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

Agenda

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

January 10, 2019

9:00 a.m.

James R. Mills Building
Executive Conference Room, 10th Floor
1255 Imperial Avenue, San Diego

To request an agenda in an alternative format or to request accommodations to facilitate meeting participation, please call the Clerk of the Board at least two working days prior to the meeting. 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.

		ACTION RECOMMENDED
A.	ROLL CALL	
B.	APPROVAL OF MINUTES – December 6, 2018	Approve
C.	COMMITTEE DISCUSSION ITEMS	
	1. San Diego Transit Corporation (SDTC) Pension Investment Status (Jeremy Miller, Representative from RVK and Larry Marinesi)	Informational
	2. San Diego Transit Corporation (SDTC) Employee Retirement Plan's Actuarial Valuation as of July 1, 2018 (Anne Harper and Alice Alsberghe of Cheiron, Inc. and Larry Marinesi) Action would forward a recommendation to the Board of Directors to receive the SDTC Employee Retirement Plan's (Plan) actuarial valuation as of July 1, 2018, and adopt the pension contribution amount of $15,919,058 for fiscal year 2020.	Possible Action
	3. 12th & Imperial Transit Center (Denis Desmond) Action would discuss concepts for the proposed redevelopment of the 12th & Imperial Transit Center and provide comments to staff.	Possible Action

Please SILENCE electronics
during the meeting

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

4. Implementation Procedures for Board Policy 18 (Sharon Cooney) — Possible Action
Action would discuss proposed implementation procedures for Board Policy 18, “Joint Development Program”, and provide direction to staff.

5. E Street Trolley Station Joint Development and Reimbursement Agreement with the City of Chula Vista (Tim Allison) — Possible Action
Action would receive a report on potential development of the E Street Trolley Station in the City of Chula Vista and corresponding Reimbursement Agreement with the City of Chula Vista, and provide direction to staff.

D. REVIEW OF DRAFT January 17, 2019 MTS BOARD AGENDA

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA — Possible Action
Review of SANDAG Transportation Committee Agenda and discussion regarding any items pertaining to MTS, San Diego Transit Corporation, or San Diego Trolley, Inc. Relevant excerpts will be provided during the meeting.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

G PUBLIC COMMENTS

H. NEXT MEETING DATE: February 7, 2019

I. ADJOURNMENT

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

December 6, 2018

MINUTES

A. ROLL CALL

Chair Gomez called the Executive Committee meeting to order at 9:05 a.m. A roll call sheet listing Executive Committee member attendance is attached.

B. APPROVAL OF MINUTES

Ms. Cole moved for approval of the minutes of the November 1, 2018, MTS Executive Committee meeting. Ms. Rios seconded the motion, and the vote was 4 to 0 in favor with Mr. Arambula and Mr. McWhirter absent.

C. COMMITTEE DISCUSSION ITEMS

1. Quarterly Mid-Coast Corridor Transit Project Update (Sharon Humphreys of SANDAG)

Sharon Humphreys, with SANDAG, provided a quarterly Mid-Coast Corridor Transit Project update. She reviewed the Mid-Coast organization chart and project alignment. She discussed the details of the construction progress; DBE utilization; budget contingency; and construction schedule. Mr. Jablonski asked when the pre-revenue service testing will begin. Wayne Terry, Chief Operating Officer – Rail, stated that pre-revenue testing is scheduled to begin February 2021. Ms. Humphreys presented pictures of the various construction sites including the LOSSAN San Diego River, Tecolote Station, Clairemont Station, and Balboa Station. Mr. Jablonski commented about potential issues with graffiti at the stations and stated that additional discussions will be required to review the potential station materials. Ms. Humphreys stated that all materials will be brought to the Executive Committee for an opportunity to provide input and suggestions. Mr. Terry commented that his staff has been working with SANDAG regarding the potential graffiti issues on elevators and station surfaces. Ms. Humphrey presented pictures of the LRT bridge and bikeway, LRT flyover, TPSS installation, Gilman/La Jolla underpass, La Jolla Village Square, Pepper Canyon Station, Voigt Station, Executive Drive Station, and UTC Station. She discussed the details of the project property acquisitions and noted that 11 out of 43 properties are still being negotiated in terms of value, however they currently have access to all properties needed for the project. Ms. Humphreys reviewed the safety and security status; update on grade separations; LRV delivery schedule; and public involvement.

Mr. Jablonski commented that the Federal Transit Administration (FTA) announced an additional $80 million in Capital Investment Grant (CIG) funding for the Mid-Coast project.

Mr. Roberts commented on UCSD's request to hang swings from the Pepper Canyon bridge. He stated that there is a potential large liability by filling that request. He asked project staff to reevaluate their request based on this liability. Mr. Roberts also commented on the lighting fixtures on the new Gilman bridge. He stated that it would be

nice to install lighting at stations that is capable of changing colors, if needed. John Dorow, with SANDAG, commented that SANDAG also has many issues with the UCSD swing request. He stated that they will continue discussions with UCSD about the concerns of liability. Mr. Dorow stated that they can include color changing lights at stations.

Action Taken

No action taken. Informational item only.

2. MTS Transit Service Fixed-Route and Bus Rapid Transit (BRT) Agreement – Contract Amendment (Bill Spraul and Larry Marinesi)

Mr. Jablonski introduced this item and noted that Transdev is the contractor for bus service for rural service, East County and South Bay areas. He stated that the most recent contract approval with Transdev was done before the minimum wage changes in the state and the city took place. Mr. Jablonski stated that staff has been negotiating with Transdev to address the issues related to the impact of the minimum wage changes.

Bill Spraul, Chief Operating Office – Transit Services, continued the presentation and provided a brief overview of the Transdev contract. He noted that the base contract will conclude in June 2021. Mr. Spraul reviewed the minimum wage changes that were approved in 2016 for the City of San Diego and State of California. He reviewed the response to the minimum wage increase in relation to this contract. Mr. Spraul discussed the proposed contract revisions which address the minimum wage impact on the remaining 2.5 years of the base term. The proposed revisions include an $8.5 million increase in MTS expenses and $1 million in BRT costs, which would be funded by TransNet. He discussed the minimum wage impact comparisons that have affected MTS thus far including the MTS security contract. Mr. Jablonski commented on the blended rates for the next 2.5 years of the base contract. Mr. Spraul noted that the recommended plan is to take this item to the Board next week for approval of the proposed contract revisions.

Action Taken

Ms. Rios moved to forward a recommendation to the Board of Directors to approve the contract revision. Ms. Cole seconded the motion, and the vote was 4 to 0 in favor with Mr. Arambula and Mr. McWhirter absent.

3. Account Based Fare Collection System – Contract Award (Sharon Cooney and Israel Maldonado)

Sharon Cooney, Chief of Staff, and Israel Maldonado, Fare Systems Administrator, provided a presentation on the account based fare collection system contract award. Ms. Cooney reviewed the need for this project; the early process steps and analysis; the fare system working group; development of specific objectives for a next generation fare system; concept of operations; components of the next generation fare system; procurement process; Request for Proposals (RFP) process; evaluation criteria within the RFP; site visit details; selection of vendor to enter negotiations; advantages of INIT solution seen during site visit; and the capital and 10 year operations and maintenance

costs. Mr. Jablonski commented that this procurement process was one of the most highly involved and integrated processes we have done at MTS. He stated that staff was extremely immersed and did their due diligence in all aspects of this procurement process.

Mr. Roberts inquired how Cubic was evaluated during the procurement process. Ms. Cooney stated that the group evaluated the proposers at many steps throughout the process. She noted that one of the things Cubic was lacking was an actual off-the-shelf type of product. Cubic has been developing a new product for Boston's system, which they said would be used for our system. She stated that there were no visible details of what the actual product would be since it had not been developed yet for Boston. Mr. Jablonski also noted that their costs were substantially higher at $10 million over the INIT proposal.

PUBLIC COMMENTS

Mark Cafferty – Mr. Cafferty is the CEO of the San Diego Regional Economic Development Corporation (EDC). He stated that he would like to share his thoughts on Cubic rather than voice his opposition. Mr. Cafferty commented that Cubic is a local company that employees approximately 1,500 local San Diego residents. He stated that Cubic is one of the most innovative companies and can be seen worldwide. He commented that Cubic is very important to San Diego's economic development and local communities.

Maya Rosas – Ms. Rosas commented on behalf of Circulate San Diego. She stated that they are looking forward to a new and innovative fare collection system. Ms. Rosas stated that they recommend moving this item to the Board meeting in January instead of December so that the new incoming Board Members would have a chance to make this important decision. She also asked for insight on the MTS and North County Transit District integration process during this implementation.

Kalei Levy – Ms. Levy commented on behalf of the Downtown San Diego Partnership. She stated that today's vote could have an opportunity to support a local business. Ms. Levy commented that they would also like to see this item moved to the January Board meeting in order to fully consider the regional impacts and allow the new Board Members to vote on this decision.

EXECUTIVE COMMITTEE COMMENTS

Chair Gomez inquired about the review process related to Conduent. Ms. Cooney stated that Conduent was not able to show an account based system. Conduent was only able to present a card-based system. She commented that the site visit for Conduent demonstrated that they did not have an account based system that was fully developed and in service.

Mr. Roberts asked if moving to a 5g phone system will affect the new fare collection system. Mr. Maldonado stated that this fare system technology will be able to operate at 5g speeds.

Chair Gomez inquired about the timeline of this project. Mr. Maldonado replied that INIT's timeline is to go live and be operational a few months before the opening of the Mid-Coast extension.

Ms. Rios asked if staff had a chance to test the back office account based systems from the proposers. Ms. Cooney replied that they asked all of the proposers to demonstrate their back office account based systems during the procurement process.

Mr. Jablonski noted that the non-awarded proposers were debriefed on the results of the procurement. He also commented that we recognize the importance of Cubic in the San Diego community; however, we are federally prohibited to give local preference to a proposed vendor when using federal funds.

Chair Gomez commented that she appreciates this discussion and the public comments for this item. She stated that this is an exciting project and updating our fare collection system will enhance the public's experience riding the system.

Action Taken

Ms. Cole moved to recommend that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. G2091.0-18, with INIT Innovations in Transportation, Inc., (INIT) to provide an Account Based Fare Collection System, and operations, maintenance and hosting services for ten years. Mr. Roberts seconded the motion, and the vote was 4 to 0 in favor with Mr. Arambula and Mr. McWhirter absent.

4. Zero Emission Bus (ZEB) Branding (Rob Schupp)

Rob Schupp, Director of Marketing and Communications, provided a presentation on ZEB branding. He reviewed the goals of this opportunity; MTS direction; building on MTS branding initiatives; research and other system design examples. He presented pictures of possible MTS ZEB branding renderings and asked for feedback and comments.

PUBLIC COMMENTS

Margo Tanguay – Ms. Tanguay commented that Mr. Roberts has served on the California Air Resources Board for many years and has done a great job.

EXECUTIVE COMMITTEE COMMENTS

Mr. Roberts commented that he does not particularly like the proposed designs. He stated that he would like to keep the MTS red coloring, but does not like the large MTS logo. He stated that we do not need to have a completely different color, but maybe consider adding in a blue color, which generally represents clean. Mr. Roberts also said that the MTS logo should be clear and easy to read. He recommended trying some alternative options and bringing it back to the committee.

Ms. Rios commented that she agrees that we should look at different options and possibly revert to the normal branding, but also include additional coloring that Mr. Roberts suggested.

Ms. Cole stated that she would like to comment on the excellent and inclusive branding she has seen throughout the system.

Chair Gomez commented that she would also like to see different options. She recommended maybe including a green color in other options.

Mr. Schupp stated that staff will work on alternatives and bring back the different options for the committee to review.

Action Taken

No action taken. Informational item only.

D. REVIEW OF DRAFT December 13, 2018 BOARD AGENDA

Recommended Consent Items

6. Unallocated Transportation Development Act (TDA) Funds for Transit-Related Projects – City of Santee
Action would approve the use of $76,706 in unallocated TDA funds currently held by the County of San Diego for transit-related capital project for the City of Santee.

7. Unallocated Transportation Development Act (TDA) Funds for Transit-Related Projects – City of El Cajon
Action would approve the use of $92,196 in unallocated TDA funds currently held by the County of San Diego for transit-related expenses for the City of El Cajon.

8. HVAC Maintenance and Repair Services – Contract Award
Action would authorize the Chief Executive Officer (CEO) to: (1) Execute MTS Doc. No. PWG256.0-18, with Paradigm Mechanical Corp., for HVAC maintenance and repair services for a three (3) year base period, with two (2) one-year options (total of five years); and (2) Exercise option years at CEO's discretion.

9. Federal Transit Administration (FTA) Section 5310 Grant Application
Action would adopt Resolution No. 18-15 certifying that there are no private, nonprofit organizations readily available to provide the same complementary paratransit service in MTS's service area, a prerequisite to receiving FTA Section 5310 funding.

10. Mid-Coast Corridor Transit Project – Projected Staffing
Action would approve the addition of 85 positions in preparation for the Mid-Coast Corridor Trolley Project (Mid-Coast Trolley Project).

11. Job Order Contract (JOC) On-Call General Building and Facilities Construction – Contract Amendment
Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 1 to MTS Doc. No. PWL234.1-17 (SANDAG Doc. No. 5007503) with ABC Construction Company, Inc. (ABC), for an increase to the contract value.

12. Bus Operator Uniforms – Contract Award
Action would authorize the Chief Executive Officer (CEO) to: (1) Execute MTS Doc. No. B0692.0-18 with Ace Uniforms and Accessories, Inc. (Ace) for the provision of bus operator uniforms for a three (3) year base period with two (2) one-year optional terms (for a total of 5 years); and (2) Exercise each option year at the CEO's discretion.

13. Nextfare Compass Card System Maintenance Extension
Action would authorize the Chief Executive Officer (CEO) to execute Amendment No.3 to MTS Doc No. G1695.0-14 with Cubic Transportation Systems Inc. for the extension of the current maintenance agreement for an additional three-year period.

14. Master Concessionaire Services – Contract Amendment
Action would authorize the Chief Executive Officer (CEO) to execute Amendment No. 5 to MTS Doc. No. L0901.0-10, with BriceHouse Station, LLC ("BriceHouse"), extending the contract to April 30, 2023.

15. Variable Message Sign (VMS) Display Assembly for South Bay Bus Rapid Transit (BRT) Stations – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1468.0-19, with My Electrician Inc., for the supply of the South Bay BRT VMS sign assemblies.

16. Light Rail Vehicles (LRVs) On-Board Video Surveillance System (OBVSS) Preventative Maintenance, Emergency Services, New Installations and Upgrades as Required – Sole Source Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1469.0-19, a Sole Source contract, with Seon Design USA (Seon), for the provision of OBVSS preventative maintenance, emergency services, new installations and upgrades as required on LRVs for three (3) years beginning February 1, 2019.

17. Trolley Station Network Communication Equipment Replacement – Contract Award
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc No. G2226.0-19 with AT&T Corp. to replace the trolley station network communications equipment.

18. Ultrasonic Rail Testing Services – Contract Award
Action would authorize the Chief Executive Officer (CEO) to authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. L1473.0-19 with Herzog Services, Inc. (Herzog), for the provision of ultrasonic rail testing services for three years beginning on January 1, 2019, and ending on December 31, 2021, subject to the MTS General Counsel approving a modified indemnification clause.

19. The ARC of San Diego Interior Bus Cleaning – Sole Source Contract Award
Action would authorize the Chief Executive Officer (CEO) to: (1) Execute MTS Doc. No. B0693.0-19 with the ARC of San Diego (ARC) for deep cleaning the interiors of San Diego Transit Corporation (SDTC) buses for a five (5) year base period with two (2) 1-year options for a total of seven (7) years; and (2) Exercise each option year at the CEO's discretion.

COMMENTS

Mr. Jablonski noted that a fare study item would be brought to the Board for discussion next week. He noted that SANDAG has the authority in updating the regional fare ordinance and that

the MTS Board would be asked to forward fare change recommendations to SANDAG. He stated that we have basically stayed with the same initial recommendations except for the Senior Disabled Medicare (SDM) passes. Mr. Jablonski noted that the SDM and Youth passes would be $23 for monthly fares, which gives only a $5 increase to the SDM pass and a $13 reduction to the Youth pass.

E. REVIEW OF SANDAG TRANSPORTATION COMMITTEE AGENDA

Ms. Cooney commented that there is no Transportation Committee, but there will be a SANDAG Board meeting tomorrow. She noted that the SANDAG Board will be approving the creation of an Airport Connectivity Steering Committee.

F. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

Ms. Cole commented that it was a pleasure serving on the Board and thanked the staff for all their hard work.

Mr. Roberts commented that this would be his last meeting. He thanked the staff and the Board and stated that it has been a pleasure serving on this Board for many years.

Chair Gomez thanked Ms. Cole and Mr. Roberts for their service and leadership.

G. PUBLIC COMMENTS

Margot Tanguay – Ms. Tanguay commented about President Bush (41) signing a law in relation to handicapped people. She stated that because of that law, we now have low-floor vehicles for transit and increased handicapped transportation.

H. NEXT MEETING DATE

The next Executive Committee meeting is scheduled for January 10, 2019, at 9:00 a.m. in the Executive Committee Conference Room.

I. ADJOURNMENT

Chair Gomez adjourned the meeting at 11:05 a.m.

/s/ Georgette Gómez_____
Chairperson

Attachment: Roll Call Sheet

EXECUTIVE COMMITTEE
SAN DIEGO METROPOLITAN TRANSIT SYSTEM

ROLL CALL

MEETING OF (DATE) December 6, 2018 CALL TO ORDER (TIME) 9:05 a.m.

RECESS _____ RECONVENE _____

CLOSED SESSION _____ RECONVENE _____

ADJOURN 11:05 a.m.

BOARD MEMBER		(Alternate)		PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
ARAMBULA Transportation Committee Rep.	☐				
COLE	☒	(Gomez)	☐	9:00 a.m.	11:05 a.m.
GOMEZ (Chair)	☒			9:00 a.m.	11:05 a.m.
MCWHIRTER	☐	(Arambula)	☐		
RIOS	☒	(Salas)	☐	9:00 a.m.	11:05 a.m.
ROBERTS	☒	(Cox)	☐	9:00 a.m.	11:05 a.m.

SIGNED BY THE CLERK OF THE BOARD: Julia Tuer

CONFIRMED BY THE GENERAL COUNSEL: [illegible]

Metropolitan Transit System

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

Agenda Item No. C1

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

January 10, 2019

SUBJECT:

SAN DIEGO TRANSIT CORPORATION (SDTC) PENSION INVESTMENT STATUS (JEREMY MILLER, REPRESENTATIVE FROM RVK AND LARRY MARINESI)

INFORMATIONAL ONLY

Budget Impact

None at this time.

DISCUSSION:

Representatives from RVK will provide the Executive Committee with an update as to the performance of the SDTC Employee Retirement Plan (Plan). RVK's pension investment performance analysis (Attachment A) for the Plan as of June 30, 2018 includes assets with a market value of $166,887,868.

During fiscal year 2018, the Plan's assets increased by approximately $4.7 million. This resulted from a net investment gain of $9.7 million, partially offset by a net payout of benefits and expenses less contributions of $5.0 million. The Plan's twelve managers achieved a combined investment return of 5.98% for the year. The Plan's returns over the past three and five years were 4.88% and 5.36% respectively. Since inception (10/1/1982), the Plan's investments have returned 9.02%.

The Plan's investment advisor, Jeremy Miller, will be attending the meeting to discuss capital markets performance in general and the Plan's performance specifically.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. RVK Pension Investment Performance Analysis

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

RVK

Monthly Investment Performance Analysis

San Diego Transit Corporation

Employees Retirement Plan

Period Ended: June 30, 2018

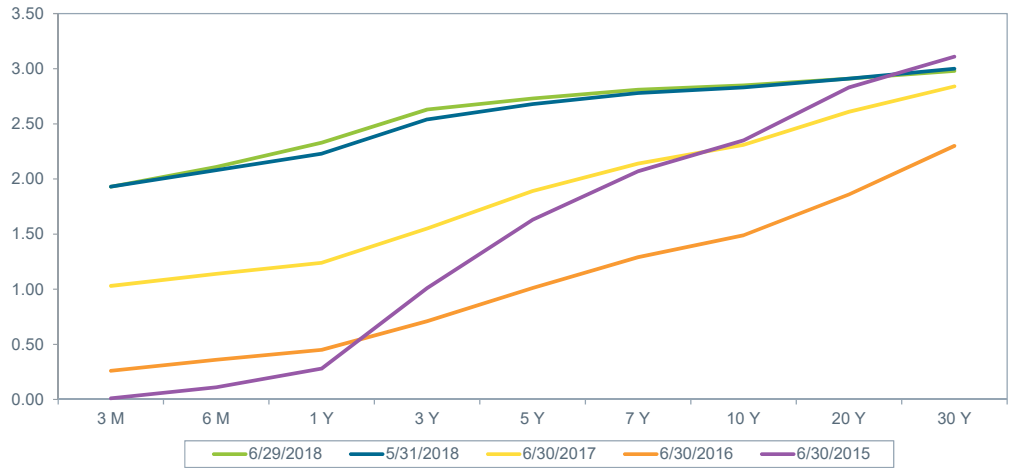
Capital Markets Review

As of June 30, 2018

General Market Commentary

- While broad US equity markets were relatively flat in June, international markets experienced sharp drawdowns, as fears of a trade war with the US increased. The US imposed additional tariffs on some Chinese products, as China, India, and Canada levied tariffs on select US goods.
- The Treasury yield curve flattened during June, as short-term rates increased while longer-term rates fell due to anticipation of rate increases. After reaching an intra-month high of 3.00%, the yield on the ten year treasury dropped back down to 2.85%, ending the month flat.
- The Federal Reserve raised US interest rates by 25 basis points in June, lifting the target range to 1.75% to 2.00%. The Fed also increased its 2018 US GDP growth rate forecast from 2.7% to 2.8%, while maintaining its long-term projection of 1.8%.
- Equity markets posted mixed returns in June as the S&P 500 (Cap Wtd) Index returned 0.62% and the MSCI EAFE (Net) Index returned -1.22%. Emerging markets returned -4.15% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned -0.12% in June, underperforming the -0.01% return by the Bloomberg US Treasury Intermediate Term Index. International fixed income markets returned -0.45%, as measured by the FTSE Non-US World Gov't Bond Index.
- Public real estate, as measured by the Wilshire US REIT Index, returned 3.55% in June and 7.94% over the trailing five-year period.
- The Cambridge US Private Equity Index returned 17.45% for the trailing one-year period and 13.57% for the trailing five-year period ending December 2017.
- Absolute return strategies, as measured by the HFRI FOF Comp Index, returned -0.26% for the month and 5.49% over the trailing one-year period.
- Crude oil's price increased by 10.61% during the month, and has increased by 61.06% YoY.

Treasury Yield Curve (%)



Economic Indicators	Jun-18		May-18	Jun-17	10 Yr	20 Yr
Federal Funds Rate (%)	1.91	▲	1.70	1.06	0.37	2.02
Breakeven Inflation - 1 Year (%)	1.42	▼	1.65	0.72	0.76	N/A
Breakeven Inflation - 5 Year (%)	2.08	▲	2.05	1.66	1.64	N/A
Breakeven Inflation - 10 Year (%)	2.13	▲	2.09	1.74	1.95	N/A
Breakeven Inflation - 30 Year (%)	2.12	▲	2.09	1.85	2.14	N/A
Bloomberg US Agg Bond Index - Yield (%)	3.29	▲	3.22	2.55	2.72	4.04
Bloomberg US Agg Bond Index - OAS (%)	0.44	▲	0.42	0.43	0.67	0.65
Bloomberg US Agg Credit Index - OAS (%)	1.16	▲	1.09	1.03	1.65	1.48
Bloomberg US Corp: HY Index - OAS (%)	3.63	▲	3.62	3.64	5.90	5.60
Capacity Utilization (%)	78.00	▲	77.70	76.23	75.74	77.41
Unemployment Rate (%)	4.0	▲	3.8	4.3	6.9	5.9
PMI - Manufacturing (%)	60.2	▲	58.7	56.7	53.0	52.5
Baltic Dry Index - Shipping	1,385	▲	1,090	901	1,547	2,295
Consumer Conf (Conf Board)	126.40	▼	128.80	117.30	78.89	92.77
CPI YoY (Headline) (%)	2.9	▲	2.8	1.6	1.6	2.2
CPI YoY (Core) (%)	2.3	▲	2.2	1.7	1.8	2.0
PPI YoY (%)	4.0	▼	4.1	2.1	1.7	2.2
M2 YoY (%)	4.2	▲	3.8	5.6	6.3	6.4
US Dollar Total Weighted Index	89.97	▲	89.27	90.49	80.74	86.45
WTI Crude Oil per Barrel ($)	74	▲	67	46	74	59
Gold Spot per Oz ($)	1,253	▼	1,299	1,242	1,286	856

Treasury Yield Curve (%)	Jun-18	May-18	Jun-17	Jun-16	Jun-15
3 Month	1.93	1.93	1.03	0.26	0.01
6 Month	2.11	2.08	1.14	0.36	0.11
1 Year	2.33	2.23	1.24	0.45	0.28
3 Year	2.63	2.54	1.55	0.71	1.01
5 Year	2.73	2.68	1.89	1.01	1.63
7 Year	2.81	2.78	2.14	1.29	2.07
10 Year	2.85	2.83	2.31	1.49	2.35
20 Year	2.91	2.91	2.61	1.86	2.83
30 Year	2.98	3.00	2.84	2.30	3.11

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	0.62	3.43	2.65	14.37	11.93	13.42	13.23	10.17
Russell 2000	0.72	7.75	7.66	17.57	10.96	12.46	11.83	10.60
MSCI EAFE (Net)	-1.22	-1.24	-2.75	6.84	4.90	6.44	4.89	2.84
MSCI EAFE SC (Net)	-1.95	-1.57	-1.33	12.45	10.09	11.32	8.37	6.81
MSCI EM (Net)	-4.15	-7.96	-6.66	8.20	5.60	5.01	1.43	2.26
Bloomberg US Agg Bond	-0.12	-0.16	-1.62	-0.40	1.72	2.27	2.57	3.72
ICE BofAML 3 Mo US T-Bill	0.17	0.45	0.81	1.36	0.68	0.42	0.33	0.35
NCREIF ODCE (Gross)	2.03	2.03	4.27	8.42	9.36	11.03	11.39	5.29
Wilshire US REIT	3.55	7.33	-0.70	1.60	7.05	7.94	8.74	7.57
HFRI FOF Comp Index	-0.26	0.75	1.02	5.49	2.05	3.53	2.86	1.43
Bloomberg Cmdty Index (TR)	-3.50	0.40	0.00	7.35	-4.54	-6.40	-7.81	-9.04

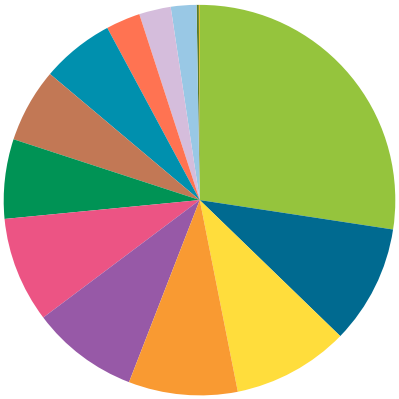
Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service.
Breakeven Inflation does not have 20 years of history; therefore, its 20-year average is shown as "N/A."

San Diego Transit Corporation Employees Retirement Plan
AA by Manager, AA vs. Target, and Schedule of Investable Assets

As of June 30, 2018

Asset Allocation by Manager

June 30, 2018 : $166,887,868

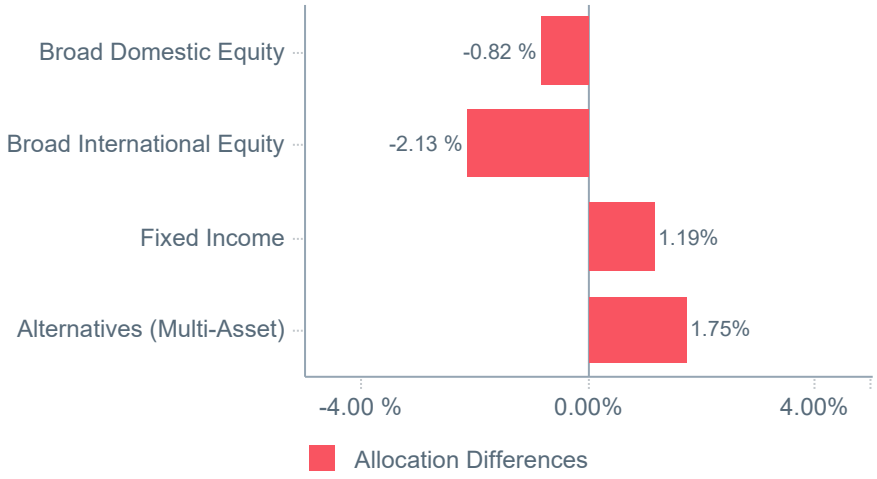


	Market Value ($)	Allocation (%)
Vanguard Tot Bd;Inst (VBTIX)	45,745,705	27.41
Westwood AllCap Value (CF)	16,434,783	9.85
Analytic US Low Volatility (CF)	16,026,706	9.60
MFS International Growth Class 2 (CIT)	15,015,144	9.00
PIMCO:RAE Fnd GlxUS;Inst (PZRIX)	14,809,468	8.87
PIMCO:All Ast Ath;Inst (PAUIX)	14,572,475	8.73
GMO:Bchmk-Fr All;III (GBMFX)	10,983,593	6.58
PAAMCO Pacific Hedged Strat (CF)	10,196,374	6.11
Vanguard Infl-Prot;Inst (VIPIX)	10,070,390	6.03
Hussman Inv:Strat TR (HSTRX)	4,721,929	2.83
Vanguard Energy Idx;Adm (VENAX)	4,352,946	2.61
The Boston Company US SMid Cap Grth (CF)	3,545,697	2.12
Disbursement Account	309,900	0.19
Contribution Account	102,756	0.06

Asset Allocation vs. Target Allocation

	Market Value ($)	Allocation (%)	Target (%)
Broad Domestic Equity	40,360,133	24.18	25.00
Broad International Equity	29,824,612	17.87	20.00
Fixed Income	56,228,752	33.69	32.50
Alternatives (Multi-Asset)	40,474,371	24.25	22.50
Total Fund	166,887,868	100.00	100.00

Asset Allocation vs. Target Allocation Differences



Schedule of Investable Assets

Periods Ending	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	% Return	Unit Value
FYTD	162,190,222	-4,964,531	9,662,176	166,887,868	5.98	105.98

Allocations shown may not sum up to 100% exactly due to rounding. Performance shown is gross of fees. Fiscal year ends 06/30. Market values and performance are preliminary and subject to change.

San Diego Transit Corporation Employees Retirement Plan
Asset Allocation & Performance

As of June 30, 2018

	Allocation		Performance (%)												
	Market Value ($)	%	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	Since Incep.	Inception Date
San Diego Transit Total Fund	**166,887,868**	**100.00**	**-0.11**	**0.33**	**-0.41**	**5.98**	**5.98**	**4.88**	**5.36**	**4.68**	**13.21**	**7.19**	**-2.64**	**9.02**	**10/01/1982**
Policy Index			-0.27	0.62	-0.21	5.90	5.90	4.75	5.44	4.99	11.91	6.26	-1.57	9.17	
Difference			0.16	-0.29	-0.20	0.08	0.08	0.13	-0.08	-0.31	1.30	0.93	-1.07	-0.15	
Domestic Equity Composite	**40,360,133**	**24.18**	**1.27**	**3.66**	**2.78**	**12.52**	**12.52**	**9.72**	**11.81**	**8.61**	**17.26**	**11.96**	**1.06**	**7.79**	**03/01/2005**
Russell 3000 Index			0.65	3.89	3.22	14.78	14.78	11.58	13.29	10.23	21.13	12.74	0.48	8.74	
Difference			0.62	-0.23	-0.44	-2.26	-2.26	-1.86	-1.48	-1.62	-3.87	-0.78	0.58	-0.95	
International Equity Composite	**29,824,612**	**17.87**	**-1.43**	**-1.22**	**-2.43**	**9.25**	**9.25**	**8.04**	**8.08**	**2.91**	**30.60**	**8.11**	**-4.55**	**4.10**	**03/01/2005**
MSCI ACW Ex US Index (USD) (Net)			-1.88	-2.61	-3.77	7.28	7.28	5.07	5.99	2.54	27.19	4.50	-5.66	5.05	
Difference			0.45	1.39	1.34	1.97	1.97	2.97	2.09	0.37	3.41	3.61	1.11	-0.95	
Fixed Income Composite	**56,228,752**	**33.69**	**0.15**	**0.05**	**-1.35**	**-0.21**	**-0.21**	**0.97**	**2.03**	**4.58**	**3.57**	**0.97**	**0.72**	**4.78**	**03/01/2005**
Bloomberg US Agg Bond Index			-0.12	-0.16	-1.62	-0.40	-0.40	1.72	2.27	3.72	3.54	2.65	0.55	3.90	
Difference			0.27	0.21	0.27	0.19	0.19	-0.75	-0.24	0.86	0.03	-1.68	0.17	0.88	
Alternative Investment Composite	**40,474,371**	**24.25**	**-0.85**	**-1.27**	**-1.61**	**3.04**	**3.04**	**2.28**	**1.81**	**1.95**	**7.90**	**8.56**	**-6.43**	**2.18**	**05/01/2007**
HFRI FOF: Cnsvt Index			-0.07	1.00	1.56	4.09	4.09	1.90	3.00	1.22	4.12	1.89	0.37	1.25	
Difference			-0.78	-2.27	-3.17	-1.05	-1.05	0.38	-1.19	0.73	3.78	6.67	-6.80	0.93	

Performance shown is gross of fees with the exception of the Absolute Return Composite which is shown net of fees. Inception dates shown represent the first full month following initial funding. Fiscal year ends 06/30. Market values and performance are preliminary and subject to change.

San Diego Transit Corporation Employees Retirement Plan
Comparative Performance

As of June 30, 2018

	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	Since Incep.	Inception Date
San Diego Transit Total Fund	**-0.11**	**0.33**	**-0.41**	**5.98**	**5.98**	**4.88**	**5.36**	**4.68**	**13.21**	**7.19**	**-2.64**	**9.02**	**10/01/1982**
Policy Index	-0.27	0.62	-0.21	5.90	5.90	4.75	5.44	4.99	11.91	6.26	-1.57	9.17	
Difference	0.16	-0.29	-0.20	0.08	0.08	0.13	-0.08	-0.31	1.30	0.93	-1.07	-0.15	
Westwood AllCap Value (CF) (1)	**1.22**	**2.04**	**0.43**	**12.27**	**12.27**	**8.70**	**11.08**	**8.88**	**19.12**	**13.56**	**-2.45**	**10.81**	**07/01/1986**
Russell 3000 Val Index (2)	0.28	1.71	-1.16	7.25	7.25	8.48	10.40	9.06	13.19	18.40	-4.13	9.97	
Difference	0.94	0.33	1.59	5.02	5.02	0.22	0.68	-0.18	5.93	-4.84	1.68	0.84	
Vanguard Energy Idx;Adm (VENAX)	**0.68**	**14.33**	**7.53**	**22.40**	**22.40**	**N/A**	**N/A**	**N/A**	**-2.29**	**N/A**	**N/A**	**9.59**	**08/01/2016**
MSCI US IM Energy 25/50 Index (Gross)	0.69	14.35	7.55	22.37	22.37	2.95	1.56	N/A	-2.33	29.56	-23.20	9.57	
Difference	-0.01	-0.02	-0.02	0.03	0.03	N/A	N/A	N/A	0.04	N/A	N/A	0.02	
Analytic US Low Volatility (CF)	**1.50**	**1.66**	**-0.08**	**6.63**	**6.63**	**8.76**	**11.02**	**N/A**	**13.37**	**10.36**	**4.99**	**11.74**	**10/01/2012**
MSCI US Min Vol Index (USD) (Net)	1.61	2.70	1.44	10.16	10.16	11.33	12.04	10.35	18.41	9.84	4.92	12.38	
Difference	-0.11	-1.04	-1.52	-3.53	-3.53	-2.57	-1.02	N/A	-5.04	0.52	0.07	-0.64	
Russell 1000 Index	0.65	3.57	2.85	14.54	14.54	11.64	13.37	10.20	21.69	12.05	0.92	14.11	
Difference	0.85	-1.91	-2.93	-7.91	-7.91	-2.88	-2.35	N/A	-8.32	-1.69	4.07	-2.37	
The Boston Company US SMid Cap Grth (CF)	**1.18**	**8.84**	**17.45**	**31.27**	**31.27**	**14.69**	**15.98**	**N/A**	**27.31**	**11.75**	**-1.28**	**19.20**	**04/01/2009**
Russell 2500 Grth Index	0.84	5.53	8.04	21.53	21.53	10.86	13.87	11.38	24.46	9.73	-0.19	18.80	
Difference	0.34	3.31	9.41	9.74	9.74	3.83	2.11	N/A	2.85	2.02	-1.09	0.40	
PIMCO:RAE Fnd GlxUS;Inst (PZRIX)	**-2.60**	**-4.85**	**-5.22**	**6.59**	**6.59**	**5.98**	**6.97**	**N/A**	**26.66**	**13.61**	**-10.81**	**6.87**	**03/01/2012**
FTSE RAFI Dvl'd Ex US 1000 Index	-1.48	-1.58	-3.51	7.64	7.64	5.87	7.38	3.83	25.72	7.30	-4.80	6.98	
Difference	-1.12	-3.27	-1.71	-1.05	-1.05	0.11	-0.41	N/A	0.94	6.31	-6.01	-0.11	
MSCI ACW Ex US Index (USD) (Net)	-1.88	-2.61	-3.77	7.28	7.28	5.07	5.99	2.54	27.19	4.50	-5.66	5.28	
Difference	-0.72	-2.24	-1.45	-0.69	-0.69	0.91	0.98	N/A	-0.53	9.11	-5.15	1.59	
MFS International Growth Class 2 (CIT)	**-0.25**	**2.64**	**1.71**	**13.47**	**13.47**	**10.40**	**9.23**	**N/A**	**33.94**	**3.58**	**1.29**	**8.18**	**03/01/2013**
MSCI ACW Ex US Grth Index (USD) (Net)	-1.60	-1.42	-2.28	9.90	9.90	6.56	7.18	3.01	32.01	0.12	-1.25	6.26	
Difference	1.35	4.06	3.99	3.57	3.57	3.84	2.05	N/A	1.93	3.46	2.54	1.92	
Vanguard Tot Bd;Inst (VBTIX)	**0.04**	**-0.14**	**-1.60**	**-0.47**	**-0.47**	**N/A**	**N/A**	**N/A**	**3.61**	**N/A**	**N/A**	**-0.43**	**07/01/2016**
Vanguard Spl B US Agg Flt Adj Index	-0.14	-0.20	-1.67	-0.45	-0.45	1.74	2.26	3.74	3.63	2.75	0.44	-0.39	
Difference	0.18	0.06	0.07	-0.02	-0.02	N/A	N/A	N/A	-0.02	N/A	N/A	-0.04	
Vanguard Infl-Prot;Inst (VIPIX)	**0.65**	**0.86**	**-0.06**	**1.99**	**1.99**	**2.00**	**1.75**	**N/A**	**3.04**	**4.71**	**-1.60**	**2.83**	**08/01/2010**
Bloomberg US Trsy US TIPS Index	0.40	0.77	-0.02	2.11	2.11	1.93	1.68	3.03	3.01	4.68	-1.44	2.79	
Difference	0.25	0.09	-0.04	-0.12	-0.12	0.07	0.07	N/A	0.03	0.03	-0.16	0.04	

Performance shown is gross of fees with the exception of GMO:Bchmk-Fr All;III (GBMFX), Hussman Inv:Strat TR (HSTRX), and PAAMCO Pacific Hedged Strat (CF), which are shown net of fees. Manager inception dates shown represent the first full month following initial funding. Fiscal year ends 06/30. Please see Addendum for for more information regarding custom hybrids denoted with a number in parentheses. Performance is preliminary and subject to change.

San Diego Transit Corporation Employees Retirement Plan
Comparative Performance

As of June 30, 2018

	MTD	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	Since Incep.	Inception Date
PIMCO:All Ast Ath;Inst (PAUIX)	**-1.32**	**-2.94**	**-2.59**	**3.08**	**3.08**	**4.09**	**2.40**	**4.70**	**13.09**	**14.80**	**-10.89**	**4.51**	**06/01/2008**
All Asset Custom Index (Eql Wtd) (3)	0.07	0.51	0.26	4.47	4.47	4.49	4.26	4.70	8.94	6.47	-1.07	4.46	
Difference	-1.39	-3.45	-2.85	-1.39	-1.39	-0.40	-1.86	0.00	4.15	8.33	-9.82	0.05	
Consumer Price Index+5%	0.57	2.21	4.74	8.01	8.01	6.92	6.61	6.49	7.21	7.18	5.77	6.59	
Difference	-1.89	-5.15	-7.33	-4.93	-4.93	-2.83	-4.21	-1.79	5.88	7.62	-16.66	-2.08	
GMO:Bchmk-Fr All;III (GBMFX)	**-1.35**	**-2.32**	**-1.57**	**3.41**	**3.41**	**2.91**	**N/A**	**N/A**	**13.04**	**3.40**	**-4.30**	**2.28**	**04/01/2014**
60% MSCI ACW (Net)/40% Bbrg US Agg Idx	-0.37	0.26	-0.83	6.25	6.25	5.70	6.64	5.31	15.41	5.92	-0.98	5.23	
Difference	-0.98	-2.58	-0.74	-2.84	-2.84	-2.79	N/A	N/A	-2.37	-2.52	-3.32	-2.95	
Consumer Price Index+5%	0.57	2.21	4.74	8.01	8.01	6.92	6.61	6.49	7.21	7.18	5.77	6.60	
Difference	-1.92	-4.53	-6.31	-4.60	-4.60	-4.01	N/A	N/A	5.83	-3.78	-10.07	-4.32	
Hussman Inv:Strat TR (HSTRX)	**-0.19**	**-0.44**	**-0.88**	**-0.18**	**-0.18**	**2.05**	**2.06**	**N/A**	**1.21**	**8.03**	**-1.01**	**0.57**	**10/01/2011**
Bloomberg US Agg Bond Index	-0.12	-0.16	-1.62	-0.40	-0.40	1.72	2.27	3.72	3.54	2.65	0.55	2.10	
Difference	-0.07	-0.28	0.74	0.22	0.22	0.33	-0.21	N/A	-2.33	5.38	-1.56	-1.53	
ICE BofAML 3 Mo US T-Bill Index+5% (4)	0.58	1.69	3.30	6.43	6.43	5.71	5.44	5.64	5.90	5.34	5.05	5.43	
Difference	-0.77	-2.13	-4.18	-6.61	-6.61	-3.66	-3.38	N/A	-4.69	2.69	-6.06	-4.86	
PAAMCO Pacific Hedged Strat (CF)	**0.03**	**1.89**	**1.13**	**3.78**	**3.78**	**0.31**	**2.11**	**1.52**	**4.51**	**-0.04**	**-1.65**	**2.34**	**06/01/2007**
HFRI FOF: Cnsvt Index	-0.07	1.00	1.56	4.09	4.09	1.90	3.00	1.22	4.12	1.89	0.37	1.12	
Difference	0.10	0.89	-0.43	-0.31	-0.31	-1.59	-0.89	0.30	0.39	-1.93	-2.02	1.22	
ICE BofAML 3 Mo US T-Bill Index+5% (4)	0.58	1.69	3.30	6.43	6.43	5.71	5.44	5.64	5.90	5.34	5.05	6.07	
Difference	-0.55	0.20	-2.17	-2.65	-2.65	-5.40	-3.33	-4.12	-1.39	-5.38	-6.70	-3.73	

Performance shown is gross of fees with the exception of GMO:Bchmk-Fr All;III (GBMFX), Hussman Inv:Strat TR (HSTRX), and PAAMCO Pacific Hedged Strat (CF), which are shown net of fees. Manager inception dates shown represent the first full month following initial funding. Fiscal year ends 06/30. Please see Addendum for for more information regarding custom hybrids denoted with a number in parentheses. Performance is preliminary and subject to change.

San Diego Transit Corporation Employees Retirement Plan
Addendum

Performance Related and Miscellaneous Comments

- Manager inception dates shown represent the first full month following initial funding.
- Performance is annualized for periods greater than one year.
- PIMCO:All Ast Ath;Inst (PAUIX) performance prior to 08/2011 is represented by PIMCO:All Asset;Inst (PAAIX).
- Vanguard Infl-Prot;Inst (VIPIX) performance prior to 06/2012 is represented by Vanguard Infl-Prot;Adm (VAIPX).
- Performance is gross of fees with the exception of GMO:Bchmk-Fr All;III (GBMFX), Hussman Inv:Strat TR (HSTRX), and PAAMCO Pacific Hedged Strat (CF) , which are net of fees.
- PIMCO:RAE Fnd GlxUS;Inst (PZRIX) performance prior to 06/2015 is represented by Research Affiliates Global AC Ex-US, L.P. (CF).
- Fiscal year ends 06/30.

Custom Hybrid Comments

- The Policy Index is calculated monthly and currently consists of 25% Russell 3000 Index, 20% MSCI ACW Ex US Index (USD) (Net), 32.50% Bloomberg US Agg Bond Index and 22.50% HFRI FOF Cnsvt Index.
- Performance shown for Westwood AllCap Value (CF) **(1)** represents Westwood AllCap Value (CF) from 08/2011 through present; beginning of month market value weighted average of Westwood LargeCap Value (CF) and Westwood SMidCap Equity (CF) from 07/2008 through 07/2011; Westwood LargeCap Value (CF) from 10/2004 through 06/2008 beginning of month market value weighted average of Westwood LargeCap Value (CF) and Westwood SmallCap Growth (CF) from 01/1997 through 09/2004; and Westwood LargeCap Value (CF) from 07/1986 through 12/1996.
- Performance shown for Russell 3000 Val Index **(2)** represents Russell 3000 Val Index from 08/2011 through present; beginning of month market value weighted average of Westwood LargeCap Value (CF) and Westwood SMidCap Equity (CF) applied to the Russell 1000 Val Index and Russell 2500 Val Index, respectively, from 07/2008 through 07/2011; Russell 1000 Val Index from 10/2004 through 06/2008; beginning of month market value weighted average of Westwood LargeCap Value (CF) and Westwood SmallCap Growth (CF) applied to the Russell 1000 Val Index and Russell 2000 Grth Index, respectively, from 01/1997 through 09/2004; and Russell 1000 Val Index from 01/1986 through 12/1996.
- Performance shown for All Asset Custom Index **(3)** represents All Asset Custom Index (Eql Wtd) from 01/2014 through present; and All Asset Composite Index from 09/1997 through 12/2013.
- Performance shown for ICE BofAML 3 Mo US T-Bill Index+5% **(4)** represents ICE BofAML 3 Mo US T-Bill Index+5% from 02/2013 through present; and ICE 3 Month LIBOR Index+5% from 01/1980 through 01/2013.
- The All Asset Custom Index (Eql Wtd) is an equal-weighted hybrid created independently by RVK specifically for PIMCO's All Asset strategies, and it consists of the following benchmarks:

  1. *Short Term Strategies*: ICE BofAML 1 Year T-Bill Index
  2. *US Core and Long Maturity Bond Strategies*: Bloomberg US Agg Bond Index
  3. *EM and Gbl Bond Strategies*: PIMCO GLADI Index*
  4. *Crdt Strategies*: ICE BofAML US Hi Yld Master II Index
  5. *Inflation Related Strategies*: Bloomberg US Trsy: US TIPS Index
  6. *US Equity Strategies*: Russell 3000 Index
  7. *Global Equity Strategies*: MSCI ACW Index (USD) (Net)
  8. *Alternative Strategies*: ICE BofAML 3 Mo US T-Bill Index+3%

  * Performance for the PIMCO Gbl Advantage Bond Index (London Close) prior to 01/01/2004 consists of the JPM EMBI Gbl Dvf'd TR Index (USD).

- The All Asset Composite Index is an equal-weighted hybrid of the 13 benchmarks for each of the core funds initially held by PIMCO:All Ast Ath;Inst (PAUIX) at its inception. RVK began calculating the benchmark in 01/2007. Prior performance was calculated by PIMCO.

PORTLAND CHICAGO NEW YORK

Disclaimer of Warranties and Limitation of Liability - This document was prepared by RVK, Inc. (RVK) and may include information and data from some or all of the following sources: client staff; custodian banks; investment managers; specialty investment consultants; actuaries; plan administrators/record-keepers; index providers; as well as other third-party sources as directed by the client or as we believe necessary or appropriate. RVK has taken reasonable care to ensure the accuracy of the information or data, but makes no warranties and disclaims responsibility for the accuracy or completeness of information or data provided or methodologies employed by any external source. This document is provided for the client's internal use only and does not constitute a recommendation by RVK or an offer of, or a solicitation for, any particular security and it is not intended to convey any guarantees as to the future performance of the investment products, asset classes, or capital markets.

RVK

AI No. C1, 1/10/2019

RVK

San Diego Transit Corporation

Investment Manager Fiscal Year 2018 Update

Investment Structure as of 6/30/2018

Asset Allocation vs. Target Allocation				
	Market Value ($)	Allocation (%)	Target (%)	Variance (%)
Broad Domestic Equity	40,360,133	24.18	25.00	-0.82
Broad International Equity	29,824,612	17.87	20.00	-2.13
Fixed Income	56,228,752	33.69	32.50	1.19
Alternatives (Multi-Asset)	40,474,371	24.25	22.50	1.75
Total Fund	**166,887,868**	**100.00**	**100.00**	

- Plan is diversified across four broad asset classes.
- Goal is to maximize return, while assuming a prudent risk level.
  - Closed Plan to non-management participants
  - Assets exist to satisfy the Liabilities
- Liability structure (net outflows) would suggest an Asset structure that is more diversified and highly liquid structure
  - Balanced portfolio with less emphasis on equity position
- Fee structure significantly reduced
  - Reduction of over $300k in annual fees (27% reduction from FY14)

Investment Details

Asset Allocation Detail						
Fund	**Asset Class**	**Strategy**	**Market Value ($)**	**Allocation (%)**	**Target (%)**	**Variance (%)**
Westwood All Cap Value	US Equity	Active	16,434,783	9.85		
Vanguard Energy Index	US Equity	Passive	4,352,946	2.61		
Analytic US Low Volatility	US Equity	Active	16,026,706	9.60		
The Boston Co. US SMID Gr	US Equity	Active	3,545,697	2.12		
Total US Equity			**40,360,133**	**24.18**	**25.00**	**-0.82**
PIMCO RAE	Int'l Equity	Active	14,809,468	8.87		
MFS Int'l Growth	Int'l Equity	Active	15,015,144	9.00		
Total International Equity			**29,824,612**	**17.87**	**20.00**	**-2.13**
Vanguard Total Bond	Fixed Income	Passive	45,745,705	27.41		
Vanguard Inflation-Protection	Fixed Income	Active	10,070,390	6.03		
Contribution Account	Fixed Income	NA	102,756	0.06		
Disbursement Account	Fixed Income	NA	309,900	0.19		
Total Fixed Income			**56,228,752**	**33.69**	**32.50**	**1.19**
PIMCO All Asset All Auth	GTAA	Active	14,572,475	8.73		
GMO Benchmark-Free	GTAA	Active	10,983,593	6.58		
Hussman Strat Total Return	GTAA	Active	4,721,929	2.83		
PAAMCO Pacific Hedge	Hedge Funds	Active	10,196,374	6.11		
Total Alternatives			**40,474,371**	**24.25**	**22.50**	**1.75**
TOTAL FUND			**166,887,868**	**100.00**	**100.00**	

- Assets are allocated across 12 different products.
- Diversification reduces portfolio risks.
- Allocation sizes for active managers are controlled, reducing concentration risks.

Fiscal Year Performance (2018)

Schedule of Investable Assets					
Period Ending	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	Return (%)
FYTD	162,190,222	-4,964,531	9,662,176	166,887,868	5.98

- Plan returned 5.98% over the 2018 fiscal year.
- Assumed Actuarial annual rate of return is 7.00%.

Return is gross of fees.

Performance Details as of 6/30/2018

	Allocation		Performance (%)					
	Market Value ($)	%	1 Year	3 Years	5 Years	10 Years	Since Incep.	Inception Date
San Diego Transit Total Fund	166,887,868	100.00	5.98	4.88	5.36	4.68	9.02	10/01/1982
Domestic Equity	40,360,133	24.18	12.52	9.72	11.81	8.61	7.79	03/01/2005
International Equity	29,824,612	17.87	9.25	8.04	8.08	2.91	4.10	03/01/2005
Fixed Income	56,228,752	33.69	-0.21	0.97	2.03	4.58	4.78	03/01/2005
Alternative Investment	40,474,371	24.25	2.43	1.69	1.21	1.33	1.57	05/01/2007

- The Plan's absolute performance for fiscal year 2018 of 5.98% underperformed the assumed actuarial annual rate of return by 1.02%
- Portfolio is well positioned for the future given Plan dynamics

Returns are gross of fees.

Metropolitan Transit System

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

Agenda Item No. C2

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

January 10, 2019

SUBJECT:

SAN DIEGO TRANSIT CORPORATION (SDTC) EMPLOYEE RETIREMENT PLAN'S ACTUARIAL VALUATION AS OF JULY 1, 2018 (ANNE HARPER AND ALICE ALSBERGHE OF CHEIRON INC. AND LARRY MARINESI)

RECOMMENDATION:

That the Executive Committee forward a recommendation to the Board of Directors to receive the SDTC Employee Retirement Plan's (Plan) actuarial valuation as of July 1, 2018 (Attachment A), and adopt the pension contribution amount of $15,919,058 for fiscal year 2020.

Budget Impact

Board adoption would result in the annual pension contribution of $15,919,058 for fiscal year 2020, consisting of both employer and employee contributions.

DISCUSSION:

The actuarial valuation of the Plan as of July 1, 2018 was completed in November 2018 by Cheiron, Inc., and the entire report is included as Attachment A. The purpose of the actuarial valuation is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan, and
- Compute the total annual pension contribution amount.

The Plan's funding policy is to contribute an amount equal to the sum of:

- The normal cost,
- Expected administrative expenses, and
- Amortization of the unfunded actuarial liability.

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

This valuation has produced a total contribution of $15,919,058 which would be used for the fiscal year 2020 budget. This represents an increase in the contribution amount of $304,743, compared to the previous valuation that was completed in December 2017. The following table details the cost element changes year over year.

