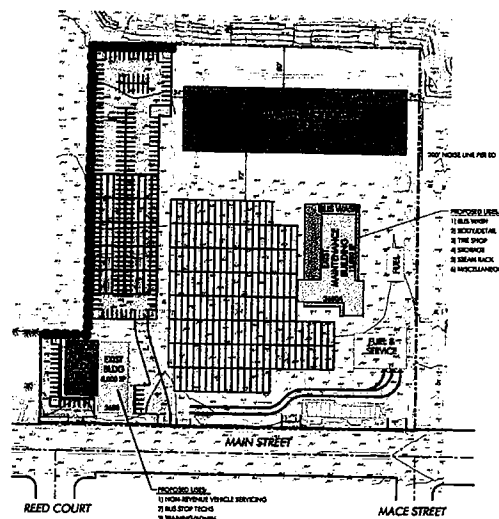
- Goal to accommodate 240 buses
- Five-step phasing process
 1. Address short-term CNG bus fueling needs
 2. Short-term site construction to expand bus parking
 3. Build a new maintenance shop facility
 4. Expanded operations/administration facility
 5. Addition of a new fueling and servicing facility



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SOUTH BAY BUS MAINTENANCE FACILITY MASTER PLAN SITE LAYOUT



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SOUTH BAY FACILITY NEW FACILITIES

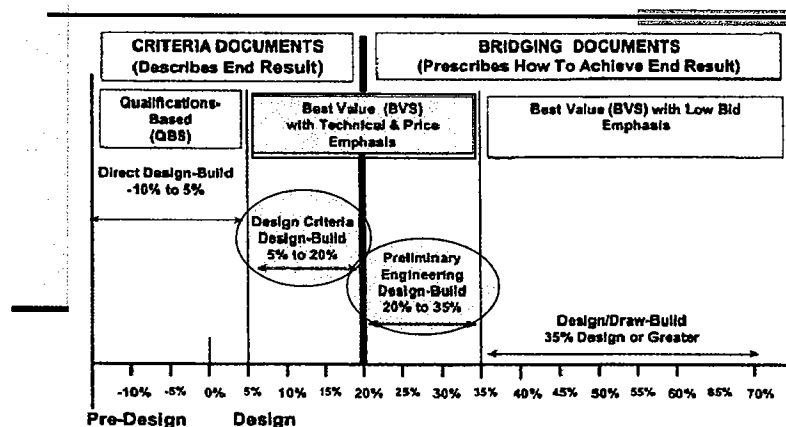
- Begin Process of Design-Build New Facilities
 - Design-Build Scoping Task Order (SANDAG)
 - April 2011 Begin Consultant Effort
- Scope
 - New Maintenance Facility
 - New Operations/Administrative Facility
 - Modify older facilities
 - Add new support facilities (bus wash, steam rack)



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Procurement Methodologies Percentage of Design in RFP



18

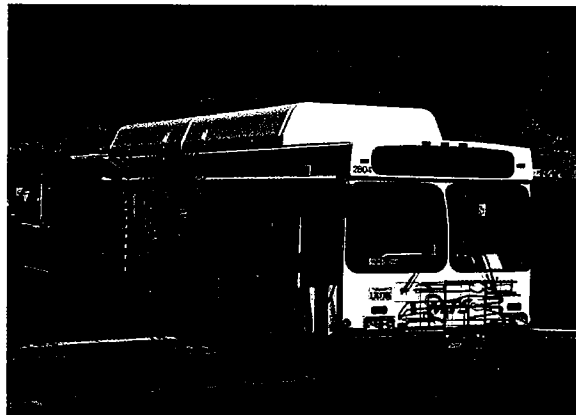


SOUTH BAY MAINTENANCE FACILITY

- Next Steps
 - Complete Site Development Work -
 - *Projected September 2011*
 - Design Build Process *9-12 months*
 - Building/Facility Construction begin
 - *Late 2012 - early 2013*



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Agenda

Item No. 62

Chief Executive Officer's Report

ADM 121.7

March 24, 2011

In accordance with Board Policy No. 52, Procurement of Goods and Services, attached are listings of contracts, purchase orders, and work orders that have been approved within the CEO's authority (up to and including \$100,000) for the period February 11, 2011, through March 16, 2011.

H:\Agenda Item 62 (45, then 61)\2010\AI 62 3-24-11.docx



EXPENSE CONTRACTS

Doc #	Organization	Subject	Amount	Day
G1378.0-11	CANON BUSINESS SOLUTIONS, INC.	CANON COPIER PURCHASE	\$22,346.20	2/16/2011
G1087.10-07	LIEBMAN, QUIGLEY, SHEPPARD & S	LEGAL SERVICES - GENERAL & TORT LIABILIT	\$45,000.00	2/22/2011
G1080.9-07	LAW OFFICES OF MICHAEL RIPLEY	LEGAL SERVICES GENERAL & TORT LIABILITY	\$55,000.00	2/28/2011
G1165.6-08	OPPER & VARCO, LLP	LEGAL SERVICES - ENVIRONMENTAL LAW	\$80,000.00	2/28/2011
G1072.7-07	LAW OFFICES OF R. MARTIN BOHL	LEGAL SERVICES - LAND USE	\$50,000.00	3/1/2011
G1380.0-11	LUTH RESEARCH	ANNUAL CUSTOMER SERVICE SURVEY	\$98,444.00	3/7/2011
B0399.6-03	TRAPEZE SOFTWARE GROUP, INC.	ANNUAL LICENSE AND MAINTENANCE FEE	\$5,031.00	3/8/2011
G1111.17-07	WHEATLEY BINGHAM & BAKER	LEGAL SERVICES - GENERAL & TORT LIABILIT	\$100,000.00	3/9/2011
G1274.2-09	BEST BEST & KRIEGER, LLP	INCREASE IN LEGAL SERVICES	\$15,000.00	3/9/2011
G1064.3-07	WILLIAM NORRIS	CONSULTING SERVICES	\$24,999.00	3/11/2011
G1382.0-11	SAN DIEGO SHERIFF'S DEPT.	GRAFFITI TRACKER PROGRAM	\$12,700.00	3/11/2011