Total Contribution Reconciliation	
Fiscal Year 2018-2019, middle of year	**$ 15,614,315**
Change due to actuarial investment experience	515,370
Change due to effect of closed plan on benefits earned	(255,386)
Change due to other miscellaneous factors	44,759
Fiscal Year 2019-2020, middle of year	**$ 15,919,058**

Anne Harper and Alice Alsberghe of Cheiron, Inc. will provide an overview of the report in more detail and be available for any questions.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Actuarial Report (EC Only Due to Volume)

CHEIRON

Classic Values, Innovative Advice

Retirement Plans of San Diego Transit Corporation

Actuarial Valuation Report as of July 1, 2018

Produced by Cheiron

November 2018

TABLE OF CONTENTS

Section *Page*

Letter of Transmittal i

Foreword ii

Section I Executive Summary 1

Section II Assets 13

Section III Liabilities 18

Section IV Contributions 22

Appendices

Appendix A Membership Information 24

Appendix B Actuarial Assumptions and Methods 36

Appendix C Summary of Plan Provisions 42

Appendix D Glossary 58

November 20, 2018

Mr. Larry Marinesi
San Diego Transit Corporation
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490

Dear Mr. Marinesi:

At your request, we have conducted an actuarial valuation of the Retirement Plans of San Diego Transit Corporation ("Plan," "SDTC") as of July 1, 2018. This report contains information on the Plan's assets, liabilities, and contribution levels. In the Foreword, we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of the Plans. This report was prepared solely for the Retirement Board and MTS Board in accordance with applicable law for the purposes described herein. It is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,
Cheiron

Anne D. Harper, FSA, EA, MAAA
Consulting Actuary

Alice I. Alsberghe, ASA, MAAA
Associate Actuary

FOREWORD

Cheiron has performed the actuarial valuation of the Retirement Plans of San Diego Transit Corporation as of July 1, 2018. The valuation is organized as follows:

- In Section I, the **Executive Summary,** we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends;

- The **Main Body** of the report presents details on the Plan's
    - Section II – Assets
    - Section III – Liabilities
    - Section IV – Contributions

- In the **Appendices,** we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), and a glossary of key actuarial terms (Appendix D).

The results of this report rely on future Plan experience conforming to the underlying assumptions. To the extent that actual Plan experience deviates from the underlying assumptions, the results would vary accordingly.

In preparing our report, we relied on information (some oral and some written) supplied by the plan administrator. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan, and
- The total contribution amount (employer and employee) to be made during Fiscal Year 2019-2020.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key results of this valuation including a summary of all key financial results, (C) changes in Plan cost, (D) an examination of historical trends, and (E) the future expected financial trends for the Plan.

A. Valuation Basis

This valuation determines total employer and employee contributions for the plan year.

The Plan's funding policy is to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method,
- Expected administrative expenses, and
- Amortization of the Unfunded Actuarial Liability (UAL) based on level dollar payments.

The employee will contribute according to the Plan schedules below. Member contribution rates in the future may change in response to collective bargaining. It will be the responsibility of the employer to contribute the remaining portion of the total contribution determined in this report.

- IBEW members contributed 3% of compensation to the Plan in April 2013 and 4% of compensation in April 2014. The contribution rate increased to 6% of compensation in April 2015 and increased to 8% of compensation in April 2016.

- ATU drivers and clerical members contributed 3% of compensation to the Plan in July 2013. The contribution rate increased to 5% of compensation in July 2014, to 6% in July 2015, and to 7% of compensation in July 2016. As of December 2017, the member contribution rate increased to 8% of compensation.

- Non-contract members hired before July 1, 2013 contributed 2% of compensation to the Plan prior to January 2014. The Non-contract member contributions increased to 4% of compensation in January 2014, to 6% of in January 2015, and to 7% of compensation on January 1, 2016. As of January 1, 2017, the member contribution rate increased to 8% of compensation.

SECTION I – EXECUTIVE SUMMARY

- PEPRA: New Members must contribute half of the normal cost of the Plan, rounded to the nearest 0.25%. Currently, PEPRA members are paying 6.25% of pay and the employer pays the remaining cost of the Plan.

This valuation was prepared based on the Plan provisions shown in Appendix C. There have been no changes in plan provisions since the prior valuation.

The SDTC Plans are closed to new entrants, except for Non-Contract members. A closed plan has very different dynamics as active plan membership declines and grows older and a larger portion of the Plan's liability shifts to payees. This dynamic shortens the investment horizon thus mitigating investment risk becomes more important. If the asset mix changes to reflect the expected pattern of benefit payments, it will become more conservative and the expected return on plan assets will decrease. Thus, adjusting the Plan's investment rate of return to be consistent with the expected trending decrease of future asset returns is necessary.

Finally, the true cost of the Plan is a function of actual Plan experience, not the actuarial assumptions. It is important to set realistic assumptions to mitigate the risk of Plan contribution volatility.

The results of this valuation do not include members participating in the defined contribution plans.

B. Key Results of this Valuation

The key results of the July 1, 2018 actuarial valuation are as follows:

- The actuarial contribution determined in this report is the total contribution required from both, the employer and the employees. The total contribution increased from $15,614,315 to $15,919,058, an increase of $304,743 from the July 1, 2017 valuation. This increase is primarily due to the recognition of current and prior years' deferred asset losses in the Actuarial Value of Assets partially offset by the continued decrease due to the effects of a closed plan. See Table I-2 for a reconciliation of the contribution cost from last year to this year.

- During the year ending June 30, 2018, the return on Plan assets was 5.51% on a market value basis as compared to the 7.00% assumption. The Actuarial Value of Assets (AVA) returned 4.14% as 20% of the difference between the expected and actual return on the Market Value of Assets (MVA) for each of the prior five years is recognized. See Table II-3 and II-4 for the detailed calculations.

- There was a method change in the development of valuation salary as of July 1, 2018. Valuation salary is now based on a two-year average of the most recent pensionable pay instead of only the prior year's salary. The new method should minimize volatility in the salary used to calculated retirement benefits and thus the required contributions. This volatility is largely due to annual fluctuations in overtime pay. The method change resulted in a slight decrease to the total contribution of about $0.1 million. To align with the amortization of the July 1, 2012 UAL and the UAL impact of the July 1, 2016 assumption changes, this method change is amortized using level dollar payments over a 19-year period ending June 30, 2037.

- The Plan's funded ratio, the ratio of actuarial (smoothed) assets over the Actuarial Liability, slightly increased from 58.1% last year to 58.2% as of July 1, 2018. Additionally, the funded ratio based on the Market Value of Assets increased from 54.6% to 55.4%.

- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan's UAL increased from $123,961,789 to $125,395,896 as of July 1, 2018.

- Overall, participant membership decreased compared to last year since the Plan is closed to most new entrants. Total projected payroll decreased from $28,966,717 for FYE June 30, 2018 to $27,015,234 for FYE June 30, 2019. However, average total pay increased by about 4%. As the closed Plan continues to mature, average pay is expected to continue to increase without new members entering the Plan at lower pay levels to offset the average.

SECTION I – EXECUTIVE SUMMARY

Below we present Table I-1, which summarizes all the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year.

Table I-1
Summary of Principal Plan Results

Participant Counts	**July 1, 2017**	**July 1, 2018**	**% Change**
Active Participants	513	462	-9.9%
Participants Receiving a Benefit	952	975	2.4%
Inactive Participants	214	230	7.5%
Total	1,679	1,667	-0.7%
Projected Plan Member Payroll [1] for Fiscal Year 2018 and 2019	$ 28,966,717	$ 27,015,234	-6.7%
Assets and Liabilities			
Actuarial Liability (AL)	$ 296,010,712	$ 300,300,433	1.4%
Actuarial Value of Assets (AVA)	172,048,923	174,904,537	1.7%
Unfunded Actuarial Liability (UAL)	$ 123,961,789	$ 125,395,896	1.2%
Market Value of Assets (MVA)	$ 161,635,007	$ 166,239,057	2.8%
Funded Ratio (AVA)	58.1%	58.2%	0.1%
Funded Ratio (MVA)	54.6%	55.4%	0.8%
Contributions	**FY 2018-2019**	**FY 2019-2020**	
Total Normal Cost [2]	$ 3,958,564	$ 3,744,307	-5.4%
Total UAL Contribution	11,655,751	12,174,751	4.5%
Total Contribution (middle of year)	$ 15,614,315	$ 15,919,058	2.0%

[1] *Based on valuation data projected using half-year of salary increases but excludes payroll for members expected to leave employment or retire during the year.*

[2] *Includes assumed administrative expenses of $267,150 for FY 2017-2018 and $274,497 for FY 2018-2019.*

C. Changes in Plan Cost

Table I-2 below summarizes the impact of actuarial experience on Plan cost.

Table I-2
Total Contribution Reconciliation

Fiscal Year 2018-2019, middle of year	**$**	**15,614,315**
Change due to valuation salary averaging method change		(97,094)
Change due to actuarial investment experience		515,370
Change due to effect of closed plan on benefits earned		(255,386)
Change due to demographic and salary experience		45,208
Change due to other miscellaneous factors		96,645
Fiscal Year 2019-2020, middle of year	**$**	**15,919,058**

An analysis of the cost **changes from the prior valuation** reveals the following:

- A change to the method for computing salary decreased the contribution by $97,094. Valuation salary is now based on a two-year averaging of payroll to mitigate fluctuations in overtime pay year over year. This better reflects future salary expectations.

- Investment experience produced a loss based on both the Market Value of Assets (MVA) and the Actuarial Value of Assets (AVA). This resulted in an increase of $515,370 in the total contribution. The AVA is larger than the MVA since there are approximately $8.7 million in deferred investment losses that will be recognized over the next four years.

- Closing the Plan to most new entrants decreases the total amount of benefits that are being earned as members continue to leave employment through retirements, terminations, disabilities, and death, and thus cease to earn additional benefits This decreased the Plan contribution by $255,386.

- Actual demographic experience will always differ from the actuarial assumptions. Overall, the salary experience and demographic experience of the Plan – rates of retirement, death, disability, and termination – were relatively close to what was expected based on the actuarial assumptions. The salary and turnover experience caused an increase in the contribution of $45,208.

- The net effect of other miscellaneous factors, including inflationary increases in the administrative expense assumption, actual administrative expenses being different than expected, and a contribution timing adjustment, increased the Plan contributions by $96,645.

SECTION I – EXECUTIVE SUMMARY

One measures of a plan's risk is the ratio of plan assets to payroll shown in Table I-3 below.

This ratio indicates the sensitivity of the Plan to the returns earned on plan assets. We note in the table that plan assets currently are about six times covered payroll for the Plan. As funding improves and the Plan reaches 100% funding, the ratio of asset to payroll will increase to over 11 times payroll, perhaps higher depending on the Plan's future demographic makeup. The asset to payroll ratio is expected to increase with the dynamics of a closed Plan.

Table I-3
Asset to Payroll Ratio as of July 1, 2018

Active Member Payroll	$	27,015,234
Assets (Market Value)	$	166,239,057
Ratio of Assets to Payroll		6.15
Ratio with 100% Funding		11.12

To appreciate the impact of the ratio of assets to payroll on plan cost, consider the situation for a new plan with almost no assets. Even if the assets suffer a bad year of investment returns, the impact on the Plan cost is nil, because the assets are so small.

On the other hand, consider the situation for this Plan. Suppose the Plan's assets lose 10% of their value in a year. Since they are assumed to earn 7.0%, there is an actuarial loss of 17.0% of plan assets. Based on the current ratio of asset to payroll (6.15), that means the loss in assets is about 105% of active payroll (615% of the 17.0% loss). There is only one source of funding to make up for this loss: contributions. Consequently, barring future offsetting investment gains, the loss must be made up with future contributions. The loss would be even larger – over 189% of payroll – if the Plan were 100% funded.

D. Historical Trends

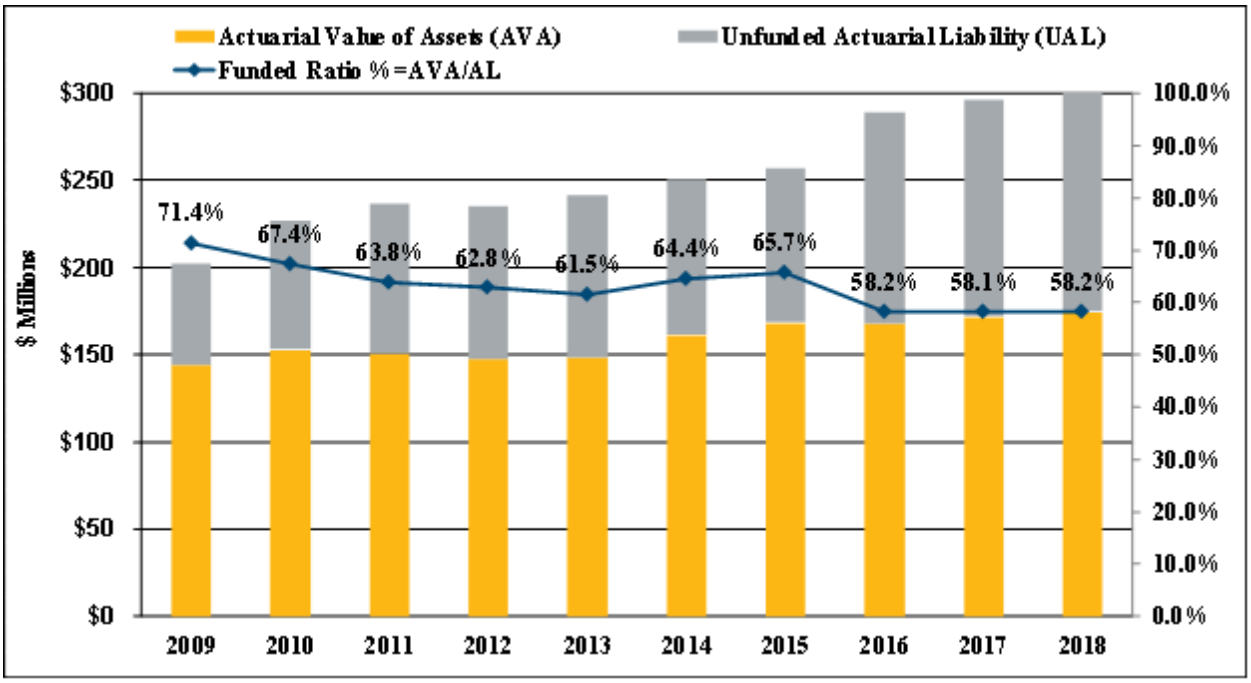
Despite the fact that for most retirement plans the greatest attention is given to the current valuation results – in particular the size of the current Unfunded Actuarial Liability and the total contribution – it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is important to judge a current year's valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart below compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities (AL). There are deferred investment losses when the Market Value of Assets (gold line) is below the Actuarial Value of Assets (teal line). The percentage shown at the top of each bar is the ratio of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio).

Following the severe market downturn in 2008, the funded ratio continued to decrease after 2009 primarily due to the gradual recognition of deferred investment losses in the Actuarial Value of Assets. The funded ratio decreased again in 2016 to 58.2% following an actuarial experience study which significantly increased the Actuarial Liability. Since 2016, the funded ratio has remained stable, reporting a funded ratio of 58.2% in 2018.

This chart presents the Actuarial Value of Assets, Unfunded Actuarial Liability, and Funded Ratio. The top of the bars depicts the total Actuarial Liability. Over the period shown, the Actuarial Liability was increasing with relatively steady Actuarial Value of Assets, therefore leading to a decreasing funded ratio.



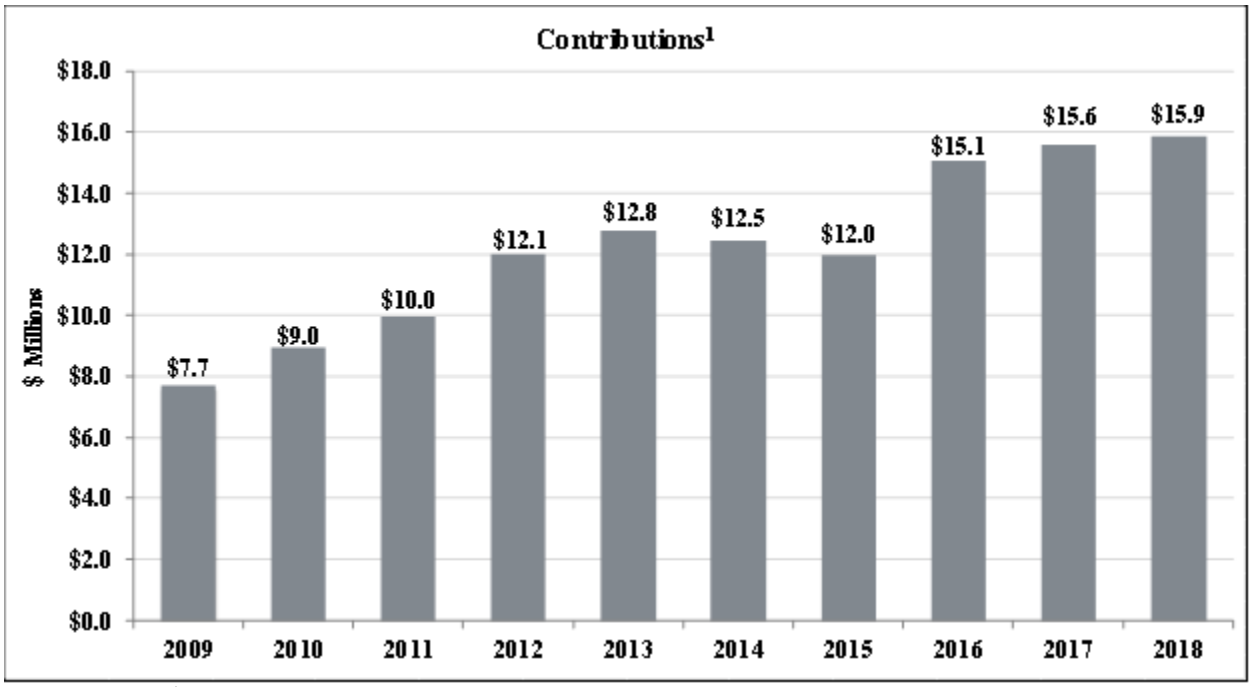
SECTION I – EXECUTIVE SUMMARY

Contributions

The chart below shows a history of the Plan's actuarially determined total contribution. The Plan's actuarially determined contributions have increased from 2009 to 2012 primarily due to the phasing in over five years of the 2009 asset loss, along with assumption changes in 2010, and actuarial funding policy changes in 2012. The contributions leveled off between $12-$13 million from 2012 to 2015 primarily due to closing the Plan to new entrants.

In 2016, the Board approved actuarial assumption changes based on the recommendations in the Actuarial Experience Study for July 1, 2010 through June 30, 2015. Most notably were the new mortality assumptions and the assumed investment rate of return decreasing from 7.50% to 7.00%. In aggregate, the assumption changes increased the total 2016 contribution by $2.7 million.

The total contribution for 2018 increased slightly from 2017 primarily due to continued recognition of the deferred investment losses in the Actuarial Value of Assets offset by less benefits being earned as the effect of a closed Plan. A reconciliation of the contributions from the 2017 to 2018 valuations can be found in Table I-2 of this report.

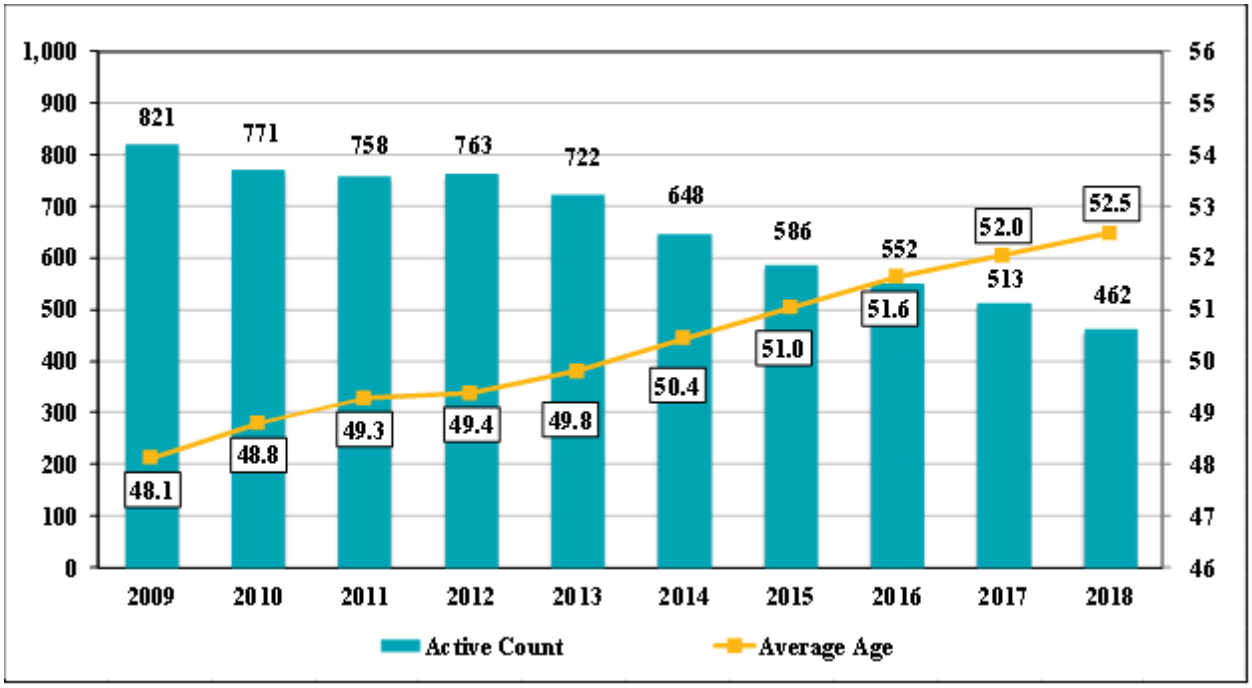


[1] *Beginning with 2015, contribution amounts are mid-year values for the upcoming fiscal year.*

SECTION I – EXECUTIVE SUMMARY

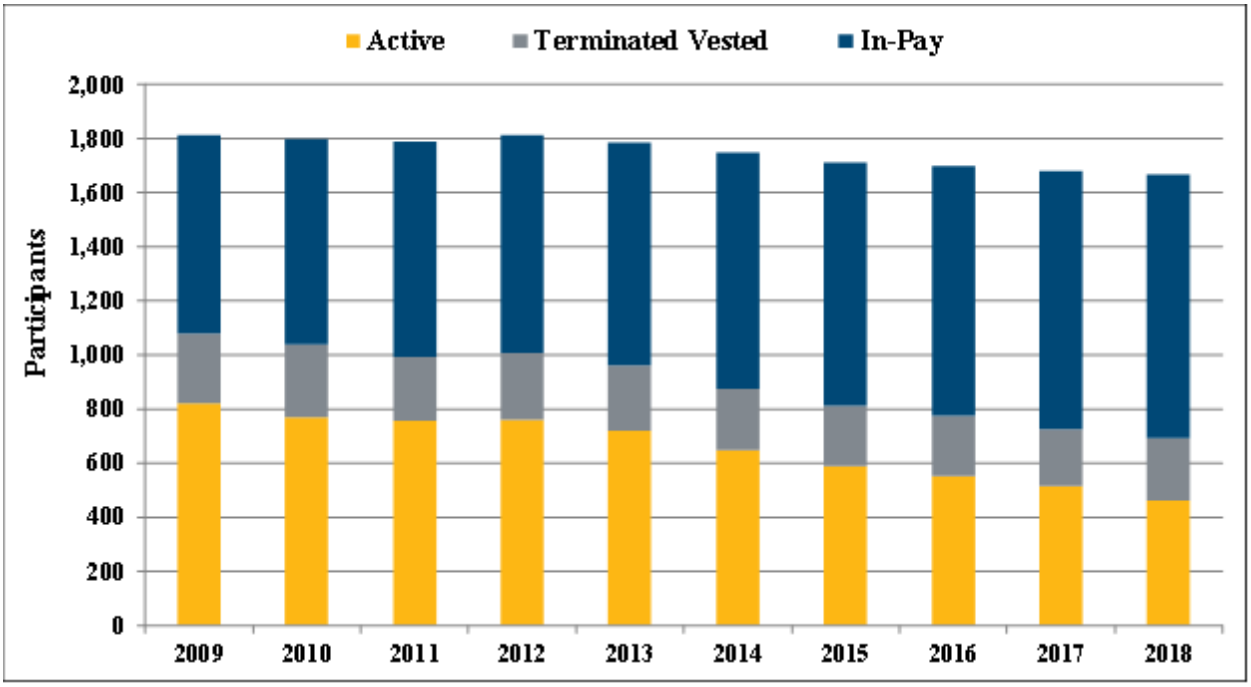
Participant Trends

The number and average age of active Plan members for the last 10 years is shown in the chart below. We can see that membership has declined from 821 actives on July 1, 2009, to 462 on July 1, 2018, a decrease of 44%. In addition, the average age of an active member has increased by over four years during the period shown. These trends are expected to continue, as most new employees participate instead in the defined contribution plan.



SECTION I – EXECUTIVE SUMMARY

The number of Plan members across all statuses (active, terminated vested, and in-pay) for the last 10 years are shown in the chart below. Total membership has declined from 1,815 members on July 1, 2009, to 1,667 on July 1, 2018, a decrease of 8%. This chart shows the shift in membership status over the period shown, from active status (gold) to inactive statuses (gray and blue). This trend is expected to continue, as most new employees participate instead in the defined contribution plan.

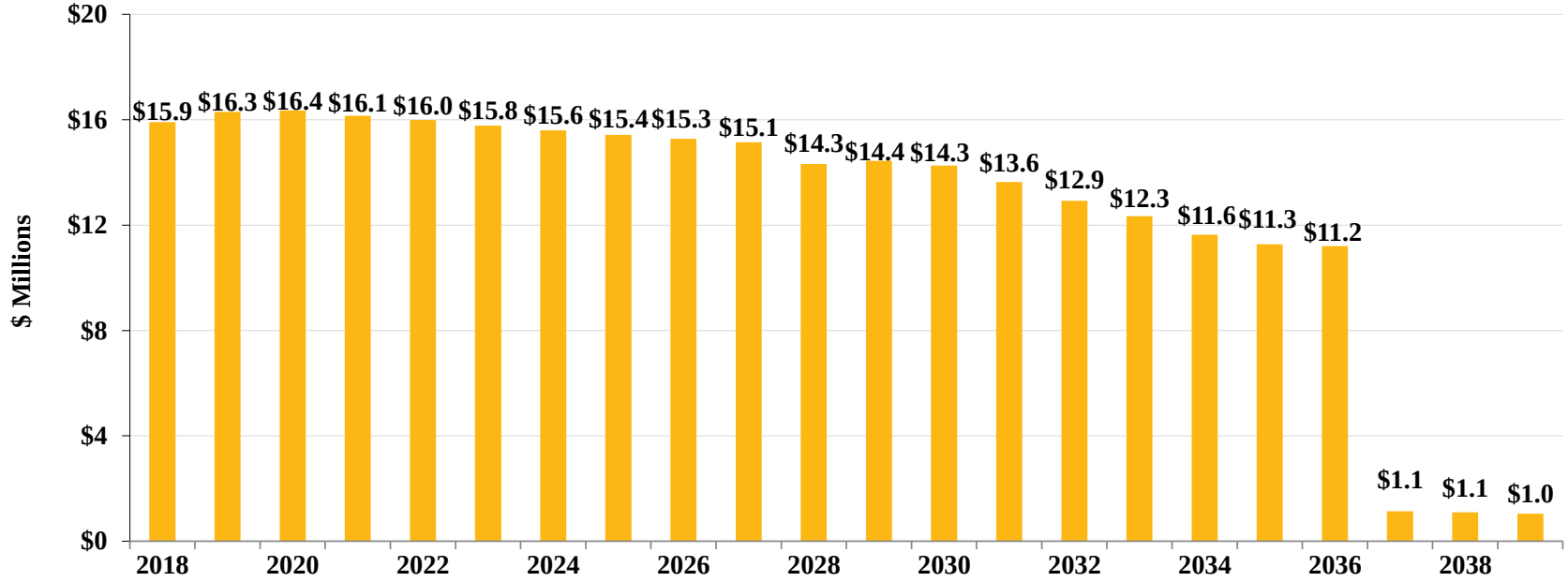


Active	821	771	758	763	722	648	586	552	513	462
Term Vested	260	270	237	244	239	229	226	225	214	230
In-Pay	734	759	794	805	827	873	902	921	952	975
Total	1,815	1,800	1,789	1,812	1,788	1,750	1,714	1,698	1,679	1,667

E. Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the July 1, 2018 valuation results in terms of benefit security (assets over liabilities) and contributions over the next 20 years. All the projections in this section are based on the assumption that the Plan will exactly achieve the 7.00% investment return assumption each year, which is clearly an impossibility. We assume the current funding method and amortization policy adopted in 2012, will remain in place throughout the projection period.

Projection of Total Plan Contributions, 7.00% return each year



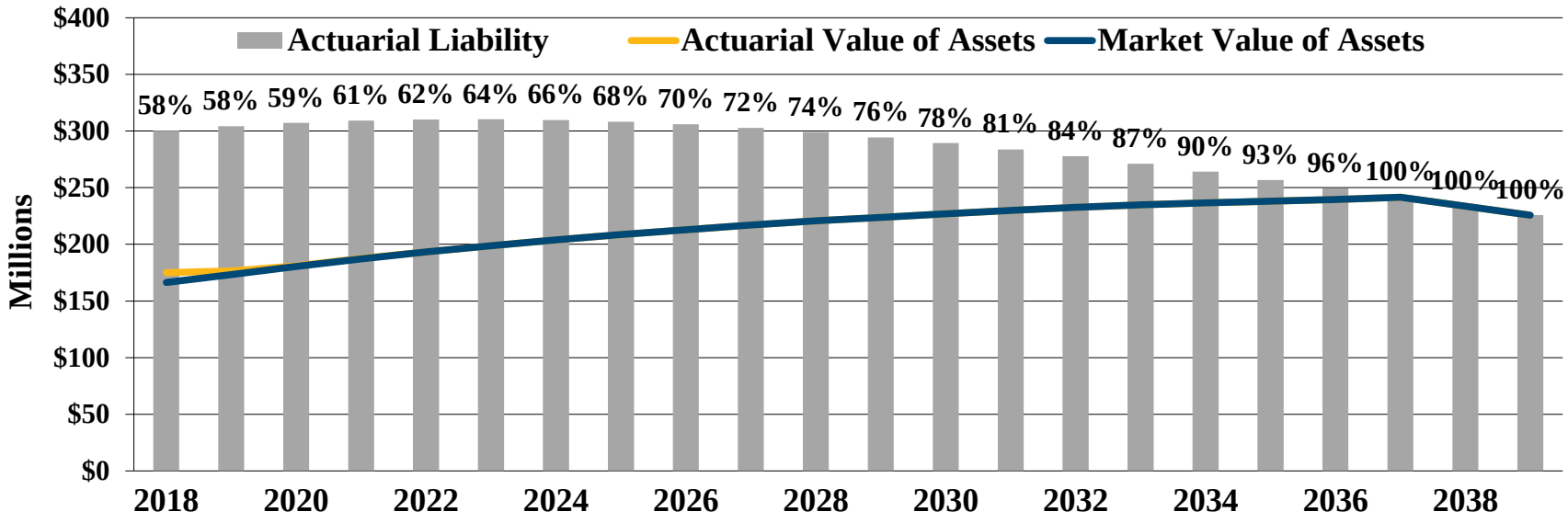
The graph shows that the Plan's contributions are expected to gradually increase over the next two years as the Plan recognizes the $8.7 million in net deferred asset losses from the unfavorable returns during FYE 2015 and FYE 2016. Thereafter, the Plan's contributions are expected to steadily decline from $16.4 million in 2020 to $11.2 million in 2036. The gradual decline in the contribution is due to the decrease in the annual benefits that are earned as the number of active members decline since the Plan is closed to most new entrants. During Fiscal Year 2036-37, the last payment for the majority of the Plan's UAL will be made.

SECTION I – EXECUTIVE SUMMARY

Asset and Liability Projections:

The following graph shows the projection of assets and liabilities assuming that assets will earn the 7.00% assumption each year during the projection period.

Projection of Assets and Liabilities, 7.00% return each year



The funded status is expected to remain somewhat level at 58% over the next three years and then gradually increases over the projection period. The Plan is projected to be fully funded by 2037 assuming the actuarial assumptions are achieved. However, it is the actual return on Plan assets that will determine the future funding status and contribution to the Plan.

SECTION II – ASSETS

Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets as of June 30, 2017 and June 30, 2018,
- Statement of the **changes** in market values during the year,
- Development of the **Actuarial Value of Assets**.

Disclosure

There are two types of asset values disclosed in the valuation, the Market Value of Assets and the Actuarial Value of Assets. The market value represents a snapshot value that provides the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the Actuarial Value of Assets that reflect smoothing of annual investment returns.

SECTION II – ASSETS

Table II-1 discloses and compares each component of the Market Value of Assets as of June 30, 2017 and June 30, 2018.

Table II-1
Statement of Assets at Market Value

Investments		**June 30, 2017**		**June 30, 2018**
Common Stock	$	69,998,311	$	65,774,104
Mutual Funds		34,941,685		34,630,810
REIT Mutual Funds		0		0
Corporate Debt / Bond Funds		38,926,399		45,745,179
Closely Held Instruments		9,824,652		10,187,258
US Treasury Obligations		7,885,322		10,070,291
Short-Term Investments		613,495		470,322
Total Investments	$	162,189,864	$	166,877,964
Receivables				
Dividends and Interest	$	400	$	777
Other Reveivables		0		0
Total Receivables	$	400	$	777
Payables				
Due to Plan Sponsor	$	447,050	$	510,821
Other Payables		108,207		128,863
Total Payables	$	555,257	$	639,684
Market Value of Assets	**$**	**161,635,007**	**$**	**166,239,057**

SECTION II – ASSETS

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Investment income (realized and unrealized), net of investment expenses
- Benefit payments
- Administrative Expenses

Table II-2 shows the components of a change in the Market Value of Assets during FYE 2017 and FYE 2018.

Table II-2
Changes in Market Values

	June 30, 2017	June 30, 2018
Contributions		
Employer's Contribution	12,649,101	13,020,223
Members' Contributions	2,047,593	1,751,616
Total Contributions	14,696,694	14,771,839
Investment Income		
Interest	3,126	9,888
Dividends	2,746,299	3,565,546
REIT Mutual Funds	0	0
Miscellaneous	0	0
Realized & Unrealized Gain/(Loss)	9,775,278	5,535,603
Investment Expenses	(307,767)	(318,737)
Net Investment Income	12,216,936	8,792,300
Disbursements		
Benefit Payments	(17,977,346)	(18,715,199)
Administrative Expenses	(234,128)	(244,890)
Total Disbursments	(18,211,474)	(18,960,089)
Net Increase (Decrease)	8,702,156	4,604,050
Net Assets Held in Trust for Benefits		
Beginning of Year	152,932,851	161,635,007
End of Year	161,635,007	166,239,057
Approximate Return	8.08%	5.51%

SECTION II – ASSETS

Actuarial Value of Assets (AVA)

The Actuarial Value of Assets represents a "smoothed" value developed by the actuary to reduce the volatile results, which could develop due to short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value of Assets is calculated on a modified market-related value. The Market Value of Assets is adjusted to recognize, over a five-year period, investment earnings which are greater than (or less than) the assumed investment return. The actuarial value is constrained to fall within 20% of the market value.

Table II-3
Development of Actuarial Value of Assets
as of June 30, 2018

Plan Year	(a) Expected Earnings	(b) Actual Earnings	(c) = (b) – (a) Unexpected Earnings	(d) Phase-In Factor	(c) x (d) Phase-In Adjustment
2013 -14	11,577,862	18,159,297	6,581,435	0%	0
2014 -15	12,204,882	(2,018,866)	(14,223,748)	20%	(2,844,750)
2015 -16	11,704,510	(540,093)	(12,244,603)	40%	(4,897,841)
2016 -17	10,584,363	12,216,936	1,632,573	60%	979,544
2017 -18	11,170,341	8,792,300	(2,378,041)	80%	(1,902,433)
1. Total Unrecognized Asset Gains/(Losses)					(8,665,480)
2. Market Value of Assets as of June 30, 2018					166,239,057
3. Actuarial Value of Assets as of June 30, 2018: [(2) - (1)]					174,904,537
4. Ratio of Actuarial Value to Market Value [(3) ÷ (2)]					105.21%

SECTION II – ASSETS

Investment Performance

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The market value gain/loss is an appropriate measure for comparing the actual asset performance to the valuation's long-term 7.00% assumption.

Table II-4
Asset Gain/(Loss)

		Market Value		Actuarial Value
As of June 30, 2017	**$**	**161,635,007**	**$**	**172,048,923**
Employer Contributions		13,020,223		13,020,223
Employee Contributions		1,751,616		1,751,616
Benefit Payments		(18,715,199)		(18,715,199)
Administrative Expenses		(244,890)		(244,890)
Expected Investment Earnings (7.00%)		11,170,341		11,899,315
Expected Value as of July 1, 2018	**$**	**168,617,098**	**$**	**179,759,988**
Investment Gain/(Loss)		(2,378,041)		(4,855,451)
As of June 30, 2018	**$**	**166,239,057**	**$**	**174,904,537**
Return		5.51%		4.14%

SECTION III – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities at July 1, 2017 and July 1, 2018,
- Statement of **changes** in these liabilities during the year.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not appropriate for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations; the obligations of the Plan earned as of the valuation date and those to be earned in the future by current Plan participants, under the current Plan provisions.

- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the total Projected Value of Future Benefits and subtracting all future normal costs. The method used for this Plan is called the Entry Age Normal (EAN) funding method.

- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

SECTION III – LIABILITIES

Table III-1 discloses each of these liabilities for the current and prior valuations.

Table III-1
Liabilities and Unfunded Actuarial Liability

	July 1, 2017	July 1, 2018
1. Present Value of Future Benefits		
Active Participant Benefits		
ATU/Drivers	$ 65,291,904	$ 62,871,053
IBEW/Mechanics	29,892,285	26,899,768
ATU/Clerical	2,422,132	2,317,565
Non-Contract/Admin [1]	24,165,953	21,986,491
Total	**$ 121,772,274**	**$ 114,074,877**
2. Inactive Actuarial Liability		
ATU/Drivers	$ 108,029,652	$ 112,517,249
IBEW/Mechanics	23,284,255	27,614,109
ATU/Clerical	4,773,769	4,737,714
Non-Contract/Admin	61,190,448	62,495,725
Total	**$ 197,278,124**	**$ 207,364,797**
3. Active Actuarial Liability		
ATU/Drivers	$ 52,286,565	$ 51,077,768
IBEW/Mechanics	24,236,851	21,787,973
ATU/Clerical	2,038,996	2,015,149
Non-Contract/Admin [1]	20,170,176	18,054,746
Total	**$ 98,732,588**	**$ 92,935,636**
4. Total Actuarial Liability, [(2) + (3)]	$ 296,010,712	$ 300,300,433
5. Plan Assets (Actuarial Value)	172,048,923	174,904,537
6. Unfunded Actuarial Liability (UAL), [(4) - (5)]	**$ 123,961,789**	**$ 125,395,896**

[1] *Includes PEPRA members.*

SECTION III – LIABILITIES

Table III-2 below analyzes the increases or decreases in the liabilities since the last valuation.

Changes in Liabilities

Each of the liabilities disclosed in the prior table are expected to change at each valuation. The components of that change (as shown in Table III-2 below), depending upon which liability is analyzed, can include:

- Benefits accrued since the last valuation
- Plan amendments changing benefits (none for the 2018 Valuation)
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial assumptions
- A change in the actuarial funding method or software

Table III-2
Changes in Actuarial Liability

Actuarial Liability at July 1, 2018	$	300,300,433
Actuarial Liability at July 1, 2017	$	296,010,712
Liability Increase (Decrease)	$	4,289,721
Change due to:		
Actuarial Methods / Software Changes	$	(640,322)
Assumption Changes		0
Accrual of Benefits		3,559,738
Actual Benefit Payments		(18,715,199)
Interest		20,325,978
Actuarial (Gain)/Loss		(240,474)
Liability Increase (Decrease)	$	4,289,721

SECTION III – LIABILITIES

Unfunded liabilities will change (as shown in Table III-3 below) because of all of the above, and also due to changes in Plan assets resulting from:

- Contributions different than expected
- Investment earnings different than expected
- Expenses different than expected

Table III-3
Development of Actuarial Gain / (Loss)

1. Unfunded Actuarial Liability (UAL) at Start of Year (not less than zero)	$	123,961,789
2. Expected UAL Payment		(11,268,040)
3. Interest on (1) and (2) to End of Year		7,888,562
4. Increase in UAL due to Method Changes		(640,322)
5. Expected Unfunded Actuarial Liability at End of Year, [(1) + (2) + (3) + (4)]	$	119,941,989
6. Actual Unfunded Actuarial Liability at End of Year (not less than zero)	$	125,395,896
7. **Actuarial Gain/(Loss), [(5) – (6)]**	$	**(5,453,907)**
(a) Liability Gain/(Loss)		240,474
(b) Asset Gain/(Loss) on Actuarial Value		(4,855,451)
(c) Contribution Timing Gain/(Loss)		(871,464)
(d) Administrative Expenses Less than Expected		32,534

SECTION IV – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions are needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

Based on the assumptions and cost method, Plan assets are currently below the target level of assets determined by the cost method; consequently, there is an Unfunded Actuarial Liability. As a result, the required Plan contribution consists of three components: The normal cost, the amortization of the Unfunded Actuarial Liability (UAL), and assumed administrative expenses.

The normal cost represents the cost of the additional benefits earned during the plan year by active Plan members. The balance of the Plan contribution represents the amortization of the unfunded liability, which is a payment designed to bring the Plan's assets up to the target level set by the actuarial cost method. Currently, the amortization of UAL represents about three-fourths of the total contribution.

As the UAL is paid over time, the Plan contribution is expected to decrease to a level near the normal cost plus administrative expenses. The normal cost itself will be changing since the Plan is closed to new members other than non-contract employees.

The table below presents the total Plan contributions (both employer and employee) for the current and prior valuations.

Table IV-1
Development of Annual Contribution

		July 1, 2017	July 1, 2018
1.	Total Actuarial Liability	$ 296,010,712	$ 300,300,433
2.	Plan Assets (Actuarial Value)	172,048,923	174,904,537
3.	Unfunded Actuarial Liability (UAL), [(1) - (2)]	$ 123,961,789	$ 125,395,896
4.	UAL Amortization Payment (BOY)	$ 11,268,040	$ 11,769,776
5.	Total Plan Normal Cost	$ 3,559,738	$ 3,345,262
6.	Expected Administrative Expenses	$ 267,150	$ 274,497
7.	Total Cost, [(4) + (5) + (6)]	$ 15,094,928	$ 15,389,535
8.	Total Cost (interest adjusted to middle of year)	$ 15,614,315	$ 15,919,058

SECTION IV – CONTRIBUTIONS

The table below presents the calculation of the UAL payments for the Plan under the amortization policy adopted in 2012.

Table IV-2
Development of the Amortization Payment (BOY) as of July 1, 2018

Type of Base	Date Established	Initial Balance	Initial Amortization	Outstanding Balance	Remaining Amortization	Amortization Amount
Initial Unfunded						
1. Actuarial Liability	7/1/2012	$ 87,613,245	25	$ 78,071,984	19	$ 7,059,533
2. Actuarial Loss	7/1/2013	6,555,553	15	5,079,926	10	675,951
3. Actuarial Gain	7/1/2014	(2,132,368)	15	(1,761,213)	11	(219,505)
4. Actuarial Loss	7/1/2015	740,624	15	646,886	12	76,116
5. Assumption Changes	7/1/2016	29,699,872	21	28,329,571	19	2,561,656
6. Actuarial Loss	7/1/2016	4,978,340	15	4,568,251	13	510,837
7. Actuarial Loss	7/1/2017	5,880,935	15	5,646,906	14	603,453
8. Method Changes	7/1/2018	(640,322)	19	(640,322)	19	(57,900)
9. Actuarial Loss	7/1/2018	5,453,907	15	5,453,907	15	559,635
TOTAL				**$ 125,395,896**		**$ 11,769,776**
				Total UAL Payment, Middle of Year		**$ 12,174,751**

APPENDIX A – MEMBERSHIP INFORMATION

Data pertaining to active and inactive Members and their beneficiaries as of the valuation date was supplied by the Plan Administrator on electronic media. As is usual in studies of this type, Member data was neither verified nor audited; however, it was reviewed to ensure that it complies with generally accepted actuarial standards.

Summary of Participant Data

Active Participants

Non-Contract/Admin	July 1, 2017	July 1, 2018
Number	61	55
Average Age	51.9	51.6
Average Service	17.2	17.1
Average Pay	$ 73,791	$ 72,966
Non-Contract/PEPRA	**July 1, 2017**	**July 1, 2018**
Number	12	17
Average Age	43.2	46.6
Average Service	4.5	4.4
Average Pay	$ 65,009	$ 64,128
ATU/Clerical	**July 1, 2017**	**July 1, 2018**
Number	17	14
Average Age	49.3	50.4
Average Service	12.8	14.6
Average Pay	$ 47,159	$ 50,106
ATU/Drivers	**July 1, 2017**	**July 1, 2018**
Number	296	264
Average Age	53.2	53.8
Average Service	15.3	16.0
Average Pay	$ 56,363	$ 59,536
IBEW/Mechanics	**July 1, 2017**	**July 1, 2018**
Number	127	112
Average Age	50.6	50.8
Average Service	19.5	19.2
Average Pay	$ 59,234	$ 61,062
Total	**July 1, 2017**	**July 1, 2018**
Number	513	462
Average Age	52.0	52.5
Average Service	16.2	16.4
Average Pay	$ 59,043	$ 61,388

APPENDIX A – MEMBERSHIP INFORMATION

Summary of Participant Data

Deferred Participants

Terminated Vested		July 1, 2017		July 1, 2018
Number		214		230
Average Age		53.7		53.9
Average Annual Benefit	$	7,596	$	8,917

In-Pay Participants

Service Retired		July 1, 2017		July 1, 2018
Number		721		746
Average Age		69.9		70.2
Average Annual Benefit	$	22,253	$	22,618
Beneficiaries		**July 1, 2017**		**July 1, 2018**
Number		145		149
Average Age		71.0		71.3
Average Annual Benefit	$	9,962	$	10,001
Disabled		**July 1, 2017**		**July 1, 2018**
Number		86		80
Average Age		68.9		70.0
Average Annual Benefit	$	9,682	$	9,905
Total		**July 1, 2017**		**July 1, 2018**
Number		952		975
Average Age		70.0		70.3
Average Annual Benefit	$	19,245	$	19,647

APPENDIX A – MEMBERSHIP INFORMATION

Data Summary as of July 1, 2018

Active Participants	Non-Contract/Administrative			ATU/	ATU/	IBEW/	
	Non-PEPRA	PEPRA	Sub-Total	Clerical	Drivers	Mechanics	Total
Number	55	17	72	14	264	112	462
Average Age	51.6	46.6	50.5	50.4	53.8	50.8	52.5
Average Service	17.1	4.4	14.1	14.6	16.0	19.2	16.4
Average Pay	$72,966	$64,128	$70,879	$50,106	$59,536	$61,062	$61,388

Inactive Participants	Non-Contract/Administrative			ATU/	ATU/	IBEW/	
	Non-PEPRA	PEPRA	Sub-Total	Clerical	Drivers	Mechanics	Total
Service Retired							
Number	122	n/a	122	33	484	107	746
Average Age	68.5	n/a	68.5	71.8	70.5	70.0	70.2
Average Annual Benefit	$37,232	n/a	$37,232	$13,137	$19,734	$21,921	$22,618
Beneficiaries							
Number	30	n/a	30	3	89	27	149
Average Age	67.7	n/a	67.7	72.2	72.6	71.1	71.3
Average Annual Benefit	$18,776	n/a	$18,776	$3,146	$8,129	$7,186	$10,001
Disabled							
Number	2	n/a	2	3	67	8	80
Average Age	68.7	n/a	68.7	79.9	69.7	69.0	70.0
Average Annual Benefit	$9,133	n/a	$9,133	$6,102	$9,746	$12,855	$9,905
Terminated Vested							
Number	24	n/a	24	13	142	51	230
Average Age	51.0	n/a	51.0	54.7	54.3	54.2	53.9
Average Annual Benefit	$19,889	n/a	$19,889	$4,697	$8,118	$7,053	$8,917

APPENDIX A – MEMBERSHIP INFORMATION

Status Reconciliation - All Divisions
Changes in Plan Membership as of July 1, 2018

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Total
Participant count as of July 1, 2017	**513**	**214**	**86**	**721**	**145**	**1,679**
New Entrants	8					8
Rehires						0
Disabilities	(1)		1			0
Retirements/ Domestic Relations Order (DRO)	(32)	(12)		44	5	5
Vested Terminations	(24)	28	(3)	(1)		0
Died, with Beneficiaries' Benefit Payable			(1)	(4)	5	0
Transfers						0
Died, without Beneficiary, and Other Terminations	(2)		(3)	(14)	(6)	(25)
Beneficiary Deaths						0
Data Corrections						0
Total Change	(51)	16	(6)	25	4	(12)
Participant count as of July 1, 2018	**462**	**230**	**80**	**746**	**149**	**1,667**

APPENDIX A – MEMBERSHIP INFORMATION

Status Reconciliation - Non-Contract/Administrative[1]
Changes in Plan Membership as of July 1, 2018

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Total
Participant count as of July 1, 2017	**73**	**21**	**2**	**120**	**29**	**245**
New Entrants	8					8
Rehires						0
Disabilities						0
Retirements/ Domestic Relations Order (DRO)	(5)	(2)		7	1	1
Vested Terminations	(5)	5				0
Died, with Beneficiaries' Benefit Payable				(2)	2	0
Transfers	1					1
Died, without Beneficiary, and Other Terminations				(2)	(2)	(4)
Beneficiary Deaths						0
Data Corrections				(1)		(1)
Total Change	(1)	3	0	2	1	5
Participant count as of July 1, 2018	**72**	**24**	**2**	**122**	**30**	**250**

[1] *Includes 17 active individuals participating in PEPRA.*

APPENDIX A – MEMBERSHIP INFORMATION

Status Reconciliation - Clerical
Changes in Plan Membership as of July 1, 2018

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Total
Participant count as of July 1, 2017	**17**	**12**	**3**	**32**	**3**	**67**
New Entrants						0
Rehires						0
Disabilities						0
Retirements/ Domestic Relations Order (DRO)	(1)	(1)		2		0
Vested Terminations	(2)	2				0
Died, with Beneficiaries' Benefit Payable						0
Transfers						0
Died, without Beneficiary, and Other Terminations						0
Beneficiary Deaths						0
Data Corrections				(1)		(1)
Total Change	(3)	1	0	1	0	(1)
Participant count as of July 1, 2018	**14**	**13**	**3**	**33**	**3**	**66**

APPENDIX A – MEMBERSHIP INFORMATION

Status Reconciliation - ATU/Drivers
Changes in Plan Membership as of July 1, 2018

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Total
Participant count as of July 1, 2017	**296**	**133**	**71**	**471**	**91**	**1,062**
New Entrants						0
Rehires						0
Disabilities	(1)		1			0
Retirements/ Domestic Relations Order (DRO)	(15)	(7)		22	2	2
Vested Terminations	(14)	16	(2)			0
Died, with Beneficiaries' Benefit Payable						0
Transfers	(1)					(1)
Died, without Beneficiary, and Other Terminations	(1)		(3)	(12)	(4)	(20)
Beneficiary Deaths						0
Data Corrections				3		3
Total Change	(32)	9	(4)	13	(2)	(16)
Participant count as of July 1, 2018	**264**	**142**	**67**	**484**	**89**	**1,046**

APPENDIX A – MEMBERSHIP INFORMATION

Status Reconciliation - IBEW/Mechanics
Changes in Plan Membership as of July 1, 2018

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Total
Participant count as of July 1, 2017	**127**	**48**	**10**	**98**	**22**	**305**
New Entrants						0
Rehires						0
Disabilities						0
Retirements/ Domestic Relations Order (DRO)	(11)	(2)		13	2	2
Vested Terminations	(3)	5	(1)	(1)		0
Died, with Beneficiaries' Benefit Payable			(1)	(2)	3	0
Transfers						0
Died, without Beneficiary, and Other Terminations	(1)					(1)
Beneficiary Deaths						0
Data Corrections				(1)		(1)
Total Change	(15)	3	(2)	9	5	0
Participant count as of July 1, 2018	**112**	**51**	**8**	**107**	**27**	**305**

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution Of Active Participants - Non-Contract/Administrative[1] (Counts)
As of July 1, 2018

	Service												
Age	Under 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	**Total**
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	**0**
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	**0**
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	**0**
30 to 34	1	1	0	1	0	1	2	0	0	0	0	0	**6**
35 to 39	0	0	0	0	2	4	2	0	0	0	0	0	**8**
40 to 44	0	0	0	0	2	1	2	1	2	0	0	0	**8**
45 to 49	0	0	0	1	1	4	1	2	1	0	0	0	**10**
50 to 54	0	0	0	1	1	1	1	0	1	1	2	0	**8**
55 to 59	0	1	0	1	1	2	5	3	3	1	1	1	**19**
60 to 64	0	0	0	0	0	3	2	1	2	2	1	2	**13**
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	**0**
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total	**1**	**2**	**0**	**4**	**7**	**16**	**15**	**7**	**9**	**4**	**4**	**3**	**72**

[1] *Includes 17 active individuals participating in PEPRA.*

Age / Service Distribution Of Active Participants - Non-Contract/Administrative[1] (Average Salary)
As of July 1, 2018

	Service												
Age	Under 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	**Total**
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
30 to 34	47,008	57,013	0	57,886	0	60,008	64,946	0	0	0	0	0	**$58,635**
35 to 39	0	0	0	0	75,001	61,512	73,651	0	0	0	0	0	**$67,919**
40 to 44	0	0	0	0	66,787	76,288	53,882	93,502	73,838	0	0	0	**$69,851**
45 to 49	0	0	0	75,118	44,387	66,916	69,945	66,515	62,408	0	0	0	**$65,255**
50 to 54	0	0	0	57,886	71,445	68,349	64,260	0	51,722	62,178	94,021	0	**$70,485**
55 to 59	0	73,965	0	39,437	45,510	71,160	71,952	79,357	87,639	56,732	73,452	125,008	**$74,588**
60 to 64	0	0	0	0	0	69,261	61,945	102,129	88,045	72,146	104,467	78,526	**$78,131**
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
Total	**$47,008**	**$65,489**	**$0**	**$57,582**	**$63,560**	**$66,779**	**$66,854**	**$80,962**	**$77,868**	**$65,800**	**$91,490**	**$94,020**	**$70,879**

[1] *Includes 17 active individuals participating in PEPRA.*

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution Of Active Participants - ATU/Clerical (Counts)
As of July 1, 2018

	Service												
Age	Under 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	**Total**
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	**0**
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	**0**
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	**0**
30 to 34	0	0	0	0	0	2	0	0	0	0	0	0	**2**
35 to 39	0	0	0	0	0	0	1	0	0	0	0	0	**1**
40 to 44	0	0	0	0	0	2	0	0	0	0	0	0	**2**
45 to 49	0	0	0	0	0	1	0	0	0	0	0	0	**1**
50 to 54	0	0	0	0	0	1	0	1	0	0	0	0	**2**
55 to 59	0	0	0	0	0	0	1	1	1	0	0	0	**3**
60 to 64	0	0	0	0	0	0	0	0	0	1	0	1	**2**
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	**0**
70 & up	0	0	0	0	0	0	1	0	0	0	0	0	**1**
Total	**0**	**0**	**0**	**0**	**0**	**6**	**3**	**2**	**1**	**1**	**0**	**1**	**14**

Age / Service Distribution Of Active Participants - ATU/Clerical (Average Salary)
As of July 1, 2018

	Service												
Age	Under 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	**Total**
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
30 to 34	0	0	0	0	0	45,652	0	0	0	0	0	0	**$45,652**
35 to 39	0	0	0	0	0	0	43,468	0	0	0	0	0	**$43,468**
40 to 44	0	0	0	0	0	59,208	0	0	0	0	0	0	**$59,208**
45 to 49	0	0	0	0	0	42,504	0	0	0	0	0	0	**$42,504**
50 to 54	0	0	0	0	0	44,075	0	42,504	0	0	0	0	**$43,290**
55 to 59	0	0	0	0	0	0	57,939	58,513	60,459	0	0	0	**$58,971**
60 to 64	0	0	0	0	0	0	0	0	0	42,776	0	50,026	**$46,401**
65 to 69	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
70 & up	0	0	0	0	0	0	49,505	0	0	0	0	0	**$49,505**
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$49,383**	**$50,304**	**$50,509**	**$60,459**	**$42,776**	**$0**	**$50,026**	**$50,106**

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution Of Active Participants - ATU/Drivers (Counts)
As of July 1, 2018

	Service												
Age	Under 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	**Total**
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	**0**
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	**0**
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	**0**
30 to 34	0	0	0	0	0	5	2	0	0	0	0	0	**7**
35 to 39	0	0	0	0	0	7	9	1	0	0	0	0	**17**
40 to 44	0	0	0	0	0	4	14	3	1	0	0	0	**22**
45 to 49	0	0	0	0	0	6	13	11	2	0	0	0	**32**
50 to 54	0	0	0	0	0	16	14	10	4	4	2	0	**50**
55 to 59	0	0	0	0	0	17	10	11	15	12	3	0	**68**
60 to 64	0	0	0	0	0	7	13	8	9	5	2	3	**47**
65 to 69	0	0	0	0	0	2	4	2	2	5	2	1	**18**
70 & up	0	0	0	0	0	0	0	1	0	0	1	1	**3**
Total	**0**	**0**	**0**	**0**	**0**	**64**	**79**	**47**	**33**	**26**	**10**	**5**	**264**

Age / Service Distribution Of Active Participants - ATU/Drivers (Average Salary)
As of July 1, 2018

	Service												
Age	Under 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	**Total**
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
30 to 34	0	0	0	0	0	47,734	58,467	0	0	0	0	0	**$50,801**
35 to 39	0	0	0	0	0	47,098	56,768	68,213	0	0	0	0	**$53,460**
40 to 44	0	0	0	0	0	47,879	58,048	71,622	67,032	0	0	0	**$58,458**
45 to 49	0	0	0	0	0	52,935	62,193	63,040	65,185	0	0	0	**$60,936**
50 to 54	0	0	0	0	0	54,099	60,641	59,522	64,104	63,847	61,796	0	**$58,904**
55 to 59	0	0	0	0	0	51,390	64,289	63,690	63,294	62,253	58,919	0	**$60,152**
60 to 64	0	0	0	0	0	49,303	58,365	58,622	64,025	63,723	76,882	66,585	**$60,026**
65 to 69	0	0	0	0	0	52,524	59,544	63,996	82,145	66,686	68,497	71,052	**$65,388**
70 & up	0	0	0	0	0	0	0	55,044	0	0	70,668	57,658	**$61,123**
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$51,045**	**$59,972**	**$62,220**	**$64,962**	**$63,633**	**$66,178**	**$65,693**	**$59,536**

APPENDIX A – MEMBERSHIP INFORMATION

Age / Service Distribution Of Active Participants - IBEW/Mechanics (Counts)
As of July 1, 2018

	Service												
Age	Under 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	**Total**
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	**0**
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	**0**
25 to 29	0	0	0	0	0	2	1	0	0	0	0	0	**3**
30 to 34	0	0	0	0	0	6	10	0	0	0	0	0	**16**
35 to 39	0	0	0	0	0	2	2	2	0	0	0	0	**6**
40 to 44	0	0	0	0	0	0	0	3	5	0	0	0	**8**
45 to 49	0	0	0	0	0	2	0	2	2	4	0	0	**10**
50 to 54	0	0	0	0	0	1	4	5	2	3	0	0	**15**
55 to 59	0	0	0	0	0	0	5	7	5	7	2	2	**28**
60 to 64	0	0	0	0	0	2	3	2	1	7	2	2	**19**
65 to 69	0	0	0	0	0	0	2	2	0	1	0	1	**6**
70 & up	0	0	0	0	0	0	0	1	0	0	0	0	**1**
Total	**0**	**0**	**0**	**0**	**0**	**15**	**27**	**24**	**15**	**22**	**4**	**5**	**112**

Age / Service Distribution Of Active Participants - IBEW/Mechanics (Average Salary)
As of July 1, 2018

	Service												
Age	Under 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	**Total**
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
20 to 24	0	0	0	0	0	0	0	0	0	0	0	0	**$0**
25 to 29	0	0	0	0	0	53,030	72,240	0	0	0	0	0	**$59,433**
30 to 34	0	0	0	0	0	47,074	68,738	0	0	0	0	0	**$60,614**
35 to 39	0	0	0	0	0	50,665	72,240	72,240	0	0	0	0	**$65,048**
40 to 44	0	0	0	0	0	0	0	69,696	53,625	0	0	0	**$59,652**
45 to 49	0	0	0	0	0	68,424	0	56,803	68,424	68,424	0	0	**$66,100**
50 to 54	0	0	0	0	0	33,820	41,517	62,789	68,424	61,820	0	0	**$55,742**
55 to 59	0	0	0	0	0	0	64,461	62,396	61,262	67,879	72,240	72,240	**$65,339**
60 to 64	0	0	0	0	0	49,214	48,855	68,424	46,892	67,774	64,608	72,240	**$61,939**
65 to 69	0	0	0	0	0	0	37,593	48,612	0	41,366	0	72,240	**$47,669**
70 & up	0	0	0	0	0	0	0	33,820	0	0	0	0	**$33,820**
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$50,595**	**$59,786**	**$61,907**	**$59,668**	**$65,913**	**$68,424**	**$72,240**	**$61,062**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Method

For the Retirement Plans of San Diego Transit Corporation (the Plan), the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the Individual Entry Age to Final Decrement cost method. This method is consistent with the method required under the GASB accounting statements.

Under this cost method, the normal cost is calculated as the amount necessary to fund Members' benefits as a level percentage of total payroll over their projected working lives. At each valuation date, the Actuarial Liability is equal to the difference between the liability for the Members' total projected benefit and the present value of future normal cost contributions. The total normal cost is calculated as the sum of the individual normal costs for each active member (Individual Entry Age Method).

The excess of the Actuarial Liability over the smoothed value of Plan assets is the Unfunded Actuarial Liability (UAL); the initial Unfunded Actuarial Liability as of July 1, 2012 is amortized in level dollar payments over a 25-year period ending June 30, 2037.

Changes in the Unfunded Actuarial Liability due to Plan amendments, changes in actuarial assumptions or methods will be amortized in level dollar payments over a separate period, of length from five to 30 years depending on the source. The UAL resulting from the assumption changes effective with the July 1, 2016 actuarial valuation is amortized in level dollar payments over a 21-year period, ending June 30, 2037. The decrease in UAL resulting from the recent method change with the July 1, 2018 actuarial valuation is amortized in level dollar payments over a 19-year period, also ending June 30, 2037.

Changes in the Unfunded Actuarial Liability due to actuarial gains and losses are amortized over closed separate 15-year periods in level dollar payments. Though the Retirement Board may make exceptions, in general, the intent is to follow the guidelines published by the California Actuarial Advisory Panel and the Government Finance Officers' Association.

The total Plan cost is the sum of the normal cost, assumed administrative expenses, and the amortization of the Unfunded Actuarial Liability. The employer is responsible for contributing the difference between the total cost and member contributions.

Actuarial Value of Plan Assets

The Actuarial Value of Assets (AVA) is determined using an adjusted market value. Under this method, a preliminary AVA is determined as the Market Value of Assets on the valuation date less a decreasing fraction (4/5, 3/5, 2/5, 1/5) of the gain or loss in each of the preceding four years. The gain or loss for a given year is the difference between the actual investment return (on a market-to-market basis) and the assumed investment return based on the Market Value of Assets at the beginning of the year and actual cash flow. The AVA is adjusted, if necessary, to remain between 80% and 120% of the market value.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

The economic and demographic assumptions are based on the experience study covering the period from July 1, 2010 through June 30, 2015 that was adopted at the Budget Development Meeting in April 2016. The rationale for all the assumptions can also be found in the experience study report dated April 2016. All assets and liabilities are computed as of the valuation date, July 1, 2018.

1. **Rate of Return**

   The annual rate of return on all Plan assets is assumed to be 7.00%, net of investment expenses.

2. **Cost of Living**

   The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 2.75% per year.

3. **Post Retirement COLA**

   Benefits for Non-Contract retirees assumed to increase after retirement at the rate of 2.0% per year.

4. **Pay for Benefits**

   In most cases, pay for benefits is based on a two-year average of each Participant's pay during the two years preceding the valuation date. Special procedures are used in some cases, as noted for full-time Participants.

Unit	Pay for Continuing Participants	Pay for New Participants
Drivers	The larger of gross pay or 1,800 hours times the member's hourly rate	
Mechanics	2,150 hours times the Participant's hourly rate	
Clerical	Gross pay	The larger of gross pay or 2,100 hours times the Participant's hourly rate
Non-Contract	Gross pay	The larger of gross pay or 2,080 hours times the Participant's hourly rate

Part-time Participants are assumed to work 1,040 hours in the calculations shown above.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

5. Merit Pay (Longevity and Promotion) Increases

Assumed pay increases for active Participants consist of increases due to inflation (cost-of-living adjustments) and those due to longevity and promotion. Based on an analysis of pay levels and service, we developed the following assumptions:

Longevity and Promotion Increases				
Service	ATU Drivers	IBEW Mechanics	Clerical	Non-Contract
0	6.00%	7.50%	10.00%	3.50%
1	6.00%	7.50%	10.00%	3.50%
2	6.00%	7.50%	0.25%	3.50%
3	6.00%	7.50%	0.25%	3.50%
4	6.00%	7.50%	0.25%	3.50%
5	6.00%	7.50%	0.25%	3.50%
6	6.00%	7.50%	0.25%	3.50%
7	6.00%	7.50%	0.25%	3.50%
8	0.50%	7.50%	0.25%	3.50%
9	0.50%	7.50%	0.25%	3.50%
10+	0.50%	0.50%	0.25%	0.25%

In addition, annual adjustments in pay due to inflation will equal the CPI, for an additional annual increase of 2.75%. The combination of rates is compounded rather than using an additive method.

6. Active Participant Mortality

Rates of mortality for all active Participants are given by the Combined Healthy Retired Pensioners (RP) 2000 Tables published by the Society of Actuaries using male's rates for both male and female members with generational improvements from the base year 2010 using Scale MP-2015.

7. Healthy Inactive Participant and Beneficiary Mortality

Rates of mortality for healthy inactive Participants, spouses, and surviving spouses are given by the Combined Healthy Retired Pensioners (RP) 2000 Tables with Blue Collar Adjustments for males and no collar adjustments for females published by the Society of Actuaries with generational improvements from the base year 2010 using Scale MP-2015.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

8. Disabled Participant Mortality

Rates of mortality for male disabled members are given by the Retired Pensioners (RP) 2014 Tables for Disabled Annuitants. Rates of mortality for female disabled members are given by Retired Pensioners (RP) 2000 Combined Healthy Table published by the Society of Actuaries, with future mortality improvements to 2010, the midpoint of the experience used for the mortality study, using projection scale MP-2015.

9. Mortality Improvement

For active and healthy inactive Participants, mortality is assumed to improve in future years in accordance with the MP-2015 generational improvement tables. For disabled Participants no explicit provision for mortality improvement is used.

10. Disability

Among ATU Drivers and IBEW Mechanics, 0.50% of Participants eligible for a disability benefit are assumed to become disabled each year. Disabled Participants are assumed not to return to active service. No disability is assumed for Clerical and Non-Contract Participants.

11. Plan Expenses

Plan administrative expenses of $274,497 are included in the annual cost calculated, increasing each year with the assumed rate of inflation.

12. Family Composition

100% of active Participants are assumed married. Male spouses are assumed four years older than their wives are.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

13. Service Retirement

Retirement is assumed to occur in accordance with the rates shown in the following table:

Age	ATU Drivers	IBEW Mechanics	Clerical/Non Contract
52 [1]	0%	0%	10%
53-54	0%	0%	10%
55-56	10%	5%	10%
57-59	10%	5%	15%
60-61	15%	10%	15%
62	25%	20%	40%
63-64	25%	20%	30%
65	40%	40%	30%
66-69	30%	30%	30%
70 and older	100%	100%	100%

[1] *Non-Contract retirement assumption at age 52 is for PEPRA participants only, 0% otherwise.*

14. Termination

Service-based or age-based termination rates are shown below by group. For all participants, termination rates are assumed zero once a participant is eligible for retirement.

Termination for ATU Driver, IBEW Mechanic, and Non-Contract Participants are assumed to occur in accordance with the service-based rates shown in the following table:

Service	ATU Driver	IBEW Mechanic	Non-Contract
0	25.0%	25.0%	10.0%
1	25.0%	25.0%	10.0%
2	12.0%	12.0%	10.0%
3	12.0%	12.0%	10.0%
4 – 9	5.0%	5.0%	10.0%
10 +	2.0%	2.0%	3.0%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Termination for Clerical Participants is assumed to occur in accordance with the age-based rates shown in the following table:

Clerical	
Age	**Rate**
20-24	25.0%
25-29	11.0%
30-34	13.0%
35-39	17.0%
40-44	12.0%
45-49	8.0%
50 and older	5.0%

15. Employment Status

No future transfers among Participant groups are assumed.

16. Changes in Actuarial Methods and Assumptions since the Prior Valuation

Valuation salary changed from using the most recent pensionable pay preceding the valuation date to a two-year average of pay from the two years preceding the valuation date. This method change was done to mitigate fluctuations in overtime pay year over year which better reflects future salary expectations.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

A. Definitions

Average Monthly Final Earnings: Average Monthly Final Earnings means the average monthly compensation during the consecutive months that produces a Participant's highest average compensation, computed by dividing the Compensation Earnable for such period by the number of months in such period.

- For ATU, IBEW, and Clerical Participants, the averaging period is thirty-six (36) consecutive months.
- For Non-Contract Participants, the number of consecutive months is twelve (12).
- Public Employees' Pension Reform Act (PEPRA): For Non-Contract Participants hired on and after July 1, 2013, the number of consecutive months is thirty-six (36).
- Those months during which the Participant did not receive compensation from the Employer equivalent to one-half the regular working days will be excluded. The average is then based on that portion of the averaging period remaining after the excluded months.
- PEPRA: It is possible that exclusions for months in which the Participant did not work full-time may be subject to change.
- Use the total of the Periodic Pensionable Earnings from the highest three calendar (payroll) years. These years need not be consecutive years. There shall be no skips and drops within the three calendar (payroll) years. Add the total Periodic Pensionable Earnings to Terminal Earnings and then divide by 36.

Compensation: Compensation means the remuneration for services paid by the Employer. The monetary value of board, lodgings, fuel, car allowance, laundry, or other advantages furnished to a Participant is not included.

PEPRA: For Participants joining the Plan on or after July 1, 2013, only base compensation up to the Social Security-integrated PEPRA compensation limit ($117,020 for 2015 and 2016) will count for computing Plan benefits and employee and employer contributions; in particular, all or most overtime will be excluded.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Compensation Earnable:

Compensation Earnable is the compensation actually received by a Participant during a period of employment. For ATU and Non-Contract Participants, any bonus or retroactive wage increases are treated as compensation when received rather than when the services are performed. For IBEW Participants, Compensation Earnable is limited to 2,140 hours of straight time equivalent hours in any 12-month period.

In addition, the value of any vacation or sick leave accumulated but unused when benefits begin is excluded from Compensation Earnable and from Average Monthly Final Earnings.

PEPRA: For Participants joining the Plan on and after July 1, 2013, it is likely that some sources of compensation, such as those underlined above, may be excluded from benefit and contribution computations for these new Participants.

Credited Years Of Service:

In general, Credited Years of Service is continuous service with the San Diego Transit Corporation and its predecessor company from the last date of employment through the date of retirement, death, disability, or other termination of service.

As of November 10, 1997, part-time ATU employees receive one Credited Year of Service for every 2,080 hours of service worked as a part-time employee after December 1, 1990.

For Non-Contract Participants, Credited Years of Service includes any year commencing on or after July 1, 1982 in which the Participant completes at least 1,000 Hours of Service. In addition, Credited Years of Service for Non-Contract Participants will exclude any period of service after the Participant's Normal Retirement Date.

A Participant who is disabled and recovers from disability and reenters the Plan as an active Participant will not receive Credited Years of Service for the period of disability.

B. Membership

All full-time and certain part-time IBEW employees hired prior to May 1, 2011 will become Participants on their date of hire. IBEW employees hired on and after May 1, 2011 will become Participants of a separate defined contribution plan and will not be Participants of this Plan.

All full-time and certain part-time ATU employees hired prior to November 1, 2012 will become Participants on their date of hire. ATU employees hired on and after November 1, 2012 will become Participants of a separate defined contribution plan and will not be Participants of this Plan.

All Non-Contract employees become Participants after earning one Credited Year of Service.

PEPRA: Any Participant joining the Plan for the first time on or after January 1, 2013 is a New Participant.

C. Retirement Benefit

Eligibility: Clerical and Non-Contract Participants are eligible for normal service retirement upon attaining age 63 and completing five or more Credited Years of Service and eligible for early service retirement upon attaining age 53 and completing five or more Credited Years of Service.

ATU and IBEW Participants are eligible for normal service retirement upon attaining age 63 (65 for IBEW) and completing five or more Credited Years of Service and eligible for early service retirement upon attaining age 55 and completing five or more Credited Years of Service.

PEPRA: New Participants are eligible to retire upon attaining age 52 and completing five or more Credited Years of Service.

Benefit Amount: The monthly service retirement benefit is the Participant's Average Monthly Final Earnings multiplied by the percentage figures shown in the tables below.

- For ATU and Clerical Participants terminating prior to October 1, 2005, ATU/Clerical Table A-1 is used; for ATU and Clerical Participants terminating on and after October 1, 2005, ATU/Clerical Table A-2 is used. Prior to July 1, 2006, the benefit from the table is limited to 60%.

- For IBEW Participants terminating prior to January 1, 2007, IBEW Table A-1 is used; for IBEW Participants terminating on and after January 1, 2007, IBEW Table A-2 is used.

- For Non-Contract participants terminating prior to July 1, 2000, Non-Contract Table A-1 is used; for Non-Contract participants terminating on and after July 1, 2000, Non-Contract Table A-2 is used.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

For Participants with fractions of a year of age or service, the Participant's age or service will be rounded to the completed quarter year, and the percentage multiplier will be computed from the table using interpolation.

ATU participants who are active from November 10, 1997 to December 31, 1998 and from November 10, 1997 to December 31, 1999 receive an additional 2.5% and 2.5%, respectively. However, the multiplier from Table A-1 or A-2, as augmented by the additional 2.5% increments, is still limited to 60% prior to July 1, 2006 and 70% thereafter.

Non-Contract Participants who are active as of July 1, 1994 and July 1, 1995 receive an additional 6% and 2%, respectively. However, the benefit multiplier, as augmented by the additional 6% and 2% increments, is still limited to 60% under Table A-1 and 70% under Table A-2.

A Participant who is disabled and recovers from disability and reenters the Plan as an active Participant will have this benefit amount reduced by the actuarial equivalent of the benefits paid during the period of disability.

PEPRA: For New Participants, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age.

Form of Benefit: The normal form of benefit is an annuity payable for the life of the Participant, with no continuation of benefits to a beneficiary after death. The retirement benefit will be paid as a 50% Joint and Survivor benefit actuarially equivalent to the normal form for participants who have been married for at least one year. Otherwise, the normal form will be paid.

Because Participants will be making employee contributions, the Participant's beneficiaries may be eligible to receive a refund of accumulated contributions that exceed the benefits paid out to the Participant (if any) upon death.

The ATU and IBEW benefits have been amended from time to time to remove the actuarial reduction in benefits for previously retired Participants whose spouses have died before them. However, these adjustments are retroactive only, and they do not apply to benefits paid to currently active Participants.

ATU and IBEW Participants may elect an Alternative Retirement Formula if they terminate employment before early retirement but after 10 Credited Years of Service or were hired between April 1, 1968 and March 31, 1971

and desire to retire at their Normal Retirement Date. These Participants are eligible for a deferred benefit commencing at age 65 based on Table B.

Tables A-1 and A-2 for each employee group, as well as Table B, can be found at the end of Appendix C herein.

D. Disability Retirement Benefit

Eligibility: A Participant is eligible for a Disability Retirement Benefit if:

- The Participant has earned five Credited Years of Service (ATU, IBEW, Clerical and Non-Contract), and
- The Participant is unable to perform the duties of his or her job with the Corporation, cannot be transferred to another job with the Corporation, and has submitted satisfactory medical evidence of permanent disqualification from his or her job.

Benefit Amount: The Disability Retirement Benefit is a monthly benefit equal to the lesser of:

1. 1.5% times Credited Years of Service at Disability Retirement Date times the Participant's Average Monthly Final Earnings; and,
2. The Normal Retirement Benefit calculated using the Average Monthly Final Earnings at Disability Retirement Date and the projected Credited Years of Service to Normal Retirement Date.

The benefit is reduced by 50% of the amount of any earned income from other sources in excess of 50% of the Participant's Average Monthly Earnings during the 12 months prior to disability; this reduction applies to all IBEW and Non-Contract Participants, but only to ATU Participants hired after June 30, 1983.

PEPRA: Note that the Disability Retirement Benefit for New Participants is based on the new definition of Compensation, which is subject to a maximum and excludes overtime.

Form of Benefit: The normal form of benefit is an annuity commencing at disability and payable for the life of the Participant, with no continuation of benefits to a beneficiary after death. The Disability Retirement Benefit will be paid as a 50% Joint and Survivor benefit actuarially equivalent to the normal form

for participants who have been married for at least one year. Otherwise, the normal form will be paid.

Because Participants will be making employee contributions, the Participant's beneficiaries may be eligible to receive a refund of accumulated contributions that exceed the benefits paid out to the Participant (if any) upon death.

The ATU and IBEW benefits have been amended from time to time to remove the actuarial reduction in benefits for previously retired Participants whose spouses have died before them. However, these adjustments are retroactive only, and they do not apply to benefits paid to currently active Participants.

E. Pre-Retirement Death Benefit

Eligibility: A vested Participant is entitled to elect coverage of a pre-retirement spouse's benefit.

For years, a Participant is age 55 or under, the cost of the coverage is paid by the Company. For the years, a Participant is over age 55 and has elected this coverage, the cost of this coverage is paid by the Participant in the form of a reduced benefit upon retirement. The reduction is 3.5¢ per $10 of monthly benefit for each year of coverage.

There is no cost for this benefit for any ATU, Clerical, or Non-Contract Participant whose monthly benefit commences after November 27, 1990. There is no cost for this benefit for any IBEW Participant whose monthly benefit commences after December 3, 1996.

In order for the spouse to be eligible for this benefit, the participant must be married to the spouse for one year prior to death, unless death occurs from accidental causes.

Benefit Amount: For a Participant who is eligible to retire at death, the pre-retirement death benefit is 50% of the benefit that would have been payable had the Participant retired immediately prior to his or her death and elected to receive a 50% Joint and Survivor annuity.

For a Participant who dies before being eligible to retire, the pre-retirement death benefit is 50% of the benefit that would have been payable had the Participant survived to his or her earliest retirement date, retired, elected to receive a 50% Joint and Survivor annuity, and died immediately.

PEPRA: Note that the Pre-Retirement Death Benefit for New Participants is based on the new definition of compensation, which is subject to a maximum and excludes overtime.

Form of Benefit: For a Participant who is eligible to retire at death, the death benefit begins when the Participant dies and continues for the life of the surviving spouse.

For a Participant who dies before being eligible to retire, the death benefit begins when the Participant would have reached his or her earliest retirement date and continues for the life of the surviving spouse.

Because Participants will be making employee contributions, the Participant's beneficiaries may be eligible to receive a refund of accumulated contributions that exceed the benefits paid out to the Participant or spouse (if any) upon death.

F. Termination Benefit

Eligibility: A Participant is eligible for a termination benefit after earning five Credited Years of Service.

Benefit Amount: The termination benefit is computed in the same manner as the Normal Retirement Benefit, but it is based on Credited Years of Service and Average Monthly Final Earnings on the date of termination.

Effective July 1, 2000, Non-Contract participants who terminate prior to eligibility for early service retirement will have their benefits actuarially reduced if they begin receiving benefits before Normal Retirement Age.

PEPRA: For New Participants, the benefit multiplier will be 1% at age 52, increasing by 0.1% for each year of age to 2.5% at 67. In between exact ages, the multiplier will increase by 0.025% for each quarter year increase in age. Note also that the Termination Benefit for New Participants is based on the new definition of compensation, which is subject to a maximum and excludes overtime.

We assume a refund of employee contributions, with no interest, if termination occurs before five years of service.

Form of Benefit: The Participant will be eligible to commence benefits at the later of termination and earliest retirement eligibility age.

The normal form of benefit is an annuity payable for the life of the Participant, with no continuation of benefits to a beneficiary after death. The retirement benefit will be paid as a 50% Joint and Survivor benefit actuarially equivalent to the normal form for participants who have been married for at least one year. Otherwise, the normal form will be paid.

Because Participants will be making employee contributions, the Participant's beneficiaries may be eligible to receive a refund of accumulated contributions that exceed the benefits paid out to the Participant (if any) upon death.

The ATU and IBEW benefits have been amended from time to time to remove the actuarial reduction in benefits for previously retired Participants whose spouses have died before them. However, these adjustments are retroactive only, and they do not apply to benefits paid to currently active Participants.

G. Cost-of-Living Adjustments

Eligibility: An annual Cost-of-Living Adjustment (COLA) has been added for Non-Contract Participants who were actively employed on or after June 30, 1999. One time only (ad hoc) COLAs were granted to ATU and IBEW Participants in 1991 and 1992.

Benefit Amount: For Non-Contract Participants, the cumulative COLA is the increase in the Consumer Price Index (CPI) since the Participant began receiving benefits.

The COLA is subject to the following limits for Non-Contract Participants:

- The cumulative COLA cannot exceed 2% compounded annually for all years since the Participant's benefits began;
- The annual COLA is zero if the CPI increase in that year is less than 1%;
- The annual COLA is limited to 6% of the initial benefit amount in any year; and,
- A Participant's benefit cannot be reduced below the benefit level when payments commenced.

H. Voluntary Early Retirement Program

The Plan provided enhanced benefits to ATU participants who voluntarily elected early retirement during the window period from July 1, 1998 through February 20, 1998.

The Plan provided enhanced benefits to certain IBEW participants who voluntarily elected early retirement during the window period from July 1, 2004 through December 31, 2004.

I. DROP Program

The Plan provided DROP benefits to a number of ATU participants who elected retirement from July 1, 2002 through December 31, 2002.

J. Funding

- IBEW members contributed 3% of compensation to the Plan in April 2013 and 4% of compensation in April 2014. The contribution rate increased to 6% of compensation in April 2015 and increased to 8% of compensation in April 2016.

- ATU drivers and clerical members contributed 3% of compensation in July 2013. The contribution rate increased to 5% of compensation in July 2014, to 6% in July 2015, and to 7% of compensation in July 2016. The contribution rate will increase to 8% of compensation in December 2017.

- Non-contract members hired before July 1, 2013 contributed 2% of compensation to the Plan prior to January 2014. The Non-contract member contributions increased to 4% of compensation in January 2014, to 6% of in January 2015, and will increase to 7% of compensation on January 1, 2016. As of January 1, 2017, the member contribution rate increased to 8% of compensation.

- PEPRA: New Members must contribute half of the normal cost of the Plan, rounded to the nearest 0.25%. Currently, PEPRA members are paying 6.25% of pay and the employer pays the remaining cost of the Plan.

The Corporation pays the actuarial cost of the Plan as reduced by Member contributions. Member contribution rates in the future may change in response to collective bargaining.

K. Changes in Plan Provisions since Prior Valuation

None

APPENDIX C – SUMMARY OF PLAN PROVISIONS

ATU/Clerical Table A-1: Retirement Benefit Multipliers

Credited Years Of Service	Age at Retirement								
	55	56	57	58	59	60	61	62	63+
5	5.9%	6.3%	6.7%	7.2%	7.8%	8.3%	8.9%	9.5%	10.1%
6	7.1%	7.5%	8.1%	8.7%	9.3%	10.0%	10.7%	11.4%	12.1%
7	8.2%	8.8%	9.4%	10.1%	10.9%	11.7%	12.4%	13.3%	14.1%
8	9.4%	10.1%	10.8%	11.6%	12.4%	13.3%	14.2%	15.1%	16.1%
9	10.6%	11.3%	12.1%	13.0%	14.0%	15.0%	16.0%	17.0%	18.1%
10	11.8%	12.6%	13.5%	14.4%	15.5%	16.7%	17.8%	18.9%	20.1%
11	12.9%	13.8%	14.8%	15.9%	17.1%	18.3%	19.5%	20.8%	22.2%
12	14.1%	15.1%	16.2%	17.3%	18.6%	20.0%	21.3%	22.7%	24.2%
13	15.3%	16.3%	17.5%	18.8%	20.2%	21.7%	23.1%	24.6%	26.2%
14	16.5%	17.6%	18.9%	20.2%	21.7%	23.3%	24.9%	26.5%	28.2%
15	17.6%	18.9%	20.2%	21.7%	23.3%	25.0%	26.7%	28.4%	30.2%
16	18.8%	20.1%	21.5%	23.1%	24.8%	26.7%	28.4%	30.3%	32.2%
17	20.0%	21.4%	22.9%	24.5%	26.4%	28.3%	30.2%	32.2%	34.3%
18	21.2%	22.6%	24.2%	26.0%	27.9%	30.0%	32.0%	34.1%	36.3%
19	22.3%	23.9%	25.6%	27.4%	29.5%	31.7%	33.8%	36.0%	38.3%
20	23.5%	25.2%	26.9%	28.9%	31.0%	33.3%	35.5%	37.9%	40.3%
21	24.7%	26.4%	28.3%	30.3%	32.6%	35.0%	37.3%	39.7%	42.3%
22	25.9%	27.7%	29.6%	31.8%	34.1%	36.7%	39.1%	41.6%	44.3%
23	27.0%	28.9%	31.0%	33.2%	35.7%	38.3%	40.9%	43.5%	46.3%
24	28.2%	30.2%	32.3%	34.6%	37.2%	40.0%	42.6%	45.4%	48.4%
25	29.4%	31.4%	33.7%	36.1%	38.8%	41.7%	44.4%	47.3%	50.4%
26	30.6%	32.7%	35.0%	37.5%	40.3%	43.3%	46.2%	49.2%	52.4%
27	31.7%	34.0%	36.4%	39.0%	41.9%	45.0%	48.0%	51.1%	54.4%
28	32.9%	35.2%	37.7%	40.4%	43.4%	46.7%	49.8%	52.0%	56.4%
29	34.1%	36.5%	39.1%	41.9%	45.0%	48.3%	50.0%	55.0%	58.4%
30	35.3%	37.7%	40.4%	43.4%	46.5%	50.0%	51.0%	55.5%	60.0%
31	36.5%	39.0%	41.7%	44.8%	48.1%	51.0%	51.5%	56.0%	60.0%
32	37.6%	40.2%	43.1%	46.2%	49.6%	51.5%	52.0%	56.5%	60.0%
33	38.8%	41.5%	44.4%	47.6%	50.0%	52.0%	52.5%	57.0%	60.0%
34	40.0%	42.8%	45.8%	49.1%	51.0%	52.5%	53.0%	57.5%	60.0%
35 or more	41.2%	44.0%	47.1%	50.0%	51.5%	53.0%	53.5%	58.0%	60.0%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

ATU/Clerical Table A-2: Retirement Benefit Multipliers

Credited Years Of Service	Age at Retirement										
	Clerical										
	53	*54*	55	56	57	58	59	60	61	62	63+
5	*8.71%*	*9.33%*	10.00%	10.26%	10.52%	10.78%	11.05%	11.31%	11.57%	11.83%	12.09%
6	*10.45%*	*11.20%*	12.00%	12.31%	12.62%	12.94%	13.26%	13.57%	13.88%	14.20%	14.51%
7	*12.19%*	*13.06%*	14.00%	14.36%	14.73%	15.09%	15.47%	15.83%	16.20%	16.56%	16.93%
8	*13.94%*	*14.93%*	16.00%	16.42%	16.83%	17.25%	17.68%	18.10%	18.51%	18.93%	19.34%
9	*15.68%*	*16.79%*	18.00%	18.47%	18.94%	19.40%	19.89%	20.36%	20.83%	21.29%	21.76%
10	*17.42%*	*18.66%*	20.00%	20.52%	21.04%	21.56%	22.10%	22.62%	23.14%	23.66%	24.18%
11	*19.16%*	*20.53%*	22.00%	22.57%	23.14%	23.72%	24.31%	24.88%	25.45%	26.03%	26.60%
12	*20.90%*	*22.39%*	24.00%	24.62%	25.25%	25.87%	26.52%	27.14%	27.77%	28.39%	29.02%
13	*22.65%*	*24.26%*	26.00%	26.68%	27.35%	28.03%	28.73%	29.41%	30.08%	30.76%	31.43%
14	*24.39%*	*26.12%*	28.00%	28.73%	29.46%	30.18%	30.94%	31.67%	32.40%	33.12%	33.85%
15	*26.13%*	*27.99%*	30.00%	30.78%	31.56%	32.34%	33.15%	33.93%	34.71%	35.49%	36.27%
16	*27.87%*	*29.86%*	32.00%	32.83%	33.66%	34.50%	35.36%	36.19%	37.02%	37.86%	38.69%
17	*29.61%*	*31.72%*	34.00%	34.88%	35.77%	36.65%	37.57%	38.45%	39.34%	40.22%	41.11%
18	*31.36%*	*33.59%*	36.00%	36.94%	37.87%	38.81%	39.78%	40.72%	41.65%	42.59%	43.52%
19	*33.10%*	*35.45%*	38.00%	38.99%	39.98%	40.96%	41.99%	42.98%	43.97%	44.95%	45.94%
20	*34.84%*	*37.32%*	40.00%	41.04%	42.08%	43.12%	44.20%	45.24%	46.28%	47.32%	48.36%
21	*36.58%*	*39.19%*	42.00%	43.09%	44.18%	45.28%	46.41%	47.50%	48.59%	49.69%	50.78%
22	*38.32%*	*41.05%*	44.00%	45.14%	46.29%	47.43%	48.62%	49.76%	50.91%	52.05%	53.20%
23	*40.07%*	*42.92%*	46.00%	47.20%	48.39%	49.59%	50.83%	52.03%	53.22%	54.42%	55.61%
24	*41.81%*	*44.78%*	48.00%	49.25%	50.50%	51.74%	53.04%	54.29%	55.54%	56.78%	58.03%
25	*43.55%*	*46.65%*	50.00%	51.30%	52.60%	53.90%	55.25%	56.55%	57.85%	59.15%	60.45%
26	*45.29%*	*48.52%*	52.00%	53.35%	54.70%	56.06%	57.46%	58.81%	60.16%	61.52%	62.87%
27	*47.03%*	*50.38%*	54.00%	55.40%	56.81%	58.21%	59.67%	61.07%	62.48%	63.88%	65.29%
28	*48.78%*	*52.25%*	56.00%	57.46%	58.91%	60.37%	61.88%	63.34%	64.79%	66.25%	67.70%
29	*50.52%*	*54.11%*	58.00%	59.51%	61.02%	62.52%	64.09%	65.60%	67.11%	68.61%	70.00%
30	*52.26%*	*55.98%*	60.00%	61.56%	63.12%	64.68%	66.30%	67.86%	69.42%	70.00%	70.00%
31	*54.00%*	*57.85%*	62.00%	63.61%	65.22%	66.84%	68.51%	70.00%	70.00%	70.00%	70.00%
32	*55.74%*	*59.71%*	64.00%	65.66%	67.33%	68.99%	70.00%	70.00%	70.00%	70.00%	70.00%
33	*57.49%*	*61.58%*	66.00%	67.72%	69.43%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
34	*59.23%*	*63.44%*	68.00%	69.77%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
35 or more	*60.97%*	*65.31%*	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

IBEW Table A-1: Retirement Benefit Multipliers

Credited Years Of Service	Age at Retirement										
	55	56	57	58	59	60	61	62	63	64	65+
5	5.2%	5.5%	5.9%	6.3%	6.7%	7.2%	7.8%	8.3%	8.9%	9.5%	10.1%
6	6.2%	6.6%	7.1%	7.5%	8.1%	8.7%	9.3%	10.0%	10.7%	11.4%	12.1%
7	7.2%	7.7%	8.2%	8.8%	9.4%	10.1%	10.9%	11.7%	12.4%	13.3%	14.1%
8	8.2%	8.8%	9.4%	10.1%	10.8%	11.6%	12.4%	13.3%	14.2%	15.1%	16.1%
9	9.3%	9.9%	10.6%	11.3%	12.1%	13.0%	14.0%	15.0%	16.0%	17.0%	18.1%
10	10.2%	11.0%	11.8%	12.6%	13.5%	14.4%	15.5%	16.7%	17.8%	18.9%	20.1%
11	11.2%	12.1%	12.9%	13.8%	14.8%	15.9%	17.1%	18.3%	19.5%	20.8%	22.2%
12	12.3%	13.2%	14.1%	15.1%	16.2%	17.3%	18.6%	20.0%	21.3%	22.7%	24.2%
13	13.3%	14.3%	15.3%	16.3%	17.5%	18.8%	20.2%	21.7%	23.1%	24.6%	26.2%
14	14.4%	15.4%	16.5%	17.6%	18.9%	20.2%	21.7%	23.3%	24.9%	26.5%	28.2%
15	15.4%	16.5%	17.6%	18.9%	20.2%	21.7%	23.3%	25.0%	26.7%	28.4%	30.2%
16	16.4%	17.6%	18.8%	20.1%	21.5%	23.1%	24.8%	26.7%	28.4%	30.3%	32.2%
17	17.5%	18.7%	20.0%	21.4%	22.9%	24.5%	26.4%	28.3%	30.2%	32.2%	34.3%
18	18.5%	19.8%	21.2%	22.6%	24.2%	26.0%	27.9%	30.0%	32.0%	34.1%	36.3%
19	19.6%	20.9%	22.3%	23.9%	25.6%	27.4%	29.5%	31.7%	33.8%	36.0%	38.3%
20	20.6%	22.0%	23.5%	25.2%	26.9%	28.9%	31.0%	33.3%	35.5%	37.9%	40.3%
21	21.6%	23.1%	24.7%	26.4%	28.3%	30.3%	32.6%	35.0%	37.3%	39.7%	42.3%
22	22.7%	24.2%	25.9%	27.7%	29.6%	31.8%	34.1%	36.7%	39.1%	41.6%	44.3%
23	23.7%	25.3%	27.0%	28.9%	31.0%	33.2%	35.7%	38.3%	40.9%	43.5%	46.3%
24	24.8%	26.4%	28.2%	30.2%	32.3%	34.6%	37.2%	40.0%	42.6%	45.4%	48.4%
25	25.8%	27.5%	29.4%	31.4%	33.7%	36.1%	38.8%	41.7%	44.4%	47.3%	50.4%
26	26.9%	28.6%	30.6%	32.7%	35.0%	37.5%	40.3%	43.3%	46.2%	49.2%	52.4%
27	27.9%	29.7%	31.7%	34.0%	36.4%	39.0%	41.9%	45.0%	48.0%	51.1%	54.4%
28	29.0%	30.9%	32.9%	35.2%	37.7%	40.4%	43.4%	46.7%	49.8%	52.0%	56.4%
29	30.0%	32.0%	34.1%	36.5%	39.1%	41.9%	45.0%	48.3%	50.0%	55.0%	58.4%
30	31.1%	33.1%	35.3%	37.7%	40.4%	43.4%	46.5%	50.0%	51.0%	55.5%	60.0%
31	32.1%	34.2%	36.5%	39.0%	41.7%	44.8%	48.1%	51.0%	51.5%	56.0%	60.0%
32	33.2%	35.3%	37.6%	40.2%	43.1%	46.2%	49.6%	51.5%	52.0%	56.5%	60.0%
33	34.3%	36.5%	38.8%	41.5%	44.4%	47.6%	50.0%	52.0%	52.5%	57.0%	60.0%
34	35.4%	37.6%	40.0%	42.8%	45.8%	49.1%	51.0%	52.5%	53.0%	57.5%	60.0%
35 or more	36.5%	38.7%	41.2%	44.0%	47.1%	50.0%	51.5%	53.0%	53.5%	58.0%	60.0%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

IBEW Table A-2: Retirement Benefit Multipliers

Credited Years Of Service	Age at Retirement								
	55	56	57	58	59	60	61	62	63+
5	10.00%	10.26%	10.52%	10.78%	11.05%	11.31%	11.57%	11.83%	12.09%
6	12.00%	12.31%	12.62%	12.94%	13.26%	13.57%	13.88%	14.20%	14.51%
7	14.00%	14.36%	14.73%	15.09%	15.47%	15.83%	16.20%	16.56%	16.93%
8	16.00%	16.42%	16.83%	17.25%	17.68%	18.10%	18.51%	18.93%	19.34%
9	18.00%	18.47%	18.94%	19.40%	19.89%	20.36%	20.83%	21.29%	21.76%
10	20.00%	20.52%	21.04%	21.56%	22.10%	22.62%	23.14%	23.66%	24.18%
11	22.00%	22.57%	23.14%	23.72%	24.31%	24.88%	25.45%	26.03%	26.60%
12	24.00%	24.62%	25.25%	25.87%	26.52%	27.14%	27.77%	28.39%	29.02%
13	26.00%	26.68%	27.35%	28.03%	28.73%	29.41%	30.08%	30.76%	31.43%
14	28.00%	28.73%	29.46%	30.18%	30.94%	31.67%	32.40%	33.12%	33.85%
15	30.00%	30.78%	31.56%	32.34%	33.15%	33.93%	34.71%	35.49%	36.27%
16	32.00%	32.83%	33.66%	34.50%	35.36%	36.19%	37.02%	37.86%	38.69%
17	34.00%	34.88%	35.77%	36.65%	37.57%	38.45%	39.34%	40.22%	41.11%
18	36.00%	36.94%	37.87%	38.81%	39.78%	40.72%	41.65%	42.59%	43.52%
19	38.00%	38.99%	39.98%	40.96%	41.99%	42.98%	43.97%	44.95%	45.94%
20	40.00%	41.04%	42.08%	43.12%	44.20%	45.24%	46.28%	47.32%	48.36%
21	42.00%	43.09%	44.18%	45.28%	46.41%	47.50%	48.59%	49.69%	50.78%
22	44.00%	45.14%	46.29%	47.43%	48.62%	49.76%	50.91%	52.05%	53.20%
23	46.00%	47.20%	48.39%	49.59%	50.83%	52.03%	53.22%	54.42%	55.61%
24	48.00%	49.25%	50.50%	51.74%	53.04%	54.29%	55.54%	56.78%	58.03%
25	50.00%	51.30%	52.60%	53.90%	55.25%	56.55%	57.85%	59.15%	60.45%
26	52.00%	53.35%	54.70%	56.06%	57.46%	58.81%	60.16%	61.52%	62.87%
27	54.00%	55.40%	56.81%	58.21%	59.67%	61.07%	62.48%	63.88%	65.29%
28	56.00%	57.46%	58.91%	60.37%	61.88%	63.34%	64.79%	66.25%	67.70%
29	58.00%	59.51%	61.02%	62.52%	64.09%	65.60%	67.11%	68.61%	70.00%
30	60.00%	61.56%	63.12%	64.68%	66.30%	67.86%	69.42%	70.00%	70.00%
31	62.00%	63.61%	65.22%	66.84%	68.51%	70.00%	70.00%	70.00%	70.00%
32	64.00%	65.66%	67.33%	68.99%	70.00%	70.00%	70.00%	70.00%	70.00%
33	66.00%	67.72%	69.43%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
34	68.00%	69.77%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
35 or more	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Non-Contract Table A-1: Retirement Benefit Multipliers

Credited Years Of Service	Age at Retirement										
	53	54	55	56	57	58	59	60	61	62	63+
5	5.2%	5.5%	5.9%	6.3%	6.7%	7.2%	7.8%	8.3%	8.9%	9.5%	10.1%
6	6.2%	6.6%	7.1%	7.5%	8.1%	8.7%	9.3%	10.0%	10.7%	11.4%	12.1%
7	7.2%	7.7%	8.2%	8.8%	9.4%	10.1%	10.9%	11.7%	12.4%	13.3%	14.1%
8	8.2%	8.8%	9.4%	10.1%	10.8%	11.6%	12.4%	13.3%	14.2%	15.1%	16.1%
9	9.3%	9.9%	10.6%	11.3%	12.1%	13.0%	14.0%	15.0%	16.0%	17.0%	18.1%
10	10.2%	11.0%	11.8%	12.6%	13.5%	14.4%	15.5%	16.7%	17.8%	18.9%	20.1%
11	11.2%	12.1%	12.9%	13.8%	14.8%	15.9%	17.1%	18.3%	19.5%	20.8%	22.2%
12	12.3%	13.2%	14.1%	15.1%	16.2%	17.3%	18.6%	20.0%	21.3%	22.7%	24.2%
13	13.3%	14.3%	15.3%	16.3%	17.5%	18.8%	20.2%	21.7%	23.1%	24.6%	26.2%
14	14.4%	15.4%	16.5%	17.6%	18.9%	20.2%	21.7%	23.3%	24.9%	26.5%	28.2%
15	15.4%	16.5%	17.6%	18.9%	20.2%	21.7%	23.3%	25.0%	26.7%	28.4%	30.2%
16	16.4%	17.6%	18.8%	20.1%	21.5%	23.1%	24.8%	26.7%	28.4%	30.3%	32.2%
17	17.5%	18.7%	20.0%	21.4%	22.9%	24.5%	26.4%	28.3%	30.2%	32.2%	34.3%
18	18.5%	19.8%	21.2%	22.6%	24.2%	26.0%	27.9%	30.0%	32.0%	34.1%	36.3%
19	19.6%	20.9%	22.3%	23.9%	25.6%	27.4%	29.5%	31.7%	33.8%	36.0%	38.3%
20	20.6%	22.0%	23.5%	25.2%	26.9%	28.9%	31.0%	33.3%	35.5%	37.9%	40.3%
21	21.6%	23.1%	24.7%	26.4%	28.3%	30.3%	32.6%	35.0%	37.3%	39.7%	42.3%
22	22.7%	24.2%	25.9%	27.7%	29.6%	31.8%	34.1%	36.7%	39.1%	41.6%	44.3%
23	23.7%	25.3%	27.0%	28.9%	31.0%	33.2%	35.7%	38.3%	40.9%	43.5%	46.3%
24	24.8%	26.4%	28.2%	30.2%	32.3%	34.6%	37.2%	40.0%	42.6%	45.4%	48.4%
25	25.8%	27.5%	29.4%	31.4%	33.7%	36.1%	38.8%	41.7%	44.4%	47.3%	50.4%
26	26.9%	28.6%	30.6%	32.7%	35.0%	37.5%	40.3%	43.3%	46.2%	49.2%	52.4%
27	27.9%	29.7%	31.7%	34.0%	36.4%	39.0%	41.9%	45.0%	48.0%	51.1%	54.4%
28	29.0%	30.9%	32.9%	35.2%	37.7%	40.4%	43.4%	46.7%	49.8%	52.0%	56.4%
29	30.0%	32.0%	34.1%	36.5%	39.1%	41.9%	45.0%	48.3%	50.0%	55.0%	58.4%
30	31.1%	33.1%	35.3%	37.7%	40.4%	43.4%	46.5%	50.0%	51.0%	55.5%	60.0%
31	32.1%	34.2%	36.5%	39.0%	41.7%	44.8%	48.1%	51.0%	51.5%	56.0%	60.0%
32	33.2%	35.3%	37.6%	40.2%	43.1%	46.2%	49.6%	51.5%	52.0%	56.5%	60.0%
33	34.3%	36.5%	38.8%	41.5%	44.4%	47.6%	50.0%	52.0%	52.5%	57.0%	60.0%
34	35.4%	37.6%	40.0%	42.8%	45.8%	49.1%	51.0%	52.5%	53.0%	57.5%	60.0%
35 or more	36.5%	38.7%	41.2%	44.0%	47.1%	50.0%	51.5%	53.0%	53.5%	58.0%	60.0%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Non-Contract Table A-2: Retirement Benefit Multipliers

Credited Years Of Service	Age at Retirement										
	53	54	55	56	57	58	59	60	61	62	63+
5	8.71%	9.33%	10.00%	10.26%	10.52%	10.78%	11.05%	11.31%	11.57%	11.83%	12.09%
6	10.45%	11.20%	12.00%	12.31%	12.62%	12.94%	13.26%	13.57%	13.88%	14.20%	14.51%
7	12.19%	13.06%	14.00%	14.36%	14.73%	15.09%	15.47%	15.83%	16.20%	16.56%	16.93%
8	13.94%	14.93%	16.00%	16.42%	16.83%	17.25%	17.68%	18.10%	18.51%	18.93%	19.34%
9	15.68%	16.79%	18.00%	18.47%	18.94%	19.40%	19.89%	20.36%	20.83%	21.29%	21.76%
10	17.42%	18.66%	20.00%	20.52%	21.04%	21.56%	22.10%	22.62%	23.14%	23.66%	24.18%
11	19.16%	20.53%	22.00%	22.57%	23.14%	23.72%	24.31%	24.88%	25.45%	26.03%	26.60%
12	20.90%	22.39%	24.00%	24.62%	25.25%	25.87%	26.52%	27.14%	27.77%	28.39%	29.02%
13	22.65%	24.26%	26.00%	26.68%	27.35%	28.03%	28.73%	29.41%	30.08%	30.76%	31.43%
14	24.39%	26.12%	28.00%	28.73%	29.46%	30.18%	30.94%	31.67%	32.40%	33.12%	33.85%
15	26.13%	27.99%	30.00%	30.78%	31.56%	32.34%	33.15%	33.93%	34.71%	35.49%	36.27%
16	27.87%	29.86%	32.00%	32.83%	33.66%	34.50%	35.36%	36.19%	37.02%	37.86%	38.69%
17	29.61%	31.72%	34.00%	34.88%	35.77%	36.65%	37.57%	38.45%	39.34%	40.22%	41.11%
18	31.36%	33.59%	36.00%	36.94%	37.87%	38.81%	39.78%	40.72%	41.65%	42.59%	43.52%
19	33.10%	35.45%	38.00%	38.99%	39.98%	40.96%	41.99%	42.98%	43.97%	44.95%	45.94%
20	34.84%	37.32%	40.00%	41.04%	42.08%	43.12%	44.20%	45.24%	46.28%	47.32%	48.36%
21	36.58%	39.19%	42.00%	43.09%	44.18%	45.28%	46.41%	47.50%	48.59%	49.69%	50.78%
22	38.32%	41.05%	44.00%	45.14%	46.29%	47.43%	48.62%	49.76%	50.91%	52.05%	53.20%
23	40.07%	42.92%	46.00%	47.20%	48.39%	49.59%	50.83%	52.03%	53.22%	54.42%	55.61%
24	41.81%	44.78%	48.00%	49.25%	50.50%	51.74%	53.04%	54.29%	55.54%	56.78%	58.03%
25	43.55%	46.65%	50.00%	51.30%	52.60%	53.90%	55.25%	56.55%	57.85%	59.15%	60.45%
26	45.29%	48.52%	52.00%	53.35%	54.70%	56.06%	57.46%	58.81%	60.16%	61.52%	62.87%
27	47.03%	50.38%	54.00%	55.40%	56.81%	58.21%	59.67%	61.07%	62.48%	63.88%	65.29%
28	48.78%	52.25%	56.00%	57.46%	58.91%	60.37%	61.88%	63.34%	64.79%	66.25%	67.70%
29	50.52%	54.11%	58.00%	59.51%	61.02%	62.52%	64.09%	65.60%	67.11%	68.61%	70.00%
30	52.26%	55.98%	60.00%	61.56%	63.12%	64.68%	66.30%	67.86%	69.42%	70.00%	70.00%
31	54.00%	57.85%	62.00%	63.61%	65.22%	66.84%	68.51%	70.00%	70.00%	70.00%	70.00%
32	55.74%	59.71%	64.00%	65.66%	67.33%	68.99%	70.00%	70.00%	70.00%	70.00%	70.00%
33	57.49%	61.58%	66.00%	67.72%	69.43%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
34	59.23%	63.44%	68.00%	69.77%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
35 or more	60.97%	65.31%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Table B: Alternate Retirement Formula Multipliers

Credited Years Of Service	Percentage
10	20.1%
11	22.2%
12	24.2%
13	26.2%
14	28.2%
15	30.2%
16	32.2%
17	34.3%
18	36.3%
19	38.3%
20	40.3%
21	42.3%
22	44.3%
23	46.3%
24	48.4%
25	50.4%
26	52.4%
27	54.4%
28	56.4%
29	58.4%
30	60.4%
31	62.5%
32	64.5%
33	66.5%
34	68.5%
35 or more	70.5%

APPENDIX D – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the Actuarial Present Value of Projected Benefits, which will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

APPENDIX D – GLOSSARY

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

9. Amortization Payment

The portion of the pension plan contribution that is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses, which is allocated to a valuation year by the actuarial cost method.

13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets.