REVENUE CONTRACTS

Doc #	Organization	Subject	Amount	Day
L6628.1-10	NINYO & MOORE	JROE PERMIT NCTD TIME EXT	\$0.00	2/11/2011
M6677.1-10	SANDAG	AMENDMENT TO LEASE AGREEMENT - PORTABLE	\$0.00	2/16/2011
B0560.0-11	MRS. K	LICENSE FOR SDTC BUS RENTAL	(\$605.00)	2/18/2011
G1342.0-11	SANDAG	CONSTR/MAINT FOR BAYSHORE BIKEPATH	FULL COST RECOVERY	2/22/2011
L6654.0-11	VCI TELCOM, INC.	JROE PERMIT - NCTD SOIL EROSION REPAIR	(\$500.00)	2/22/2011
S200-11-476	PULLMAN ENGINEERING	ROE PERMIT - CITY OF SD SEWER PROJECT	(\$1,500.00)	2/22/2011
S200-11-477	GOLDEN STATE BORING & PIPE	ROE PERMIT - CITY OF SD SEWER PROJECT	(\$500.00)	2/22/2011
L1012.0-11	PACIFIC COAST CLEANING	ROE PERMIT - WINDOW CLEANING	(\$1,000.00)	2/23/2011
G1085.1-07	GOOGLE, INC.	REAL TIME INFORMATION TO ORIGINAL AGRMNT	\$0.00	2/28/2011
L0914.6-10	SIEMENS TRANSPORTATION SYSTEM	ADD BRAKE RETROFIT - CHANGE TERMS	\$0.00	2/28/2011
M6685.0-11	WIND RIVER MEDIA, INC.	ROE PERMIT TO FILM ON TROLLEY	(\$605.00)	2/28/2011
S200-11-473	PAR ELECTRIC	ROE PERMIT - SDGE POLE REPLACEMENTS	(\$2,000.00)	3/7/2011
G1293.2-10	UNIFIED PORT DISTRICT	AMENDMENT TO EXTEND SUBLEASE	\$0.00	3/8/2011
L1013.0-11	RAMONA PAVING & CONSTRUCTION	ROE PERMIT - CITY LM CIP PROJECT	(\$1,000.00)	3/8/2011
L5249.0-11	KING OF STONE, INC.	ROE PERMIT FOR TENANT IMPROVEMENTS	\$0.00	3/8/2011
L6653.0-11	PAR ELECTRIC	JROE PERMIT NCTD SDGE CARROLL CYN	(\$1,000.00)	3/8/2011
S200-11-478	AIRX UTILITY SERVEYORS	ROE PERMIT UNTILITY TOPO SURVEY	(\$1,000.00)	3/8/2011

REVENUE CONTRACTS

Doc #	Organization	Subject	Amount	Day
S200-11-479	HALEY & ALDRICH, INC.	ROE PERMIT TO ACCESS FWS LAND	\$0.00	3/8/2011
S200-11-480	NAUTILUS ENVIRONMENTAL	ROE PERMIT TO ACCESS FWS LAND	\$0.00	3/8/2011
L1015.0-11	AM ORTEGA	ROE PERMIT - SDGE UTILITY CONDUIT	(\$5,000.00)	3/9/2011
S200-11-475	ERICKSON AIR CRANE	ROE PERMIT - SUNRISE POWER LINK	(\$500.00)	3/11/2011
S200-11-481	SAN DIEGO GAS AND ELECTRIC	ROE PERMIT - SUNRISE POWER LINK	(\$2,000.00)	3/11/2011
S200-11-482	PAR ELECTRICAL CONTRACTORS	ROE PERMIT - SUNRISE POWER LINK	(\$1,500.00)	3/11/2011

PURCHASE ORDERS

DATE	Organization	Subject	AMOUNT
2/22/2011	BORDEAUX PRINTERS, INC.	REGIONAL TRANSIT MAP	\$10,933.73
2/22/2011	COMMUNICATIONS USA, INC.	MOTOROLA MOBILE RADIO	\$92,681.10
2/22/2011	KLVN UNIVISION RADIO	12 MONTH SPANISH RADIO BUY	\$35,000.00
2/24/2011	BERESFORD CO.	EPI SUITE USB CARDS	\$1,284.41
2/28/2011	CUBIC TRANSPORTATION SYSTEMS	REPROGRAM HAND HELD UNITS	\$13,200.00
3/1/2011	LLOYDS COLLISION CENTER INC	TICKET TRAILER REPAIR	\$3,883.60
3/9/2011	CBS OUTDOOR	BUS SHELTER ADVERTISING	\$17,700.00
3/9/2011	CLEAR CHANNEL BROADCASTING	POSTERS	\$27,050.00
3/9/2011	SAN DIEGO CONVENTION CENTER	FULL PAGE AD	\$9,000.00

WORK ORDERS

Doc #	Organization	Subject	Amount	Day
G1328.0-10.01	PB AMERICAS, INC.	STREETCAR FEASIBILITY STUDY	\$100,000.00	2/22/2011
G1246.0-09.09.04.	DAVID EVANS & ASSOC	TECH SPECIFICATION ASSIST	\$0.00	3/8/2011
G1246.0-09.09.09	DAVID EVANS & ASSOC	WHEEL TRUING COST STUDY	\$30,100.00	3/8/2011