CHEIRON

Classic Values, Innovative Advice

CHEIRON

Classic Values, Innovative Advice

Actuarial Valuation as of July 1, 2018

January 10, 2019

Anne D. Harper, FSA, MAAA, EA
Alice I. Alsberghe, ASA, MAAA

Today's Discussion

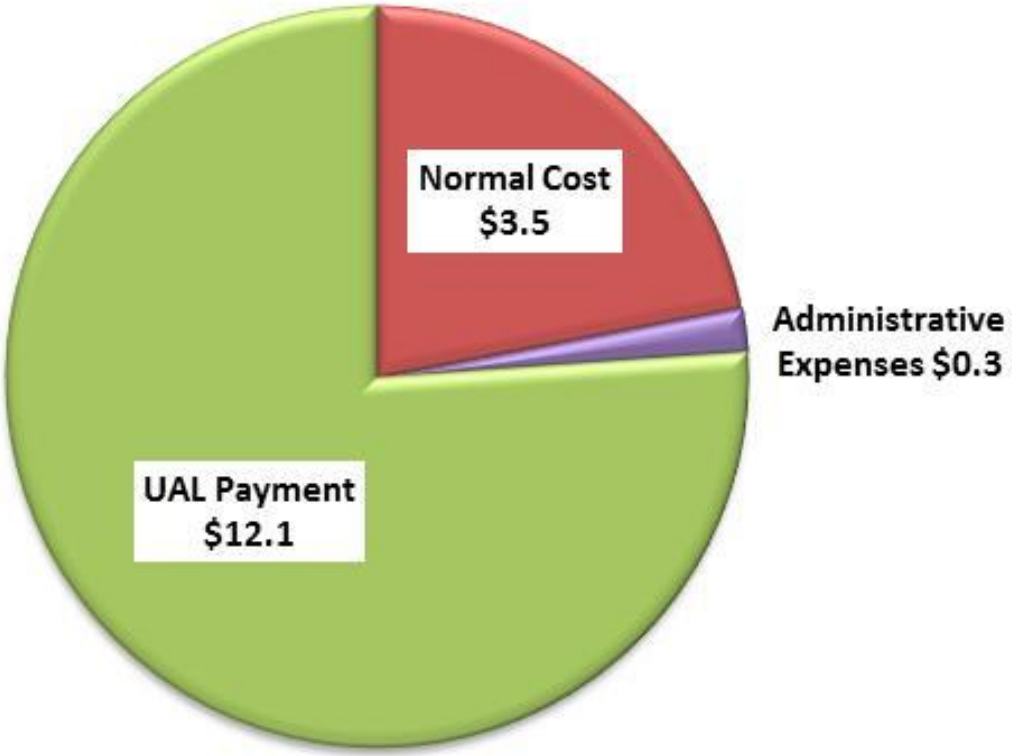
- Plan Cost for Fiscal Year 2019-2020 based on 2018 Actuarial Valuation
- Plan History
- Plan Future

Plan Cost - Changes

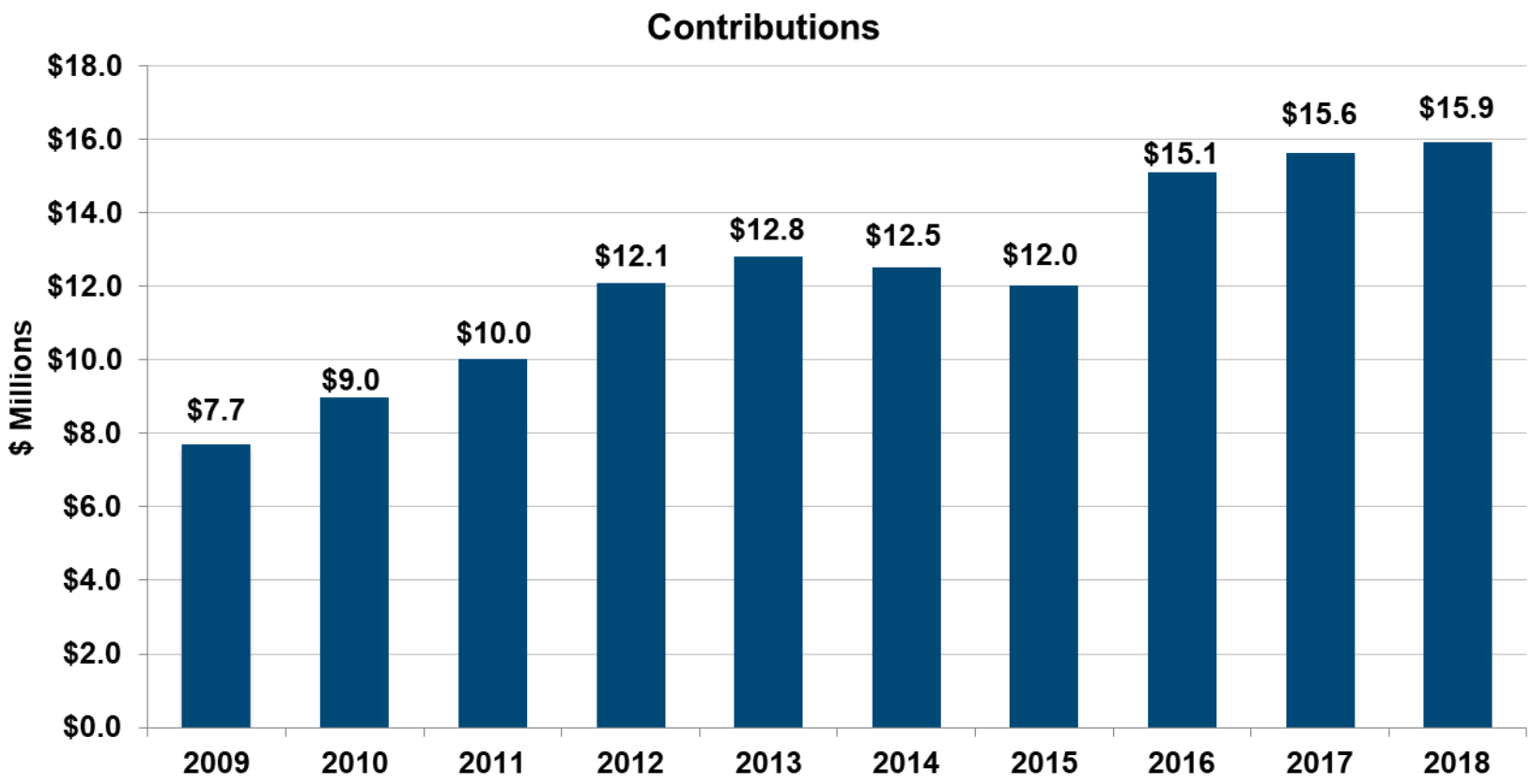
Total Contribution Reconciliation	
Fiscal Year 2018-2019	**$ 15,614,000**
Actuarial investment experience	515,000
Fewer benefits earned by active membership due to closed plan	(255,000)
Demographic and salary experience	45,000
Fiscal Year 2019-2020	**$ 15,919,000**
Percentage Increase	**1.95%**

Plan Cost – By Source

Total Contribution $15.9 million

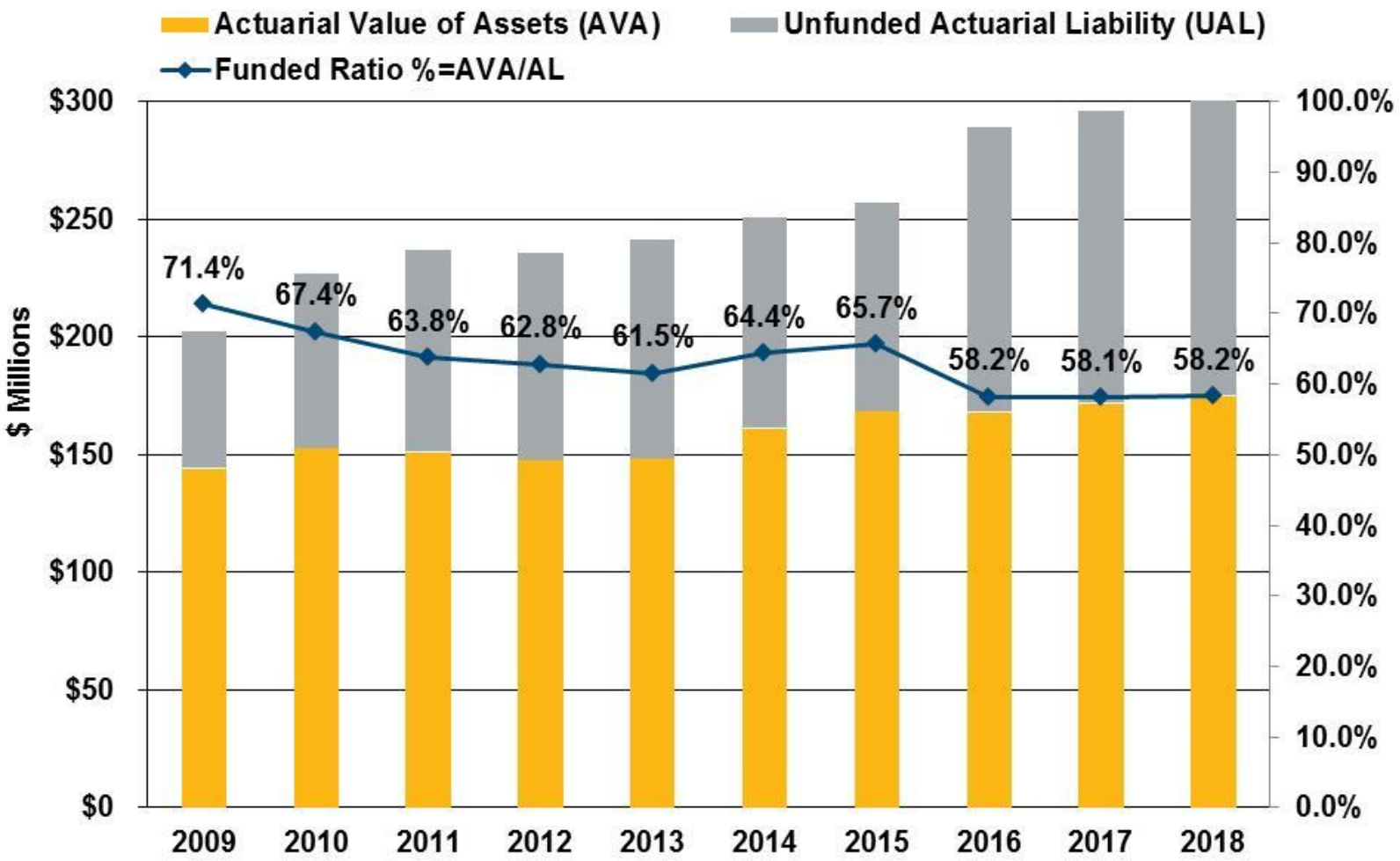


Plan History – Contributions



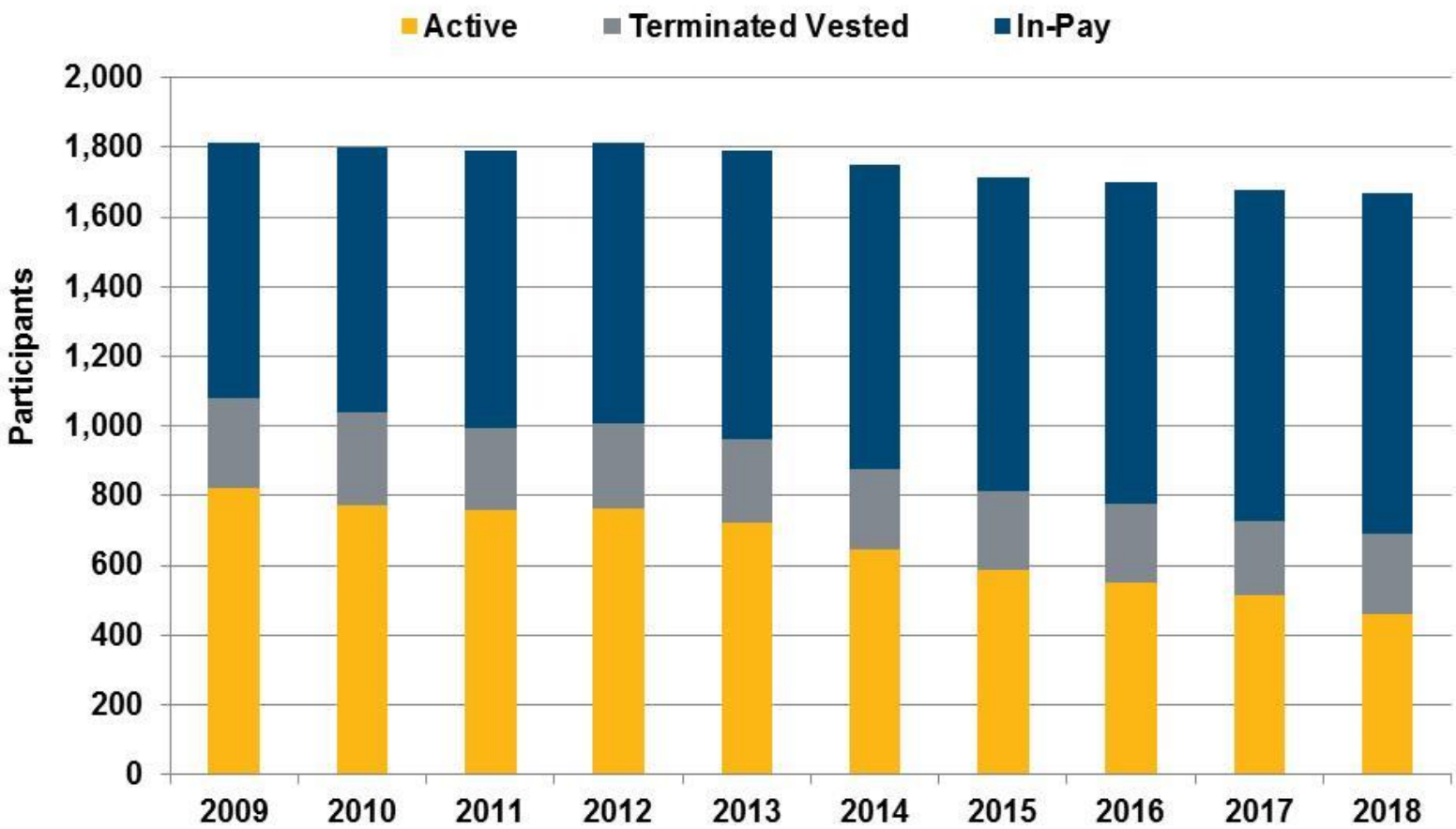
Note: $2.8 million of the increase from 2015 to 2016 was due to assumption changes. Most notably were changes to mortality assumptions and lowering the assumed rate of return from 7.5% to 7.0%.

Plan History – Funding



Note: As of July 1, 2018, the Funded Ratio based on the Market Value of Assets is 55.4%.

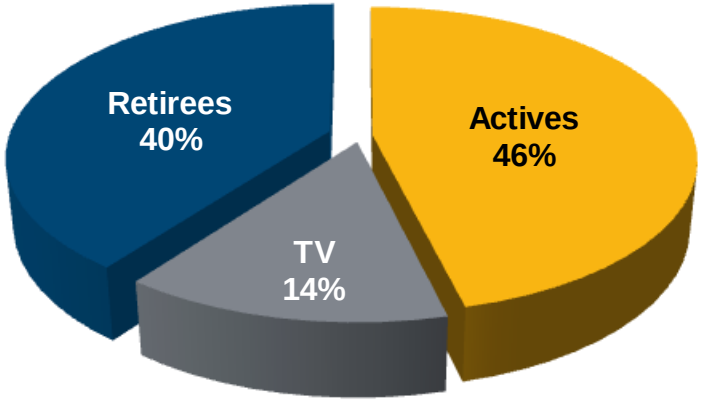
Plan History – Membership



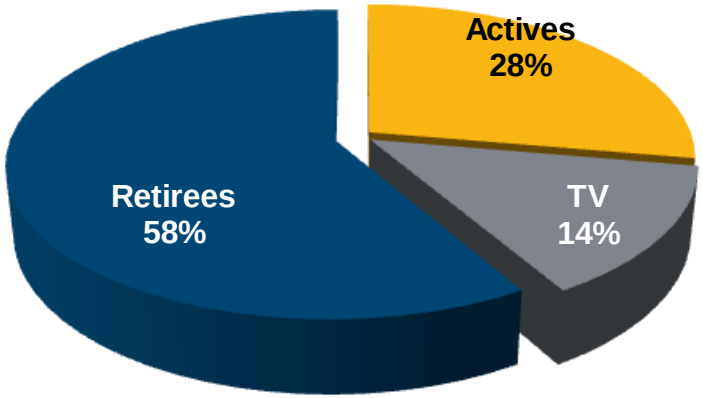
Active	821	771	758	763	722	648	586	552	513	462
Term Vested	260	270	237	244	239	229	226	225	214	230
In-Pay	734	759	794	805	827	873	902	921	952	975
Total	1,815	1,800	1,789	1,812	1,788	1,750	1,714	1,698	1,679	1,667

Plan Composition

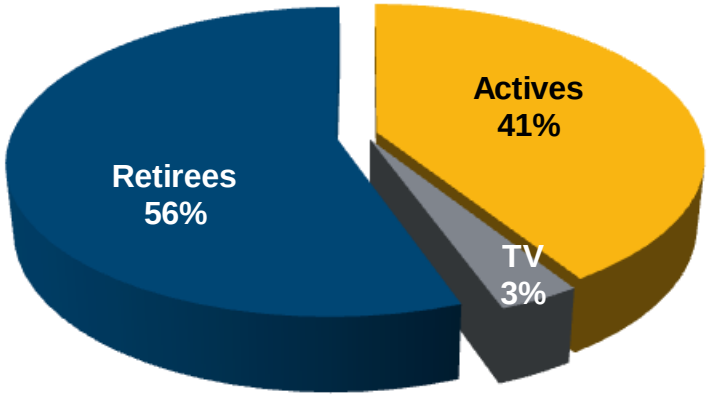
2008 Head Count



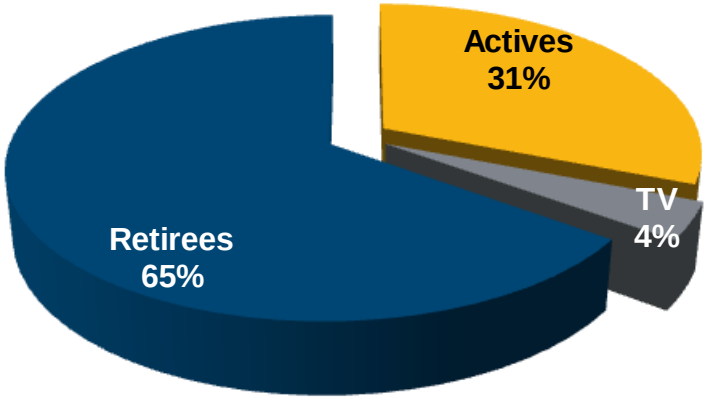
2018 Head Count



2008 Plan Liabilities



2018 Plan Liabilities



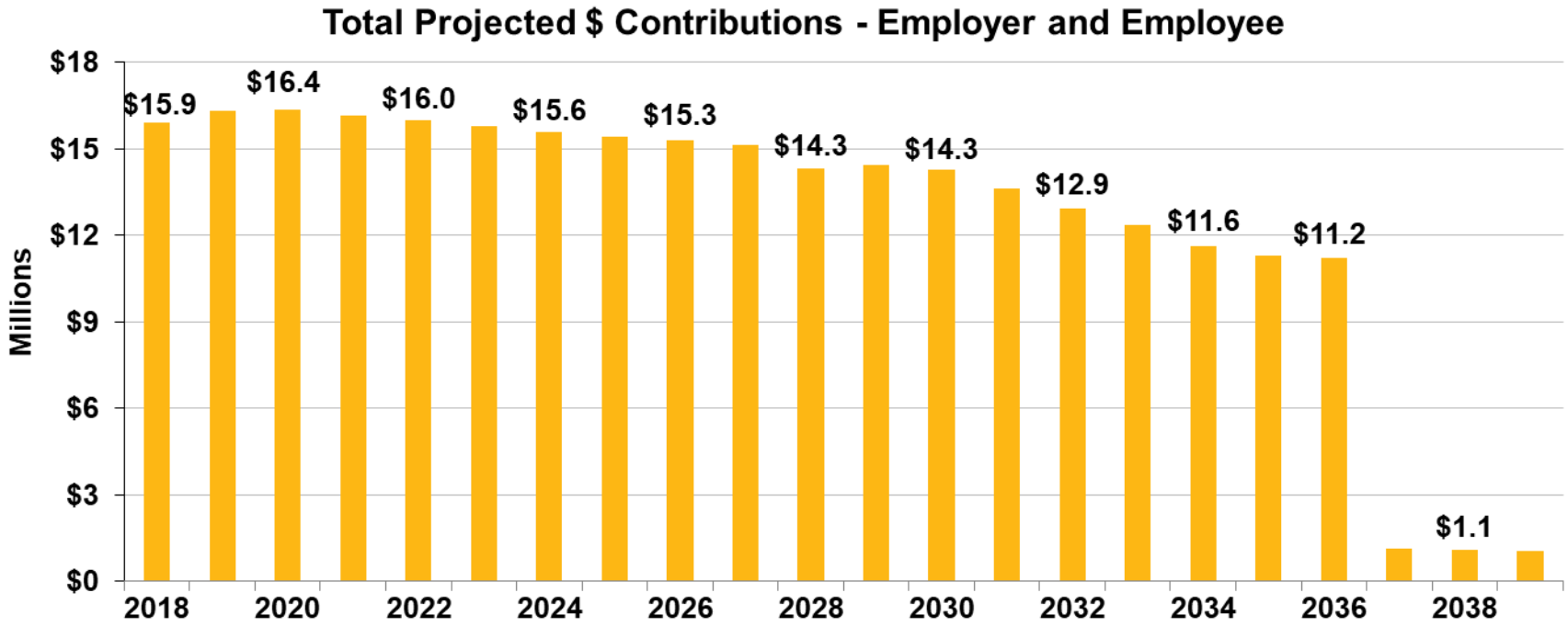
TV = Terminated Vested Members

Plan Future – Projections…

…Are Only Estimates

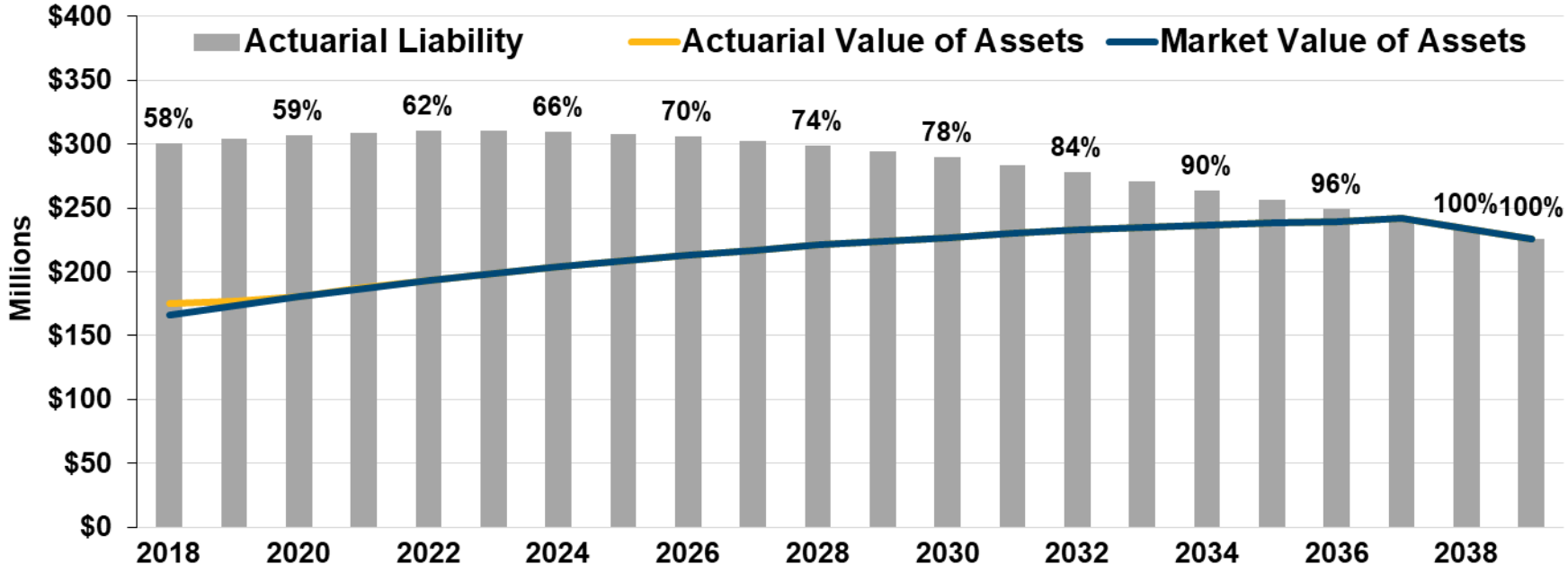
- Projected contributions and funding levels assume all actuarial assumptions will be realized exactly every year
- This is clearly impossible
- **Actual** experience – particularly investment experience – will determine contribution and funding levels

Projected Total Contributions



- Contributions are expected to increase slightly over the next four years as the Plan recognizes unfavorable investment returns from previous years
- Then gradually decline starting in 2023
- Costs are projected to decrease to $1.1 million in 2037 when the UAL is expected to be paid off

Projected Funded Ratio



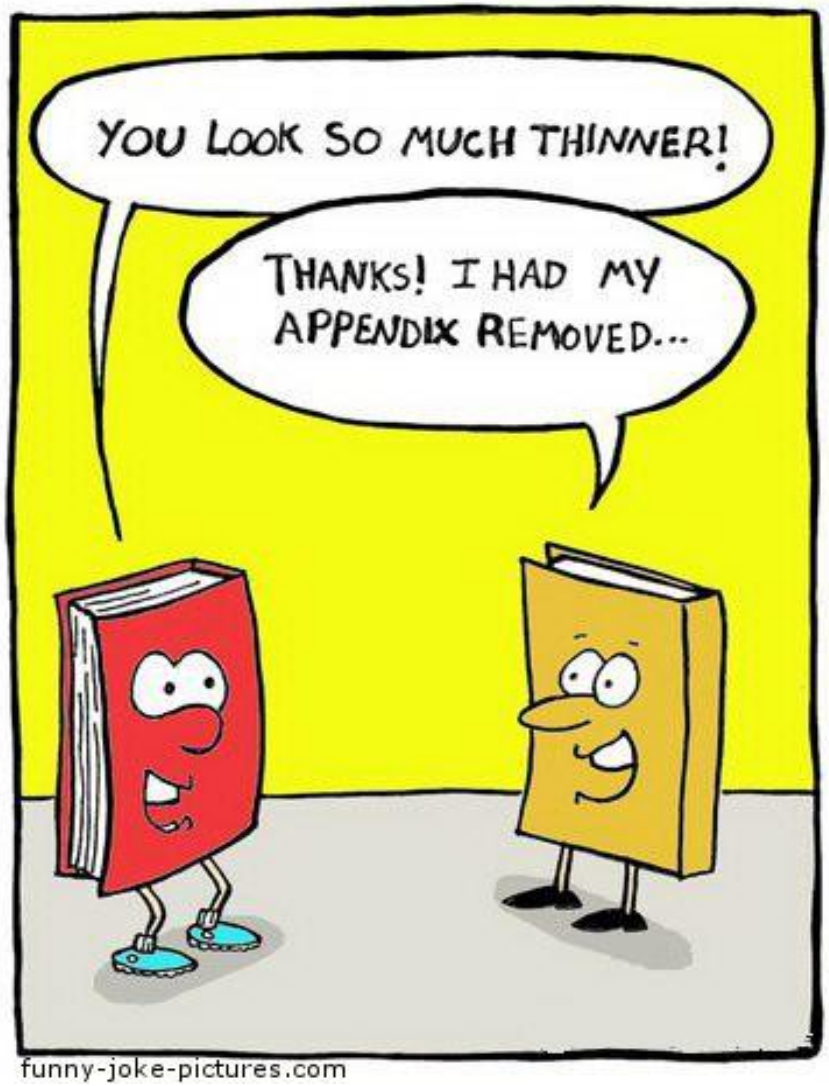
- Funded ratio expected to gradually increase over the projection period shown (30 years)
- Projected to be fully funded by 2037
- In 2018, the Actuarial Value of Assets is 5% higher than the Market Value of Assets since there are deferred losses

Today's Takeaways

- Plan History
  - Year over year plan costs increased by approximately 1.95% primarily due to investment experience
  - Funded ratio remained stable
  - Active population continues to decline given the closed nature of the Plan
- Plan Future
  - Cost is expected to increase slightly over the next four years, then start declining
  - Investments will drive actual cost
  - Plan membership is declining and growing older, shorter investment horizon

Appendix

Actuarial funding



Actuarial Funding

- Estimate assets required at retirement to provide the promised retirement benefit
  - ✓ Requires economic assumptions (e.g., rate of return on assets) and demographic assumptions (e.g., life expectancy)
- Design a plan to accumulate those assets as the employee works
  - ✓ The Actuarial Funding Method (e.g., Entry Age Normal)
- Set a series of asset targets to achieve as the employee works
  - ✓ These asset targets are called the Actuarial Liability
- Set an annual contribution that will hit these asset targets if all the assumptions hold true
  - ✓ This is the Normal Cost
- Monitor funding progress every year
  - ✓ Compare actual assets against the asset targets in the annual actuarial valuation
- Adjust annual contribution for assets above or below the asset target
  - ✓ This is the amortization of the unfunded liability (if assets below target)

SDTC Funding Policies

- Return assumption: 7.00% for July 1, 2018 valuation
- Wage and price inflation: 2.75% per year
- Amortization Policy
  - Closed 25-year amortization of Unfunded Actuarial Liability (UAL) on July 1, 2012; 19 years remaining as of July 1, 2018
  - Closed 21-year amortization of UAL impact due to assumption changes as of July 1, 2016; 19 years remaining as of July 1, 2018
  - Closed 15-year amortization of actuarial gains and losses emerging in each year's valuation
  - Currently "Acceptable." As amortization period of UAL declines, will transition to Model by CAAP
- Asset smoothing method: five-year smoothing using fixed periods, 80%/120% corridor
  - Classified as Model by CAAP

Reliance

- The purpose of this presentation is to discuss the current status and outlook for the Retirement Plans of San Diego Transit Corporation. This presentation is for the use of the Executive Committee in its education and outreach efforts.
- In preparing this presentation, we relied on information (some oral and some written) supplied by the Staff at San Diego Transit and San Diego Metropolitan Transit System. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.
- To the best of our knowledge, this presentation has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.
- This presentation was prepared solely for the Executive Committee of the Retirement Plans of San Diego Transit Corporation for the purposes described herein. This presentation is not intended to benefit any third party and Cheiron assumes no duty or liability to any such party.

Anne D. Harper, FSA, MAAA, EA
Consulting Actuary

Alice I. Alsberghe, ASA, MAAA
Associate Actuary

Contacts

- Anne D. Harper
  - aharper@cheiron.us
  - (703) 893-1456 x1107
- Alice I. Alsberghe
  - aalsberghe@cheiron.us
  - (703) 893-1456 x1218

Metropolitan Transit System

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

Agenda Item No. C3

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

January 10, 2019

SUBJECT:

12TH & IMPERIAL TRANSIT CENTER (DENIS DESMOND)

RECOMMENDATION:

That the Executive Committee discuss concepts for the proposed redevelopment of the 12th & Imperial Transit Center and provide comments to staff.

Budget Impact

None.

DISCUSSION:

The 12th & Imperial Transit Center is one of the busiest transit centers in the region, offering service on all Trolley lines and four major bus routes. The current transit center is constrained due to a relatively small footprint. Several years ago, MTS purchased the parcels adjacent to its existing property, for the purpose of expanding the transit center, particularly anticipating a potential need to accommodate crowds for a proposed stadium in East Village.

MTS now owns all of the private parcels south of Imperial Avenue and west of 14th Street, consisting primarily of two triangular shaped lots on either side of National Avenue, between 13th and 14th Streets. The property is currently bisected by two public streets, National Avenue and 13th Street that would likely need to be vacated.

The resulting unified parcel affords the agency the opportunity to improve the functionality and increase the capacity of the transit center. There would also be sufficient land to incorporate a transit oriented development (TOD) that could provide housing, jobs, and services adjacent to one of the best served transit centers in the region. Such a development would meet exactly MTS Board Policy 18's primary goal, to promote quality TOD on or near the transit system that will generate new opportunities to create direct

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

and indirect revenue for MTS while contributing to environmentally sustainable livable communities that are focused on transit accessibility.

In November 2018, MTS contracted with consultant Kimley-Horn to develop potential layouts for a redesigned transit center, also incorporating a developable space for a TOD. Kimley-Horn will provide an update of their work, including conceptual layouts. Staff will take direction from the Executive Committee on the next steps, including the commencement of a Policy 18 joint development process.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

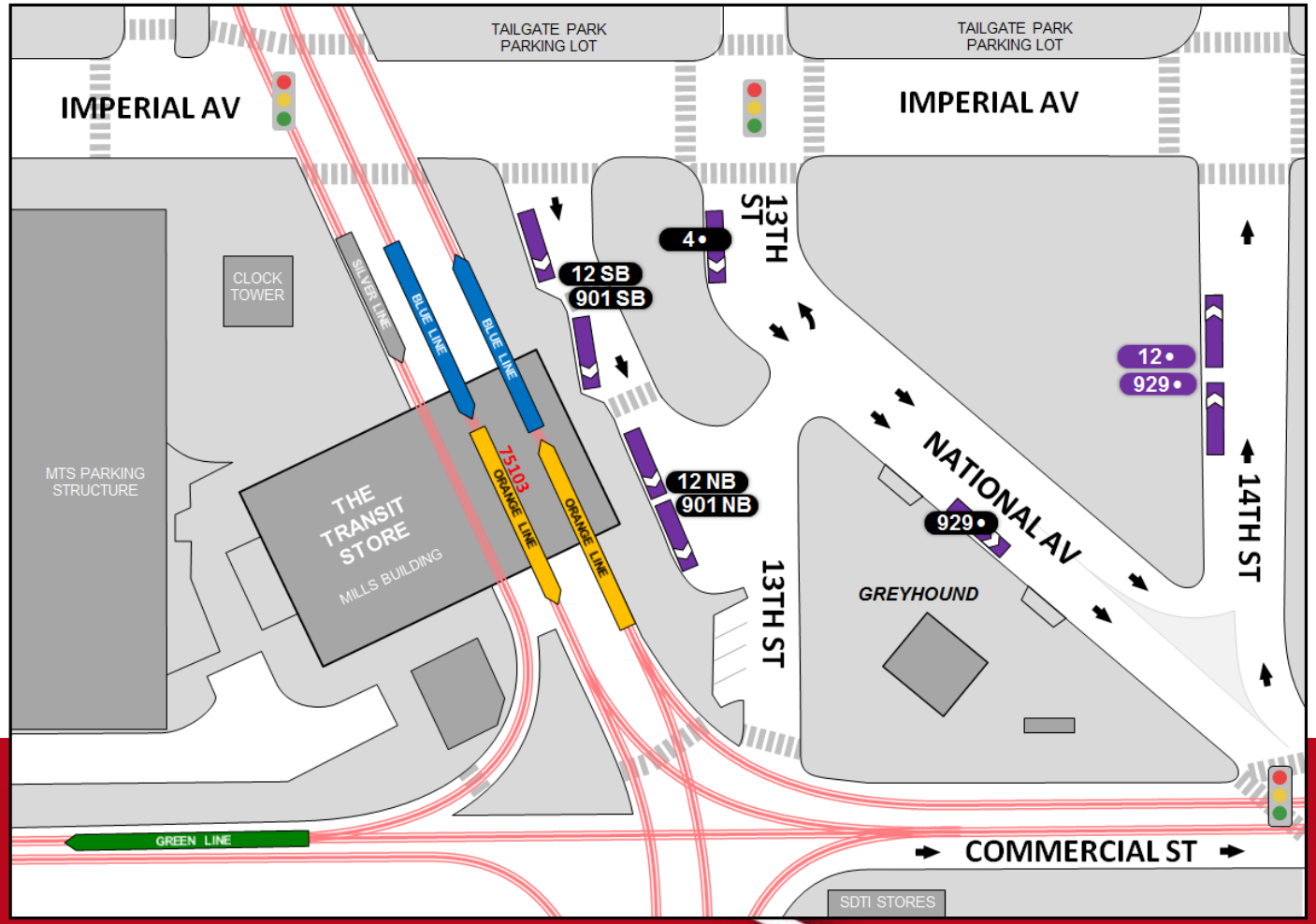
AI No. C3, 1/10/2019

12th & Imperial Transit Center

MTS Executive Committee
January 10, 2019

12th & Imperial Current Status

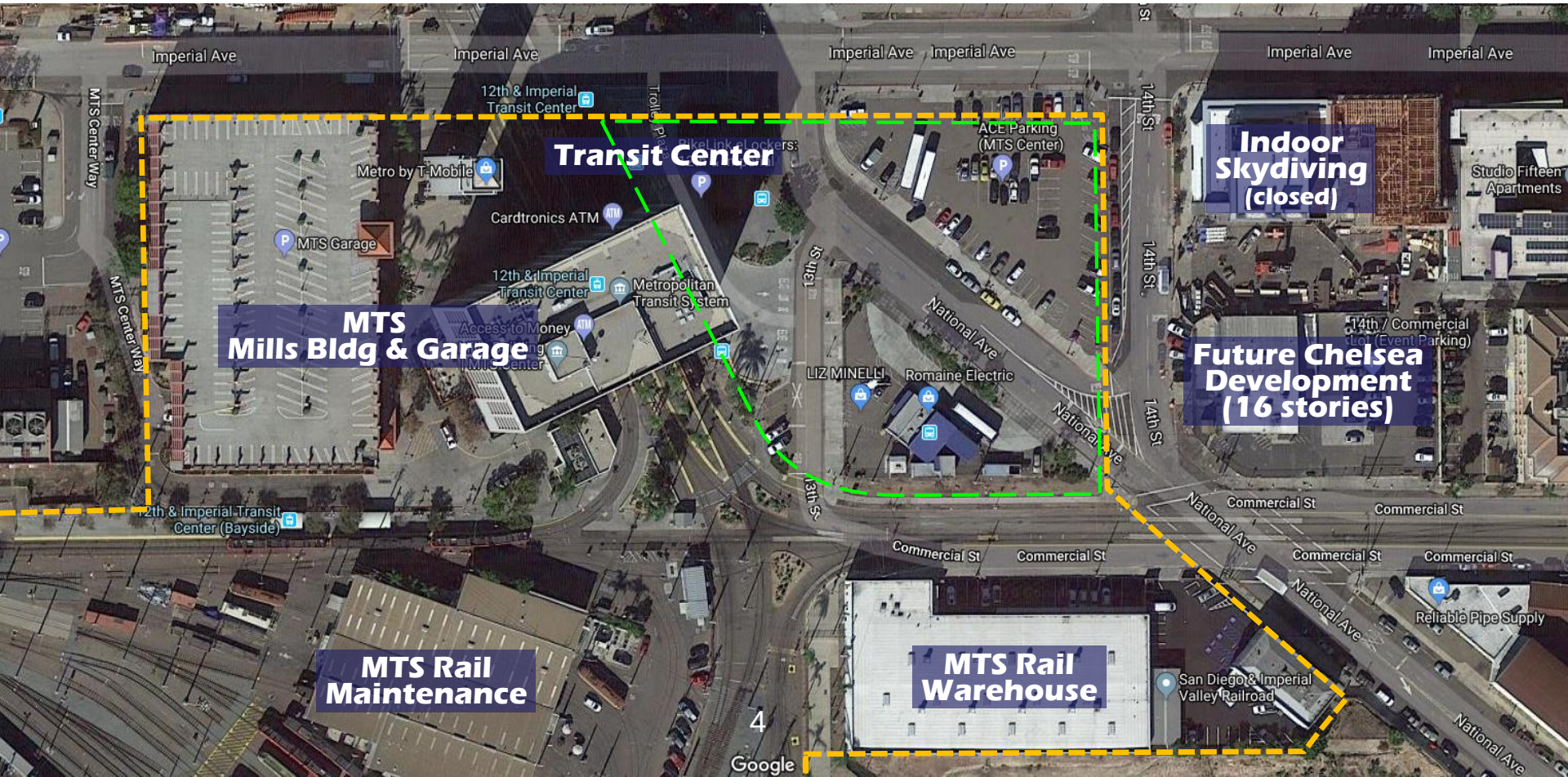
- Bus Transit Center served by Routes 4, 12, 901, 929
- **Current demand exceeds center's capacity**
  - Terminals for Routes 4 and 929 are located on-street
  - Buses parking on 14th Street for layover/stand-by
  - Ability to add service constrained by facility size



12th & Imperial Area

Potential Parcel Consolidation

- Allows larger & more functional transit center and better development options
- No other property owners directly affected; does not need any private property
- Requires City of SD to vacate portions of National Ave., 13th St., Commercial St.



MTS Board Policy 18
(Joint Development)

Development of MTS property shall prioritize transit needs.

- Preserve the ability to safely operate and maintain transportation facilities on MTS properties.

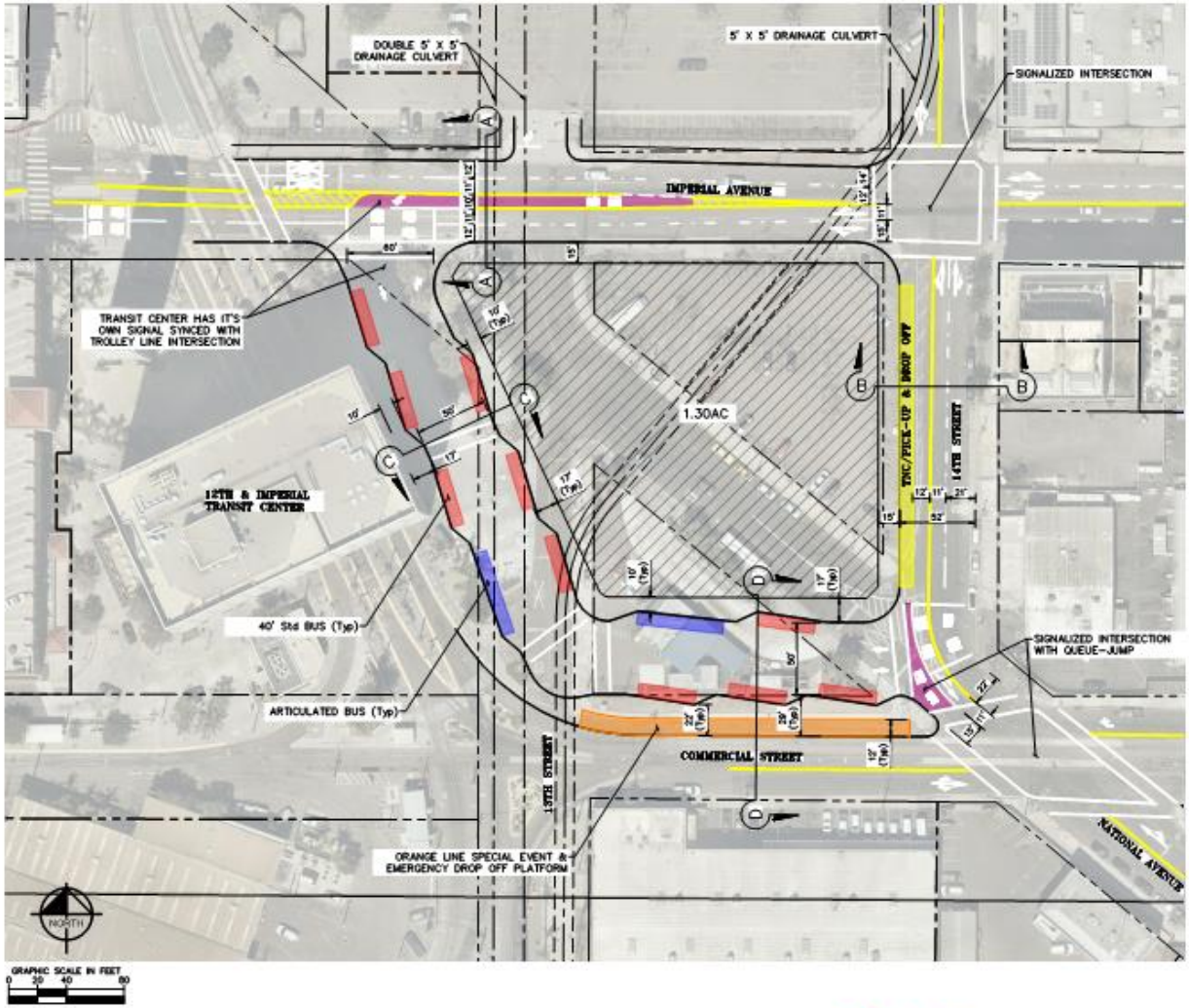
Projects are expected to generate value to MTS, through direct/indirect revenues or new transit facilities.

MTS will seek projects that create vibrant, transit-oriented communities that offer a range of housing types, job opportunities, and services centered around public transit facilities.

- Residential projects with highest possible density.
- Direct connections to transit stops.
- Consistency with Greenhouse Gas reduction goals.
- In recognition that residents in affordable housing units have a higher likelihood for transit utilization, residential proposals to have at least 20% set asides for low-income/very low-income households.

Kimley Horn and Associates

November 2018: MTS retained Kimley-Horn to develop concepts for an improved transit center with a maximized development footprint in line with Policy 18.



MTS OPERATIONS & CIRCULATION

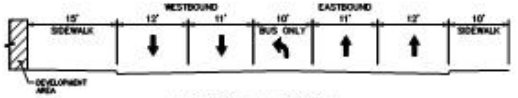
- 12 Bays on-site: Showing 10 standard & 2 articulated (Note: potential to have 8 standard with 4 articulated).
- Imperial (Entrance) - Eastbound free right & westbound left (Signal control timed with trolley).
- Imperial (Exit) - Right turn only (Signal timed with trolley).
- 14th & National (Entrance) - Control northbound 14th & southbound National.
- 14th & National (Exit) - 14th, Commercial & National Ave Intersection controlled with 9 phases with Queue Jump.
- 200' TNC/Pick-up & Drop-off.

DEVELOPMENT POTENTIAL

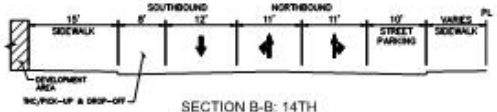
- Ground floor area: 1.30 acres.
- One contiguous area.
- Optimum for vertical mixed-use development options with large assembly of land to maximize FAR potential, good configuration of perimeter block vehicular circulation and good visibility on Imperial and 14th Street.
- Decking over the bus lane area will add additional development above at additional cost to the overall development.

IMPACTS TO INFRASTRUCTURE

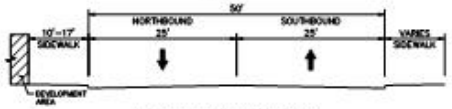
- Street Vacation of National & 13th.
- Signal Modification at 14th & National.
- Signal Modification at 13th and Tailgate Park.
- "KEEP CLEAR" striping at transit center entrance/exit Imperial & 14th.
- Option; add a "BUS ONLY" lane in WB Imperial centerline.



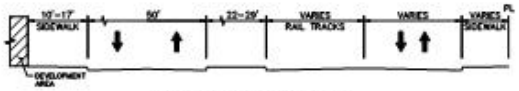
SECTION A-A: IMPERIAL
NO SCALE



SECTION B-B: 14TH
NO SCALE



SECTION C-C: BUS STOPS
NO SCALE



SECTION D-D: COMMERCIAL
NO SCALE

NO.	DATE	REVISIONS	BY	CHK	APRV

Kimley»Horn
401 B Street, Suite 600, San Diego, California 92101
Phone: 619.234.9411 / www.kimley-horn.com

RELATIVE BORDER SCALE IS IN INCHES 0 1 2

PRELIMINARY

DESIGNED BY	DATE
DRAWN BY	
CHECKED BY	
SANDAG PRJ ENG	

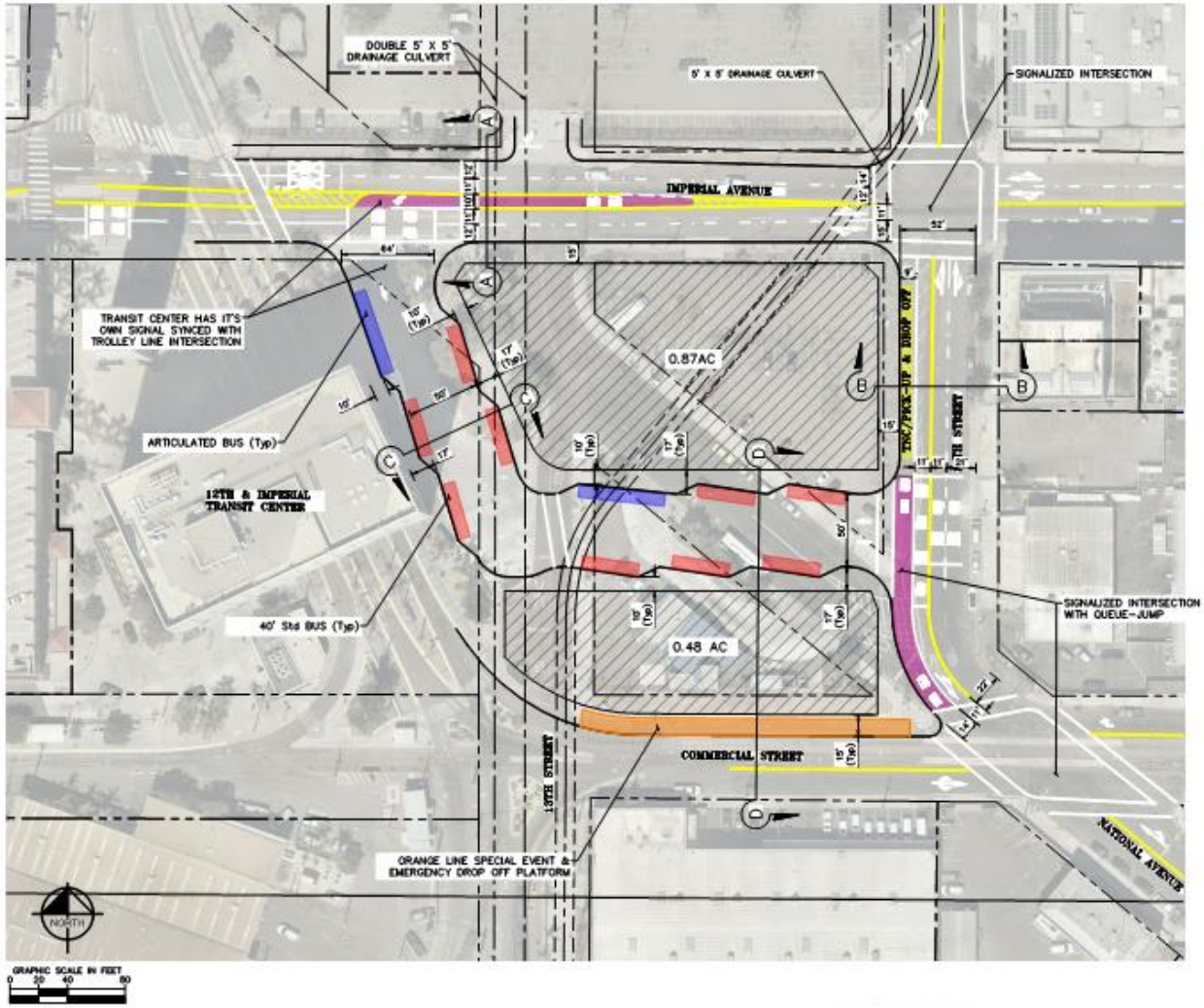
MTS Metropolitan Transit System

14TH & NATIONAL

Concept A

1/2/2019

SCALE: AS SHOWN
CONTRACT NO.: CIP XXXXXXX
DRAWING NO.
SHEET NO.



MTS OPERATIONS & CIRCULATION

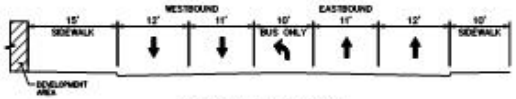
- 11 Bays on-site: Showing 2 articulated & 9 standard (Note: adding additional articulated may result in reduction of onsite bays).
- Imperial (Entrance) - Eastbound free right & westbound left (Signal control timed with trolley).
- Imperial (Exit) - Signal controlled right turn only (Signal control timed with trolley).
- 14th & National (Entrance) - Free left or right northbound 14th & southbound National.
- 14th & National (Exit) - Signal controlled left or right 14th, Commercial & National intersection on 9 phases to allow for Queue Jump.
- 125' TNC/Pick-up & Drop-off on SB 14th St.

DEVELOPMENT POTENTIAL

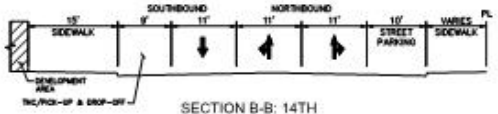
- Ground floor area: 1.36 acres.
- Split Site.
- Optimum for multi-use development with split block land assembly providing good frontages on Imperial and Commercial for horizontal mix-use development options.
- Decking over mid-block bus lanes add additional development above at some reasonable cost to the overall development.

IMPACTS TO INFRASTRUCTURE

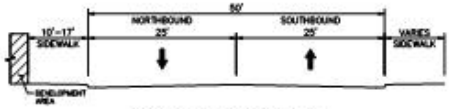
- Street Vacation of National & 13th.
- Signal Modification at 14th & National.
- Signal Modification at 13th and Tailgate Park.
- "KEEP CLEAR" striping at transit center entrance/exit Imperial & 14th.
- Option: add a "BUS ONLY" lane in WB Imperial centerline.



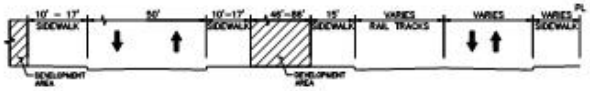
SECTION A-A: IMPERIAL
NO SCALE



SECTION B-B: 14TH
NO SCALE



SECTION C-C: BUS STOPS
NO SCALE



SECTION D-D: COMMERCIAL
NO SCALE

NO.	DATE	REVISIONS	BY	CHK	APRV

Kimley»Horn
401 B Street, Suite 600, San Diego, California 92101
Phone: 619.234.9411 / www.kimley-horn.com

RELATIVE BORDER SCALE IS IN INCHES 0 1 2

PRELIMINARY

DESIGNED BY
DRAWN BY
CHECKED BY
SANDAG PRJ ENG
DATE

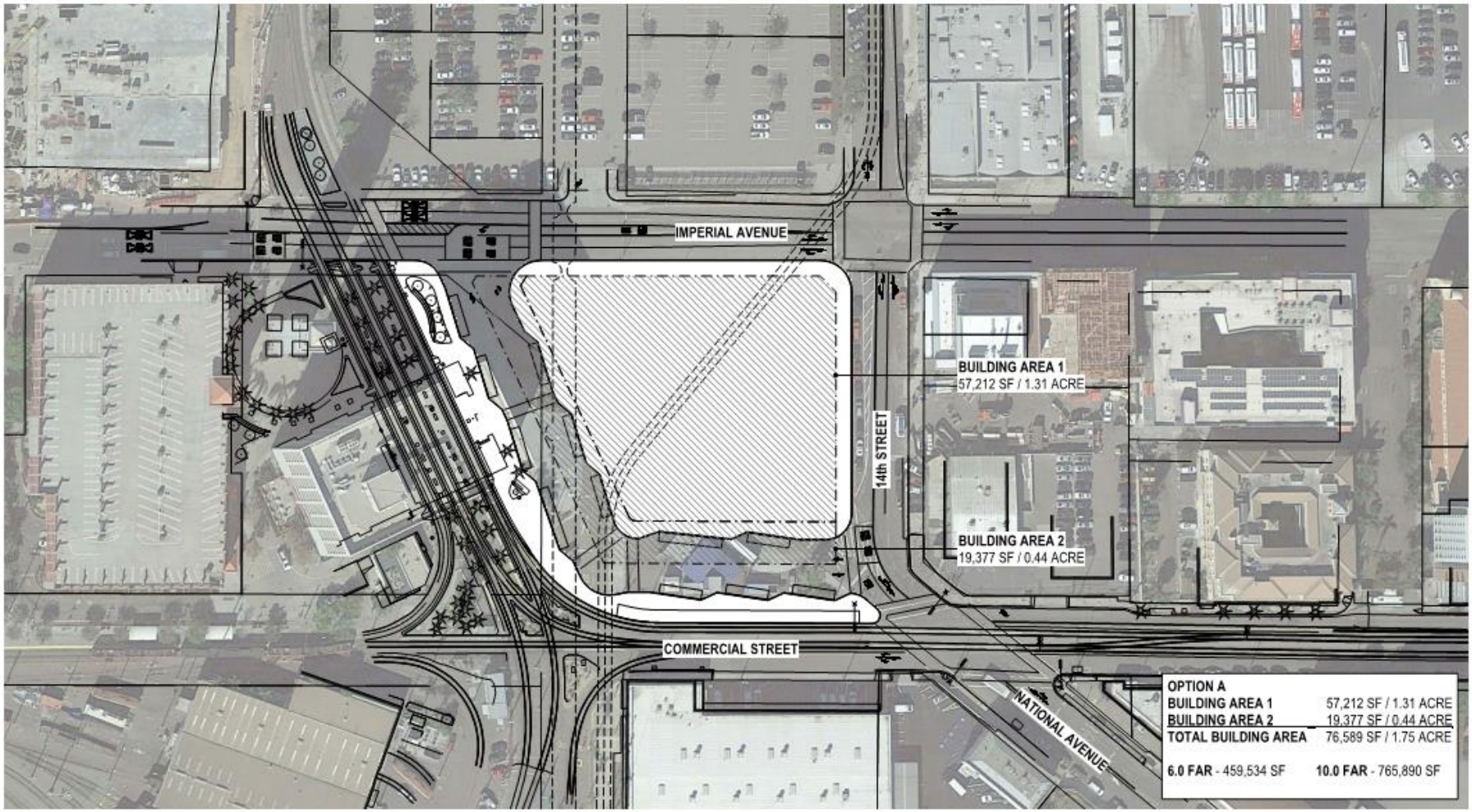
MTS Metropolitan Transit System

14TH & NATIONAL

Concept B

1/2/2019

SCALE: AS SHOWN
CONTRACT NO.: CIP XXXXXXX
DRAWING NO.
SHEET NO.



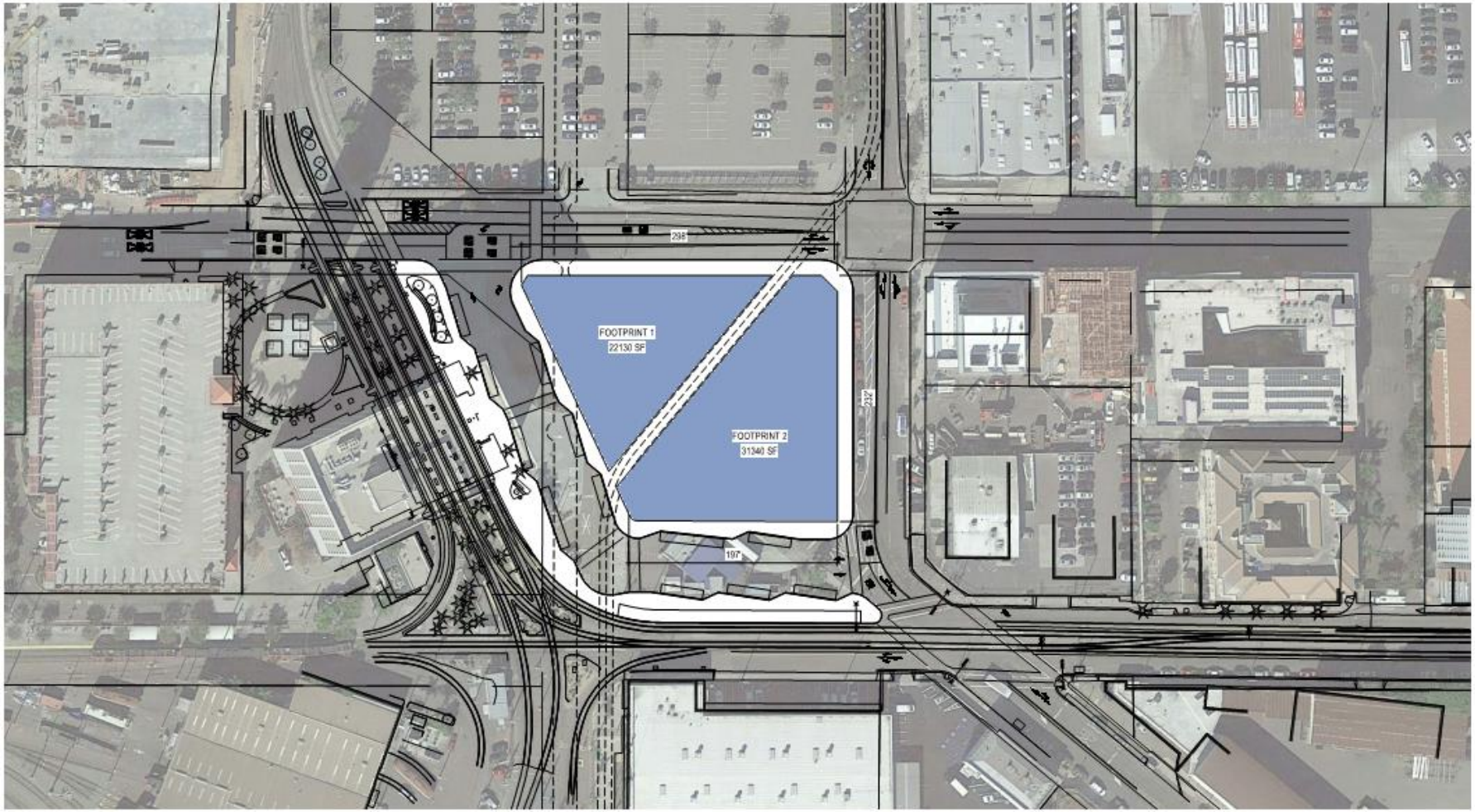
Kimley-Horn & Associates, Inc.

2270453901

OPTION A

SDMTS National Avenue TOD

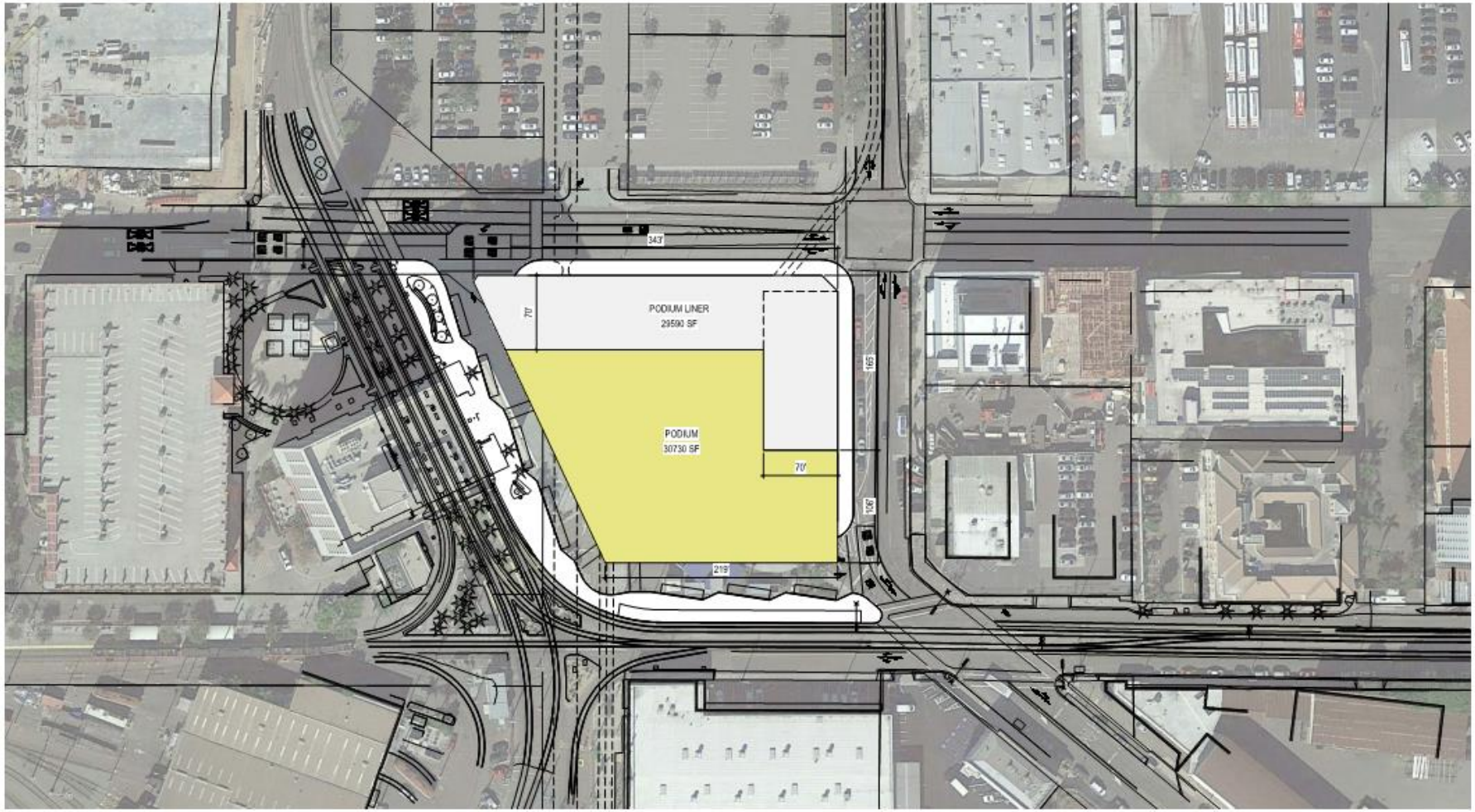
12/21/18



Kimley-Horn & Associates, Inc.

2270453901

OPTION A - GROUND
SDMTS National Avenue TOD
12/21/18



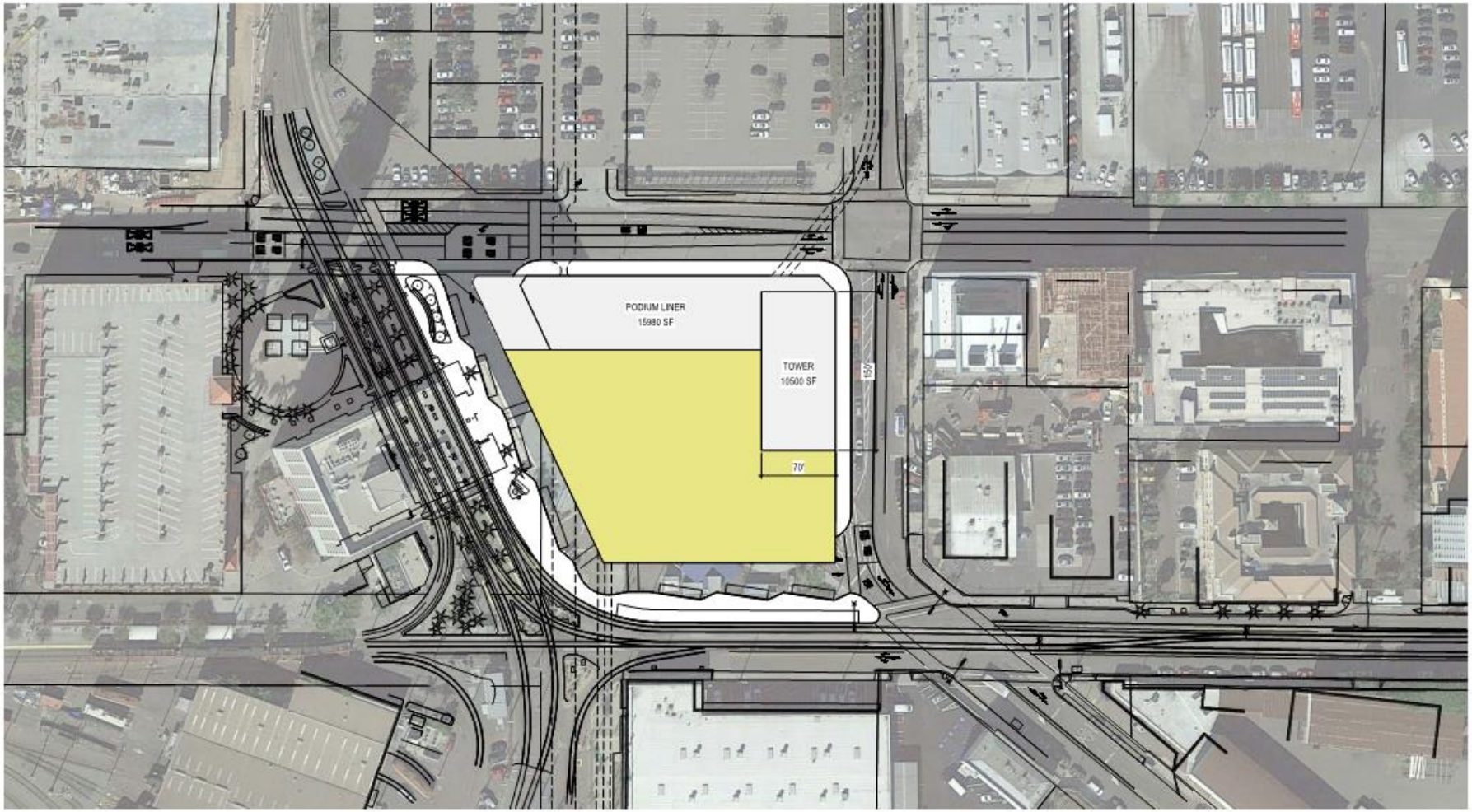
Kimley-Horn & Associates, Inc.

2270453901

OPTION A - PODIUM

SDMTS National Avenue TOD

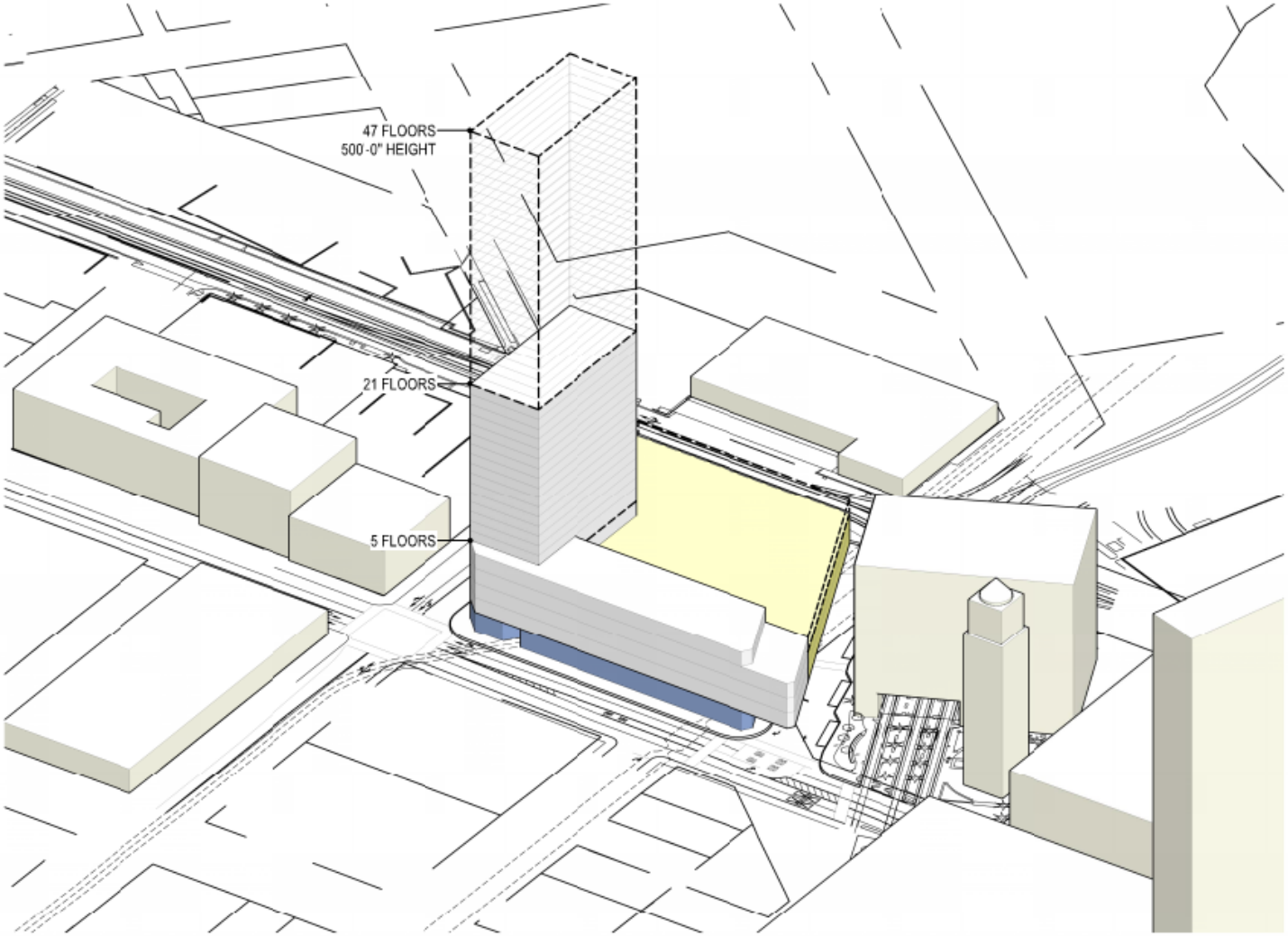
12/21/18



Kimley-Horn & Associates, Inc.

2270453901

OPTION A - TOWER
SDMTS National Avenue TOD
12/21/18



OPTION A - 6.0 FAR / 10.0 FAR

DEVELOPMENT AREA - **76,589 SF / 1.76 ACRE**

PODIUM LINER	70' x 343' @ 4 FLOORS
	32 UNITS @ 4 FLOORS
TOWER 1	70' x 150' @ 21 / 47 FLOORS
	12 UNITS @ 21 / 47 FLOORS

6.0 FAR - **459,534 SF** / 10.0 FAR - **765,890 SF**
6.0 FAR - **275 UNITS** / 10.0 FAR - **500 UNITS**

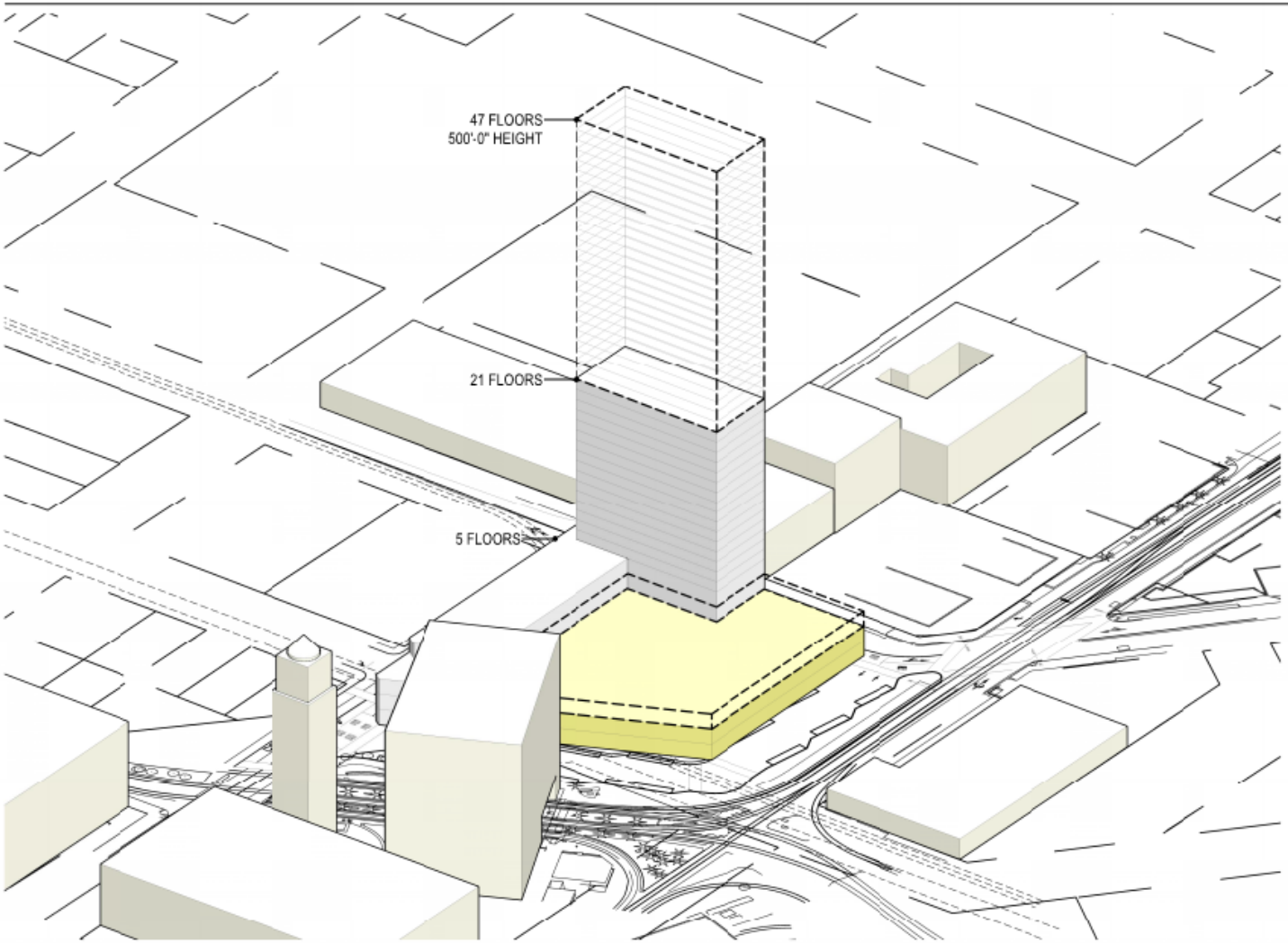
	6.0 FAR / 10.0 FAR
LEVEL 1	53,470 SF
LEVELS 2 - 3	60,320 SF
LEVEL 4	29,590 / 60,320 SF
LEVEL 5	26,480 SF
LEVELS 6-21	10,500 SF
LEVELS 22-47	0 / 10,500 SF
TOTAL	458,500 / 762,230 SF

Kimley-Horn & Associates, Inc.

2270453901

OPTION A - MASSING
SDMTS National Avenue TOD
1/2/19

Stantec



imagining intersection

GUIDING PRINCIPLES

1. STRENGTHEN THE RELATIONSHIP BETWEEN WALKABILITY, BIKEABILITY, AND TRANSIT
2. RESPOND TO THE EXISTING TO BRIDGE PAST AND FUTURE DEVELOPMENT
3. ACTIVATE THE SITE WITH A GROUP OF DIVERSE BUT INTRINSIC USES
4. EMBRACE ADAPTABILITY TO PROMOTE CONTINUING EQUITY AND OPPORTUNITY
5. THROUGH EXEMPLAR DESIGN, ENERGIZE THE LOCAL COMMUNITY

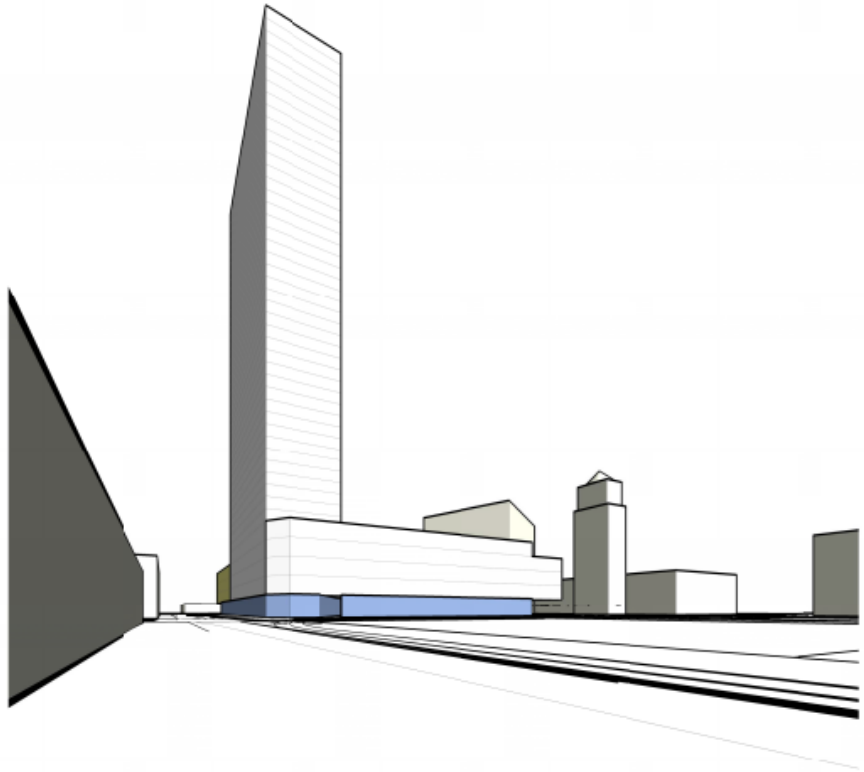
STANDALONE DEVELOPMENT

1. EASY SEPARATION BETWEEN TRANSIT VERSUS PRIVATE DEVELOPMENT
2. AGGREGATION OF LAND BETWEEN THE TWO TRANSIT OPTIONS IS EQUALLY ADVANTAGEOUS
3. OPPORTUNITIES FOR GOOD STREET FRONTAGES VARY BETWEEN THE TWO TRANSIT OPTIONS
4. WILL REQUIRE HIGHER FAR AND DENSITIES TO MEET DEVELOPMENT GOALS
5. OPPORTUNITY FOR SINGLE OR MULTIPLE DEVELOPERS

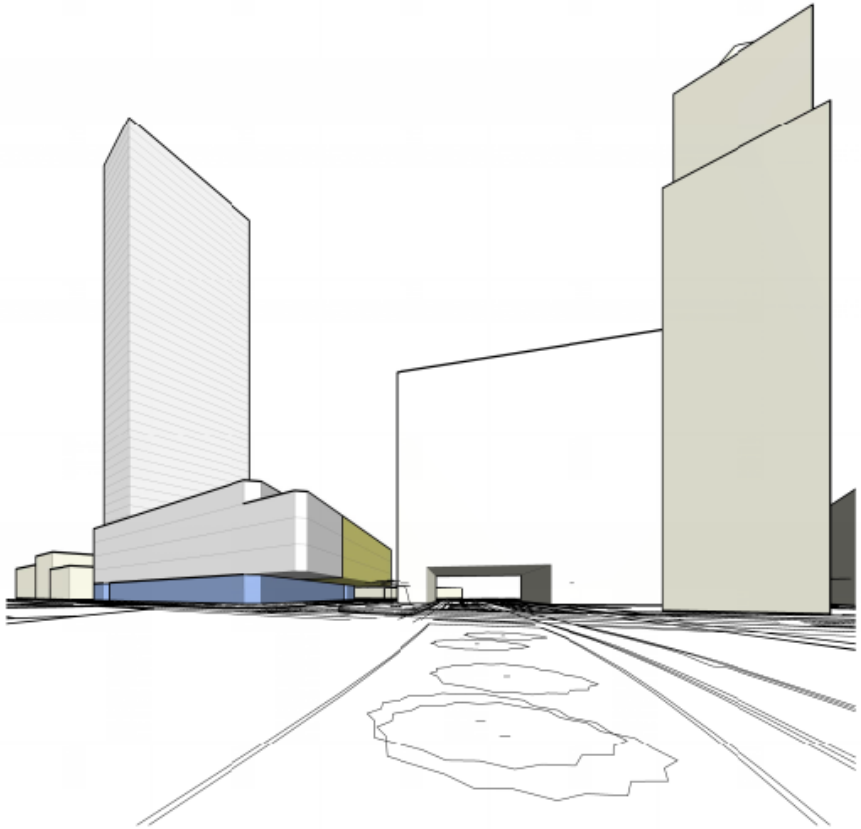
Kimley-Horn & Associates, Inc.

2270453901

OPTION A - MASSING
SDMTS National Avenue TOD
12/21/18



2 STREET LEVEL VIEW FROM 14 + IMPERIAL

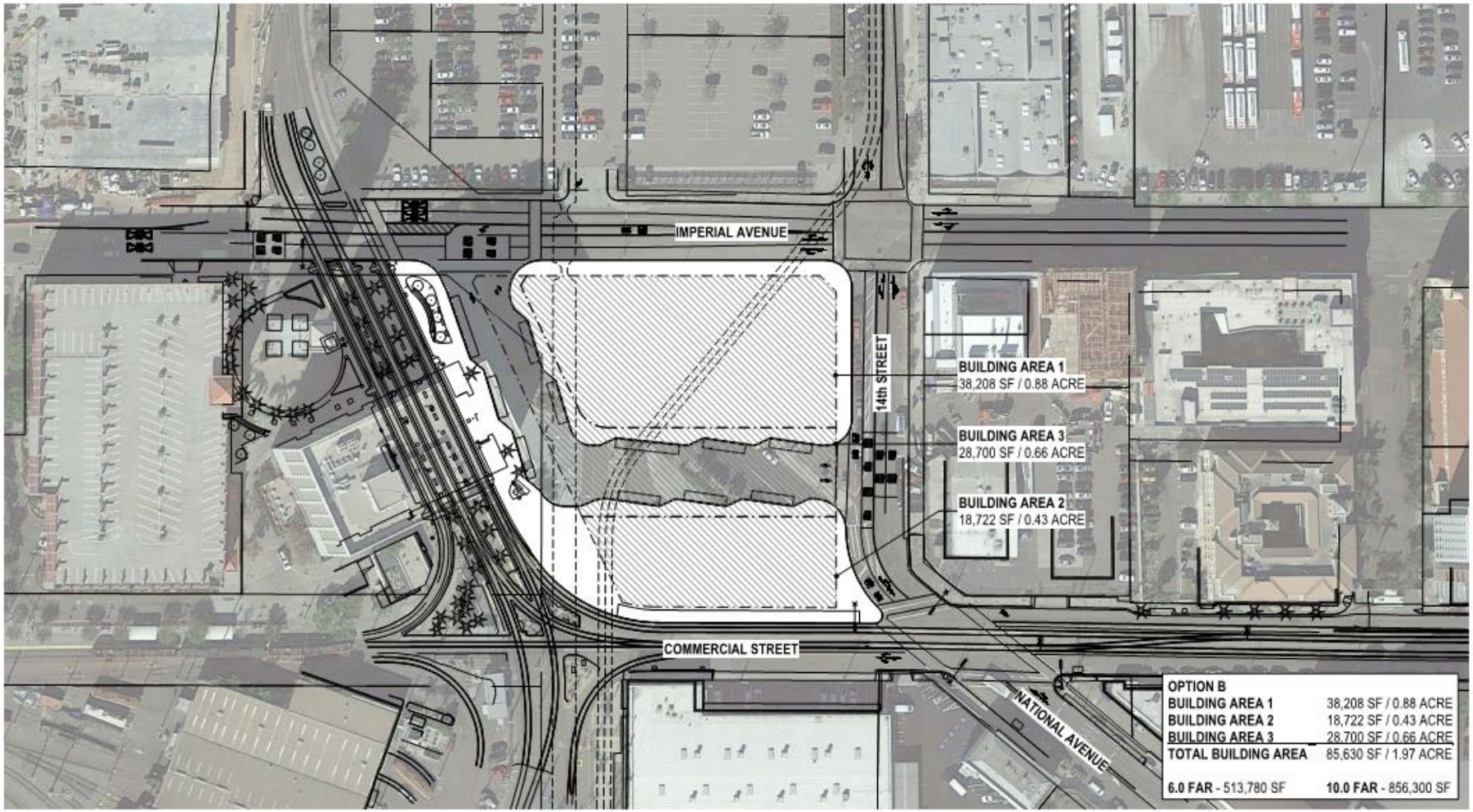


1 STREET LEVEL VIEW FROM 12 + IMPERIAL

Kimley-Horn & Associates, Inc.

2270453901

OPTION A - PERSPECTIVE
SDMTS National Avenue TOD
12/21/18



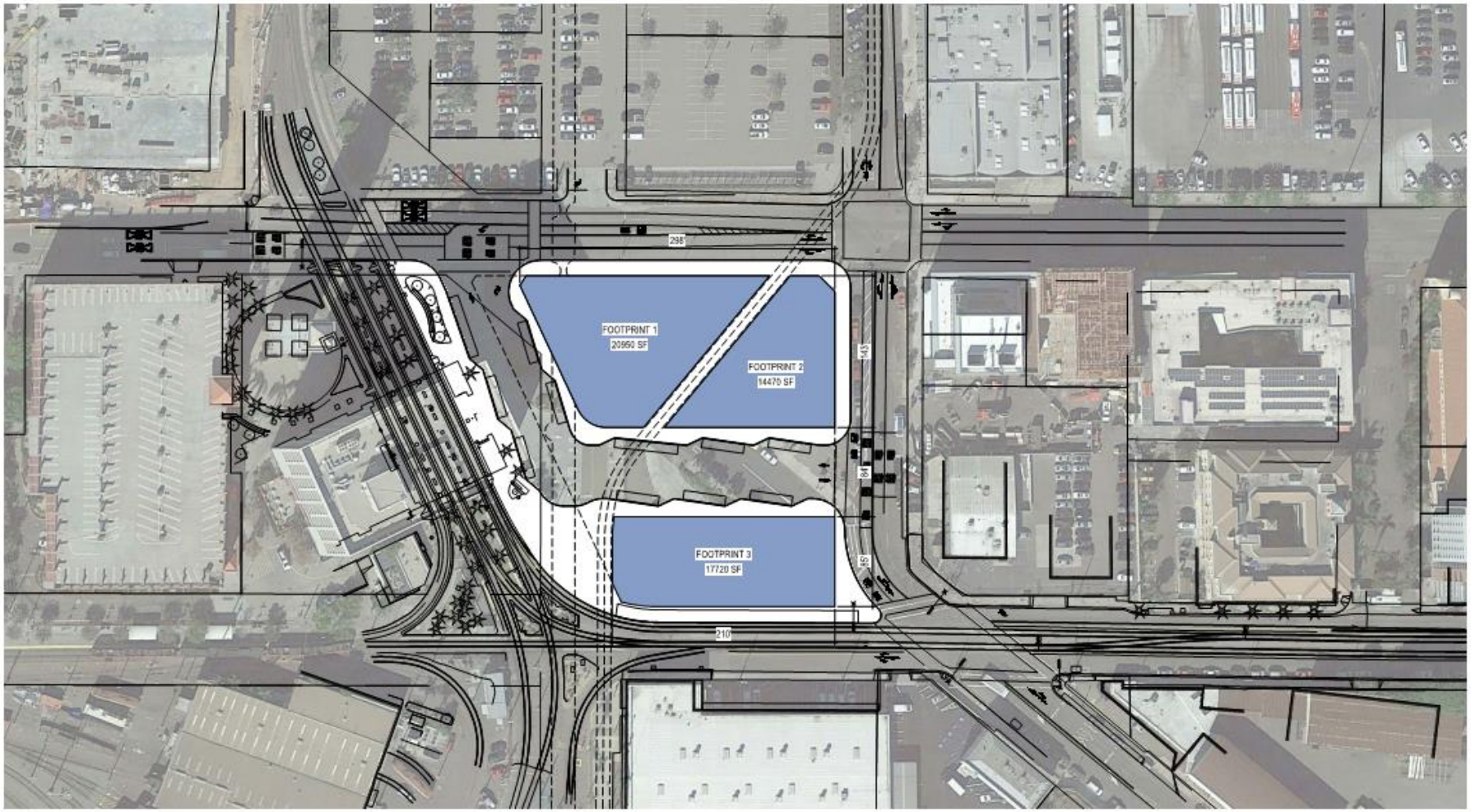
Kimley-Horn & Associates, Inc.

2270453901

OPTION B

SDMTS National Avenue TOD

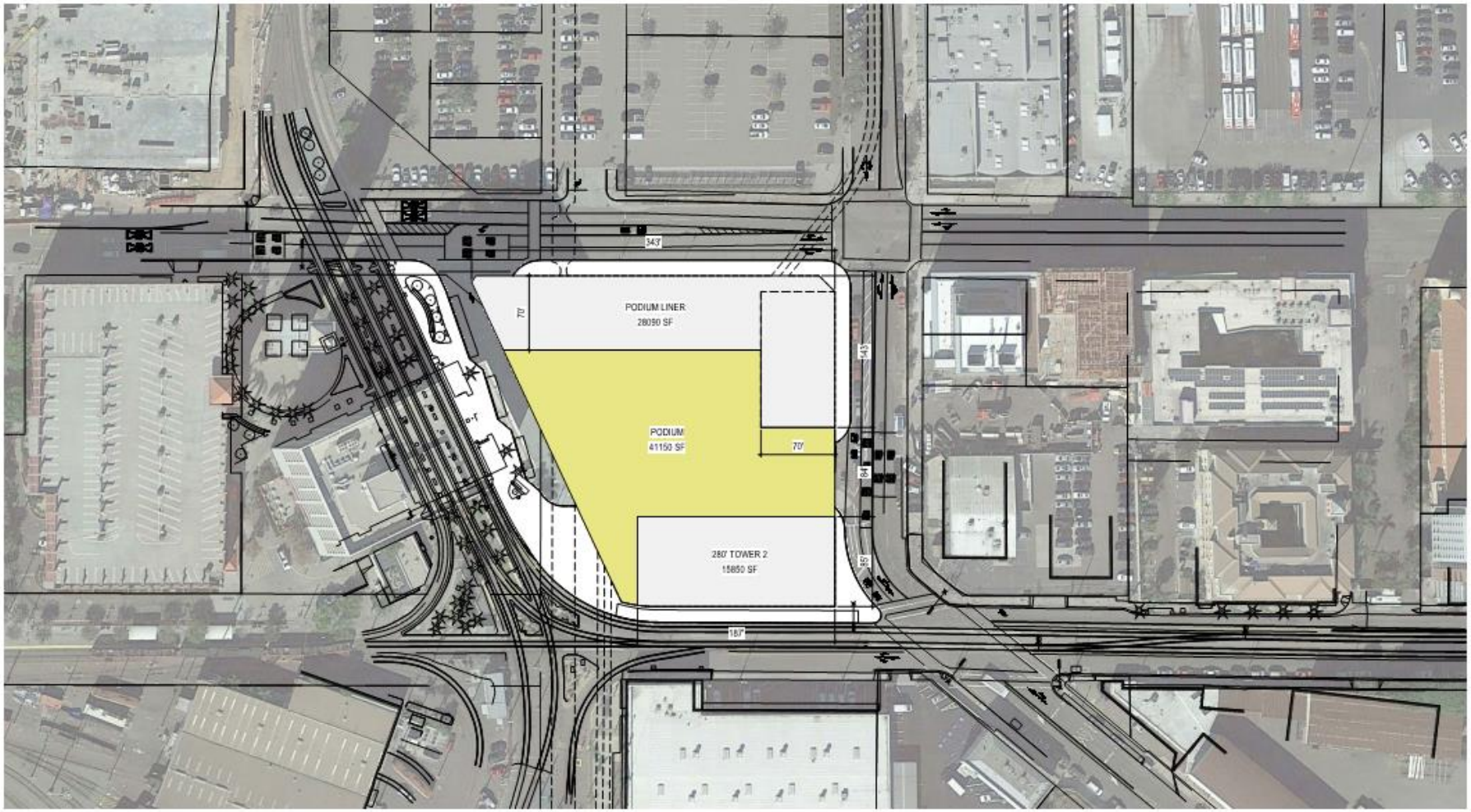
12/21/18



Kimley-Horn & Associates, Inc.

2270453901

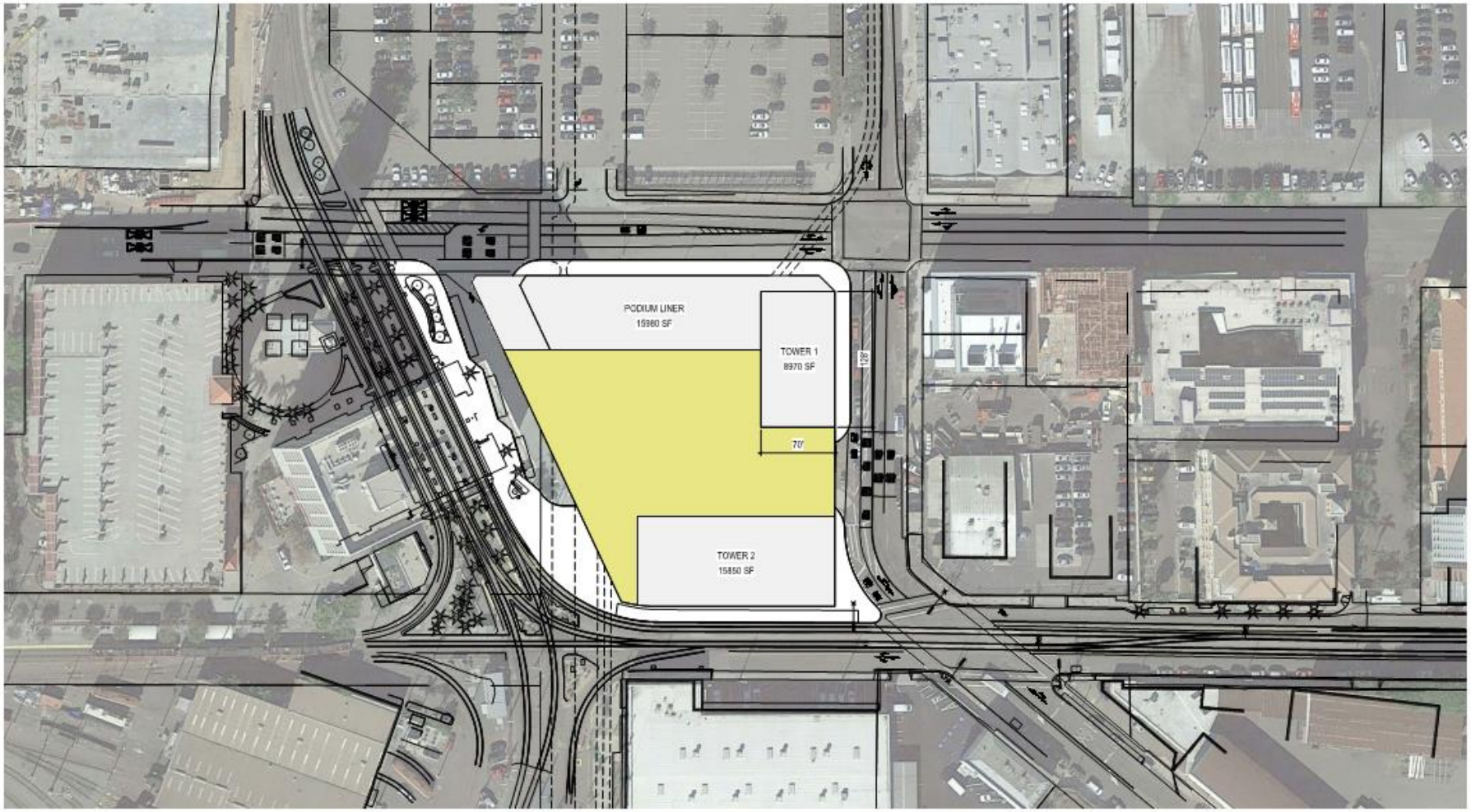
OPTION B - GROUND
SDMTS National Avenue TOD
12/21/18



Kimley-Horn & Associates, Inc.

2270453901

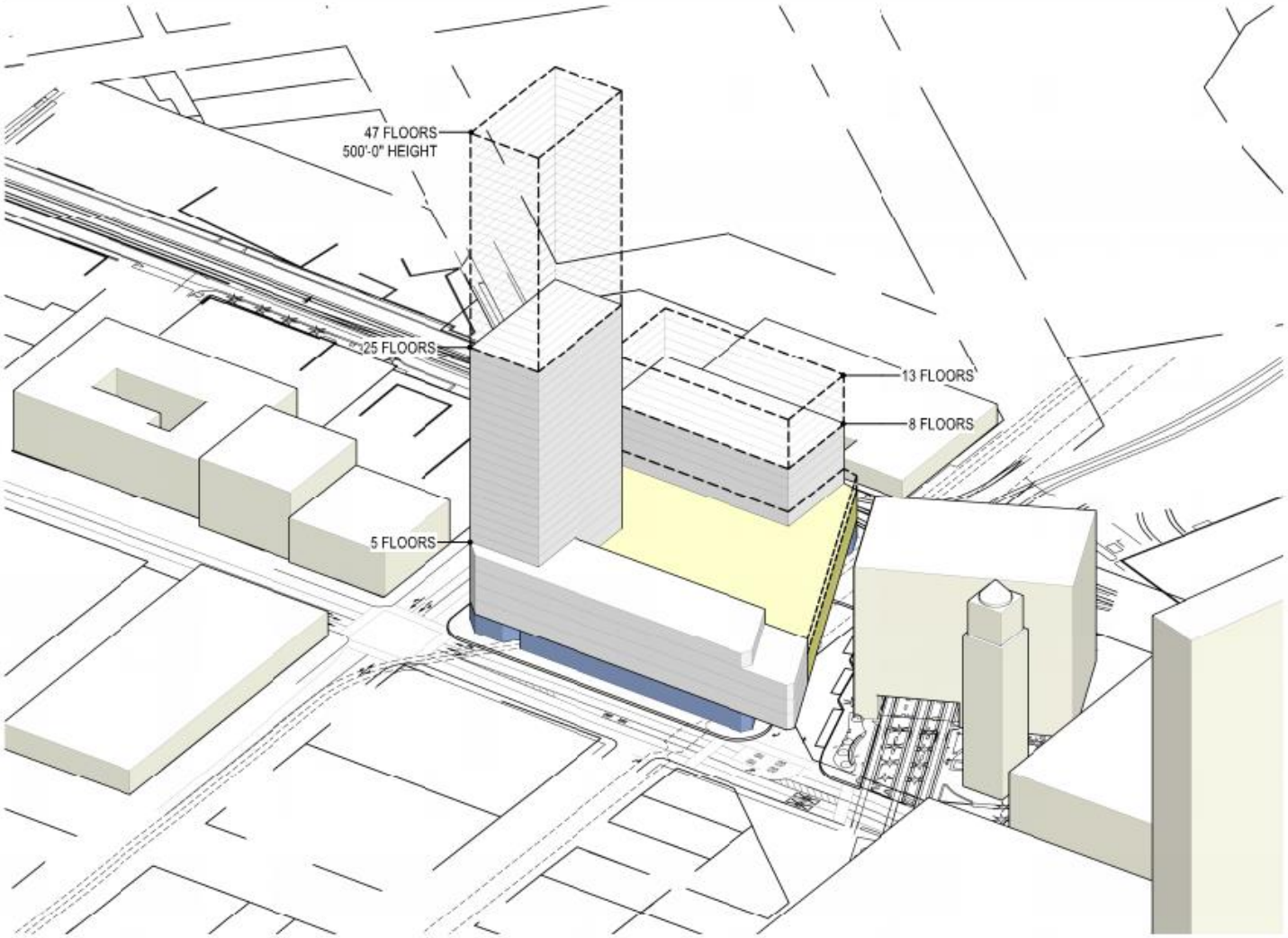
OPTION B - PODIUM
SDMTS National Avenue TOD
12/21/18



Kimley-Horn & Associates, Inc.

2270453901

OPTION B - TOWER
SDMTS National Avenue TOD
12/21/18



OPTION B - 6.0 FAR / 10.0 FAR

DEVELOPMENT AREA - **85,630 SF / 1.97 ACRE**

PODIUM LINER	70' x 343' @ 4 FLOORS
	32 UNITS @ 4 FLOORS
TOWER 1	70' x 128' @ 25 / 47 FLOORS
	10 UNITS @ 25 / 47 FLOORS
TOWER 2	85' x 187' @ 8 / 13 FLOORS
	18,850 GSF @ 8 / 13 FLOORS

6.0 FAR - **513,780 SF** / 10.0 FAR - **856,300 SF**
6.0 FAR - **300 UNITS** / 10.0 FAR - **500 UNITS**

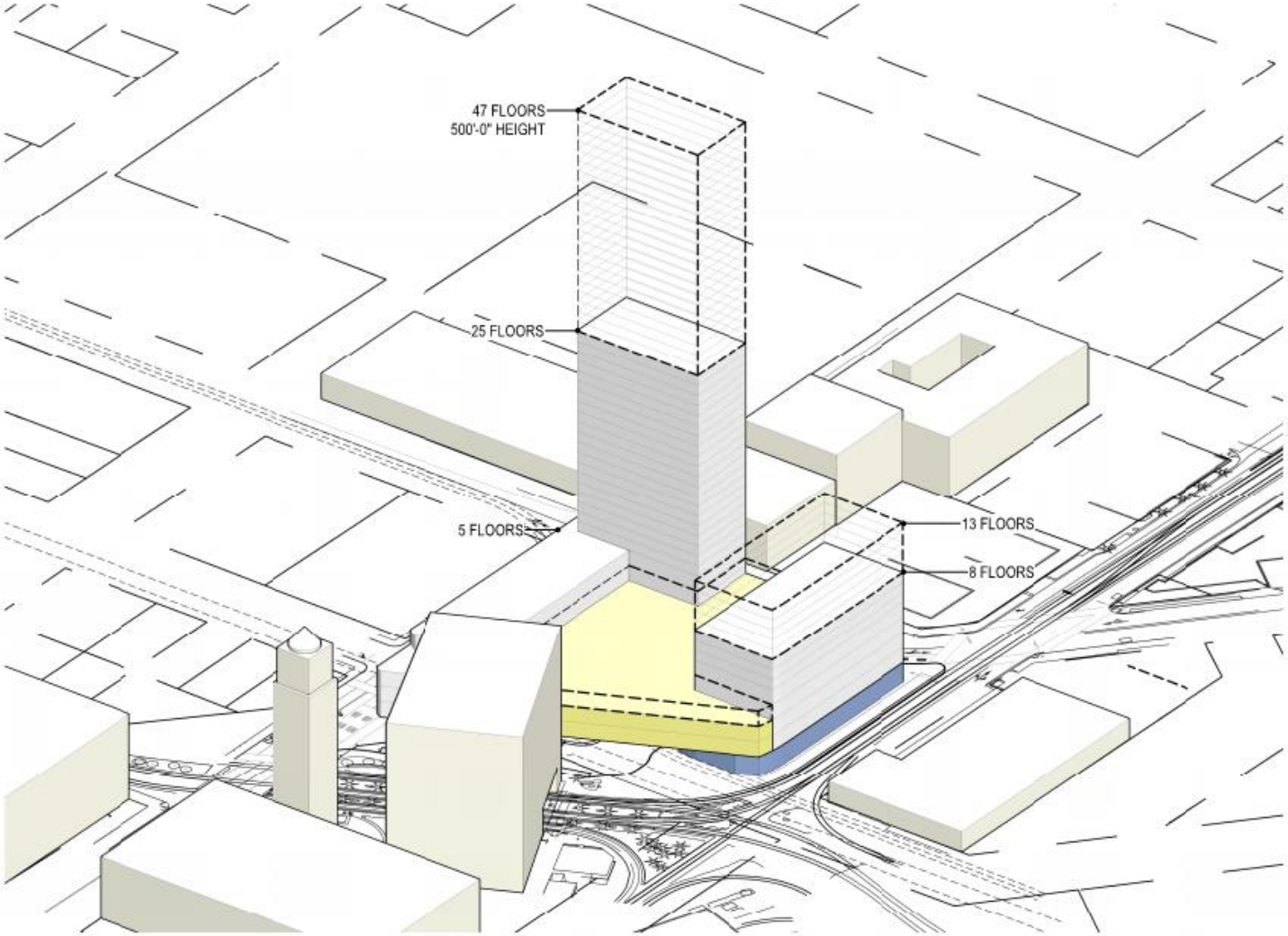
	6.0 FAR / 10.0 FAR
LEVEL 1	53,140 SF
LEVELS 2 - 3	85,080 SF
LEVEL 4	45,810 / 85,080 SF
LEVEL 5	42,694 SF
LEVELS 6-8	26,700 SF
LEVELS 9-13	8,970 / 26,700 SF
LEVELS 14-21	8,970 SF
LEVELS 22-41	0 / 8,970 SF
TOTAL	508,514 / 833,774 SF

Kimley-Horn & Associates, Inc.

2270453901

OPTION B - MASSING
SDMTS National Avenue TOD
12/21/18

Stantec



imagining intersection

GUIDING PRINCIPLES

1. STRENGTHEN THE RELATIONSHIP BETWEEN WALKABILITY, BIKEABILITY, AND TRANSIT
2. RESPOND TO THE EXISTING TO BRIDGE PAST AND FUTURE DEVELOPMENT
3. ACTIVATE THE SITE WITH A GROUP OF DIVERSE BUT INTRINSIC USES
4. EMBRACE ADAPTABILITY TO PROMOTE CONTINUING EQUITY AND OPPORTUNITY
5. THROUGH EXEMPLAR DESIGN, ENERGIZE THE LOCAL COMMUNITY

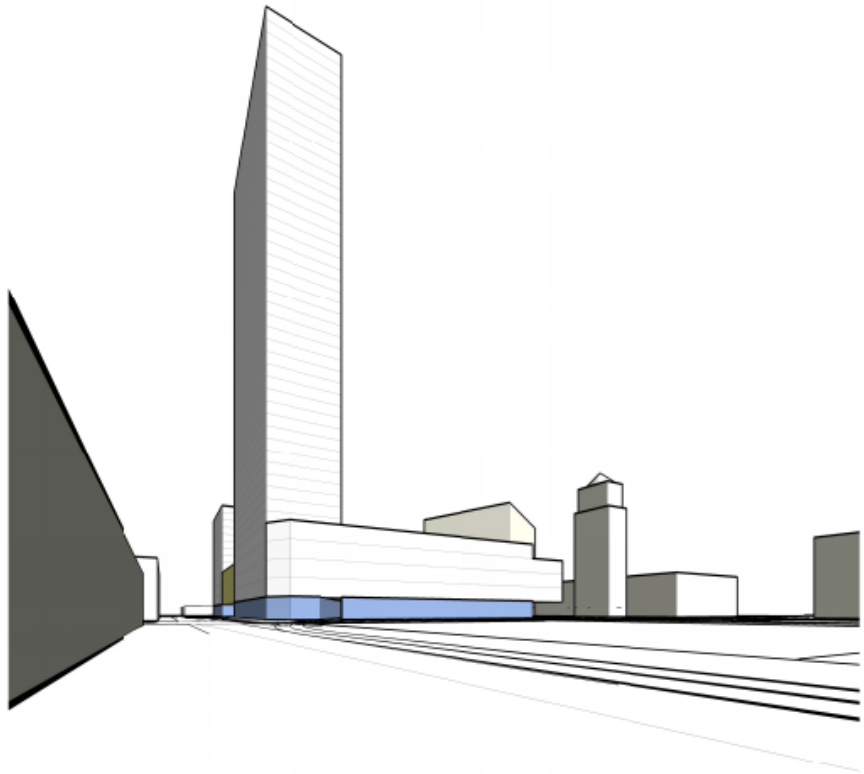
JOINT DEVELOPMENT

1. MIX OF DENSITIES, FAR, AND USES IS FLEXIBLE
2. OPTIMIZES DEVELOPMENT WITH EITHER THE BASELINE FAR OR INCENTIVISED FAR
3. FLEXIBLE POSITIONING OF PROGRAM MASSING ON THE COLLECTIVE SITE
4. OPTIMIZES STREET FRONTAGE
5. COMPLEXITY OF DEVELOPMENT

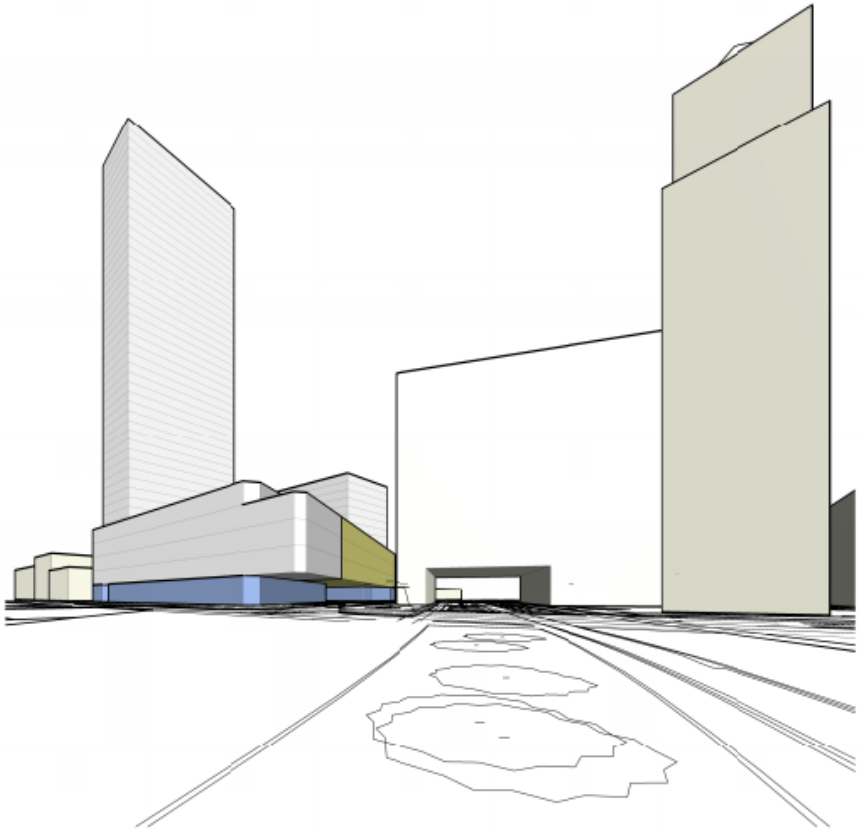
Kimley-Horn & Associates, Inc.

2270453901

OPTION B - MASSING
SDMTS National Avenue TOD
12/21/18



1 STREET LEVEL VIEW FROM 14 + IMPERIAL



2 STREET LEVEL VIEW FROM 12 + IMPERIAL

Kimley-Horn & Associates, Inc.

2270453901

OPTION B - PERSPECTIVE
SDMTS National Avenue TOD
12/21/18

Next Steps

- Kimley-Horn finalizes transit center concepts
- Staff works with City to gain approval for street vacation
- Apply to re-zone as necessary for fullest utilization of site
- MTS releases RFQ to development community

Recommendation

That the MTS Executive Committee discuss development concepts and provide comments to staff.

Metropolitan Transit System

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

Agenda Item No. C4

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

January 10, 2019

SUBJECT:

IMPLEMENTATION PROCEDURES FOR BOARD POLICY 18 (SHARON COONEY)

RECOMMENDATION:

That the Executive Committee discuss proposed implementation procedures for Board Policy 18, "Joint Development Program", and provide direction to staff.

Budget Impact

None at this time.

DISCUSSION:

The MTS Board, in October 2018, adopted revisions to Board Policy 18, "Joint Development Program", a policy that was last updated in 2007. This policy guides staff efforts to develop and utilize property owned and acquired by the Board. Staff researched policies at other transit agencies and concluded that much of the current MTS Policy 18 language would more reasonably be included in a procedural manual that could be used to implement the Board's policy directives. The revised policy directed Staff to develop written procedures necessary to fully implement the new directive within three months of its adoption.

To accomplish this task, MTS hired Deborah Ruane of Norwood Development Strategies to assist in this effort. Ms. Ruane recently started her consultant practice after having a successful term with the San Diego Housing Authority. Ms. Ruane was also in the residential development industry both on the developer side and in the development banking industry.

The goal of the effort was to look at the current MTS process, compare to other like transit agencies, discuss with stakeholders from all sides of the process including public

agency staff, elected officials, industry professionals, and industry policy groups, incorporate federal requirements where applicable, and recommend implementation procedures based on the research.

Staff will provide a summary of its research and provide implementation recommendations for consideration and direction.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Implementation Procedures for Board Policy 18

Executive Committee

January 10, 2019

Policy 18 Procedural Manual

- The Board updated Policy 18, “Joint Development Program” in October 2018
- Process oriented language from the previous version was removed, to be put into a separate procedural manual for internal and external audiences
- Staff was directed to return with a draft manual in 120 days
- To accomplish this, staff hired a consultant, Norwood Development Strategies (Deborah Ruane, principal)
- Scope of work:
  - Peer agency and stakeholder review/outreach
  - Best practices compilation
  - Consistency review
    - Identify processes that merit inclusion from the old Policy 18
    - Incorporate any relevant FTA requirements
    - Incorporate any relevant MTS requirements
  - Draft Procedural Handbook

Peer Agency and Stakeholder Outreach

- Reviewed the policies of several peer agencies
  - BART, LA Metro, Santa Clara VTA, Seattle, Portland, Denver, Chicago, Dallas, Houston, Austin
- Stakeholder outreach
  - Real estate developers (market and affordable)
  - Real estate financiers
  - Governmental offices

Identification of Best Practices

- Maintain a more robust inventory list and website for developers to access, update the list and share with the Board every 5 years.
- Prioritize specific sites in conjunction with the local jurisdictions and other agencies, but accept unsolicited proposals on lower priority sites.
- Partner early with cities to rezone where appropriate.
- Begin with an RFQ, rather than an RFP.
- Continue to accept unsolicited proposals and commit to review them within 60 days.
  - Include local jurisdictions in the review to minimize risk.
  - Bring to Board to either enter into an ENA, seek additional proposals, or reject outright.
- Additional staff and/or consultants are recommended if current staffing levels are unable to ensure timely review and processing of proposals.

Identification of Best Practices

- A long term ground lease (no fewer than 65 years) is ideal
  - Facilitates traditional affordable housing financing needs
  - Sufficient to provide financial institutions with the assurances they need
- Include policies to incentivize developers, case by case
  - Deferral of lease payments
  - Up-front lease payments
  - Discounted lease payments, temporarily or over the course of the lease, in rare instances to spur development of a specific site
  - Concessions regarding deviation
  - Pre-zoning by MTS as needed
  - An award of transit passes or subsidized passes may be beneficial to the development
- Encourage mixed use, based on Policy 18
  - Affordable requirement, encourage transit patron amenities where appropriate
  - Incorporate urban design concepts, principles and guidance set forth by local jurisdictions, along with industry best practices for transit oriented development
  - Must comply with all environmental requirements, and be consistent with adopted climate action plans

Opportunities for Innovation

- Consideration of reduced replacement parking to incentivize transit use and enhance site development potential
- Encourage innovative proposals for the development's parking demand
  - reduced requirements based on availability of transit/bike/other modes
  - shared use (evening v. day or special event)
  - off site parking solutions, shuttles
- Encourage proposals that incorporate enhancements to pedestrian, bike access to the development

Next Steps

- Receive comments from the Committee
- Update inventory and website
- Continue to pursue development opportunities
- Draft Procedural Manual for Executive Committee review in February

Implementation Procedures for Board Policy 18

Executive Committee

January 10, 2019

MTS Metropolitan Transit System

AGENDA ITEM NO. C4

REQUEST TO SPEAK FORM

ORDER REQUEST RECEIVED 1

PLEASE SUBMIT THIS COMPLETED FORM (AND YOUR WRITTEN STATEMENT) TO THE CLERK OF THE BOARD PRIOR TO DISCUSSION OF YOUR ITEM

1. INSTRUCTIONS
   This Request to Speak form must be filled out and submitted in advance of the discussion of your item to the Clerk of the Board (please attach any written statement to this form). Communications on hearings and agenda items are generally limited to three minutes per person unless the Board authorizes additional time; however, the Chairperson may limit comment to one or two minutes each if there are multiple requests to speak on a particular item. General public comments on items not on the agenda are limited to three minutes. Please be brief and to the point. No yielding of time is allowed. Subjects of previous hearings or agenda items may not again be addressed under General Public Comments.

(PLEASE PRINT)

DATE	1/10/19
Name	Manya Rosas
Address	1111 6th Ave #402, SD 92101
Telephone	
Email	mrosas@circulatesd.org
Organization Represented	Circulate San Diego
Subject of Your Remarks	Policy 18
Regarding Agenda Item No.	C4
Your Comments Present a Position of:	☐ **SUPPORT** ☐ **OPPOSITION**

2. TESTIMONY AT NOTICED PUBLIC HEARINGS
   At Public Hearings of the Board, persons wishing to speak shall be permitted to address the Board on any issue relevant to the subject of the Hearing.

3. DISCUSSION OF AGENDA ITEMS
   The Chairman may permit any member of the public to address the Board on any issue relevant to a particular agenda item.

4. GENERAL PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA
   Public comment on matters not on the agenda will be limited to five speakers with three minutes each, under the Public Comment Agenda Item. Additional speakers will be heard at the end of the Board's Agenda.

NOTE: Subjects of previous hearings or agenda items may not again be addressed under General Public Comments.

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

Agenda Item No. C5

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
EXECUTIVE COMMITTEE

January 10, 2019

SUBJECT:

E STREET TROLLEY STATION JOINT DEVELOPMENT AND REIMBURSEMENT AGREEMENT WITH THE CITY OF CHULA VISTA (TIM ALLISON)

RECOMMENDATION:

That the Executive Committee receive a report on potential development of the E Street Trolley Station in the City of Chula Vista and corresponding Reimbursement Agreement with the City of Chula Vista, and provide direction to staff.

Budget Impact

Initial expenditures up to $36,000 would be funded from the Land Management Budget.

DISCUSSION:

The City of Chula Vista and MTS have contemplated coordinating development of both the MTS E Street Trolley Station and the adjacent City of Chula Vista's vacant property for many years. The City is now in a position and the economic climate is now suitable to pursue this development. The City and MTS are proposing to jointly develop and release a Request for Qualifications / Proposals (RFQ/P) to solicit qualified developers for the City-owned 707 F Street property and the MTS-owned 750 E Street trolley station. Staff is recommending entering into a Reimbursement Agreement with the City to equally share the costs for professional economic, financial and market consulting services to evaluate developer proposals. The City has negotiated services through competitive bidding with Keyser-Marston Associates, Inc. for $72,000 for these tasks.

The properties are shown in the attached Site Plan (Attachment A). The City-owned property located at 707 F Street in Chula Vista was previously used as the City's Public Works Corporation Yard and has not been utilized for that purpose since approximately 1999 when the City's Public Works administration and operations uses were relocated to

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

1800 Maxwell Road. Since vacating the approximately six-acre property, the City has utilized it for various purposes. Over the last nearly 20 years the site has been leased to organizations such as a sand and gravel operation and food storage and distribution services provided by South Bay Community Services. Improvements to 707 F Street have outlived their useful life and demolition of the site is expected in the first quarter of calendar year 2019.

Directly north of and adjacent to the City-owned 707 F Street, is the E Street Transit Center at 750 E Street, which is owned by MTS. This site is approximately four acres and provides ancillary support for the UC San Diego Blue Line Trolley. The site is currently improved with 267 vehicular surface parking spaces, bus transfer terminals and a small building currently occupied by Cool Down Coffee. Given the underutilization of both the 707 F Street and 750 E Street sites, City-staff and MTS-staff have discussed coordinating efforts to jointly solicit development proposals from potential developers for both City- and MTS-owned properties. MTS Board approval indicating support of the City releasing a RFQ/P for both sites is desired and will take place prior to the City releasing said RFQ/P.

In April 2007, the City adopted the Urban Core Specific Plan, which establishes land use and development standards applicable to approximately 1,700 acres in Western Chula Vista. This Specific Plan was subsequently amended in 2011 and 2015. The 707 F Street and 750 E Street properties are located within the Urban Core 15 (UC-15) District of the Urban Core Specific Plan. The UC-15 District is identified as the E Street Trolley Transit Focus Area. The Urban Core Specific Plan establishes that primary land uses in the UC-15 District are: mixed-use residential, residential; office (not allowed on the ground floor façade, except for access); and hospitality. A comprehensive list of permitted, conditionally permitted and prohibited uses is available within the Urban Core Specific Plan Land Use Matrix.

Development standards for the UC-15 District provide for a minimum Floor Area Ratio of 4.0 and a maximum Floor Area Ratio of 6.0. Minimum building height for the sites is 45 feet or approximately 4 stories and maximum building height is established at 210 feet or approximately 20 stories. Additional development standards such as setbacks, open space requirements and parking regulations are established by the Land Use & Development Standards section of the Urban Core Specific Plan. The vision for the E Street Trolley Transit Focus Area is to develop a robust mix of multi-family residential, office, retail and hospitality uses at high densities. Despite underutilization of the 707 F Street site since approximately 1999, the City had been reluctant to pursue its redevelopment. This was due to market conditions in Western Chula Vista that were unable to support the development types and intensities envisioned for the property.

Currently, western Chula Vista is experiencing a significant revitalization with momentum surging to redevelop vacant and underutilized properties. Much of this momentum is sustained by projects like the 1,600-room Gaylord Hotel and associated 275,000 square foot convention center at the Chula Vista Bayfront, which are anticipated to break ground in early 2020. Milestones achieved to redevelop the Bayfront have and continue to function as a catalyst for other redevelopment projects in Chula Vista. In fact, the city currently has more than 1,000 residential units in design or development in Western Chula Vista alone. With market conditions improving, the opportunity exists to attract revenue and employment-based development proposals for the 707 F Street and 750 E Street sites.

To solicit and evaluate developer proposals for development of 707 F Street and 750 E Street, both the City and MTS require the expertise of economic, market and financial consulting services to assist in developing the RFQ/P, evaluate developer proposals,

negotiate with developer(s) and structure potential transactions. Staff proposes entering into a Reimbursement Agreement with Chula Vista (Attachment B) to equally share the payment of costs for the City to procure the services to the benefit of both agencies.

The City released a Request for Qualifications (RFQ) to solicit consultants to provide economic, market and financial consulting services to the City through its competitive bidding process. The City received eight responses to the RFQ. A rating panel consisting of the City's Finance Director, Economic Development Director and Senior Economic Development Specialist evaluated responses and short-listed three consultants with the ability and qualifications to provide the City with these services. The three short-listed consultants include: Keyser Marston Associates, Inc.; Kosmont Companies; and Jones, Lang LaSalle. These consultants will remain on an as-needed/on-call eligibility list for a period of five years. During that time, the City may select any of these three consultants to provide services on projects.

City and MTS staff agree that for the purposes of soliciting and evaluating developer qualifications and proposals for 707 F Street and 750 E Street in Chula Vista, Keyser Marston and Associates, Inc. is the most appropriate and qualified to provide consulting services. This is due to several factors, including: 1) the consultant's history and experience working on projects in Chula Vista; 2) the consultant's history and experience working as a consultant to the City and MTS; and 3) cost. The projected cost for Keyser Marston Associates, Inc. to provide economic, market and financial consulting services to solicit and evaluate developer qualifications and proposals for 707 F Street and 750 E Street is $72,000. Pursuant to the reimbursement agreement with MTS, the City and MTS would each be equally responsible for half the projected cost of services, which is $36,000. The City proposes entering into both the Reimbursement Agreement with MTS and the professional services agreement with Keyser Marston Associates whereby the City would administer the contract with Keyser Marston Associates and MTS would reimburse the City for half the cost.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Site Plan
B. Reimbursement Agreement

E Street Trolley Station and F Street Corp Yard

REIMBURSEMENT AGREEMENT FOR PAYMENT OF COSTS FOR PROFESSIONAL ECONOMIC, FINANCIAL AND MARKET CONSULTING SERVICES

This Reimbursement Agreement for Payment of Costs for Professional Economic, Financial, and Market Consulting Services ("Agreement") is entered into effective as of _____ ("Effective Date") by and between the City of Chula Vista, a chartered municipal corporation ("CITY") and San Diego Metropolitan Transit System ("MTS") (collectively, the "Parties" and, individually, a "Party") with reference to the following facts:

Recitals

The CITY intends to solicit qualifications and proposals for the development of CITY-owned property located at 707 F Street in the City of Chula Vista.

The MTS intends to solicit qualifications and proposals for the development of MTS-owned property located at 750 E Street in the City of Chula Vista.

The CITY and MTS desire to jointly release a Request for Qualifications/Proposals for the development of 707 F Street and 750 E Street in the City of Chula Vista.

The CITY and MTS require third-party professional services for Economic, Financial and Market Consulting services to assist in the development and evaluation of developer qualifications and proposals that CITY and MTS receive.

Agreement

NOW, THEREFORE, in consideration of the above recitals, the covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, City and MTS hereby agree as follows:

I. Work to be Done

CITY shall enter into a two-party professional services agreement with KEYSER MARSTON AND ASSOCIATES, INC. for the purposes of conducting professional Economic, Financial and Market Consulting services to develop a Request for Qualifications/Proposals to solicit and to evaluate development qualifications and proposals for CITY-owned 707 F Street and MTS-owned 750 E Street in the City of Chula Vista. CITY's two-party professional services agreement with KEYSER MARSTON AND ASSOCIATES is presented in Exhibit "A," which by this reference is made part hereof. MTS hereby acknowledges review of CITY's two-party professional services agreement with KEYSER MARSTON AND ASSOCIATES and agrees to the scope of work and payment terms provided therein.

Deviations from the scope of work described above that are initiated by either the CITY shall be agreed upon in writing by both Parties hereto under a Revised Notice to MTS ("Revised Notice"). The Revised Notices shall be mailed or delivered to MTS to the address provided, and

DRAFT

in the manner specified in Article IV. General Conditions – "Notices". Such Revised Notices, once approved by MTS and acknowledged by CITY, will constitute agreement to amend the two-party professional services agreement between CITY and KEYSER MARSTON AND ASSOCIATES, INC. No work under said deviation shall commence prior to receipt of the Revised Notice by MTS. Changes in the scope of work or payment terms will require written amendment to this Agreement in addition to the Revised Notice.

II. Performance of Work

CITY agrees to provide MTS with access to all work product, written communication, and project notes associated with work performed by KEYSER MARSTON AND ASSOCIATES, INC., in the same manner and to the same extent allowed by CITY under the two-party agreement, for the purpose of inspection to ensure that the work is performed in accordance with the two-party professional services agreement between CITY and KEYSER MARSTON AND ASSOCIATES, INC. and this Agreement. MTS shall direct all questions and comments regarding work being performed by KEYSER MARSTON AND ASSOCIATES, INC. to CITY's Director of Economic Development for his/her evaluation and final disposition.

III. Payment for Work

CITY and MTS agree that CITY will pay for costs identified in the two-party professional services agreement between CITY and KEYSER MARSTON AND ASSOCIATES, INC. and that MTS will reimburse CITY with fifty percent (50%) of all such costs.

The projected total cost for work bid and to be performed by KEYSER MARSTON AND ASSOCIATES, INC. is $72,000. Subsequent to the execution of this Agreement and upon demand of CITY, MTS shall deposit with CITY fifty percent (50%) of the projected cost for the work totaling $36,000 ("Deposit").

MTS acknowledges and agrees that CITY shall draw down the Deposit in the following manner:

1. Following the receipt of an invoice from KEYSER MARSTON AND ASSOCIATES, INC., CITY will determine fifty percent (50%) of the invoice ("MTS' Share").
2. The CITY will then deduct MTS' Share from the Deposit.
3. On a monthly basis, the CITY will submit to MTS a summary of the balance of MTS' Share and the amounts deducted from the Deposit.

Following the completion of work by KEYSER MARSTON AND ASSOCIATES, INC., the City shall conduct an accounting of the actual charges associated with the two-party agreement between CITY and KEYSER MARSTON AND ASSOCIATES, INC. In the event that the actual cost exceeds the amount of the Deposit, the CITY shall invoice MTS for the difference, and MTS shall remit such amount to the CITY within forty-five (45) calendar days. If the actual cost is less than the Deposit, the CITY shall remit the balance of the Deposit to MTS within forty-five (45) calendar days.

DRAFT

IV. General Conditions

Notices. All notices, demands, or requests provided for or permitted to be given pursuant to this Agreement shall be sent by United States mail, postage prepaid or by a similar means reasonably calculated to ensure delivery within five (5) calendar days after deposit addressed as follows:

If to CITY:	City of Chula Vista Director of Economic Development 276 Fourth Avenue Chula Vista, CA 91910
With a copy to:	City of Chula Vista City Attorney 276 Fourth Avenue Chula Vista, CA 91910
If to MTS:	San Diego Metropolitan Transit System Manager of Real Estate Assets 1255 Imperial Avenue, Suite 1000 San Diego, CA 92101
With a copy to:	San Diego Metropolitan Transit System General Counsel 1255 Imperial Avenue, Suite 1000 San Diego, CA 92101

Successors and Assigns: Neither party to this Agreement may assign or transfer its rights or obligations under this Agreement without the other party's prior written consent thereto.

Authority: Each party and its respective agents executing this Agreement warrants and represents that it has the full power and authority to execute, deliver and perform the obligations under this Agreement and that each party's performance hereunder has been duly authorized by all requisite actions on the part of that party.

Entire Agreement: This Agreement represent the entire understanding of CITY and MTS as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to the matters covered herein. This Agreement may not be modified or altered except in writing signed by both Parties.

Severability. Should any part of this Agreement be held to be invalid by a court of competent jurisdiction, the remainder of this Agreement shall be considered as the whole Agreement and be binding on the contracting Parties.

DRAFT

Governing Law and Venue: This Agreement shall be construed in accordance with and governed by the laws of the State of California. This Agreement shall be deemed made and entered into in San Diego County, which shall also be deemed to be the sole and proper venue for any action or proceeding relating to this Agreement

Captions and Counterparts: The captions of this Agreement are for the purposes of reference only and shall not limit or define the meaning of the provisions of this Agreement. This Agreement may be executed in a number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, THE BELOW Parties have executed this Agreement as of the date of the last party to sign.

CITY OF CHULA VISTA

By: _____
Gary Halbert
City Manager

Date: _____

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

By: _____
Paul Jablonski
Chief Executive Officer

Date: _____

Approved as to form and legality:

By: _____
Glen R. Googins
City Attorney

Date: _____

By: _____
Karen Landers
General Counsel

Date: _____

\\ad\dfs\SDAT-Shared\Attorney\ProLaw_DocumentDirectory\2013-12006\Contracts - Agreements\681529_2.doc

DRAFT

Joint Development and Reimbursement Agreement

E Street Trolley Station

January 10, 2019

E Street Trolley Station
City of Chula Vista F Street Yard

City Property

- 707 F Street
- Former Public Works Yard
- 5.98 Acres

MTS Property

- 750 E Street
- E Street Transit Center
- 4.15 acres

View Southwest

Adopted Urban Core Specific Plan

- UC-15 District – allows for mixed-use residential, office, hospitality
- FAR min 4 to max 6
- Minimum building height 45’; Maximum 210’ (4 to 20 stories)

Proposed Strategy

- MTS and Chula Vista to jointly pursue development
  - MTS and City to enter into a reimbursement agreement to equally share consultant services costs.
  - City to hire Keyser – Marston and Associates, Inc. for market and financial analysis, RFQ/P development, developer evaluations

Staff Recommendation

That the Executive Committee recommend that the Board of Directors approve the agreement with the City of Chula Vista for joint development of MTS's E Street Trolley Station property.

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

REVISED DRAFT

Agenda

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

9:00 a.m.

James R. Mills Building
Board Meeting Room, 10th Floor
1255 Imperial Avenue, San Diego

To request an agenda in an alternative format or to request accommodations to facilitate meeting participation, please call the Clerk of the Board at least two working days prior to the meeting. 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.

		ACTION RECOMMENDED
1.	Roll Call	
2.	Approval of Minutes – December 13, 2018	Approve
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.	Elect Vice Chair, Chair Pro Tem, and Committee Appointments (Sharon Cooney) Action would: (1) elect a Vice Chair and Chair Pro Tem for 2019; and (2) consider the nominating slate proposed by the Ad Hoc Nominating Committee for the appointment of representatives to MTS committees for 2019 and vote to appoint representatives to those committees.	Elect

Please SILENCE electronics
during the meeting

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

CONSENT ITEMS

6. Security for South Bay Bus Rapid Transit — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Amendment Number 5 to MTS Doc. No G1828.0-15 with Allied/Universal dba Transit Systems Security, to provide additional security services for coverage of the new South Bay Rapid (Route 225) through June 30, 2019.

7. Lease Agreement with Brick by Brick, LLC at 675 West G Street, San Diego — Approve
Action would authorize the Chief Executive Officer (CEO) to execute a Lease Agreement with Brick By Brick, LLC for a lease at 675 West G Street, San Diego.

8. Mills Building Retail Lease: Extension of A-Mart Lease — Approve
Action would authorize the Chief Executive Officer (CEO) to execute an amended and restated Lease Agreement with Ramzi and Anwar Murad dba A-Mart, MTS Doc. No. G0202.2-93, including an extension of up to ten (10) years.

9. Imperial Avenue Division (IAD) Maintenance Floor Project – Award Work Order Under a Job Order Contract (JOC) — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. MTSJOC7503-13 to MTS Doc. No. PWL234.0-17 with ABC Construction Company, Inc. (ABC) for the epoxy floor installation in the maintenance building at IAD.

10. Fashion Valley Stair Repair – Award Work Order Under a Job Order Contract (JOC) — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order MTSJOC7504-24 for MTS Doc. No. PWL204.0-16 with ABC Construction Company, Inc. (ABC) for the Fashion Valley Stair Repair located at Fashion Valley Transit Center.

11. Design Services for Zero Emission Bus (ZEB) Pilot Program, Chargers Phase II – Work Order — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order WOA1947-AE-34 for MTS Doc. No. G1947.1-17 with HDR Engineering, Inc. (HDR) in the amount of $245,460.38 for design services for ZEB Chargers Phase II.

12. Kearny Mesa Division (KMD) Concrete Replacement – Award Work Order Under a Job Order Contract (JOC) — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. MTSJOC7504-50 for MTS Doc. No. PWL204.0-16 with ABC Construction Company, Inc. (ABC) for the partial replacement of concrete at KMD.

13. Paint Booth Blower Upgrades and Repair – Award Work Order Under a Job Order Contract (JOC) — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order MTSJOC7503-47 for MTS Doc. No. PWL234.0-17 with ABC Construction Company, Inc. (ABC) for Paint Booth Blower upgrades and repair at the Trolley Paint Booth.

14. South Bay Maintenance Facility Flooring – Contract Award — Approve
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWB265.0-19 with Stoncor Group, Inc. dba Stonhard (Stonhard) for the

installation of a multi component epoxy mortar floor system (flooring) in the maintenance bays at the South Bay Bus Maintenance Facility.

CLOSED SESSION

24. None.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30.	San Diego Transit Corporation (SDTC) Pension Investment Status (Jeremy Miller, Representative from RVK and Larry Marinesi)	Informational
31.	San Diego Transit Corporation (SDTC) Employee Retirement Plan's Actuarial Valuation as of July 1, 2018 (Anne Harper of Cheiron Inc. and Larry Marinesi) Action would receive the SDTC Employee Retirement Plan's (Plan) actuarial valuation as of July 1, 2018, and adopt the pension contribution amount of $15,919,058 for fiscal year 2020.	Adopt

REPORT ITEMS

45.	Update on Innovative Clean Transit Regulation (Paul Jablonski)	Informational
46.	Operations Budget Status Report for November 2018 (Mike Thompson)	Informational
59.	Ad Hoc Ballot Measure Committee Report	Informational
60.	Chair Report	Informational
61.	Chief Executive Officer's Report	Informational
62.	Board Member Communications	Informational

63. 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.

64. Next Meeting Date: February 14, 2019

65. Adjournment

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

DRAFT

Agenda

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

9:00 a.m.

James R. Mills Building
Board Meeting Room, 10th Floor
1255 Imperial Avenue, San Diego

To request an agenda in an alternative format or to request accommodations to facilitate meeting participation, please call the Clerk of the Board at least two working days prior to the meeting. 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.

		ACTION RECOMMENDED
1.	Roll Call	
2.	Approval of Minutes – December 13, 2018	Approve
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.	Elect Vice Chair, Chair Pro Tem, and Committee Appointments (Sharon Cooney) Action would: (1) elect a Vice Chair and Chair Pro Tem for 2019; and (2) consider the nominating slate proposed by the Ad Hoc Nominating Committee for the appointment of representatives to MTS committees for 2019 and vote to appoint representatives to those committees.	Elect

Please SILENCE electronics
during the meeting

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

CONSENT ITEMS

6. 2019 State and Federal Legislative Programs — Approve
Action would approve staff recommendations for 2019 federal and state legislative programs.

7. Lease Agreement with Brick by Brick, LLC at 675 West G Street, San Diego — Approve
Action would authorize the Chief Executive Officer (CEO) to execute a Lease Agreement with Brick By Brick, LLC for a lease at 675 West G Street, San Diego.

8. Mills Building Retail Lease: Extension of A-Mart Lease — Approve
Action would authorize the Chief Executive Officer (CEO) to execute an amended and restated Lease Agreement with Ramzi and Anwar Murad dba A-Mart, MTS Doc. No. G0202.2-93, including an extension of up to ten (10) years.

9. Imperial Avenue Division (IAD) Maintenance Floor Project – Award Work Order Under a Job Order Contract (JOC) — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. MTSJOC7503-13 to MTS Doc. No. PWL234.0-17 with ABC Construction Company, Inc. (ABC) for the epoxy floor installation in the maintenance building at IAD.

10. Fashion Valley Stair Repair – Award Work Order Under a Job Order Contract (JOC) — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order MTSJOC7504-24 for MTS Doc. No. PWL204.0-16 with ABC Construction Company, Inc. (ABC) for the Fashion Valley Stair Repair located at Fashion Valley Transit Center.

11. Design Services for Zero Emission Bus (ZEB) Pilot Program, Chargers Phase II – Work Order — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order WOA1947-AE-34 for MTS Doc. No. G1947.1-17 with HDR Engineering, Inc. (HDR) in the amount of $245,460.38 for design services for ZEB Chargers Phase II.

12. Kearny Mesa Division (KMD) Concrete Replacement – Award Work Order Under a Job Order Contract (JOC) — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order No. MTSJOC7504-50 for MTS Doc. No. PWL204.0-16 with ABC Construction Company, Inc. (ABC) for the partial replacement of concrete at KMD.

13. Paint Booth Blower Upgrades and Repair – Award Work Order Under a Job Order Contract (JOC) — Approve
Action would authorize the Chief Executive Officer (CEO) to execute Work Order MTSJOC7503-47 for MTS Doc. No. PWL234.0-17 with ABC Construction Company, Inc. (ABC) for Paint Booth Blower upgrades and repair at the Trolley Paint Booth.

14. South Bay Maintenance Facility Flooring – Contract Award — Approve
Action would authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWB265.0-19 with Stoncor Group, Inc. dba Stonhard (Stonhard) for the installation of a multi component epoxy mortar floor system (flooring) in the maintenance bays at the South Bay Bus Maintenance Facility.

CLOSED SESSION

24. None.

NOTICED PUBLIC HEARINGS

25. None.

DISCUSSION ITEMS

30.	San Diego Transit Corporation (SDTC) Pension Investment Status (Jeremy Miller, Representative from RVK and Larry Marinesi)	Informational
31.	San Diego Transit Corporation (SDTC) Employee Retirement Plan's Actuarial Valuation as of July 1, 2018 (Anne Harper of Cheiron Inc. and Larry Marinesi)	Approve
32.		
33.		
34.		
35.		

REPORT ITEMS

45.	Mobile Hub Application Demonstration (Rob Schupp and Gary Dexter)	Informational
46.	Innovative Clean Transit (ICT) Rule Update (Paul Jablonski)	Informational
47.		
48.		
59.	Ad Hoc Ballot Measure Committee Report	Informational
60.	Chair Report	Informational
61.	Chief Executive Officer's Report	Informational
62.	Board Member Communications	Informational
63.	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.

64. Next Meeting Date: February 14, 2019

65. Adjournment

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

Agenda Item No. 6

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

Draft for Executive Committee Review Date: 1/10/19

SUBJECT:

2019 STATE AND FEDERAL LEGISLATIVE PROGRAMS

RECOMMENDATION:

That the Board of Directors approve staff recommendations for 2019 federal and state legislative programs (see Attachments A and B).

Budget Impact

None.

DISCUSSION:

The draft state and federal legislative programs (Attachments A and B) are attached for review. The changes from the 2018 programs are identified. Upon approval by the MTS Board, these programs will be used to define MTS legislative advocacy efforts in calendar year 2019. Staff will return to the Board for approval of any amendments that are required to address unforeseen events or policy initiatives.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachments: A. Draft Federal Legislative Program (redline version)
B. Draft State Legislative Program (redline version)

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

THIS ATTACHMENT WILL BE PROVIDED WITH THE BOARD MEETING MATERIALS.

THIS ATTACHMENT WILL BE PROVIDED WITH THE BOARD MEETING MATERIALS.

Metropolitan Transit System

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

Agenda Item No. 7

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

Draft for Executive Committee Review Date: 1/10/19

SUBJECT:

LEASE AGREEMENT WITH BRICK BY BRICK, LLC AT 675 WEST G STREET, SAN DIEGO

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute a Lease Agreement with Brick By Brick, LLC for a lease at 675 West G Street, San Diego.

Budget Impact

The total rent revenue for the initial 10-year lease term covered by the proposed lease agreement (January 2019 through December 2028) amounts to $255,453 credited to the Land Management budget.

DISCUSSION:

Brick By Brick, LLC (Lessee), seeks approval of a proposed lease agreement to lease approximately 4,426 square feet at the Seaport Village Trolley Station. The Lessee currently leases 1,347 square feet of land that supports their outdoor eating space for the adjoining coffee shop restaurant. The Lessee wants to expand its operation over a landscaped area to the east of the outbound platform. By leasing this area, the Lessee would take over its maintenance.

The Lessee's use for the additional space and revised lease terms is to expand their operation along the length of the current outbound trolley platform from its building to India Street. The Lessee will expand its food service and seating space and rebrand the business to Brickyard Place.

The new lease would have an initial term of ten (10) years with the option to extend the lease for five (5) ten year extensions. The lease can be terminated by either party for

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

any reason giving one hundred and eighty (180) days' notice. The lease area is broken into 3 spaces, each having a different lease rate. Since this space is raw dirt and not typical restaurant space, the rental rate is discounted. Restaurant space in this area can be around $2 to $3 per square foot. Currently the Lessee pays $0.41 per square foot. The new rental rates will be $0.75 per square foot for the primary space of 1,347 square feet, the secondary space rate will be $0.50 per square foot for an additional 1,347 square feet, and the entry space will be $0.25 per square foot for 1,732 square feet to be used as hard scape. After each 5 year period, the lease rates would increase by a flat 10 percent.

The proposed lease agreement uses MTS's current standard form lease agreement (see Attachment A). With the expectation that the proposed lease agreement will be approved, the Lessee is required to obtain a Right of Entry Permit from MTS to make some tenant improvements for their expansion. The lease Exhibit C shows the Lessee's proposed expansion concepts.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Proposed Lease Agreement

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and entered into, effective as of _____, 2018 ("Commencement Date"), by and between the SAN DIEGO METROPOLITAN TRANSIT SYSTEM, a California public agency ("MTS") and BRICK BY BRICK, LLC (dba: Brickyard Coffee & Tea, Inc.) ("Lessee"). This Lease supersedes previous Lease Agreement, MTDB Doc. No. G0313.0-96, dated December 1, 1995.

IN CONSIDERATION OF THE RENTS AND COVENANTS hereinafter set forth, MTS hereby leases to Lessee, and Lessee hereby leases from MTS, the premises described below upon the following terms and conditions:

ARTICLE 1
LEASE OF PREMISES

MTS hereby leases to Lessee and Lessee hereby leases from MTS, for the rent and upon the covenants and conditions hereinafter set forth, the premises ("Premises") consisting of that certain real property described as follows:

A portion of the property located at the southeast corner of Kettner Boulevard and G Street, adjacent to the property commonly known as 675 West G Street, abutting the Seaport Village Trolley Station, consisting of approximately 4,426 square feet.

All of said leased real property, including the land and all improvements therein, and is outlined on the exhibit marked Exhibit "A" attached hereto.

ARTICLE 2
TERM

The term of this Lease shall be for TEN (10) YEARS commencing on the Commencement Date, ("Initial Term"), and Lessee shall have five ten-year options to extend ("Option to Extend") for a total term of sixty (60) years. This lease agreement shall remain in force, terminating one hundred and eighty (180) days following delivery of written notice of termination by either party to the other, for reason or no reason.

Lessee shall exercise each Option to Extend ("Option") by providing MTS with written notice ninety (90) days prior to the expiration date of Lease. If Lessee exercises Option to Extend, MTS' and Lessee's respective rights, duties and obligations shall be governed by the terms and conditions of this Lease.

ARTICLE 3
RENT

3.1 Base Rent. The Base Rent, prorated from the Commencement Date until December 31, 2018, shall be $0.75 per square foot per month for the original 1,347 square footage "Existing Brickyard Patio" area shown on Exhibit "C". This area is hereinafter referred to as Area "A". The prorated rent for Area "A" from the Commencement Date through December 31, 2018 shall be due on the Commencement Date. Thereafter, semi-annual rent

payments shall be due every January 1st and July 1st, beginning in the year 2019. Every January 1st, there will be an annual cost of living adjustment as described in in Section 3.2.

On said Exhibit "C", the additional area referred to as the "Expanded Brickyard Patio With Primary Pavilion" of 1347 square feet, hereinafter referred to as Area "B", will be at the rate of $0.50 per square foot per month which calculates to a Base Annual rent of $8,082.00. Said rent for Area "B" shall commence on the first (1st) of the month following nine (9) months after the Commencement Date of this Lease. and the first rent that is due at that time will be pro-rated. Thereafter, semi-annual rent payments shall be due every January 1st and July 1st. Every January 1st, there will be an annual cost of living adjustment as described in in Section 3.2.

The additional "Brickyard Place South Access With Secondary Pavilion" area on Exhibit "C" of 1732 square footage, hereinafter referred to as Area "C", will be at the rate of $0.25 per square foot per month which calculates to a Base Annual rent to be $5,196.00. Said rent for Area C shall commence on the first (1st) of the month following the twelfth (12th) month after the Commencement Date of this Lease Agreement and the first rent that is due at that time will be pro-rated. Thereafter, semi-annual rent payments shall be due every January 1st and July 1st. Every fifth (5th) January 1st, there will be an increase to the Base Rent as described in in Section 3.2.

Should the Commencement Date be a day other than the first day of a calendar month, then the rent for such first fractional month shall be computed on a daily basis for the period from the Commencement Date to the end of such calendar month and at an amount equal to one thirtieth (1/30th) of the said rent for each such day, and thereafter shall be computed and paid as aforesaid.

3.2 Increases to the Base Rent. The Base Rent provided for in Section 3.1 shall be adjusted as set forth below on January 1st after the Commencement Date. The Base Rent will increase in the sixth year of the Initial Term by ten percent (10%), over the Base Rent paid the previous year, and remain at that level for the balance of the Initial Term

At the time of the exercise of each of the Ten-Year Options, the Base Rent in the first year of each Option shall increase by ten percent (10%) over the previous year's Base Rent and then remain at that level for the first five (5) years of the Option. The Base Rent will increase in the sixth year of the Option by ten percent (10%) over the Base Rent paid the previous year, and remain at that level for the remaining five (5) years of the Option. The increase to the Base Rent on January 1st following an extension of a Ten-Year Option period shall be prorated for the remaining portion of the calendar year a Ten-Year Option is extended.

3.3 Delivery of Rent Payments. All rent due under this Lease shall be made payable to MTS, and shall be considered paid when delivered to:

MTS
Attn: Finance Department
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

MTS may, at any time, by written notice to Lessee, designate a different address to which

Lessee shall deliver the rent payments. MTS may, but is not obligated to, send rent invoices to Lessee.

3.4 Failure to Pay Base Rent or Additional Rent; Late Charge.

a. If any such rental is not received by MTS within fifteen (15) calendar days following the due date, Lessee shall immediately pay to MTS a late charge equal to five percent (5%) of such overdue amount. Should Lessee pay said late charge but fail to pay contemporaneously therewith all unpaid amounts of rent due hereunder, MTS' acceptance of this late charge shall not constitute a waiver of Lessee's default with respect to such nonpayment by Lessee nor prevent MTS from exercising all other rights and remedies available to MTS under this Lease or under law.

b. In the event of a dispute between the parties as to the correct amount of Base Rent or Additional Rent owed by Lessee, MTS may accept any sum tendered by Lessee in payment thereof, without prejudice to MTS' claim as to the proper amount of rent owing. If it is later determined that Lessee has not paid the full amount of rent owing, the late charge specified herein shall apply only to that portion of the rent still due and payable from Lessee. Notwithstanding any provision of this Section to the contrary, however, MTS may waive any delinquency payment or late charge upon written application of Lessee.

ARTICLE 4
POSSESSION AND USE

4.1 Permitted Uses. Lessee shall use the Premises in a manner consistent with the Concept Design Plan, a copy of which is attached hereto as Exhibit "C" and by this reference incorporated herein and as long as Lessee complies with the aforementioned sentence, will be entitled to use the Premises for any commercial use, but subject to Paragraph 4.2 below. Lessee may sell alcoholic beverages upon receipt of a valid liquor license, and may utilize portable propane heaters if allowed by local ordinance and regulations. At no time shall any use of portable heaters be a hazard to MTS operations. If determined to be a hazard by MTS, Lessee will be notified in writing to cease use of the portable heaters.

No one other than Lessee, its agents, volunteers and employees, or any sublessee of Lessee approved by MTS as provided in Article 12, "Assignment and Subletting," below, is permitted to use the Premises for the purposes described herein, and Lessee shall be fully responsible for the activities of its agents, volunteers and employees and sublessees, if any, on the Premises.

4.2 Duties and Prohibited Conduct. Where Lessee is reasonably in doubt as to the suitability of any particular use, Lessee may request the written determination of MTS that such use is or is not permitted, and Lessee will not be in breach or default under this Lease if Lessee abides by such determination. Notwithstanding the foregoing, however, Lessee shall not use nor permit the use of the Premises in any manner that will tend to create a nuisance. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, laws, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term, regulating the use by Lessee of the Premises. Lessee shall not use, or permit any person or persons to use, the Premises for the sale or display of any goods and/or services, which, in the sole discretion of MTS, are inconsistent with the permitted uses of the Premises pursuant to this

Lease. Lessee shall keep the Premises, and every part thereof, in a safe and sanitary condition, free from any objectionable noises or odors, except as may be typically present for the permitted uses specified above.

4.3 Compliance With Stormwater Laws. Lessee's use of the Premises is subject to federal, state and local laws regarding the discharge into the stormwater conveyance system of pollutants. Compliance with these laws may require Lessee to develop, install, implement and maintain pollution prevention measures, source control measures and Best Management Practices ("BMPs"). BMPs can include operational practices; water or pollutant management practices; physical site features; or devices to remove pollutants from stormwater, to affect the flow of stormwater or to infiltrate stormwater to the ground. BMPs applicable to Lessee's use of the Premises may include a requirement that all materials, wastes or equipment with the potential to pollute urban runoff be stored in a manner that either prevents contact with rainfall and stormwater, or contains contaminated runoff for treatment and disposal. Lessee is required and agrees to use, operate, maintain, develop, redevelop and retrofit the Premises, as necessary, in accordance with all applicable federal, state and local laws restricting the discharge of non-stormwater at or from the Premises; and all such laws, regulations, or local guidance requiring pollution prevention measures, source control measures, or the installation or use of BMPs. Lessee further agrees to develop, install, implement and/or maintain at Lessee's sole cost and expense, any BMPs or similar pollution control devices required by federal, state and/or local law and any implementing regulations or guidance.

Lessee understands and acknowledges that the stormwater and non-stormwater requirements applicable to Lessee's use of the Premises may be changed from time to time by federal, state and/or local authorities, and that additional requirements may become applicable based on changes in Lessee's activities or development or redevelopment by Lessee or MTS. Lessee shall perform and record annual stormwater training, perform and record regular stormwater self-inspections, and maintain and provide all necessary stormwater documentation to stormwater auditors.

Lessee shall develop, install, implement, and maintain such additional BMPs and/or other pollution control practices at the Premises at Lessee's sole cost and expense. To the extent there is a conflict between any federal, state or local law, Lessee shall comply with the more restrictive provision. If MTS receives any fine or fines from any regulatory agency as a result of Lessee's failure to comply with applicable stormwater laws as set forth in this Article, Lessee shall reimburse MTS for the entire fine amount issued by the applicable public agency.

ARTICLE 5
UTILITIES

5.1 Utility Services: Lessee agrees to provide and pay for all of the utilities and services necessary for the occupancy and use of the Premises, including, but not limited to, gas, water, electricity, trash, sewage charges or septic service, and telephone. MTS shall have no responsibility either to provide or pay for such services.

Lessee shall be granted access and control to any and all existing utilities, including but not limited to water, electricity, gas, telephone and sewage, as applicable, on Areas A, B and C. Such utilities shall be metered separately, prior to the Commencement Date of this Lease. Once

severed, MTS shall have no responsibility to pay for said utilities in connection with Areas A, B or C.

Lessee may relocate the three (3) above-ground utility boxes located on the south end of Area C in a manner mutually agreed upon by MTS and Lessee, at the sole cost of Lessee.

Lessee may remove and relocate the two (2) beverage vending machines positioned on Area C, in a manner consistent with MTS' discretion, at the sole cost of Lessee.

5.2 Energy Conservation by Lessee: Lessee shall be responsible for promoting energy conservation measures in the operation of all activities at the Lease premises. Lessee shall cooperate with MTS in all forms of energy conservation including energy-efficient lighting, heating and air-conditioning systems, and fixtures and equipment. Lessee shall comply with all existing and newly-enacted laws, by-laws, regulations, etc., relating to the conservation of energy. Lessee shall comply with all reasonable requests and demands of the Lessor pertaining to the installation and maintenance of energy conservation systems, fixtures, and equipment.

ARTICLE 6
MECHANICS' LIENS

Lessee shall pay, or cause to be paid, all costs for work done by it, or caused to be done by it, on the Premises, and for all materials furnished for or in connection with any such work. If any lien is filed against the Premises, Lessee shall cause the lien to be discharged of record within ten (10) days after it is filed. Lessee shall indemnify, defend and hold MTS harmless from any and all liability, loss, damage, costs, attorneys' fees and all other expenses on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished for Lessee or persons claiming under Lessee, its agents, and/or subcontractors.

ARTICLE 7
SECURITY

Lessee shall be responsible for and shall provide for the security of Area A, Area B, and Area C, and MTS shall have no responsibility therefore.

ARTICLE 8
TAXES, ASSESSMENTS AND FEES

8.1 Responsibility for Payment of Taxes and Assessments. MTS shall not be obligated to pay any taxes or assessments accruing against Lessee on the Premises or any interest of Lessee therein before, during or after the Term, or any extension thereof; all such payments shall be the sole responsibility of Lessee. In addition, Lessee shall be solely responsible for payment of any taxes or assessments levied upon any Improvements, Fixtures or Personal Property located on the Premises, to the extent that such taxes or assessments result from the business or other activities of Lessee upon, or in connection with, the Premises.

8.2 Definition of "Taxes". As used herein, the term "taxes" means all taxes, governmental bonds, special assessments, Mello-Roos assessments, charges, rent income or transfer taxes, license and transaction fees, including, but not limited to, (i) any state, local,

federal, personal or corporate income tax, or any real or personal property tax, (ii) any estate inheritance taxes, (iii) any franchise, succession or transfer taxes, (iv) interest on taxes or penalties resulting from Lessee's failure to pay taxes, (v) any increases in taxes attributable to the sale of Lessee's leasehold interest in the Premises, or (vi) any taxes which are essentially payments to a governmental agency for the right to make improvements to the Premises.

8.3 Creation of Possessory Interest. Pursuant to the provisions of Revenue and Taxation Code section 107.6, Lessee is hereby advised that the terms of this Lease may result in the creation of a possessory interest. If such a possessory interest is vested in Lessee, Lessee may be subjected to the payment of real property taxes levied on such interest. Lessee shall be solely responsible for the payment of any such real property taxes. Lessee shall pay all such taxes when due, and shall not allow any such taxes, assessments or fees to become a lien against the Premises or any improvement thereon; provided, however, that nothing herein shall be deemed to prevent or prohibit Lessee from contesting the validity of any such tax, assessment or fee in a manner authorized by law.

ARTICLE 9
REPAIRS; MAINTENANCE

9.1 Acceptance of Premises. Lessee acknowledges that Lessee has made a thorough inspection of the Premises prior to the Commencement Date of this Lease, and that it accepts the Premises as of the Commencement Date in their condition at that time. Lessee further acknowledges that MTS has made no oral or written representations or warranties to Lessee regarding the condition of the Premises, and that Lessee is relying solely on its inspection of the Premises with respect thereto.

9.2 Lessee's Repair and Maintenance Obligations. Lessee shall at all times from and after the Commencement Date, at its own cost and expense, repair, maintain in good and tenantable condition and replace, as necessary, the Premises and every part thereof, including, without limitation, the following as applicable: the roof; the heating, ventilation and air conditioning system; mechanical and electrical systems; all meters, pipes, conduits, equipment, components and facilities (whether or not within the Premises) that supply the Premises exclusively with utilities (except to the extent the appropriate utility company has assumed these duties); all Fixtures and other equipment installed in the Premises; all exterior and interior glass installed in the Premises; all signs, lock and closing devices; all interior window sashes, casements and frames; doors and door frames (except for the painting of the exterior surfaces thereof); floor coverings; and all such items of repair, maintenance, alteration, improvement or reconstruction as may be required at any time or from time to time by a governmental agency having jurisdiction thereof. Lessee's obligations hereunder shall apply regardless of whether the repairs, restorations and replacements are ordinary or extraordinary, foreseeable or unforeseeable, capital or noncapital, or the fault or not the fault of Lessee, its agents, employees, invitees, visitors, sublessees or contractors. All replacements made by Lessee in accordance with this Section shall be of like size, kind and quality to the items replaced and shall be subject to MTS' approval. Upon surrender of the Premises, Lessee shall deliver the Premises to MTS in good order, condition and state of repair, but shall not be responsible for damages resulting from ordinary wear and tear. Lessee shall provide for trash removal, at its expense, and shall maintain all trash receptacles and trash areas in a clean, orderly and first-class condition.

Lessee shall not, without MTS' prior written consent (which shall not be unreasonably withheld, conditioned, or delayed), make any alterations, install or remove any landscaping, including trees, improvements or additions to the Premises, whether structural or non-structural. Any such improvements, excepting movable furniture and trade fixtures, shall become part of the realty and belong to MTS; provided, however, that MTS may require the removal of any such alterations, improvements or additions as a condition to granting MTS' consent. All alterations, improvements or additions shall be accomplished by Lessee in a good and workmanlike manner, in conformity with all applicable laws and regulations.

The exercise of any and all rights provided by this Lease is subject to the requirement that Lessee's contractors and agents first obtain a Right of Entry Permit ("ROE Permit") from MTS prior to entry onto the Premises for the construction any tenant improvements or maintenance of the Premises. The ROE Permit requires that Lessee's contractors and agents procure and maintain in force at all times during the construction contract, the insurance described in the ROE Permit. MTS shall timely process any applications required to obtain the ROE Permit, and shall not unreasonably deny or delay the issuance of such ROE Permit. Lessee's contractors and agents will comply with all MTS policies, rules and regulations as stated in the ROE Permit, and the instructions of MTS' representatives.

9.3 Lessee's Failure to Maintain. If Lessee refuses or neglects to repair, replace, or maintain the Premises, or any part thereof, in a manner reasonably satisfactory to MTS, MTS may, upon giving Lessee reasonable written notice of its election to do so, make such repairs or perform such maintenance on behalf of and for the account of Lessee. If MTS makes or causes any such repairs to be made or performed, as provided for herein, Lessee shall pay the cost thereof to MTS, as additional rent, promptly upon receipt of an invoice therefore.

9.4 Right to Enter. Lessee shall permit MTS, or its authorized representatives, to enter the Premises at all times during usual business hours to inspect the same, and to perform any work therein that (a) may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, (b) MTS may deem necessary to prevent deterioration in connection with the Premises if Lessee does not make, or cause to be made, such repairs or perform, or cause to be performed, such work promptly after receipt of written demand from MTS, and (c) MTS may deem necessary in connection with the expansion, reduction, remodeling, protection or renovation of any MTS constructed or owned facilities on or off of the Premises. Nothing herein shall imply any duty on the part of MTS to do any such work which, under any provision of this Lease, Lessee may be required to do, nor shall MTS' performance of any repairs on behalf of Lessee constitute a waiver of Lessee's default in failing to do the same. If MTS exercises any of its rights under this Section, Lessee shall not be entitled to any compensation, damages or abatement of rent from MTS for any injury or inconvenience occasioned thereby.

9.5 MTS Not Obligated to Repair or Maintain; Lessee's Waiver of California Civil Code Section 1942. To the extent that any remedies specified in this Lease conflict or are inconsistent with any provisions of California Civil Code section 1942, or any successor statute thereto ("CC §1942"), the provisions of this Lease shall control. Lessee specifically waives any right it may have pursuant to CC §1942 to effect maintenance or repairs to the Premises and to abate the costs thereof from rent due to the MTS under this Lease.

ARTICLE 10
INDEMNITY AND INSURANCE

10.1 Lessee's Indemnity. MTS shall not be liable for, and Lessee shall defend and indemnify MTS and the employees and agents of MTS (collectively "MTS Parties"), against any and all claims, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs (hereinafter collectively referred to as "Claims"), related to this Lease and arising either directly or indirectly from any act, error, omission or negligence of Lessee or its contractors, licensees, agents, volunteers, servants or employees, including, without limitation, Claims caused by the concurrent negligent act, error or omission, whether active or passive, of MTS Parties. Lessee shall have no obligation, however, to defend or indemnify MTS Parties from a Claim if it is determined by a court of competent jurisdiction that such Claim was caused by the sole negligence or willful misconduct of MTS Parties.

10.2 MTS' Indemnity. MTS shall defend and indemnify Lessee and hold it harmless from and against any Claims related to this Lease that arise solely from any act, omission or negligence of MTS Parties.

10.3 Covered Claims. The obligations of Lessee and MTS hereunder to indemnify, defend and hold each other harmless shall not apply to the extent that insurance carried by Lessee or MTS, other than any program of self-insurance covers any Claim.

10.4 Lessee's Insurance Obligations. Without limiting Lessee's indemnification obligations to MTS under this Lease, Lessee shall provide and maintain, during the Term and for such other period as may be required herein, at its sole expense, insurance in the amounts and form specified in Exhibit "B," attached hereto.

10.5 MTS' Insurance Obligations. MTS maintains a policy of All-Risk Insurance covering the MTS' personal property in the Premises, including any fixtures or equipment in the Premises owned by MTS. The MTS utilizes a program of self-funding with regard to any liability it may incur for personal injury or property damage arising out its use or occupancy of the Premises.

ARTICLE 11
HAZARDOUS MATERIALS

11.1 Hazardous Materials Laws-Definition. As used in this section, the term "Hazardous Materials' Laws" means any and all federal, state or local laws or ordinances, rules, decrees, orders, regulations or court decisions (including the so-called "common law"), including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C., □ 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C., □ 1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C., □ 6901 et seq.), and the California Environmental Quality Act of 1970, relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, soil and ground water conditions or other similar substances or conditions.

11.2 Hazardous Materials - Definition. As used in this section the term "Hazardous Materials" means any chemical, compound, material, substance or other matter that:

a. Is a flammable, explosive, asbestos, radioactive nuclear medicine, vaccine, bacteria, virus, hazardous waste, toxic, overtly injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials;

b. Is controlled, referred to, designated in or governed by any Hazardous Materials Laws;

c. Gives rise to any reporting, notice or publication requirements under any Hazardous Materials Laws; or

d. Is any other material or substance giving rise to any liability, responsibility or duty upon the MTS or Lessee with respect to any third person under any Hazardous Materials Law.

11.3 Lessee's Representations and Warranties. Lessee represents and warrants that, during the Term or any extension thereof, or for such longer period as may be specified herein, Lessee shall comply with the following provisions unless otherwise specifically approved in writing by MTS:

a. Lessee shall not cause or permit any Hazardous Materials to be brought, kept or used in or about the Premises by Lessee, its agents, employees, sublessees, assigns, contractors or invitees, except as required by Lessee's permitted use of the Premises, as described in Section 4.1, "Permitted Uses."

b. Any handling, transportation, storage, treatment or usage by Lessee of Hazardous Materials that is to occur on the Premises following the Commencement Date shall be in compliance with all applicable Hazardous Materials Laws.

c. Any leaks, spills, release, discharge, emission or disposal of Hazardous Materials which may occur on the Premises following the Commencement Date shall be promptly and thoroughly cleaned and removed from the Premises by Lessee at its sole expense, and any such discharge shall be promptly reported in writing to MTS, and to any other appropriate governmental regulatory authorities.

d. No friable asbestos shall be constructed, placed on, deposited, stored, disposed of, or located by Lessee in the Premises.

e. No underground improvements, including but not limited to treatment or storage tanks, or water, gas or oil wells shall be located by Lessee on the Premises without MTS' prior written consent.

f. Lessee shall conduct and complete all investigations, studies, sampling, and testing procedures and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from, or affecting the Premises in accordance with all applicable Hazardous Materials' Laws and to the satisfaction of MTS.

g. Activities proposed by Lessee that involve disturbing asbestos materials on site shall only be conducted in accordance with all federal, state and local asbestos rules and regulations including, but not limited to, the California Occupational Safety and Health Administration (Cal/OSHA), Environmental Protection Agency (EPA) and Air Pollution Control District (APCD), with prior written consent of MTS.

Any asbestos related activities shall be performed by a contractor that is registered with Cal/OSHA and certified by the California Contractors State Licensing Board to perform asbestos work. Any asbestos related activities shall be overseen by a California Certified Asbestos Consultant (CAC), or a Certified Site Surveillance Technician under the direction of a CAC.

Replacement products used in tenant improvements or other construction activities shall not contain asbestos. Any replacement products used by Lessee shall be verified as non-asbestos products by using Material Safety Data Sheets (MSDS) and/or having the architect or project engineer verify that ACMs were not used.

h. Lessee shall promptly supply MTS with copies of all notices, reports, correspondence, and submissions made by Lessee to the United States Environmental Protection Agency, the United Occupational Safety and Health Administration, and any other local, state or federal authority which requires submission of any information concerning environmental matters or hazardous wastes or substances pursuant to applicable Hazardous Materials' Laws.

i. Lessee shall promptly notify MTS of any liens threatened or attached against the Premises pursuant to any Hazardous Materials' Law. If such a lien is filed against the Premises, then within twenty (20) days following such filing or before any governmental authority commences proceedings to sell the Premises pursuant to the lien, whichever occurs first, Lessee shall either: (a) pay the claim and remove the lien from the Premises; or (b) furnish either (1) a bond or cash deposit reasonably satisfactory to MTS in an amount not less than the claim from which the lien arises, or (2) other security satisfactory to MTS in an amount not less than that which is sufficient to discharge the claim from which the lien arises. At the end of this lease, Lessee shall surrender the Premises to MTS free of any and all Hazardous Materials and in compliance with all Hazardous Materials' Laws affecting the Premises.

11.4 Indemnification by Lessee. Lessee (and, if applicable, each of its general partners) and its successors, assigns, and guarantors, if any, jointly and severally agree to protect, indemnify, defend (with counsel selected by MTS), reimburse and hold MTS and its officers, employees and agents harmless from any claims, judgments, damages, penalties, fines, costs or expenses (known or unknown, contingent or otherwise), liabilities (including sums paid in settlement of claims), personal injury (including wrongful death), property damage (real or personal) or loss, including attorneys' fees, consultants' fees, and experts' fees (consultants and experts to be selected by MTS) which arise during or after the Term from or in connection with the presence or suspected presence of Hazardous Materials, including the soil, ground water or soil vapor on or under the Premises. Without limiting the generality of the foregoing, the indemnification provided by this section shall specifically cover costs incurred in connection with investigation of site conditions or any cleanup, remedial, removal or restoration work required by any Hazardous Materials Laws because of the presence of Hazardous Materials in

the soil, ground water or soil vapor on the Premises, and the release or discharge of Hazardous Materials by Lessee during the course of Lessee's alteration or improvement of the Premises.

11.5 Remedies Cumulative; Survival. The provisions of this Article shall be in addition to any and all common law obligations and liabilities Lessee may have to MTS, and any remedies and the environmental indemnities provided for herein shall survive the expiration or termination of this Lease and/or any transfer of all or any portion of the Premises, or of any interest in this Lease, and shall be governed by the laws of the State of California.

11.6 Inspection. MTS and MTS' agents, servants, and employees including, without limitation, legal counsel and environmental consultants and engineers retained by MTS, may (but without the obligation or duty so to do), at any time and from time to time, on not less than ten (10) business days' notice to Lessee (except in the event of an emergency in which case no notice shall be required), inspect the Premises to determine whether Lessee is complying with Lessee's obligations set forth in this Article, and to perform environmental inspections and samplings, during regular business hours (except in the event of an emergency) or during such other hours as MTS and Lessee may agree. If Lessee is not in compliance, MTS shall have the right, in addition to MTS' other remedies available at law and in equity, to enter upon the Premises immediately and take such action as MTS in its sole judgment deems appropriate to remediate any actual or threatened contamination caused by Lessee's failure to comply. MTS will use reasonable efforts to minimize interference with Lessee's use of Premises but shall not be liable for any interference caused by MTS' entry and remediation efforts. Upon completion of any sampling or testing MTS will (at Lessee's expense if MTS' actions are a result of Lessee's default under this section) restore the affected area of the Premises from any damage caused by MTS' sampling and testing.

ARTICLE 12
ASSIGNMENT AND SUBLETTING

Lessee shall not voluntarily or involuntarily assign, sublease, mortgage, encumber, or otherwise transfer (collectively, a "Transfer") all or any portion of the Premises or its interest in this Lease without MTS' prior written consent. MTS may not reasonably withhold its consent to any Transfer. Any attempted Transfer without MTS' consent shall be void and shall constitute a material breach of this Lease. As used herein, the term "Transfer" shall include an arrangement (including without limitation management agreements, concessions, and licenses) that allows the use and occupancy of all or part of the Premises by anyone other than Lessee.

ARTICLE 13
MTS' RIGHT OF ACCESS

a. MTS, its agents, employees, and contractors may enter the Premises at any time in response to an emergency, and at reasonable hours to (a) inspect the Premises, (b) exhibit the Premises to prospective purchasers or Lessees, (c) determine whether Lessee is complying with its obligations in this Lease (including its obligations with respect to compliance with Hazardous Materials Laws), (d) supply cleaning service and any other service that this Lease requires MTS to provide, (e) post notices of non-responsibility or similar notices, or (f) make repairs that this Lease requires MTS to make, or make repairs to any adjoining space or utility services, or make repairs, alterations, or improvements to any other portion of the Premises; provided, however,

that all work will be done as promptly as reasonably possible and so as to cause as little interference to Lessee as reasonably possible.

b. Lessee waives any claim of injury or inconvenience to Lessee's business, interference with Lessee's business, loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by such entry. If necessary, Lessee shall provide MTS with keys to unlock all of the doors in the Premises (excluding Lessee's vaults, safes, and similar areas designated in writing by Lessee in advance). MTS will have the right to use any means that MTS may deem proper to open doors in the Premises and to the Premises in an emergency. No entry to the Premises by MTS by any means will be a forcible or unlawful entry into the Premises or a detainer of the Premises or an eviction, actual or constructive, of Lessee from the Premises, or any part of the Premises, nor shall the entry entitle Lessee to damages or an abatement of rent or other charges that this Lease requires Lessee to pay.

ARTICLE 14
QUIET ENJOYMENT

If Lessee is not in breach under the covenants made in this Lease, MTS covenants that Lessee shall have peaceful and quiet enjoyment of the Premises without hindrance on the part of MTS. MTS will defend Lessee in the peaceful and quiet enjoyment of the Premises against claims of all persons claiming through or under the MTS.

ARTICLE 15
NOTICES

15.1 Notices. Whenever in this Lease it shall be required or permitted that notice or demand be given or served by either party to this Lease to or on the other, such notice or demand shall be in writing, mailed or delivered to the other party at the following addresses:

To MTS:
Manager of Real Estate Assets
1225 Imperial Avenue, Suite 1000
San Diego, CA 92101

To Lessee:
Mark Haack
Mark E Haack
610 India Street
San Diego, CA 92101

Mailed notices shall be sent by United States Postal Service, certified or registered mail, postage prepaid and shall be deemed to have been given, delivered and received three (3) business days after the date such notice or other communication is posted by the United States Postal Service. All other such notices or other communications shall be deemed given, delivered and received upon actual receipt. Either party may, by written notice delivered pursuant to this provision, at any time designate a different address to which notices shall be sent.

15.2 Default Notices. Notwithstanding anything to the contrary contained within this

Article, any notices MTS is required or authorized to deliver to Lessee in order to advise Lessee of alleged violations of Lessee's covenants under this Lease must be in writing but shall be deemed to have been duly given or served upon Lessee by MTS attempting to deliver at the Premises during normal business hours a copy of such notice to Lessee or its managing employee and by MTS mailing a copy of such notice to Lessee in the manner specified in the preceding Section.

ARTICLE 16
WAIVER OF RELOCATION ASSISTANCE BENEFITS

16.1 Relocation Assistance Benefits. Lessee is hereby informed and acknowledges the following:

a. By entering into this Lease and becoming a tenant of MTS, Lessee will not be entitled to receipt of "relocation assistance benefits" ("Relocation Benefits") pursuant to the Federal Uniform Relocation Assistance Act (42 U.S.C. □□ 4601 et seq.) and/or the California Relocation Assistance Law (Cal. Gov. Code □□ 7270 et seq.) (collectively, the "Relocation Statutes"), should MTS at some time make use of the Premises in such a way as to "displace" Lessee from the Premises. Pursuant to the Relocation Statutes, MTS will not be obligated to make such payments to Lessee even where such displacement of Lessee may otherwise constitute a breach or default by MTS of its obligations pursuant to this Lease.

16.2 Lessee's Waiver and Release of Relocation Benefits. In consideration of MTS' agreement to enter into this Lease, Lessee hereby waives any and all rights it may now have, or may hereafter obtain, to Relocation Benefits arising out of the MTS' assertion or exercise of its contractual rights to terminate this Lease pursuant to its terms, whether or not such rights are contested by Lessee or any other entity, and releases MTS from any liability for payment of such Relocation Benefits; provided, however, that Lessee does not waive its rights to Relocation Benefits to the extent that Lessee's entitlement thereto may arise out of any condemnation or pre-condemnation actions taken by the MTS or any other public agency with respect to the Premises. Lessee shall in the future execute any further documentation of the release and waiver provided hereby as MTS may reasonably require.

ARTICLE 17
GENERAL PROVISIONS

17.1 Authority. Lessee represents and warrants that it has full power and authority to execute and fully perform its obligations under this Lease pursuant to its governing instruments, without the need for any further action, and that the person(s) executing this Lease on behalf of Lessee are the duly designated agents of Lessee and are authorized to do so.

17.2 Brokers. Lessee warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation and/or execution of this Lease. In the event any broker other than the brokers acknowledged in writing by MTS make claim for monies owed, Lessee shall indemnify, defend and hold MTS harmless therefrom.

17.3 Captions. The captions, headings and index appearing in this Lease are inserted for convenience only and in no way define, limit, construe, or describe the scope or intent of the

provisions of this Lease.

17.4 Cumulative Remedies. In the event of a default under this Lease, each party's remedies shall be limited to those remedies set forth in this Lease. Any such remedies are cumulative and not exclusive of any other remedies under this Lease to which the non-defaulting party may be entitled.

17.5 Entire Agreement. This Lease, together with all addenda, exhibits and riders attached hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof, and all prior or contemporaneous agreements, understandings and representations, oral or written, are superseded.

17.6 Estoppel Certificate. Lessee shall at any time during the term of this Lease, within ten (10) business days of written notice from MTS, execute and deliver to MTS a statement in writing certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification. Lessee's statement shall include other details requested by MTS, such as the date on which rent and other charges are paid, the current ownership and name of Lessee, Lessee's knowledge concerning any outstanding defaults with respect to MTS' obligations under this Lease and the nature of any such defaults. Any such statement may be relied upon conclusively by any prospective purchaser or encumbrancer of the Premises. Lessee's failure to deliver such statements within such time shall be conclusively deemed to mean that this Lease is in full force and effect, except to the extent any modification has been represented by MTS, that there are no uncured defaults in the MTS' performance, and that not more than one month's rent has been paid in advance.

17.7 Exhibits. All exhibits referred to herein are attached hereto and incorporated by reference.

17.8 Force Majeure. In the event either party is prevented or delayed from performing any act or discharging any obligation hereunder, except for the payment of rent by Lessee, because of any and all causes beyond either party's reasonable control, including unusual delays in deliveries, abnormal adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials or equipment, acts of God, governmental restrictions, regulations or controls, any hostile government actions, civil commotion and fire or other casualty, legal actions attacking the validity of this Lease or the MTS' occupancy of the Premises, or any other casualties beyond the reasonable control of either party except casualties resulting from Lessee's negligent operation or maintenance of the Premises ("Force Majeure"), performance of such act shall be excused for the period of such delay, and the period for performance of such act shall be extended for a period equivalent to the period of such delay. Force Majeure shall not include any bankruptcy, insolvency, or other financial inability on the part of either party hereto.

17.9 Governing Law. This Lease shall be governed, construed and enforced in accordance with the laws of the State of California.

17.10 Interpretation. The language of this Lease shall be construed simply according to its plain meaning and shall not be construed for or against either party.

17.11 Joint and Several Liability. If more than one person or entity executes this Lease as Lessee, each of them is jointly and severally liable for all of the obligations of Lessee hereunder.

17.12 Lease Administration. This Lease shall be administered on behalf of MTS by the Manager of Real Estate Assets, San Diego Metropolitan Transit System or by such person's duly-authorized designee.

17.13 Lessee's Lease Administration. Lessee confirms that Lessee's Lease Administrator has been given full operational responsibility for compliance with the terms of this Lease. Lessee shall provide MTS with a written schedule of its normal hours of business operation on the Premises, and Lessee's Lease Administrator or a representative designated thereby shall be (i) available to MTS on a twenty-four (24) hour a day, seven (7) days a week, basis, and (ii) present on the Premises during Lessee's normal business hours, to resolve problems or answer question pertaining to this Lease and Lessee's operations on the Premises.

17.14 Liquidated Damages. Any payments by Lessee to MTS under this Lease described as liquidated damages represent the parties' reasonable estimate of MTS' actual damages under the described circumstances, such actual damages being uncertain and difficult to ascertain in light of the impossibility of foreseeing the state of the leasing market at the time of the various deadlines set forth herein. MTS may, at its election, take any of the liquidated damages assessed in any portion of this Lease as direct monetary payments from Lessee and/or as an increase of rent due from Lessee under this Lease.

17.15 Modification. The provisions of this Lease may not be modified, except by a written instrument signed by both parties.

17.16 Partial Invalidity. If any provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby. Each provision shall be valid and enforceable to the fullest extent permitted by law.

17.17 Payments. Except as may otherwise be expressly stated, each payment required to be made by Lessee shall be in addition to, and not a substitute for, other payments to be made by Lessee.

17.18 Successors & Assigns. This Lease shall be binding on and inure to the benefit of the parties and their successors and assigns, except as may otherwise be provided herein.

17.19 Time of Essence. Time is of the essence of each and every provision of this Lease.

17.20 Waiver. No provision of this Lease or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed. The waiver by MTS of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach thereof, or of any other term, covenant or condition contained in this Lease. MTS' subsequent acceptance of partial rent or performance by Lessee shall not be deemed to be an accord and satisfaction or a

waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease or of any right of MTS to a forfeiture of the Lease by reason of such breach, regardless of MTS' knowledge of such preceding breach at the time of MTS' acceptance. The failure on the part of MTS to require exact or full and complete compliance with any of the covenants, conditions of agreements of this Lease shall not be construed as in any manner changing or waiving the terms of this Lease or as estopping MTS from enforcing in full the provisions hereof. No custom or practice which may arise between the parties hereto in the course of administering this Lease shall be construed to waive, estop or in any way lessen MTS' right to insist upon Lessee's full performance of, or compliance with, any term, covenant or condition of this Lease or to inhibit or prevent MTS' exercise of its rights with respect to any default, dereliction or breach of this Lease by Lessee.

IN WITNESS WHEREOF, MTS and Lessee have duly executed this Lease as of the day and year first above written.

Brick By Brick, LLC:	MTS:
By: _____	By: _____
Mark E. Haack, Managing Member	Paul C. Jablonski, Chief Executive Officer

Attachments: Exhibits A, B & C:

A. Description of the Premises

B. Insurance Requirements

C. Concept Design Plan

EXHIBIT A
DESCRIPTION OF THE PREMISES

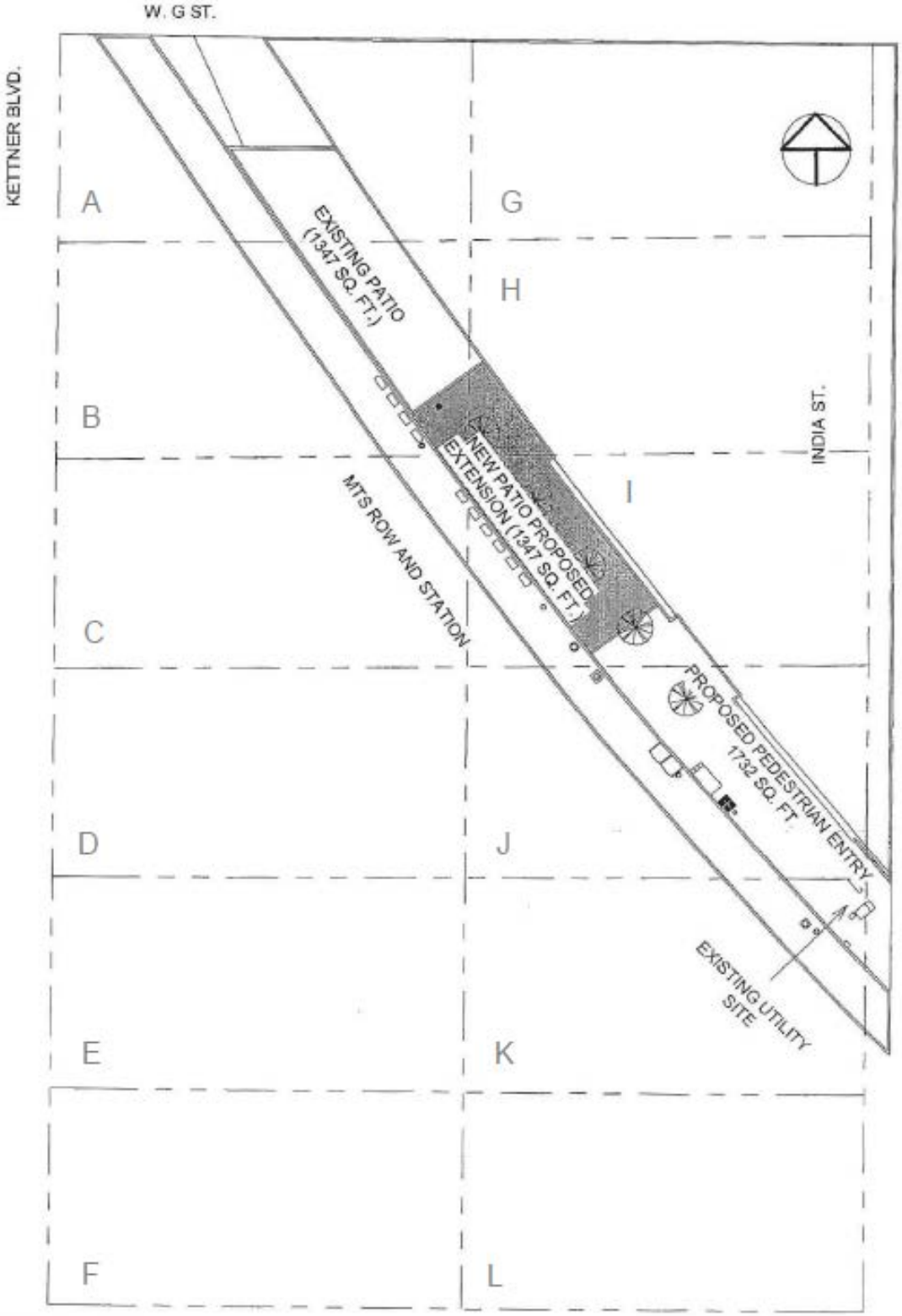


EXHIBIT B
INSURANCE REQUIREMENTS

1.1 Commercial General Liability At all times during this Lease, Lessee agrees to maintain Commercial General Liability Insurance utilizing Insurance Services Office (ISO) coverage form CG0001, edition date 10/01 or later, or an equivalent form and with insurance companies reasonably acceptable to MTS. The coverage shall contain no restricting or exclusionary endorsements that would limit coverage for events related to Lessee's occupancy and activities on the Premises. An endorsement must accompany the certificate of insurance (COI) provided for general liability insurance to demonstrate that the standard railroad exclusionary language has been removed from the general liability insurance policy. The policy number listed on the COI and on the endorsement must match. All such policies shall name in the endorsement San Diego Metropolitan Transit System (MTS), San Diego Trolley, Inc. (SDTI), San Diego and Arizona Eastern Railway (SD&AE), San Diego and Imperial Valley Railroad (SD&IV), and San Diego Transit Corporation (SDTC), their directors, officers, agents, and employees as additional insureds as their interests may appear. Minimum policy limits shall be $2,000,000 per occurrence and $4,000,000 general aggregate.

1.2. Automobile Liability At all times during this Lease, Lessee agrees to maintain Automobile Liability Insurance for bodily injury and property damage including coverage for all owned, non-owned, and hired vehicles. Minimum policy limits shall be $1,000,000 combined single limit.

1.3 Workers' Compensation At all times during this Lease, Lessee agrees to maintain Workers' Compensation in compliance with the applicable statutory requirements and shall maintain Employer's Liability Insurance at a minimum policy limit of $1,000,000.

1.4 Property Insurance At all times during this Lease, Lessee agrees to maintain Property Insurance against all risk or special form perils, including Replacement Cost coverage, without deduction for depreciation, for Lessee's merchandise, fixtures owned by Lessee, any items identified in this Lease as improvements to the Premises constructed and owned by Lessee, and the personal property of Lessee, its agents and employees.

1.5 Primary and Non-Contributory Insurance/Waiver of Subrogation. Lessee agrees that all general liability coverages required under this insurance section are PRIMARY and that any insurance of MTS, SDTI, SD&AE, SD&IV, and SDTC shall be excess and noncontributory (endorsement required). Lessee waives any rights of subrogation against MTS, SDTI, SD&AE, SD&IV, and SDTC, and the policy form must permit and accept such waiver.

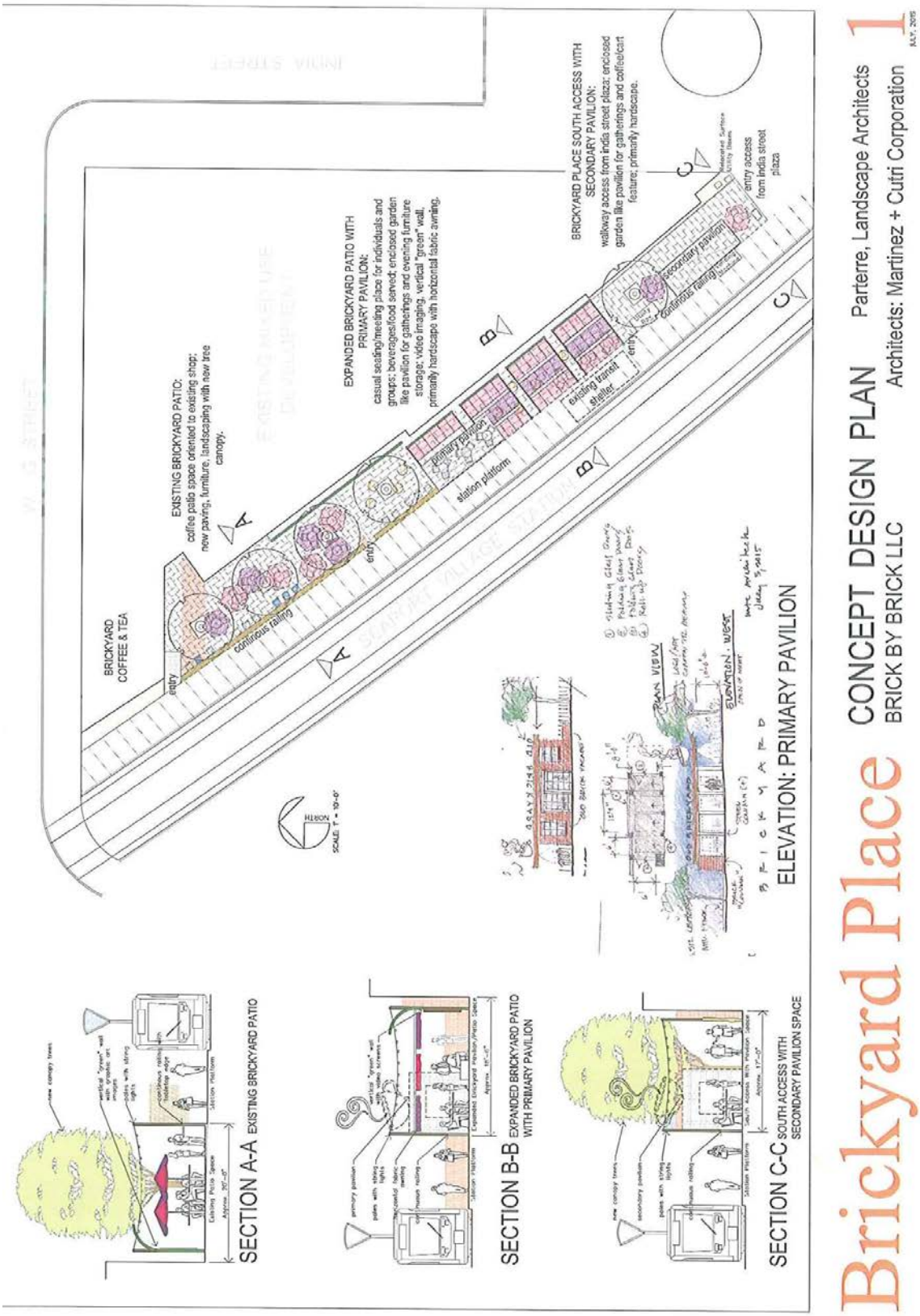
1.6 Policy Provisions Required. All policies and coverages shall contain a provision for 30 days' written notice by the Insurer(s) to MTS of any cancellation or material reduction of coverage. A ten-day notice is required for non-payment of premium.

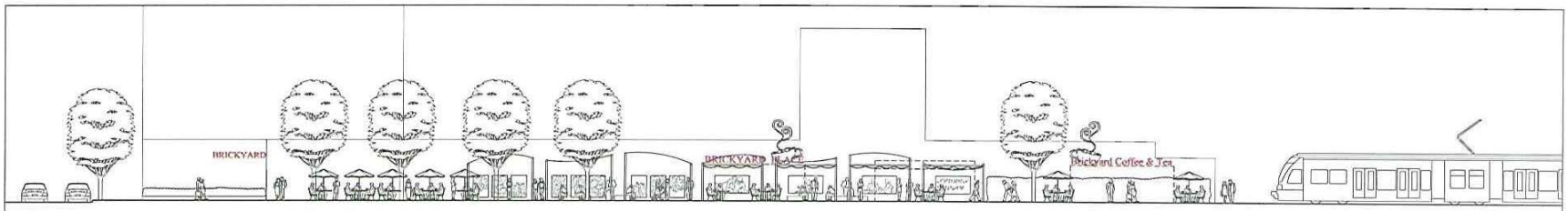
1.7 Evidence Required. Within ten (10) working days following execution of this Lease, Lessee shall have provided the MTS with satisfactory certification by a qualified representative of the Insurer(s) that Lessee's insurance complies with all provisions in this

insurance section. SD&AE, SD&IV, and SDTC, or their insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to this Agreement, including but not limited to the provisions concerning indemnification.

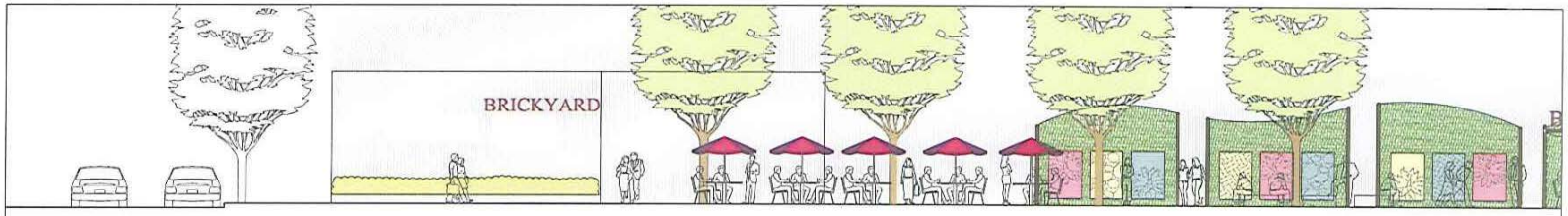
1.8 Special Provisions. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of said insurance by MTS, SDTI, SD&AE, SD&IV, and SDTC, or their insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to this Agreement, including but not limited to the provisions concerning indemnification.

EXHIBIT C
CONCEPT DESIGN PLAN (1 of 5 Pages)

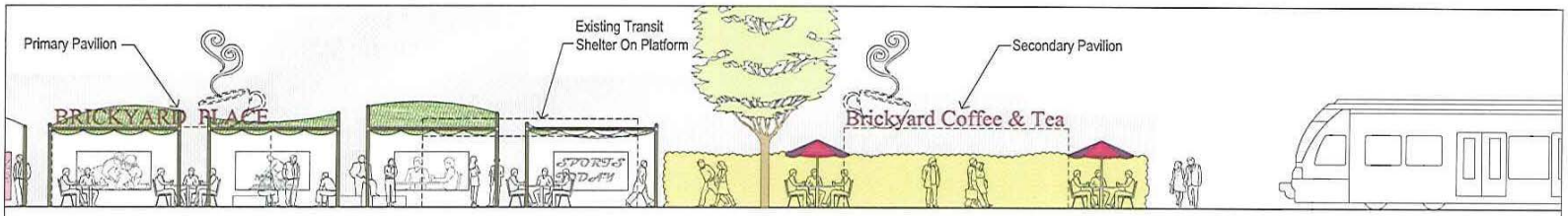




FULL ELEVATION: VIEW LOOKING EAST



NORTH END PARTIAL ELEVATION (enlargement)



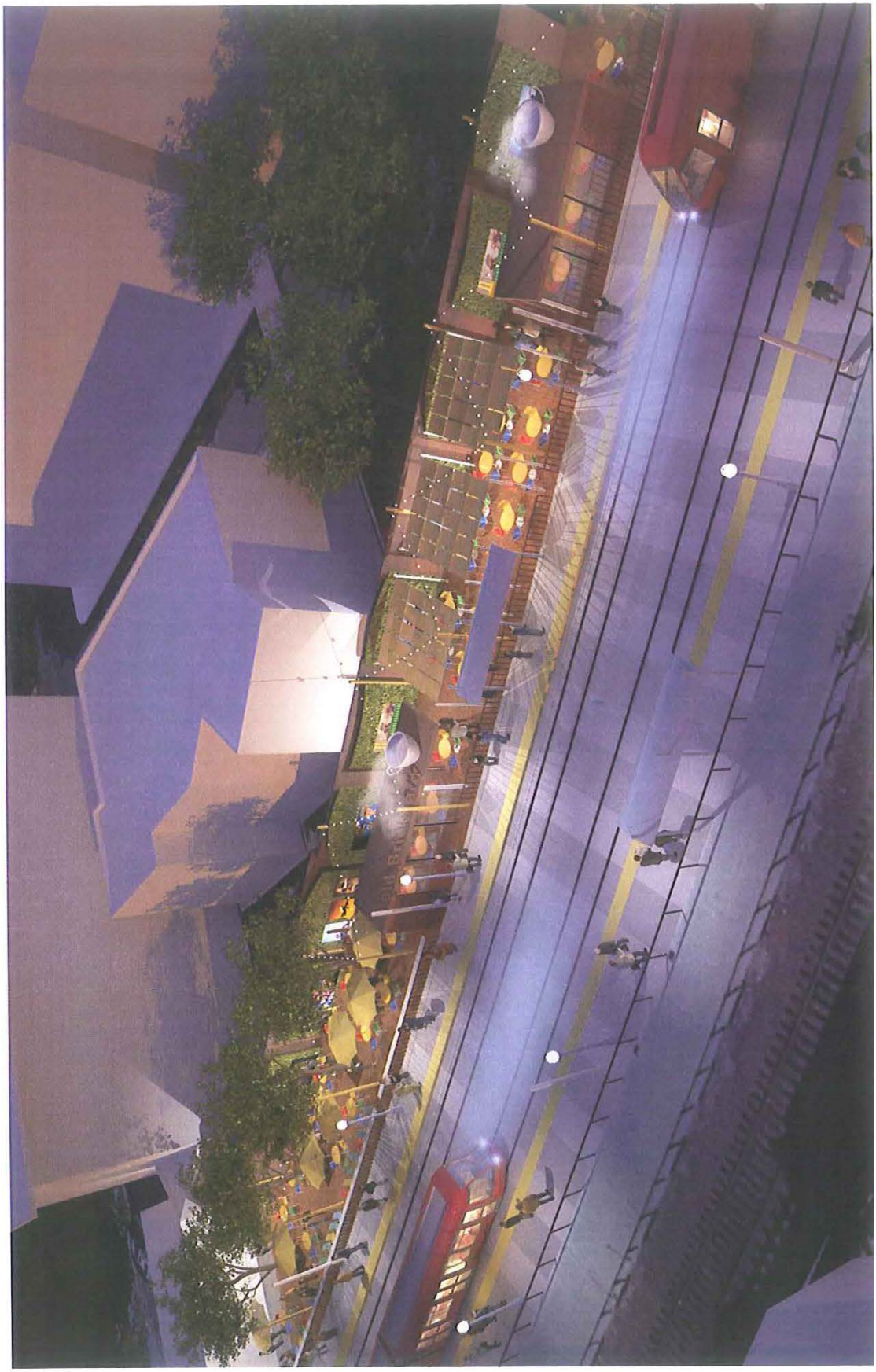
SOUTH END PARTIAL ELEVATION (enlargement)

Brickyard Place

CONCEPT DESIGN PLAN
BRICK BY BRICK LLC

Parterre, Landscape Architects
Architects: Martinez + Cutri Corporation

2
JULY, 2015



old Brick Yard

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

Agenda Item No. 8

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

Draft for Executive Committee Review Date: 1/10/19

SUBJECT:

MILLS BUILDING RETAIL LEASE: EXTENSION OF A-MART LEASE

RECOMMENDATION:

That the Board of Directors authorize the Chief Executive Officer (CEO) to execute an amended and restated Lease Agreement with Ramzi and Anwar Murad dba A-Mart, MTS Doc. No. G0202.2-93 (in substantially the same format as Attachment A), including an extension of up to ten (10) years.

Budget Impact

The lease rate for 2019 to 2023 will increase by approximately $600 per month, to $4,002.14 per month and $48,025.68 per year. In the first 5-year option period (2023-2028), the lease rate will escalate each year at San Diego CPI, not to exceed 3% annually (estimated at $262,516 for the 5-year period). In the second option period (2028-2033), the lease rate will be reviewed and adjusted to market rate, and then escalated each year at San Diego CPI, not to exceed 3% annually (estimated at $304,328 for the 5-year period).

DISCUSSION:

MTS purchased the parcel of land underneath the James R. Mills Building – 1255 Imperial Avenue -- (Mills Building) in 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 in 1989, 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.

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

Upon completion of the Mills Building construction, the project's developer, Starboard Development Corporation, initiated a first floor convenience store lease with A-Mart. On April 22, 1993 (AI 15), the lease was formally transferred to MTS, with a thirty (30) year term expiring on March 31, 2023 including all options.

A-Mart has been a tenant in good standing for the twenty-five (25) years of the lease to date. The convenience store provides an amenity to MTS transit patrons and Mills Building employees and visitors. Today's action would approve an adjustment of the lease rate for the remaining term of the existing lease (January 1, 2019 to March 31, 2023) from $2.02 per square foot ($3,591.56/month) to $2.25 per square foot ($4,002.14/month). Based on a review of nearby lease rates and market conditions in the vicinity of the Mills Building, MTS staff concluded this brings the rate up to fair market value. Today's action would also grant A-Mart two additional 5-year options, extending the lease to March 31, 2033. An amended and restated lease has been prepared, ensuring that the lease terms and conditions meet MTS's current standards (Attachment A).

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Draft MTS Doc. No. G0202.2-93

MTS Doc. No. G0202.2-93

AMENDED AND RESTATED LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and entered into, effective as of January 1, 2019 ("Effective Date"), by and between the SAN DIEGO METROPOLITAN TRANSIT SYSTEM, a California public agency ("MTS") and RAMZI AND ANWAR MURAD, d/b/a A-MART ("Lessee"). This Amended and Restated Lease Agreement replaces in its entirety that lease dated April 13, 1993, and amended on March 29, 2013, between MTS and Lessee.

IN CONSIDERATION OF THE RENTS AND COVENANTS hereinafter set forth, MTS ("Lessor") hereby leases to Lessee, and Lessee hereby leases from MTS, the premises described below upon the following terms and conditions:

ARTICLE 1
LEASE OF PREMISES

MTS hereby leases to Lessee and Lessee hereby leases from MTS, for the rent and upon the covenants and conditions hereinafter set forth, the premises ("Premises") consisting of that certain real property described as follows:

That certain real property situated in the City of San Diego, County of San Diego, State of California, located at 1255 Imperial Avenue, Suite 120, consisting of 1,778 square feet of retail space on the first floor of the Mills Building, which represents 1.04% of the entire building.

All of said leased real property, including the land and all improvements therein, is hereinafter called the "Premises", and is outlined on the exhibit marked Exhibit "A" attached hereto and by this reference incorporated herein, together with rights of ingress and egress over common areas of the Mills Building. Lessor additionally grants to Lessee the use of a fenced storage area, measuring approximately 12' x 8', and located under the parking ramp on the first lorro of the parking garage without additional charge. Lessee agrees to add a demising fence and additional gate required at Lessee's sole cost and expense. Lessee's right to use this storage space may be revoked at any time by Lessor providing thirty (30) days advance written notice of their intent to revoke.

ARTICLE 2
TERM

The initial term of this Lease shall extend through December 31, 2022, hereinafter called the "Initial Term," and Lessee shall have two Five-Year options to extend ("Options").

Lessee shall exercise each Option by providing Lessor with written notice at least ninety days (90) prior to the expiration date of Lease, or last day of the then-current Option. If Lessee exercises an Option, Lessor's and Lessee's respective rights, duties and obligations shall be governed by the terms and conditions of this Lease.

ARTICLE 3
RENT

3.1 Base Rent. The base rent ("Base Rent") for the Initial Term is $4,002.14 per

month commencing on the Effective Date, based on a per square foot initial lease rate of $2.25 per square foot.

3.2 Cost Of Living Adjustments ("COLA") to the Base Rent. At the time of the exercise of the first Option, the Base Rent provided for in Section 3.1 shall be adjusted annually on the first anniversary of the Effective Date, and thereafter every year on such date. The annual rent will increase, over rent paid the previous year, based on the Consumer Price Index (All Items) for the San Diego-Carlsbad region, All Urban consumers, published by the United States Department of Labor, Bureau of Labor Statistics ("Index") which is published for the month preceding the start of the rental year ("Adjustment Index"), shall be compared with the Index published twelve months prior ("Prior Index"). The monthly rent payable during the next rental year shall be increased (but not decreased) and calculated by multiplying the previous rental year monthly rent by a fraction, the numerator of which is the Adjustment Index and the denominator is the Prior Index; provided, however that any increase in monthly rent calculated from the above method shall never exceed three percent (3%) per year.

The second Option shall be based on the fair market rental rate mutually agreed by the Lessor and Lessee. Each subsequent rental year COLA adjustment will be based on the method described above.

3.3 Delivery of Rent Payments. All rent due under this Lease shall be made payable to MTS, and shall be considered paid when delivered to:

MTS
Attn: Finance Department
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

MTS may, at any time, by written notice to Lessee, designate a different address to which Lessee shall deliver the rent payments. MTS may, but is not obligated to, send rent invoices to Lessee.

3.4 Failure to Pay Base Rent or Additional Rent; Late Charge.

a. If any such rental is not received by MTS within fifteen (15) calendar days following the due date, Lessee shall immediately pay to MTS a late charge equal to five percent (5%) of such overdue amount. Should Lessee pay said late charge but fail to pay contemporaneously therewith all unpaid amounts of rent due hereunder, MTS' acceptance of this late charge shall not constitute a waiver of Lessee's default with respect to such nonpayment by Lessee nor prevent MTS from exercising all other rights and remedies available to MTS under this Lease or under law.

b. In the event of a dispute between the parties as to the correct amount of Base Rent or Additional Rent owed by Lessee, MTS may accept any sum tendered by Lessee in payment thereof, without prejudice to MTS' claim as to the proper amount of rent owing. If it is later determined that Lessee has not paid the full amount of rent owing, the late charge specified herein shall apply only to that portion of the rent still due and payable from Lessee.

Notwithstanding any provision of this Section to the contrary, however, MTS may waive any delinquency payment or late charge upon written application of Lessee.

ARTICLE 4
POSSESSION AND USE

4.1 Permitted Uses. Lessee shall use the Premises in a manner consistent with the operation of a convenience store similar to Lessee's other operations throughout the City of San Diego. No one other than Lessee, its agents, volunteers and employees, or any sublessee of Lessee approved by MTS as provided in Article 12, "Assignment and Subletting," below, is permitted to use the Premises, unless Lessor has provided written consent (which shall not be unreasonably withheld, conditioned, or delayed), for the purposes described herein, and Lessee shall be fully responsible for the activities of its agents, volunteers and employees and sublessees, if any, on the Premises.

4.2 Duties and Prohibited Conduct. Where Lessee is reasonably in doubt as to the propriety of any particular use, Lessee may request the written determination of MTS that such use is or is not permitted, and Lessee will not be in breach or default under this Lease if Lessee abides by such determination. Notwithstanding the foregoing, however, Lessee shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, laws, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term, regulating the use by Lessee of the Premises. Lessee shall not use, or permit any person or persons to use, the Premises for the sale or display of any goods and/or services, which, in the sole discretion of MTS, are inconsistent with the permitted uses of the Premises pursuant to this Lease. Lessee shall keep the Premises, and every part thereof, in a decent, safe and sanitary condition, free from any objectionable noises or odors, except as may be typically present for the permitted uses specified above.

4.3 Compliance With Stormwater Laws. Lessee's use of the Premises is subject to federal, state and local laws regarding the discharge into the stormwater conveyance system of pollutants. Compliance with these laws may require Lessee to develop, install, implement and maintain pollution prevention measures, source control measures and Best Management Practices ("BMPs"). BMPs can include operational practices; water or pollutant management practices; physical site features; or devices to remove pollutants from stormwater, to affect the flow of stormwater or to infiltrate stormwater to the ground. BMPs applicable to Lessee's use of the Premises may include a requirement that all materials, wastes or equipment with the potential to pollute urban runoff be stored in a manner that either prevents contact with rainfall and stormwater, or contains contaminated runoff for treatment and disposal. Lessee is required and agrees to use, operate, maintain, develop, redevelop and retrofit the Premises, as necessary, in accordance with all applicable federal, state and local laws restricting the discharge of non-stormwater at or from the Premises; and all such laws, regulations, or local guidance requiring pollution prevention measures, source control measures, or the installation or use of BMPs. Lessee further agrees to develop, install, implement and/or maintain at Lessee's sole cost and expense, any BMPs or similar pollution control devices required by federal, state and/or local law and any implementing regulations or guidance.

Lessee understands and acknowledges that the stormwater and non-stormwater requirements applicable to Lessee's use of the Premises may be changed from time to time by federal, state and/or local authorities, and that additional requirements may become applicable based on changes in Lessee's activities or development or redevelopment by Lessee or MTS. Lessee shall perform and record annual stormwater training, perform and record regular stormwater self-inspections, and maintain and provide all necessary stormwater documentation to stormwater auditors.

Lessee shall develop, install, implement, and maintain such additional BMPs and/or other pollution control practices at the Premises at Lessee's sole cost and expense. To the extent there is a conflict between any federal, state or local law, Lessee shall comply with the more restrictive provision. If MTS receives any fine or fines from any regulatory agency as a result of Lessee's failure to comply with applicable stormwater laws as set forth in this Article, Lessee shall reimburse MTS for the entire fine amount issued by the applicable public agency.

ARTICLE 5
UTILITIES

5.1 Utilities and Services. Lessee agrees to provide and pay for all of the utilities and services necessary for the occupancy and use of the Premises, including, but not limited to, gas, water, electricity, trash, sewage charges or septic service, janitorial, and telephone not otherwise provided by MTS. MTS shall have no responsibility either to provide or pay for such services other than those provided as part of the building plant services.

MTS shall furnish heating, ventilation and air conditioning for normal office use, Monday through Friday, typically from 6:00 a.m to 6:00 p.m., and Saturday from 7:00 a.m. to 2:00 p.m., except for recognized federal and state holidays. Lessor shall also provide light replacement service for all standard lighting fixtures, toilet room supplies, exterior window washing at reasonable intervals and normal and customary building janitorial service for the Mills Building other than the Premises. Lessee shall be responsible for such services on the Premises. A separate electrical meter for usage on the Premises has been installed and Lessee shall pay for the electrical charges to the Premises.

In the event of a variation, interruption or failure of services, Lessor shall use its utmost diligence to restore such service. Any interruption or failure of services continuing for more than ten (10) days, incident to the making of repairs, alterations, or improvements, or due to accident or strike, may, upon Lessee’s written notification to Lessor, be deemed the eviction of Lessee and relieve Lessee from any of Lessee’s obligations hereunder.

5.2 Energy Conservation by Lessee. Lessee shall be responsible for promoting energy conservation measures in the operation of all activities at the Lease premises. Lessee shall cooperate with the Landlord in all forms of energy conservation including energy-efficient lighting, heating and air-conditioning systems, and fixtures and equipment. Lessee shall comply with all existing and newly-enacted laws, by-laws, regulations, etc., relating to the conservation of energy. Lessee shall comply with all reasonable requests and demands of the Lessor

pertaining to the installation and maintenance of energy conservation systems, fixtures, and equipment.

5.3 Parking. Lessor hereby grants to Lessee and Lessee's customers, suppliers, employees and invitees, a non-exclusive privilege to use the parking areas located on the Land for the use of motor vehicles during the term of this lease. Lessor shall provide Lessee with up to ten (10) parking spaces on a non-exclusive basis, first come, first served for the term of this Lease and any extension thereof at the "Tenant Monthly Parking Rate" as designated by the San Diego Regional Building Authority or its Parking Manager. Lessor reserves the right at any time to grant similar non-exclusive privilege to other tenants, to promulgate rules and regulations relating to the use of such parking areas, including reasonable restrictions on parking by tenants and employees, to designate specific spaces for the use of any tenant, to construct or make changes in the parking layout from time to time, and to establish reasonable time limits on parking. Overnight parking is prohibited and any vehicle violating this or any other vehicle regulation adopted by Lessor is subject to removal at the owner's expense.

ARTICLE 6
MECHANICS' LIENS

Lessee shall pay, or cause to be paid, all costs for work done by it, or caused to be done by it, on the Premises, and for all materials furnished for or in connection with any such work. If any lien is filed against the Premises, Lessee shall cause the lien to be discharged of record within thirty (30) days after it is filed. Lessee shall indemnify, defend and hold MTS harmless from any and all liability, loss, damage, costs, attorneys' fees and all other expenses on account of claims of lien of laborers, materialmen or others for work performed or materials or supplies furnished for Lessee or persons claiming under Lessee, its agents, and/or subcontractors.

ARTICLE 7
SECURITY

MTS shall provide 24-hour security of the grounds and the Mills Building. No security will be provided for Lessee's business activities. MTS shall provide Lessee access to the Premises twenty-four (24) hours per day, 365 days per year, unless in the case of an emergency prevents Lessee from access the Premises. Lessee may install a security system subject to MTS' prior written approval.

ARTICLE 8
TAXES, ASSESSMENTS AND FEES

8.1 Responsibility for Payment of Taxes and Assessments. MTS shall not be obligated to pay any taxes or assessments accruing against Lessee on the Premises or any interest of Lessee therein before, during or after the Term, or any extension thereof; all such payments shall be the sole responsibility of Lessee. In addition, Lessee shall be solely responsible for payment of any taxes or assessments levied upon any Improvements, Fixtures or Personal Property located on the Premises, to the extent that such taxes or assessments result from the business or other activities of Lessee upon, or in connection with, the Premises.

8.2 Definition of "Taxes". As used herein, the term "taxes" means all taxes, governmental bonds, special assessments, Mello-Roos assessments, charges, rent income or transfer taxes, license and transaction fees, including, but not limited to, (i) any state, local, federal, personal or corporate income tax, or any real or personal property tax, (ii) any estate inheritance taxes, (iii) any franchise, succession or transfer taxes, (iv) interest on taxes or penalties resulting from Lessee's failure to pay taxes, (v) any increases in taxes attributable to the sale of Lessee's leasehold interest in the Premises, or (vi) any taxes which are essentially payments to a governmental agency for the right to make improvements to the Premises.

8.3 Creation of Possessory Interest. Pursuant to the provisions of Revenue and Taxation Code section 107.6, Lessee is hereby advised that the terms of this Lease may result in the creation of a possessory interest. If such a possessory interest is vested in Lessee, Lessee may be subjected to the payment of real property taxes levied on such interest. Lessee shall be solely responsible for the payment of any such real property taxes. Lessee shall pay all such taxes when due, and shall not allow any such taxes, assessments or fees to become a lien against the Premises or any improvement thereon; provided, however, that nothing herein shall be deemed to prevent or prohibit Lessee from contesting the validity of any such tax, assessment or fee in a manner authorized by law.

ARTICLE 9
IMPROVEMENTS; REPAIRS; MAINTENANCE

9.1 Acceptance of Premises. Lessee acknowledges that Lessee has made a thorough inspection of the Premises prior to the Effective Date of this Lease, and that it accepts the Premises as of the Effective Date in their condition at that time. Lessee further acknowledges that MTS has made no oral or written representations or warranties to Lessee regarding the condition of the Premises, and that Lessee is relying solely on its inspection of the Premises with respect thereto.

9.2 Lessee's Improvements, Repair and Maintenance Obligations. Lessee shall at all times from and after the Effective Date, at its own cost and expense, repair, maintain in good and tenantable condition and replace, as necessary, the Premises and every part thereof, including, without limitation, the following as applicable: the roof; the heating, ventilation and air conditioning system; mechanical and electrical systems; all meters, pipes, conduits, equipment, components and facilities (whether or not within the Premises) that supply the Premises exclusively with utilities (except to the extent the appropriate utility company has assumed these duties); all Fixtures and other equipment installed in the Premises; all exterior and interior glass installed in the Premises; all signs, lock and closing devices; all interior window sashes, casements and frames; doors and door frames (except for the painting of the exterior surfaces thereof); floor coverings; and all such items of repair, maintenance, alteration, improvement or reconstruction as may be required at any time or from time to time by a governmental agency having jurisdiction thereof. Lessee's obligations hereunder shall apply regardless of whether the repairs, restorations and replacements are ordinary or extraordinary, foreseeable or unforeseeable, capital or noncapital, or the fault or not the fault of Lessee, its agents, employees, invitees, visitors, sublessees or contractors. All replacements made by Lessee in accordance with this Section shall be of like size, kind and quality to the items replaced and shall be subject to MTS' approval. Upon surrender of the Premises, Lessee shall deliver the

Premises to MTS in good order, condition and state of repair, but shall not be responsible for damages resulting from ordinary wear and tear. Lessee shall provide for trash removal, at its expense, and shall maintain all trash receptacles and trash areas in a clean, orderly and first-class condition. Excepting the above, Lessor shall be responsible for the repairs and replacements of broken glass doors, windows on the exterior of the Premises.

Lessee shall not, without MTS' prior written consent (which shall not be unreasonably withheld, conditioned, or delayed), make any alterations, install or remove any landscaping, including trees, improvements or additions to the Premises, whether structural or non-structural. Any such improvements, excepting movable furniture and trade fixtures, shall become part of the realty and belong to MTS; provided, however, that MTS may require the removal of any such alterations, improvements or additions as a condition to granting MTS' consent. All alterations, improvements or additions shall be accomplished by Lessee in a good and workmanlike manner, in conformity with all applicable laws and regulations. Particularly, Lessee may install building signage to assist Lessee's customers in finding Lessee's business. All signage shall be approved in writing by MTS prior to installation. MTS shall provide electricity where appropriate for sign illumination, location of which will be approved by MTS. All signage shall conform to all zoning and municipal regulations, and MTS shall have review and approval rights of Lessee's signage and location. All signage must comply with the sign criteria of the Mills Building, and is for the exclusive use of Lessee.

The exercise of any and all rights provided by this Lease is subject to the requirement that Lessee's contractors and agents first obtain a Right of Entry Permit ("ROE Permit") from MTS prior to entry onto the Premises for the construction any tenant improvements or maintenance of the Premises. The ROE Permit requires that Lessee's contractors and agents procure and maintain in force at all times during the construction contract, the insurance described in the ROE Permit. MTS shall timely process any applications required to obtain the ROE Permit, and shall not unreasonably deny or delay the issuance of such ROE Permit. Lessee's contractors and agents will comply with all MTS policies, rules and regulations as stated in the ROE Permit, and the instructions of MTS' representatives.

9.3 Lessee's Failure to Maintain. If Lessee refuses or neglects to repair, replace, or maintain the Premises, or any part thereof, in a manner reasonably satisfactory to MTS, MTS may, upon giving Lessee reasonable written notice of its election to do so, make such repairs or perform such maintenance on behalf of and for the account of Lessee. If MTS makes or causes any such repairs to be made or performed, as provided for herein, Lessee shall pay the cost thereof to MTS, as additional rent, promptly upon receipt of an invoice therefore.

9.4 Right to Enter. Lessee shall permit MTS, or its authorized representatives, to enter the Premises at all times during usual business hours to inspect the same, and to perform any work therein that (a) may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, (b) MTS may deem necessary to prevent waste or deterioration in connection with the Premises if Lessee does not make, or cause to be made, such repairs or perform, or cause to be performed, such work promptly after receipt of written demand from MTS, and (c) MTS may deem necessary in connection with the expansion, reduction, remodeling, protection or renovation of any MTS constructed or owned facilities on or off of the Premises. Nothing herein shall imply any duty on the part of MTS to do any such work which,

under any provision of this Lease, Lessee may be required to do, nor shall MTS' performance of any repairs on behalf of Lessee constitute a waiver of Lessee's default in failing to do the same. If MTS exercises any of its rights under this Section, Lessee shall not be entitled to any compensation, damages or abatement of rent from MTS for any injury or inconvenience occasioned thereby.

9.5 MTS Not Obligated to Repair or Maintain; Lessee's Waiver of California Civil Code Section 1942. To the extent that any remedies specified in this Lease conflict or are inconsistent with any provisions of California Civil Code section 1942, or any successor statute thereto ("CC §1942"), the provisions of this Lease shall control. Lessee specifically waives any right it may have pursuant to CC §1942 to effect maintenance or repairs to the Premises and to abate the costs thereof from rent due to the MTS under this Lease.

ARTICLE 10
INDEMNITY AND INSURANCE

10.1 Lessee's Indemnity. MTS shall not be liable for, and Lessee shall defend and indemnify MTS and the employees and agents of MTS (collectively "MTS Parties"), against any and all claims, demands, liability, judgments, awards, fines, mechanics' liens or other liens, labor disputes, losses, damages, expenses, charges or costs of any kind or character, including attorneys' fees and court costs (hereinafter collectively referred to as "Claims"), related to this Lease and arising either directly or indirectly from any act, error, omission or negligence of Lessee or its contractors, licensees, agents, volunteers, servants or employees, including, without limitation, Claims caused by the concurrent negligent act, error or omission, whether active or passive, of MTS Parties. Lessee shall have no obligation, however, to defend or indemnify MTS Parties from a Claim if it is determined by a court of competent jurisdiction that such Claim was caused by the sole negligence or willful misconduct of MTS Parties.

10.2 MTS' Indemnity. MTS shall defend and indemnify Lessee and hold it harmless from and against any Claims related to this Lease that arise solely from any act, omission or negligence of MTS Parties.

10.3 Covered Claims. The obligations of Lessee and MTS hereunder to indemnify, defend and hold each other harmless shall not apply to the extent that insurance carried by Lessee or MTS, other than any program of self-insurance covers any Claim.

10.4 Lessee's Insurance Obligations. Without limiting Lessee's indemnification obligations to MTS under this Lease, Lessee shall provide and maintain, during the Term and for such other period as may be required herein, at its sole expense, insurance in the amounts and form specified in Exhibit "B," attached hereto.

10.5 MTS' Insurance Obligations. MTS maintains a policy of All-Risk Insurance covering the MTS' personal property in the Premises, including any fixtures or equipment in the Premises owned by MTS. The MTS utilizes a program of self-funding with regard to any liability it may incur for personal injury or property damage arising out its use or occupancy of the Premises.

ARTICLE 11
HAZARDOUS MATERIALS

11.1 Hazardous Materials Laws-Definition. As used in this section, the term "Hazardous Materials' Laws" means any and all federal, state or local laws or ordinances, rules, decrees, orders, regulations or court decisions (including the so-called "common law"), including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C., □ 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C., □ 1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C., □ 6901 et seq.), and the California Environmental Quality Act of 1970, relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, soil and ground water conditions or other similar substances or conditions.

11.2 Hazardous Materials - Definition. As used in this section the term "Hazardous Materials" means any chemical, compound, material, substance or other matter that:

a. Is a flammable, explosive, asbestos, radioactive nuclear medicine, vaccine, bacteria, virus, hazardous waste, toxic, overtly injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials;

b. Is controlled, referred to, designated in or governed by any Hazardous Materials Laws;

c. Gives rise to any reporting, notice or publication requirements under any Hazardous Materials Laws; or

d. Is any other material or substance giving rise to any liability, responsibility or duty upon the MTS or Lessee with respect to any third person under any Hazardous Materials Law.

11.3 Lessee's Representations and Warranties. Lessee represents and warrants that, during the Term or any extension thereof, or for such longer period as may be specified herein, Lessee shall comply with the following provisions unless otherwise specifically approved in writing by MTS:

a. Lessee shall not cause or permit any Hazardous Materials to be brought, kept or used in or about the Premises by Lessee, its agents, employees, sublessees, assigns, contractors or invitees, except as required by Lessee's permitted use of the Premises, as described in Section 4.1, "Permitted Uses."

b. Any handling, transportation, storage, treatment or usage by Lessee of Hazardous Materials that is to occur on the Premises following the Commencement Date shall be in compliance with all applicable Hazardous Materials Laws.

c. Any leaks, spills, release, discharge, emission or disposal of Hazardous Materials which may occur on the Premises following the Commencement Date shall be

promptly and thoroughly cleaned and removed from the Premises by Lessee at its sole expense, and any such discharge shall be promptly reported in writing to MTS, and to any other appropriate governmental regulatory authorities.

d. No friable asbestos shall be constructed, placed on, deposited, stored, disposed of, or located by Lessee in the Premises.

e. No underground improvements, including but not limited to treatment or storage tanks, or water, gas or oil wells shall be located by Lessee on the Premises without MTS' prior written consent.

f. Lessee shall conduct and complete all investigations, studies, sampling, and testing procedures and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from, or affecting the Premises in accordance with all applicable Hazardous Materials' Laws and to the satisfaction of MTS.

g. Activities proposed by Lessee that involve disturbing asbestos materials on site shall only be conducted in accordance with all federal, state and local asbestos rules and regulations including, but not limited to, the California Occupational Safety and Health Administration (Cal/OSHA), Environmental Protection Agency (EPA) and Air Pollution Control District (APCD), with prior written consent of MTS.

Any asbestos related activities shall be performed by a contractor that is registered with Cal/OSHA and certified by the California Contractors State Licensing Board to perform asbestos work. Any asbestos related activities shall be overseen by a California Certified Asbestos Consultant (CAC), or a Certified Site Surveillance Technician under the direction of a CAC.

Replacement products used in tenant improvements or other construction activities shall not contain asbestos. Any replacement products used by Lessee shall be verified as non-asbestos products by using Material Safety Data Sheets (MSDS) and/or having the architect or project engineer verify that ACMs were not used.

h. Lessee shall promptly supply MTS with copies of all notices, reports, correspondence, and submissions made by Lessee to the United States Environmental Protection Agency, the United Occupational Safety and Health Administration, and any other local, state or federal authority which requires submission of any information concerning environmental matters or hazardous wastes or substances pursuant to applicable Hazardous Materials' Laws.

i. Lessee shall promptly notify MTS of any liens threatened or attached against the Premises pursuant to any Hazardous Materials' Law. If such a lien is filed against the Premises, then within twenty (20) days following such filing or before any governmental authority commences proceedings to sell the Premises pursuant to the lien, whichever occurs first, Lessee shall either: (a) pay the claim and remove the lien from the Premises; or (b) furnish either (1) a bond or cash deposit reasonably satisfactory to MTS in an amount not less than the claim from which the lien arises, or (2) other security satisfactory to MTS in an amount not less than that which is sufficient to discharge the claim from which the lien arises. At the end of this

lease, Lessee shall surrender the Premises to MTS free of any and all Hazardous Materials and in compliance with all Hazardous Materials' Laws affecting the Premises.

11.4 Indemnification by Lessee. Lessee (and, if applicable, each of its general partners) and its successors, assigns, and guarantors, if any, jointly and severally agree to protect, indemnify, defend (with counsel selected by MTS), reimburse and hold MTS and its officers, employees and agents harmless from any claims, judgments, damages, penalties, fines, costs or expenses (known or unknown, contingent or otherwise), liabilities (including sums paid in settlement of claims), personal injury (including wrongful death), property damage (real or personal) or loss, including attorneys' fees, consultants' fees, and experts' fees (consultants and experts to be selected by MTS) which arise during or after the Term from or in connection with the presence or suspected presence of Hazardous Materials, including the soil, ground water or soil vapor on or under the Premises. Without limiting the generality of the foregoing, the indemnification provided by this section shall specifically cover costs incurred in connection with investigation of site conditions or any cleanup, remedial, removal or restoration work required by any Hazardous Materials Laws because of the presence of Hazardous Materials in the soil, ground water or soil vapor on the Premises, and the release or discharge of Hazardous Materials by Lessee during the course of Lessee's alteration or improvement of the Premises.

11.5 Remedies Cumulative; Survival. The provisions of this Article shall be in addition to any and all common law obligations and liabilities Lessee may have to MTS, and any remedies and the environmental indemnities provided for herein shall survive the expiration or termination of this Lease and/or any transfer of all or any portion of the Premises, or of any interest in this Lease, and shall be governed by the laws of the State of California.

11.6 Inspection. MTS and MTS' agents, servants, and employees including, without limitation, legal counsel and environmental consultants and engineers retained by MTS, may (but without the obligation or duty so to do), at any time and from time to time, on not less than ten (10) business days' notice to Lessee (except in the event of an emergency in which case no notice shall be required), inspect the Premises to determine whether Lessee is complying with Lessee's obligations set forth in this Article, and to perform environmental inspections and samplings, during regular business hours (except in the event of an emergency) or during such other hours as MTS and Lessee may agree. If Lessee is not in compliance, MTS shall have the right, in addition to MTS' other remedies available at law and in equity, to enter upon the Premises immediately and take such action as MTS in its sole judgment deems appropriate to remediate any actual or threatened contamination caused by Lessee's failure to comply. MTS will use reasonable efforts to minimize interference with Lessee's use of Premises but shall not be liable for any interference caused by MTS' entry and remediation efforts. Upon completion of any sampling or testing MTS will (at Lessee's expense if MTS' actions are a result of Lessee's default under this section) restore the affected area of the Premises from any damage caused by MTS' sampling and testing.

ARTICLE 12
ASSIGNMENT AND SUBLETTING

Lessee shall not voluntarily or involuntarily assign, sublease, mortgage, encumber, or

otherwise transfer (collectively, a "Transfer") all or any portion of the Premises or its interest in this Lease without MTS' prior written consent. MTS may reasonably withhold its consent to any Transfer. Any attempted Transfer without MTS' consent shall be void and shall constitute a material breach of this Lease. As used herein, the term "Transfer" shall include an arrangement (including without limitation management agreements, concessions, and licenses) that allows the use and occupancy of all or part of the Premises by anyone other than Lessee.

ARTICLE 13
MTS' RIGHT OF ACCESS

a. MTS, its agents, employees, and contractors may enter the Premises at any time in response to an emergency, and at reasonable hours to (a) inspect the Premises, (b) exhibit the Premises to prospective purchasers or Lessees, (c) determine whether Lessee is complying with its obligations in this Lease (including its obligations with respect to compliance with Hazardous Materials Laws), (d) supply cleaning service and any other service that this Lease requires MTS to provide, (e) post notices of non-responsibility or similar notices, or (f) make repairs that this Lease requires MTS to make, or make repairs to any adjoining space or utility services, or make repairs, alterations, or improvements to any other portion of the Premises; provided, however, that all work will be done as promptly as reasonably possible and so as to cause as little interference to Lessee as reasonably possible.

b. Lessee waives any claim of injury or inconvenience to Lessee's business, interference with Lessee's business, loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by such entry. If necessary, Lessee shall provide MTS with keys to unlock all of the doors in the Premises (excluding Lessee's vaults, safes, and similar areas designated in writing by Lessee in advance). MTS will have the right to use any means that MTS may deem proper to open doors in the Premises and to the Premises in an emergency. No entry to the Premises by MTS by any means will be a forcible or unlawful entry into the Premises or a detainer of the Premises or an eviction, actual or constructive, of Lessee from the Premises, or any part of the Premises, nor shall the entry entitle Lessee to damages or an abatement of rent or other charges that this Lease requires Lessee to pay.

ARTICLE 14
QUIET ENJOYMENT

If Lessee is not in breach under the covenants made in this Lease, MTS covenants that Lessee shall have peaceful and quiet enjoyment of the Premises without hindrance on the part of MTS. MTS will defend Lessee in the peaceful and quiet enjoyment of the Premises against claims of all persons claiming through or under the MTS.

ARTICLE 15
NOTICES

15.1 Notices. Whenever in this Lease it shall be required or permitted that notice or demand be given or served by either party to this Lease to or on the other, such notice or demand

shall be in writing, mailed or delivered to the other party at the following addresses:

To MTS:
Manager of Real Estate Assets
1225 Imperial Avenue, Suite 1000
San Diego, CA 92101

To Lessee:
Ramzi & Anwar Murad
D/B/A "A"-MART
1255 Imperial Avenue, Suite 120
San Diego, CA 92101

Mailed notices shall be sent by United States Postal Service, certified or registered mail, postage prepaid and shall be deemed to have been given, delivered and received three (3) business days after the date such notice or other communication is posted by the United States Postal Service. All other such notices or other communications shall be deemed given, delivered and received upon actual receipt. Either party may, by written notice delivered pursuant to this provision, at any time designate a different address to which notices shall be sent.

15.2 Default Notices. Notwithstanding anything to the contrary contained within this Article, any notices MTS is required or authorized to deliver to Lessee in order to advise Lessee of alleged violations of Lessee's covenants under this Lease must be in writing but shall be deemed to have been duly given or served upon Lessee by MTS attempting to deliver at the Premises during normal business hours a copy of such notice to Lessee or its managing employee and by MTS mailing a copy of such notice to Lessee in the manner specified in the preceding Section.

ARTICLE 16
WAIVER OF RELOCATION ASSISTANCE BENEFITS

16.1 Relocation Assistance Benefits. Lessee is hereby informed and acknowledges the following:

a. By entering into this Lease and becoming a tenant of MTS, Lessee will not be entitled to receipt of "relocation assistance benefits" ("Relocation Benefits") pursuant to the Federal Uniform Relocation Assistance Act (42 U.S.C. □□ 4601 et seq.) and/or the California Relocation Assistance Law (Cal. Gov. Code □□ 7270 et seq.) (collectively, the "Relocation Statutes"), should MTS at some time make use of the Premises in such a way as to "displace" Lessee from the Premises. Pursuant to the Relocation Statutes, MTS will not be obligated to make such payments to Lessee even where such displacement of Lessee may otherwise constitute a breach or default by MTS of its obligations pursuant to this Lease.

16.2 Lessee's Waiver and Release of Relocation Benefits. In consideration of MTS'

agreement to enter into this Lease, Lessee hereby waives any and all rights it may now have, or may hereafter obtain, to Relocation Benefits arising out of the MTS' assertion or exercise of its contractual rights to terminate this Lease pursuant to its terms, whether or not such rights are contested by Lessee or any other entity, and releases MTS from any liability for payment of such Relocation Benefits; provided, however, that Lessee does not waive its rights to Relocation Benefits to the extent that Lessee's entitlement thereto may arise out of any condemnation or pre-condemnation actions taken by the MTS or any other public agency with respect to the Premises. Lessee shall in the future execute any further documentation of the release and waiver provided hereby as MTS may reasonably require.

ARTICLE 17
GENERAL PROVISIONS

17.1 Authority. Lessee represents and warrants that it has full power and authority to execute and fully perform its obligations under this Lease pursuant to its governing instruments, without the need for any further action, and that the person(s) executing this Lease on behalf of Lessee are the duly designated agents of Lessee and are authorized to do so.

17.2 Brokers. Lessee is represented by Perry Commercial REI ("Broker") in this transaction. It is mutually agreed that Broker shall receive a commission equal to four percent (4%) of the base rental consideration of the lease for the first five (5) years of the Initial Term and two percent of the base rental consideration of the lease for the second five (5) years of the Initial Term. The total of the Broker's commission is $8,679. The Broker's commission shall be paid by MTS, one half upon the mutual execution and delivery of the Lease, and one half upon occupancy and rent commencement.

17.3 Captions. The captions, headings and index appearing in this Lease are inserted for convenience only and in no way define, limit, construe, or describe the scope or intent of the provisions of this Lease.

17.4 Cumulative Remedies. In the event of a default under this Lease, each party's remedies shall be limited to those remedies set forth in this Lease. Any such remedies are cumulative and not exclusive of any other remedies under this Lease to which the non-defaulting party may be entitled.

17.5 Entire Agreement. This Lease, together with all addenda, exhibits and riders attached hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof, and all prior or contemporaneous agreements, understandings and representations, oral or written, are superseded.

17.6 Estoppel Certificate. Lessee shall at any time during the term of this Lease, within five (5) business days of written notice from MTS, execute and deliver to MTS a statement in writing certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification. Lessee's statement shall include other details requested by MTS, such as the date on which rent and other charges are paid, the current ownership and name of Lessee, Lessee's knowledge concerning any outstanding defaults with respect to MTS' obligations under this Lease and the nature of any such defaults. Any such

statement may be relied upon conclusively by any prospective purchaser or encumbrancer of the Premises. Lessee's failure to deliver such statements within such time shall be conclusively deemed to mean that this Lease is in full force and effect, except to the extent any modification has been represented by MTS, that there are no uncured defaults in the MTS' performance, and that not more than one month's rent has been paid in advance.

17.7 Exhibits. All exhibits referred to herein are attached hereto and incorporated by reference.

17.8 Force Majeure. In the event either party is prevented or delayed from performing any act or discharging any obligation hereunder, except for the payment of rent by Lessee, because of any and all causes beyond either party's reasonable control, including unusual delays in deliveries, abnormal adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials or equipment, acts of God, governmental restrictions, regulations or controls, any hostile government actions, civil commotion and fire or other casualty, legal actions attacking the validity of this Lease or the MTS' occupancy of the Premises, or any other casualties beyond the reasonable control of either party except casualties resulting from Lessee's negligent operation or maintenance of the Premises ("Force Majeure"), performance of such act shall be excused for the period of such delay, and the period for performance of such act shall be extended for a period equivalent to the period of such delay. Force Majeure shall not include any bankruptcy, insolvency, or other financial inability on the part of either party hereto.

17.9 Governing Law. This Lease shall be governed, construed and enforced in accordance with the laws of the State of California.

17.10 Interpretation. The language of this Lease shall be construed simply according to its plain meaning and shall not be construed for or against either party.

17.11 Joint and Several Liability. If more than one person or entity executes this Lease as Lessee, each of them is jointly and severally liable for all of the obligations of Lessee hereunder.

17.12 Lease Administration. This Lease shall be administered on behalf of MTS by the Manager of Real Estate Assets, San Diego Metropolitan Transit System or by such person's duly-authorized designee.

17.13 Lessee's Lease Administration. Lessee confirms that Lessee's Lease Administrator has been given full operational responsibility for compliance with the terms of this Lease. Lessee shall provide MTS with a written schedule of its normal hours of business operation on the Premises, and Lessee's Lease Administrator or a representative designated thereby shall be (i) available to MTS on a twenty-four (24) hour a day, seven (7) days a week, basis, and (ii) present on the Premises during Lessee's normal business hours, to resolve problems or answer question pertaining to this Lease and Lessee's operations on the Premises.

17.14 Liquidated Damages. Any payments by Lessee to MTS under this Lease

described as liquidated damages represent the parties' reasonable estimate of MTS' actual damages under the described circumstances, such actual damages being uncertain and difficult to ascertain in light of the impossibility of foreseeing the state of the leasing market at the time of the various deadlines set forth herein. MTS may, at its election, take any of the liquidated damages assessed in any portion of this Lease as direct monetary payments from Lessee and/or as an increase of rent due from Lessee under this Lease.

17.15 Modification. The provisions of this Lease may not be modified, except by a written instrument signed by both parties.

17.16 Partial Invalidity. If any provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby. Each provision shall be valid and enforceable to the fullest extent permitted by law.

17.17 Payments. Except as may otherwise be expressly stated, each payment required to be made by Lessee shall be in addition to, and not a substitute for, other payments to be made by Lessee.

17.18 Successors & Assigns. This Lease shall be binding on and inure to the benefit of the parties and their successors and assigns, except as may otherwise be provided herein.

17.19 Time of Essence. Time is of the essence of each and every provision of this Lease.

17.20 Waiver. No provision of this Lease or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed. The waiver by MTS of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach thereof, or of any other term, covenant or condition contained in this Lease. MTS' subsequent acceptance of partial rent or performance by Lessee shall not be deemed to be an accord and satisfaction or a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease or of any right of MTS to a forfeiture of the Lease by reason of such breach, regardless of MTS' knowledge of such preceding breach at the time of MTS' acceptance. The failure on the part of MTS to require exact or full and complete compliance with any of the covenants, conditions of agreements of this Lease shall not be construed as in any manner changing or waiving the terms of this Lease or as estopping MTS from enforcing in full the provisions hereof. No custom or practice which may arise between the parties hereto in the course of administering this Lease shall be construed to waive, estop or in any way lessen MTS' right to insist upon Lessee's full performance of, or compliance with, any term, covenant or condition of this Lease or to inhibit or prevent MTS' exercise of its rights with respect to any default, dereliction or breach of this Lease by Lessee.

IN WITNESS WHEREOF, MTS and Lessee have duly executed this Lease as of the day and year first above written.

Lessee:

By: _____
Ramzi Murad

MTS:

By: _____
Paul C. Jablonski, Chief Executive Officer

Attachments:

A. Description of the Premises

B. Insurance Requirements

EXHIBIT A
DESCRIPTION OF THE PREMISES

EXHIBIT B
INSURANCE REQUIREMENTS

1.1 Commercial General Liability At all times during this Lease, Lessee agrees to maintain Commercial General Liability Insurance utilizing Insurance Services Office (ISO) coverage form CG0001, edition date 10/01 or later, or an equivalent form and with insurance companies reasonably acceptable to MTS. The coverage shall contain no restricting or exclusionary endorsements that would limit coverage for events related to Lessee's occupancy and activities on the Premises. An endorsement must accompany the certificate of insurance (COI) provided for general liability insurance to demonstrate that the standard railroad exclusionary language has been removed from the general liability insurance policy. The policy number listed on the COI and on the endorsement must match. All such policies shall name in the endorsement San Diego Metropolitan Transit System (MTS), San Diego Trolley, Inc. (SDTI), San Diego and Arizona Eastern Railway (SD&AE), San Diego and Imperial Valley Railroad (SD&IV), and San Diego Transit Corporation (SDTC), their directors, officers, agents, and employees as additional insureds as their interests may appear. Minimum policy limits shall be $2,000,000 per occurrence and $4,000,000 general aggregate.

1.2. Automobile Liability At all times during this Lease, Lessee agrees to maintain Automobile Liability Insurance for bodily injury and property damage including coverage for all owned, non-owned, and hired vehicles. Minimum policy limits shall be $1,000,000 combined single limit.

1.3 Workers' Compensation At all times during this Lease, Lessee agrees to maintain Workers' Compensation in compliance with the applicable statutory requirements and shall maintain Employer's Liability Insurance at a minimum policy limit of $1,000,000.

1.4 Property Insurance At all times during this Lease, Lessee agrees to maintain Property Insurance against all risk or special form perils, including Replacement Cost coverage, without deduction for depreciation, for Lessee's merchandise, fixtures owned by Lessee, any items identified in this Lease as improvements to the Premises constructed and owned by Lessee, and the personal property of Lessee, its agents and employees.

1.5 Primary and Non-Contributory Insurance/Waiver of Subrogation. Lessee agrees that all general liability coverages required under this insurance section are PRIMARY and that any insurance of MTS, SDTI, SD&AE, SD&IV, and SDTC shall be excess and noncontributory (endorsement required). Lessee waives any rights of subrogation against MTS, SDTI, SD&AE, SD&IV, and SDTC, and the policy form must permit and accept such waiver.

1.6 Policy Provisions Required. All policies and coverages shall contain a provision for 30 days' written notice by the Insurer(s) to MTS of any cancellation or material reduction of coverage. A ten-day notice is required for non-payment of premium.

1.7 Evidence Required. Within ten (10) working days following execution of this Lease, Lessee shall have provided the MTS with satisfactory certification by a qualified representative of the Insurer(s) that Lessee's insurance complies with all provisions in this

insurance section. SD&AE, SD&IV, and SDTC, or their insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to this Agreement, including but not limited to the provisions concerning indemnification.

1.8 Special Provisions. The foregoing requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of said insurance by MTS, SDTI, SD&AE, SD&IV, and SDTC, or their insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to this Agreement, including but not limited to the provisions concerning indemnification.

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

Agenda Item No. 9

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

Draft for Executive Committee Review Date: 1/10/19

SUBJECT:

IMPERIAL AVENUE DIVISION (IAD) MAINTENANCE FLOOR PROJECT- AWARD WORK ORDER UNDER A JOB ORDER CONTRACT (JOC)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Work Order No. MTSJOC7503-13 to MTS Doc. No. PWL234.0-17 (in substantially the same format as the Attachment A) with ABC Construction Company, Inc. (ABC) for the epoxy floor installation in the maintenance building at IAD.

Budget Impact

The total value of this contract will not exceed $178,142.68 inclusive of a direct cost of $172,987.99 and the contractor's share of administrative fees totaling $1,747.35. Total administrative fees are $5,154.69 (contractor's share is $1,747.35 and MTS's share is $3,407.34). Funding for this Work Order is allocated under Fiscal Year (FY) 2019 Capital Improvement Program number 3006107401 (IAD maintenance Floor).

DISCUSSION:

The current floor inside the IAD maintenance shop is in a failing state. The current floor is a concrete hardener/acrylic sealer that was installed originally with the building in 2001. This seal on the floor has begun to show signs of failing; this has resulted in pitting of the concrete and exposure of the concrete in the shop. A new seal needs to be applied throughout the shop and bottom floor hallways to protect the existing concrete from exposure to the chemicals used in the shop which will result in concrete corrosion, additional damage to the concrete and increased potential for slip and falls.

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

The project generally consists of the phased replacement of the deteriorating sealer with an epoxy floor coating throughout the maintenance bays and first floor hallways of the building. This will result in a longer lifespan for the maintenance building.

In September 2015, the San Diego Association of Governments (SANDAG) and MTS issued a joint solicitation for the provision of on-call JOC general civil construction services. This includes general civil and site improvements, earthwork, utilities, paving, concrete, drainage, building facilities, landscaping mitigation, site clearing, and all incidental professional and technical services required. JOC is a procurement method under which public agencies may accomplish frequently encountered repairs, maintenance, and construction projects through a single, competitively procured long-term agreement. Three bids were received and the contract was awarded to ABC.

A work order will be issued to ABC for the maintenance floor project. ABC will be providing all materials, labor, equipment, and disposal necessary for repairing the floor in the maintenance bays. Work is expected to be complete by early spring 2019.

Pricing for this task order was reviewed and determined to be fair and reasonable.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute Work Order No. MTSJOC7503-13 to MTS Doc. No. PWL234.0-17 (in substantially the same format as Attachment A) with ABC Construction Company, Inc., for the epoxy floor installation in the maintenance building at IAD.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. MTS Doc. No. PWL234.0-17, Work Order MTSJOC7503-13

JOB ORDER CONTRACT
WORK ORDER

PWL234.0-17
CONTRACT NUMBER

MTSJOC7503-13
WORK ORDER NUMBER

THIS AGREEMENT is entered into this _____ day of _____ 2019, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following, hereinafter referred to as "Contractor":

Name: ABC Construction Company, Inc.

Address: 3120 National Avenue
San Diego, CA 92113

Form of Business: Corporation
(Corporation, partnership, sole proprietor, etc.)

Telephone: (619) 239-3428

Authorized person to sign contracts: Wayne Czubernat (Name) Project Manager (Title)

Pursuant to the existing Job Order Contract (MTS Doc. No. PWL234.0-17), MTS issues a Work Order to Contractor to complete the detailed Scope of Work (attached as Exhibit A.), the Cost Breakdown for the Scope of Work (attached as Exhibit B.), and the subcontractor listing form applicable to this Work Order (attached as Exhibit C.)

Pursuant to the SANDAG JOC Contract Section 7-1.04A(3), 1% of the work order value has been deducted. MTS will pay both the Contractor (1%) and the MTS/Owner share of the Gordian Group license fee. The total cost for this work order will not exceed $174,735.34 inclusive of a direct cost of $172,987.99 and a 1% Gordian Group license fee of $1,747.35.

TOTAL PAYMENTS TO CONTRACTOR SHALL NOT EXCEED $172,987.99

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: _____
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
$172,987.99	3006107401/599908	2019

By: _____
Chief Financial Officer Date

(XX total pages, each bearing contract number and work order number)

DRAFT

Metropolitan Transit System

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

Agenda Item No. 10

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

Draft for Executive Committee Review Date: 1/10/19

SUBJECT:

FASHION VALLEY STAIR REPAIR – AWARD WORK ORDER UNDER A JOB ORDER CONTRACT (JOC)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Work Order MTSJOC7504-24 for MTS Doc. No. PWL204.0-16 (in substantially the same format as Attachment A) with ABC Construction Company, Inc. (ABC) for the Fashion Valley Stair Repair located at Fashion Valley Transit Center.

Budget Impact

The total cost will not exceed $150,000.00 inclusive of a direct cost of $148,500.00 and the contractor share of administrative fees totaling $1,500.00. Total administrative fees are $4,425.00 (contractor share $1,500.00 and MTS share $2,925.00). Funding will be from the MTS Capital Improvement Program 2006006601 – Fashion Valley Stairs.

DISCUSSION:

MTS has five (5) metal pan stairwells that require repair due to damage from corrosion. The corrosion has caused holes and uneven surfaces on many of the stairs which in turn has created potential tripping hazards for trolley patrons. This project will replace one hundred twenty four (124) existing stair tread nosings with new aluminum stair tread nosings and repair existing holes in the stair treads as directed by the engineer.

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

In September 2015, the San Diego Association of Governments (SANDAG) and MTS issued a joint solicitation for the provision of on-call JOC general civil construction services. This includes general civil and site improvements, earthwork, utilities, paving, concrete, drainage, building facilities, landscaping mitigation, site clearing, and all incidental professional and technical services required. JOC is a procurement method under which public agencies may accomplish frequently encountered repairs, maintenance, and construction projects through a single, competitively procured long-term agreement. Three bids were received and the contract was awarded to ABC.

A work order will be issued to ABC for the Fashion Valley Stair Repair Project. ABC will be providing all materials, labor, equipment, and disposal necessary for replacing the 124 existing stair tread nosings. Work is expected to be complete by early summer 2019.

Pricing for this repair task order was reviewed and determined to be fair and reasonable.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute Work Order MTSJOC7504-24 for MTS Doc. No. PWL204.0-16 with ABC Construction Company, Inc. (ABC) for the Fashion Valley Stair Repair located at Fashion Valley Transit Center.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. MTS Doc. No. PWL204.0-16, Work Order MTSJOC7504-24

DRAFT

JOB ORDER CONTRACT
WORK ORDER

PWL204.0-16
CONTRACT NUMBER

MTSJOC7504-24
WORK ORDER NUMBER

THIS AGREEMENT is entered into this _____ day of _____ 2019, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following, hereinafter referred to as "Contractor":

Name: ABC Construction Company, Inc.

Address: 3120 National Avenue
San Diego, CA 92113

Form of Business: Corporation
(Corporation, partnership, sole proprietor, etc.)

Telephone: (619) 239-3428

Authorized person to sign contracts: Wayne Czubernat (Name) Project Manager (Title)

Pursuant to the existing Job Order Contract (MTS Doc. No. PWL204.0-16), MTS issues a Work Order to Contractor to complete the detailed Scope of Work (attached as Exhibit A.), the Cost Breakdown for the Scope of Work (attached as Exhibit B.), and the subcontractor listing form applicable to this Work Order (attached as Exhibit C.)

Pursuant to the SANDAG JOC Contract Section 7-1.04A(3), 1% of the work order value has been deducted. MTS will pay both the Contractor (1%) and the MTS/Owner share of the Gordian Group license fee. The total cost for this work order will not exceed $150,000.00 inclusive of a direct cost of $148,500.00 and a 1% Gordian Group license fee of $1,500.00

TOTAL PAYMENTS TO CONTRACTOR SHALL NOT EXCEED $148,500.00

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: _____
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
$ 148,500.00	2006006601/599908	2019

By: _____
Chief Financial Officer Date

SAUGUSTYN
PWL204.0-16.MTSJOC7504-24.SAUGUSTYN.011719

(XX total pages, each bearing contract number and work order number)

Metropolitan Transit System

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

Agenda Item No. 11

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

Draft for Executive Committee Review Date: 1/10/19

SUBJECT:

DESIGN SERVICES FOR ZERO EMISSION BUS (ZEB) PILOT PROGRAM, CHARGERS PHASE II - WORK ORDER

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Work Order WOA1947-AE-34 for MTS Doc. No. G1947.1-17 (in substantially the same format as Attachment A) with HDR Engineering, Inc. (HDR) in the amount of $245,460.38 for design services for ZEB Chargers Phase II.

Budget Impact

The value of the Engineering Design Work Order will not exceed $245,460.38 and is allocated under fiscal year (FY) 2019 Capital Improvement Program number 1001105501 (ZEB Pilot Program).

MTS is working closely with San Diego Gas and Electric (SDG&E) as part of its SB350 submission to the State of California “Proposal To Accelerate Widespread Transit Electrification”. SDG&E’s proposal, if approved, may fund or reimburse owners for certain infrastructure costs associated with transit vehicle electrification, including design. SDG&E’s current proposal is not expected to be considered for approval until the spring of 2019. Any funds available from its approved plan could be used to offset the amount drawn from the ZEB pilot program for these designed services.

DISCUSSION:

In October 2017, the MTS Board of Directors directed staff to implement a ZEB pilot program. As part of the pilot, MTS has ordered six (6) ZEB buses. They will be tested on existing routes throughout San Diego for a period of up to two years. The pilot program

will allow MTS to analyze vehicle performance, challenges and capabilities. Staff will analyze characteristics such as depot charging times, route profiles, passenger loads, operator performance, battery capacity and more.

On August 10, 2018, MTS contracted HDR to provide engineering services for Phase I of the project that included preparation of plans, specifications and a construction cost estimate for the installation of six (6) owner-furnished, contractor-installed chargers at our Imperial Avenue Division (IAD). The design services for this work order have been completed.

Today's proposed action would authorize HDR provide professional design services for Phase II of the project. Under this Work Order, the consultant will provide engineering services that include preparation of plans, specifications and a construction cost estimate for the installation of two (2) electric bus chargers each at the South Bay Bus Maintenance Facility, East County Division, and Kearny Mesa Division. In addition, this work order will include geotechnical engineering support for the underground work and concrete paving including subgrade.

The work is necessary to accommodate bus charging and service operation at each division and corresponding routes for the ZEB pilot program. This will allow MTS staff to monitor and analyze the performance of ZEB buses on all routes within the system and will also allow staff, mechanics and drivers to familiarize themselves with zero emission buses.

On January 12, 2016, San Diego Association of Governments (SANDAG) and MTS issued a joint Request for Statement of Qualifications (RFSQ) for On-Call Architectural and Engineering (A&E) Design Consulting services. The RFSQ resulted in the approval of eight (8) firms qualified to perform A&E services. Tasks are assigned to the firms through a work order process, and MTS selects the most qualified firm based on the scope of work to be performed.

MTS staff reviewed the approved A&E firms and utilizing a direct order process, selected HDR to perform the requisite services. As previously noted, HDR is currently providing similar design services for the ZEB Phase I Project. Utilizing HDR for this project will ensure design consistency of each phase of the pilot program, create efficiencies and ultimately reduce design costs.

HDR's proposed amount of $245,460.38 is less than MTS's Independent Cost Estimate (ICE) and determined to be fair and reasonable.

Engineering services - Zero Emission Bus Charger Phase II	
COMPANY NAME	**BID AMOUNT**
HDR	**$245,460.38**
ICE	$280,257.24

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute Work Order WOA1947-AE-34 for MTS Doc. No. G1947.1-17 (in substantially the same format as Attachment A) with HDR, Inc. in the amount of $245,460.38 for design services for ZEB Chargers Phase II.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Draft Work Order Work Order WOA1947-AE-34 for MTS Doc. No. G1947.1-17

January 17, 2019

MTS DOC No. G1947.1-17
Work Order WOA1947-AE-34

Mr. Thomas K. Kim
Senior Vice President
HDR Engineering, Inc.
401 B Street, Suite 110
San Diego, CA 92101

Dear Mr. Kim:

Subject: MTS DOC. NO. G1947.1-17, WORK ORDER WOA1947-AE-34; ENGINEERING SERVICES FOR ZERO EMISSION BUS (ZEB) CHARGERS PHASE II

This letter shall serve as our agreement for professional services, Work Order WOA1947-AE-34, under the General Engineering Consultant Agreement, MTS Doc. No. G1947.1-17, as further described below.

SCOPE OF SERVICES

Provide engineering services for the preparation of plans, specifications and a construction cost estimate for the installation of two electric bus chargers each at the South Bay Bus Maintenance Facility, East County Division, and Kearny Mesa Division. Work provided under this Work Order will be performed in accordance with the attached Scope of Services (Attachment A, A1 and B)

SCHEDULE

This Work Order will not change the original schedule. The Scope of Services, as described above, shall remain in effect through completion of construction.

PAYMENT

Payment shall be based on actual costs in the amount not to exceed without prior authorization of $245,460.38.

Sincerely,

Paul C. Jablonski
Chief Executive Officer

Accepted:

_____
Thomas K. Kim
HDR Engineering, Inc.

Date:_____

SAUGUSTYN
WOA1947-AE-16 HDR

Attachments: Attachment A, Scope of services
Attachment A1, HDR's Technical Proposal
Attachment B, Negotiated Fee Proposal

DRAFT

Metropolitan Transit System

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

Agenda Item No. 12

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

Draft for Executive Committee Review Date: 1/10/19

SUBJECT:

KEARNY MESA DIVISION (KMD) CONCRETE REPLACEMENT - AWARD WORK ORDER UNDER A JOB ORDER CONTRACT (JOC)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Work Order No. MTSJOC7504-50 for MTS Doc. No. PWL204.0-16 (in substantially the same format as Attachment A) with ABC Construction Company, Inc. (ABC) for the partial replacement of concrete at KMD.

Budget Impact

The total value of this contract will not exceed $423,806.15 inclusive of a direct cost of $411,543.00 and the contractor's share of administrative fees totaling $4,157.00. Total administrative fees are $12,263.15 (contractor's share is $4,157.00 and MTS's share is $8,106.15). Funding for the Work Order is provided in Capital Improvement Program No. 3006101901 – KMD Concrete Lot.

DISCUSSION:

MTS staff has determined that the twenty year old concrete paving in the main bus parking area at KMD is heavily cracked, beyond its useful life and poses a tripping hazard. The constant bus movements at the site has increased the deterioration of the concrete. This project consists of the phased replacement of about 10,000 square feet of the most heavily cracked concrete. The work is necessary to maintain a functioning lot and mitigate safety hazards.

In September 2015, the San Diego Association of Governments (SANDAG) and MTS issued a joint solicitation for the provision of on-call JOC general civil construction services. This includes general civil and site improvements, earthwork, utilities, paving, concrete, drainage, building facilities, landscaping mitigation, site clearing, and all incidental professional and technical services required. JOC is a procurement method under which public agencies may accomplish frequently encountered repairs, maintenance, and construction projects through a single, competitively procured long-term agreement. Three bids were received and the contract was awarded to ABC.

A work order will be issued to ABC for the concrete replacement project. ABC will be providing all materials, labor, equipment, and disposal necessary for replacing 10,000 square feet of concrete surface. Work is expected to be complete by early summer 2019.

Pricing for this task order was reviewed and determined to be fair and reasonable.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute Work Order No. MTSJOC7504-50 for MTS Doc. No. PWL204.0-16 (in substantially the same format as Attachment A) with ABC, for the partial replacement of the concrete paving at KMD.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. MTS Doc. No. PWL204.0-16, Work Order MTSJOC7504-50

DRAFT

JOB ORDER CONTRACT
WORK ORDER

PWL204.0-16
CONTRACT NUMBER

MTSJOC7504-50
WORK ORDER NUMBER

THIS AGREEMENT is entered into this _____ day of _____ 2019, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following, hereinafter referred to as "Contractor":

Name: ABC Construction Company, Inc.

Address: 3120 National Avenue
San Diego, CA 92113

Form of Business: Corporation
(Corporation, partnership, sole proprietor, etc.)

Telephone: (619) 239-3428

Authorized person to sign contracts: Wayne Czubernat (Name) Project Manager (Title)

Pursuant to the existing Job Order Contract (MTS Doc. No. PWL204.0-16), MTS issues a Work Order to Contractor to complete the detailed Scope of Work (attached as Exhibit A.), the Cost Breakdown for the Scope of Work (attached as Exhibit B.), and the subcontractor listing form applicable to this Work Order (attached as Exhibit C.)

Pursuant to the SANDAG JOC Contract Section 7-1.04A(3), 1% of the work order value has been deducted. MTS will pay both the Contractor (1%) and the MTS/Owner share of the Gordian Group license fee. The total cost for this work order will not exceed $415,700.00 inclusive of a direct cost of $411,543.00 and a 1% Gordian Group license fee of $4,157.00

TOTAL PAYMENTS TO CONTRACTOR SHALL NOT EXCEED $411,543.00

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: _____
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
$ 411,543.00	3006101901/599908	2019

By: _____
Chief Financial Officer Date

(XX total pages, each bearing contract number and work order number)

Metropolitan Transit System

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

Agenda Item No. 13

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

Draft for Executive Committee Review Date: 1/10/19

SUBJECT:

PAINT BOOTH BLOWER UPGRADES AND REPAIR – AWARD WORK ORDER UNDER A JOB ORDER CONTRACT (JOC)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute Work Order MTSJOC7503-47 for MTS Doc. No. PWL234.0-17 (in substantially the same format as Attachment A) with ABC Construction Company, Inc. (ABC) for Paint Booth Blower upgrades and repair at the Trolley Paint Booth.

Budget Impact

The total cost will not exceed $152,925.00 inclusive of a direct cost of $148,500.00 and the contractor share of administrative fees totaling $1,500.00. Total administrative fees are $4,425.00 (contractor share $1,500.00 and MTS share $2,925.00). Funding will be from the MTS Capital Improvement Program No. 2006106801 – Paint Booth Blowers.

DISCUSSION:

MTS has three (3) paint booth blowers that require upgrade and repair due to damage from corrosion and various mechanical parts that are at the end of their useful service life. This project will repair damaged corroded sheet metal, clean burner trays, procure and install new pulleys, flame sensors, belts, and fan motors to the paint booth blowers. The work is necessary to ensure that the blowers are fully operational, and function as intended.

On September 12, 2016, the San Diego Association of Governments (SANDAG) and MTS issued a joint solicitation for the provision of on-call JOC general building and facilities construction services. This includes general building and facility contracting services such as demolition, maintenance, and modification of existing buildings and facilities, as well as the construction of buildings and facilities with all required incidental professional and technical services required. JOC is a procurement method under which public agencies may accomplish frequently encountered repairs, maintenance, and construction projects through a single, competitively procured long-term agreement. Four bids were received and the JOC contract was awarded to ABC.

A work order will be issued to ABC for the Paint Booth Blower upgrade project. ABC will be providing all materials, labor, equipment, and disposal necessary for repairing the three (3) paint booth blowers. Work is expected to be complete by early summer 2019.

Pricing for this task order was reviewed and determined to be fair and reasonable.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute Work Order MTSJOC7503-47 for MTS Doc. No. PWL234.0-17 with ABC for Paint Booth Blower Upgrades and Repairs.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Draft Work Order MTSJOC7503-47, PWL234.0-17

DRAFT

JOB ORDER CONTRACT
WORK ORDER

PWL234.0-17
CONTRACT NUMBER

MTSJOC7503-47
WORK ORDER NUMBER

THIS AGREEMENT is entered into this _____ day of _____ 2019, in the state of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following, hereinafter referred to as "Contractor":

Name: ABC Construction Company, Inc.

Address: 3120 National Avenue
San Diego, CA 92113

Form of Business: Corporation
(Corporation, partnership, sole proprietor, etc.)

Telephone: (619) 239-3428

Authorized person to sign contracts: Wayne Czubernat (Name) Project Manager (Title)

Pursuant to the existing Job Order Contract (MTS Doc. No. PWL234.0-17), MTS issues a Work Order to Contractor to complete the detailed Scope of Work (attached as Exhibit A.), the Cost Breakdown for the Scope of Work (attached as Exhibit B.), and the subcontractor listing form applicable to this Work Order (attached as Exhibit C.)

Pursuant to the SANDAG JOC Contract Section 7-1.04A(3), 1% of the work order value has been deducted. MTS will pay both the Contractor (1%) and the MTS/Owner share of the Gordian Group license fee. The total cost for this work order will not exceed $150,000.00 inclusive of a direct cost of $148,500.00 and a 1% Gordian Group license fee of $1,500.00

TOTAL PAYMENTS TO CONTRACTOR SHALL NOT EXCEED $148,500.00

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: _____
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
$ 148,500.00	2006106801/599908	2019

By: _____
Chief Financial Officer Date

(XX total pages, each bearing contract number and work order number)

Metropolitan Transit System

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

Agenda Item No. 14

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BOARD OF DIRECTORS

January 17, 2019

Draft for
Executive Committee
Review Date: 1/10/19

SUBJECT:

SOUTH BAY MAINTENANCE FACILITY FLOORING – CONTRACT AWARD

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Board of Directors authorize the Chief Executive Officer (CEO) to execute MTS Doc. No. PWB265.0-19 (in substantially the same format as Attachment A) with Stoncor Group, Inc. dba Stonhard (Stonhard) for the installation of a multi component epoxy mortar floor system (flooring) in the maintenance bays at the South Bay Bus Maintenance Facility.

Budget Impact

The value of this agreement will not exceed $378,789.00 and is funded under the San Diego Transit Corporation (SDTC) Capital Improvement Program account 1006107301.

DISCUSSION:

The current concrete slab in the maintenance bays at the South Bay Maintenance Facility was installed using a dry shake on hardener which was applied directly to the concrete slab. The hardener has failed in multiple areas resulting in blistering, cracking, delaminating, and there are visible trowel marks throughout the slab. The constant presence of oil, grease and grime in the concrete slab not only creates an unsightly appearance, it is nearly impossible to clean and also increases the potential for slip and falls.

The South Bay Maintenance Facility Flooring project generally consists of the grinding and removal of the top ¼" of the concrete across the entirety of the 26,053 square foot maintenance bays and then installing a flooring system similar to what was installed at the East County Division. The flooring that was installed at the East County Division has

Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). 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.

been in service for over two years, has great clean-ability, does not absorb chemicals, oil, grease, or grime and provides superior impact resistance.

On October 30, 2018 staff issued an Invitation for Bids (IFB). One responsive bid was received by the due date of December 18, 2018.

SB Facility Flooring	
COMPANY NAME	**BID AMOUNT**
Stonhard	**$378,789.00**
ICE	$441,612

A single bid analysis was conducted in order to determine if there was an element of the solicitation or the specification that limited competition, and it was determined that the solicitation and specifications met all requirements for an open competition. Potential bidders sited current work load as the major reason for not submitting a bid. Based on the bid received, and in comparison with the independent cost estimate, Stonhard's price of $378,789.00 was determined to be fair and reasonable.

Therefore, staff recommends that the MTS Board of Directors authorize the CEO to execute MTS Doc. No. PWB265.0-19 (in substantially the same format as Attachment A) with Stoncor Group Inc. dba Stonhard for the installation of a multi component epoxy mortar floor system in the maintenance bays at the South Bay Bus Maintenance Facility.

/s/ Paul C. Jablonski
Paul C. Jablonski
Chief Executive Officer

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

Attachment: A. Draft MTS Doc. No. PWB265.0-19

PWB265.0-19
CONTRACT NUMBER

STANDARD CONSTRUCTION AGREEMENT
FOR
SOUTH BAY MAINTENANCE FACILITY FLOORING REPLACEMENT

THIS AGREEMENT is entered into this _____ day of _____ 2018, in the State of California by and between San Diego Metropolitan Transit System ("MTS"), a California public agency, and the following, hereinafter referred to as "Contractor":

Name: Stoncor Group, Inc. dba Stonhard (Stonhard) Address: _____

Form of Business: Corporation_____ _____
(Corporation, Partnership, Sole Proprietor, etc.)

Telephone: _____ Email Address: _____

Authorized person to sign contracts: _____
Name Title

The specified Contract Documents are part of this Agreement. The Contractor agrees to furnish to MTS services and materials, as follows:

Contractor shall furnish all necessary management, supervision, labor, materials, tools, supplies, equipment, plant, services, engineering, testing and/or any other act or thing required to diligently and fully perform and complete the Project as specified in the Scope of Work (Exhibit A), Bid Proposal (Exhibit B), and in accordance with the Standard Construction Agreement and Special Conditions (Exhibit C).

SCOPE OF WORK. Contractor, for and in consideration of the payment to be made to Contractor as hereinafter provided, shall furnish all plant, labor, technical and professional services, supervision, materials and equipment, other than such materials and equipment as may be specified to be furnished by MTS, and perform all operations necessary to complete the Work in strict conformance with the Contract Documents (defined below) for the following public work of improvement:

SOUTH BAY MAINTENANCE FACILITY FLOORING REPLACEMENT

Contractor is an independent contractor and not an agent of MTS. The Contractor and its surety shall be liable to MTS for any damages arising as a result of the Contractor's failure to comply with this obligation.

CONTRACT TIME. Time is of the essence in the performance of the Work. The Work shall be commenced by the date stated in MTS's Notice to Proceed. The Contractor shall complete all Base Bid Work required by the Contract Documents within ***fifty (50) calendar days*** from the commencement date stated in the Notice to Proceed. Add Alternate work shall be exercised within 180 days of Bid Opening. The Contractor shall complete all Add alternate work, required by the Contract Documents, within an ***additional five (5) days*** from the commencement date stated in the Notice to Proceed (NTP).By its signature hereunder, Contractor agrees the Contract Time is adequate and reasonable to complete the Work.

CONTRACT PRICE. MTS shall pay to the Contractor as full compensation for the performance of the Contract, subject to any additions or deductions as provided in the Contract Documents, and including all applicable taxes and costs, the sum of _____Dollars ($_____). Payment shall be made as set forth in the General Conditions.

LIQUIDATED DAMAGES. It is agreed that the Contractor will pay MTS the sum of ***$800.00*** for each and every calendar day of delay beyond the time prescribed in the Contract Documents for finishing the Work, as Liquidated Damages and not as a penalty or forfeiture. In the event this is not paid, the Contractor agrees MTS may deduct that amount from any money due or that may become due the Contractor under the Contract. This Section does not exclude recovery of other damages specified in the Contract Documents.

COMPONENT PARTS OF THE CONTRACT. The "Contract Documents" include the following:

Invitation for Bids (IFB)
Information and Instructions for Bidders
Contractor's Bid Forms
Bid Bond
Designation of Subcontractors
Designation of Other Third Party Contractors
Information Required of Bidders
Non-Collusion Declaration Form
Iran Contracting Act Certification
Public Works Contractor Registration Certification
Performance Bond
Payment (Labor and Materials) Bond
General Conditions
Special Provisions (or Special Conditions)
Technical Specifications prepared by N/A., dated N/A
Standard Specifications (Excluding sections 1-9 in their entirety)
Addenda
Plans prepared by N/A, dated N/A
Change Orders as executed by MTS

The Contractor shall complete the Work in strict accordance with all of the Contract Documents.

This Contract shall supersede any prior agreement of the parties.

PROVISIONS REQUIRED BY LAW. Each and every provision of law required to be included in these Contract Documents shall be deemed to be included in these Contract Documents. The Contractor shall comply with all requirements of the California Labor Code applicable to this Project.

INDEMNIFICATION. Contractor shall provide indemnification as set forth in the General Conditions.

PREVAILING WAGES. Contractor shall be required to pay the prevailing rate of wages in accordance with the Labor Code which such rates shall be made available at MTS's Administrative Office or may be obtained online at http://www.dir.ca.gov and which must be posted at the job site

SAN DIEGO METROPOLITAN TRANSIT SYSTEM	CONTRACTOR AUTHORIZATION
By: _____ Chief Executive Officer	Firm: _____
Approved as to form:	By: _____ Signature
By: _____ Office of General Counsel	Title: _____

AMOUNT ENCUMBERED	BUDGET ITEM	FISCAL YEAR
$378,789.00	1006107301	FY20

By: _____

Chief Financial Officer Date

(___ total pages, each bearing contract number)

SA-CONSTRUCTION (REV X-18)